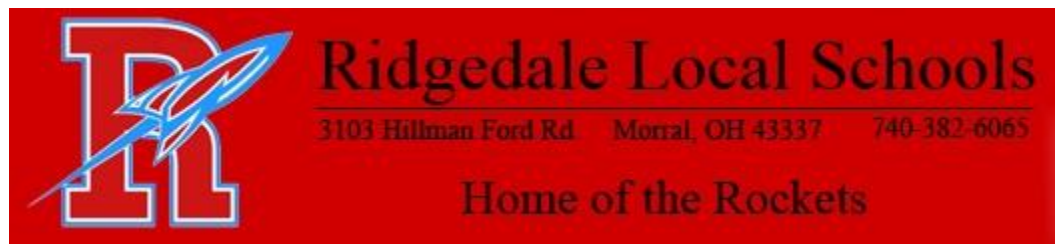


RIDGEDALE LOCAL SCHOOL DISTRICT - MARION COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2020, 2021 and 2022 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2023 THROUGH JUNE 30, 2027



Forecast Provided By
Ridgedale Local School District
Treasurer's Office
Matthew Cordes, Treasurer/CFO

May 15, 2023

Ridgedale Local School District – Marion County
Notes to the Five-Year Forecast
General Fund Only
May 15, 2023

Introduction to the Five Year Forecast

The five-year forecast is viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with Ohio Department of Education when events take place that will significantly change their forecast or, at a minimum, when required under statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Here are at least three purposes or objectives of the five-year forecast:

- (1) To engage the local board of education and the community in long range planning and discussions of financial issues facing the school district
- (2) 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"
- (3) To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by November 30, 2022, and May 31, 2023, for the fiscal year 2023 (July 1, 2022, to June 30, 2023). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. 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 2023 Updates:

Revenues FY23

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 \$9.69 million or 4.56% higher than the November forecasted amount of \$9.27 million. This indicates the November forecast was 95.44% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our largest source of revenues at 44.10% and are estimated to be \$4.4 million, which is \$239 thousand greater for FY23 than the original November estimate of \$4.16 million.

Line 1.03 – Income Tax receipts represent 10.62% of our revenues and are estimated to be \$1.03 million, which is \$67 thousand greater for FY23 than the original November estimate of \$962 thousand.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be \$3.43 million, which is \$22 thousand higher than the original estimate for FY23. We are currently on the formula and are expected to remain as a formula district for FY24 through FY27.

Line 1.06 - Other revenues are up \$86 thousand over original estimates, primarily due to increased interest, insurance claims and ADAMH donation received by the district, which are somewhat unpredictable year to year.

All areas of revenue are tracking as anticipated for FY23 based on our best information at this time.

Expenditures FY23

Total General Fund expenditures (line 4.5) are estimated to be \$8.28 million for FY23, which is \$206 thousand lower than the original estimate of \$8.49 million in the November forecast, which is roughly 97.56% on target with original estimates. The expenditure line most significantly under projection is Benefits (line 3.020) due to change in insurance premium holiday

All other areas of expenses are expected to remain on target with original projections for the year.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of 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 update in 2022 for collection in 2023. There was an increase in values for Residential/Agriculture or Class I of 19.77% or \$23.98 million and Commercial/Industrial or Class II values increased by 1.35% or \$186,390. There will be a full reappraisal in 2025 for collection in 2026 which we expect to see increases in both Class I and Class II values. 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. Income tax collections are dependent upon the economy. As unemployment decreases the amount of funding increases for the district. We have seen an increase in the payments as employment has recovered from the decrease that was experienced with the pandemic. There is a risk that we could see decreases in the future but at this time, we are not anticipating any for future years of the forecast.
- III. The State Budget represents 39.81% of district revenues and is an area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls or worsens and the fair school funding plan is not funded in future state budgets or if an economic downturn results in a reduction in state aid. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 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 FY27. We have projected our state funding to be in line with the FY23 funding levels through FY27, which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.
- IV. HB110 will directly pay costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships to the educating school district. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can exposes the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

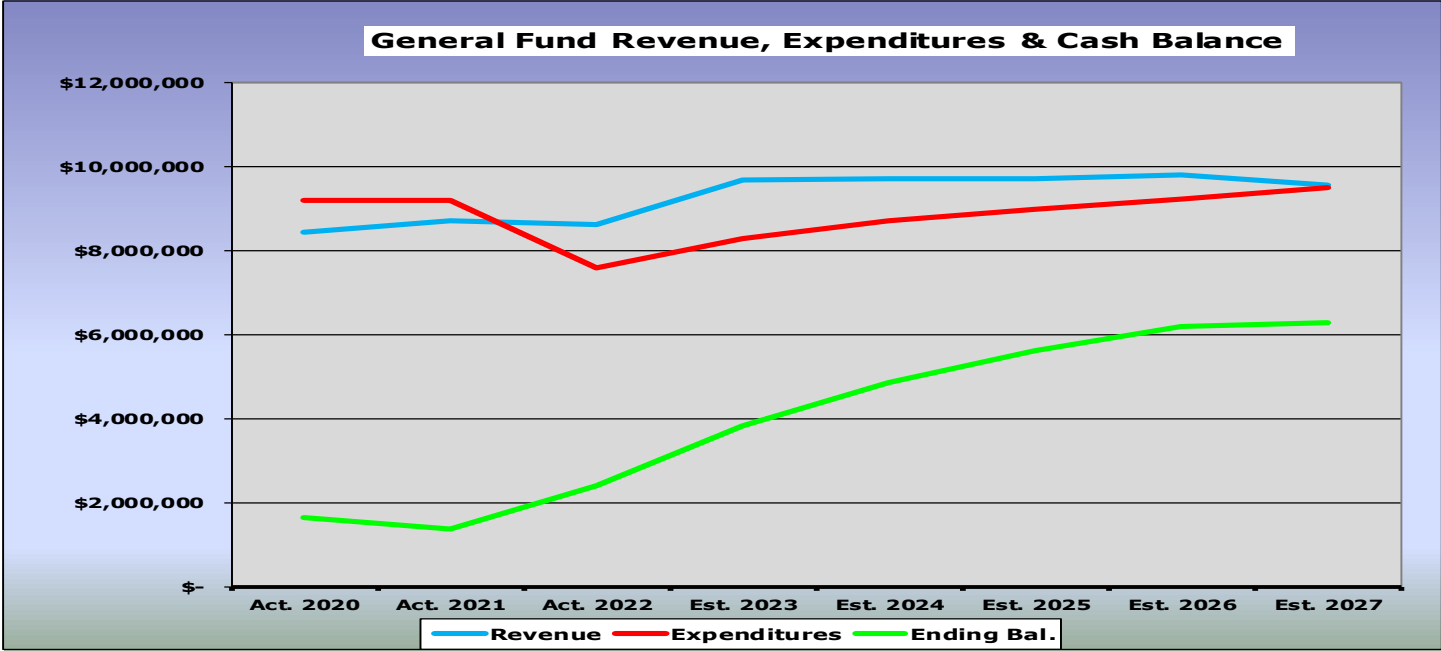
- V. HB110 the current state budget implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations was delayed until March 2022. The FSFP has many significant changes to the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, open enrollment payments will no longer be paid separately to a district as those payments are included with basic aid. A change in expenditures beginning in FY22 also occurred, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools and scholarship recipients as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in that the historic actual costs for FY20 through FY21 potentially reflecting different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. In June 2022 the legislature passed HB583 to resolves issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast.
- VI. The current proposed state budget for FY24-25, HB33 was introduced on Feb. 15, 2023 and proposes to continue the implementation of the Fair School Funding Plan (FSFP). In the initial proposal of HB33, the base cost statewide factors are the area of most significance and remain at FY18 levels. Formula districts would benefit from the continued phase-in of the FSFP, while ensuring districts would not receive less than FY21 foundation funding. Certainty surrounding these and other significant funding components will not likely be known until late June 2023, after the filing of this forecast. We will be closely monitoring the progress of HB33 as it works its way through the legislative process.
- VII. The legislature has introduced House Bill 1 (HB1), which proposes to modify the law regarding property taxation and Ohio income tax rates. Proposed changes to existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied property tax rollback to be a flat \$125 credit, indexing the homestead exemption amounts to inflation, and reducing the property tax assessment percentage for Class I and II property from 35% to 31.5% to offset the 10% rollback which would be paid by local taxpayers. HB1 as currently written would increase the effective rates for local property owners through HB920 due to the reduction in the assessed valuation for Class I and II property. HB920, enacted in 1976, states that voted school district levies collect the amount of tax revenues stated on the ballot at the time of passage and no more. As property values grow, the “effective” millage rate on voted levies will decrease. If HB1 causes the assessed property values to decrease by changing the taxable values from 35% to 31.5%, this would cause “effective” millage rates to increase and would increase local taxpayers’ property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its fifth hearing in regard to HB1 on Mar. 28, 2023. As this bill is facing opposition from various entities due to the significant implications to the taxable valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored to determine who the outcome will be.
- VIII. 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. Matthew Cordes, 740-382-6065, Treasurer/CFO of the Ridgedale Local Schools.

