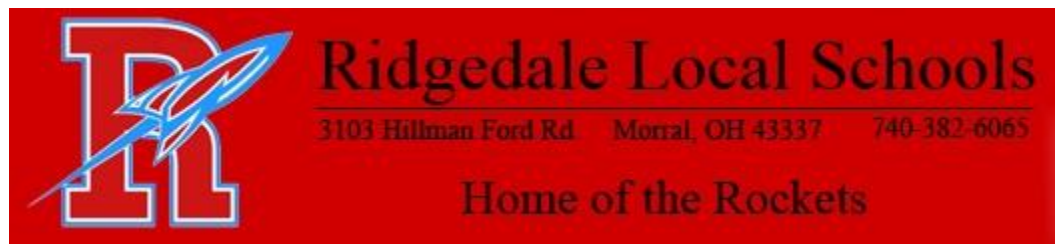


**RIDGEDALE LOCAL SCHOOL DISTRICT - MARION COUNTY**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES FOR THE FISCAL YEARS ENDED**  
**JUNE 30, 2021, 2022, and 2023 ACTUAL**  
**FORECASTED FISCAL YEARS ENDING**  
**JUNE 30, 2024, THROUGH JUNE 30, 2028**



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

**November 16, 2023**

**Ridgedale Local School District – Marion County**  
**Notes to the Five-Year Forecast**  
**General Fund Only**  
**November 16, 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

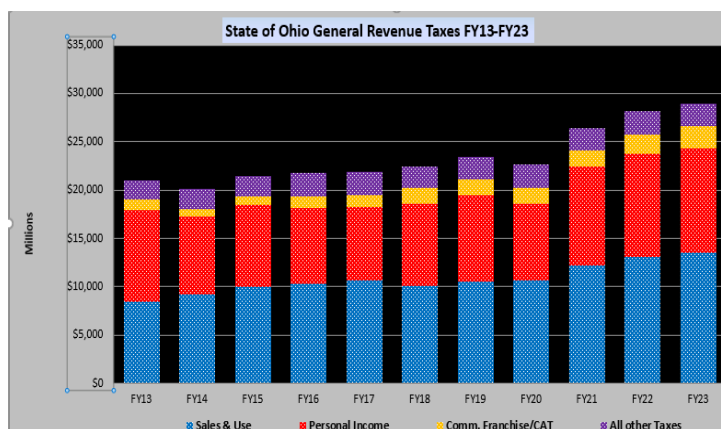
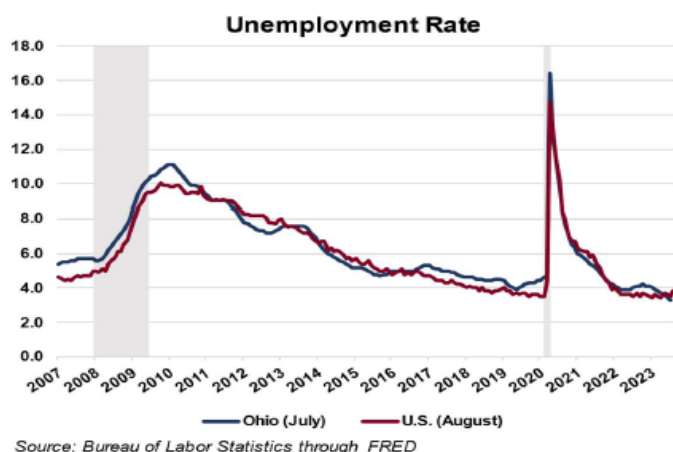
O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2023 filing.

**Economic Outlook**

This five-year forecast is being filed during a two-year economic recovery following the COVID-19 Pandemic which began in early 2020. The effects of the pandemic have lessened but several supply chain concerns and high inflation continues to impact our state, country and broader globalized economy. Inflation in June 2022 hit a 40 year high of 9.1% before falling to 8.3% in August. Costs in FY23 were notably impacted in areas such as diesel fuel for busses, electric and natural gas, and building materials for facility maintenance and repair. Increased inflation impacting district costs are expected to continue in FY24, it remains to be seen if these costs are transitory or will last over the next few years which could have a significant impact on our forecast in addition to negative effects on state and local funding.

The Federal Reserve Bank has made fighting inflation its number one concern. Interest rates are expected to increase again before December 2023, which may result in increased unemployment. Still, many economists anticipate a "full employment recession" in the first half 2024. In the history of our country, there has never been a full employment recession. However, the possibility of one underscore why this is a very unique time in our economic history.

As noted in the graphs below, the state of Ohio has enjoyed economic growth over the past three years, and the state's Rainy-Day Fund is at \$3.7 Billion, which is a record high. School funding cuts made in FY20 have been fully restored, and a new state funding formula is in the third year of a projected five-year phase-in. While increased inflation impacting district costs is expected to continue over the next few years, the state's economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio's economy should enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the state is well-positioned to continue state aid payments to Ohio's school districts.



While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in the fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024. Any ongoing costs are absorbed back into the district General Fund. ESSER funds positively impacted school resources.

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.

### Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and the affect that may occur in the forecast in the long term:

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.

Income tax over the past few payments have been greater than in previous years, making income tax forecasting even more difficult. We will monitor the income tax revenue very closely for any positive or negative changes that may occur.

