

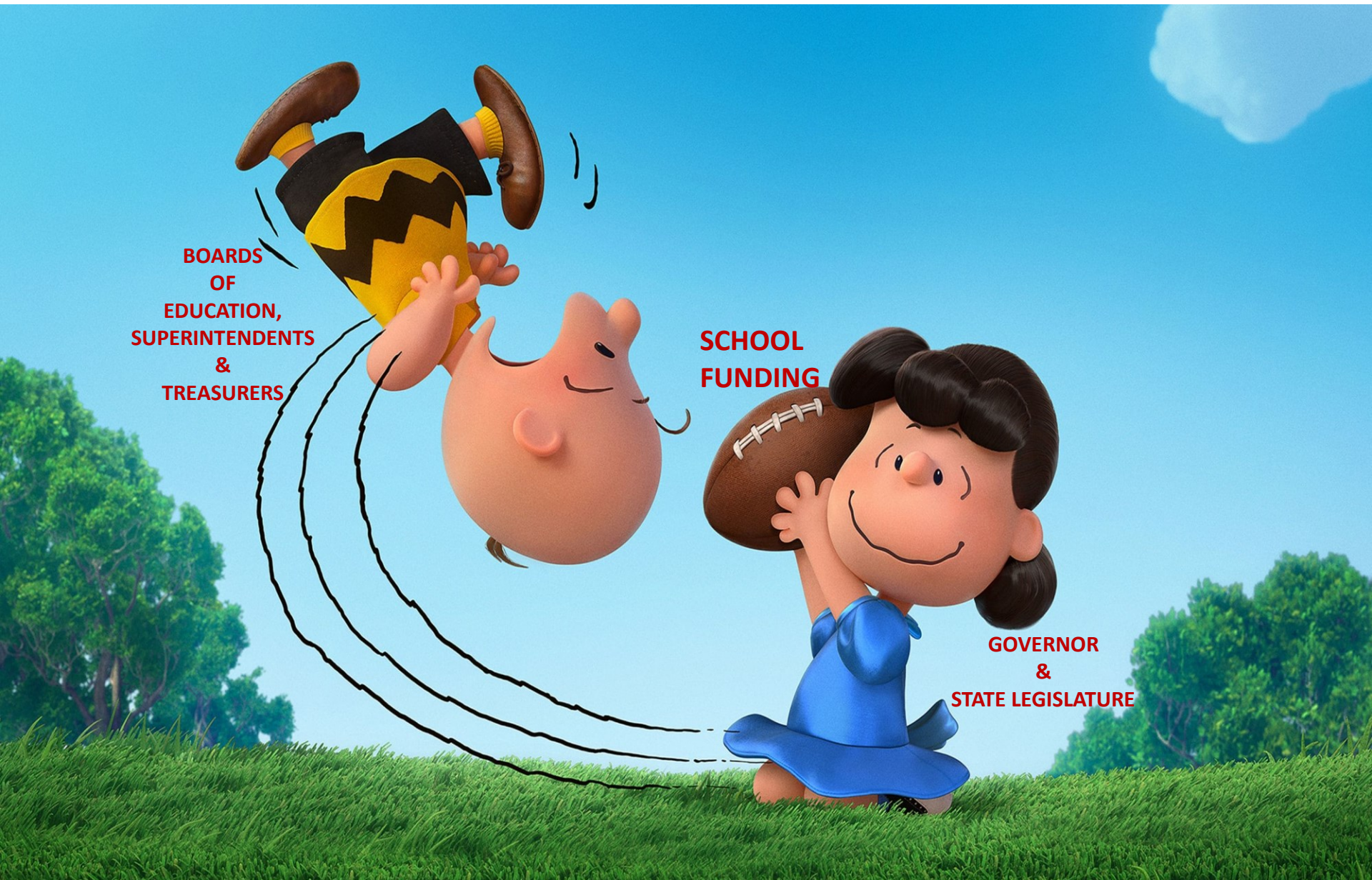


WASHINGTON LOCAL SCHOOLS

FIVE-YEAR FORECAST

MAY 2021





WASHINGTON LOCAL SCHOOLS SCHOOL FUNDING (a)

| Year | Calculated Funding (Formula)(b) | State Funding (c) | Cap Loss | Accumulated |
|-----------|------------------------------------|-------------------|------------------|-------------------|
| 2020/2021 | \$ 45,055,786.87 | \$ 30,542,718.32 | \$ 14,513,068.55 | \$ 106,132,990.92 |
| 2019/2020 | \$ 45,055,786.87 | \$ 30,542,718.32 | \$ 14,513,068.55 | \$ 91,619,922.37 |
| 2018/2019 | \$ 45,055,786.87 | \$ 30,520,958.65 | \$ 14,534,828.22 | \$ 77,106,853.82 |
| 2017/2018 | \$ 44,451,241.64 | \$ 29,579,671.53 | \$ 14,871,570.11 | \$ 62,572,025.60 |
| 2016/2017 | \$ 41,726,672.77 | \$ 28,698,630.57 | \$ 13,028,042.20 | \$ 47,700,455.49 |
| 2015/2016 | \$ 40,002,490.24 | \$ 26,652,671.85 | \$ 13,349,818.39 | \$ 34,672,413.29 |
| 2014/2015 | \$ 34,777,155.68 | \$ 24,628,586.95 | \$ 10,148,568.73 | \$ 21,322,594.90 |
| 2013/2014 | \$ 33,402,601.79 | \$ 22,288,313.98 | \$ 11,114,287.81 | \$ 11,174,026.17 |

