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

REVENUE

With the successful passage of our levy in November 2019 we will be receiving an additional $3,150,000 per year. We received half of these funds in 2019/2020 and an entire year's collection in 2020/2021. Obviously the annual addition of $3,150,000 will have a significant impact on our finances. However even with this levy, we will continue to deficit spend beginning in 2021/2022 based on **Franklin Park property valuation reduction ($1.7 million refund, estimated $600,000 annual loss of property tax related income),** staffing and program levels, the reduction of state aid and still being capped, and the addition of EdChoice.

We are forecasting a surplus in 2020/2021 mainly due to COVID-19 related staffing savings and a $1.3 million payment from Bureau of Workers' Compensation.

We were hopeful, as the State had record revenue surpluses and a rainy day fund, they would have begun to constitutionally fund our schools (eliminate or reduce the $14 million reduction in state aid due to cap). Instead, due to COVID-19, in FY 2019/2020 and FY 2020/2021 our state aid was reduced by $685,784. There currently is a bill pending that would eliminate the cap (over $15 million per year now) and provide additional funding. The entire cost to the State would be $1.6 billion per year. The proposal does have a six-year phase period.

The State did provide a new revenue source (Student Wellness and Success Fund) for 2019/2020 and 2020/2021, however there is no current legislation providing these fund passed 2020/2021. Therefore, we are assuming these funds will not be available in 2021/2022 and future years.

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. 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 now reducing it for two years) and the addition of EdChoice, we will need these funds to continue our current programs.

We are expected to receive approximately $3.7 million in Student Wellness and Success Funds over 2 years (2019/2020 and 2020/2021). We will utilize most of this funding for our current staff (nurses, counselors and our social worker) that are currently being funded by the General Fund. We will have approximately $300,000 remaining in the Student Wellness and Success Fund to be utilized for student mental, social, and health services. **Unfortunately, we will need to return $1.75 million in staffing in 2021/2022 to the General Fund and $2.0 million to the General Fund in 2022/2023 as these funds currently are not funded by the State after June 30, 2021.**

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. Unfortunately, with the Franklin Park Mall refund, the increase in real estate tax revenue was offset by the $1.7 million refund. We have forecasted conservatively in the past and unfortunately we continued to incur declines and inconsistencies in real estate tax collections. However, we did not experience a decline due to higher delinquencies in July 2020 collections due to COVID-19 and appears our collections are beginning to stabilize (excludes Franklin Park Mall).

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 $37.0 million in 2018, $38.0 million in 2019, and $39.8 million in 2020 (1/2 of November 2019 levy) in real estate taxes. We are forecasting $39.6 million in 2021 (full year of new levy, offset by Franklin Park refund ($1.45 million) and lower annual taxes owed ($300,000 ½ year) due to the lower property tax valuation settlement. We are forecasting $40.8 million in 2022, $41.1 million in 2023, and $41.4 million in 2024 and 2025 (expiration of tax abatement).

The 2018 real estate collections do reflect the previous Franklin Park Mall decline in property valuation from $252 million to $232 million which reduced our annual revenue by approximately $300,000. In addition, Franklin Park received a real estate tax refund of $375,000 in 2018.

The 2021 tax collections do reflect the recent decrease in Franklin Park valuation to $180 million. **This generated (3 years) a refund of $1.45 million (Estimate provided by Lucas County Auditor) and $260,000 (1/2 year) for 2020/2021 and a $520,000 annual reduction for 2022 and all future years.** Lucas County Auditor has estimated the annual reduction relating to property taxes to be $746,000. However due to HB 920 impact, we reduced to an annual reduction of $520,000. Once the January collection is received we will have a better estimate.

Unfortunately, we will expect another Franklin Park Mall property valuation appeal in March of 2022 (for calendar year 2021 valuation with a tax collection in 2022). The Mall is still operating at reduced levels and with the expansion of online shopping the mall will continue to challenge their property valuation when allowed.

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.

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 area development abatement as well as 2 Jeep related suppliers' abatements will end**

and real estate taxes will begin to be paid. This will bring an annual increase in our real estate collection ($770,000) based on current valuation and a reduction in our abatement revenue. However, it is very likely Costco and the other property owners will appeal their tax values which will result in a lower tax collection. In January 2024 we will be receiving a tax payment from General Motors due to the expiration of the 2006 property tax abatement.

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 valuation for 2019 is $808 million.