The state budget represents 42.93% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY28, which we feel is conservative and should be close to what the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

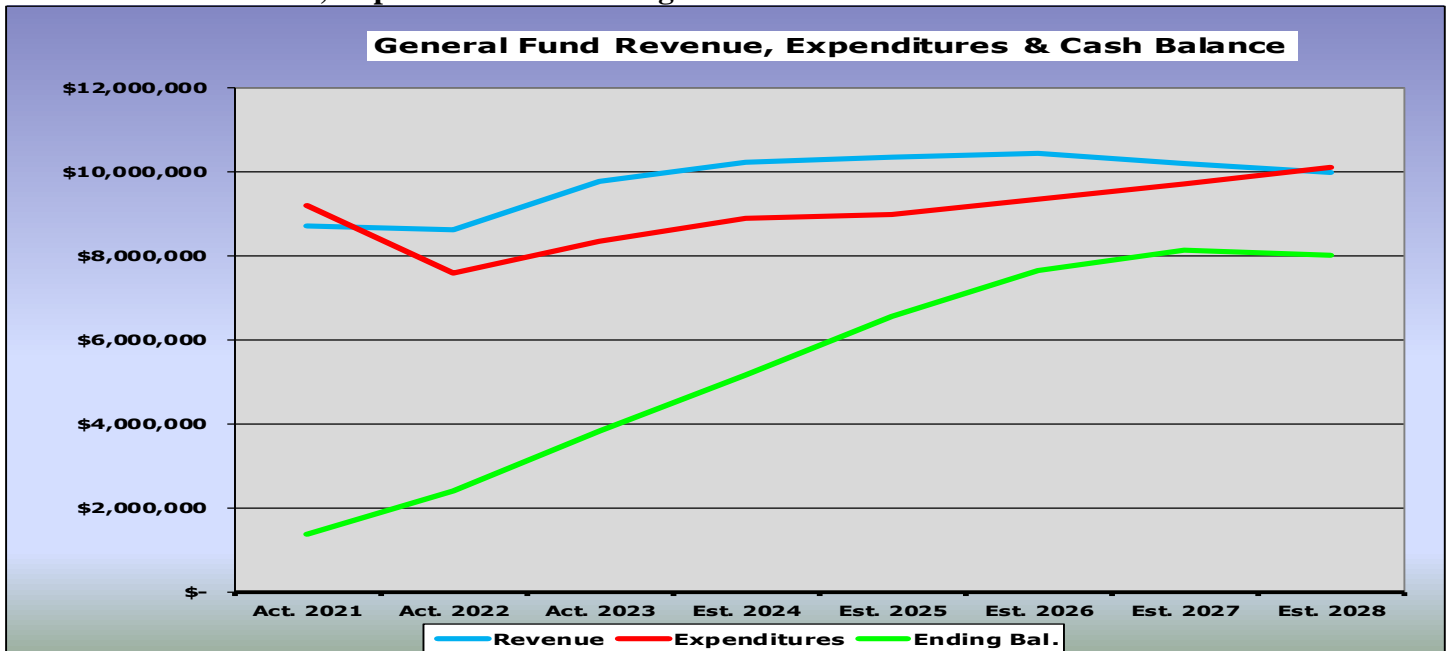
HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made many significant changes to how 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. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY24 and FY25.

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.

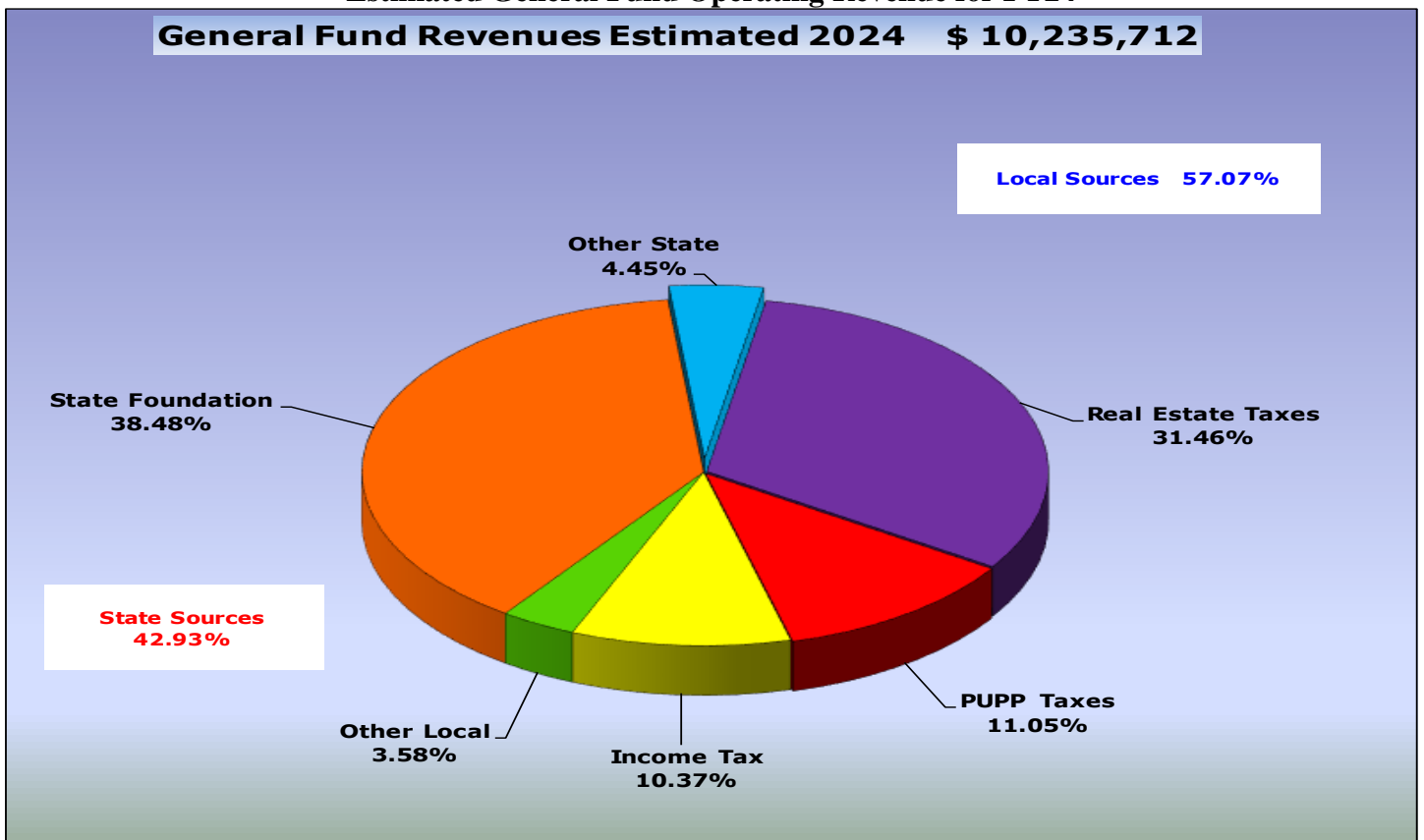
## General Fund Revenue, Expenditure and Ending Cash Balance Actual FY21-23 and Estimated FY24-28



