

Wellington Exempted Village School District

Lorain County

Five-Year Forecast Assumptions November FY25

Revenues

General Property Taxes/Real Estate (Line 1.010)

Property taxes are based on collections, tax appeals, scheduled updates (reappraisals and triennial updates) and projections from the County Auditor's Office. A school district with at least 20 mills or current expense taxes may not have its effective rate reduced below the 20 mills. As property values increase, voted millage decrease so that school districts do not collect any additional money on voted millage due to inflation. Over time, millage rates could be reduced near to zero, so Ohio law established a floor that the millage cannot fall below (20 mil floor). Once the effective rate reaches 20 mil, no further reductions in the effective rates are made, allowing school districts to receive the full revenue growth from increases in taxable values on those mills. The property reappraisals and Wellington being at the 20 mil Floor in 2024 will result in additional property tax revenues in FY25, FY26 and FY27. We will see an increase in our tax settlement payments in January 2025. The triennial update in 2027 could affect changes in the FY28 and FY29 collections where I have projected a slight increase in those years based on historical data.

School District Income Tax (Line 1.030)

The Wellington Income Tax Revenue went down slightly in FY24 from FY23. Looking at the first 2 payments received in FY25 the forecast assumes slight growth in FY25. I also forecast a slight increase in years FY26 through FY29 based off of historical data prior to Covid years.

State Foundation Unrestricted Grants-in Aid (Line1.035)

This line will see a slight increase in funding the FY25 due to coding adjustments and then will hold steady in FY26 through FY29 due to guaranteed funding. Wellington would need to see an increase of 100 students before the District would see additional State Foundation funding.

State Foundation Restricted Grants-in-Aid (Line 1.040)

This line is restricted to support Career Tech, Economic Disadvantaged, Student Wellness and Success, English Learners and Gifted. This line will be consistent with the Unrestricted Grants-in Aid which will show an increase in FY25 due to an adjustment in fund coding. This revenue line is projected to remain flat through FY29.

Property Tax Allocation (Line 1.050)

This property tax allocation is a percentage of tax receipts. These are the Homestead and Rollback payments made up from the State due to reductions taken at the County level. These payments will increase in FY25 and remain flat through FY27 due to the 20 Mil Floor. There will be a slight increase based on historical data when the line increased after triennial update in FY21.

All other Operating Revenue (Line 1.060)

The revenues from all other sources have been based on historical patterns. The interest from our bank account balances added an increase in FY24. The revenue from our investment balances will not see much of an increase this year due to the projected interest rates. These amounts will be closely monitored and may look into other investments to lock in better interest rates.

EXPENDITURES

Personal Services (Line 3.010)

Staff salaries and wages are one of the largest categories of expenditures for schools. This category is affected by experience, education levels, and negotiations with unions as well as retirements and severance pay outs. The current WEA labor agreement included a 3% increase in FY23, 2.5% increase in FY24 and a 2.25% increase in FY25. The WSS agreement called for a revamped salary grid in FY23 and a 2.25% increase in FY24 and FY25. This line will continue to see a slight increase based on the current salary grid and the current contract. These numbers are subject to change with this being a negotiation year with the WEA and WSS labor unions.

Employee Retirement/Insurance benefits (Line 3.020)

This line includes costs for employee health insurance, retirement, Medicare, worker's compensation and other employee related costs. Wellington EVSD is a member of the Lake Erie Regional Council insurance consortium for employee benefits which helps the district get better pricing. The cost increased in FY25 by 8% and is projected to increase by 8% in FY26. This line is projected to continue to increase over the next few years based off of historical trends. Since the wages are expected to increase over the next few years based on the salary grid this will also result in the increase of STRS and SERS costs.

Purchased Services (Line 3.030)

This line includes utilities, professional development, tuition, legal services, repairs, post-secondary options and any other contracted services. One of our larger contracted services is with the Lorain County ESC. This category can fluctuate from year to year based on needs and unexpected situations. The purchase services will continue to be monitored to make sure they align with the needs of the District.

Supplies and Materials (Line 3.040)

This line includes instructional supplies, textbooks, library books, office supplies, bus fuel, custodial and maintenance supplies. In FY25 we will see an increase due to rising costs and a new cycle of textbooks for curriculum. This line will fluctuate over the next few years based on the curriculum cycle and other district needs.

Capital Outlay (Line 3.050)

This category covers all general fund equipment purchases. This is based on the district's needs and the availability of funds. There are projected increases in FY26 and FY28 to plan for the possible purchase of new buses if there is a need.

Other Objects Line (Line 4.030)

This line includes expenses for the county auditor/treasurer fees, audit expenses, election costs and has been used to move funds for the principal and interest payments for the House Bill 264 project. The District has also allocated funds to be transferred to the Permanent Improvement Fund (PI Fund) as the district does not have a separately funded PI fund. Food service department revenue shortages and other such items are funded through this line.

Outstanding Encumbrances (Line 8.010)

This line was estimated based on historical patterns. I took the average amount of encumbrances over the actual years of FY22 through FY24. Moving forward I would like to limit the outstanding encumbrances over the next several years.