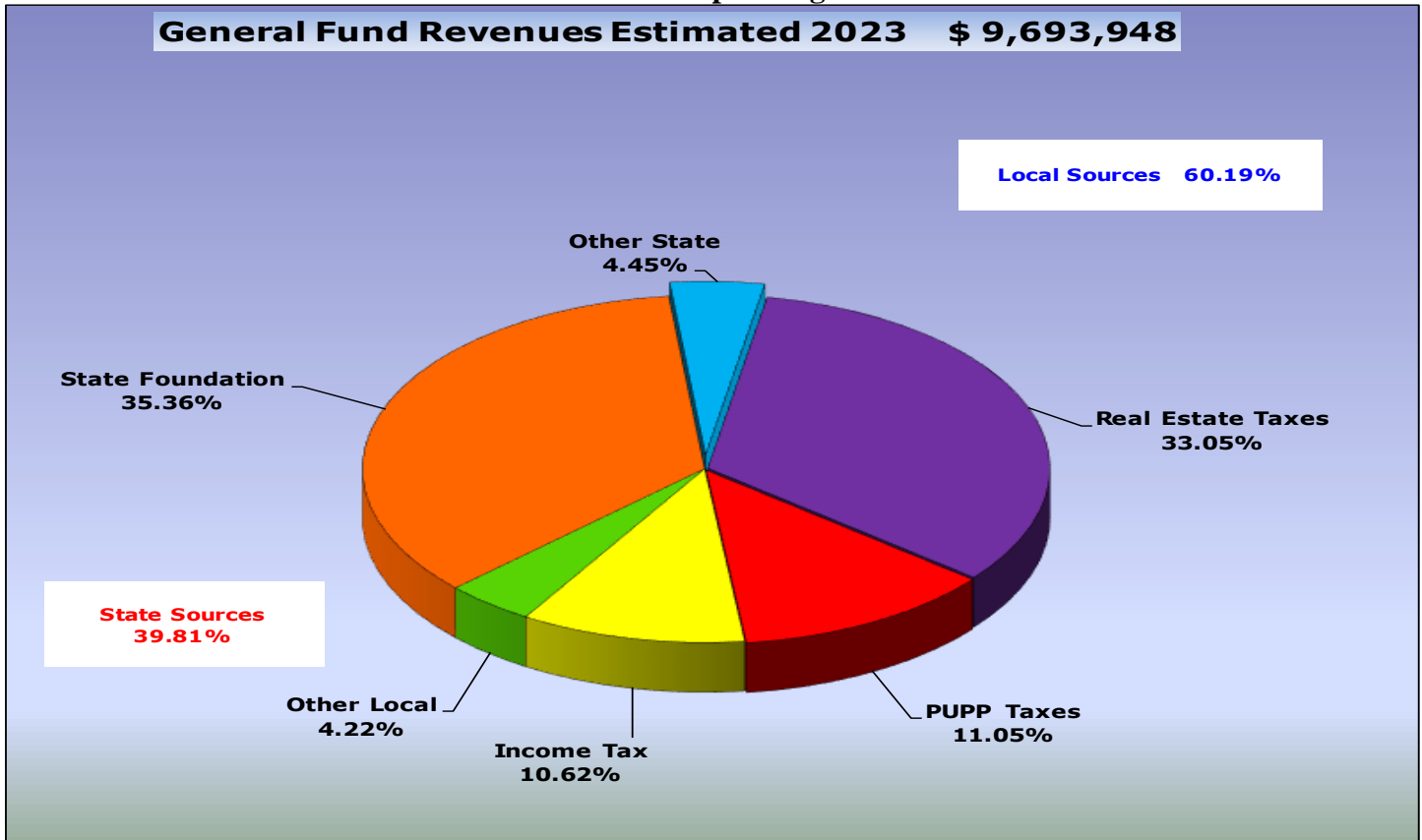
General Fund Revenue, Expenditure and Ending Cash Balance Actual FY20-22 and Estimated FY23-27



The graph captures in one snapshot the operating scenario facing Ridgedale Local School District over the next few years. This graph does not include the renewal of the emergency levy.