The graph above 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 FY24



### 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 auditors.

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

	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>	Estimated TAX YEAR 2027 <u>COLLECT 2028</u>
<u>Classification</u>					
Res./Ag.	\$145,892,400	\$145,992,400	\$150,547,172	\$150,647,172	\$150,747,172
Comm./Ind.	\$14,185,790	\$14,385,790	\$14,729,648	\$14,929,648	\$15,129,648
PUPP	<u>\$27,863,620</u>	<u>\$28,363,620</u>	<u>\$28,863,620</u>	<u>\$29,363,620</u>	<u>\$29,863,620</u>
Total Assessed Value	<u>\$187,941,810</u>	<u>\$188,741,810</u>	<u>\$194,140,440</u>	<u>\$194,940,440</u>	<u>\$195,740,440</u>

### Tax Rates

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II), resulting in different effective millage rates. The district-voted rate for all operating levies is 40.7 mills while the Class I effective millage rate is 20.000022 mills and the Class II effective millage rate is 20.000004 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is not on the floor but very close to the floor for Class I or Class II. Any emergency levy that is voted on is not included in the 20-mill floor. The district has one emergency levy of 3.27 mills that was voted on for an annual amount of \$575,034 of taxes, as the values increase the millage rate will decrease in order to only collect the amount that was approved by the voters.

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>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
Est. Property Tax Excluding PUPP to Line #1.010	\$3,220,465	\$3,206,326	\$3,257,814	\$3,031,883	\$2,873,657

### **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>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
Public Utility Personal Property - (PUPP)	<u>\$1,193,414</u>	<u>\$1,230,058</u>	<u>\$1,250,528</u>	<u>\$1,227,671</u>	<u>\$1,205,274</u>
Total Line # 1.020	<u>\$1,193,414</u>	<u>\$1,230,058</u>	<u>\$1,250,528</u>	<u>\$1,227,671</u>	<u>\$1,205,274</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.

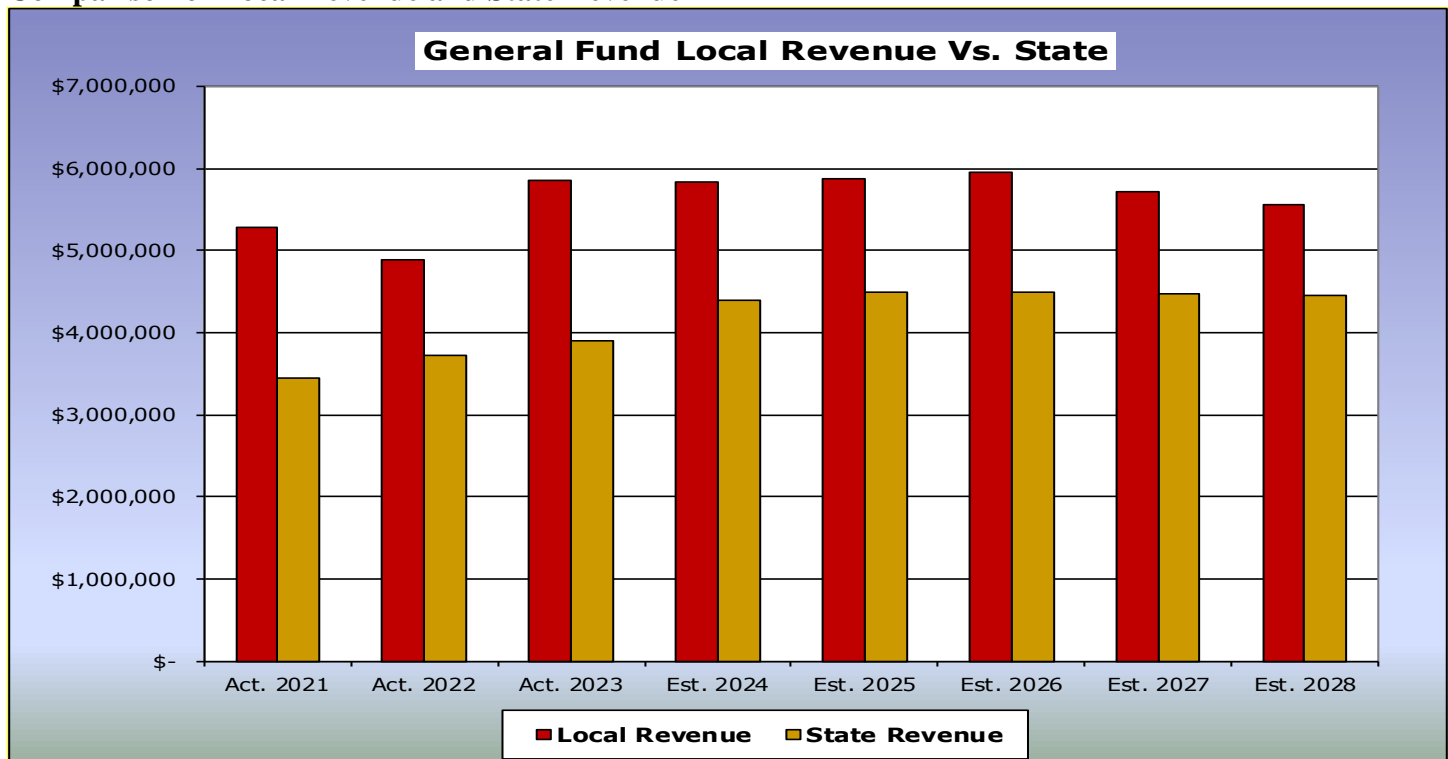
<u>Category</u>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
Renewal \$575,034 Emergency Levy expires 12/31/26	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$339,270</u>	<u>\$575,034</u>
Total Line # 11.020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$339,270</u>	<u>\$575,034</u>