- (a) Does not include Preschool Special Education Funding, Special Education Transportation Funding, Student Wellness and Success Fund, or Enrollment Growth Supplement Funding as these are not included in the state funding formula. Student Wellness and Success/Enrollment Growth Supplement began in 2019/2020.
- (b) The State kept State Aid funding unchanged beginning in 2019/2020 from 2018/2019. We assumed Calculated Funding is unchanged from 2018/2019.
- (c) State Funding for 2019/2020 and 2020/2021 is prior to the May 2020 State funding reduction of \$685,784 for each fiscal year caused by the possible revenue shortfalls in State revenue. The State restored \$376,106 in 2020/2021. **The State still has an initial Rainy Day Fund and a Budget Surplus of \$1.2 billion for this year, reduced our funding by nearly \$1 million over 2 years.**

Significant Items

Not a surprise to anyone, but COVID-19 has impacted our revenue (State Aid and Bureau of Workers' Compensation Refund) as well as every expenditure with the greatest impact on personnel costs.

- **Budget Surplus**

- Great News. It took a pandemic, Bureau of Workers' Compensation refund of \$1.3 million, and the COVID-19 Grant adjustment of nearly \$900,000 but we are forecasting our first surplus (\$3.8 million) since 2016, and largest surplus since 2008 (\$3.4 million).

- **Student Wellness and Success Funds**

- Governor proposed continuation of this new Fund and the State of Ohio still has a rainy day fund, as well as, continuing to have a state budget surplus.
- Funding is significant, \$2.2. million, but is restricted. This funding was provided after the freezing of our unrestricted aid. The governor's proposal has a 62% increase in funding (likely over 2 years).
- We are currently using it to fund 21 TAWLS members (counselors, nurses and social worker).

Revenue

- **Franklin Park Mall**

- The Mall was successful in reducing their property values from \$232.0 million to \$180.0 million. This resulted in a significant refund and a significant reduction in annual revenue for our General Fund (and all other funds). This was adjusted from Tax Increment Financing (TIF) payments instead of Real Estate taxes as originally expected in November 2020.

- **State Aid**

- As the State budget has stabilized and there is now a willingness by the State to spend their rainy day fund, we kept state aid unchanged from 2020/2021. Last year state aid was reduced by \$685,784 in May 2020 for 2019/2020 and 2020/2021. The State did restore \$376,000 in 2020/2021, still our state aid was reduced by nearly \$1 million over 2 years.

- **Other Revenue**

- The Bureau of Workers' Compensation provided a refund of \$1.3 million.

Significant Items Continued:

Expenditures

• **Staffing**

- We began addressing our budget deficit in May 2020 with reduction in staffing for 2020/2021.
- During 2020/2021, we continued addressing our budget deficits by maintaining vacant positions and moving 2 certified staff to grants to assist with COVID-19 impacted instruction. We also did not fill classroom aide positions, a DIS position, or a mechanics position as they came vacant during the year.
- We had a significant decrease in substitute costs (includes field trips) extra compensation/hourly pay, and overtime from prior years. Also, due to remote learning, we reduced certain classified staff positions up to 50% of their contracted hours during certain weeks during the year.

• **Benefits**

- Due to solvency of our self-funded insurance plans, we reduced our healthcare and dental premiums by 10% on July 1, 2020.
- We did have an increase in unemployment costs due to the governor ordered shut down in March 2020 and reduction in hours in 2020/2021. But only expect \$53,000 for 2020/2021, previously budgeted \$225,000 in November 2020.

• **Transfers**

- Previously, we annually transferred nearly \$250,000 the past few years due to Food Service losses. In 2020/2021 this was reduced to \$74,601.
- We do not anticipate a Food Service loss in 2020/2021, but have forecasted a Food Service loss transfer of \$125,000 beginning 2022/2023.

• **COVID-19 Federal Grant**

- Adjusted \$866,089 in expenditures from General Fund to Elementary and Secondary School Emergency Relief (ESSER) Grant.