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, $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) was increasing from 6,569 in 2010, 6,849 in 2013, and 7,054 in 2016 and then peaked at 7,099 in 2017. Since then our enrollment has been declining to 7,054 in 2018, 7,044 in 2019, 6,995 in 2020 and this year it is estimated to be 6,743. This larger decline is due to the pandemic as our kindergarten class has declined by over 120 students and by over 275 students in total.

The significant decline of 275 students will have no impact on our funding due to the state mandated cap. If the cap was not in place, the reduction in state funding would exceed $1.5 million.

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, and $15.2 million in 2020 and 2021. 2020 and 2021 increased due to the State reducing our state aid in May 2020 by $685,784 annually.

Since 2014 our state aid has been reduced by over $100 million because of the cap. 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 and state funding was reduced.

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 previously enrolled, 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 recognizes our increasing 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, $14.9 million in 2018, $14.5 million in 2019 and $15.2 million in 2020 and 2021.

Unrestricted State Aid (Includes Casino Funding)
We are forecasting $28.7 million in 2021 for unrestricted state aid (includes casino funding of $235,000), and are forecasting to receive $28.8 million in unrestricted state aid in 2022 and $28.9 million in 2023 and all future years. **The state aid, once reduced in 2020 by $685,784, is forecasted to be unchanged in prior years.** There is a slight increase as casino revenue is expected to return to normal levels.

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. COVID-19, due to casino closings and restrictions, significantly reduced casino's revenue.

We received casino revenue of $361,182 in 2018, $370,082 in 2019, and $377,699 in 2020. We are forecasting $235,000 in 2021, $300,000 in 2022, and $375,000 in 2023 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, and $838,818 in 2020 and forecasted to be $834,044 in 2021 and all future years. Unfortunately, as we are capped, these funds do not impact our overall state funding.

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. We are forecasting $1.4 million in 2021 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 $115,810 in 2018, $147,529 in 2019, and $179,488 in 2020. We are forecasting $150,000 in 2021 and in all future years. These reimbursements are 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, previously the personal property tax loss payments were 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 $2.9 million in 2020. We are forecasting $2.4 million in 2021, $1.9 million and 2022, $1.4 million in 2023 and $.9 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 for 2018, $4.0 million in 2019, and $4.0 million in 2020. We are forecasting $4.0 million in 2021 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 million ($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, and $515,140 in 2020. 2019 and future years include the 2016 GM abatement payment of $155,000.

Abatement revenue is forecasted to be $521,436 in 2021, and $505,860 in 2022, $424,651 in 2023, and $262,233 in 2024 and 2025. 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. **<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 2019 and $4.7 million in 2020. We are forecasting $4.6 million in 2021 and $4.7 million in 2022 and all future years.

As the majority of these payments are attributed to Franklin Park Mall these payments are reduced due to Franklin Park Mall was successful in reducing their property values.

Lucas County Auditor has estimated the refund attributed to TIF to be $210,000 for 2021 and an annual reduction $70,000 in future years. As these are all estimates, the actual amounts will be known in March 2021.

Interest Revenue

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

Interest earnings were $76,331 in 2016, $189,172 in 2017, $444,489 in 2018, $719,532 in 2019, and $534,895 in 2020. We are forecasting interest earnings to be $100,000 in 2021, $75,000 in 2022, and $50,000 in 2023 and all future years.

Other Financing Sources

Transfers-In/Advances-In

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 and hopefully a reduction in Food Service operating deficits, 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.

EXPENDITURES

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 percentage amounts ranging between .5% and 8% to reduce our total forecasted expenditures by a total of 2% for 2021 and all future years. Therefore, we are forecasting to expend 98.0% of our budget in 2021 and all future years. We expended 98.2% in 2016, 97.9% in 2017, 97.4% in 2018, 98.5% in 2019, and 97.4% in 2020. We have maintained 2025 expenditures (and revenue) unchanged from 2024 based upon the difficulty of forecasting expenditures (and revenue) four years from now.

COVID-19 has had a significant impact on our budget. Not only in 2019/2020 but is also impacting 2020/2021 and possibly future years due to our significant decline in enrollment and over 20 percent of our students attending our virtual academy in 2020/2021. These impact includes personnel savings, transportation savings, as well as utility costs.

The challenge for this forecast unlike ever before is the drastic changes made. How we started school, how we are operating now, what the future holds will have a significant impact on our budget.

Personal Services
Based on the 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 will receive a $1,500 stipend. However, in 2021, this stipend was eliminated during TAWLS negotiations.

