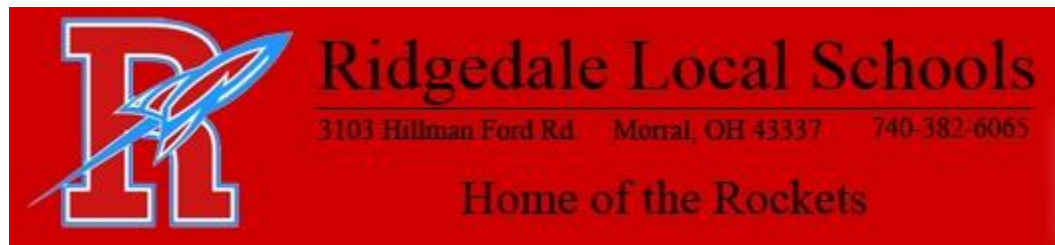


**RIDGEDALE LOCAL SCHOOL DISTRICT - MARION COUNTY**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES FOR THE FISCAL YEARS ENDED**  
**JUNE 30, 2018, 2019 and 2020 ACTUAL**  
**FORECASTED FISCAL YEARS ENDING**  
**JUNE 30, 2021 THROUGH JUNE 30, 2025**



**Forecast Provided By**  
**Ridgedale Local School District**  
**Treasurer's Office**  
**Jason Fleming, Treasurer/CFO**

**May 17, 2021**

# RIDGEDALE LOCAL SCHOOL DISTRICT

## Marion County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2018, 2019, 2020  
Forecasted Fiscal Year Ending June 30, 2021 through 2025

	Actual			Average Change	Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
<b>Revenues</b>									
1.010 General Property Tax (Real Estate)	2,941,089	2,986,533	2,898,280	-0.7%	2,980,341	2,720,063	2,597,705	2,608,084	2,614,793
1.020 Public Utility Personal Property Tax	707,677	777,150	804,941	6.7%	918,336	910,661	876,897	883,002	889,107
1.030 Income Tax	0	0	0	0.0%	58,758	591,360	892,920	840,000	840,000
1.035 Unrestricted State Grants-in-Aid	3,094,214	3,038,501	2,853,147	-4.0%	2,936,505	3,011,145	3,011,847	3,012,564	3,013,296
1.040 Restricted State Grants-in-Aid	98,805	86,768	86,703	-6.1%	86,703	86,703	86,703	86,703	86,703
1.045 Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050 Property Tax Allocation	439,456	434,682	428,379	-1.3%	425,441	392,934	361,920	362,580	363,007
1.060 All Other Revenues	1,436,610	1,379,132	1,381,683	-1.9%	1,267,325	1,279,930	1,292,797	1,305,793	1,318,922
1.070 <b>Total Revenues</b>	<b>8,717,850</b>	<b>8,702,767</b>	<b>8,453,133</b>	<b>-1.5%</b>	<b>8,673,409</b>	<b>8,992,796</b>	<b>9,120,789</b>	<b>9,098,726</b>	<b>9,125,828</b>
<b>Other Financing Sources</b>									
2.010 Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0
2.020 State Emergency Loans and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040 Operating Transfers-In	6,865	0	0	0.0%	0	0	0	0	0
2.050 Advances-In	0	0	0	0.0%	0	0	0	0	0
2.060 All Other Financing Sources	12,243	274,939	43,199	1030.7%	213,101	18,939	18,939	18,939	18,939
2.070 <b>Total Other Financing Sources</b>	<b>19,108</b>	<b>274,939</b>	<b>43,199</b>	<b>627.3%</b>	<b>213,101</b>	<b>18,939</b>	<b>18,939</b>	<b>18,939</b>	<b>18,939</b>
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>8,736,959</b>	<b>8,977,706</b>	<b>8,496,332</b>	<b>-1.3%</b>	<b>8,886,510</b>	<b>9,011,735</b>	<b>9,139,728</b>	<b>9,117,665</b>	<b>9,144,767</b>
<b>Expenditures</b>									
3.010 Personnel Services	\$4,281,541	\$4,375,329	\$4,403,634	1.4%	\$4,379,475	\$3,777,127	\$4,297,507	\$4,374,049	\$4,457,112
3.020 Employees' Retirement/Insurance Benefits	1,783,048	1,784,732	1,918,391	3.8%	\$1,925,733	\$1,910,725	\$1,911,622	\$2,080,816	\$2,173,230
3.030 Purchased Services	2,820,384	2,218,363	2,143,539	-12.4%	\$2,232,038	\$2,312,488	\$2,392,950	\$2,388,475	\$2,417,847
3.040 Supplies and Materials	385,007	438,368	401,134	2.7%	\$380,211	387,815	395,571	403,482	411,552
3.050 Capital Outlay	267,769	77,490	197,861	42.1%	\$74,000	76,220	78,507	80,862	83,288
3.060 Intergovernmental	-	-	-	0.0%	-	-	-	-	-
Debt Service:									
4.010 Principal-All (Historical Only)	-	-	-	0.0%	-	-	-	-	-
4.020 Principal-Notes	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
4.030 Principal-State Loans	-	-	-	0.0%	-	-	-	-	-
4.040 Principal-State Advancements	-	-	-	0.0%	-	-	-	-	-
4.050 Principal-HB 264 Loans	-	-	-	0.0%	\$0	-	-	-	-
4.055 Principal-Other	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
4.060 Interest and Fiscal Charges	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
4.300 Other Objects	147,365	147,338	144,705	-0.9%	\$147,150	\$149,638	\$152,168	\$154,742	\$157,360
4.500 <b>Total Expenditures</b>	<b>\$9,685,113</b>	<b>9,041,619</b>	<b>9,209,264</b>	<b>-2.4%</b>	<b>9,138,607</b>	<b>8,614,013</b>	<b>9,228,326</b>	<b>9,482,426</b>	<b>9,700,389</b>
<b>Other Financing Uses</b>									
5.010 Operating Transfers-Out	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
5.020 Advances-Out	-	-	-	0.0%	-	-	-	-	-
5.030 All Other Financing Uses	-	-	-	0.0%	\$0	\$0	\$0	\$0	\$0
5.040 <b>Total Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>9,685,113</b>	<b>9,041,619</b>	<b>9,209,264</b>	<b>-2.4%</b>	<b>9,138,607</b>	<b>8,614,013</b>	<b>9,228,326</b>	<b>9,482,426</b>	<b>9,700,389</b>
6.010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>(948,155)</b>	<b>(63,913)</b>	<b>(712,932)</b>	<b>461.1%</b>	<b>(252,097)</b>	<b>397,722</b>	<b>(88,598)</b>	<b>(364,761)</b>	<b>(555,622)</b>
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	3,358,812	2,410,657	2,346,744	-15.4%	1,633,812	1,381,715	1,779,436	1,690,838	1,326,077
7.020 <b>Cash Balance June 30</b>	<b>2,410,657</b>	<b>2,346,744</b>	<b>1,633,812</b>	<b>-16.5%</b>	<b>1,381,715</b>	<b>1,779,436</b>	<b>1,690,838</b>	<b>1,326,077</b>	<b>770,455</b>
8.010 <b>Estimated Encumbrances June 30</b>	<b>33,050</b>	<b>179,283</b>	<b>179,283</b>	<b>221.2%</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>
<b>Reservation of Fund Balance</b>									
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020 Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030 Budget Reserve	-	-	-	0.0%	-	-	-	-	-
9.045 Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-
9.050 Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060 Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070 Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080 <b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance June 30 for Certification of</b>									
10.010 <b>Appropriations</b>	<b>3,228,439</b>	<b>3,179,877</b>	<b>1,454,529</b>	<b>-27.9%</b>	<b>1,356,715</b>	<b>1,754,436</b>	<b>1,665,838</b>	<b>1,301,077</b>	<b>745,455</b>

# RIDGEDALE LOCAL SCHOOL DISTRICT

## Marion County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2018, 2019, 2020  
Forecasted Fiscal Year Ending June 30, 2021 through 2025

