

ASSUMPTIONS

November 2023

Notes to the Five-Year Forecast FY2024 - FY2028

This forecast has been projected using assumptions based on the current information available at the present time. The goal of this forecast is to project trends that may assist the Board in making financial decisions. While it is very difficult to project a full 5 years in the future, the first 2 years should be viewed as a respectable projection of the District's financial outlook. As with any forecast, all information is subject to change.

Revenues:

1.010 General Property Tax (Real Estate): Property Valuation for Elmwood Local School District for CY2020 (collected in CY2021) is listed below as certified to the Department of Education. In October 2021 the Board moved 1.2 inside mills of property taxes from current expense to permanent improvement giving Elmwood a property assessment of 4.2 inside mills and 30.6 outside mills which were voted as continuing levies. The Classroom Facilities Maintenance Bond expired in FY2023 at 1.6 mills which is not included in the above totals. In tax year 2022 the total inside/outside mills have a new effective rate of 20.000010 mills for Residential/Agricultural expected to reach the 20-mill floor in tax year 2023 and 21.663516 mills for Commercial/Industrial.

Total Valuation Assessed	2019/2020	2020/2021	2021/2022	2022/2023
Real Property:				
Residential/Agricultural:	147,605,600	141,258,130	142,594,310	143,960,880
Commercial /Industrial:	5,683,860	5,631,520	5,805,270	5,746,090
Public Utility Property:	149,940	163,170	184,200	206,870
Tangible Personal Property:	100,369,430	155,189,370	151,751,040	146,793,940
Total Assessed:	253,808,830	302,242,190	300,334,820	296,707,780

The triennial update in 2020 produced a decrease in CAUV values giving Elmwood an 1.85% increase in tax collections. FY2022 and FY2023 Elmwood saw a 1.5% and 3% decreases respectively. The first half of FY2024 saw a 1% rebounding increase in property tax revenue, a 6% increase is projected in the second half of the fiscal year as Elmwood reaches the 20-mill floor due to the triennial reappraisal. An additional 6% is expected to be carried out into FY2025. Property Taxes are expected to flatline from FY2026-FY2028 with only a 1% increase projected.

1.020 Tangible Personal Property Tax: This includes Public Utilities Personal Property tax which is collected at the full millage rate on public utilities located within the district. Public utility values depreciate 2% each year. Elmwood collects tax revenue from two Rover pipelines with an estimated overall receipt of \$5 million. Rover appealed the assessed value requesting it to be reduced to 54% of the original value. The initial collections received in FY2019 were on the appealed value. The State Tax Commissioner ruled against the appeal which led Rover to appeal with the Board of Tax Appeals reducing it from 54% to 46%. The FY2021 payments were paid in the middle at 50% valuation. In FY2022 the pipeline appealed once more to 39.43% reducing our revenue by 30.3% or \$957,014. FY2023 collections saw a .2% increase of \$4,330. The FY2024 appealed value rose to 40.91%, which is expected to absorb the 2% depreciation for FY2024. Beginning in FY2025 the pipeline revenues are expected to flatline with a 2% depreciation carried out through the end of this forecast.

1.030 Income Tax: School District Income Tax collections comprise 15.7% of the school district's total revenue. Elmwood has two five-year levies, which at the November 2018 general election, voters extended through 2025 and 2026 by a 62% and 59% passage rate. The District experienced an upswing in FY2020 of 4.85%. With the impact from COVID-19, collections decreased by \$12,937 or .6% for FY2021. In FY2022 a rebound in tax collections over the previous year generated an additional \$338,817, a 14.5% increase. For FY2023 a 4% increase is projected FY2024 through FY2027 a conservative 3% increase is projected due to continued economic uncertainty. In FY2026 and FY2027 Line 1.03 was decreased by .5% and placed on line 11.01 reflecting the renewal of the .50% tax that expires December 31, 2025.

Notes to the Five-Year Forecast FY2024 - FY2028 (Continued)

1.035 Unrestricted State Grants-in-Aid: State funding for schools is based on several factors all of which are subject to deliberations and approval of the Ohio General Assembly. Casino revenues have increased incrementally over the last two years, a 5% increase is projected for FY2024 with a conservative 1.5% forecasted through 2028. A new Biennium Budget – Fair School Funding Plan (FSFP) was phased in with the December 2021 foundation payment, this new funding plan changed the way our foundation payments are receipted in, but did not affect our overall state foundation funding revenue. Elmwood is on the guarantee and state funding is flatlined at FY2018 funding levels. We moved closer to being on the formula FY24 as the Fair School Funding Plan continues its phase in at 50%. However, personal property valuation from the pipeline is impacting our state funding, absorbing any increase we may have received, therefore the foundation payment has been flatlined through the remainder of this forecast.