All employees received their normal steps and longevity increases (if applicable) in 2021. TAWLS members received longevity stipends due to recent contract settlement. These stipends will be paid to employees who are not receiving steps and will be paid in 2021, 2022, and 2023. OAPSE employees will be paid a lump sum (distributed evenly among all members) of $56,250 (all funds) in 2021 and 2022. These stipends are being funded by the elimination of the special education teacher stipend of $1,500, increase in employee healthcare copays, and a reduction to 90% of all supplemental contracts issued to non-Washington Local Employees.

We are forecasting a 0% base increase and step increases of 2.5% in 2022 and all future years.

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 expected 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 we only added 2 half-time aides and 1 safety aide.

In 2020/2021 we budgeted in June 2020 for a reduction of one administrator, curriculum consultant (partially replaced with a purchased service), a librarian, a health teacher, elementary teacher, a CTC teacher, a career coordinator, ½ secretary, and a custodian. We did add ½ administrator, a special education teacher, and 1 CTC teacher (partially funded by Perkins Grant).

Due to COVID-19 and our forecasted budget deficits we have a large number of positions that we are currently keeping vacant for 2020/2021. These include bus mechanic, associate principal, ½ associate principal (filled on part time basis in November 2020), dean, orchestra, counselor, instructional tutor, special education teacher, and a social studies teacher. We also moved one teacher and one counselor into Federal Grants for teacher technology training due to COVID-19.

These positions will not be filled this year, except mechanic (December 2020) but are budgeted to be filled in 2021/2022. In addition to the above vacancies, we also had extended absences/vacancies in custodial, maintenance, and classroom aide positions during 2020/2021. We do anticipate, due to the significant increase in technology devices and the use of technology in the classroom since March 2020, to employ an additional Information Technology Technician.

Also we have had a significant decrease in certified/classified substitutes (includes field trips) (decreased by over $1 million from 2018/2019 actual expenditures), extra duty/work compensation (extra hours, collaboration, tutoring, detention, etc.), and overtime expenditures. These costs are forecasted to return in 2021/2022 to normal levels. We also anticipate a savings in 2021 and future years of nearly $40,000 for coaches that are not regular Washington Local employees, per the recent negotiated agreement.

Our Personal Services reflect the charging of 20 staff members to Student Wellness and Success Fund totaling $1.4 million in salaries and benefits in 2019/2020 for employment contracts and totaling $2.0 million in salaries and benefits for 2020/2021 employment contracts. These employment contracts do overlap fiscal years (employees are paid from September to August) as payment is made into the next fiscal year for the previous year's work. The remaining Student Wellness and Success Funds are currently budgeted for contracted services for student wellness.

The filling of 2020/2021 unfilled positions and the return of 20 certified staff from The Student Wellness and Success Fund, the return of substitute employees, extra hourly/duty compensation, and overtime to normal amounts will cause a significant increase in our salary and benefit budget for 2022/2023.

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, 3.74% in 2016, 4.0% in 2017, 3.5% in 2018. **In January 2019 we reduced our healthcare premium by 10% and by another 10% in July 2020.** These reductions were based on the solvency of our self-funded healthcare fund. As our current healthcare premiums are forecasted to be $7.7 million, these 10% reductions that now have been made twice, provided a significant decrease in our expenditures.

Based on negotiated agreements we have made significant changes to our benefits and increased the employees' monthly contributions, this has slowed our healthcare increases. Also in 2020/2021 we have increased employee's copays which we expect to provide savings this year as well as in future years.

We have kept our healthcare premiums unchanged in 2022/2023 and have forecasted a 5% increase in 2023/2024.

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, 0.0% increase in 2018, **10% decrease in 2018/2019 and another 10% decrease in 2020/2021.** Rates are forecasted to be unchanged in 2021/2022 and have a 5% increase in 2022/2023.

Previously we added 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, it is expected our claims will increase. However due to reduced staffing and unfilled positons the enrollees in our healthcare have decreased significantly.

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 paid claims were $21,523 in 2017, $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, $204,884 in 2019, and $228,551 in 2020. Workers' compensation rates are declining but we have had a few significant claims recently including lost time claims. We are forecasting our workers' compensation costs, premiums and paid claims at $225,000 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. **In 2021 we are expecting 2 payments totaling $1.3 million.** 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.