### **Income Tax – Line #1.03**

The district passed a 1% continuous earned income tax in 2020. The changes in tax amounts are leveling off from the pandemic. So far, in FY24, income tax collection statewide has risen by around 5.6%. The July 2023 payment included the April 15<sup>th</sup> tax returns, which included most of the tax decrease in collections. FY24 is based off of the actual for the first two payments of the year with the annual growth percentage for the remainder of the year. We will assume that income from withholdings will continue to increase in future collections. We will assume an annual growth rate of 4.5% for FY24, 2% in FY25 and 1% for FY26-FY28 as the concerns over inflation may slow growth in this area.

<u>Category</u>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
SDIT Collection	\$1,029,401	\$1,061,235	\$1,082,460	\$1,093,284	\$1,104,217
Increases/(Decreases)	<u>\$31,834</u>	<u>\$21,225</u>	<u>\$10,825</u>	<u>\$10,933</u>	<u>\$11,042</u>
Total to Line #1.030	<u>\$1,061,235</u>	<u>\$1,082,460</u>	<u>\$1,093,284</u>	<u>\$1,104,217</u>	<u>\$1,115,259</u>

## Comparison of Local Revenue and State Revenue



### State Foundation Revenue Estimates

#### Current State Funding Model per HB33 through June 30, 2025

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

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected the funding in FY24 based on the October 2023 foundation settlement and funding factors for FY25 on the simulations provided by the Department of Education and Workforce.

Our district is currently a formula district in FY24 and is expected to continue on the formula in FY25-FY28 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. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, then HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced 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 FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

#### 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 current funding formula uses FY22 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. Newer, more up-to-date statewide average prices will not update for FY24 and FY25 and remain frozen at



FY22 levels, while other factors impacting a district's local capacity will update for FY24. Base costs per pupil include 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 currently at a state-wide average of \$8,242.19 per pupil in FY24, 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. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. 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 multiplied by the local share multiplier index for each district. The result is the local per pupil capacity of the base per pupil funding amount.

#### **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 37.5% in FY24 and 41.67% in FY24.

### 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 50% for FY24 and 66.67% in FY25.
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 by HB583 in June 2022 and has now extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 66.67% in FY25.

The funding formula 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 fewer funds in FY24 and FY25 than they received in FY21.

### **Future State Budgets Projections beyond FY25**

Our funding status for FY26-28 will depend on unknown (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast for FY26 through FY28.

### **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.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY21 was 73.83 million or \$42.18 per pupil. In FY22, the funding was increased to \$109.39 million for schools or \$62.86 per pupil, and in FY23, the funding totaled \$113.1 million or \$64.90 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 2% annual growth rate for the remainder of the forecast.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Basic Aid-Unrestricted	\$3,494,691	\$3,579,540	\$3,579,540	\$3,579,540	\$3,579,540
Additional Aid Items	<u>\$31,783</u>	<u>\$31,783</u>	<u>\$31,783</u>	<u>\$31,783</u>	<u>\$31,783</u>
Basic Aid-Unrestricted Subtotal	\$3,526,474	\$3,611,323	\$3,611,323	\$3,611,323	\$3,611,323
Ohio Casino Commission ODT	<u>\$42,943</u>	<u>\$43,802</u>	<u>\$44,678</u>	<u>\$45,571</u>	<u>\$46,483</u>
Unrestricted State Aid Line # 1.035	<u>\$3,569,417</u>	<u>\$3,655,125</u>	<u>\$3,656,001</u>	<u>\$3,656,894</u>	<u>\$3,657,806</u>

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

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged Funding) and Career Technical funding. In addition, new restricted funds have been added under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. The district has elected to also post Catastrophic Aid for special education as restricted revenues. We have estimated revenues for these new restricted funding lines using current October funding factors and using the simulations from the Department of Education and Workforce for FY25, there is no new amount included in those estimates for the Student Wellness so we are using the FY24 amount. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY28 due to uncertainty on continued funding of the current funding formula.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
DPIA	\$100,094	\$116,620	\$116,620	\$116,620	\$116,620
Career Tech - Restricted	\$53,968	\$50,202	\$50,202	\$50,202	\$50,202
Gifted	\$42,990	\$40,440	\$40,440	\$40,440	\$40,440
ESL	\$0	\$0	\$0	\$0	\$0
Student Wellness	\$158,351	\$158,351	\$158,351	\$158,351	\$158,351
Catastrophic Costs	<u>\$13,598</u>	<u>\$13,598</u>	<u>\$13,598</u>	<u>\$13,598</u>	<u>\$13,598</u>
Total Restricted State Revenues Line #1.040	<u>\$369,002</u>	<u>\$379,211</u>	<u>\$379,211</u>	<u>\$379,211</u>	<u>\$379,211</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>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Unrestricted Line # 1.035	\$3,569,417	\$3,655,125	\$3,656,001	\$3,656,894	\$3,657,806
Restricted Line # 1.040	\$369,002	\$379,211	\$379,211	\$379,211	\$379,211
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>\$3,938,419</u>	<u>\$4,034,336</u>	<u>\$4,035,212</u>	<u>\$4,036,105</u>	<u>\$4,037,017</u>