	Actual			Average Change	Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
<b>Revenue from Replacement/Renewal Levies</b>									
11.010 Income Tax - Renewal	-	-		0.0%	-	-	-	-	-
11.020 Property Tax - Renewal or Replacement	-	-		0.0%	-	353,727	599,537	599,537	599,537
11.300 Cumulative Balance of Replacement/Renewal Levies	-	-		0.0%	-	353,727	953,264	1,552,801	2,152,338
12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>	3,228,439	3,179,877	1,454,529	-27.9%	1,356,715	2,108,163	2,619,102	2,853,878	2,897,793
<b>Revenue from New Levies</b>									
13.010 Income Tax - New				0.0%	\$0	\$0	\$0	\$0	\$0
13.020 Property Tax - New				0.0%	\$0	\$0	\$0	\$0	\$0
13.030 Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
14.010 Revenue from Future State Advancements	-			0.0%	-	-	-	-	-
15.010 <i>Unreserved Fund Balance June 30</i>	3,228,439	3,179,877	1,454,529	-27.9%	1,356,715	2,108,163	2,619,102	2,853,878	2,897,793

**Ridgedale Local School District – Marion County**  
**Notes to the Five-Year Forecast**  
**General Fund Only**  
**May 17, 2021**

**Introduction to the Five Year Forecast**

School districts are required to file a five (5) year financial forecast by November 30, 2020, and May 31, 2021 for fiscal year 2021 (July 1, 2020 to June 30, 2021). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2021 (July 1, 2020-June 30, 2021) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2021 filing.

**Economic Outlook**

This five-year forecast is being filed during a recovery from the COVID-19 Pandemic and a health and financial struggle that encompassed our state, country and global economy. School districts play a vital role in their communities and we believe it is important to maintain continuity of services to our students and staff. The district has maintained services to students throughout the Pandemic. The State of Ohio's economic pressure has not been as great as first expected due to the effects of the pandemic thus the restoration of a portion of the original school foundation funding cuts was ordered by the Governor on January 22, 2021. Federal funding sent to school districts through the Elementary and Secondary Schools Education Relief Funds (ESSER) has also been a much needed resource to offset the loss of state funding. Additional Federal CARES Act funding was used to cover the costs of additional technology needs, personal protective equipment, and cleaning costs caused by the pandemic. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

**May 2021 Updates:**

**Revenues FY21:**

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$8,673,409 or 1.75% higher than the November forecasted amount of \$8,524,177.

State Aide, as noted above, began the year with continued cuts at the FY20 level; however, on January 22, 2021 Governor DeWine reinstated funding of approximately 53% of those reductions thus having a positive impact for our district's revenue.

All other areas of revenue are tracking as anticipated for FY21 based on our best information at this time.

**Expenditures FY21:**

Total General Fund expenditures (line 4.5) are estimated to be \$9,138,607 for FY21 which is above the original estimate of \$9,090,498 in the November forecast. The expenditure lines most significantly above projections Purchased Services (line 3.03) due to state foundation deductions coming in over budget.

**Unreserved Ending Cash Balance:**

With revenues increasing over estimates and expenditures ending below estimates, our ending unreserved cash balance June 30, 2021 is anticipated to be roughly \$1.4 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through FY25 if assumptions we have made for state aid in future state budgets remain close to our estimates, and there are no future state budget cuts to our funding beyond FY21.

### **Forecast Risks and Uncertainty:**

A five-year financial forecast typically has inherent risks and uncertainties. This is due to normal economic uncertainties and to state legislative changes that will occur in the spring of 2021 and 2023 due to deliberation of the next two (2) state biennium budgets for FY22-23 and FY24-25 which affect this five-year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

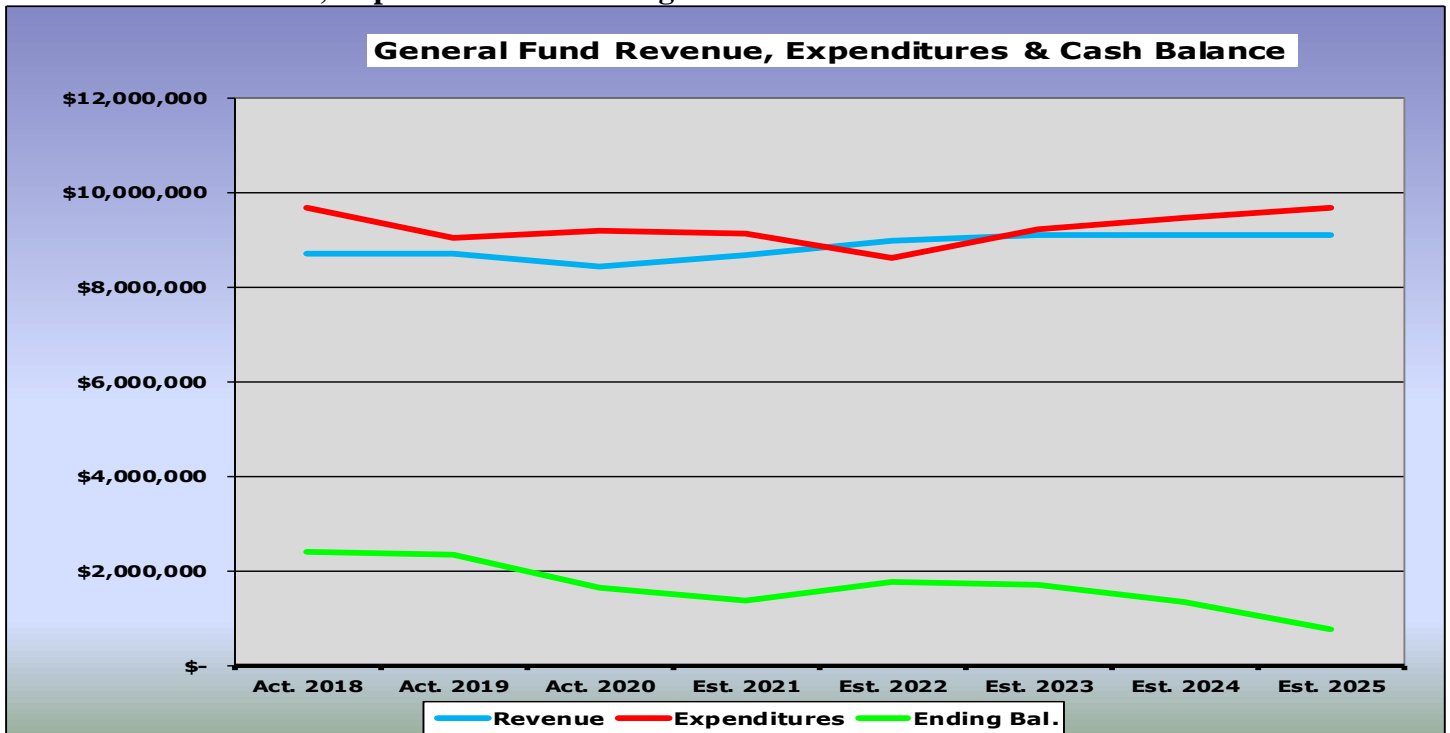
- I. Marion County completed reappraisal in 2019 for collection in 2020. There was a decrease in values for Class I of 7.85% or (\$10,327,379) and Class II values increased by 7.94% or \$822,090. The Class I values decreased due to the changes in Current Agricultural Use Values (CAUV) authorized by HB49. The changes authorized by HB49 to CAUV to lower those values by an estimated 30% beginning with counties experiencing a reappraisal or update in Tax Year 2017. The cuts in CAUV will shift a larger tax burden to residential taxpayers which may be an unintended consequence of the legislature responding to agricultural interests. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.
- II. Property tax collections are the second largest single revenue source for the school system. The housing market in our district is stable. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes if the COVID-19 pandemic ends in May as projected and the economy recovers quickly as anticipated. Total local revenues which are predominately local taxes equate to 59.61% of the district's resources.
- III. The State Budget represents 39.76% of district revenues and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy does not bounce back following the pandemic as expected or if the funding formula in future state budgets reduce funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY25. We have projected our state funding with the FY19 funding level through FY25 which we feel is conservative and should be close to whatever the state approves for the FY22-23 biennium budget. We will make adjustments to the forecast in future years as we have data to help guide this decision.
- IV. While state funding was initially guaranteed at the FY19 level, the Coronavirus Pandemic caused the most rapid and largest decrease of employment in history. In order to balance the State Budget on May 6, 2020 the Governor ordered a reduction of state foundation funding to school districts by \$300.5 million by the end of June 2020. These cuts were to continue through FY21 as well, however the Governor subsequently reinstated \$160 million of these reductions to school districts in an executive order dated January 22, 2021. With the economy rebounding from the sharp drop in employment in March and April 2020 and state tax revenues well above estimates for FY21, we anticipate funding will remain unchanged for the rest of FY21. Governor DeWine submitted his FY22-FY23 biennial budget (Sub. HB110) which returns state foundation funding to schools at their FY19 funded level. The biennial budget is now working its way through the legislative process. HB1, also known as the Fair School Funding Bill, was introduced on February 4, 2021 and will work its way through the legislative process where it has been combined with Sub. HB110. The certainty of foundation funding levels will not likely be known until late June 2021. At this time the FY19 funding level is the basis for districts state funding in FY22 and FY23. We believe Ohio's economy will continue to improve through FY21 and that FY22-25 will see funding returned to the FY19 levels at a minimum. We will not project an increase beyond the FY19 levels at this time until the state budget is known for FY22 and FY23.