1.040 Restricted State Grants-in-Aid: This line includes Career Tech weighted aid which the State requires 75% of this funding be spent on educational trips, supplies and equipment for these programs; Catastrophic cost reimbursement and DPIA – Disadvantaged Pupil Impact Aid funding (funds which Elmwood uses for intervention programs) are also included in this line. With the new biennium budget, the following changes took place beginning December 2021; restricted funding is being added for Gifted Education and English Learner Funding; Student Wellness and Success Funding was reduced in half and will now appear in this line moving from line 1.035 Unrestricted State Grants-in-Aid.

1.045 Restricted Federal Grants-in-Aid: Includes Restricted Federal Grants.

1.050 Property Tax Allocation: Included are Non-Business Credit, Owner Occupancy Credit, and Homestead Reduction Tax Credit which the State provides to homeowners on their real estate taxes. The same increases reflected on Line 1.010 Real Estate revenues are reflected here through FY2028. This was reduced beginning in FY2022 due to the movement of 1.2 inside mills to the Permanent Improvement fund.

1.060 All Other Operating Revenue: Other revenue consists of interest income, student fees, excess costs charged to other districts, facility rental, donations, membership dues for the fitness center, etc. Excess cost charged to other districts for special education was \$149,508 in FY2021, \$137,269 for FY2022 and \$169,896. A dividend of \$242,685 was received to help offset COVID-19 expenses in FY2021. With the phase in of the new Fair School Funding Plan, open enrollment as a separate line item has been removed as students are now funded in the district they are educated this reduced this line item by \$494,964 in FY2022. Interest Income has increased with the raising of interest rates upwards of 5% in FY2023 combined with additional rental income from the new Life Wise Academy program. An increase of 5% is projected for these categories in FY2024 and 2% through FY2028.

2.060 All Other Financing Sources: This includes refunds of prior fiscal year expenditures and E-Rate reimbursement based on internet usage during the prior fiscal year - currently \$22,140. Also included are refunds of Workers' Compensation premiums. FY2021 refunds on this line included our 2019 BWC \$65,156 premium to offset the pandemic costs; fuel tax refunds: \$17,887 alternative fuel tax; and a \$3,332 excise fuel tax; and a refund of fleet insurance premiums for the time the busses were idle March 17 through June 30, 2020. In FY2022, Elmwood received a surcharge reimbursement from SERS in the amount of \$16,268 and a reimbursement of \$93,645 from ESSER III – COVID Relief funds for online school purchased in FY2021. FY2023 Elmwood received a \$10,204 BWC refund and \$24,374 in fuel tax refunds. Elmwood plans to utilize an additional \$186,000 in category 2 E-rate funding in FY2025. Revenue is estimated to drop slightly in FY2024 due to lower gas prices – less refund, and flatlined in FY2026-FY2028.

Expenditures:

3.010 Personal Services: In May 2021, the Non-Certified staff negotiated a 2.5% increase in FY2022, and a 2.0% increase for FY2023 and FY2024. The certified staff negotiated a 2% increase for FY2023- FY2025. In FY2022 the Student Wellness and Success Funds (SWSF) paid 100% of the elementary guidance counselor's salary; this was added back into the general fund for FY2023. An additional high school guidance counselor was funded utilizing the ARP – American Rescue Plan (ESSER III) grant; 100% of the counselor's salary came out of the grant for FY2022 through FY2024 and will be added back to the general fund expenses beginning in FY2025. An increase in retirements was seen with four retirements taking place in May, and seven more retirements between the months of August - November. FY2025 is expected to maintain this trend.

Notes to the Five-Year Forecast FY2024 - FY2028 (Continued)

3.020 Employee Retirement/Insurance Benefits: Retirement 14%, Workers' Compensation .56% and Medicare 1.45% have been estimated using these standard percentages. In July of FY2023 medical premiums increased 20%, with a lump sum payment of \$124,921. FY2024 experienced a 5% increase in medical premiums and a 6% increase is projected in FY2025. For the remaining years of this forecast a 5% increase is expected. Retirement and Workers Compensation adjustment were made for FY2024 through FY2028 that correspond to the retirements listed on line 3.010. In addition, benefits paid by the SWSF and ARP (ESSER III) grants for guidance counselors will be added back to the general fund expenditures in FY2023 and FY2025.

3.030 Purchased Services: Includes electric, natural gas, phones, water/sewer, legal services, contracted repairs, building and fleet insurance and excess costs paid to other districts; services purchased from the Wood County Educational Service Center including Psychologist, Physical Therapy, Behavior Support and costs for students attending ESC Special Education units. Wood County ESC services decreased by 13% in FY2023. In FY2024, ESC costs increased \$60,000 as we added ESL – English Learner Services and Adaptive Phys Ed and one additional student attending the ESC special education unit. Adaptive Phys Ed will be removed from our menu of services beginning in FY2025 as our teacher becomes credentialed. Beginning with the new FY2022 biennial budget students are being funded where they are educated eliminating special education scholarship deductions, open enrollment and community school costs from Purchased Services. Building and fleet insurance took a 17% leap in FY2023 due to increased property valuation and cost of replacement in a catastrophic event. In the spring of FY2023 we negotiated with Ohio School Plan and saved the district over \$20,000 by switching, a 5% increase in insurance is forecasted for future years. Beginning in FY2023 Nursing Services were provided as a contracted service through the Wood County Hospital increasing our Purchased Services by \$100,000 annually. After adjustments, an increase of 3% per year is projected for purchased services in FY2025 through FY2028.

