

Washington Local School District



General Fund

Five Year Forecast

July 1, 2023 Through June 30, 2028

November 29, 2023

Presented By Jeffery S. Fouke, Treasurer

O.R.C. and O.A.C. Requirements

- O.R.C. 5705.391 and O.A.C. 3301-92-04
 - Require a Board of Education to submit a five-year projection of operational revenues and expenditures along with assumptions to the Ohio Department of Education prior to November 30th and an update by May 31st of each fiscal year
- Required funds to be included in the five-year forecast are:
 - General Funds (001)
 - Any special cost center associated with general fund money
 - Emergency levy funds (016)
 - Any debt service (002) activity that would otherwise have gone to the general fund

Purposes and Objectives of the Forecast

- To engage the Board of Education and the community in long range planning and discussions of financial issues facing the school district.
- To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. 5705.412, commonly known as the "412 certificate".
- To provide a method for the Ohio Department of Education and Auditor of State to identify school districts with potential financial problems.

Before we get to the numbers ...

- A financial forecast is somewhat like a painting of the future based upon a snapshot of today.
- The five-year forecast is viewed as a key management tool and should be updated periodically.
- In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, one must review and consider the Notes and Assumptions before drawing conclusions or using the data as a basis for other calculations.
- The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise.
- This helps district management to be proactive in meeting those challenges.

Key Line Items

- The five-year forecast is divided into two sections: revenue and expenditures.
- A district's revenue is made up of two main sources, local and state funding.
- The expenditures are mainly salary and wages, benefits, purchased services, and supplies and materials.
- Line 6.01 shows expenditures over revenues and is a significant line to watch and is no less important than Line 15.01 ending cash.

Major Updates to Forecast

- Positive cash balance through FY28.
- There is no deficit spending on Line 6.01 through FY28.
- HB33 the new state budget and formula used for state revenue projections FY24-FY25. FY26 and Future Years unchanged from FY25.
- State funding modeled FY25-28 less 50 students each year to be conservative.
- HB33 provided significant funding...finally helping to replace the cut TPP and TPP reimbursements we have lost since 2012.
- Property tax collections remaining stable to slightly growing. Recognizing County-Wide Revaluation in CY24.
- ESSER III funds will be gone after September 2024 moving \$4.5 million of expenses to the General Fund and Student Wellness and Success Fund in FY2025. FY26 and Future Years entirely in General Fund.

WASHINGTON LOCAL SCHOOLS – SCHOOL FOUNDATION FUNDING FORMULA

Year	Calculated Funding (Formula)(a)	State Funding (b)	Fair School Funding Plan (c)	Cap Loss/ Phased-In Loss	Accumulated	Transportation (d)
2023/2024	\$ 56,954,395.67		\$ 40,798,735.68	\$ 16,155,659.99	\$ 162,765,219.91	\$ 2,219,447.57
2022/2023	\$ 50,665,480.32		\$ 33,496,073.99	\$ 17,169,406.33	\$ 146,609,559.92	\$ 1,844,249.29
2021/2022	\$ 51,218,599.25		\$ 28,831,415.39	\$ 22,387,183.86	\$ 129,440,153.59	\$ 1,424,944.39
2020/2021	\$ 45,077,209.73	\$ 30,233,047.23	\$ -	\$ 14,844,162.50	\$ 107,052,969.73	\$ -
2019/2020	\$ 45,077,209.73	\$ 29,856,934.32	\$ -	\$ 15,220,275.41	\$ 92,208,807.23	\$ -
2018/2019	\$ 45,077,209.73	\$ 30,542,718.17	\$ -	\$ 14,534,491.56	\$ 76,988,531.82	\$ -
2017/2018	\$ 44,392,995.24	\$ 29,577,678.06	\$ -	\$ 14,815,317.18	\$ 62,454,040.26	\$ -
2016/2017	\$ 41,708,341.70	\$ 28,682,293.55	\$ -	\$ 13,026,048.15	\$ 47,638,723.08	\$ -
2015/2016	\$ 40,002,490.24	\$ 26,652,671.85	\$ -	\$ 13,349,818.39	\$ 34,612,674.93	\$ -
2014/2015	\$ 34,777,155.68	\$ 24,628,586.95	\$ -	\$ 10,148,568.73	\$ 21,262,856.54	\$ -
2013/2014	\$ 33,402,601.79	\$ 22,288,313.98	\$ -	\$ 11,114,287.81	\$ 11,114,287.81	\$ -

(a) The State kept State Aid funding unchanged in 2018/2019, 2019/2020, and 2020/2021

(b) 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.

(c) The State adopted a new funding formula for 2021/2022. The Fair School Funding Plan is currently being phased-in for 2021/2022, 1/6th of the plan is being funded for 2022/2023, 2/6th (1/3) of the plan is being funded for 2023/2023, and 3/6th (1/2) of the plan is being funded.

(d) Foundation Funding only (excludes Transportation Funding) for 2021/2022, 2022/2023, 2023/2024 (Fair School Funding Plan).