REVENUE ASSUMPTIONS

Estimated General Fund Operating Revenue for FY23



Real Estate Value Assumptions – Line #1.010

Property Values are established each year by the Marion, Crawford and Wyandot County Auditors based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Marion and Wyandot counties are on the same reappraisal cycle and Crawford is the year before, but since the amount of value in Crawford is very small we are estimating valuation changes during the Marion/Wyandot Counties cycle. A reappraisal update of the district property value occurred in 2022 for collection in calendar year 2023. Class I values increased overall by 19.77% or \$23.98 million and Class II values climbed by 1.35% or \$186,390.

The next reappraisal for the district will be tax year 2025 for collection in 2026. We are including an increase of 3% for Class I and a 1% increase in Class II for the update in 2023, we will revise the percentages as more information is known from the county auditor.

With the increase in values for the update the district is very close to the 20 mill floor in both Class I and Class II. 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.

The district PUPP valuation increased in 2022 for collection in 2023 by \$1.69 million, the district did not expect this increase and does not expect this in future years, with forecasted increases of \$500,000 annually for the remainder of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Estimated TAX YEAR2022 <u>COLLECT 2023</u>	Estimated TAX YEAR2023 <u>COLLECT 2024</u>	Estimated TAX YEAR2024 <u>COLLECT 2025</u>	Estimated TAX YEAR 2025 <u>COLLECT 2026</u>	Estimated TAX YEAR 2026 <u>COLLECT 2027</u>
Res./Ag.	\$146,017,400	\$145,892,400	\$145,992,400	\$150,547,172	\$150,647,172
Comm./Ind.	\$13,985,790	\$14,185,790	\$14,385,790	\$14,729,648	\$14,929,648
PUPP	\$27,363,620	\$27,863,620	\$28,363,620	\$28,863,620	\$29,363,620
Total Assessed Value	<u>\$187,366,810</u>	<u>\$187,941,810</u>	<u>\$188,741,810</u>	<u>\$194,140,440</u>	<u>\$194,940,440</u>

Property tax levies are estimated to be collected at 96% of the annual amount. Technically 100% of taxes will be settled on property due to Ohio's property tax laws. The district receives tax payments for delinquent taxes at the rate of .51% in August and 2.05% in February collections. In general 60.62% of the Res/Ag and Comm/Ind are expected to be collected in February tax settlements and 39.38% collected in August tax settlements.

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Est. Property Tax Excluding PUPP to Line #1.010	\$3,204,242	\$3,211,611	\$3,206,316	\$3,257,671	\$3,032,631

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 at the same time real estate taxes are collected.

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Public Utility Personal Property - (PUPP)	\$1,191,806	\$1,211,240	\$1,230,058	\$1,250,528	\$1,227,671
Total Line # 1.020	<u>\$1,191,806</u>	<u>\$1,211,240</u>	<u>\$1,230,058</u>	<u>\$1,250,528</u>	<u>\$1,227,671</u>

Renewal and Replacement Levies – Line #11.02

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. The emergency levy will need to be renewed prior to December 31, 2026 which is included in FY27.

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Renewal \$575,034 Emergency Levy expires 12/31/26	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$339,270</u>
Total Line # 11.020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$339,270</u>

Income Tax – Line #1.03

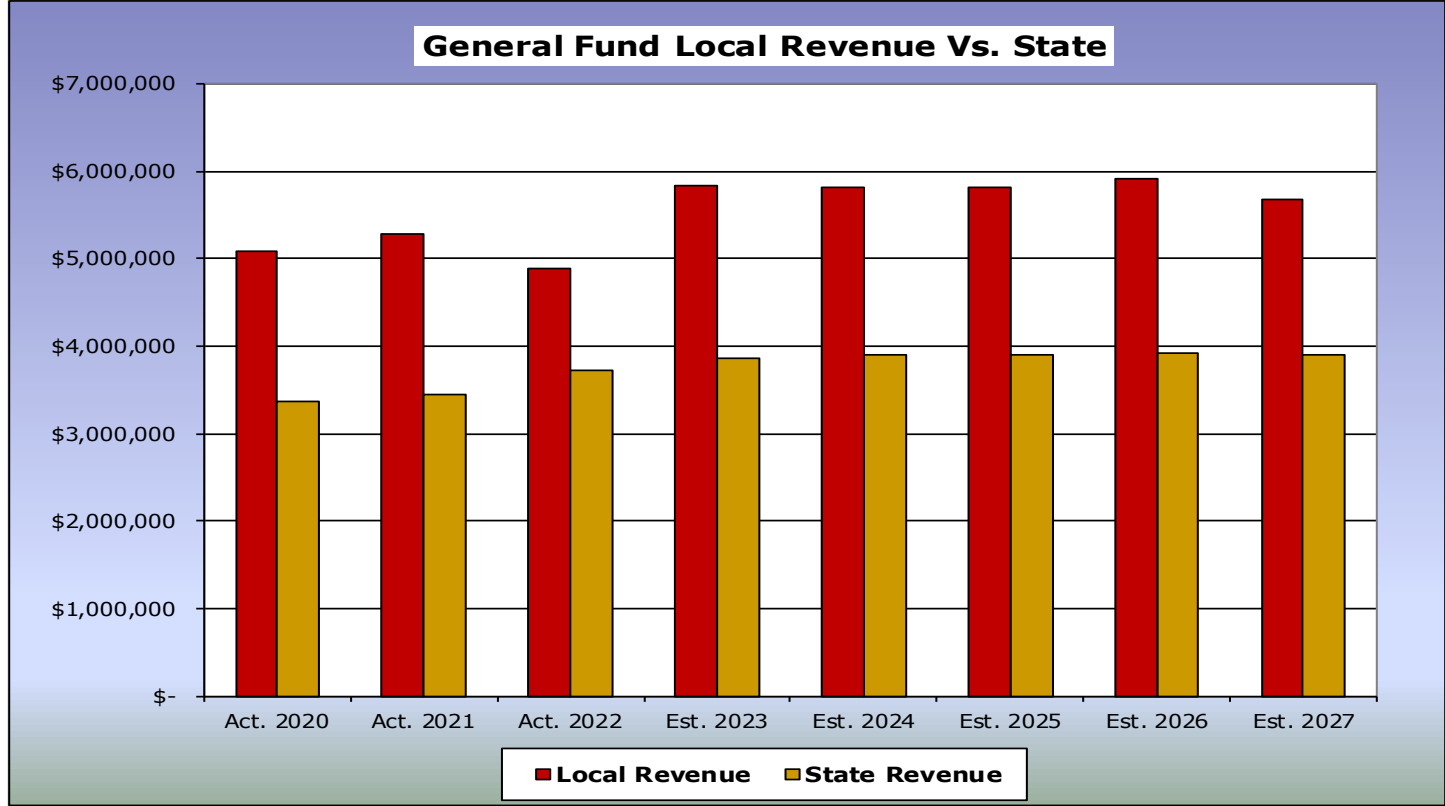
The district passed a 1% continuous earned income tax in the primary election in 2020. The levy will begin being collected as of January 1, 2021 and will take 18 months to collect the first full year for the district.