- V. HB166 continues the many provisions contained in prior state biennium budgets that will continue to draw funds away from our district through continuing school choice programs such as College Credit Plus, Community Schools and increases in per pupil scholarship amounts deducted from our state aid in the 2019-21 school years, even though funding for our students was not increased to our district for this biennium budget. We continue to watch closely the EdChoice Voucher legislation. HB197 passed in March 2020 freezes EdChoice eligibility of 517 buildings for the school year of 2019-2020. The district has 1 school building that is designated as underperforming but the measures used by the state could be changed for the future. These are examples of new choice programs that increase with each biennium budget that cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely as the proposed new state budget bill (Sub. HB110) moves through the legislative process.
- VI. HB166 the current state budget for FY20-21 has frozen funding for all school districts in Ohio at their FY19 level with the only exception being the addition of Enrollment Growth Supplement money for a small number of growing districts. The only increase in funding to all districts in Ohio is restricted use money for Student Wellness and Success which is restricted in use and must be placed in Fund 467 and is not General Fund money and thus not included in the forecast. The current proposed state budget for FY22 - FY23 is Sub. HB110 and it includes increases for SWSF for each year of the biennium budget along with guarantees that no district will receive less funding than they received in FY21. We have assumed this money will continue through FY25. Enrollment Growth Supplement money is paid to a small number of growing districts and Sub. HB110 also proposes these funds be continued in FY22 and FY23 at current FY21 levels. We have assumed these funds will continue at the guarantee level through FY25. We have assumed this money will not continue after FY22
- VII. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

The financial forecast presents, to the best of the Ridgedale Local School District Board of Education's knowledge and belief, the expected revenues, expenditures, and operating balance of the General Fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected.

The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Mr. Jason Fleming, 740-382-6065, Treasurer/CFO of the Ridgedale Local Schools.

## General Fund Revenue, Expenditure and Ending Cash Balance Actual FY18-20 and Estimated FY21-25

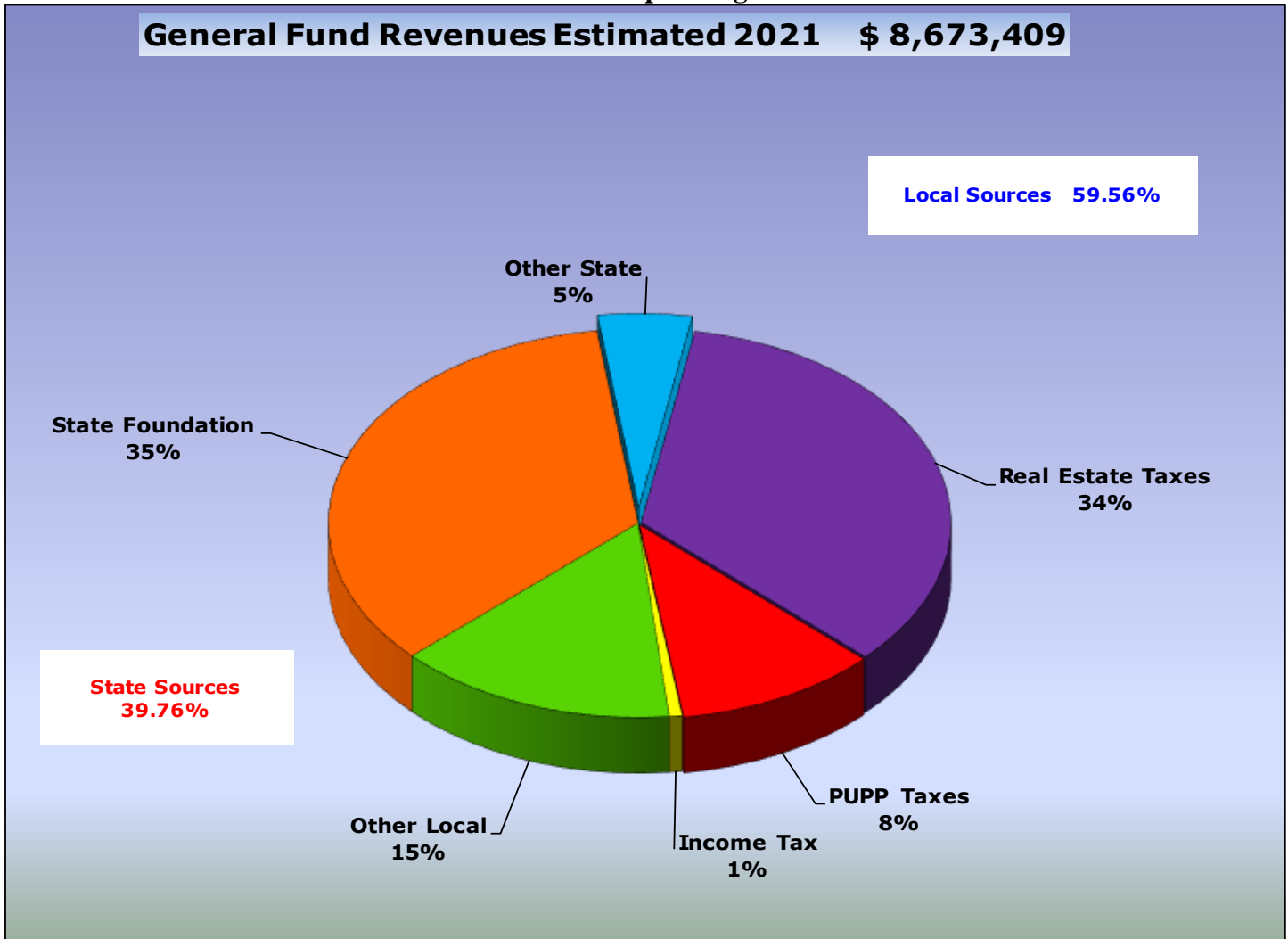


The graph captures in one snapshot the operating scenario facing Ridgedale Local School District over the next few years and the immediate need to take action to stop the decline in our ending cash balance. This graph does not include the renewal of the emergency levy.

## REVENUE ASSUMPTIONS

### Estimated General Fund Operating Revenue for FY21

**General Fund Revenues Estimated 2021 \$ 8,673,409**



#### Real Estate Value Assumptions – Line #1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. A reappraisal of the district property value occurred in 2019 for collection in calendar year 2020. Class I residential/agricultural values decreased overall by 7.85% while commercial/industrial values climbed by 7.94%. Overall values decreased by \$8,788,920.

The next update for the district will be tax year 2022 for collection in 2023. We are including an increase of 0.5% for Class I and a 2% increase in Class II for the update in 2023.

CAUV values represent 46.3% of Class I values. HB49 authorized a reduction in CAUV computations that will result in these values falling on average by 30%. These reductions occurred as districts experience their reappraisal or update cycle from 2017 through 2019. We experienced this in the Tax Year 2019 reappraisal. A reduction of value has been weighted in to our average Class I value change in 2019.