In previous years, Unemployment Compensation has been very minimal. However, in FY 2020 our unemployment increased to $30,208. We are anticipating our unemployment claims to be significant this year and partially into next year. We currently have expended $46,031 and are receiving a monthly invoice of approximately $38,000. Due to Federal Coronavirus Relief funds, the State reduces that amount by 50% each month. **Based on this information we are estimating our unemployment costs to be $225,000 in 2021, $100,000 in 2022, and $50,000 in future years.**

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), $1.8 million in 2018, $2.1 million in 2019, and $2.0 million in 2020.

We expect an increase in our preschool costs as well as usual inflationary costs and expect the ESC contract to be $2.2 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, $2.7 million in 2019, and $2.8 million in 2020. **We have forecasted charter school expenditures to be $3.0 million in 2021 and 2022, and $3.1 million in all future years.**

In Ohio, our tax dollars (called scholarships and vouchers) are utilized to support private schools. In most districts, including Washington Local, these are local dollars expended since the state aid is not impacted by the additional enrollment that may come with a student that attends a private school but still receiving a voucher (district payment).

Previously we only had special education scholarships but beginning in 2020, Whitmer became an EdChoice school. **This allowed private school students, including students who never attended a public school, to utilize our local tax dollars to attend a private school (assuming if they are even accepted by the private school as private schools are allowed to discriminate).** In 2020, our first year, we expended $719,264 for EdChoice and $450,339 in Special Education scholarships. We expect these expenditures, especially EdChoice will continue to increase in each fiscal year.

We expended $429,437 in 2018, $322,025 in 2019, and $1,169,604 (EdChoice began) in 2020. We are forecasting $1.3 million in 2021, $1.4 million in 2022 and $1.5 million in 2023 and all future years.

In addition to our high school being EdChoice we also have both junior highs and 5 elementary schools whose students are currently eligible for EdChoice vouchers. However, the State had been delaying their eligibility year to year. These possible expenditures are not included in the forecast. If they do occur, as these vouchers also apply to students who never attended a public school, will be significant and likely will exceed what we current expend on high school vouchers ($825,000 budgeted for 2020/2021).

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. Due to COVID-19 shutdown we were expecting charges to be lowered, however as meters were not being read many of our invoices were estimated.

We are forecasting electric and natural gas charges of $1.3 million in 2021 and $1.5 million in 2022 and all future years. As natural gas rates are at historical lows, the past few years have had much lower utility costs than would normally be expected. Also, the estimated annual cost to air condition Whitmer is $250,000 which increased our electric charges significantly.

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. Additionally, we have installed window air conditioners in every classroom that did not have air conditioning which has offset some of those savings.

Supplies

We continue to review our budgets each year which have resulted in lower actual expenditures in these budgets than forecasted. We do not expect this to continue into future years as we purchase new curriculum materials.

	Actual 2018	**Actual 2019**	**Actual 2020**	**Budget 2021**
Instructional Supplies	$1,086,065	$ 766,070	$ 799,880	$ 887,400
Software Expenditures	$ 165,982	$ 96,969	$ 115,199	$ 163,000
Maintenance Supplies	$ 760,171	$ 732,890	$ 742,695	$ 689,100
Bus Maintenance & Fuel	$ 430,598	$ 394,967	$ 322,102	$ 355,000
Textbooks	$ 288,095	$ 631,877	$ 69,769	$ 25,000

We are forecasting our instructional supplies to be $769,000, software to be $163,000, maintenance supplies to be $688,000, and bus maintenance supplies and fuel to be $534,000 in 2022 and future years. We are forecasting our textbooks to be $475,000 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 2018, capital outlay included HB 264 expenditures. Our Capital Outlay was $2.1 million in 2018, $1.2

million in 2019, and $1.3 million in 2020. We did purchase a former church property by Shoreland Elementary for $100,082 in 2019.

We are forecasting to expend $1.8 million in 2021 and $1.2 million in 2022 and all future years. **2021 was increased due to the COVID-19 impact on our district. We needed to increase our capital outlay expenditures (technology) by $515,000 to address the additional technology that is now needed for our district.** This is in addition to the Coronavirus Relief Funds provided by the federal government.