Our income tax in FY22 was up 9.54% over FY21 which we feel was due to the increases from the pandemic. The first full year of collection was completed with the July 2022 payment. The final increase for FY23 is 13.26% over FY22, which is now increasing based on a full year of collection, and has increased over the estimate for Ohio Department of Taxation received when the levy was approved. For future years we are

anticipating a 2% increase in FY24 with a 1% increase each year for FY25 through FY27 as the concerns over a recession may slow growth in this area. We will monitor and adjust the amounts as more information is known to the district.

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
SDIT Collection	\$892,920	\$1,029,401	\$1,049,989	\$1,060,489	\$1,071,094
Increases/(Decreases)	<u>\$136,481</u>	<u>\$20,588</u>	<u>\$10,500</u>	<u>\$10,605</u>	<u>\$10,711</u>
Total to Line #1.030	<u>\$1,029,401</u>	<u>\$1,049,989</u>	<u>\$1,060,489</u>	<u>\$1,071,094</u>	<u>\$1,081,805</u>

Comparison of Local Revenue and State Revenue



State Foundation Revenue Estimates

Current State Funding Model per HB110 through June 30, 2023

A) Unrestricted State Foundation Revenue– Line #1.035

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583 passed in June 2022. We have projected FY23 funding based on the April #1 2023 foundation settlement and adjustments from FY22.

Our district is currently a formula district in FY23 and is expected to continue on the formula in FY24-FY27 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110, as amended by HB583, implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five-year forecast look different with

estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06 and 3.03 of the forecast.

Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan

- A. Student Population and Demographics
- B. Property Valuation
- C. Personal Income of District Residents
- D. Historical Funding- CAPS and Guarantees from prior funding formulas

Base Cost Approach- Unrestricted Basic Aid Foundation Funding

The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district that includes base funding for five (5) areas:

- 1. Teacher Base Cost (4 subcomponents)
- 2. Student Support (7 subcomponents-including a restricted Student Wellness component)
- 3. District Leadership & Accountability (7 subcomponents)
- 4. Building Leadership & Operations (3 subcomponents)
- 5. Athletic Co-curricular (contingent on participation)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is estimated to be as high as \$7,202 per pupil when fully phased in, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

- 1. 60% based on most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
- 2. 20% based on most recent three (3) year average federal adjusted gross income of districts residents or the most recent year, whichever is lower divided by base students enrolled
- 3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled
- 4. When the weighted values are calculated and Items 1 through 3 above added together, the total is then multiplied by a Local Share Multiplier Index from ranging from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open enrolled students being educated in each district), and finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity amount of the base per pupil funding amount. The balance of this amount is the state share to pay.

Categorical State Aid

In addition to the base state foundation funding calculated above the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

Unrestricted Categorical State Aid

- 1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership

(ADM). Also, will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.

2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on number and concentration of economically disadvantaged students compared to state average and multiplied by \$422 per pupil. Phase-in increases are limited to 0% for FY22 and 33.33% in FY23.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds –Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness & Success Funding – moved into DPIA funding, is restricted funding and will be spent on same initiatives and requirements that were previously designated under the stand-alone fund.

State Funding Phase-In FY22 and FY23 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110, which was amended in HB583 in June 2022. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 33.33% in FY23. Transportation categorical funds will not be subject to a phase in.

HB110 includes three (3) guarantees: 1) “Formula Transition Aid”; 2) Supplemental Targeted Assistance, and, 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get less funds in FY22 and FY23 than they received in FY21. The guarantee level of funding for FY22 is a calculated funding guarantee level based on full state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items. It is estimated that nearly 420 districts are on one form of a guarantee in FY22 and in general the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations, while property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, which should push districts toward one of the three (3) guarantees.

Future State Budgets Projections beyond FY23

Our funding status for FY24-27 will depend on two new state budgets. The current proposed state budget for FY24-25, HB33, was introduced on February 15, 2023, and continues the implementation of the FSFP, with the following changes.

Unrestricted Basic Aid Foundation Funding

- a) The statewide average base cost per pupil will remain at FY18 levels in FY24-25.
- b) Increases the general phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- c) Extends payment of the temporary transitional aid and the formula transition supplement to ensure districts are guaranteed to be funded at FY21 levels, at a minimum through FY25.

Unrestricted Categorical State Aid

- a) Transportation Aid - Increases the minimum state share percentage from 33.33% in FY23 to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

- a) Disadvantage Pupil Impact Aid (DPIA) - Increases phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- b) Gifted Funds - Increases per pupil funding for the gifted professional development component from \$14 in FY23 to \$21 in FY24 and \$28 in FY25.
- c) Student Wellness and Success Funds
 - a. Expenditures for either physical or mental health-based initiatives, or a combination of both, must comprise at least 50% of these funds.
 - b. Any SWSF funds received between FY20-23 must be expended by June 30, 2025, or the funds must be returned to the ODE.
 - c. School resource officer funding will be allocated on a per building basis. Funds are able to support existing SROs.

Additionally, there are two other funding components in HB33 which provide additional support for districts. The first is the sports gaming profits education fund, which is projected to appropriate \$30 million in each year of the biennium, of which \$15 million is targeted toward eliminating or reducing pay to participate fees. The second component is information technology support for schools and districts, which is projected to appropriate \$14.3 million over the course of the biennium for cybersecurity and building connectivity. We are still awaiting concrete information on how the funds will be allocated to schools.

With these still unknown changes to the state funding for FY24-25, we will continue to project our unrestricted and categorical state funding to be in line with the FY23 funding levels through the remainder of the forecast. The state budget for FY26-27 is unknown; however, we believe that our state funding estimates are reasonable, and 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 31st of January and August each year which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure 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 FY23-27 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$106.35 million or \$59.80 per pupil, actual payments in FY22 were \$64.94 per pupil. FY24-27 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

<u>Category</u>	FY23	FY24	FY25	FY26	FY27
Basic Aid-Unrestricted	\$3,058,387	\$3,079,105	\$3,079,105	\$3,079,105	\$3,079,105
Additional Aid Items	<u>\$28,553</u>	<u>\$28,553</u>	<u>\$28,553</u>	<u>\$28,553</u>	<u>\$28,553</u>
Basic Aid-Unrestricted Subtotal	\$3,086,940	\$3,107,658	\$3,107,658	\$3,107,658	\$3,107,658
Ohio Casino Commission ODT	<u>\$41,402</u>	<u>\$42,227</u>	<u>\$43,072</u>	<u>\$43,933</u>	<u>\$44,812</u>
Unrestricted State Aid Line # 1.035	<u>\$3,128,342</u>	<u>\$3,149,885</u>	<u>\$3,150,730</u>	<u>\$3,151,591</u>	<u>\$3,152,470</u>

B) Restricted State Revenues – Line #1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged Funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL) and Student Wellness. Using current April #1 funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase in growth for FY22 and 33.34% in FY23. We have flat lined funding at FY23 levels for FY24-FY27 due to uncertainty on continued funding of the current funding formula.

