WASHINGTON LOCAL SCHOOL DISTRICT
FIVE-YEAR FORECAST – MAY 2021 – ASSUMPTIONS

COVID-19

COVID-19 has and continues to have a dramatic impact on this year's budget as well as future years' budgets. However, it does appear the State's revenue was not severely impacted by the pandemic as previously expected. In fact, the State continues to have budget surpluses each month.

One year ago our state aid was reduced by $685,784 for both FY 2019/2020 and FY 2020/2021 ($1,371,568). **The State has restored $376,000 of that aid for 2020/2021. Which sounds like good news, until you realize our state aid reduction was nearly $1 million for the past two years.** This is at a time where the State continues to have revenue exceeding their budgets and continued surpluses and still an untapped rainy day fund.

The good news is that it does appear the State will be continuing the Student Wellness and Success Fund in some manner in FY 2021/2022 and future years. This is a significant change from one year ago when Governor DeWine refused to answer questions regarding the continuation of his new Student Wellness and Success Funds initiative. We are now maintaining those 21 staff members (counselors, nurses, social worker) in the Student Wellness and Success Fund (not in General Fund). Previously, based upon the State budget, we had those positions returning to our General Fund in FY 2022.

What our state funding will be in four years or even in two months is unknown. However, as in past forecasts, we will leave our state funding (includes Student Wellness and Success Fund) unchanged from 2020/2021 to 2021/2022 and future years.

It has always amazed me how Board of Educations are required to approve a forecast that has state aid estimates for the next four years but the State is unable to tell us what we will be receiving in six weeks.

We had lower 2020/2021 staffing expenditures for regular employees, substitute employees, extra pay for teaching and non-teaching staff, summer and extra help and overtime, as well as private transportation (special education and homeless), diesel fuel, utilities, textbooks, etc. We also chose not to purchase textbooks ($350,000) for 2019/2020 and in 2020/2021 ($455,000).

The Franklin Park Mall refund is reflected in FY 2020/2021 as well as the new forecasted revenue levels. Unfortunately, we expect Franklin Park Mall, as well as other commercial properties, to appeal their property valuations at record numbers due to the impact the pandemic had on their business activity which will lower their property valuations.

We have received federal grants due to COVID-19. We are directly utilizing these funds for COVID related expenses. We have also identified nearly $1 million in COVID related expenditures that occurred in 2020/2021 that can be adjusted to the COVID Grant funds. This includes $866,089 General Fund expenditures that will be adjusted into the COVID Grant Fund.

REVENUE

The real estate taxes do reflect a full year of the 2019 property tax levy. Unfortunately, with the Franklin Park Mall successful tax appeal significantly impacted our Tax Increment Financing collections due to the refunds and lower tax collections going forward into future years.

As we have for the past seven years, due to us being a capped state aid district, we anticipate an increase in state aid. However, as nothing is current in state law and for the past two years we have actually experienced a reduction in state aid, we are forecasting our state aid as unchanged in all future years from 2020/2021 state aid.

Real Estate Taxes

The Real Estate taxes are again estimated conservatively and we have forecasted conservatively in the past. Unfortunately, we continued to incur declines and inconsistencies in real estate tax collections. However, it appears we were beginning to stabilize before the Franklin Park Mall refund. The July real estate tax collections, in 2017 was $18.2 million in 2018 we received $18.5 million, 2019 we received $18.8 million, and in 2020 we received $20.5 million (new levy). The March real estate collections (First Half – Calendar Year) we received in 2017 was $18.3 million, in 2018 we received $18.9 million, in 2019 we received $19.5 million (county wide reappraisal), in March 2020 we received $20.9 million (1/2 year new levy proceeds), and in March 2021 we received $21.1 million.

In calendar year 2015 (for calendar year 2016 tax collections) the three-year county-wide valuation update took place. We had a decrease of less than 1% in our total valuation. This is actually good news considering in 2012 our residential valuation decreased by 19% and our commercial valuation decreased by 4% and previously in 2009, residential valuation was decreased by 15% and commercial valuation was unchanged. We had a 6.3% increase in valuation for calendar year 2018 which increased our 2019 real estate tax collections.

We are anticipating an increase in property valuation in CY 2021, however due to the County Auditor resistance to property valuation increases and the likely record property tax valuation appeals, no change in real estate tax collections has been forecasted due to property revaluation.

We received $37.0 million in 2018, $38.0 million in 2019, $39.8 million in 2020, and $41.6 million (Full year of new tax levy) in 2021. We are forecasting $41.2 million in 2022. In FY 2023 we will have abatements expiring and we are forecasting $41.5 million in 2023 and all future years.

The 2018 real estate collections do reflect the Franklin Park Mall decline in valuation from **$252 million to $232 million which reduces our annual revenue by approximately $400,000.** In addition, Franklin Park received a real estate tax refund of $375,000.