Elementary and Secondary School Emergency Relief Fund (ESSER)

Expires 9/20/22

Expires 9/30/23

Expires 9/30/24

Expires 9/30/23

ESSER I

ESSER II

**American Rescue Plan
ESSER III**

**American Rescue Plan
IDEA**

\$1,598,602.72

\$6,289,342.09

\$14,135,001.58

\$411,659.73

\$22,434,606.12

STAFF CURRENTLY BEING CHARGED / (\$4.5 MILLION) BUDGETED

18 - Classroom Aides

24 - Certified Staff (15-Special Education Teachers)

1 - Psychologist

7 - Science, Technology, Engineering, Math (STEM)

7 - Classified Staff (Monitors & Health Aides)

2 - Administrators

1 - Secretaries

1 - Custodian

Total of 61 Staff Members

Purchased Services

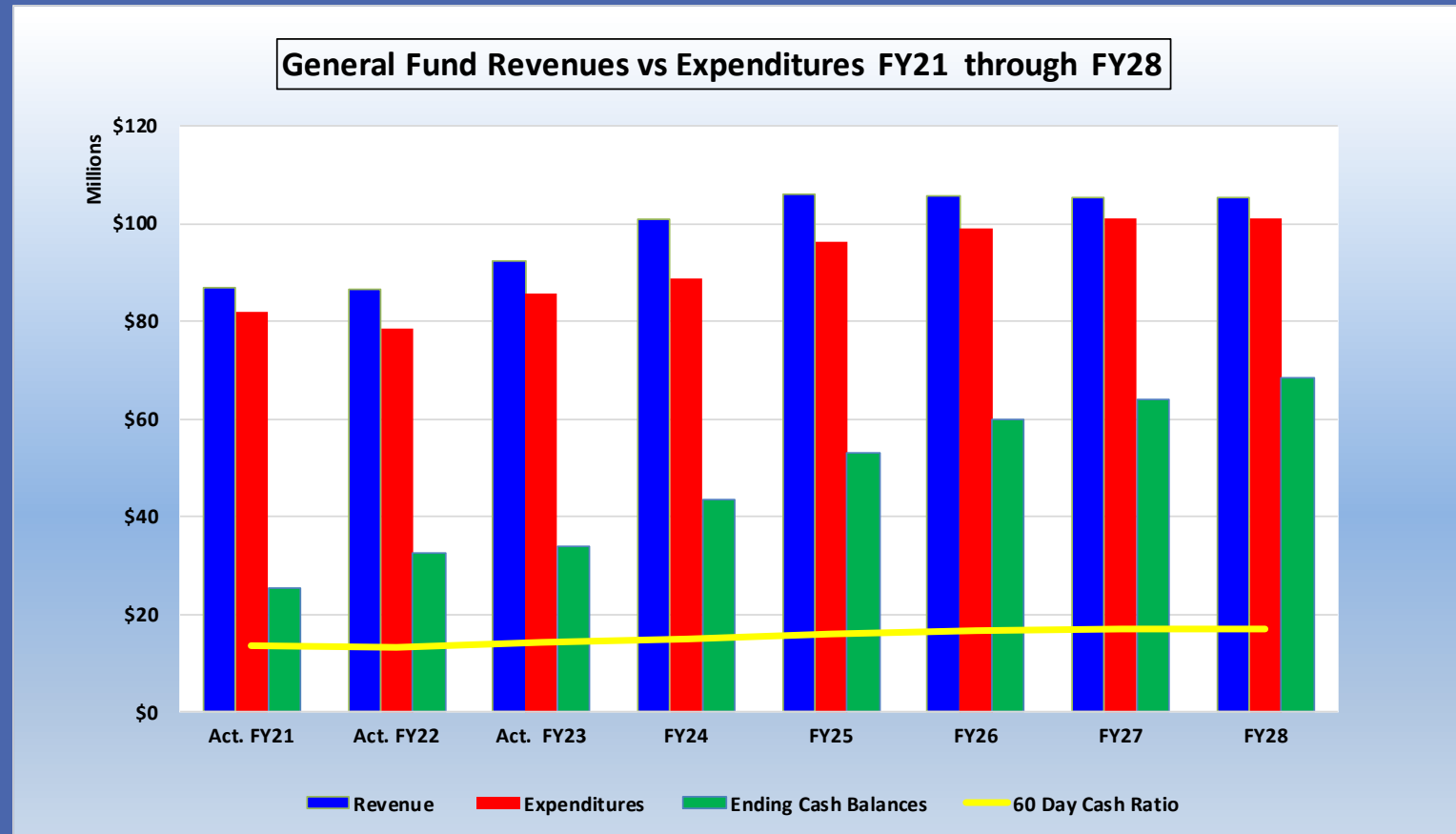
Certified Occupational Therapist Aides (3) - Moved to General Fund in 2023/2024 and all future years.

Capital Outlay

Technology – Moving to General Fund in 2024/2025 and all future years.

