WASHINGTON LOCAL SCHOOL DISTRICT
FIVE-YEAR FORECAST – MAY 2020 – ASSUMPTIONS

COVID-19

COVID-19 has and continues to have a dramatic impact on this year's budget as well as future years' budgets.

In May 2020, the Governor reduced our state aid funding by $685,784. Future reductions are unknown but we are forecasting an amount 2.5 times the amount we were reduced in 2020 for 2021 and 2022. In 2023 and future years we have forecasted a return to 2019/2020 state aid amount.

It has always amazed me how school boards 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 will have lower 2019/2020 expenditures for substitute employees (Teaching and Non-teaching), extra pay for teaching and non-teaching staff, Summer and Extra Help and overtime, Private transportation (special education and homeless), Diesel Fuel, Utilities, Textbooks, etc. We also chose not to purchase textbooks ($350,000) for 2019/2020 as well as 2020/2021 ($455,000).

We reduced our forecasted base salary increases from 1.25% to 0% for all fiscal years forecasted. We also reduced our forecasted healthcare and dental premiums by 10% in 2020/21 due to the solvency of our self-funded Healthcare and Dental Funds.

These reductions had a significant impact in reducing our forecasted expenditures.

As we are just beginning to plan for next year, the actual expenditures will likely also look much different than 2019/2020 and what has been forecasted in May 2020. The actual impact of COVID-19 on the state budget as well as our property tax collections is not yet known, but it will be significant.

It is also unknown the amount of impact it will have on our property tax collection and the impact of businesses that are unable to open. As Franklin Park Mall was closed for two months and now only has partially opened, this will not only impact their previous tax appeal from 2019 but will also influence their next tax appeal which will occur in 2022. The Board of Tax appeals is now scheduled to hear their 2019 appeal in December 2020. We do anticipate a significant reduction in tax payments as well as a large refund when Franklin Park Mall tax appeal is settled. **We do not anticipate the annual reduction to be the $2.5 million that has been requested but could exceed $1 million.**

We have received a new federal grant due to COVID-19. The Elementary and Secondary Emergency Relief grant is for $1.4 million (our share) and requires expenditure by September 2022. These funds are restricted and we are waiting guidelines before we plan the use of these funds. It appears these funds will assist with COVID-19 related expenses that we incur during the pandemic.

REVENUE

With the successful passage of our November 2019 levy we expected to receive an additional $3.2 million per year we will receive half of these funds in 2019/2020 and an entire year's collection in 2020/2021.

We continue to have challenges in our real estate tax collection and inconsistent collections. In 2019 the County had undergone the six-year reappraisal for properties, this further increases the difficulty of forecasting real estate tax collections. Franklin Park Mall is continuing their tax appeals and have requested a property value reduction of $130 million which will be an annual loss of $2.5 million (plus the refund from prior year taxes that have been paid). If they are successful it will be equivalent to nearly 80 percent of our new tax levy collections. This is still being appealed but has been delayed due to COVID-19. As the mall was closed for over two months and even now only partially opened, that impact is not yet known on this year's tax valuation appeal as well as their future tax valuation appeal.

We were hopeful, as the State continues to have surpluses, they will begin adequately funding our schools in 2020/2021. Obviously that will not happen now and we will be seeing severe reductions in state aid. We did not forecast the Student Wellness funds to be in the State budget in 2022 (many districts did) and now we are only hopeful those funds are not reduced in addition to the reduction in state aid that we will be incurring this year and future years.

The State did provide a new revenue source for 2019/2020 and 2020/2021. There is not an allocation past 2020/2021. The Student Wellness and Success Funds are separate from the General Fund. However, these funds may be utilized to continue the General Fund Programs and Services if needed. Originally we were hopeful these funds could be used to enhance our current programs. Unfortunately, with the unconstitutional school funding (previously capping our state and initially freezing it for two years and now significantly reducing our state aid) and the addition of EdChoice, we are utilizing these funds to continue our current programs by funding 20 TAWLS members.

We are expected to receive approximately $3.6 million in Student Wellness and Success Funds and will utilize $3.4 million for current nurses, counselors and our social worker that are currently being funded by the General Fund. We will have approximately $250,000 remaining in the Student Wellness and Success Fund. We originally planned to utilize for additional student mental health services and continue to have that in our forecast but this is also subject to change.