**State Share of Local Property Tax - 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 to the district in FY22.

**Summary of State Share of Local Property Tax Reimbursement – Line #1.050**

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Rollback and Homestead	\$455,591	\$458,641	\$464,623	\$440,270	\$410,198
TPP Reimbursement - Fixed Rate	\$0	\$0	\$0	\$0	\$0
TPP Reimbursement - Fixed Sum	\$0	\$0	\$0	\$0	\$0
Tax Reimb./Prop. Tax Allocations #1.050	<u>\$455,591</u>	<u>\$458,641</u>	<u>\$464,623</u>	<u>\$440,270</u>	<u>\$410,198</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 previous state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY24-FY28 Line 1.06 revenues and historical FY21 through FY23 revenues on the five-year forecast. Open-enrolled students will be counted in the enrolled student base at the school district where they are being educated, and state aid will follow the students. Open-enrolled student revenues will be included in Line 1.035 as basic state aid.

The district maintains a conservative investment philosophy, investing predominately in Star Ohio, CD's, and checking account interest. Interest income is based on the district cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. Once the economy stabilizes, there will be pressure on the Federal Reserve to lower interest rates, which we believe will be sometime in 2024, decreasing the opportunity for more significant interest income for the district. We will continue to monitor the investments for the district.

We are including a 1% annual increase of all other lines for other local revenues in FY24 through FY28.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Open Enrollment	\$0	\$0	\$0	\$0	\$0
Interest	\$89,305	\$89,305	\$87,519	\$85,769	\$84,053
Tuition SF-14 & SF-14H	\$186,527	\$188,392	\$190,276	\$192,179	\$194,101
Student Fees and Activity	\$48,466	\$48,951	\$49,441	\$49,935	\$50,434
Medicaid Reimbursement	\$9,410	\$9,504	\$9,599	\$9,695	\$9,792
Rentals, Fines, Fees, erate & other	<u>\$32,880</u>	<u>\$20,209</u>	<u>\$20,411</u>	<u>\$20,615</u>	<u>\$20,821</u>
Total Line # 1.060	<u>\$366,588</u>	<u>\$356,361</u>	<u>\$357,246</u>	<u>\$358,193</u>	<u>\$359,201</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

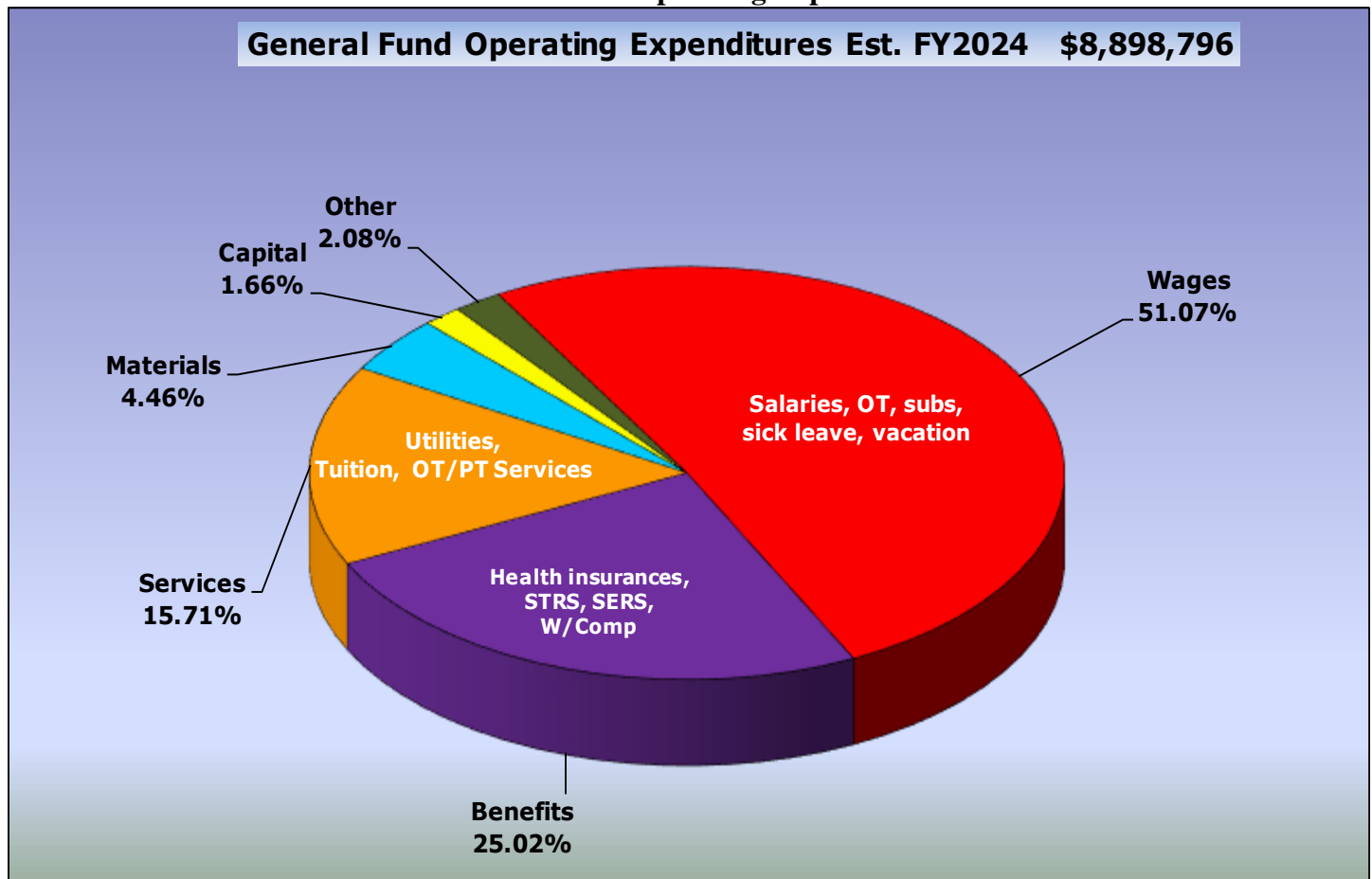
This funding source is typically a refund of prior year expenditures that are very unpredictable, therefore we will not projecting amounts that are in line with previous years payment.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
All Other Financials Line #2.060	<u>\$10,763</u>	<u>\$10,763</u>	<u>\$10,763</u>	<u>\$10,763</u>	<u>\$10,763</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 FY24