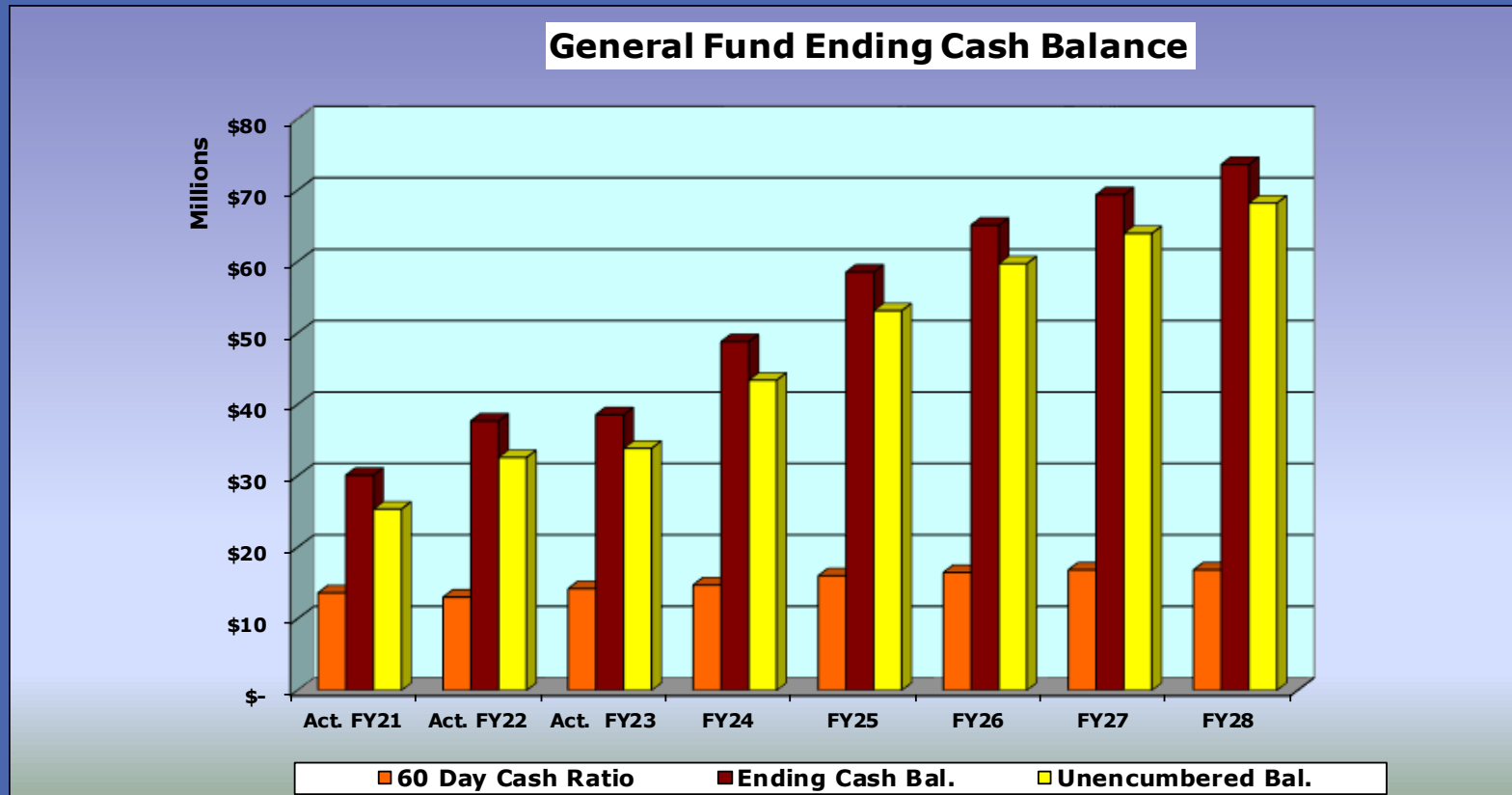
*Excludes ARP Homeless - \$43,644.04 and ARP IDEA A-B- \$30,370.41

Revenue Vs. Expenditure



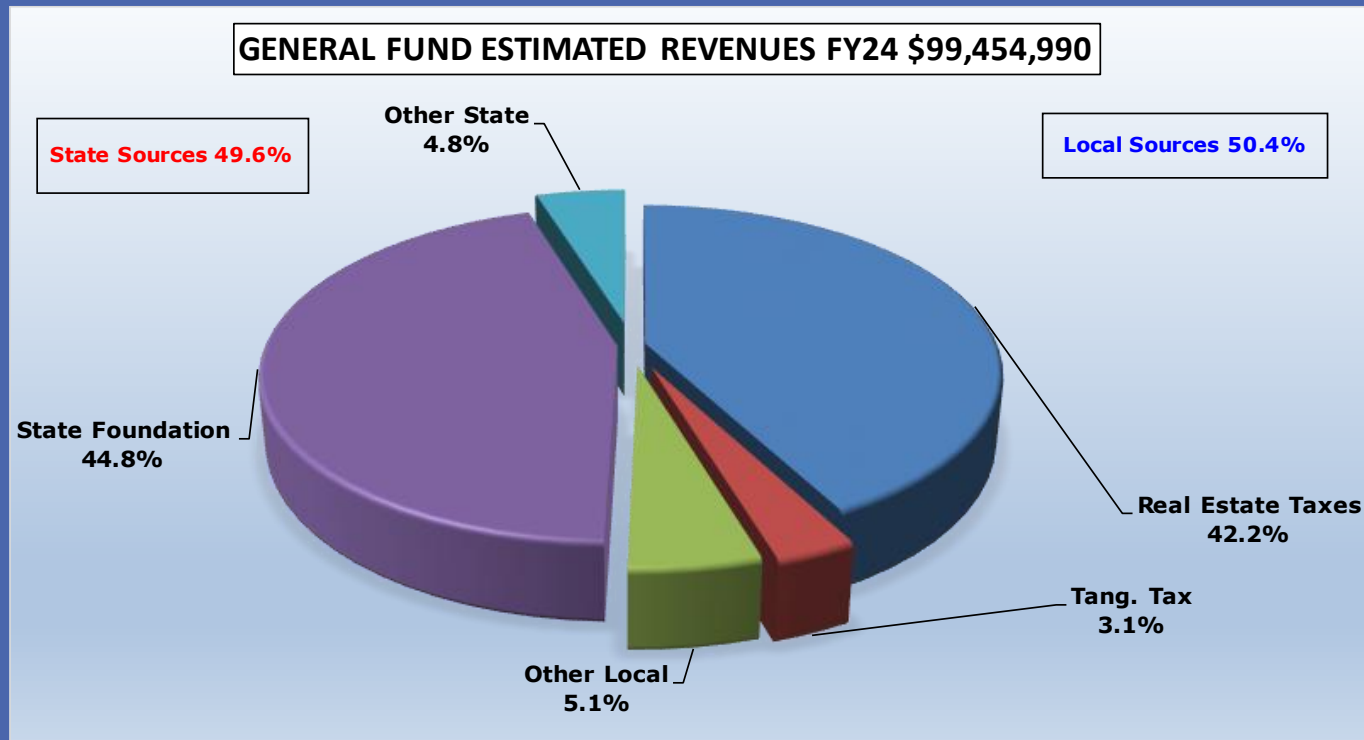
- **Cash balance remains positive through FY28**
- **Ending cash balance stays above 60 day reserves through FY28**
- **Models most current state revenue data for FY24 & FY25 in HB33**

