



SCHOOL FUNDING

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WELLINGTON
EXEMPTED VILLAGE SCHOOLS



WELLINGTON SCHOOL FINANCES

INTRODUCTION

The Wellington Exempted Village School District has recently distributed School Funding 101 and School Funding 102 documents to help our community members understand the complicated school funding system, which provides for all our students' education. School Funding 103 is the final document in this series which will focus specifically on Wellington School District's financial picture. The district's financial picture can be divided into two distinct areas: the Five-Year Forecast and school facilities.

The first area, our Five-Year Forecast (of the General Fund), lists our projected revenues and expenditures for our day-to-day operations as of 11/01/22. This is simply a snapshot in time, as new information and policy changes will cause increases and decreases in those figures.

The second area, our school facilities, are essential to our student's educational experience. The district will begin engaging the community to gather feedback on our need to maintain, upgrade or potentially replace some facilities by developing a master facilities plan.



WELLINGTON SCHOOL FINANCES

FIVE-YEAR FORECAST – GENERAL FUND (OPERATIONS)

REVENUES

Schedule of Revenues and Changes in Fund Balances						
Forecasted Fiscal Years Ending June 30, 2023 Through 2027						
	Fiscal Year	2023	2024	2025	2026	2027
	Revenues					
1.01	General Property Tax (Real Estate)	\$5,913,152.00	\$5,972,284.00	\$5,539,269.00	\$5,041,868.00	\$5,041,868.00
1.02	Tangible Personal Property Tax					
1.03	Income Tax	\$2,579,870.00	\$2,592,769.00	\$2,618,697.00	\$2,644,884.00	\$2,644,884.00
1.035	Unrestricted State Grants-in-Aid	\$4,706,451.00	\$4,706,451.00	\$4,729,983.00	\$4,741,808.00	\$4,765,517.00
1.04	Restricted State Grants-in-Aid	\$83,385.00	\$113,860.00	\$113,860.00	\$114,429.00	\$114,429.00
1.045	Restricted Federal Grants-in-Aid - SFSF					
1.05	Property Tax Allocation	\$656,018.00	\$656,018.00	\$656,018.00	\$608,498.00	\$562,860.00
1.06	All Other Revenues	\$490,968.00	\$575,989.00	\$596,413.00	\$596,413.00	\$596,413.00
1.07	Total Revenues	\$14,429,844.00	\$14,617,371.00	\$14,254,240.00	\$13,747,900.00	\$13,725,971.00
	Other Financing Sources					
2.04	Operating Transfers-In					
2.05	Advances-In	\$103,630.00				
2.06	All Other Financing Sources	\$1,500.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
2.07	Total Other Financing Sources	\$105,130.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
2.08	Total Revenues and Other Financing Sources	\$14,534,974.00	\$14,627,371.00	\$14,264,240.00	\$13,757,900.00	\$13,735,971.00

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REVENUES - *CONT.*

- ✓ **Property Tax:** This line item has increased slightly over the past few years due to new construction in the community and property value increases. Wellington is currently collecting at the minimum effective millage allowed by law (20 mills).
- ✓ **Income Tax:** This line item can be volatile. As the economy improves, this revenue line can increase. However, the opposite is also true. When the economy declines, these revenues can decline.
- ✓ **Unrestricted State Grants-in-Aid:** This state aid amount is determined by a complicated formula. The formula has changed several times over the past decade, making it difficult to predict more than a year or two into the future.
- ✓ **Restricted State Grants-in-Aid:** This is state aid directed at specific programs such as Career Technical or Poverty Based Assistance.
- ✓ **Property Tax Allocation:** This line item represents funds provided by the State of Ohio to make up for local property taxes withheld at the county level for Homestead and Rollback tax breaks provided by state law.
- ✓ **All Other Revenues:** This is a catch-all line for funds received through open enrollment and tuition funding, reimbursed catastrophic costs, interest received, miscellaneous sale of obsolete assets, and other miscellaneous circumstances.

A quick review of the revenues will show a decrease in property taxes starting in fiscal year 2025. This is due to the 10-year Emergency Levy that expires that year. It may be renewed or replaced. However, that can only be forecasted once taxpayers have had the opportunity to approve a renewal or replacement. All other revenue sources will remain fairly consistent, with only modest increases.

