

**Ridgewood Local School District
Five-Year Forecast
FY 2016 Assumptions
May 2016**

REVENUE ASSUMPTIONS

GENERAL PROPERTY TAX (REAL ESTATE) (Line 1.010)

Real Estate Value Assumptions:

Property values are established each year by the County Auditor based on new construction and updated values. A reappraisal is mandated by Ohio law every six years, with an update at the three-year midpoint. A levied and assessed on a calendar year basis while the District's fiscal year runs from July through June. First-half tax collections are received in the second-half of the fiscal year and second-half tax collections occur in the first-half of the following fiscal year.

The District receives property taxes from Coshocton, Guernsey, and Tuscarawas counties. Approximately 94.80% of the tax collections are from Coshocton County, 3.0% from Guernsey County, and 2.20% from Tuscarawas County.

General Property Tax is estimated to be \$2,935,094 for fiscal year 2016 based on the most recent tax data estimates obtained from the Coshocton County Auditor's Office and the Ohio Department of Taxation. Fiscal years 2017, 2018 and 2020 are projected to increase by .5%. Fiscal year 2019 is projected to increase by 1.5% due to TY2018 being an update year in Coshocton County. These projections are a reflection of the current state of the economy, in which aggregate property values in Coshocton County are expected to change very little over the next few years.

In projecting the General Property Tax for FY16-FY20, delinquent collections are not factored in due to the unreliability of obtaining such funds. In FY 16 approximately \$147,750 in delinquent taxes were collected.

Due to the small percentage of Guernsey and Tuscarawas County collections, reappraisals for those counties have not been factored into projections.

TANGIBLE PERSONAL PROPERTY TAX (Line 1.020)

Tangible Personal Property Tax has been phased out by the county and will no longer be received. Effective in fiscal year 2011, the district will no longer receive any tangible personal property taxes (other than minimal delinquencies), as personal property taxes will be completely phased out. 100% of personal property taxes lost due to the state legislated phase out will be offset through the Property Tax Allocation line at 100% through FY2011. Beginning in FY2012, all reimbursements for the phase out of Tangible Personal Property will be eliminated due to state budget cuts.

UNRESTRICTED GRANTS-IN-AID (Line 1.035)

Line 1.035, Unrestricted, Unrestricted Grants-in-Aid is estimated to be approximately \$7,727,887 during fiscal year 2016 based on information from the state's most current School Finance Payment Report. The state biennial budget, which covers Fiscal Years 2016 and 2017, again saw changes to the funding formula for school districts. District funding is now based on House Bill 64.

The school funding formula uses a State Share Index to distribute state per pupil revenue to districts. The formula uses per-pupil property valuation and local taxpayer income factors to determine the State Share Index, which is then used to determine the portion of Opportunity Aid (base aid) that will come from the state versus the level that is assumed to be provided locally.

In addition to Opportunity Aid, other components of the funding formula are: Targeted Assistance, Special Education, Limited English Proficiency, Economically Disadvantaged Aid (funds must be spent on 8 specific categories), K-3 Literacy, Gifted Identification Units and Career-Tech. New to the funding formula are: Capacity Aid, Transportation Supplement, Graduation Rate Bonus and 3rd Grade Reading Bonus.

RESTRICTED STATE GRANTS-IN-AID (Line 1.040)

Restricted Grants-in-Aid is estimated at approximately \$429,708 during fiscal year 2016 based on information from the state's most current foundation settlement report. The Restricted Grants-in-Aid line item consists of Career Tech Aid and Economically Disadvantaged.

PROPERTY TAX ALLOCATION (Line 1.050)

Property Tax Allocation line item includes Homestead Exemption, Homestead & Rollback. Homeowners are were given a 10% property tax rollback from the state and an additional 2.5% rollback was established in 1979. Effective 2014, these rollbacks are eliminated for any levy except renewals. Effective 2014, all new Homestead Exemptions applications are means tested and households earning more than \$30,000 in Ohio Adjusted Gross Income in the prior year are ineligible. Current district levies are not affected so this forecast assumes the same trend as property taxation above.

Property Tax Allocation is estimated to be \$377,469 for fiscal year 2016.

ALL OTHER REVENUE (Line 1.060)

All Other Revenues are estimated to be \$714,661 for fiscal year 2016 based on estimated interest income, rentals, open enrollment, and miscellaneous receipts. A 1.0% increase is projected the remaining fiscal years.

ADVANCES-IN (Line 2.05)

No advances are anticipated for FY 2016.

TOTAL OTHER FINANCING SOURCES (Line 2.070)

These amounts are based on historical data and are not a significant revenue source for the District.