<u>Category</u>	FY23	FY24	FY25	FY26	FY27
DPIA	\$69,861	\$69,861	\$69,861	\$69,861	\$69,861
Career Tech - Restricted	\$52,403	\$52,403	\$52,403	\$52,403	\$52,403
Gifted	\$42,225	\$42,225	\$42,225	\$42,225	\$42,225
ESL	\$0	\$0	\$0	\$0	\$0
Student Wellness	<u>\$135,078</u>	<u>\$135,078</u>	<u>\$135,078</u>	<u>\$135,078</u>	<u>\$135,078</u>
Total Restricted State Revenues Line #1.040	<u>\$299,567</u>	<u>\$299,567</u>	<u>\$299,567</u>	<u>\$299,567</u>	<u>\$299,567</u>

C) Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenue

<u>SUMMARY</u>	FY23	FY24	FY25	FY26	FY27
Unrestricted Line # 1.035	\$3,128,342	\$3,149,885	\$3,150,730	\$3,151,591	\$3,152,470
Restricted Line # 1.040	\$299,567	\$299,567	\$299,567	\$299,567	\$299,567
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>\$3,427,909</u>	<u>\$3,449,452</u>	<u>\$3,450,297</u>	<u>\$3,451,158</u>	<u>\$3,452,037</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 11.10% 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.

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 TY21, with the last payment in FY22. 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>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Rollback and Homestead	\$431,578	\$460,479	\$458,641	\$464,623	\$440,270
TPP Reimbursement - Fixed Rate	\$0	\$0	\$0	\$0	\$0
TPP Reimbursement - Fixed Sum	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Tax Reimb./Prop. Tax Allocations #1.050	<u>\$431,578</u>	<u>\$460,479</u>	<u>\$458,641</u>	<u>\$464,623</u>	<u>\$440,270</u>

Other Local Revenues – Line #1.060

Revenues from all other sources are based on historical growth patterns. This revenue largely consists of tuition payments, Medicaid reimbursements, and investment income.

HB110 the current state budget will stop paying open enrollment as an increase to other revenue for the district. Open enrolled students will be counted as students that attend the district within the Enrolled ADM and will be included in the state basic funding. The district's pre-school unit includes students from other district that are enrolled through Open Enrollment, which is the only amount included in this line. This change is projected below at a much smaller amount from previous years to help show the difference between projected FY23-FY27 Line 1.06 revenues and historical FY20 through FY21 revenues on the five-year forecast.

The district maintains a conservative investment philosophy, investing predominately in Star Ohio, CD's, and checking account interest. The Federal Reserve rates are increasing more than in previous years along with increases for interest from the income taxes therefore, we are estimating our interest for FY23 of \$60,000 with a 12% increase in FY24 with no increase in FY25 then a 2% decrease in FY26 and FY27.

We are anticipating Medicaid amounts to be more in line to previous years and no large one time payments in FY23 with a 1% increase each year in FY24-FY27.

The district received a large payment for insurance claim for the frozen pipes during FY23 of \$72,863 and a donation in FY23 and FY24 of \$13,000 from ADAMH that is included in the May forecast.

We are including a 1% annual increase of all other lines for other local revenues in FY23 through FY25.

<u>Category</u>	FY23	FY24	FY25	FY26	FY27
Open Enrollment	\$0	\$0	\$0	\$0	\$0
Interest	\$60,000	\$61,200	\$61,200	\$59,976	\$58,776
Tuition SF-14 & SF-14H	\$192,318	\$194,241	\$196,183	\$198,145	\$200,126
Student Fees and Activity	\$48,594	\$49,080	\$49,571	\$50,067	\$50,568
Medicaid Reimbursement	\$9,000	\$9,090	\$9,181	\$9,273	\$9,366
Rentals, Fines, Fees, erate & other	<u>\$99,100</u>	<u>\$24,042</u>	<u>\$11,282</u>	<u>\$11,395</u>	<u>\$11,509</u>
Total Line # 1.060	<u>\$409,012</u>	<u>\$337,653</u>	<u>\$327,417</u>	<u>\$328,856</u>	<u>\$330,345</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