We have also had inconsistent real estate collections partially attributed to Lucas County accounting system changes which makes real estate revenue very difficult to forecast.

The estimating of delinquent taxes to be paid is also difficult to forecast as payments have been fluctuating year to year, and settlement to settlement. Washington Local is still experiencing significant commercial tax appeals. We have been successful in defending many of these tax appeals but unsuccessful in others. These tax appeals are in addition to the Franklin Park Mall tax appeal. These tax appeals not only cause tax refunds but also lower future property tax collections.

Franklin Park Mall did have a refund and lower tax collections in 2020/2021 due to the most recent property valuation decrease from $232 million to $180 million. This valuation reduction (refunds and future payments) is reflected in the current and future year TIF payments. Unfortunately, we do expect them to appeal their 2021 valuation in Spring 2022.

On the contrary, we have received a few increases in valuations as commercial property is sold within our district and we are successful in appealing their valuations. In 2022 (tax collection January 2023), the Costco and related development abatement as well as 2 Jeep suppliers' abatements will end and real estate taxes will begin to be paid. This is will bring an annual increase in our real estate collection ($770,000) based on current valuation. However, it is very likely Costco and the other property owners will appeal their tax values. In January 2024 we will be receiving a tax payment from General Motors due to the expiration of the 2006 property tax abatement. The exact amount to be paid is not yet known.

Our total assessed valuation has decreased from $1.25 billion in calendar year 2006 to $908 million in calendar year 2011 to $778 million in calendar year 2012 (and 2013) and declined again to $762 million in calendar year 2017. In calendar year 2018 we received our first increase (6.3%) in property valuation since 2006. Our current assessed valuation for calendar year 2020 is $811,141,600.

Personal Property Taxes
Personal property tax revenue was $11.8 million in 2005, $10 million in 2006, $8.9 million in 2007, $7.3 million in 2008, $3.3 million in 2009, $1,325 in 2014, $25,598 in 2015, $0 in 2018, $346 in 2019, and $0 in 2020. The significant decline in personal property tax payments is directly due to the affects of HB 66. This revenue source is now insignificant. Since it is subject to delinquencies only and any payments are sporadic, we are projecting $0 in 2021 and future years for delinquent personal property tax collections. **As this revenue will not be coming back, this will always be a major revenue loss for our district.**

State Aid
Our ADM (attending Washington Local Schools) increased over the past several years; increasing from 6,569 in 2010, 6,859 in 2014 and 7,099 in 2017. In 2018 our enrollment began to decline to 7,054, 7,044 in 2019, and 6,968 in 2020. In 2020 our enrollment began decreasing to 6,968 in 2020 and 6,743 in 2021. We are hopeful the decline is temporary and pandemic related. We have become an open enrollment district, like most districts in Ohio, and that should assist in stabilizing our enrollment, especially at the 7-12 grade levels.

The decline in enrollment had no impact on our funding as we were $11.1 million over the state mandated cap in 2014, $10.1 million in 2015, $13.3 million in 2016, $13.0 million in 2017, $14.9 million in 2018 and $14.5 million in 2019, 2020, and 2021.

Since 2014, our state aid has been reduced by over $106.0 million because of the cap.

The Great Recession had a significant negative impact on our district as our property values have significantly declined.

However, it can also be stated the State Legislature had a more significant negative impact on our district with the elimination of the Personal Property Tax, reduced stated funding and the continuation of capped State funding.

Under past school funding legislation, the additional students we are enrolling, combined with the decreasing assessed valuation **would have resulted in a significant increase in state aid revenue for the past few years**. However, as the State was developing a new school funding model, our state aid was less than if the previous school funding formula was being utilized. There was a new school funding formula in 2014 (currently in use) for public schools in Ohio that recognized our increased enrollment and significant property valuation decreases. However, the increase in our funding based on the new state aid formula system **is capped** at 6.25% in 2014, 10.5% in 2015, 7.5% in 2016, 7.5% in 2017, 3.0% in 2018 and 2019, and 0% in 2020 and 2021. The effect of the cap reduced our state aid by $11.1 million in 2014, $10.1 million in 2015, and $13.3 million in 2016, $13.0 million in 2017 and $14.9 million in 2018 and $14.5 million in 2019, 2020, and 2021.

Unrestricted State Aid (Includes Casino Funding)

We are forecasting $29.1 million in 2021 for unrestricted state aid (includes casino funding of $286,353) and $29.2 (includes casino funding of $380,000) million in 2022 and all future years.

As in past years, we do anticipate an increase in state aid, however, current law does not provide an increase. **Therefore, like past years, we are required to provide the State what we expect to receive in four years but they are unable to provide us with what we expect to receive in six weeks.**

Casino revenue is also recorded as State aid. Two casinos began operating in Ohio in the spring of 2012, another in October 2012, and the fourth casino began operation in March 2013. The public school districts' share of this revenue is distributed in January and August of each year; the first payment was made in January 2013. The payment is based on the public school's enrollment.