EXPENDITURE ASSUMPTIONS**PERSONAL SERVICES (Line 3.010)**

Personal service costs are estimated to be approximately \$4,919,169 during fiscal year 2016. This line item includes salaries paid to all employees including, part-time employees, supplemental contracts, over-time, and substitutes used by the District. Substantial costs in this line item that have been extremely volatile are substitute employee salaries and retirement costs. The forecast is based on **current staffing levels**. It also includes anticipated salary step increases based upon approved contracts with REA and OAPSE which are through Fiscal Year 2019 for the certified staff and Fiscal Year 2017 for the classified staff.

Please note that the significant decrease in personal services from FY2013 to FY2014 (and beyond) is due to the district choosing to use the Schoolwide Pooling Model within the CCIP for the use of federal funds. Thus, the offset will be shown in line 5.01- Operating Transfer Out.

EMPLOYEE BENEFITS (Line 3.020)

Fringe Benefits are estimated at \$2,216,449 during fiscal year 2016. Included in this line item are wage driven benefits such as SERS/STRS contributions, Medicare contributions, the SERS Surcharge, Worker's Compensation premiums, and unemployment costs. Please note that these types of benefits will increase in accordance with employee raises. Health care costs are based on schedule of benefits, anticipated number of employees participating in the program, and current monthly premiums. Fiscal year 2016 includes insurance contributions of 12.5% from certified, and non-union employees and 9% from classified employees. Insurance premiums are a significant part of this line item. Fiscal Year 2017 through Fiscal Year 2020 includes an increase of 12% per year. At this time, no surcharges have been applied in FY20 due to the anticipated "cadillac tax" from the Affordable Healthcare Act.

Please note that the significant decrease in employee benefits from FY2013 to FY2014 (and beyond) is due to the district choosing to use the Schoolwide Pooling Model within the CCIP for the use of federal funds. Thus, the offset will be shown in line 5.01- Operating Transfer Out.

PURCHASED SERVICES (Line 3.030)

This line is used to account for all service related expenditures. These include utilities, ESC contracted services, and professional services contracts. Purchased services are anticipated to be approximately \$1,745,645 during fiscal year 2016. A consistent increase of 1% annually is projected from fiscal years 2017 through 2020 to incorporate inflationary costs. This calculation takes into account open enrollment out of the district, community school students leaving the District, utilities (telephone service, postage, electricity, heating/cooling, etc.), and maintenance/repair agreements. The nature of these expenses can be extremely volatile and may fluctuate significantly on an annual basis.

SUPPLIES AND MATERIALS (Line 3.040)

Supplies and Materials are projected at \$453,800 for fiscal year 2016. As a result of recent legislation, the School District is no longer required to either spend and/or set-aside monies each year for instructional materials, supplies, and textbooks. While this is no longer a requirement, the district still believes that it is necessary to allocate resources annually to instructional supplies and will continue to invest these dollars accordingly. A 2% increase is projected for fiscal years 2017 through 2020. Other expenditures included within this line-item are maintenance/janitorial supplies, bus supplies, bus fuel, technology supplies, etc.

CAPITAL OUTLAY (Line 3.050)

Capital Outlay projected for fiscal year 2016 is projected at \$1,069,073. The district just completed renovations to its football stadium press box and bleacher, which is approximately \$530,000 of this line item. The other estimated \$539,000 includes the purchase of a dump truck with a snow plow, construction of new storage/press box at the softball facility, re-sealing of parking lots in the district, a school bus and regular operational capital outlay needs. Fiscal years 2017-2020 address regular capital maintenance needs (i.e.- roofs, parking lots, technology infrastructure, etc) and the purchase of a new school bus each fiscal year. Please note that the District continues to make minor capital improvements and/or upgrades to equipment as funds become available. The longer the District operates without making equipment upgrades, as well as making capital improvements, a greater amount of dollars will be needed in the future to remedy these neglected areas.

OTHER OBJECTS (Line 4.300)

This line includes fees paid to the County Auditors for processing tax settlements, state auditor fees, and liability insurance. Other Objects expenditures are projected at \$100,000 for fiscal year 2016 based on anticipated increases. Other Objects expenditures are expected to remain consistent through fiscal year 2020.

OTHER FINANCING SOURCES (Line 5.02)

No advances are expected for fiscal year 2016-2020.

ESTIMATED ENCUMBRANCES JUNE 30 (Line 8.01)

Estimated Encumbrances are projected at \$120,000 for fiscal years 2016 through 2020 based on the District's attempt to reduce outstanding purchase orders at fiscal year end.

The document accompanying these written assumptions is based on factors that are known as of this date, and/or those that have been clarified in these assumptions. All forecasts include the inherent assumption that changes will occur over time of the forecast, and that these changes will change the outcome of the forecast. The factors that the Board of Education has control over and those of no control will have an impact on the amounts of the forecast.