### 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 3% 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 FY24-28.

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.

<u>Category</u>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
Base Wages	\$3,985,506	\$4,174,999	\$4,296,459	\$4,464,674	\$4,638,215
Base Increases	\$99,638	\$79,710	\$125,250	\$128,894	\$133,940
Steps & Training/Performance Based Pay	\$39,855	\$41,750	\$42,965	\$44,647	\$46,382
New or Replacement Staff	\$0	\$0	\$0	\$0	\$0
Substitutes & Supplementals	\$354,778	\$356,552	\$358,335	\$360,127	\$361,928
Recoding for SWSF & ESSER Funds	\$50,000	\$0	\$0	\$0	\$0
Severance	\$14,539	\$0	\$0	\$0	\$0
Staff Reductions	\$0	\$0	\$0	\$0	\$0
Total Wages Line 3.010	<u>\$4,544,316</u>	<u>\$4,653,011</u>	<u>\$4,823,009</u>	<u>\$4,998,342</u>	<u>\$5,180,465</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 8% increase in FY24 and 6.5% annually in FY25-FY28. 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 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>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
STRS/SERS	\$713,879	\$734,921	\$761,150	\$789,062	\$818,029
Insurance's	\$1,429,659	\$1,522,587	\$1,621,555	\$1,726,956	\$1,839,208
Workers Comp/Unemployment	\$14,703	\$15,043	\$15,574	\$16,122	\$16,692
Medicare	\$65,892	\$67,469	\$69,934	\$72,476	\$75,117
Tuition Reimb./H.S.A.	<u>\$2,709</u>	<u>\$2,709</u>	<u>\$2,709</u>	<u>\$2,709</u>	<u>\$2,709</u>
Total Line 3.020	<u>\$2,226,842</u>	<u>\$2,342,729</u>	<u>\$2,470,922</u>	<u>\$2,607,325</u>	<u>\$2,751,755</u>

### **Purchased Services – Line #3.030**

HB110, the previous state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the educating districts for open enrollment, community, and STEM schools and for scholarships granted to 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 offer these amounts below as zeros to help reflect the difference between projected FY24-FY28 Line 3.03 costs and historical FY21 through FY23 costs on the five-year forecast. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends.

The district expects additional tuition costs for special education students attending programs outside of the district beginning in FY24 of \$80,000. The district followed the records retention policy, having old documents scanned and destroyed in FY24 for a one-time cost of \$25,000. There will be a decrease for the shared services for Student Service position of \$40,000 beginning in FY24.

The district in FY24 is increasing the maintenance and repair line by \$100,000 for one-time repair costs of chimney repairs, fixing of roof leaks and siding repairs.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Instructional Services	\$322,819	\$338,960	\$355,908	\$373,703	\$392,388
Non-Instructional Services	\$62,467	\$38,716	\$39,490	\$40,280	\$41,086
Maintenance and Repairs	\$404,790	\$312,885	\$319,143	\$325,526	\$332,037
Open Enrollment Deduction	\$0	\$0	\$0	\$0	\$0
Community School Deductions	\$0	\$0	\$0	\$0	\$0
Other Tuition Payments	\$397,650	\$405,603	\$413,715	\$421,989	\$430,429
Utilities	<u>\$210,221</u>	<u>\$220,732</u>	<u>\$231,769</u>	<u>\$243,357</u>	<u>\$255,525</u>
Total Line 3.030	<u>\$1,397,947</u>	<u>\$1,316,896</u>	<u>\$1,360,025</u>	<u>\$1,404,855</u>	<u>\$1,451,465</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 each year from FY24-FY28.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Instructional Supplies	\$214,054	\$218,335	\$222,702	\$227,156	\$231,699
Maintenance Supplies	\$85,169	\$86,872	\$88,610	\$90,382	\$92,190
Transportation Supplies	<u>\$97,451</u>	<u>\$99,400</u>	<u>\$101,388</u>	<u>\$103,416</u>	<u>\$105,484</u>
Total Line 3.040	<u>\$396,674</u>	<u>\$404,608</u>	<u>\$412,700</u>	<u>\$420,954</u>	<u>\$429,373</u>

### **Equipment – Line #3.050**

Capital Outlay each year for technology and other equipment has been included based on a schedule for FY24-FY28. The district will purchase a van in FY24 for \$40,000.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Capital Outlay	\$107,884	\$99,121	\$102,095	\$105,158	\$108,313
Buses & Vehicals	<u>\$40,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Line 3.050	<u>\$147,884</u>	<u>\$99,121</u>	<u>\$102,095</u>	<u>\$105,158</u>	<u>\$108,313</u>