Significant Items Continued:

Pending Concerns

- **State Funding**
 - Will the state finally properly fund schools?
 - Will students not attending Washington Local Schools (Charter, voucher, court placed, etc.) be directly funded?
- **Enrollment**
 - Decreased nearly 225 students from last year, Kindergarten decreased over 120 students.
 - Over 1,600 students currently in Panther Virtual Academy (less staffing required, no bussing required), 2021/2022 expect 220 students enrolled.
 - Possible EdChoice expansion in 2021/2022 and increased number of students participating.
 - Open Enrollment – 70 total (29 non-staff member children, 7-12 only)
- **Staffing**
 - Lower enrollment and Panther Virtual Academy has and will have a direct impact on staffing in future years. (Classroom teachers, specialist teachers, elective teachers, bus drivers, classroom aides, etc.)
 - EdChoice students leaving the district.
- **Future COVID-19 Impact**
 - The expansion of our technology will now need to be maintained and replaced in 3-5 years. This has increased our technology budget in future years.
 - Franklin Park Mall and other retail shopping being replaced with online shopping. This will impact future property values.
 - Commercial Tax Appeals will increase.
 - Countywide Revaluation in calendar year 2021; Expect an increase in property valuation, but not included in Forecast.

Revenue & Expenditures
Fiscal Year 2020/2021
What Changed in Six Months

| <u>REVENUE</u> | <u>NOVEMBER 2020</u> | <u>MAY 2021</u> | <u>VARIANCE</u> | <u>EXPLANATION</u> |
|-----------------------------------|---|---------------------|------------------|---|
| Real Estate | 39,600,000 | 41,605,245 | 2,005,245 | Franklin Park Mall |
| State Aid (includes casino) | 28,735,886 | 29,140,353 | 404,467 | Additional \$376,000 |
| All Other Financing Sources (TIF) | 5,076,436 | 3,836,555 | (1,239,881) | Franklin Park Mall |
| | <u>Total for Explanation of Variances</u> | | 1,169,831 | |
| Total Revenue | 85,539,823 | 86,778,021 | 1,238,198 | |
| <u>EXPENDITURES</u> | | | | |
| Salaries | 47,514,972 | 47,270,291 | 244,681 | |
| Benefits | 17,416,387 | 17,129,206 | 287,181 | |
| Purchased Services | 13,898,814 | 14,070,639 | (171,825) | - Charter Schools, other tuition students - Curriculum purchases |
| Supplies | 2,299,809 | 1,863,352 | 436,457 | - Curriculum instructional supplies - \$249,858 ESSER Grant Adjustment, Fuel |
| Capital Outlay | 1,781,406 | 1,232,577 | 548,829 | - \$616,231 ESSER Grant Adjustment |
| Other | 964,912 | 958,561 | 6,351 | |
| Advances/ Transfers | 495,000 | 502,601 | (7,601) | |
| Total Expenditures | 84,371,300 | 83,027,227 | 1,344,073 | |