The district is including in 2021 for collection in 2022, the POET Biofuel plant valuation of \$4.4 million as new construction in Class II as the tax abatement will expire.



The district PUPP valuation increased in 2020 for collection in 2021 by \$2.9 million, the district did not expect this increase and does not expect this in future years, with forecasted increases of \$150,000 annually for the remainder of the forecast.

#### **ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS**

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2020	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024
<u>Classification</u>	<u>COLLECT 2021</u>	<u>COLLECT 2022</u>	<u>COLLECT 2023</u>	<u>COLLECT 2024</u>	<u>COLLECT 2025</u>
Res./Ag.	\$120,986,200	\$121,111,200	\$121,841,756	\$121,966,756	\$122,091,756
Comm./Ind.	\$12,300,420	\$16,700,420	\$17,234,428	\$17,434,428	\$17,634,428
PUPP	\$21,320,380	\$21,470,380	\$21,620,380	\$21,770,380	\$21,920,380
Total Assessed Value	<u>\$154,607,000</u>	<u>\$159,282,000</u>	<u>\$160,696,564</u>	<u>\$161,171,564</u>	<u>\$161,646,564</u>

Property tax levies are estimated to be collected at 97% of the annual amount. In general 60.80% of the Res/Ag and Comm/Ind are expected to be collected in February tax settlements and 39.20% collected in August tax settlements. The district was very close to the 20 mill floor for tax collections for Class I, however with the decrease in valuations from the reappraisal the district will not be near the 20 mill floor for the remainder of the forecast. With increases in valuations for Class II the district will be at the 20 mill floor during the last few years of the forecast. The 20 mill floor is the lowest millage rate a district is permitted to have based on HB920. Once a district is at the 20 mill floor then any increase in values will include additional revenue for the district. When values decrease millage rates increase so that districts do not lose tax dollars.

<u>Category</u>	FY21	FY22	FY23	FY24	FY25
Est. Property Tax Excluding PUPP to Line #1.010	\$2,980,341	\$2,720,063	\$2,597,705	\$2,608,084	\$2,614,793

#### **Estimated Public Utility Personal Property Tax – Line #1.020**

The phase out of TPP taxes began in FY06. HB66 was adopted in June 2005 and the provisions of the legislation have estimated that the locally collected tangible personal property tax would be eliminated after FY11. Only Public Utility Personal Property (PUPP) taxes are collected in Line 1.02 of the forecast now which is why we have renamed the line to better identify this tax base. PUPP tax settlements are estimated to be received 50% in February and 50% in August settlement from Marion County Auditor.

<u>Category</u>	FY21	FY22	FY23	FY24	FY25
Public Utility Personal Property - (PUPP)	\$918,336	\$910,661	\$876,897	\$883,002	\$889,107
Total Line # 1.020	<u>\$918,336</u>	<u>\$910,661</u>	<u>\$876,897</u>	<u>\$883,002</u>	<u>\$889,107</u>

#### **Renewal and Replacement Levies – Line #11.02**

The district plans to renew the 4 mill Emergency Levy in 2021 to continue collection. State law requires that renewal levies be removed from taxes on Line 1.010 and 1.020 to be shown on the Renewal and Replacement Levy line 11.02.

<u>Category</u>	FY21	FY22	FY23	FY24	FY25
Renewal of 4 Mill Emergency Levy expires 12/31/21	\$0	\$353,727	\$599,537	\$599,537	\$599,537
Total Line # 11.020	<u>\$0</u>	<u>\$353,727</u>	<u>\$599,537</u>	<u>\$599,537</u>	<u>\$599,537</u>

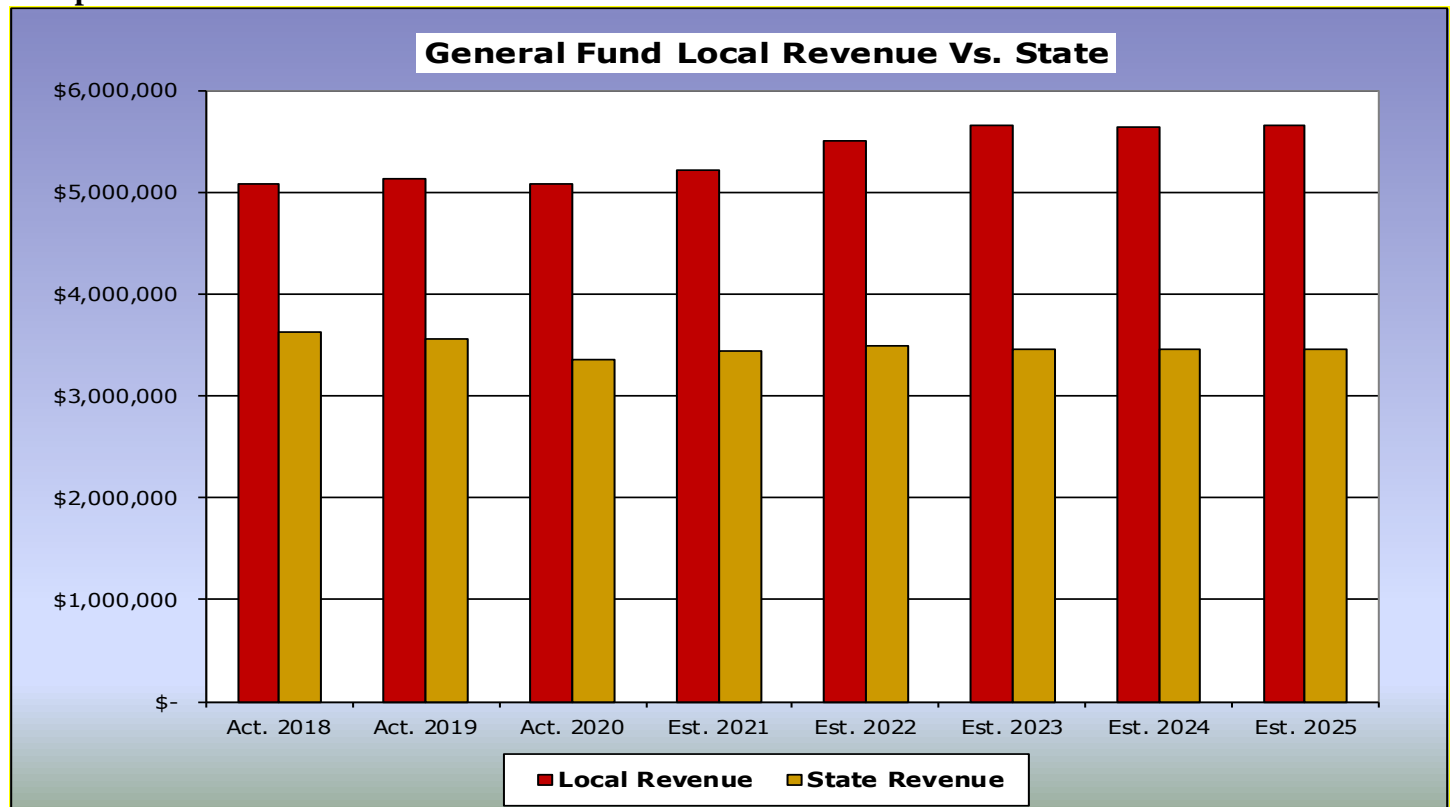
#### **Income Tax – Line #1.03**

The district passed a 1% continuous earned income tax in the primary election in 2020. The levy will begin being collected as of January 1, 2021 and will take 18 months to collect the first full year for the district. The

district is not including any adjustments for increases at this time as with any new income tax it is very difficult to determine increases or decreases especially with the higher current unemployment rates due to the COVID-19 pandemic. The first payment for the income tax was greater than expected by \$9,198 this is mainly due to the estimates that were given the district were from the 2018 income taxes and there has been some increases in salaries over the past year or so even with higher unemployment rates. We will adjust the totals in FY22 and FY23 as we receive each collection amount.