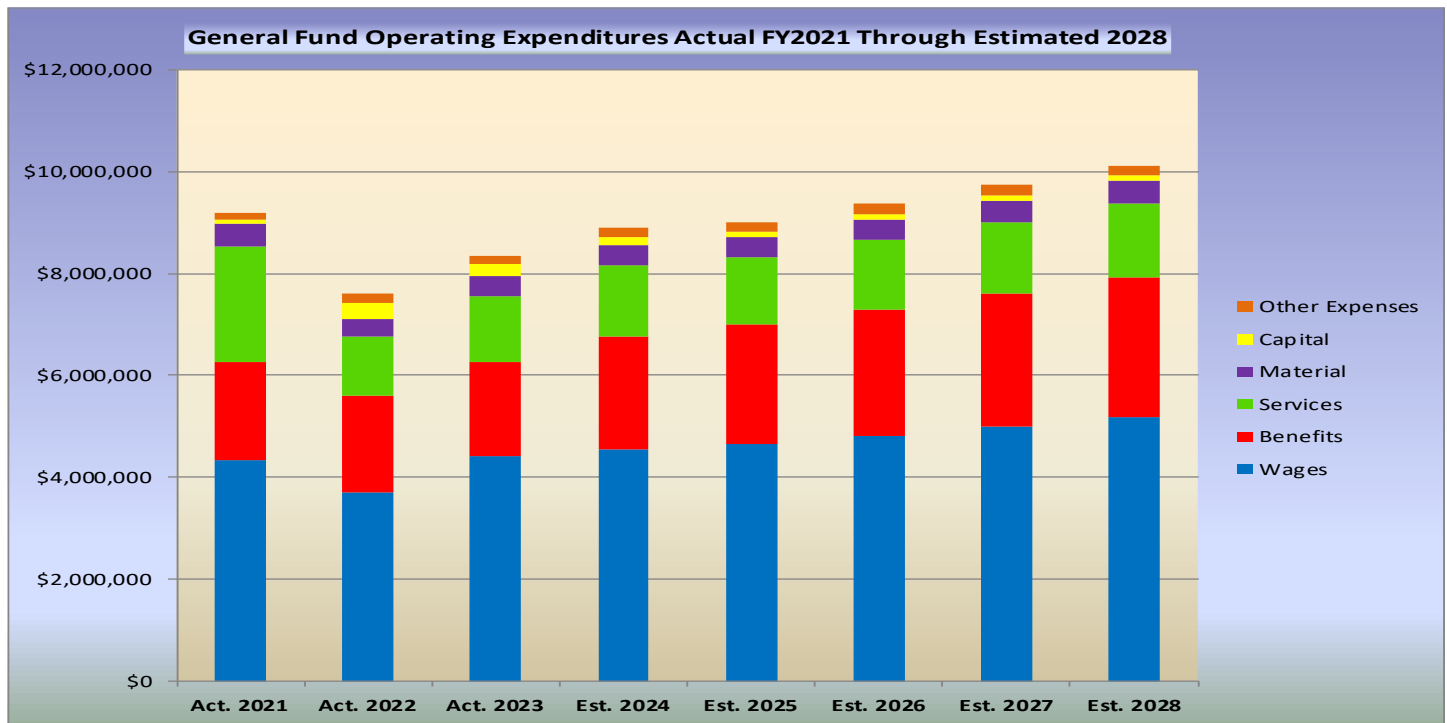
### **Other Expenses – Line #4.300**

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 FY24-FY28.

<u>Category</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
County Auditor & Treasurer Fees	\$105,098	\$106,674	\$108,274	\$109,898	\$111,546
Audit fees, dues and other expenses	<u>\$80,036</u>	<u>\$81,637</u>	<u>\$83,270</u>	<u>\$84,935</u>	<u>\$86,634</u>
Total Line 4.300	<u>\$185,134</u>	<u>\$188,311</u>	<u>\$191,544</u>	<u>\$194,833</u>	<u>\$198,180</u>

### Total Expenditure Categories Actual FY21 through FY23 and Estimated FY24 through FY28

The graph below shows a quick overview of actual and estimated expenses by proportion to the total for the General Fund expenditures.



### 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>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Estimated Encumbrances	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>