The Governor emphatically stated in February 2020 that these funds will continue and likely be increased beginning in 2021/2022. However, like in February 2020, we do not share his confidence that these funds will be continued or increased after 2021/2022. And with the latest economic crisis, we may not even receive 100 percent of the Student Wellness funds that are forecasted.

Real Estate Taxes

The Real Estate taxes are again estimated conservatively but does reflect an additional $3,150,000 annually for the successful passage of our November 2019 levy. We have forecasted conservatively in the past and unfortunately we continued to incur declines and inconsistencies in real estate tax collections. However, it appears we were beginning to stabilize. The July real estate tax collections (Second Half – Calendar Year) we received in 2016 was $18.7 million, in 2017 was $18.2 million in 2018 we received $18.5 million and in 2019 we received $18.8 million The March real estate collections (First Half – Calendar Year) we received in 2016 was $18.5 million, in 2017 was $18.3 million, in 2018 we received $18.9 million, in 2019 we received $19.5 million (county wide reappraisal), and in March 2020 we received $20.9 million (1/2 year new levy proceeds).

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 received $37.1 million in 2017, $37.0 million in 2018, $38.0 million in 2019, and $39.8 million in 2020. We are forecasted $41.2 million in 2021 (Full year of new tax levy) and $41.4 million in 2022. We reduced 2021 tax collections by $200,000 due to forecasted higher delinquencies due to COVID-19. In 2023 we will have abatements expiring and we are forecasting $41.8 million in 2023 and 2024.

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. As the changes have been finalized, we were hopeful the collections will become more consistent until we factored in COVID-19 and we have forecasted a $200,000 reduction due to higher delinquencies than without COVID-19.

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.

It is expected these tax appeals will continue in future years, including Franklin Park Mall, which appealed their values again in January 2019. They have requested a $130 million reduction in their value which would equate to an annual revenue loss of $2.5 million. Also it is likely they will receive a significant refund of taxes already paid. As the final value of the property is still being litigated, no adjustment has been made for any reductions.

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. As 2024 revenue is being forecasted as the same as 2023 and the values will change, this possible payment is not included on our forecast.

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.

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, $1,379 in 2016, $0 in 2017 and 2018 and $346 in 2019. 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 2020 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 past five years; increasing from 6,569 in 2010, 6,745 in 2012, and 6,859 in 2014, and 7,099 in 2017 and 7,054 in 2018 and 7,044 in 2019, and 6,968 in 2020.

This will have 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**.**

Over five years (2014-2019), our state aid has been reduced by over $77.0 million because of the cap. If you include 2019/2020 (as aid was frozen, approximately $14.5 million before the May 2020 reduction) we have lost over a year's revenue due to 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 and 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. 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.

Unrestricted State Aid (Includes Casino Funding)
We are forecasting $28.9 million in 2020 for unrestricted state aid (includes casino funding of $377,699), and are forecasting to receive $27.8 million in unrestricted state aid in 2021, $27.9 million in 2022 and $28.9 million in 2022 and all future years. **This reflects the Governor reducing our state aid by $685,784 in May 2020. We have been informed our state aid could be reduced by three times that amount in 2021. We reduced our 2021 and 2022 State aid by 2.5 times ($1.7 million).**

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 $350,039 in 2017, $361,182 in 2018, $370,082 in 2019, and $377,699 in 2020. Due to COVID-19, we reduced this funding to $275,000 in 2021 and forecasted and $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 and $999,481 in 2019 and forecasted to be $834,103 in 2020 (matches 2019 after ODE July 2019 adjustment) and all future years.

Restricted state aid includes Career-Tech funding of $762,832 in 2014, $1.1 million in 2016, and $1.2 million in 2017 and 2018 and $1.3 million in 2019. We are forecasting $1.3 million in 2020 and all future years. This is an increase from 2013's Career Tech funding of $456,091.

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, and $147,529 in 2019 and forecasted to be $148,000 in 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, and are forecasting $2.9 million in 2020, $2.4 million and 2021, $1.9 million in 2022 and $1.4 million in 2023 and 2024. Even though we expect the decrease to continue, we have kept all revenue unchanged from 2023 to 2024.