<u>Category</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
SDIT Collection	\$58,758	\$591,360	\$892,920	\$840,000	\$840,000
Adjustments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total to Line #1.030	<u>\$58,758</u>	<u>\$591,360</u>	<u>\$892,920</u>	<u>\$840,000</u>	<u>\$840,000</u>

### Comparison of Local Revenue and State Revenue



### State Foundation Revenue Estimates

#### A) Unrestricted State Foundation Revenue– Line #1.035

The amounts estimated for state funding are based on HB166 which on May 6, 2020 was cut and then funding partially restored by executive order signed January 22, 2021 by the Governor. Initially state aid funding for all 610 traditional school districts and 49 Joint Vocational and Career Centers was frozen for FY20 & FY21 at the FY19 funding level. The State Foundation Funding Formula used since FY14 was dropped in FY20 after six (6) years. HB1, aka the Fair School Funding plan, is currently being considered by the legislature and has been combined with Sub. HB110 and will produce a successor funding formula for the FY22-23 biennium budget. Currently Sub. HB110, the proposed budget, projects funding for districts at FY19 guarantee amounts for FY22 and FY23. For this reason, we have projected state aid flat at the FY19 funding level through FY25 as we have nothing authoritative to rely on at this time.

## Foundation Funding Partially Restored January 22, 2021 for FY21

On January 22, 2021 the Governor signed an executive order reinstating \$160 million of previous cuts to public schools thus reducing the cuts in FY21. At this time the state funding for FY21 is being reduced \$67,730 from the FY19 amount.

## Supplemental Funding for Student Wellness and Success (Restricted Fund 467)

Nearly all of the new funding for K-12 public education in the FY20-21 Executive Budget is provided through a formula allocating \$250 million in FY20 and \$358 million in FY21 based upon each district's percentage of students in households at or below 185% of the Federal Poverty Level (FPL) and the total number of students enrolled in each district. In FY21, proposed funding ranges from \$30 per student to \$360 per student. All schools and students are to receive a minimum additional funding of \$36,000 in FY21. All districts are guaranteed to get 131% of what they received in FY20, and the proposed state budget (Sub. HB110) is guaranteeing all districts will get 100% of what they received in FY21 for FY22 and FY23. Our district received \$338,931 in FY21. Money will be received twice each year in October and February. These dollars are to be deposited in a Special Revenue Fund 467 and are restricted to expenses that follow a plan developed in coordination with two approved community partner organizations per HB110.

At this time our district is spending money in our General Fund that is servicing student needs as identified in 3317.26 (B) which we will recode to Fund 467, but we will also add some new initiatives out of Fund 467 according to our approved plan.

**Future State Budgets:** Our funding status for the FY22-25 will depend on two (2) new state budgets which are unknown. With the change to the state funding and reductions for FY20-21 state amounts, we will increase funding in FY22 back to FY19 levels and hold it level through FY25. We believe our current state funding estimates for FY21-25 are reasonable and that we will adjust the forecast in the future when we have authoritative data to work with.

**Casino Revenue:** On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four casinos one each in Cleveland, Toledo, Columbus and Cincinnati. As of March 4, 2013 all four casinos were open for business and generating Gross Casino Tax Revenues (GCR). Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31<sup>st</sup> of January and August each year which began for the first time on January 31, 2013.

Due to the COVID-19, casinos were closed from March 12, to June 18, 2020. For FY21, we are using the actual amount that the district received that included a decrease mainly for the closures of the casinos and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY21-25 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$95.5 million or \$53.75 per pupil. We believe it will be FY22 when revenues return to the post COVID-19 level and have projected a modest 2% increase for FY23-25.

Category	FY21	FY22	FY23	FY24	FY25
Basic Aid-Unrestricted	\$2,877,631	\$2,944,336	\$2,944,336	\$2,944,336	\$2,944,336
Additional Aid Items	<u>31,663</u>	<u>31,663</u>	<u>31,663</u>	<u>31,663</u>	<u>31,663</u>
Basic Aid-Unrestricted Subtotal	\$2,909,294	\$2,975,999	\$2,975,999	\$2,975,999	\$2,975,999
Ohio Casino Commission ODT	<u>\$27,211</u>	<u>\$35,146</u>	<u>\$35,848</u>	<u>\$36,565</u>	<u>\$37,297</u>
Unrestricted State Aid Line # 1.035	<u>\$2,936,505</u>	<u>\$3,011,145</u>	<u>\$3,011,847</u>	<u>\$3,012,564</u>	<u>\$3,013,296</u>

**B) Restricted State Revenues – Line #1.040**

HB166 has continues the funding for the two restricted sources of revenues to school district which are Economic Disadvantaged Funding and Career Technical Education funding.

<u>Category</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Economically Disadvantage Aid	\$49,668	\$49,668	\$49,668	\$49,668	\$49,668
Career Tech - Restricted	<u>\$37,035</u>	<u>\$37,035</u>	<u>\$37,035</u>	<u>\$37,035</u>	<u>\$37,035</u>
Total Restricted State Revenues Line #1.040	<u>\$86,703</u>	<u>\$86,703</u>	<u>\$86,703</u>	<u>\$86,703</u>	<u>\$86,703</u>

**C) Restricted Federal Grants in Aid – Line #1.045**

The district is not anticipating any new federal dollars for general fund operations in this forecast period.

**Summary of State Foundation Revenue**

<u>SUMMARY</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Unrestricted Line # 1.035	\$2,936,505	\$3,011,145	\$3,011,847	\$3,012,564	\$3,013,296
Restricted Line # 1.040	\$86,703	\$86,703	\$86,703	\$86,703	\$86,703
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total State Foundation Revenue	<u>\$3,023,208</u>	<u>\$3,097,848</u>	<u>\$3,098,550</u>	<u>\$3,099,267</u>	<u>\$3,099,999</u>

**State Taxes Reimbursement/Property Tax Allocation Line #1.050****a) Rollback and Homestead Reimbursement**

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013 which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property. The percentage that the district receives in Rollback is based on the taxpayers applying for these credits, for our district we receive 10.91% of the possible 12.5% reimbursements from the state.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 years of age or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will slow the growth of homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers. The reimbursement from the state has remained steady of 3.4% of the Residential/Agricultural tax dollars which is the percentage that we are including for the remainder of the forecast.

**b) Tangible Personal Property Reimbursements – Fixed Rate**

Our district no longer receives this reimbursement.

**c) Tangible Personal Property Reimbursements – Fixed Sum**

HB 64 has continued reimbursement of Fixed Sum TPP reimbursements at current levels through FY17 and will begin a phase out over five years through FY21. Districts will not lose money due to the phase out. The amount of money the state is cutting its reimbursement by will be added on the local fixed sum millage and collected in

local property taxes. This is directly shifting the burden to local tax payers by the state cut in fixed sum TPP reimbursement.

#### Summary of State Tax Reimbursement – Line #1.050

<u>Category</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Rollback and Homestead	\$421,835	\$392,934	\$361,920	\$362,580	\$363,007
TPP Reimbursement - Fixed Rate	\$0	\$0	\$0	\$0	\$0
TPP Reimbursement - Fixed Sum	<u>\$3,606</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Tax Reimb./Prop. Tax Allocations #1.050	<u>\$425,441</u>	<u>\$392,934</u>	<u>\$361,920</u>	<u>\$362,580</u>	<u>\$363,007</u>

#### Other Local Revenues – Line #1.060

Revenues from all other sources are based on historical growth patterns. This revenue largely consists of rental income, open enrollment, tuition payments, Medicaid reimbursements, and investment income. We are using April #1 then projecting 1% increases each year for the remainder of the forecast for Open Enrollment.

The district maintains a conservative investment philosophy, investing predominately in Star Ohio, CD's, and checking account interest. Beginning in FY20 interest is expected to decline due to fed rate reductions which will impact our earning capability in this area. We have reduced FY21 interest by 50% and FY22 by another 25% due to the rapid reduction in interest rates to help stimulate the economy due to the COVID-19 recession and FY23 through FY25 by 1% each year for declining balances.