EXPENDITURES AND END-OF-THE-YEAR CASH BALANCES

- ✓ **Personal Services:** This line item is payroll costs for our district employees. In fiscal year 2023, there is an obvious decrease due to ESSER funding (Elementary and Secondary Emergency Relief Funds, provided by the state) being used for employee salaries. This is a one-year benefit as the ESSR funds will be entirely expended by the beginning of fiscal year 2024.
- ✓ **Retirement and Insurance:** This line item is the district's cost for each employee's STRS/SERS pension payments and healthcare costs. Healthcare costs increased by 9% in the past year, and the cost increases are expected to continue for several years.
- ✓ **Purchased Services:** This line item captures all services the district purchases throughout the year. Items included in this line are utilities, Educational Service Center contracts, maintenance for our bus fleet, Special Education services for students, preschool costs, EMIS services, and other miscellaneous services.
- ✓ **Supplies and Materials:** This line item covers a wide variety of school district costs such as technology, textbooks, art supplies, copy paper, custodial cleaning supplies and equipment, classroom supplies, and other such items.

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Schedule Expenditures and Changes in Fund Balances

Forcasted Fiscal Years Ending June 30, 2023 Through 2027

	Fiscal Year	2023	2024	2025	2026	2027
	Expenditures					
3.01	Personal Services	\$6,456,914.00	\$7,007,837.00	\$7,288,150.00	\$7,433,913.00	\$7,582,592.00
3.02	Employees' Retirement/ Insurance Benefits	\$3,150,726.00	\$3,211,014.00	\$3,371,565.00	\$3,540,143.00	\$3,557,844.00
3.03	Purchased Services	\$2,738,304.00	\$2,865,043.00	\$2,893,693.00	\$2,922,630.00	\$2,951,857.00
3.04	Supplies and Materials	\$560,160.00	\$413,430.00	\$417,564.00	\$421,740.00	\$425,957.00
3.05	Capital Outlay	\$94,955.00	\$50,000.00	\$155,000.00	\$60,000.00	\$65,000.00
3.06	Intergovernmental					
	Debt Service:					
4.055	Principal-Other					
4.06	Interest and Fiscal Charges					
4.3	Other Objects	\$804,394.00	\$470,812.00	\$473,166.00	\$475,532.00	\$477,910.00
4.5	Total Expenditures	\$13,805,453.00	\$14,018,136.00	\$14,599,139.00	\$14,853,959.00	\$15,061,159.00
	Other Financing Uses					
5.01	Operating Transfers-Out	\$225,500.00	\$200,000.00	\$200,000.00	\$150,000.00	\$150,000.00
5.02	Advances-Out					
5.03	All Other Financing Uses					
5.04	Total Other Financing Uses	\$225,500.00	\$200,000.00	\$200,000.00	\$150,000.00	\$150,000.00
5.05	Total Expenditures and Other Financing Uses	\$14,030,953.00	\$14,218,136.00	\$14,799,139.00	\$15,003,959.00	\$15,211,159.0
6.01	Excess of Revenues over (under) Expenditures	\$504,021.00	\$409,235.00	\$534,899.00-	\$1,246,058.00-	\$1,475,188.00
7.01	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$4,955,944.00	\$5,459,965.00	\$5,869,200.00	\$5,334,301.00	\$4,088,243.00
7.02	Cash Balance June 30	\$5,459,965.00	\$5,869,200.00	\$5,334,301.00	\$4,088,243.00	\$2,613,055.00

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EXPENDITURES AND END-OF-THE-YEAR CASH BALANCES - *CONT.*

- ✓ **Capital Outlay:** This line tracks capital costs such as equipment, buses, and facility repairs when necessary. The Board has transferred some surplus revenue into a Permanent Improvement Fund (003) when the situation has allowed. Several capital improvements discussed later in this document have been paid out of the Permanent Improvement Fund.
- ✓ **Other Objects:** This line captures all Auditor/Treasurer fees, Audit Expenses, election costs, flexible spending healthcare costs, and Board of Education expenses other than payroll.
- ✓ **Cash Balances:** End-of-the-year cash balances through fiscal year 2027 are healthy and able to sustain district operations in the event of a significant loss of revenue or an unexpected series of expenditures. The projected cash balance at the end of fiscal year 2027 is more than sufficient. Most school districts do not show a positive cash position that far into the future. It is only with careful financial management, the constant re-examination of our expenditures, and the Board, Superintendent and Treasurer working as a team that we can properly manage the District's financial picture. As we are all aware, cash reserves can only be spent once, and for that reason, we have to carefully balance the revenues and expenditures, as deficit spending is not a sustainable financial strategy.

IMPACTS ON THE FIVE-YEAR FORECAST

Several items will impact the Five-Year Forecast as we move forward:

- Enrollment increases or decreases will affect the state funding dollars as their formula is based on Wellington's student enrollment numbers.
- Adding staff in the Special Education Department, Communications Department, Social Emotional Learning area and other departments will add costs to the forecast.
- With the end of the ESSER grants, the School Quality Improvement grants, and the Expanding Opportunity Grant, many of the extras we have been able to provide for our students will have to be funded through the general fund or possibly be discontinued due to a lack of funding.
- Economic changes that could impact revenue are always hard to predict.
- Economic pressure for staff salary increases so that Wellington Schools can remain competitive while we strive to attract and retain qualified employees could impact our expenditures.