Ending Cash Balance



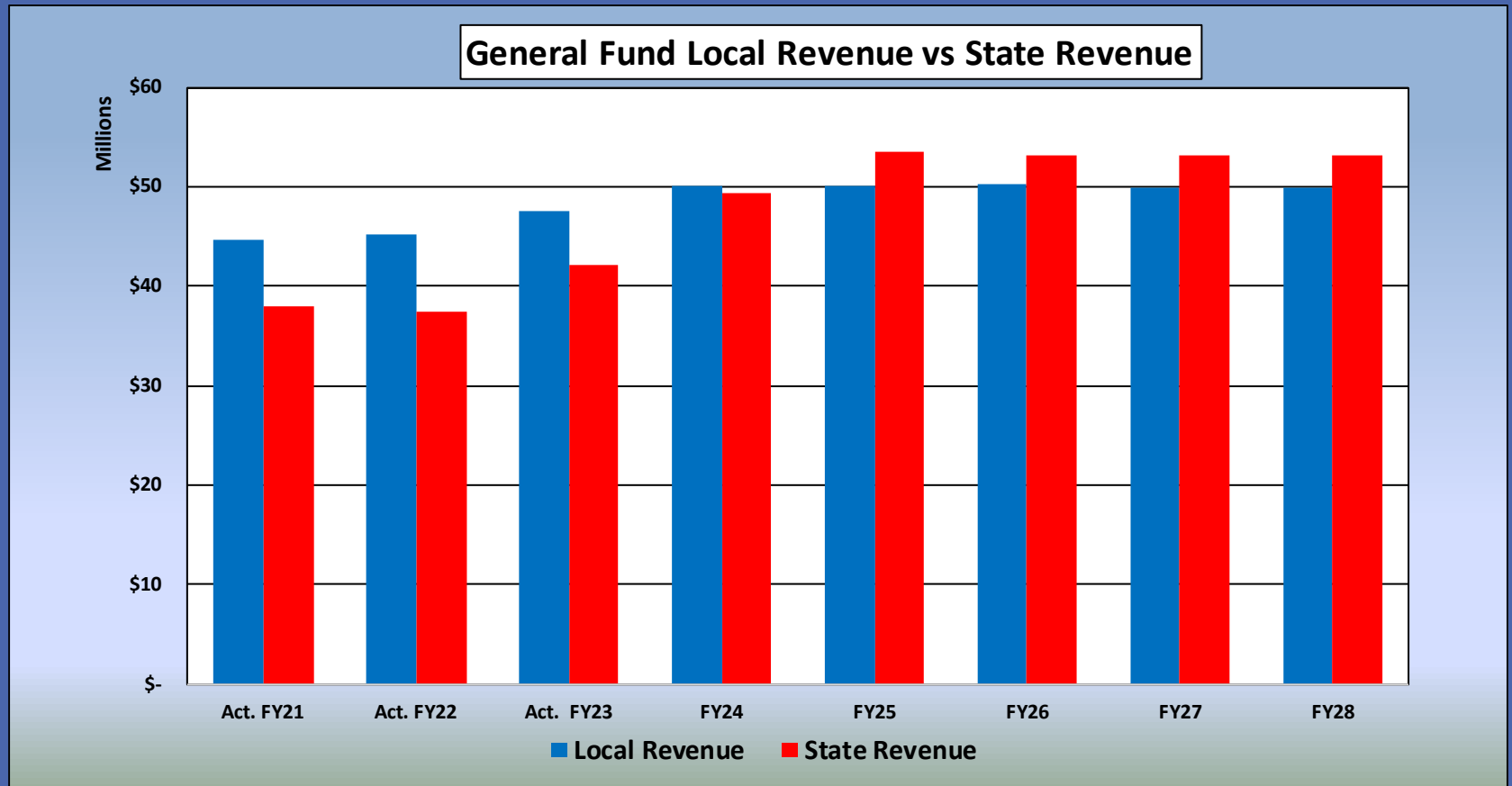
- 60 Day Cash Balance is a responsible target to end year
- No less than \$-0- Required By Ohio Law

Est. General Fund Revenue Sources FY24



- 49.6% of our revenues come from the State of Ohio
- 50.4% locally funded in FY24

State of Ohio Is Now An Equal Partner in Funding



- State of Ohio has increased funding with HB33 for FY24 and FY25
FY26 through FY28 is still uncertain....2 new state biennium budgets