We received casino revenue of $361,182 in 2018, $370,082 in 2019, $377,699 in 2020, and $286,353 in 2021. We are forecasting casino revenue to be $380,000 in 2022 and all future years.

Restricted State Aid

A new funding source was created with the current state funding system. The economic disadvantaged funding was $1.1 million in 2014, $947,457 in 2017, and $901,925 in 2018, $999,481 in 2019, 838,818 in 2020, and $834,045 in 2021 and forecasted for all future years.

Restricted state aid includes Career-Tech funding of $762,832 in 2014, $1.1 million in 2016, $1.2 million in 2017 and 2018, $1.3 million in 2019, and $1.4 million in 2020 and all future years.

Catastrophic Cost

This funding reimburses the expenses for special education students that exceed a certain dollar amount threshold to educate each year, which is generally around $30,000 per year per student. We received $107,531 in 2016, $77,380 in 2017, $115,810 in 2018, $147,529 in 2019, and $179,488 in 2020. We are forecasting $180,000 in 2021 and all future years. These reimbursements were only a small percentage of what the actual costs were that we had incurred.

Property Tax Allocation

Property tax allocation includes the personal property tax loss (hold harmless) payments being made to the district from the State. These payments are **only partially** replacing the personal property taxes we would have received prior to HB 66.

As our personal property tax revenue was significant, the personal property tax loss payments are also significant. We received $8.7 million in 2011. HB 1 extended the hold harmless provisions of HB 66 until 2013 and we were expected to receive $8.7 million in 2012 and 2013. However, due to legislative changes, these payments were reduced to $7.4 million in 2012 and $6.1 million in 2013. Again due to recent legislative changes, these payments were reduced another time to $5.2 million in 2016 and $4.3 million in 2017. **These payments will continue to decrease each year by approximately $480,000 each year beginning 2018 until they are eliminated.** We received $3.9 million in 2018, $3.4 million in 2019, $2.9 million in 2020, and forecasting to be $2.4 million in 2021, $1.9 million in 2022 and $1.5 million in 2023 and $1.0 million in 2024 and 2025. Even though we expect the decrease to continue, we have kept all revenue unchanged from 2024 to 2025.

Homestead exemption and rollback receipts are recorded in Property Tax Allocation. The homestead and rollback was $4.1 million in 2018 and $4.0 million in 2019 and 2020. We are forecasting $4.0 million in 2021 and all future years.

Other Revenue

Open Enrollment

For FY 2022 we will become an open enrollment district. We currently expect approximately 70 students open enrolled which include 41 staff members' children. We expect an additional 29 students that are not staff member's children. Due to class size limitations, we are limiting open enrollment to only grades 7-12.

Abatement Revenue

Due to the elimination of the personal property tax, abatement revenue pertaining to personal property was also eliminated. Abatement revenue was $3.3 million ($1.9 million from DaimlerChrysler) in 2005, $2.7 million ($1.7 million from DaimlerChrysler) in 2006, $1.8 ($1.2 million from DaimlerChrysler) in 2007, $1.1 million in 2008, $430,000 in 2012, $253,227 in 2015, $362,271 in 2018, $521,663 in 2019, $515,140 in 2020, and $531,489 in 2021. 2019 abatement revenue included the 2016 GM abatement payment of $155,000.

Abatement revenue is forecasted to be $516,000 in 2022 and $435,000 in 2023, $272,000 in 2024 and 2025.

The majority of abatement payments we received were previously based on personal property. As the personal property tax has been eliminated, less abatement payments are being made. **<u>The State is not reimbursing for these lost abatement payments.</u>**

Tax Increment Financing (TIF) Payments

We receive payments for the DaimlerChrysler plant expansion (expires 2029 & 2030) and Franklin Park Mall (expires 2035) for Tax Increment Financing (TIF) abatements. We received $4.3 million in 2016 and 2017, $4.5 million in 2018 and in 2019, $4.7 million in 2020, and $3.3 million in 2021. We are forecasting $3.7 million in 2022 and all future years. **This significant decrease is the result of Franklin Park Mall valuation being decreased from $232 million to $180 million. Unfortunately, we are expecting another Franklin Park Mall property tax appeal in 2021.**

<u>Interest Revenue</u>

As interest rates have decreased and our cash balances are declining, our interest earnings are beginning to decline.

Interest earnings were $76,331 in 2016, $444,489 in 2018, $719,532 in 2019, and $543,895 in 2020. We are forecasting interest earnings to be $75,000 in 2021 and $30,000 in 2022 and all future years.