The first picture of our Five-Year Forecast (the General Fund) shows a positive outlook for our school system. We have been fiscally responsible with taxpayer dollars, and we will continue to look for ways to stretch those dollars as far as possible. Of course, there are additional services that we would like to provide. However, we must balance our costs with our revenues so that our school system will remain financially healthy for many years.

Looking at trends in the revenue and expenditure lines can give the community a rough idea of our past financial practices and what our finances may look like in the future. Additional services, staff, or educational opportunities would require additional funding or cost cuts in other areas to make those changes become a reality.

WELLINGTON SCHOOL FINANCES



Education is for improving the lives of others and for leaving your community and world better than you found it.

- *Martian Wright Edelman*

FACILITY MAINTENANCE, UPGRADES AND REPLACEMENT CONSIDERATIONS

As previously mentioned, the second picture is all about our facilities.

Each of these facilities requires constant maintenance to ensure we are providing a warm, safe, and dry educational environment for all students and staff. Our custodial staff (three in each school building) clean and provide minor daily repairs. We also have two maintenance staff members who maintain, fix and repair bigger issues, as well as maintain the heating and cooling systems, mow the grass, plow the snow, and take care of work orders submitted by staff for a wide variety of repairs around the district.

As with all facilities, there are system failures that require a major investment to repair or replace from time to time. Roofs, heating and cooling systems and parking lots are a few more expensive systems to repair. Depending on the building and the particular system, these repairs could cost several thousand up to several hundreds of thousands of dollars. For example, a new PVC roof on the high school could cost over \$800,000. We can often do such repairs in stages, so the entire cost does not fall in the same fiscal year.

In the past two fiscal years, the Board has managed to transfer \$700,000 to the Permanent Improvement Fund to address the following projects:



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- Stadium flag poles, victory bell, and concrete pads under several bleacher systems
- Playground mulch to improve playground safety
- Installed a shed in the Transportation Compound for bus driver supplies
- Tuckpointing of the high school gym
- Fieldhouse roof replacement
- Middle School and High School energy reduction project to save \$32,000 on annual utilities
- Asphalt paving and patching across the district as needed
- Westwood had two small sections of roof replaced
- Playground repairs at Westwood improved safety and eliminated the plywood barriers from the equipment
- The High School gym will be painted this summer, and the gym bleachers will be replaced
- We have added a turnstile at the stadium to allow access for runners and walkers to utilize the new track
- A pre-owned truck has been purchased so our staff can handle the parking lot salting and plowing duties

Facilities Stats & Figures					
School	Sq. Ft.	Student Population	Enrollment	Year Built	Age
Westwood Elementary School	51,035	K - 3	288	1960	63
McCormick Middle School	79,865	4 - 8	381	2015	8
Wellington High School	75,225	9 - 12	235	1971	52
Wellington Stadium - Dickson St.					