REVENUE



Washington Local School District

REVENUES

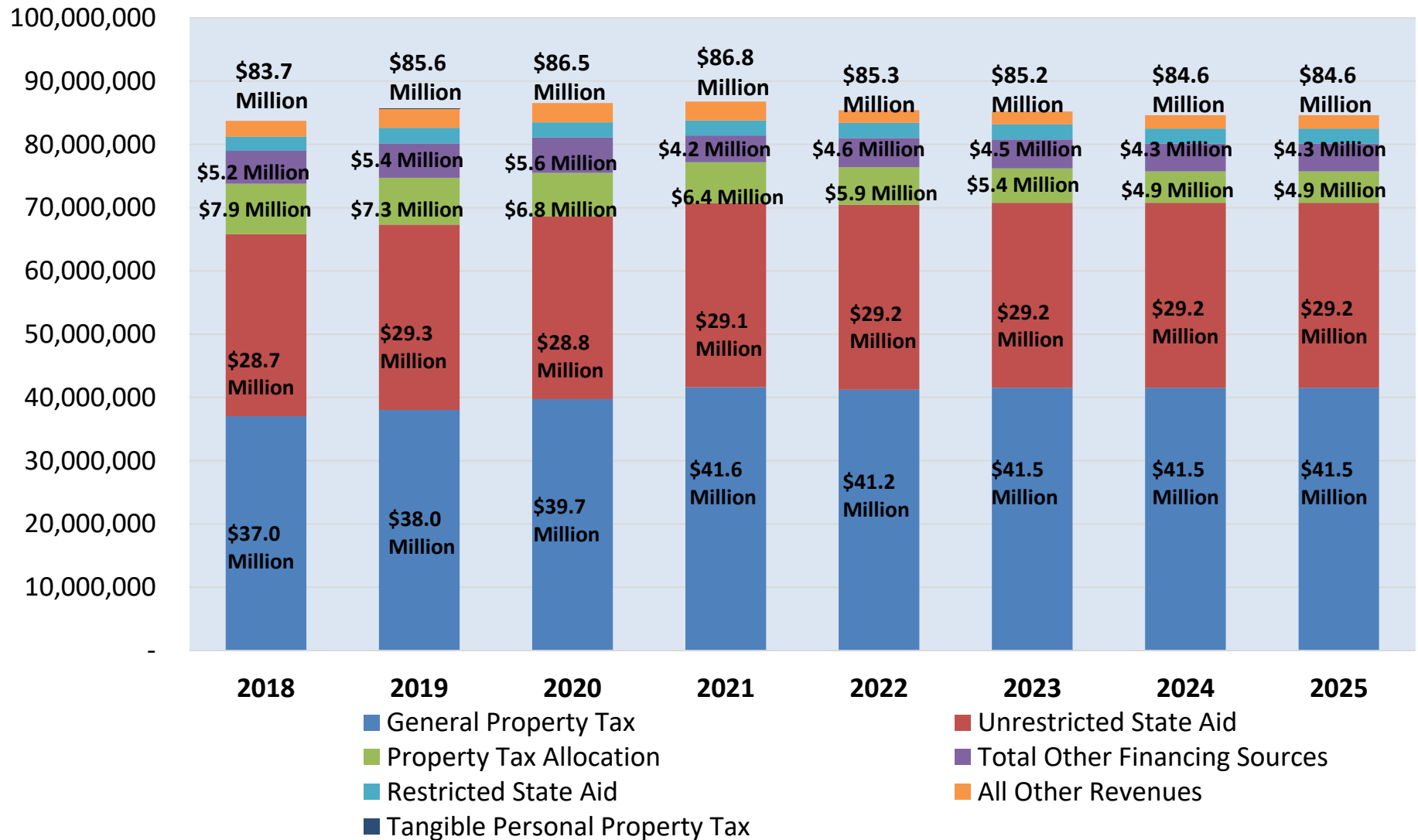
MAY 2021

| <u>REVENUES</u> | <u>Actual</u> | | | | <u>Forecasted</u> | | | | |
|--|---------------|------------|------------|----------------|-------------------|------------|------------|------------|------------|
| | 2018 | 2019 | 2020 | Avg. Change | 2021 | 2022 | 2023 | 2024 | 2025 |
| General Property Tax | 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 |
| Tangible Personal Property Tax | | 346 | | | | | | | |
| Income Tax | | | | | | | | | |
| Unrestricted State 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 |
| Restricted State 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 |
| 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 |
| 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 |
| 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 |
| Advances-In | 400,000 | 400,000 | 400,000 | | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| 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 |
| 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 |
| Total Revenues and Otr 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 |