<u>Category</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Open Enrollment Gross	\$1,035,633	\$1,045,989	\$1,056,449	\$1,067,013	\$1,077,683
Interest	\$6,727	\$6,727	\$6,862	\$6,999	\$7,139
Revenue Sharing	\$0	\$0	\$0	\$0	\$0
Tuition SF-14 & SF-14H	\$180,610	\$182,416	\$184,240	\$186,082	\$187,943
Student Fees and Activity	\$22,372	\$22,596	\$22,822	\$23,050	\$23,281
Medicaid Reimbursement	\$11,235	\$11,347	\$11,460	\$11,575	\$11,691
Rentals, Fines, Fees, erate & other	<u>\$10,748</u>	<u>\$10,855</u>	<u>\$10,964</u>	<u>\$11,074</u>	<u>\$11,185</u>
Total Line # 1.060	<u>\$1,267,325</u>	<u>\$1,279,930</u>	<u>\$1,292,797</u>	<u>\$1,305,793</u>	<u>\$1,318,922</u>

#### Transfers In / Return of Advances – Line #2.040 & Line #2.050

Returns of advances to other funds from the previous year comprise most of the historical revenue in this category. The district is not expecting any transfers or advance returns for this forecast period.

#### All Other Financial Sources – Line #2.060 & Line #14.010

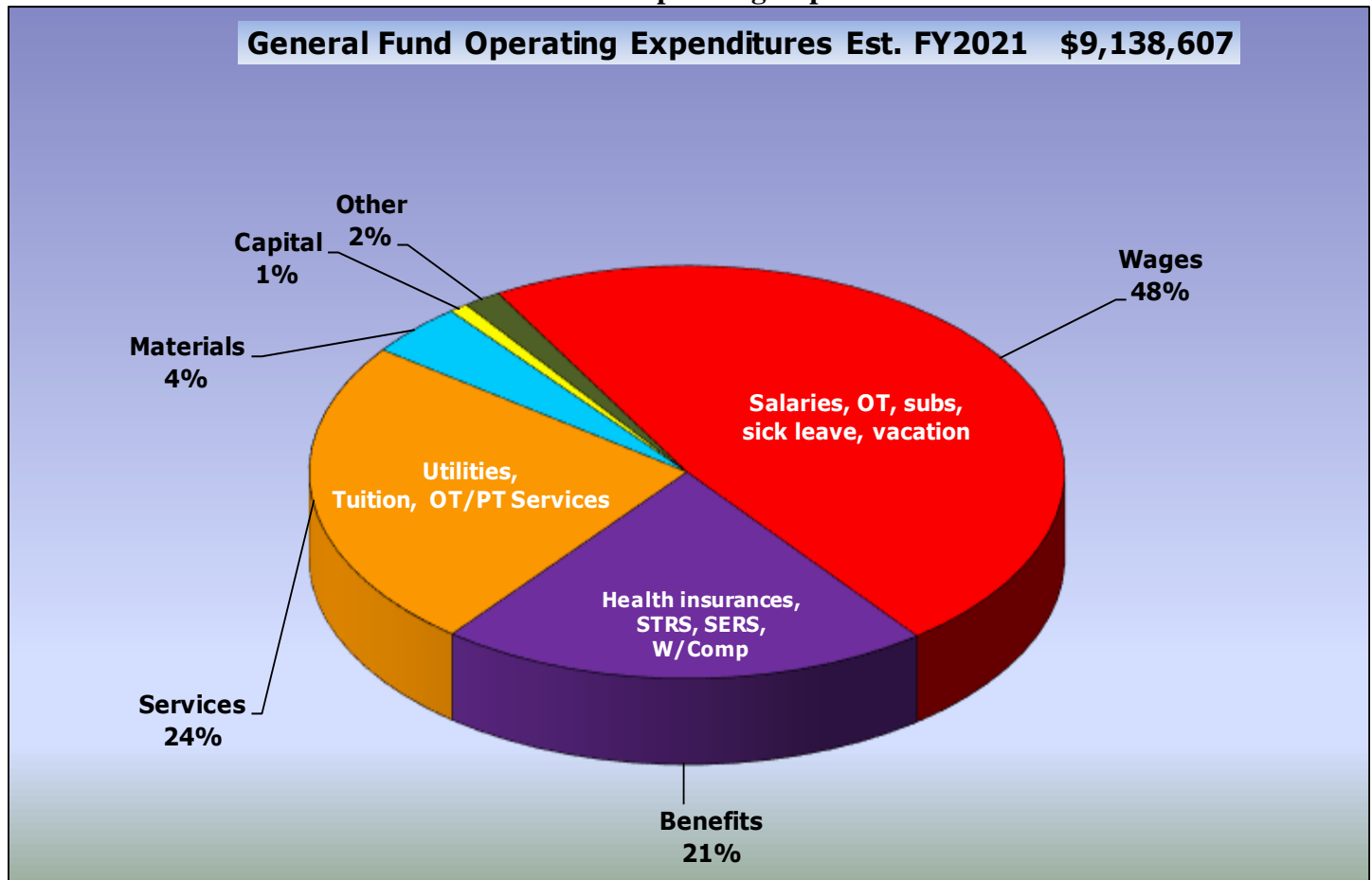
This funding source is typically a refund of prior year expenditures that are very unpredictable. The major items in in this line are from voided checks from previous years, refunds for Worker's Compensation and Farmers Co-Op. We did receive two Bureau of Workers Compensation refunds in FY21 of \$67,506. We will not project these refunds in FY22 through FY25 as BWC has announced efforts to reduce premiums to more closely align with anticipated claims so their excess reserves are not as high. The district also received the final payment from the Pleasant Digital Academy of \$57,600 and an e-Rate refund of \$67,800 that will only be received in FY21. For future years we are estimating amounts of refunds that are more in line with historical collections.

<u>Category</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
All Other Financials Line #2.060	<u>\$213,101</u>	<u>\$18,939</u>	<u>\$18,939</u>	<u>\$18,939</u>	<u>\$18,939</u>

## Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

### Estimated General Fund Operating Expenditures for FY21



#### Wages – Line #3.010

The district forecasting purposes a 1% increase is included in FY22-FY25. Step and training pay increases of 1% per year are reflected based on current staffing levels FY21-25.

The district is recoding 100% of the nurse and 85% of guidance counselor salaries through the SWSF Fund 467 in FY20 and FY21 and does not expect for the salaries to be returned to General Fund at this time with the information from the Governor's request within the budget, but this may need to be changed when the final budget has been decided.

In FY21 the district has reduced one assistant coach per sport in the supplemental wages, with staffing reduction costs of one intervention specialist, some extended days and mandatory over-time for maintenance and custodians.

The district will have reductions in staff in FY22 of one resignation, and two retirements, which will increase the amount of severance but decrease the overall salary amount.

The district will recode salaries as part of the relief from the COVID-19 ESSER funds of \$500,000 in FY22 and will return the expenditures in FY23.

<u>Category</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Base Wages	\$4,131,724	\$4,138,815	\$3,478,264	\$4,054,435	\$4,129,762
Base Increases	\$41,317	\$41,317	\$41,388	\$34,783	\$40,544
Steps & Training/Performance Based Pay	\$41,317	\$41,388	\$34,783	\$40,544	\$41,298
New or Replacement Staff	\$12,000	(\$12,000)	\$0	\$0	\$0
Substitutes & Supplementals	\$240,660	\$241,863	\$243,072	\$244,287	\$245,508
Recoding for SWSF & ESSER Funds	(\$24,170)	(\$500,000)	\$500,000	\$0	\$0
Severance	\$0	\$57,000	\$0	\$0	\$0
Staff Reductions	(\$63,373)	(\$231,256)	\$0	\$0	\$0
Total Wages Line 3.010	<u>\$4,379,475</u>	<u>\$3,777,127</u>	<u>\$4,297,507</u>	<u>\$4,374,049</u>	<u>\$4,457,112</u>

### **Fringe Benefits Estimates Line #3.02**

This area of the forecast captures all costs associated with benefits and retirement costs, which all except health insurance being directly related to the wages paid.

#### **A) STRS/SERS**

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law.

#### **B) Insurance**

The district is estimating an increase of 6% increase each year FY21-FY25 for the forecast which reflects trend. This is based on our current employee census and claims data. This could increase at a much higher rate should claims increase dramatically.

The Further Consolidated Appropriations Act of 2020, included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. “Cadillac Tax”), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax.