Washington Local School District

REVENUES

NOVEMBER 2023

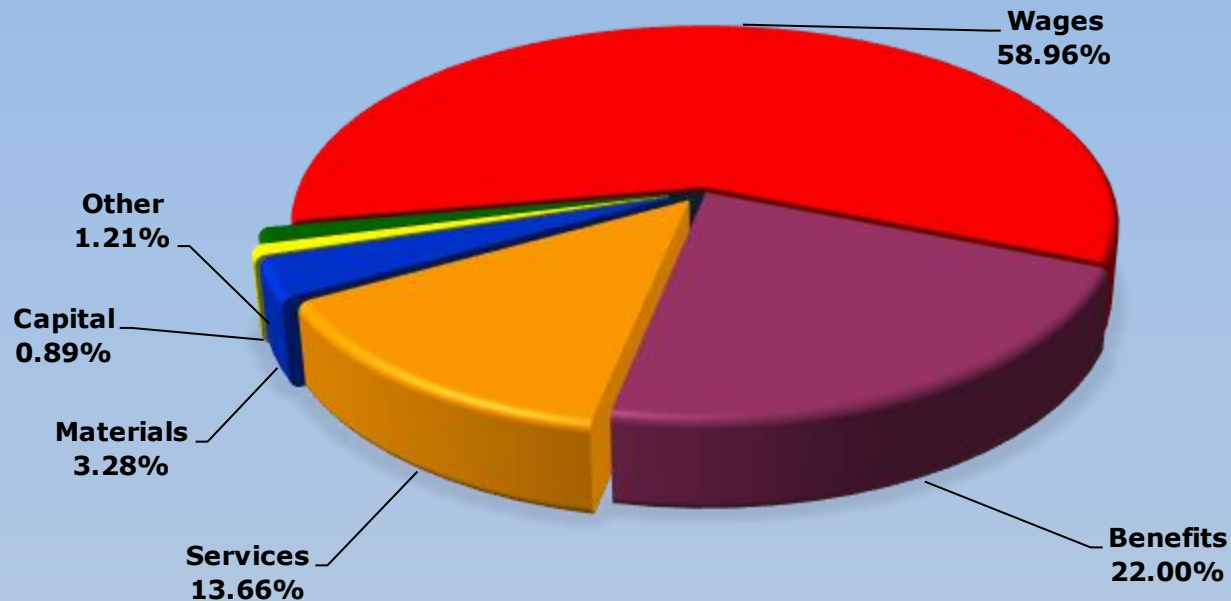
	<u>Actual</u>				<u>Forecasted</u>				
<u>REVENUES</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Avg. Change</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
General Property Tax	39,364,822	40,161,580	40,936,637	2.0%	41,959,328	42,635,036	42,931,260	42,962,937	42,962,937
Public Utility Personal Property Tax	2,240,423	2,363,804	2,751,371	11.0%	3,121,069	3,180,951	3,244,101	3,307,251	3,307,251
Income Tax	-	-	-	0.0%	-	-	-	-	-
Unrestricted State Aid	29,145,961	28,105,762	32,710,872	6.4%	40,147,893	44,672,655	44,678,328	44,684,044	44,684,044
Restricted State Aid	2,377,823	3,444,012	4,166,930	32.9%	4,369,942	4,503,887	4,503,887	4,503,887	4,503,887
State Share of Local Property Taxes	6,422,437	5,889,883	5,310,108	-9.1%	4,808,146	4,391,326	3,941,575	3,942,733	3,942,733
All Other Revenues	3,088,785	2,641,283	3,875,274	16.1%	5,048,612	4,324,000	4,024,000	3,724,000	3,724,000
Total Revenues	82,640,251	82,606,324	89,751,192	4.3%	99,454,990	103,707,855	103,323,151	103,124,852	103,124,852
Advances-In	400,000	400,000	400,000	0.0%	-	-	-	-	-
All Other Financing Sources	3,836,641	3,363,457	2,323,404	-21.6%	1,400,525	2,325,525	2,325,525	2,325,525	2,325,525
Total Other Financing Sources	4,236,641	3,763,457	2,723,404	-19.4%	1,400,525	2,325,525	2,325,525	2,325,525	2,325,525
Total Revenues and Otr Financing Sources	86,876,892	86,369,781	92,474,596	3.2%	100,855,515	106,033,380	105,648,676	105,450,377	105,450,377

Challenges To Operating Revenue

- HB110 Fair School Funding Plan made many changes to state funding payments and expenses. Funds students where educated.
- This lower Line 1.06, may increase Line 1.035 & 1.04 while lowering costs on line 3.03 for direct payments for Open Enrollment, Community & STEM schools and scholarships that the state pays directly.
- School Funding Plan has us on the formula in FY24 and FY25 revenue will fluctuate based on enrollment.
- Total revenue is estimated to grow by 2.98% annually over the next 5 years while expense are estimated to grow by 3.67% a year.
- State TPP Reimbursement cuts continued in HB33 per SB 208 and will likely be gone completely by FY26. This has cost us millions of promised state TPP funding.
- Our district was permanently hurt by the elimination of TPP taxes beginning in FY05. Increases in state funding in HB33 helps.
- The state funding formula shows they owe us \$16,155,660 more than they are paying us in FY24. This is due to what they call a Phase In but it is CAP like we have seen since FY14.