Washington Local Schools

Revenues

MAY 2021





EXPENDITURES INCREASING



Washington Local Schools

EXPENDITURES

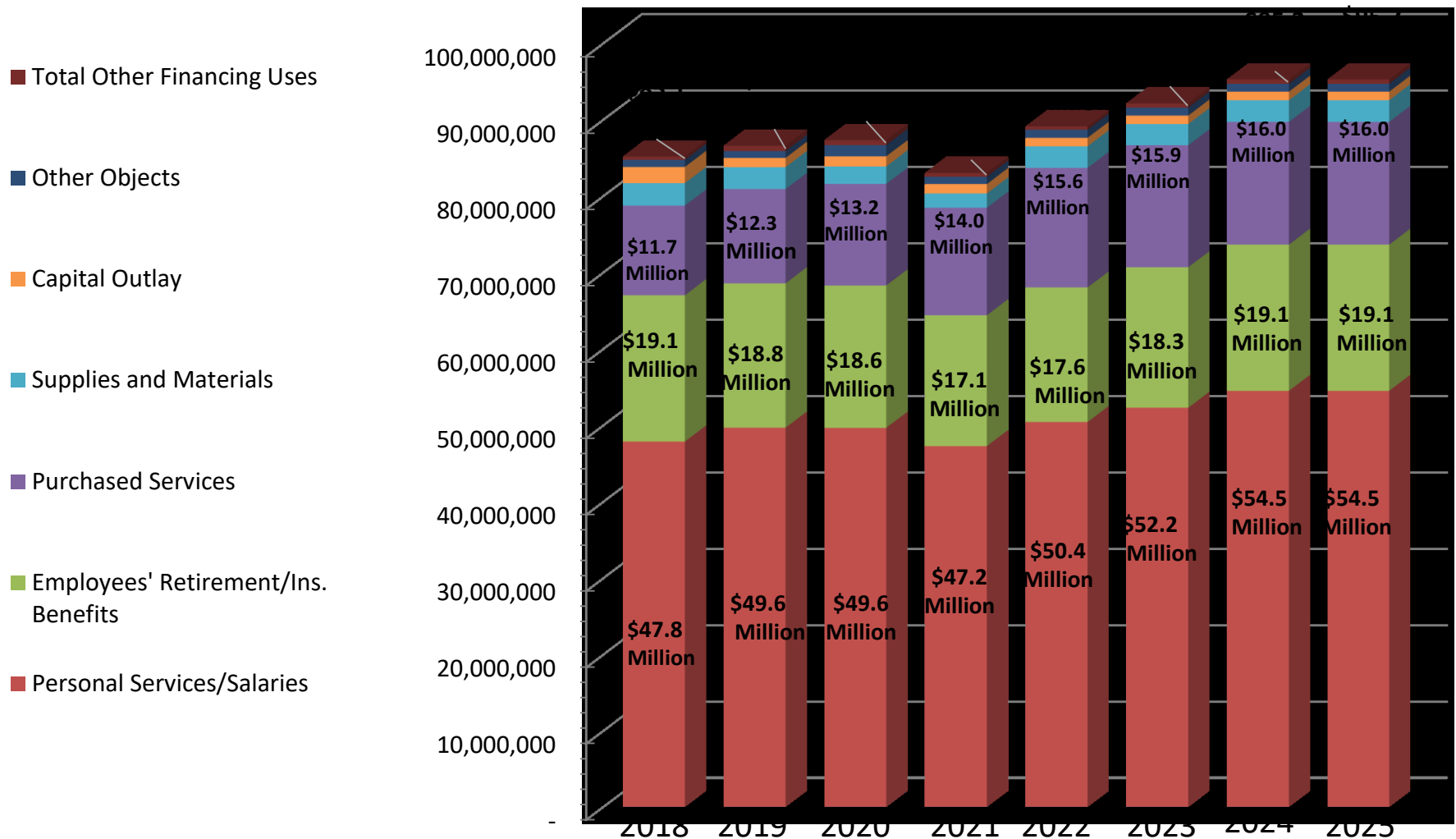
MAY 2021

| | <u>Actual</u> | | | | | <u>Forecasted</u> | | | | |
|--|---------------|------------|------------|-------------|--|-------------------|------------|------------|------------|------------|
| <u>EXPENDITURES</u> | 2018 | 2019 | 2020 | Avg. Change | | 2021 | 2022 | 2023 | 2024 | 2025 |
| Personal Services / Salaries | 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 |
| 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 |
| Purchased Services - Instructional Services, Utilities | 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 |
| Supplies and Materials - Instruction, Maintenance, Transportation | 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 |
| 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 |
| 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 |
| 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 |
| Operating Transfers-Out | 38,000 | 286,056 | 246,196 | 319.4% | | 102,601 | 35,600 | 159,350 | 159,350 | 159,350 |
| Advances-Out | 400,000 | 400,000 | 400,000 | | | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| Total Other Financing Uses | 438,000 | 686,056 | 646,196 | 25.4% | | 502,601 | 435,600 | 559,350 | 559,350 | 559,350 |
| 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 |