Other Financing Sources

<u>Transfers-In/Advances-In</u>

We annually make advances to the Food Service Fund and the Federal Funds to maintain a positive fund balance. As these advances are loans, they are returned each year. As the Food Service Fund had a large operating deficit in 2014 ($185,000), we were required to increase the advance ($115,000) in 2015 and increased again to $130,000 in 2019 and all future years. With the significant cash transfers (cash permanently transferred to the Food Service Fund) scheduled to take place in future years due to food service losses, we do not anticipate increasing the advance to the food service fund.

We have advanced $400,000 in 2018, 2019, and 2020 and in all future years forecasted.

<u>EXPENDITURES</u>

The forecasting of expenditures for this forecast and the previous two forecasts has been the most challenging forecasts I have prepared since I became a school treasurer 25 years ago. The impact of COVID-19 has not only impacted previous forecasts, this forecasts, but will impact future forecasts as well. This will include staffing, instructional supplies, as well as technology. The exact impact on our budget will not be known for some time as our students are now just returning to school full time and our enrollment in Kindergarten enrollment has dropped significantly (nearly 120 students from last year). I am hopeful by November 2021 that the preparation of the Forecast will return to a more normal process as the past three forecast preparations have been anything but normal.

We will continue to annually appropriate (budget) at 100 percent. However, as we do not expend 100 percent of our budget, we reduced individual line items by a percentage amounts ranging between .5% and 7% to reduce our total forecasted expenditures by a total of 2% for 2022 and all future years. Therefore, we are forecasted to expend 98.0% of our budget in 2022 and all future years. We expended 98.2% in 2016, 97.9% in 2017, 97.4% in 2018 and 98.5% in 2019. Due to COVID, we only expended 96.7% in 2020. We have maintained 2025 expenditures (and revenue) unchanged from 2024 based upon the difficulty of forecasting expenditures (and revenue) four years from 2021.

Due to the availability of the Federal COVID-19 grants, we were able to adjust COVID related expenses totaling $866,089.03 from the General Fund into the Federal Grant. This resulted in a corresponding increase in our forecasted budget surplus.

Going forward we will also be charging all new staff (STEM teachers, Special Education Teachers, new Director of Inclusion and Equity Administrator, Kindergarten aides, etc.), as well as summer school expenditures, technology and other expenses to the COVID-19 grant in future years. The charging of the above expenditures is a reasonable and necessary response to provide equity to our students and supports the returning of our students to the classroom.

Personal Services

In 2016, per the negotiated agreement, teachers received a 1.5% increase base increase (offset by increase in monthly healthcare contributions) and non-teaching staff received a 1.25% base increase (no change in monthly healthcare contributions). All employees received their normal steps and longevity increases if applicable.

Based on these negotiated agreements teachers and non-teaching received a 3% increase in 2017 and a 2.5% increase in 2018. These salary increases were offset by increases in employee monthly contributions and reductions in the healthcare coverage. Administrators received 1% increase in 2017 and 2018. In 2019 and 2020 all employees received a 2% base increase. Also all special education teachers (83), beginning in 2019 received a $1,500 stipend.

In 2016, a reduction in classroom aides' hours from eight hours per day to seven hours per day occurred. In 2016 we added 2 part-time secretaries, 3.4 tutors, as well as bus monitors during the school year. In 2017 we hired (General Fund only) 4 Instructor/Tutors, 1 Proficiency Tutor, 2 teachers, and due to grant restrictions needed to move 1 teacher to the General Fund. We also added 2 half-time custodians (elementary building addition) and 1 classroom aide. We also made a $250 payment in 2017 to all employees (excluding administrators) per the negotiated agreements.

In 2018, we eliminated all proficiency tutor positions which included 13 General Fund proficiency tutor positions. We also eliminated 2 secretary positions and 1 coordinator position. These staff reductions were partially offset by the addition of 1 administrator (Attendance Specialist) and 5 classroom aides.

In 2019, we increased special education supervisors from 10 month employees to 12 month employees. We added 2 special education teachers, 1 special education tutor, 2 classroom aides, and 1 elementary teacher. The special education tutor and 2 classroom aides were charged to Federal Grants for 2019 and 2020. These positions were moved to the General Fund in 2021 as the federal grant expired.

In 2020 any staff increases were minimal due COVID-19 as many other positions were not filled for the past three months of the fiscal year.

In 2021 we reduced one administrator, curriculum consultant (partially replaced with a purchased service), a librarian, a health teacher, a CTC teacher, a Career Coordinator, 9 library media clerks, ½ secretary, and a custodian. We added ½ administrator, a special education teacher, and 1 CTC teacher (partially funded by Perkins Grant).

Our Personal Services reflect the charging of staff members to Student Wellness and Success Fund. We anticipate we will maintain the staffing in the Student Wellness and Success Funds at current levels (21 certified staff members) in FY 2022 and all future years.