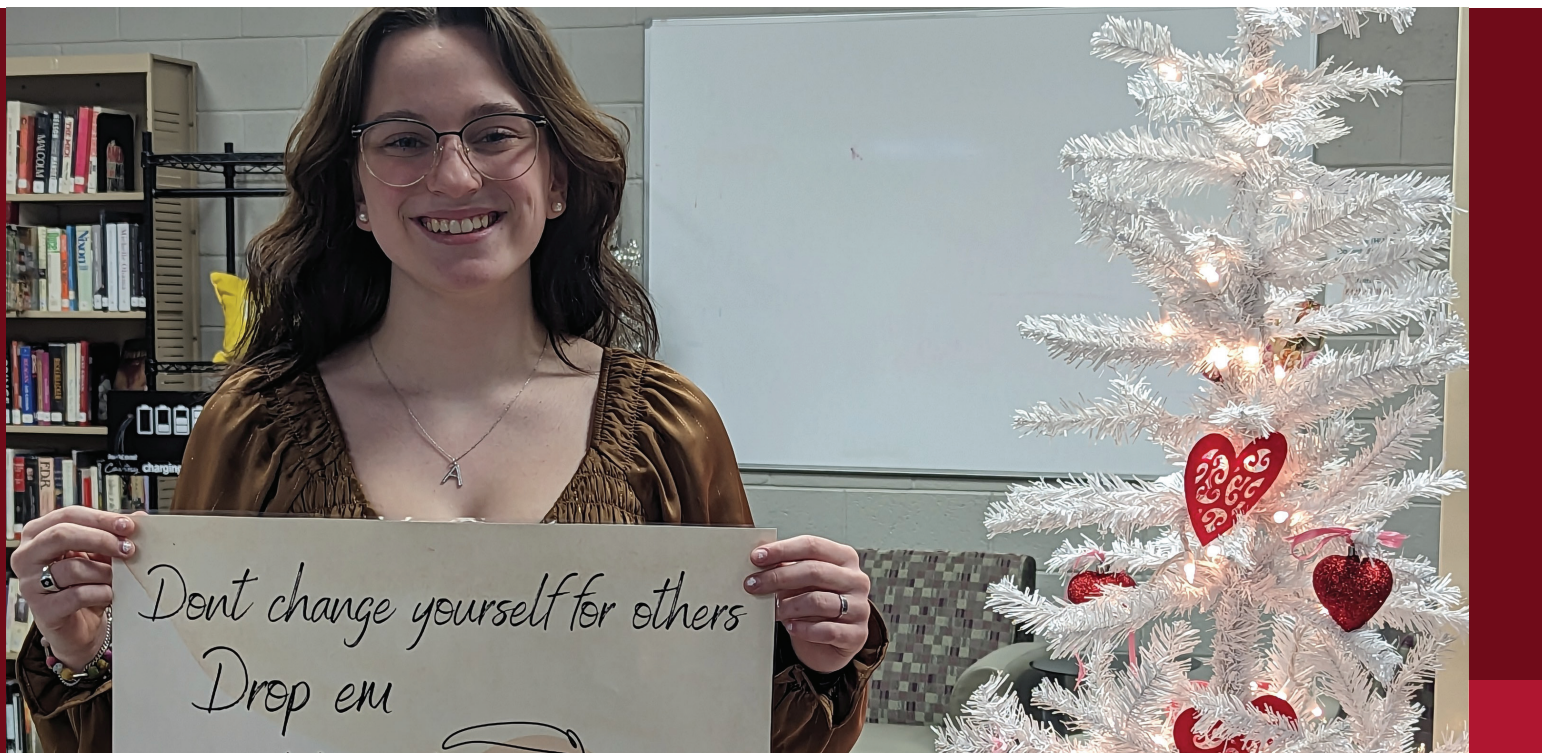
Excellence in education is when we do everything that we can
to make sure they become everything that they can.

- Carol Ann Tomlinson

OTHER INITIATIVES

- ✓ **In March of 2021**, the Board refinanced the outstanding bonds for the McCormick Middle School construction, which saved the Wellington taxpayers over \$3,000,000 over the life of the bonds.
- ✓ **In September 2021**, the Board entered into a new copier contract, saving the district over \$23,000 in annual costs.
- ✓ **The Board** hired a full-time HVAC technician, which allowed the Board to eliminate \$53,000 in annual maintenance contracts.
- ✓ **The Board** has applied for and received the following major grants since 2018:
 - School Quality Improvement Grant (High School) \$450,000
 - School Quality Improvement Grant (Middle School) \$450,000
 - Expanding Opportunities Grant (High School) \$300,000
 - ESSER I, II, & III grants (District-wide) \$1,961,333
 - Safety and Security Grants \$100,000 for each school \$300,000 total

These additional funds were used to purchase classroom Clever Touch technology and Chromebooks, provide staff training on new teaching methods, new textbooks, safety and security upgrades, cover payroll costs with the ESSER grants, hire consultants to provide additional training and classroom assistance, and many other needs of the district. Most of these funds will be exhausted by the end of fiscal year 2023.



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IN CONCLUSION

Even with the projects we have been able to complete, we still have a long list of facility needs, that we simply do not have the funding at this time. Major projects such as locker room and classroom renovations at the high school, air conditioning added to Westwood, a new fieldhouse at the stadium to accommodate our team and the visiting team with appropriate male and female accommodations, and many more projects simply are not possible.

Our annual revenues are adequate for our current operating expenses and maybe a new school bus and some classroom computers from time to time. However, major capital improvements will require additional community support.

For additional information about the Wellington Exempted Village School District's finances, please go to the Treasurer's Office website by clicking on the QR code below.



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Ayers Ratliff, Member

The Wellington Exempted Village School District is governed by a five-member Board of Education that provides governance to the district on policy and financial matters.

To contact the Board of Education, email or call individual members.
For general information regarding the district, please call (440) 647-7974.



Back Row: Ayers Ratliff, Philip Mohrman, Kevin Stump

Front Row: Jennifer Kazmierczak, Jessica Reynolds

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www.wellingtonvillageschools.org