Homestead exemption and rollback receipts are recorded in Property Tax Allocation. The homestead and rollback was $4.2 million in 2016, and 2017. We received $4.1 million for 2018 and $4.0 million in 2019. We are forecasting $4.0 million in 2020 and all future years.

Other Revenue
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, $313,271 in 2016, $377,793 in 2017, $362,271 in 2018 and $521,663 in 2019. 2019 included the 2016 GM abatement payment of $155,000.

Abatement revenue is forecasted to be $515,000 in 2020, 2021, and 2022. 2023 and 2024 it will be reduced to reflect the expiration of two tax abatements.

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. **The State is not reimbursing for these lost abatement payments.**

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 and we received $4.7 million in 2020 and are forecasting $4.9 million in 2021 and all future years.

As the majority of these payments are attributed to Franklin Park Mall any reduction in property values will impact these payments. Past reductions only impacted the taxable portion of the mall but it is expected with future valuation reductions, it would impact the Franklin Park Mall TIF payments. Franklin Park Mall has requested a reduction of $130 million in their property valuation which was denied by the Board of Revision. However, they have appealed to the Ohio Board of Tax Appeals. If Franklin Park is successful in their appeal, it may be a reduction of over $2.5 million per year plus the refund from prior year(s)' payments.

Interest Revenue
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, $189,172 in 2017, $444,489 in 2018, and $719,532 in 2019. We are forecasting interest earnings to be $550,000 in 2020, $400,000 in 2021, and $300,000 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 2016, 2017, 2018, 2019 and in all future years forecasted.

<u>EXPENDITURES</u>
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 8% to reduce our total forecasted expenditures by a total of 2% for 2020 and all future years. Therefore, we are forecasted to expend 98.0% of our budget in 2020 and all future years. We expended 98.2% in 2016, 97.9% in 2017, 97.4% in 2018 and 98.5% in 2019. We have maintained 2024 expenditures (and revenue) unchanged from 2023 based upon the difficulty of forecasting expenditures (and revenue) four years from 2020.

We also reduced budgets by 5% for 2021 and maintained throughout the forecast. Based on impact of future state aid reductions, Franklin Park Mall tax appeal, and higher than forecasted delinquencies, it is possible a larger reduction will occur in 2021 and future years.

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 classroom aides were charged to Federal Grants for 2019 and 2020. However, in 2021 it is possible that we may need to move special education staff from the federal grant into the General Fund but these are not included on the Forecast.

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 anticipate significant changes to our staffing due to the unprecedented state aid reduction in May 2020 and future reductions in State Aid. These are the reductions we have finalized but we anticipate further reductions as well as not filling current open positions.

In 2021 we reduce one administrator, curriculum consultant (partially replaced with a purchased service), a Librarian, a Health Teacher, a CTC Teacher, a Career Coordinator, 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 by $750,956 in 2020, by $1,741,866 in 2021, and by $138,383 in 2022 to reflect the recoding of personnel from the General Fund to the Student Wellness and Success Fund.

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 rate 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, 0% in 2022, and a 4.0% increase in 2023 and all future years. This is due to recent claims' history and 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 2024 healthcare cost unchanged from 2023. 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 (4%).

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** and rates were unchanged in 2020. We are forecasting a 10% decrease in 2021 and a 4% increase in 2023 and 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 2023.

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, $283,484 in 2013, $291,143 in 2014, $182,200 in 2015, $255,932 in 2016, $206,756 in 2017, $167,575 in 2018 and $204,884 in 2019. 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 $235,000 in 2020 and $250,000 in 2021 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 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. These payments are recorded as other revenue. It is possible that we may also receive another rebate in future years, but that is not included in our forecast, especially as a double refund was made in 2020.

School Employee Retirement System (SERS) charges were always paid in arrears. SERS will have the arrears brought to current over a six-year period of time. This annual payment is estimated to be approximately an additional $136,000 and was completed in 2017.

Our Benefits reflect the charging of staff to the Student Wellness funds. We have reduced Benefits by $243,018 in 2020, by $491,780 in 2021, and by $38,556 in 2022 to reflect the recoding of personnel from the General Fund to the Student Wellness and Success Fund.