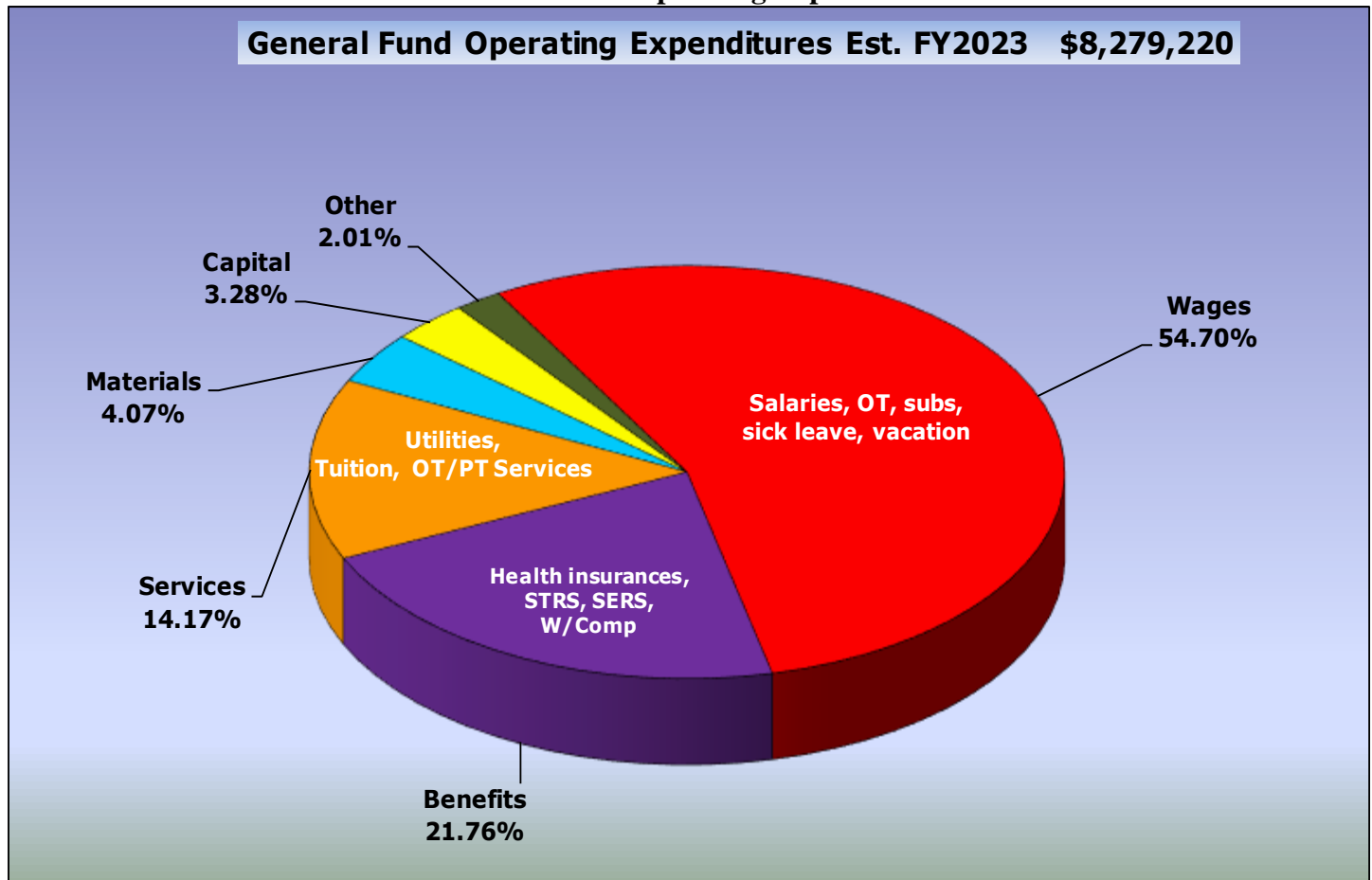
This funding source is typically a refund of prior year expenditures that are very unpredictable. The major items in in this line are from voided checks from previous years, refunds for Worker’s Compensation and Farmers Co-Op. For FY23-FY27 we are estimating amounts of refunds that are more in line with historical collections.

<u>Category</u>	FY23	FY24	FY25	FY26	FY27
All Other Financials Line #2.060	<u>\$15,647</u>	<u>\$15,647</u>	<u>\$15,647</u>	<u>\$15,647</u>	<u>\$15,647</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 FY23



Wages – Line #3.010

The district finalized negotiations with base increases of 3% in FY23, 2.5% in FY24 and 2% in FY25 while we will continue to use 1% for forecasting purposes after the year that the negotiated agreement ends. Step and training pay increases of 1% per year are reflected based on current staffing levels FY22-26.

The district is recoding 100% of the nurse and 85% of guidance counselor salaries through the SWSF Fund 467 the amount of salaries will be returned to the general fund partially each year from FY23 through FY24 until the fund is zeroed out since the district had the carryover funds to use.

The district recoded salaries as part of the relief from the COVID-19 ESSER funds of \$630,000 in FY22 and will return the expenditures in FY23.

Additional staffing cost is planned for FY24 for a Student Services position that had been shared with Pleasant Local to a full-time position for an increase of \$90,000, increase in salary for High School Assistant Principal of \$30,000 and .5 hour per day for each bus route for approximately \$15,000.

<u>Category</u>	FY23	FY24	FY25	FY26	FY27
Base Wages	\$3,377,366	\$4,185,461	\$4,496,750	\$4,657,903	\$4,749,450
Base Increases	\$101,321	\$84,434	\$83,709	\$44,968	\$46,579
Steps & Training/Performance Based Pay	\$33,774	\$41,855	\$44,968	\$46,579	\$47,495
New or Replacement Staff	\$16,000	\$135,000	\$0	\$0	\$0
Substitutes & Supplementals	\$296,660	\$298,143	\$299,634	\$301,132	\$302,638
Recoding for SWSF & ESSER Funds	\$657,000	\$50,000	\$32,476	\$0	\$0
Severance	\$47,000	\$0	\$0	\$0	\$0
Staff Reductions	\$0	\$0	\$0	\$0	\$0
Total Wages Line 3.010	<u>\$4,529,121</u>	<u>\$4,794,893</u>	<u>\$4,957,537</u>	<u>\$5,050,582</u>	<u>\$5,146,162</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 7.4% increase in FY23 and 6% annually in FY24-FY27. This is based on our current employee census and claims data. This could increase at a much higher rate should claims increase dramatically. The district is expecting to only receive one premium holiday in FY23.

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 FY23-FY27. The district does not expect any large payments for unemployment benefits and has adjusted the amount to \$500 per year from FY23 – FY27.

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>	FY23	FY24	FY25	FY26	FY27
STRS/SERS	\$661,456	\$714,706	\$739,023	\$753,659	\$767,957
Insurance's	\$1,053,885	\$1,338,107	\$1,418,393	\$1,503,497	\$1,593,707
Workers Comp/Unemployment	\$14,656	\$15,486	\$15,995	\$16,286	\$16,584
Medicare	\$65,673	\$69,526	\$71,885	\$73,233	\$74,619
Tuition Reimb./H.S.A.	<u>\$5,891</u>	<u>\$5,891</u>	<u>\$5,891</u>	<u>\$5,891</u>	<u>\$5,891</u>
Total Line 3.020	<u>\$1,801,561</u>	<u>\$2,143,716</u>	<u>\$2,251,187</u>	<u>\$2,352,566</u>	<u>\$2,458,758</u>

Purchased Services – Line #3.030

HB110 the new state budget will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these

amounts from our state foundation funding and shown below as expenses. We have continued to show these amounts below as zeros to help reflect the difference between projected FY23-FY27 Line 3.03 costs and historical FY20 through FY21 costs on the five-year forecast. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

The district will return the cost of the 1-1 nurse that was paid from SWSF beginning in FY23. The district will increase maintenance and repairs 2% annually along with the following items: annual roofing costs; painting in the high school in FY23; and concrete work in FY23 only and the costs to repair the broken pipes during the winter in FY23 only. There will be a decrease for the shared services for Student Service position of \$40,000 beginning in FY24.