State Teachers Retirement System (STRS) made significant changes to retiree benefits for retirees who retire after June 30, 2015. As the STRS changes evolve in future years, it is likely we will begin to see less annual teacher retirements than we have had in the past. **As a beginning teacher makes less than half of an experienced teacher, the lower teacher retirements have begun affecting (increasing) the future salaries as teachers will be extending their working years.** Therefore, our total teacher salaries will be increasing at a higher rate than past years due to lack of teacher retirees.

Benefits
In 2014 we became partially self-insured for our healthcare due to our insurance carrier's request of a 16.8% increase in our premium healthcare rates.

Healthcare costs increased by 13.8% in 2014, 8.22% in 2015, and 3.74% in 2016, 4.0% in 2017, 3.5% in 2018.

Based on the solvency of our self-funded health insurance and the significant deficits we are forecasting, we reduced our health care premium by 10% beginning in January 2019.

This reduction in premium rates saved the district approximately $500,000 in 2019 and approximately $1 million in 2020 and all future years. This reduction had a significantly positive impact (decrease) on our budget deficit in 2020 and in future years and will have a significantly positive impact (increase) in our future fund balances. **We had a 0% increase in 2020 and will have a 10% decrease in 2021, and have forecasted 0% in 2022, and a 5.0% increase in 2023 and 2024. We are able to maintain these artificial low rates (claims exceeding revenue) due to the Self-Funded Healthcare Fund Balance.**

Based on negotiated agreements we have made significant changes to our benefits and increased the employees' monthly contributions over the past several years, this has slowed our healthcare increases. We kept 2025 healthcare cost unchanged from 2024. We are hopeful as we saw positive results by switching to partially self-funding in 2014, that the trend will continue and the increases in 2023 and future years will be less than currently forecasted (5%).

We are also self-funded for dental insurance. We incurred a 10% increase in dental premiums for 2013, 20% increase in 2014, 10% increase in 2015 and 2016, 7.5% increase in 2017, and 0.0% increase in 2018, **and a 10% decrease in 2019, 0%**

increase in 2020, and a 10% decrease in 2021. We are forecasting a 0% increase in 2022 and a 4% increase in 2023 and unchanged in all future years.

We continue to add more employees and their dependents to our healthcare and dental policies during our open enrollment process. Even though our claims have recently decreased, with the increased enrollment as well as dependent children allowed to stay on until the age of 26, it is expected our claims will increase. However, the self-funded balance will reduce the need for a premium increase until at least 2023. FY 2021, due to lower staff numbers, the number of enrollees decreased in all of our insurances.

The Workers' Compensation forecasted expenditures have stabilized even as our salary costs have increased. Our retrospective paid claims were $366,163 in 2010, $74,802 in 2013, $130,913 in 2014, and $37,422 in 2015 and in 2016 we actually received a credit of $10,810 due to subrogation of a few claims. The 2017 paid claims were $21,523, were $954 in 2018, and $8,172 in 2019. We have been very proactive with our workers' compensation in the past few years and it appears our efforts are generating savings to the district and we are now in the OSBA Workers' Compensation pool.

The payments (premiums and paid claims) made to Bureau of Workers' Compensation have been steadily declining the past few years. Our total worker's compensation costs reached a high of $804,676 in 2010. In recent years it has been $427,302 in 2012, $182,200 in 2015, $167,575 in 2018, $204,884 in 2019, and 228,551 in 2020. Workers' compensation rates are declining but we have had significant claims recently including lost time claims. We are forecasting our workers' compensation costs, premiums and paid claims at $248,000 in 2021 and $225,000 in 2022 and all future years.

We also received $153,298 (all funds) for a one-time rebate in 2014 and $161,781 (all funds) in 2015 for past workers' compensation costs. We also received a rebate/refund of $194,099 in 2018, $203,815 in 2019 and $205,888 in 2020 and another refund of $233,067 in 2020 due to COVID-19. We also received another 2 refunds/rebates totaling $1.3 million in 2021. These payments are recorded as other revenue.

Purchased Services

The Educational Service Center (ESC) charges were $2.1 million in 2012 and 2013, $3.6 million in 2014, $2.2 million in 2015, $1.7 million in 2016, $1.9 million in 2017 (additional occupational therapist and speech therapist) and 2018.

The ESC contract was originally forecasted in October to be $1.9 million in 2019. **However, due to additional services for ALC and preschool our charges increased to $2.1 million in 2019** and $2.0 million in 2020. We expect an increase in our preschool costs, additional .6 psychologists, and part-time gifted coordinator as well as other costs and was expecting the ESC contract to be $2.15 million in 2021. However, we actually experienced a decrease ($265,000) due to Covid-19 related enrollment decline and now expect the ESC charges to be $1.8 million in 2021. In previous years we had increases in enrollment which resulted in increases that exceeded the contracted amount. In 2022, we will have an increase (part-time position) in our gifted personnel charge. We are expecting to return to previously expected amounts of $2.3 million in 2022, and $2.35 million in 2023 and all future years.