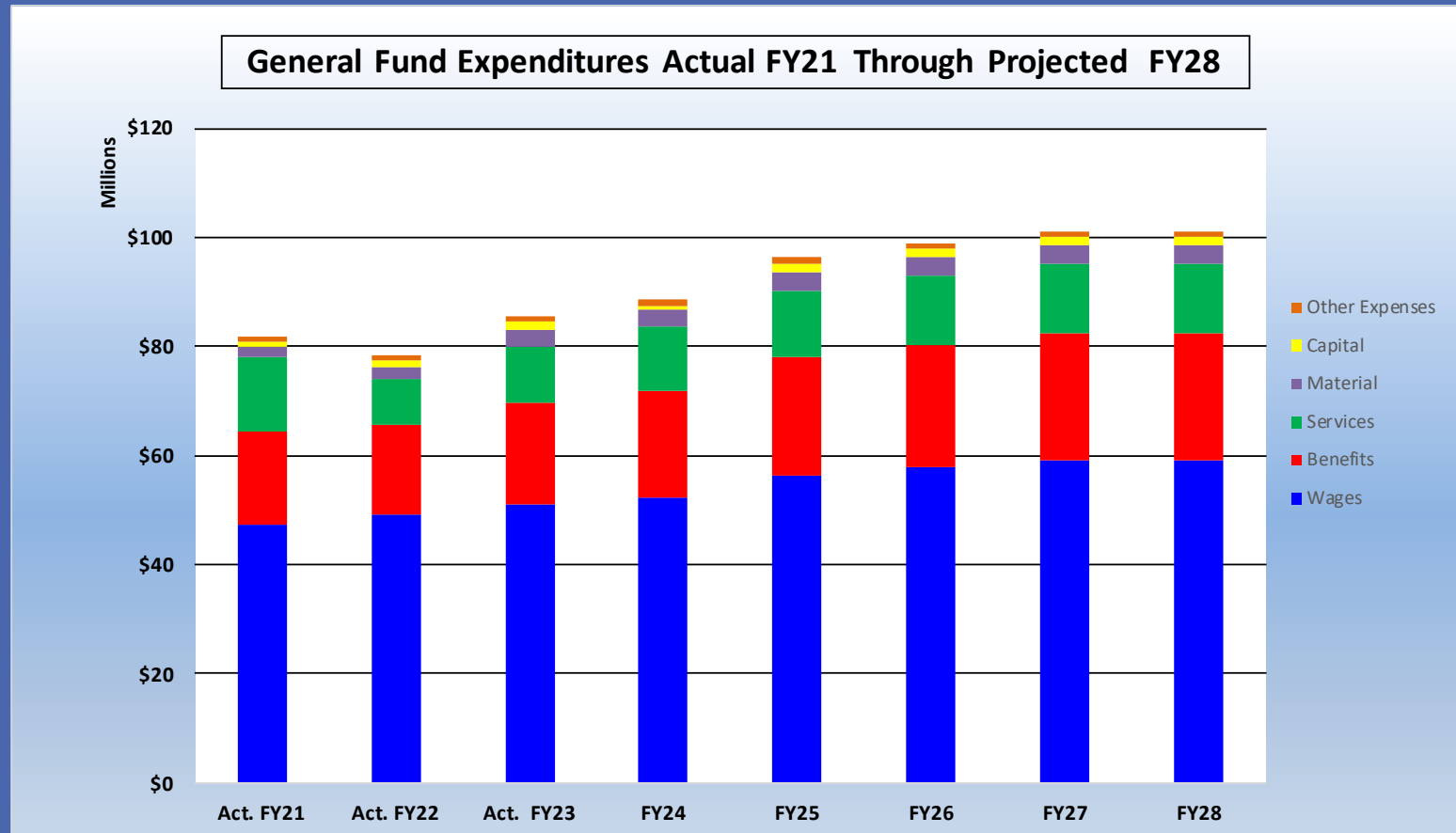
Est. General Fund Expenditures FY24

GENERAL FUND OPERATING EXPENDITURES EST. FY24
\$88,590,380



- **Wages and benefits Est. 81% which is above 80% level.**
- **Fringe Benefits is the 2nd highest cost.**
- **Services include significant personnel costs (ESC).**

General Fund Expenditures By Object FY21 through Est. FY 28



- Costs will continue to grow due to inflation.
- Average 3.67% a year growth.

Washington Local School District

EXPENDITURES

NOVEMBER 2023

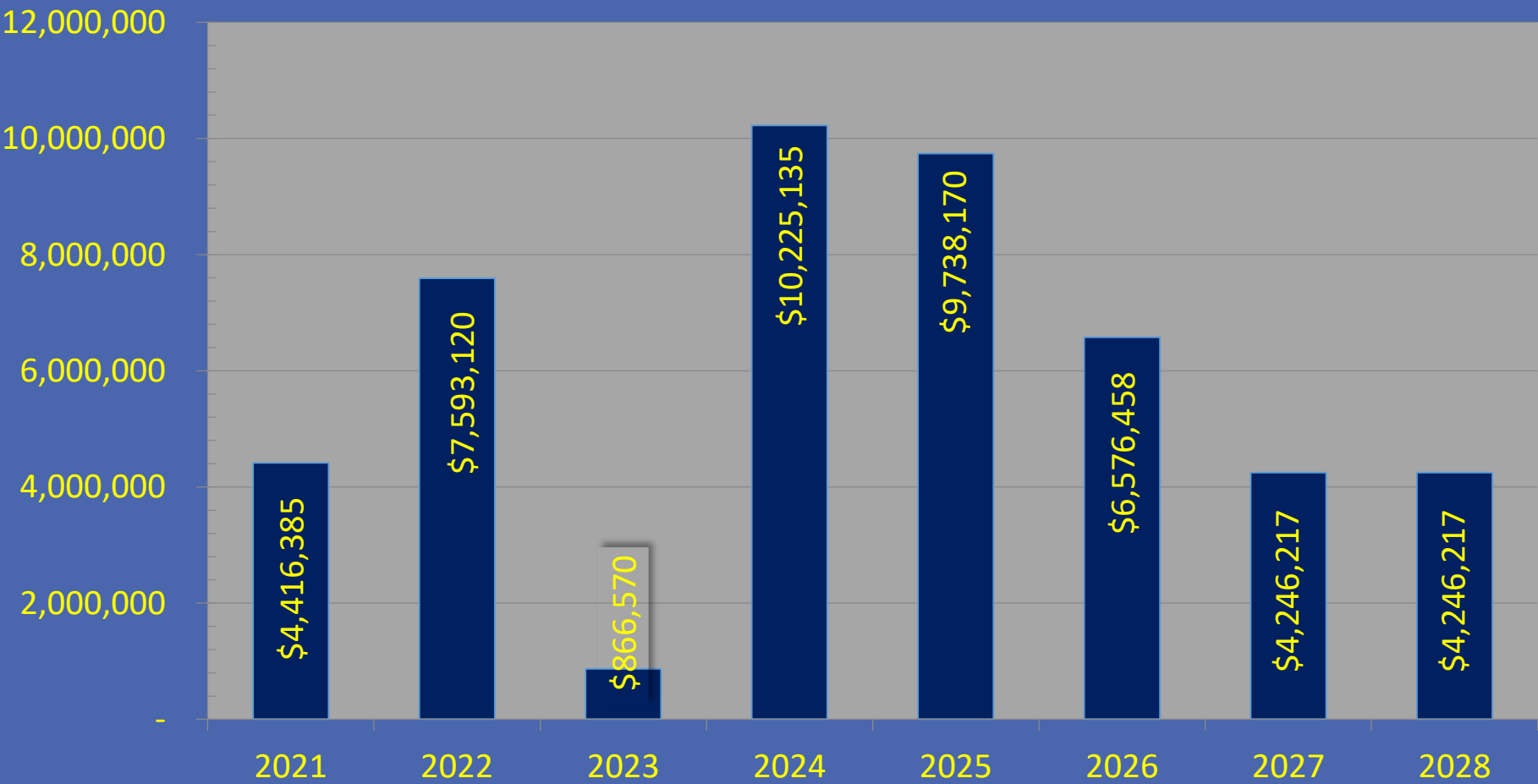
	<u>Actual</u>				<u>Forecasted</u>				
<u>EXPENDITURES</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Avg. Change</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Personal Services / Salaries	47,275,004	49,114,751	51,154,207	4.0%	52,231,236	56,398,874	57,848,102	59,096,282	59,096,282
Employees' Retirement/Insurance Benefits	17,072,738	16,423,499	18,415,675	4.2%	19,486,063	21,549,070	22,524,536	23,208,569	23,208,569
Purchased Services - Instructional Services, Utilities	13,782,170	8,490,726	10,365,236	-8.2%	12,105,593	12,287,831	12,623,196	12,834,288	12,834,288
Supplies and Materials - Instruction, Maintenance, Transportation	1,691,332	2,295,599	3,162,057	36.7%	2,901,566	3,390,660	3,379,109	3,377,246	3,377,246
Capital Outlay	1,180,244	1,079,960	1,409,335	11.0%	790,064	1,551,000	1,551,000	1,551,000	1,551,000
Other Objects	956,418	935,626	978,208	1.2%	1,075,858	1,077,775	1,106,275	1,096,775	1,096,775
<i>Total Expenditures</i>	81,957,906	78,340,161	85,484,718	2.4%	88,590,380	96,255,210	99,032,218	101,164,160	101,164,160
Operating Transfers-Out	102,601	36,500	6,123,308	8305.9%	2,040,000	40,000	40,000	40,000	40,000
Advances-Out	400,000	400,000	-	-50.0%	-	-	-	-	-
Total Other Financing Uses	502,601	436,500	6,123,308	644.8%	2,040,000	40,000	40,000	40,000	40,000
<i>Total Expenditures and Other Financing Uses</i>	82,460,507	78,776,661	91,608,026	5.9%	90,630,380	96,295,210	99,072,218	101,204,160	101,204,160