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

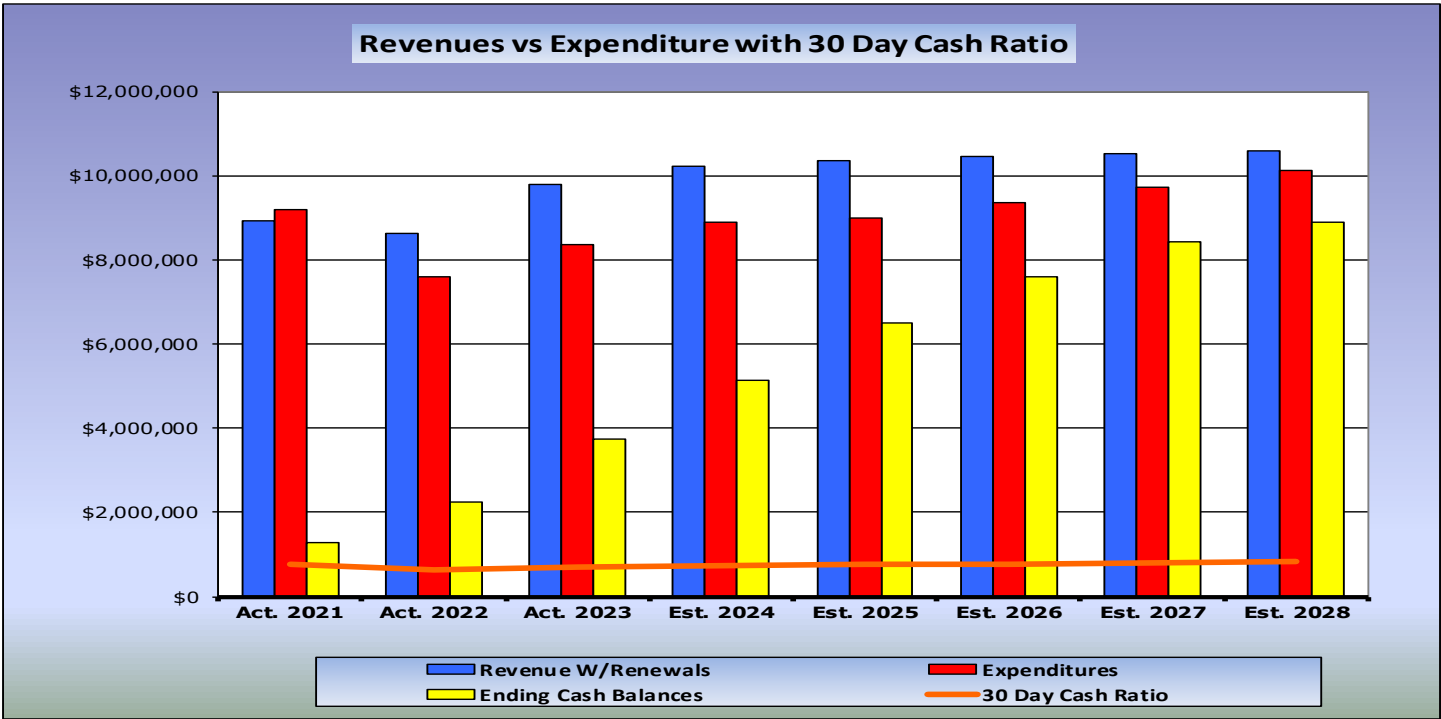
This amount must not go below \$-0- or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000.

	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Ending Cash Balance	\$5,127,632	\$6,501,900	\$7,611,076	\$8,427,981	\$8,894,835



**General Fund Ending Cash Balance Actual FY21-23 and Estimated FY24-28 with Levy Renewal**

The graph below shows that the district will not deficit spend any year of the forecast with the emergency levy renewal.

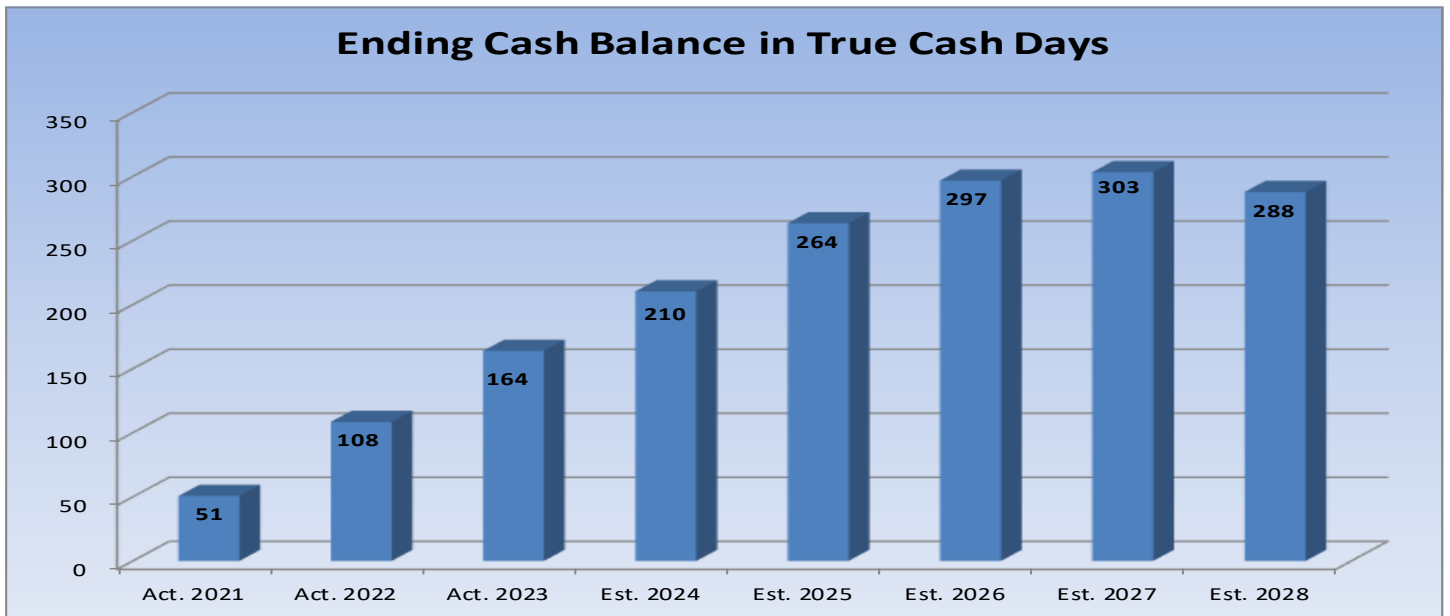


Deficit spending affects the amount of carryover that the district has to plan for the future. When reviewing the needs of the district we review the amount of spending and what would be needed to remove any deficit spending in order to have positive cash balances on the forecast. The chart below shows the amount of deficit spending that is included on Line 6.010 of the forecast and the millage for each year that would be needed in order to erase the deficit spending.

	FY24	FY25	FY26	FY27	FY28
Excess Revenue over/(under) Expenditures	\$1,347,679	\$1,374,269	\$1,109,176	\$477,635	(\$108,181)
Millage equivalent for deficit spending	0.00	0.00	0.00	0.00	0.57

**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 FY24 is \$23,997.



## Conclusion

Ridgedale Local School District receives 42.93% of its 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 HB33 as it has reduced the amount that was deducted for programs that were not within the district's control. However, 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-FY28.

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.