Washington Local Schools

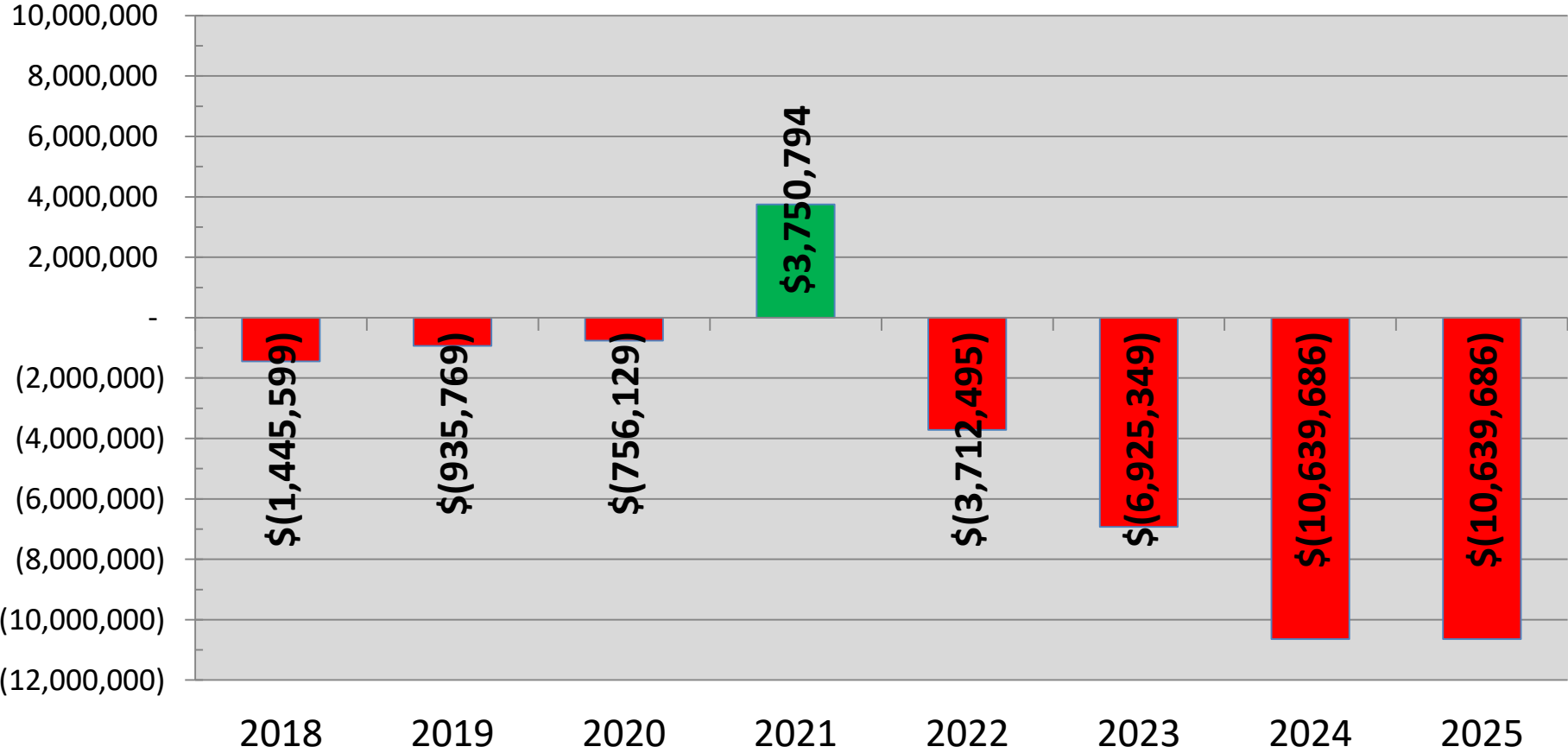
Expenditures

MAY 2021

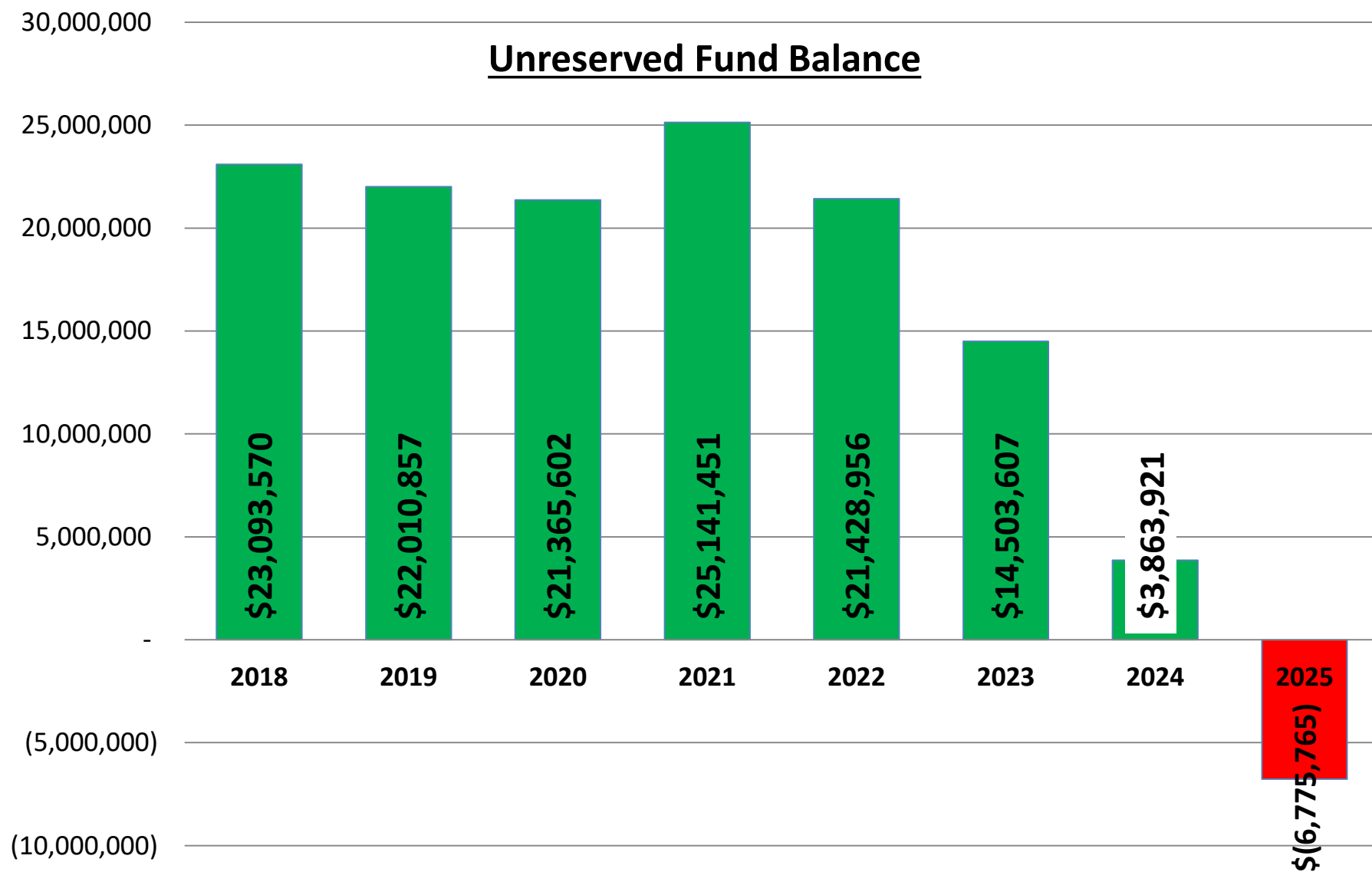


| Other Financing Uses | 2018 | 2019 | 2020 | Avg. Change | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-------------|-----------|-----------|-------------|-----------|-------------|-------------|--------------|--------------|
| Excess of Revenues and Other Financing Sources over (under) Expenditures and 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) |

Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses

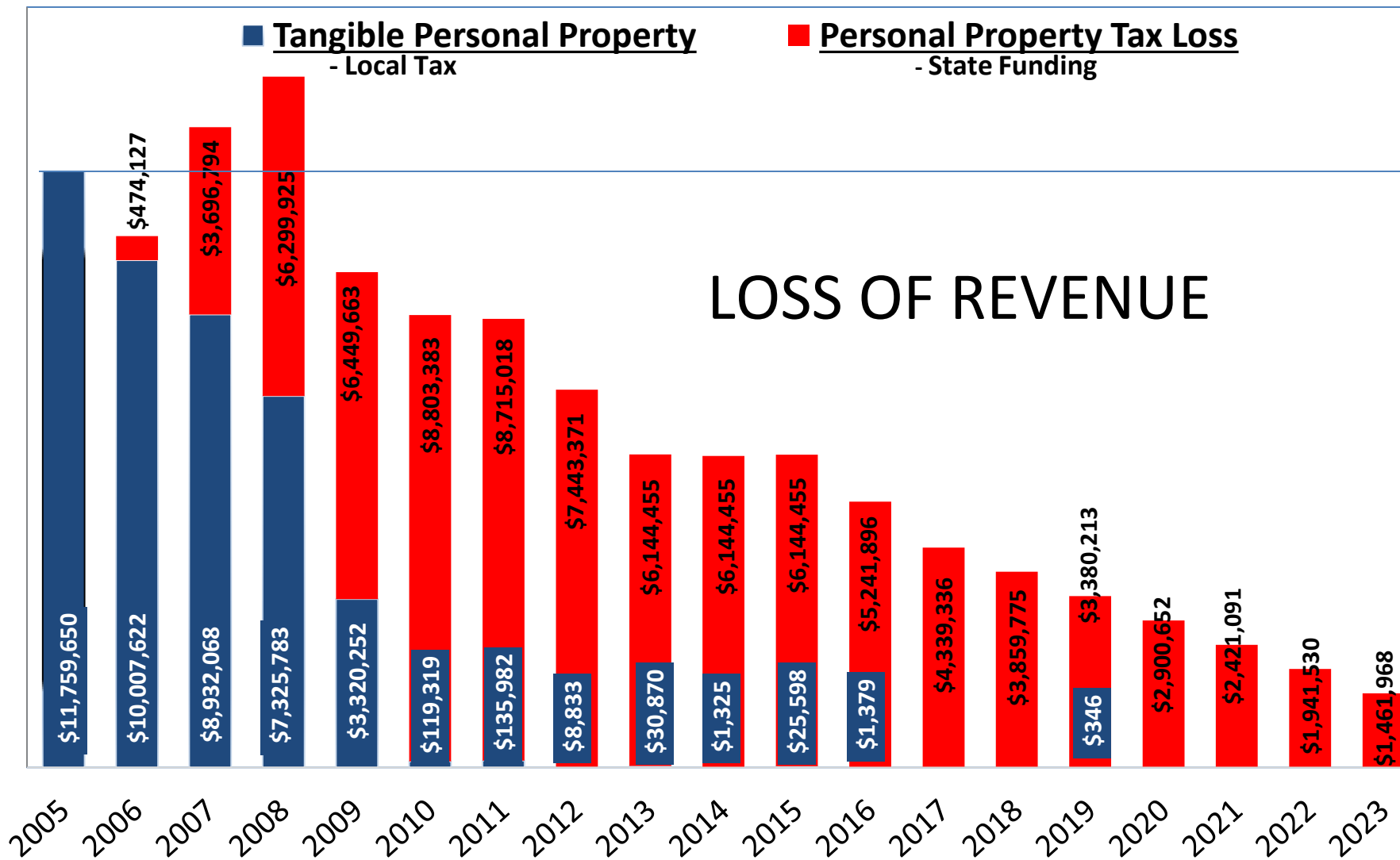


| Other Financing Uses | Actual | | | | Forecasted | | | | |
|---------------------------------|------------|------------|------------|-------------|------------|------------|------------|-----------|-------------|
| | 2018 | 2019 | 2020 | Avg. Change | 2021 | 2022 | 2023 | 2024 | 2025 |
| Unreserved 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) |