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Instructional Services	\$342,297	\$339,412	\$356,383	\$374,202	\$392,912
Non-Instructional Services	\$31,868	\$32,505	\$33,155	\$33,818	\$34,494
Maintenance and Repairs	\$336,128	\$224,104	\$228,586	\$233,158	\$237,821
Open Enrollment Deduction	\$0	\$0	\$0	\$0	\$0
Community School Deductions	\$0	\$0	\$0	\$0	\$0
Other Tuition Payments	\$258,087	\$263,249	\$268,514	\$273,884	\$279,362
Utilities	<u>\$204,956</u>	<u>\$215,204</u>	<u>\$225,964</u>	<u>\$237,262</u>	<u>\$249,125</u>
Total Line 3.030	<u>\$1,173,336</u>	<u>\$1,074,474</u>	<u>\$1,112,602</u>	<u>\$1,152,324</u>	<u>\$1,193,714</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 4% increase is forecasted FY23 with a 2% increase each year from FY24-FY27.

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Instructional Supplies	\$136,450	\$139,179	\$141,963	\$144,802	\$147,698
Maintenance Supplies	\$79,680	\$81,273	\$82,899	\$84,557	\$86,248
Transportation Supplies	<u>\$120,813</u>	<u>\$123,229</u>	<u>\$125,694</u>	<u>\$128,208</u>	<u>\$130,772</u>
Total Line 3.040	<u>\$336,943</u>	<u>\$343,681</u>	<u>\$350,555</u>	<u>\$357,567</u>	<u>\$364,718</u>

Equipment – Line #3.050

Capital Outlay each year for technology and other equipment has been included based on a schedule for FY23-FY27. The district will also purchase two buses in FY23 with a portion of them being paid from the school bus replacement grant and a van in FY24 for \$40,000.

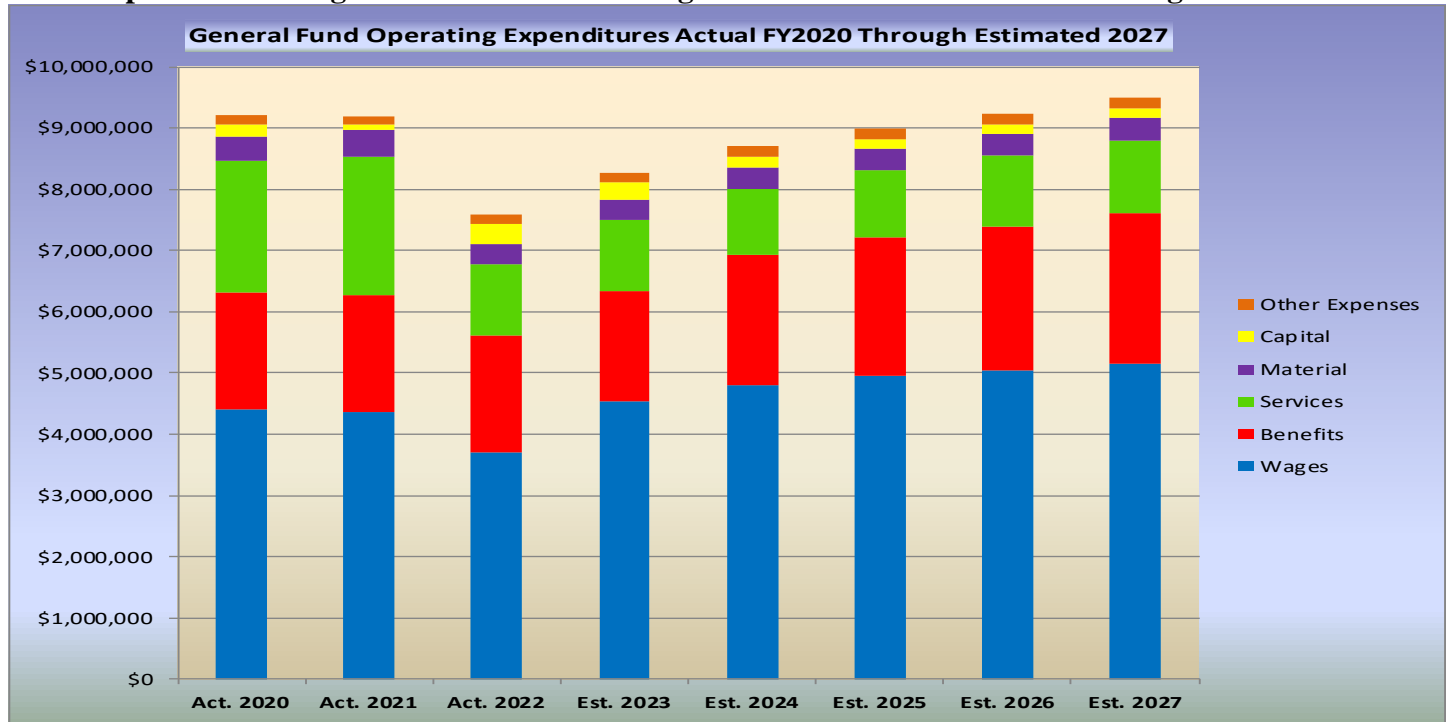
<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Capital Outlay	\$181,529	\$144,975	\$149,324	\$153,804	\$158,418
Buses & Vehicals	<u>\$90,000</u>	<u>\$40,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Line 3.050	<u>\$271,529</u>	<u>\$184,975</u>	<u>\$149,324</u>	<u>\$153,804</u>	<u>\$158,418</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. We expect a 1.5% increase each year for County Auditor and Treasurer Fees and 2% increase for all other expenses in FY23-FY27.

<u>Category</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
County Auditor & Treasurer Fees	\$93,941	\$95,350	\$96,780	\$98,232	\$99,705
Audit fees, dues and other expenses	<u>\$72,789</u>	<u>\$74,245</u>	<u>\$75,730</u>	<u>\$77,245</u>	<u>\$78,790</u>
Total Line 4.300	<u>\$166,730</u>	<u>\$169,595</u>	<u>\$172,510</u>	<u>\$175,477</u>	<u>\$178,495</u>

Total Expenditure Categories Actual FY20 through FY22 and Estimated FY23 through FY27



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 FY23-FY27.

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.