Challenges To Operating Expenditures

- Special Education Purchased Services & Staffing continue to increase. Eight classroom aides added in FY24 (Title VI-B Grant).
- Negotiated Agreements expire June 30, 2024.
- Healthcare expenses continue to increase mainly due to higher prescription costs.

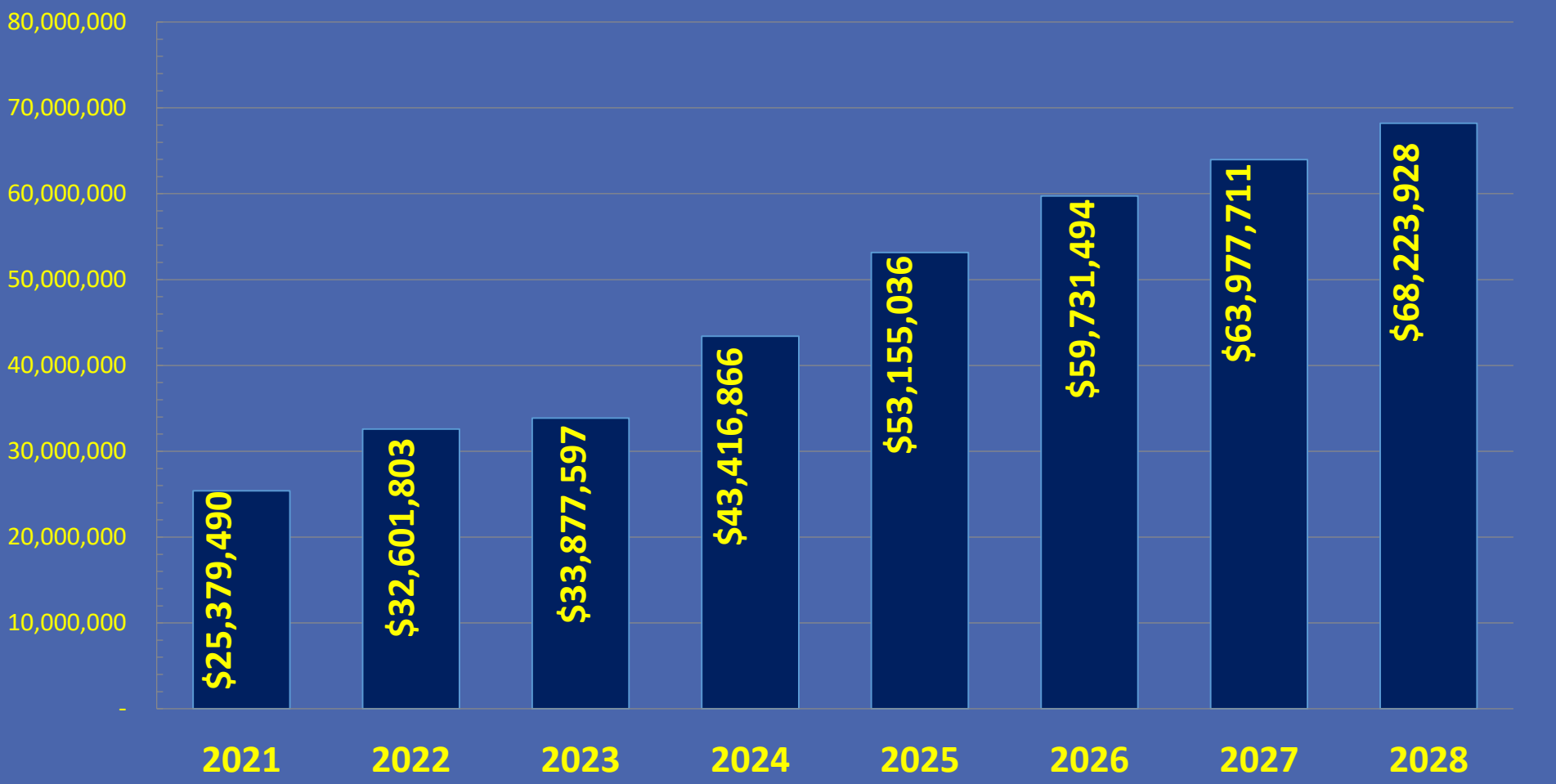
<u>Other Financing Uses</u>	2021	2022	2023	Avg. Change	2024	2025	2026	2027	2028
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	4,416,385	7,593,120	866,570	-8.3%	10,225,135	9,738,170	6,576,458	4,246,217	4,246,217