We expended $964,091 in 2018 for HB 264 projects. This was the third and final year of these expenditures. 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 considering continuing these upgrades in future years as the project (Whitmer High School LED lighting) will be able to fund itself with continued energy savings. However, as we have recently installed LED lighting in all facilities except Whitmer, we want 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 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. This bond issue provided funding for the building of two elementary buildings. **It is too early in the process but we do not anticipate any cost savings or cost increases during this consolidation of Wernert and Jackman (Silver Creek Elementary) or the new Shoreland Elementary.**

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 $700,000 in 2021 (reduced due to large Franklin Park refund) 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, $33,000 in 2019, and $18,000 in 2020. We are forecasting $25,399 in 2021 and $40,000 in 2022 all future years 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, we transferred $253,056 in 2019, and transferred $228,196 in 2020 and in 2021 we transferred $74,601. **As we are hopeful Food Service will not experience a loss this fiscal year we have not forecasted a budget transfer for 2022. However, beginning in 2023 we are forecasting a transfer of $125,000 per year for Food Service Fund deficits.**

In total, we are forecasting total transfers to be $100,000 in 2021, $40,000 in 2022, and $165,000 in 2023 and in 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%	$39,600,000	$40,800,000	$41,100,000	$41,400,000	$41,400,000
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%	28,735,886	28,800,886	28,875,886	28,875,886	28,875,886
1.040	Restricted State Grants-in-Aid	2,243,536	2,481,931	2,383,517	3.3%	2,349,247	2,349,247	2,349,247	2,349,247	2,349,247
1.045	Restricted Federal Grants-in-Aid - SFSF									
1.050	Property Tax Allocation	7,956,941	7,385,696	6,877,871	-7.0%	6,441,091	5,961,530	5,481,968	5,002,407	5,002,407
1.060	All Other Revenues	2,494,584	3,007,258	3,069,615	11.3%	2,937,163	1,622,485	1,502,663	1,487,663	1,487,663
1.070	*Total Revenues*	78,506,045	80,212,837	80,943,660	1.5%	80,063,387	79,534,148	79,309,764	79,115,203	79,115,203
	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%	5,076,436	5,235,860	5,154,651	4,992,233	4,992,233
2.070	*Total Other Financing Sources*	5,214,232	5,426,104	5,606,733	3.7%	5,476,436	5,635,860	5,554,651	5,392,233	5,392,233
2.080	*Total Revenues and Other Financing Sources*	83,720,277	85,638,941	86,550,393	1.7%	85,539,823	85,170,008	84,864,415	84,507,436	84,507,436
	Expenditures									
3.010	Personal Services	47,855,137	49,675,118	49,655,494	1.9%	47,514,972	51,698,334	53,099,223	54,325,935	54,325,935
3.020	Employees' Retirement/Insurance Benefits	19,152,318	18,894,990	18,635,285	-1.4%	17,416,387	17,647,740	18,670,955	18,830,345	18,830,345
3.030	Purchased Services	11,738,733	12,343,737	13,293,646	6.4%	13,898,814	14,764,401	15,102,735	15,179,396	15,179,396
3.040	Supplies and Materials	2,941,522	2,864,884	2,281,337	-11.5%	2,299,809	2,678,521	2,655,530	2,655,530	2,655,530
3.050	Capital Outlay	2,117,172	1,210,240	1,329,251	-16.5%	1,781,406	1,158,300	1,164,150	1,164,150	1,164,150
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%	964,912	1,044,960	1,034,075	1,034,075	1,034,075
4.500	*Total Expenditures*	84,727,876	85,888,654	86,660,326	1.1%	83,876,300	88,992,256	91,726,668	93,189,431	93,189,431
	Other Financing Uses									
5.010	Operating Transfers-Out	38,000	286,056	246,196	319.4%	95,000	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%	495,000	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%	84,371,300	89,427,856	92,286,018	93,748,781	93,748,781
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%	1,168,523	4,257,848-	7,421,603-	9,241,345-	9,241,345-
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	26,884,180	22,626,332	15,204,729	5,963,384
7.020	*Cash Balance June 30*	27,407,555	26,471,786	25,715,657	-3.1%	26,884,180	22,626,332	15,204,729	5,963,384	3,277,961-
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*	23,093,570	22,010,857	21,365,602	-3.8%	22,559,180	18,301,332	10,879,729	1,638,384	7,602,961-
	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%	22,559,180	18,301,332	10,879,729	1,638,384	7,602,961-
	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%	22,559,180	18,301,332	10,879,729	1,638,384	7,602,961-
	ADM Forecasts									
20.010	Kindergarten - October Count	531	531	555	2.3%	434	534	534	534	534
20.015	Grades 1-12 - October Count	6,523	6,523	6,413	-0.8%	6,209	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