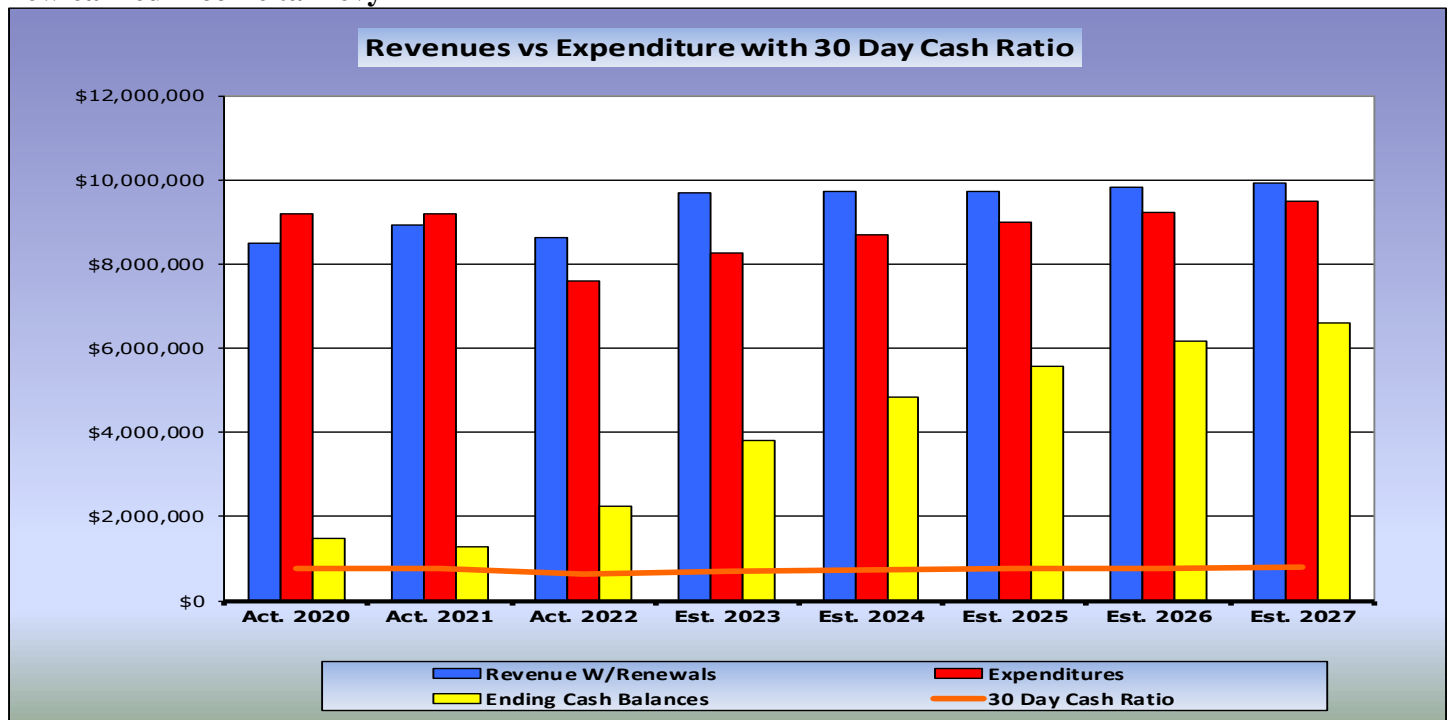
	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Estimated Encumbrances	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>

Ending Unreserved 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.

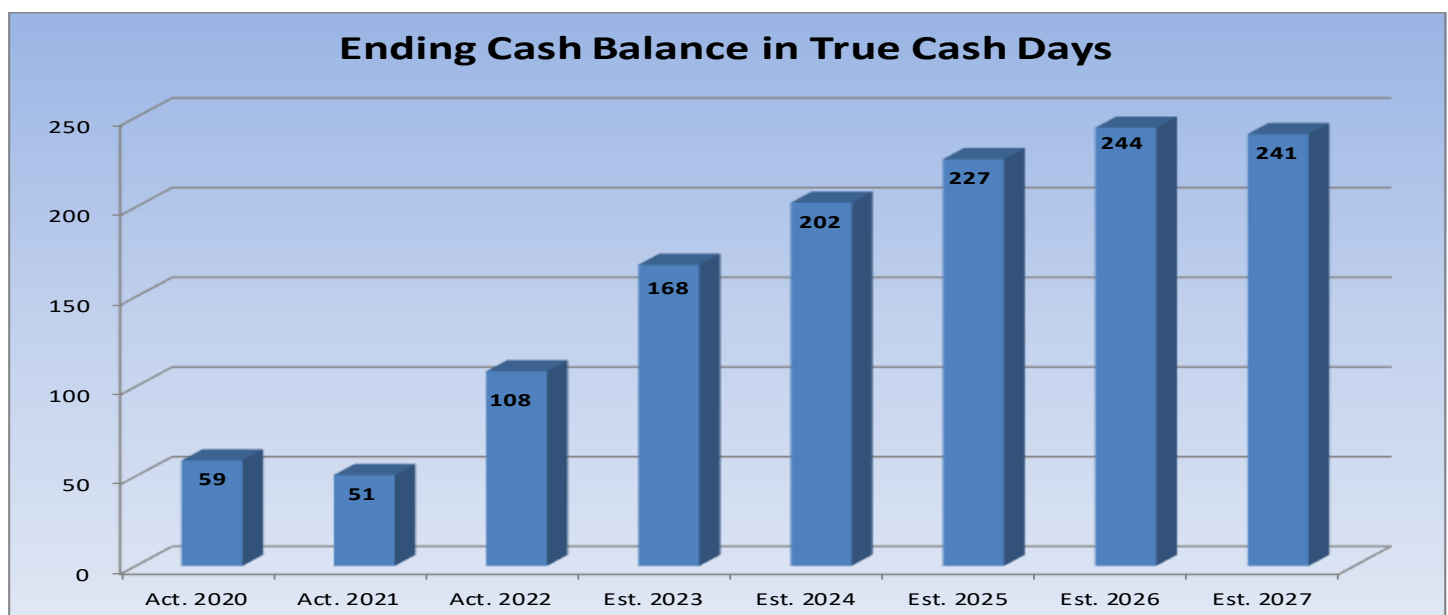
	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Ending Cash Balance	<u>\$3,807,066</u>	<u>\$4,831,803</u>	<u>\$5,586,952</u>	<u>\$6,184,210</u>	<u>\$6,603,622</u>

General Fund Ending Cash Balance Actual FY20-22 and Estimated FY23-27 with Levy Renewal and new earned income tax levy



True Cash Days

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each district’s complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics and severance reserves. True cash days are calculated without any renewal levy. One day of estimated expenditures in FY23 is \$22,683.



Conclusion

Ridgedale Local School District receives 39.81% of it's funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The district administration is grateful for the changes in the current state budget HB110 as it has reduced the amount that was deducted for programs that were not within the district's control. However, the next state funding will be closely monitored as HB33 moves through the legislative process for FY24-25. Furthermore, future state budgets funding will need to be watched since, the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY26-FY27.

As the administration plans for the future, they will need to make sure that the district is able to obtain positive cash balance throughout the forecast. They will need to review the expenditures based on the current revenues in able to obtain this.

As you read through the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.