Our charter school expenditures were $2.6 million in 2018, $2.7 million in 2019, and $2.8 million in 2020. We have forecasted charter school expenditures to be $3.2 million in 2021, $3.35 million in 2022, $3.75 million in 2023, and $3.4 million in 2024 and 2025.

In 2020, Whitmer High School became an EdChoice school. These charges were $712,000 in 2020 and we are forecasting these charges to be $830,000 in 2021. We do not have any expansion of EdChoice in our forecast. As we were a capped district and the State has frozen funding, we will not be receiving state aid for these students even though over 100 of the students have not previously attended Washington Local and we have never received state aid for these students.

Based on never receiving funding for these students and as we are a capped district, the State is our utilizing local tax dollars to fund these private religious institutions.

Our total Scholarship (EdChoice, Jon Peterson, Autism) charges were $429,437 in 2018, $322,025 in 2019, and $1.2 million in 2020, and we are forecasting $1.5 million in 2021, $1.7 million in 2022, and $1.8 million in all future years.

Electric and natural gas charges were $1.9 million in 2009, $1.2 million in 2018, and $1.1 million in 2019, and $1.2 million in 2020. We are forecasting electric and natural gas charges of $1.1 million in 2021 and $1.5 million in 2022, and $1.6 million in 2023 and all future years. As natural gas rates are at historical lows, the past few years have had much lower utility cost than would normally be expected. However, like electricity, these rates are starting to increase.

Beginning in 2017 and in future years, our electric charges began to decrease from the previous levels due to the undertaking of the HB 264 project in 2016. This project is complete and we are experiencing savings. In 2020 we began replacing lights at Whitmer High School with LED lights which will result in lower electricity usage. Aa an offset to these savings, we have installed window air conditioners in every classroom that did not have air conditioning.

Supplies
We continue to review our budgets each year which have resulted in lower actual expenditures in these budgets than forecasted.

	2017	2018	2019	2020
Instructional Supplies	$1,019,000	$1,092,000	$ 766,000	$ 800,000
Software Expenditures	$234,000	$ 166,000	$ 97,000	$ 115,000
Maintenance Supplies	$700,000	$ 760,000	$ 733,000	$ 743,000
Bus Maintenance & Fuel	$410,000	$ 431,000	$ 395,000	$ 395,000
Textbooks	$ 85,000	$ 88,000	$ 632,000	$ 70,000

In 2021, we are forecasting our instructional supplies/electronic materials to be $715,000 (reduced by COVID grant - $22,827), software to be $175,000, maintenance supplies to be $628,000 (reduced by COVID grant - $227,031), and bus maintenance supplies and fuel to be $332,000 in 2021, and our textbooks to be $24,000.

For 2022 and all future years, we are forecasting instructions supplies to be $769,000, software to be $200,000, Maintenance Supplies to be $725,000, Bus Maintenance and Fuel to $445,000, and Textbooks to be $525,000.

Capital Outlay
Capital Outlay expenditures, on this forecast, are generally used for technology equipment and career-technical equipment. However, in 2017 and 2018, capital outlay included HB 264 expenditures. Our Capital Outlay was $1.9 million in 2017, $2.1 million in 2018, $1.2 million in 2019, and $1.3 million in 2020. We have forecasted $1.2 million in 2021 (reduced by COVID grant - $616,231) and $1.1 million in 2022 and all future years. We did purchase a former church property by Shoreland Elementary for $100,082 in 2019 to be utilized for the new Shoreland Elementary.

We expended $853,280 in 2017 and $964,091 in 2018 for HB 264 projects. HB 264 projects included LED lighting as well as boiler and chiller replacements. As these are HB 264 projects, we expect these energy conservation projects to pay for themselves over a period of time. Also, unlike most energy conservation projects, we funded these projects with cash instead of borrowing the funds. We have been completing the LED lighting at Whitmer. Whitmer was delayed due to financial restraints as well as we wanted more time between previous district LED light replacement and Whitmer High School. We wanted more time before the Whitmer LED installation and the other buildings as when these lights need replaced in 10-15 years we wanted the cost to be spread out several years.

Due to the previous budget deficits and restraints to our budgets, buses, motor vehicles, and equipment purchases (except technology and CTC equipment) have been moved to the Permanent Improvement Fund. Current Capital Outlay expenditures are being monitored and may be moved to the Permanent Improvement Fund in future years due to our ongoing budget deficits and declining fund balance. The movement of other capital outlay (buses, vehicles, and equipment) from the General Fund to the Permanent Improvement Fund reduced the amount of funds available for district building projects and site improvements.