#### **C) Workers Compensation & Unemployment Compensation**

Workers Compensation is based on a 0.56% of total payroll in FY20 with a 1% increase in FY21 through FY24. The district returned to group rating in FY20 for worker’s compensation which will help keep the rates lower for the district. The district has seen an increase of unemployment due to COVID-19 in FY21 and have increased the amount to \$18,500 for this year with the remainder of the forecast to be at a more usual amount for the district.

#### **D) Medicare**

Medicare will continue to increase at the rate of increases in wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

### **Summary of Fringe Benefits – Line #3.020**

<u>Category</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
STRS/SERS	\$657,966	\$632,066	\$566,434	\$652,911	\$665,293
Insurance's	\$1,152,176	\$1,162,385	\$1,232,128	\$1,306,056	\$1,384,419
Workers Comp/Unemployment	\$43,025	\$21,652	\$24,566	\$24,995	\$25,460
Medicare	\$63,853	\$61,192	\$55,064	\$63,424	\$64,628
Adjustments for SWSF & ESSER Funds					
Tuition Reimb./H.S.A.	\$33,430	\$33,430	\$33,430	\$33,430	\$33,430
Total Line 3.020	<u>\$1,925,733</u>	<u>\$1,910,725</u>	<u>\$1,911,622</u>	<u>\$2,080,816</u>	<u>\$2,173,230</u>

**Purchased Services – Line #3.030**

Open Enrollment and Community Schools continue to draw a significant number of students from our funding, which is the largest share in this expenditure the district. The district is using the April #1 payment for FY21 for Open Enrollment and Community School Deductions.

In FY21 the district will decrease the contract with the Educational Service Center (ESC) of \$30,000 and bus leases by \$20,000. Along with the bus leases, the district is planning on a lease purchase of the HVAC system beginning in FY21 of \$55,000 for three years.

<u>Category</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Instructional Services	\$136,642	\$143,474	\$150,648	\$138,180	\$145,089
Non-Instructional Services	\$34,752	\$38,447	\$39,216	\$40,000	\$40,800
Maintenance and Repairs	\$370,945	\$378,364	\$385,931	\$325,641	\$277,154
Open Enrollment Deduction	\$939,155	\$976,721	\$1,015,790	\$1,056,422	\$1,098,679
Community School Deductions	\$247,415	\$257,312	\$267,604	\$278,308	\$289,440
Other Tuition Payments	\$337,196	\$343,940	\$350,819	\$357,835	\$364,992
Utilities	<u>\$165,933</u>	<u>\$174,230</u>	<u>\$182,942</u>	<u>\$192,089</u>	<u>\$201,693</u>
Total Line 3.030	<u>\$2,232,038</u>	<u>\$2,312,488</u>	<u>\$2,392,950</u>	<u>\$2,388,475</u>	<u>\$2,417,847</u>

**Supplies and Materials – Line #3.040**

These amounts account for funds to purchase new textbooks and educational supplies related to new curriculum adoptions. The other area of expenses included in this category are all consumable supplies that are purchased to operate the school district, such as textbooks, paper, cleaning supplies, tires and bus fuel. A 2% increase is forecasted FY21-FY25.

<u>Category</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Supplies	<u>\$380,211</u>	<u>\$387,815</u>	<u>\$395,571</u>	<u>\$403,482</u>	<u>\$411,552</u>
Total Line 3.040	<u>\$380,211</u>	<u>\$387,815</u>	<u>\$395,571</u>	<u>\$403,482</u>	<u>\$411,552</u>

**Equipment – Line #3.050**

Capital Outlay each year for technology and other equipment has been included based on a schedule for FY21-FY25.

<u>Category</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
Capital Outlay	\$74,000	\$76,220	\$78,507	\$80,862	\$83,288
Replacement Bus Purchases	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Line 3.050	<u>\$74,000</u>	<u>\$76,220</u>	<u>\$78,507</u>	<u>\$80,862</u>	<u>\$83,288</u>

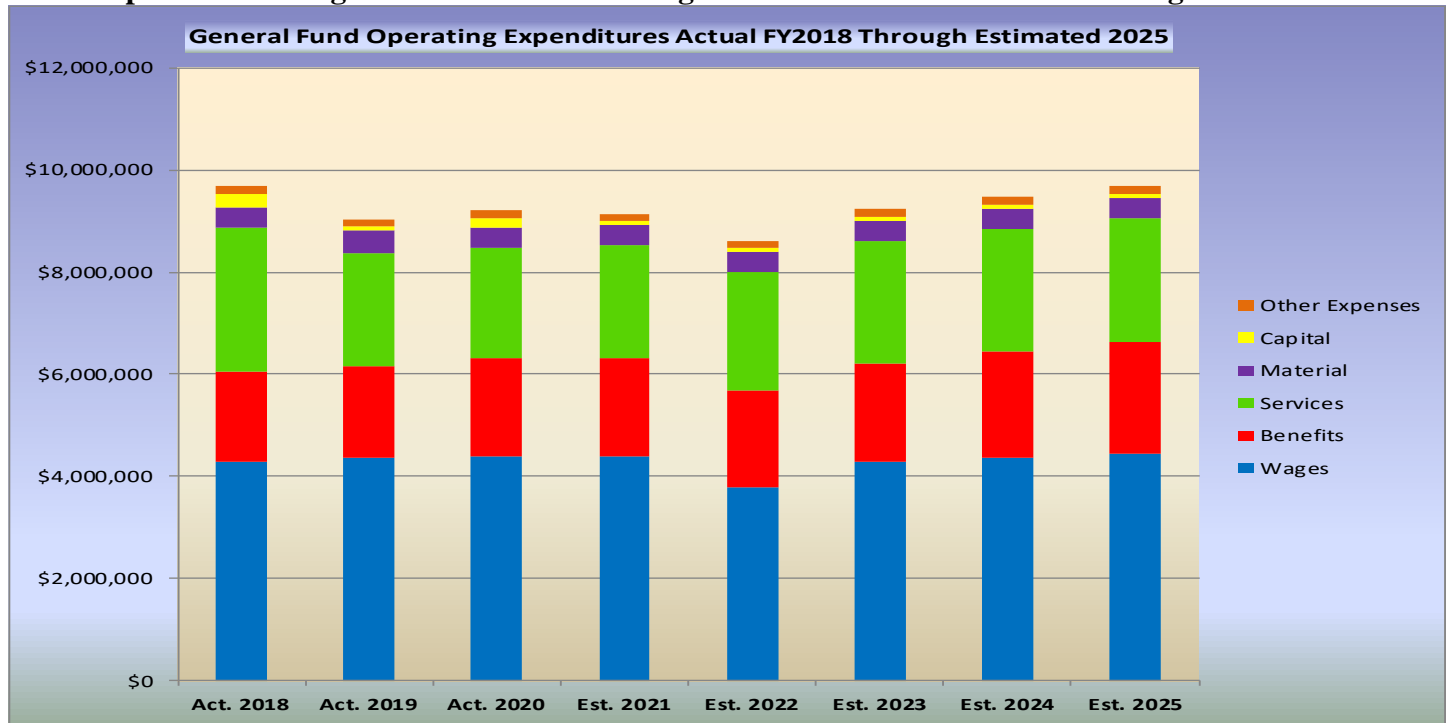
**Other Expenses – Line #4.300**

The category of Other Expenses consists primarily of Auditor & Treasurer fees, but also includes annual audit costs, OSBA dues, and other miscellaneous expenses.

<u>Category</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
County Auditor & Treasurer Fees	\$91,108	\$92,475	\$93,862	\$95,270	\$96,699
Audit fees, dues and other expenses	56,042	57,163	58,306	59,472	60,661
Total Line 4.300	<u>\$147,150</u>	<u>\$149,638</u>	<u>\$152,168</u>	<u>\$154,742</u>	<u>\$157,360</u>



## Total Expenditure Categories Actual FY18 through FY20 and Estimated FY21 through FY25



### Transfers Out & Advances Out – Line #5.010

This account group covers fund to fund transfer and end of year short term loans from the General Fund. The district is not planning for any transfers or advances out in FY21-FY25.

### Encumbrances – Line #8.010

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered. Estimates are based on historic trends.