General Fund Personal Property Tax

Elimination – HB 66



WASHINGTON LOCAL SCHOOLS

MAY 2021 FORECAST

THIS IS AND ALWAYS HAS BEEN A WORKING DOCUMENT

ITEMS TO CONSIDER FOR NOVEMBER 2021 FORECAST

- ☐ **WILL THE COVID-19 PANDEMIC END?**
- ☐ **WILL THE SCHOOL YEAR BEGIN NORMALLY FOR FALL 2021?**
- ☐ **FRANKLIN PARK MALL PROPERTY**
 - Finalize Actual Property Tax/TIF payments
- ☐ **PROPERTY VALUATION**
 - New County-wide Property Valuation in 2021
 - Commercial Tax Appeals
- ☐ **State Aid**
 - Will there actually be a school funding formula?
 - Will we still be capped?
 - Will there be growth in state funding?
 - What other changes?
 - Will charter school voucher students, etc. be directly funded by the State?
- ☐ **Student Wellness and Success Fund**
 - Will this be included in the new state budget (\$2.2 million) in 2022/2023?
 - Will it be eliminated?
 - Will it be increased?
 - Will it be replaced with something else? Another new Fund?
- ☐ **What is significantly impacting our district**
 - Staffing
 - New Positions in ESSER Grant.
 - Lasting COVID-19 impact on enrollment and Panther Virtual Academy enrollment
 - 7-12 transportation schedule
 - Maintain vacant positions when possible
 - Technology
- ☐ **Food Service**
 - Will transfer subsidy be enough in future years?
 - Forecasted budget deficit (\$125,000) for FY 2022/2023 and future years
- ☐ **Personnel Costs**
 - Self-funded healthcare 10% reduction in July 2020; 10% in January 2019. Are healthcare cash reserves still adequate?
 - All new positions in ESSER Grant
 - Staff reductions will continue through attrition
- ☐ **Enrollment**
 - Voucher Expansion?
 - Will 2020/2021 have kindergarten students return as first graders?

WASHINGTON LOCAL SCHOOLS: DEFICIT / SURPLUS SUMMARY

FY 2008 – 2020 Actuals / FY 2021 – 2025 Forecasted

MAY 2021 FORECAST

| Fiscal Year | Surplus / Deficit | Amount (Over / Under) | Unreserved Cash Balance as of June 30 | Unreserved Fund Balance as of June 30 * |
|------------------------------|-------------------|--------------------------|---|---|
| 2008 | Surplus | 3,421,022 | 37,224,891 | 33,479,602 |
| 2009 | Deficit | (541,160) | 36,683,731 | 32,998,686 |
| 2010 | Deficit | (2,318,705) | 34,365,026 | 31,339,209 |
| 2011 | Deficit | (1,311,266) | 33,053,760 | 30,167,113 |
| 2012 | Deficit | (48,676) | 33,005,084 | 28,591,688 |
| 2013 | Deficit | (652,259) | 32,352,825 | 27,935,333 |
| 2014 | Deficit | (4,210,893) | 28,141,932 | 23,586,579 |
| 2015 | Surplus | 949,014 | 29,090,946 | 24,486,717 |
| 2016 | Surplus | 1,157,421 | 30,248,367 | 25,612,902 |
| 2017 | Deficit | (1,395,213) | 28,853,154 | 24,424,902 |
| 2018 | Deficit | (1,445,599) | 27,407,555 | 23,093,570 |
| 2019 | Deficit | (935,769) | 26,471,786 | 22,010,857 |
| 2020 | Deficit | (756,129) | 25,715,657 | 21,365,602 |
| FORECASTED - MAY 2021 | | | | |
| 2021 | Surplus | 3,750,794 | 29,466,451 | 25,141,451 |
| 2022 | Deficit | (3,712,495) | 25,753,956 | 21,428,956 |
| 2023 | Deficit | (6,925,349) | 18,828,607 | 14,503,607 |
| 2024 | Deficit | (10,639,686) | 8,188,921 | 3,863,921 |
| 2025 | Deficit | (10,639,686) | (2,450,765) | (6,775,765)** |

*The Unreserved Fund Balance includes encumbrances as of June 30th and the budget reserve (Rainy Day) Fund of \$3.6 million.

**As Elementary and Secondary School Emergency Relief (ESSER) Grant expires in 2024/2025 and have a significant increase in Expenditures in 2024/2025 if all positions and purchases are maintained and returned to General Fund.

Due to our fund balance deficit in 2025, without additional revenue or expenditure reductions, the district will be required to be on the ballot in 2024, if not earlier.

General Fund Budget Summary – May 2021 FIVE-YEAR FORECAST

FY 2013 - FY 2020 Actual / FY 2021- FY 2025 Forecasted

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | FORECASTED | | | | |
|-------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Revenue | 71,334,159 | 72,560,410 | 78,232,416 | 80,725,296 | 82,147,112 | 83,720,277 | 85,638,941 | 86,550,393 | 86,778,021 | 85,394,680 | 85,206,909 | 84,614,930 | 84,614,930 |
| Expenses | 71,986,418 | 76,771,303 | 77,283,402 | 79,567,875 | 83,542,325 | 85,165,876 | 86,574,710 | 87,306,522 | 83,027,227 | 89,107,175 | 92,132,258 | 95,254,616 | 95,254,616 |
| Over/Under | -652,259 | -4,210,893 | 949,014 | 1,157,421 | -1,395,213 | -1,445,599 | -935,769 | -756,129 | 3,750,794 | -3,712,495 | -6,925,349 | -10,639,686 | -10,639,686 |
| Unreserved Fund Balance | 27,935,333 | 23,586,579 | 24,486,717 | 25,612,902 | 24,424,902 | 23,093,570 | 22,010,857 | 21,365,602 | 25,141,451 | 21,428,956 | 14,503,607 | 3,863,921 | -6,775,765 |