3.040 Supplies and Materials: This category includes instructional supplies, textbooks, office supplies, custodial supplies, bus fuel and parts. An increase of 3% is projected for FY2024 due to continued inflation with a 1.5% increase projected for all supplies through FY2028 after implementation of zero-based budgeting.

3.050 Capital Outlay: The purchase of two new buses every other year is our current bus replacement schedule. In FY2021 we purchased two new buses, the State School Bus Purchase Grant covered half the cost of one bus. In FY2022, a handicap bus was purchased. To keep with our replacement schedule and utilizing an additional \$45,000 in school bus grants – one bus was purchased in FY2022 at yearend - paid for in FY2023. Two more buses were bid and encumbered in FY2023 to be paid in FY2024 utilizing an EPA grant for \$30,000. Two buses are scheduled to be purchased in FY2026 and FY2028. In FY2023 seven new copiers were purchased for a total cost of \$55,623.83, an additional \$15,000 is budgeted in FY2025 to replace the last two existing copiers. A dump truck with a snow plow was purchased in FY2023 for \$53,000. A truck replacement is scheduled in FY2027 for \$65,000. A second mower is expected to be purchased in late FY2024 for \$35,000. A replacement schedule of student desks and chairs began in FY2023 with \$20,000 cost added to this line item every other year. This line item also includes maintenance equipment and other district equipment purchases which is estimated to increase 4.1% in FY2024, due to continued inflation, according to the consumer price index to inflation. A 2% increase is projected for the remaining years of this forecast. In FY2025 \$186,000 is being earmarked to upgrade our phones system throughout the district.

4.055 – 4.060: These lines reflect yearly principal and interest payments to retire the Certificates of Participation sold in FY2012 to finance the Athletic Complex Renovation Project; and Certificates of Participation sold in FY2014 to finance a new band room addition, LED Outdoor lighting and technology upgrades. The Band Room Addition is fully retired as of December 2023. In FY2020 the Athletic Complex Certificates of Participations were called and refinanced at 2.65%, saving the District \$85,664.13 in interest through December 2031 when they will be fully retired.

4.300 Other Objects: The majority of the expenses in this category are for county auditor and treasurer's fees, Wood County Educational Service Center payments through the state foundation, annual audits, liability insurance, and school income tax administrative fees. In FY2022 the cost of liability insurance increased by 22% which is paid before FY2021 yearend. For all other expenses in this category a 2% increase has been projected in these categories for FY2024 – FY2028.

Notes to the Five-Year Forecast FY2024 - FY2028 (Continued)

5.010 Transfers-Out: The Athletic Fund experienced a significant loss in ticket and concession sales in FY2021 due to spectator limitations, the Board transferred \$30,000 in FY2021 to help offset this loss in revenue. The Board also transfers money yearly to the 035 Employee Termination Fund to set aside severance pay for employees upon retirement. A transfer of \$42,950 was made in FY2021, \$20,000 in FY2022. In FY2023 the decision was made to set-aside \$291,000 into the severance fund to prepare for upcoming retirements due to changes in STRS retirement eligibility. The Board annually transfers money to the 006 Cafeteria Fund to offset their struggle from decreased revenues and higher food cost as a result of federal guidelines. The Board transferred \$50,000 in FY2021, in FY2022 the federal government provided free lunch and breakfast for all students and increased the Federal subsidy reimbursement considerably ending the year with a positive balance of \$219,246. For FY2023 free lunches for all was removed in legislation and with that the federal reimbursement decreased by 29% for breakfast and 34% for lunch. This is combined with the increase in staff and student negative lunch balances and a 15% increase in food cost – the cafeteria was able to sustain their carryover cash balance from the prior year and no transfer was made at FY2023 yearend. Additional changes were made within the lunch program in FY2024 moving all students who qualify as reduced status to also receive free lunch and federal reimbursement – as of October 2023 43% of our student population is receiving free lunches. Due to these changes no transfer from the general fund is expected for the remainder of this forecast. The Board of Education is permitted to transfer .5% of its budget to student activity funds. A conservative transfer of \$50,000 is added to this line in years FY2026-2028.

5.030 Other Financing Uses: Includes refunds of prior year receipts.

6.010 Excess of Revenues over Expenditures: The appealed pipeline valuation has continued to impact our State funding. Revenues became less than expenditures beginning in FY2023 due to the expiration of COVID relief grants and the district begins to spend a portion of its carryover balance.

Final Note: Readers of this Forecast are cautioned that this forecast is based on assumptions. Actual circumstances will almost certainly differ from the assumptions required to be used in preparation of this projection. As a result, the actual future financial situation of the School District may be materially different from that stated in this projection.