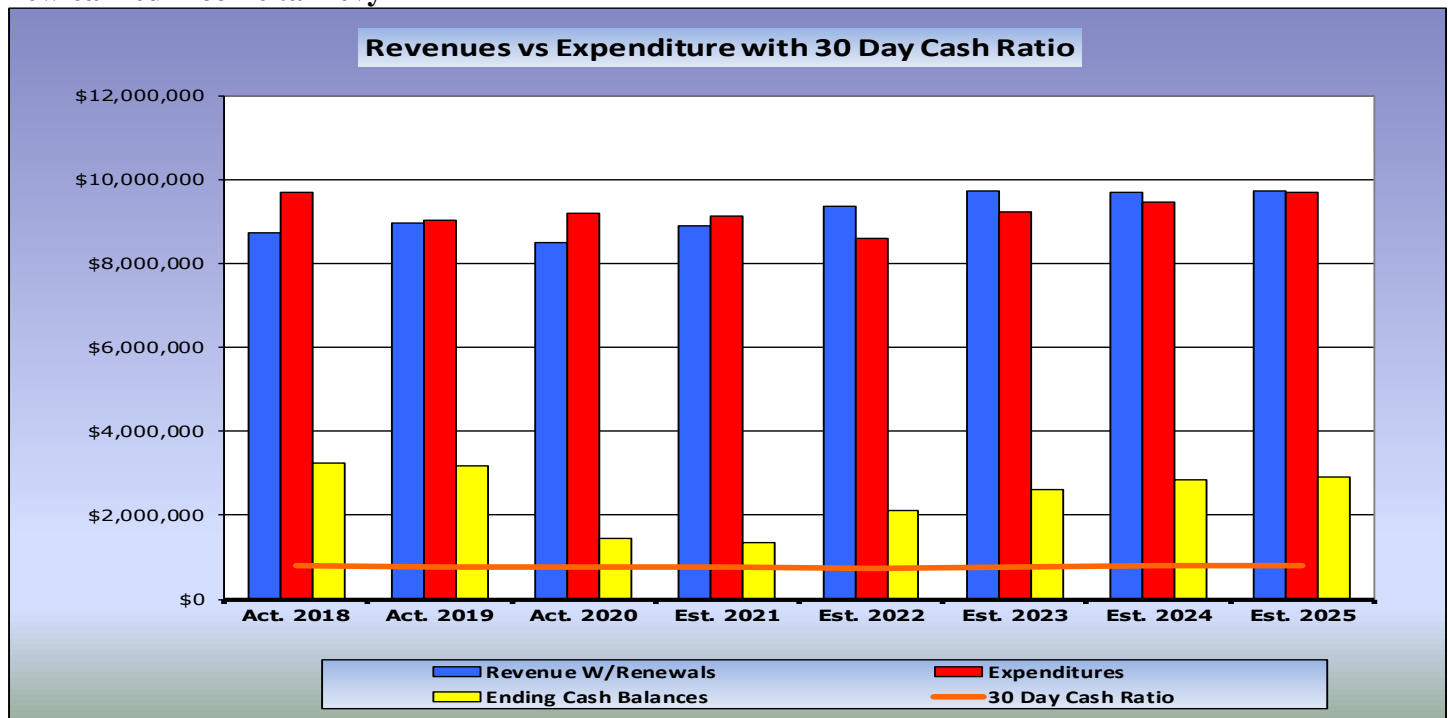
	FY21	FY22	FY23	FY24	FY25
Estimated Encumbrances	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>

### Ending Unencumbered Cash Balance “The Bottom-line” – Line #15.010

This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000. These balances include the passage of the income tax levy in the spring of 2020 and the renewal of the property tax levy in 2021.

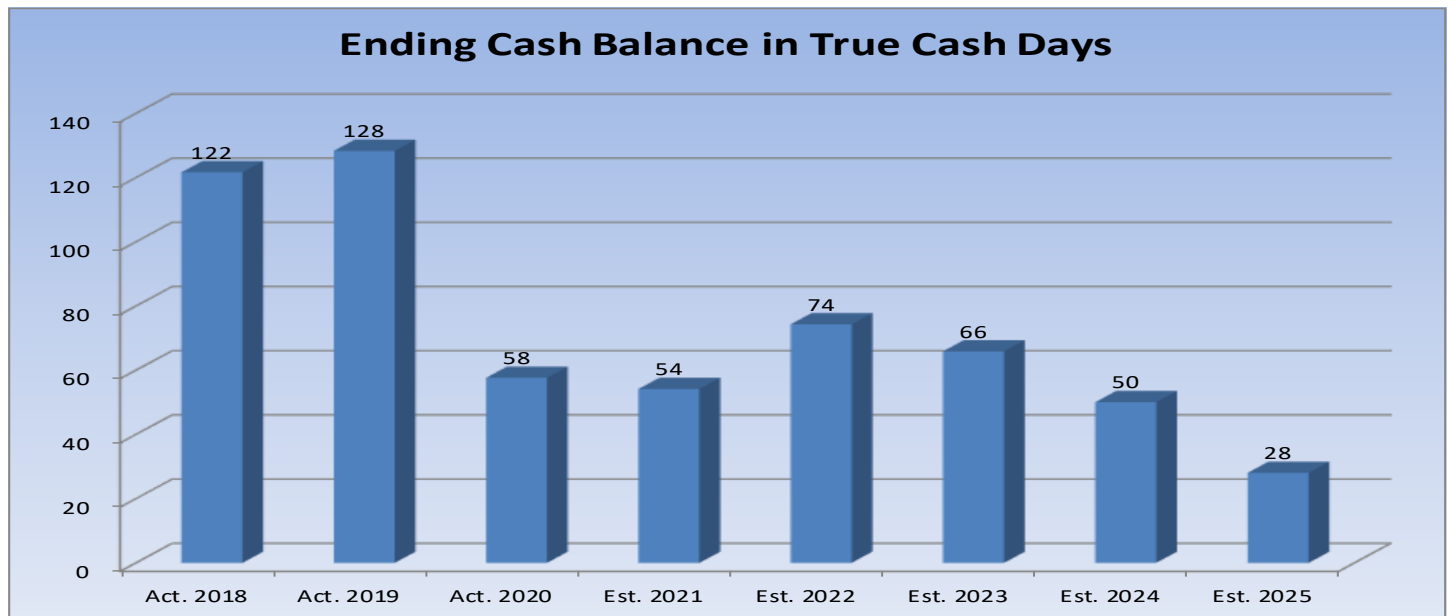
	FY21	FY22	FY23	FY24	FY25
Ending Cash Balance	<u>\$ 1,356,715</u>	<u>\$ 2,108,163</u>	<u>\$ 2,619,102</u>	<u>\$ 2,853,878</u>	<u>\$ 2,897,793</u>

## General Fund Ending Cash Balance Actual FY18-20 and Estimated FY21-25 with Levy Renewal and new earned income tax levy



### True Cash Days

The Government Financial Officers Association (GFOA) recommends, at a minimum, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. By having a balance at the end of each year the district does not have to be concerned if the tax settlements are late in July or August. True cash days are calculated without any renewal levy.



## **Conclusion**

The Ridgedale Local Schools are very appreciative to the voters of the district for the passage of the 1% earned income tax levy. The passage of this levy will allow the district to plan for the future for our students and to maintain fiscal stability.

The district administration notes that this current state biennium budget is why we have to be mindful and watch each state budget carefully as HB166 has not provided new unrestricted operating funds to our district which in the past has helped to offset the drop in our TPP reimbursements. Future state biennium budgets could affect us positively or negatively for FY22 through FY25, especially with the COVID-19 pandemic reducing the districts state foundation payments in FY20 and FY21.

The district will receive funding through the CARES Act and ESSER funding that is to be used for help due to the COVID-19. These funds will be governed by federal grant guidelines and will not be included in the forecast, however we will be allowed to use some of our regular expenditures to be paid with these funds. We will monitor this and all other funding that is affecting our forecast from the pandemic.

The district will need to renew the 4 Mill Emergency levy in 2021 in order to maintain financial stability for the future. The district is very grateful for the support in the past of this levy as it has allowed the district to plan for the future of the needs for our students and financial strength.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.