We have been improving and repairing our buildings instead of replacing our buildings. We did borrow $10 million in FY 2013 for the replacement of the Whitmer High School HVAC system. **The debt service on this debt is being paid from the Permanent Improvement Fund.** We recently refinanced this debt and the Permanent Improvement Fund will save nearly $500,000 over the term of the loan.

We were successful in November 2019 to pass a 3 mill Bond Issue to build two new elementary buildings (700 plus students). The passage allows us to participate in the OFCC which will pay 80 percent of all costs to replace our buildings and renovate Whitmer in future years.

It is too early in the process but we do not anticipate any cost savings or cost increases during this consolidation (Wernert and Jackman becoming Silver Creek Elementary) and Whitmer High School improvements.

Other Objects
These are mainly Lucas County auditor/treasurer fees.

Our auditor/treasurer fees were $656,419 in 2018, $655,110 in 2019, and $752,004 in 2020. We have forecasted that these fees to be $717,258 in 2021 (Full levy, but reduced by tax refunds) and $775,000 in 2022 and all future years.

Other Financing Uses

Transfers
We annually make transfers to various high school activity funds and the Employee Recognition Fund. These two transfers totaled $38,000 in 2018, 2019 and 2020. We are forecasting $28,000 in 2021. For 2022 and all future years, we are forecasted $40,000 for these transfers.

In 2016, based on the losses experienced in the Food Service Fund, we permanently transferred $185,000 from the General Fund to the Food Service Fund. In 2017 we transferred $235,355 and in 2019 we transferred $253,056. In 2020 we transferred $228,196 and in 2021 we transferred $74,601. **Due to COVID-19 (higher revenue, lower costs) we do not anticipate a transfer will be needed to Food Service in 2022.** However, beginning in 2023, we have returned to forecasted a transfer to Food Service in the amount of $125,000 in 2023 and all future years.

Advances - Out
We continue to make advances (loans) to Food service and Grant Funds to maintain a positive fund balance in these funds. These are returned annually to the General Fund.

Budget Reserve (Rainy Day Fund)
The Board of Education has previously authorized a Budget Reserve in the amount of $1,800,000. **After the passage of our November 2014 levy, the Board increased the Budget Reserve to $3,625,000 in 2015.** This Budget Reserve is maintained for all future years. Washington Local School District is one of the few districts in Northwest Ohio, and possibly the State, that still maintains a rainy day fund.

WASHINGTON LOCAL SCHOOL DISTRICT

LUCAS COUNTY

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2018, 2019 and 2020 Actual;
Forecasted Fiscal Years Ending June 30, 2021 Through 2025