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

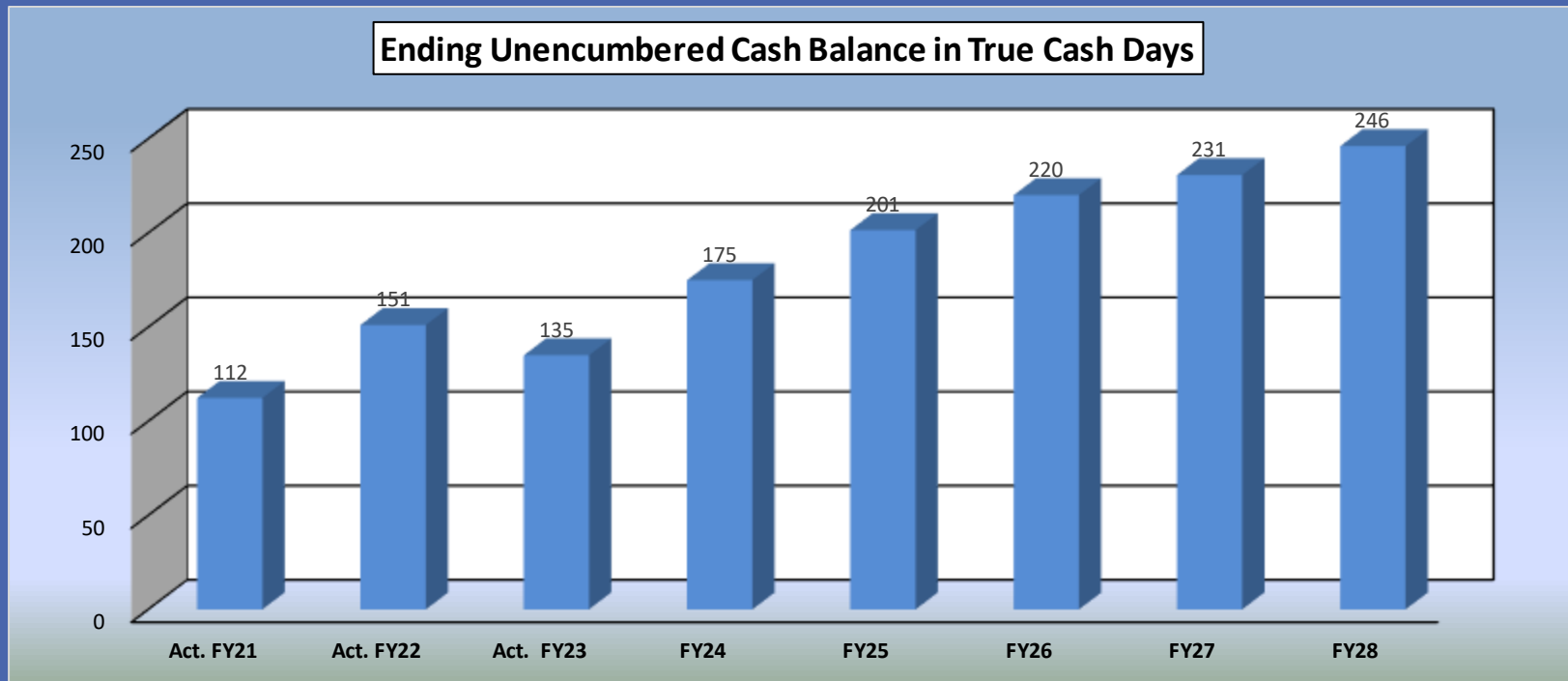


	Actual				Forecasted				
Other Financing Uses	2021	2022	2023	Avg. Change	2024	2025	2026	2027	2028
Unreserved Fund Balance June 30	25,379,490	32,601,803	33,877,597	15.1%	43,416,866	53,155,036	59,731,494	63,977,711	68,223,928

Unreserved Fund Balance



True Days Ending Cash Balance



- Ending cash balance above 60 day level through FY28

In Conclusion

- New state budget HB33 provided substantial new money.
- Continual decline in enrollment, less funds available for new programs and staffing.
- Positive cash balance through FY28.
- NO deficit spending on Line 6.01 through forecast.
- Current funding model has us on the formula.
- ESSER Funds helped reduce General Fund costs in FY21-24, and significantly increased General Fund cash balance (ending in September 2024).
- Future funding is uncertain for FY26-28 as Fair School Funding Plan not funded beyond FY25.
- SB208 Phases Out our TPP reimbursements beginning FY18 until gone in FY26.
- Other proposals like College Credit Plus, excess costs and tuition are expected to increase our costs going forward.
- Watch HB187/SB153 new pending legislation that could impact future reappraisal values beginning with the 2024 reappraisal.

Thank You for Listening

- Questions and Answers