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 psychologist, and part-time gifted coordinator as well as other costs and expect the ESC contract to be $2.15 million in 2021, $2.3 million in 2022, and $2.35 million in 2023 and all future years.

Based on changes in state funding that reduced the funding to all ESCs in Ohio, our ESC charges were increased significantly in 2014. We made the decision to employ our own personnel for psychologists, speech therapists, occupation therapists, and teaching staff that were previously supplied by the ESC in recent years. However, we still receive significant services from the ESC.

Our charter school expenditures were $2.7 million in 2017, $2.6 million in 2018, and $2.7 million in 2019. We have forecasted charter school expenditures to be $2.8 million in 2020, $2.95 million in 2021 and 2022, and $3.0 million in 2023 and all future years.

In 2020, Whitmer High School became an EdChoice school. We expect these charges to be $706,000 in 2020. Next year, both Junior High buildings and five elementary buildings were expected to be EdChoice, but due to COVID-19, this expenditure (previously budgeted $200,000 in November 2019), will not be needed as the state froze EdChoice scholarships.

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 utilizing local tax dollars to fund these private religious institutions.**

Electric and natural gas charges were $1.9 million in 2009, $1.1 million in 2017, $1.2 million in 2018, and $1.1 million in 2019. We are forecasting electric and natural gas charges of $1.2 million in 2020 and $1.5 million in 2021 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. Also, the estimated annual cost to air condition Whitmer is $250,000 which increased our electric charges significantly a few years ago.

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. An offset 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.

	2016	2017	2018	2019
Instructional Supplies	$693,000	$1,019,000	$1,092,000	$ 766,000
Software Expenditures	$120,000	$ 234,000	$ 166,000	$ 97,000
Maintenance Supplies	$674,000	$ 700,000	$ 760,000	$ 733,000
Bus Maintenance & Fuel	$389,000	$ 410,000	$ 431,000	$ 395,000
Textbooks	$364,000	$ 85,000	$ 88,000	$ 632,000

We are forecasting our instructional supplies/electronic materials to be $921,000, software to be $138,000, maintenance supplies to be $688,000, and bus maintenance supplies and fuel to be $526,000 in 2021 and future years. We are forecasting our textbooks to be $0 in 2020 and $0 in 2021, and $485,000 in 2022 and in all future years.

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, and $1.2 million in 2019. We have forecasted $1.2 million in 2020 and $1.1 million in 2021 and all future years. We did purchase a former church property by Shoreland Elementary for $100,082 in 2019.

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 are beginning these upgrades in future years as the project (Whitmer High School LED lighting) will be able to fund itself with continued energy savings. Even though these savings will be immediate, we wanted time between the LED installations to allow better budgeting/cash flows when these lights need replaced.

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.

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

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

Our auditor/treasurer fees were $659,391 in 2017, $656,419 in 2018 and $655,110 in 2019. We have forecasted that these fees to be $725,000 in 2020 (1/2 new levy) and $750,000 in 2021 and all future years. 2019 does reflect a refund (reduction) of $29,767 due to the recent exemption of our property purchases and additions.

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 2017, 2018 and 2019. We are forecasting $18,000 in 2020 as we will not be transferring to the Employee Recognition Fund.

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. **Due to COVID-19 (higher revenue, lower costs) we do not anticipate a transfer will be needed to Food Service in 2021.** However, beginning in 2022, we have returned to forecasted a transfer to Food Service in 2022 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, 2017, 2018 and 2019 Actual;
Forecasted Fiscal Years Ending June 30, 2020 Through 2024

		Actual				Forecasted				
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Average Change	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
	Revenues									
1.010	General Property Tax (Real Estate)	$37,077,079	$37,047,152	$38,022,521	1.3%	$39,754,005	$41,200,000	$41,400,000	$41,785,000	$41,785,000
1.020	Tangible Personal Property Tax			346						
1.030	Income Tax									
1.035	Unrestricted State Grants-in-Aid	27,577,676	28,763,832	29,315,085	3.1%	28,881,508	27,764,593	27,869,593	28,888,809	28,888,809
1.040	Restricted State Grants-in-Aid	2,236,993	2,243,536	2,481,931	5.5%	2,352,021	2,347,248	2,347,248	2,347,248	2,347,248
1.045	Restricted Federal Grants-in-Aid - SFSF									
1.050	Property Tax Allocation	8,512,904	7,956,941	7,385,696	-6.9%	6,877,871	6,381,291	5,901,730	5,422,168	5,422,168
1.060	All Other Revenues	1,617,468	2,494,584	3,007,258	37.4%	3,064,024	1,703,028	1,678,028	1,628,028	1,628,028
1.070	*Total Revenues*	77,022,120	78,506,045	80,212,837	2.1%	80,929,429	79,396,160	79,196,599	80,071,253	80,071,253
	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	4,724,992	4,814,232	5,026,104	3.1%	5,206,733	5,370,000	5,370,000	5,295,000	5,295,000
2.070	*Total Other Financing Sources*	5,124,992	5,214,232	5,426,104	2.9%	5,606,733	5,770,000	5,770,000	5,695,000	5,695,000
2.080	*Total Revenues and Other Financing Sources*	82,147,112	83,720,277	85,638,941	2.1%	86,536,162	85,166,160	84,966,599	85,766,253	85,766,253
	Expenditures									
3.010	Personal Services	47,193,921	47,855,137	49,675,118	2.6%	49,589,708	50,075,214	52,947,645	54,212,474	54,212,474
3.020	Employees' Retirement/Insurance Benefits	18,781,205	19,152,318	18,894,990	0.3%	18,694,729	17,411,543	18,435,943	19,084,004	19,084,004
3.030	Purchased Services	11,479,008	11,738,733	12,343,737	3.7%	13,573,545	13,952,383	14,236,691	14,587,720	14,587,720
3.040	Supplies and Materials	2,685,709	2,941,522	2,864,884	3.5%	2,386,177	2,612,862	3,010,854	3,017,371	3,017,371
3.050	Capital Outlay	1,857,999	2,117,172	1,210,240	-14.4%	1,311,553	1,042,470	1,047,735	1,049,841	1,049,841
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	881,128	922,994	899,685	1.1%	1,460,730	1,041,600	1,030,750	1,030,750	1,030,750
4.500	*Total Expenditures*	82,878,970	84,727,876	85,888,654	1.8%	87,016,442	86,136,072	90,709,618	92,982,160	92,982,160
	Other Financing Uses									
5.010	Operating Transfers-Out	263,355	38,000	286,056	283.6%	246,196	40,550	288,050	288,050	288,050
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*	663,355	438,000	686,056	11.3%	646,196	440,550	688,050	688,050	688,050
5.050	*Total Expenditures and Other Financing Uses*	83,542,325	85,165,876	86,574,710	1.8%	87,662,638	86,576,622	91,397,668	93,670,210	93,670,210
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	1,395,213-	1,445,599-	935,769-	-15.8%	1,126,476-	1,410,462-	6,431,069-	7,903,957-	7,903,957-
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	30,248,367	28,853,154	27,407,555	-4.8%	26,471,786	25,345,310	23,934,848	17,503,779	9,599,822
7.020	*Cash Balance June 30*	28,853,154	27,407,555	26,471,786	-4.2%	25,345,310	23,934,848	17,503,779	9,599,822	1,695,865
8.010	*Estimated Encumbrances June 30*	803,252	688,985	835,929	3.6%	800,000	800,000	800,000	800,000	800,000
	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*	24,424,902	23,093,570	22,010,857	-5.1%	20,920,310	19,509,848	13,078,779	5,174,822	2,729,135-
	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*	24,424,902	23,093,570	22,010,857	-5.1%	20,920,310	19,509,848	13,078,779	5,174,822	2,729,135-
	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*	24,424,902	23,093,570	22,010,857	-5.1%	20,920,310	19,509,848	13,078,779	5,174,822	2,729,135-
	ADM Forecasts									
20.010	Kindergarten - October Count	545	531	550	0.5%	555	555	555	555	555
20.015	Grades 1-12 - October Count	6,554	6,523	6,494	-0.5%	6,413	6,413	6,413	6,413	6,413
	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