		Actual				Forecasted					
		Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Average Change	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	
	Revenues										
1.010	General Property Tax (Real Estate)	$37,047,152	$38,022,521	$39,754,005	3.6%	$41,605,245	$41,224,000	$41,540,000	$41,540,000	$41,540,000	**1**
1.020	Tangible Personal Property Tax		346								
1.030	Income Tax										
1.035	Unrestricted State Grants-in-Aid	28,763,832	29,315,085	28,858,652	0.2%	29,140,353	29,234,000	29,234,000	29,234,000	29,234,000	**2**
1.040	Restricted State Grants-in-Aid	2,243,536	2,481,931	2,383,517	3.3%	2,379,248	2,379,248	2,379,248	2,379,248	2,379,248	
1.045	Restricted Federal Grants-in-Aid - SFSF										
1.050	Property Tax Allocation	7,956,941	7,385,696	6,877,871	-7.0%	6,422,437	5,927,330	5,447,768	4,968,207	4,968,207	**2**
1.060	All Other Revenues	2,494,584	3,007,258	3,069,615	11.3%	2,994,183	1,994,189	2,051,189	2,101,189	2,101,189	
1.070	*Total Revenues*	78,506,045	80,212,837	80,943,660	1.5%	82,541,466	80,758,767	80,652,205	80,222,644	80,222,644	
	Other Financing Sources										
2.010	Proceeds from Sale of Notes										
2.020	State Emergency Loans and Advancements (Approved)										
2.040	Operating Transfers-In										
2.050	Advances-In	400,000	400,000	400,000		400,000	400,000	400,000	400,000	400,000	
2.060	All Other Financing Sources	4,814,232	5,026,104	5,206,733	4.0%	3,836,555	4,235,913	4,154,704	3,992,286	3,992,286	**1**
2.070	*Total Other Financing Sources*	5,214,232	5,426,104	5,606,733	3.7%	4,236,555	4,635,913	4,554,704	4,392,286	4,392,286	
2.080	*Total Revenues and Other Financing Sources*	83,720,277	85,638,941	86,550,393	1.7%	86,778,021	85,394,680	85,206,909	84,614,930	84,614,930	**3**
	Expenditures										
3.010	Personal Services	47,855,137	49,675,118	49,655,494	1.9%	47,270,291	50,419,948	52,290,646	54,503,231	54,503,231	**4**
3.020	Employees' Retirement/Insurance Benefits	19,152,318	18,894,990	18,635,285	-1.4%	17,129,206	17,618,953	18,392,242	19,138,678	19,138,678	**5**
3.030	Purchased Services	11,738,733	12,343,737	13,293,646	6.4%	14,070,639	15,651,542	15,965,592	16,066,215	16,066,215	**6**
3.040	Supplies and Materials	2,941,522	2,864,884	2,281,337	-11.5%	1,863,352	2,817,622	2,766,228	2,826,692	2,826,692	
3.050	Capital Outlay	2,117,172	1,210,240	1,329,251	-16.5%	1,232,577	1,113,750	1,119,375	1,121,625	1,121,625	**7**
3.060	Intergovernmental										
	Debt Service:										
4.010	Principal-All (Historical Only)										
4.020	Principal-Notes										
4.030	Principal-State Loans										
4.040	Principal-State Advancements										
4.050	Principal-HB 264 Loans										
4.055	Principal-Other										
4.060	Interest and Fiscal Charges										
4.300	Other Objects	922,994	899,685	1,465,313	30.2%	958,561	1,049,760	1,038,825	1,038,825	1,038,825	
4.500	*Total Expenditures*	84,727,876	85,888,654	86,660,326	1.1%	82,524,626	88,671,575	91,572,908	94,695,266	94,695,266	
	Other Financing Uses										
5.010	Operating Transfers-Out	38,000	286,056	246,196	319.4%	102,601	35,600	159,350	159,350	159,350	
5.020	Advances-Out	400,000	400,000	400,000		400,000	400,000	400,000	400,000	400,000	
5.030	All Other Financing Uses										
5.040	*Total Other Financing Uses*	438,000	686,056	646,196	25.4%	502,601	435,600	559,350	559,350	559,350	
5.050	*Total Expenditures and Other Financing Uses*	85,165,876	86,574,710	87,306,522	1.2%	83,027,227	89,107,175	92,132,258	95,254,616	95,254,616	**8**
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	1,445,599-	935,769-	756,129-	-27.2%	3,750,794	3,712,495-	6,925,349-	10,639,686-	10,639,686-	**9**
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	28,853,154	27,407,555	26,471,786	-4.2%	25,715,657	29,466,451	25,753,956	18,828,607	8,188,921	
7.020	*Cash Balance June 30*	27,407,555	26,471,786	25,715,657	-3.1%	29,466,451	25,753,956	18,828,607	8,188,921	2,450,765-	
8.010	*Estimated Encumbrances June 30*	688,985	835,929	725,055	4.0%	700,000	700,000	700,000	700,000	700,000	
	Reservation of Fund Balance										
9.010	Textbooks and Instructional Materials										
9.020	Capital Improvements										
9.030	Budget Reserve	3,625,000	3,625,000	3,625,000		3,625,000	3,625,000	3,625,000	3,625,000	3,625,000	
9.040	PBA										
9.045	Fiscal Stabilization										
9.050	Debt Service										
9.060	Property Tax Advances										
9.070	Bus Purchases										
9.080	*Subtotal*	3,625,000	3,625,000	3,625,000		3,625,000	3,625,000	3,625,000	3,625,000	3,625,000	
10.010	*Fund Balance June 30 for Certification of Appropriations*	23,093,570	22,010,857	21,365,602	-3.8%	25,141,451	21,428,956	14,503,607	3,863,921	6,775,765-	
	Revenue from Replacement/Renewal Levies										
11.010	Income Tax - Renewal										
11.020	Property Tax - Renewal or Replacement										
11.300	Cumulative Balance of Replacement/Renewal Levies										
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	23,093,570	22,010,857	21,365,602	-3.8%	25,141,451	21,428,956	14,503,607	3,863,921	6,775,765-	**10**
	Revenue from New Levies										
13.010	Income Tax - New										
13.020	Property Tax - New										
13.030	Cumulative Balance of New Levies										
14.010	Revenue from Future State Advancements										
15.010	*Unreserved Fund Balance June 30*	23,093,570	22,010,857	21,365,602	-3.8%	25,141,451	21,428,956	14,503,607	3,863,921	6,775,765-	
	ADM Forecasts										
20.010	Kindergarten - October Count	531	550	555	2.2%	434	534	534	534	534	
20.015	Grades 1-12 - October Count	6,523	6,494	6,413	-0.8%	6,309	6,409	6,409	6,409	6,409	
	State Fiscal Stabilization Funds										
21.010	Personal Services SFSF										
21.020	Employees Retirement/Insurance Benefits SFSF										
21.030	Purchased Services SFSF										
21.040	Supplies and Materials SFSF										
21.050	Capital Outlay SFSF										
21.060	*Total Expenditures - SFSF*										

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt