

**RIDGEWOOD LOCAL  
SCHOOL DISTRICT**



**MAY 2020 FORECAST  
ASSUMPTIONS**

**Ridgewood Local School District  
Five-Year Forecast  
FY 2020 Assumptions  
May 2020**

**GENERAL OVERVIEW**

This report projects revenues and expenses for Fiscal Years 2020 through 2024 and was prepared for the Ridgewood Local School District Board of Education. The report attempted to use the most current and readily available information at the time of preparation.

All forecasts include an inherent assumption that changes will occur over time. These changes, will effect the outcome of the forecast. The Board of Education has both control and no control over factors impacting the forecast. For these reasons, the Ridgewood Local School District considers the forecast a continual work in progress.

**FORECAST RISKS AND UNCERTAINTY**

The document accompanying these written assumptions is based on current legislation, historical trends, social issues and other factors that are known, as of this date. The assumptions, in the forecast, could change drastically with the passage of new federal and/or state legislation, local property values, state funding formula, enrollment and educational programs offered by the Ridgewood Local School District.

It is being anticipated that COVID-19 will impact funding to the district. The Governor has indicated a \$300 million dollar cut in state supported K-12 education in FY2020. Projection provided by OASBO, BASA and OSBA show RLSD funds being reduced by \$219,729 in FY2020. In addition, additional cuts are expected for FY2021. The CARES Act limits on how much K-12 funding can be cut by states. In considering the state's foundation aid as the methodology used for calculating the reduction, funding could be reduced an estimated 5%. Should ODE apply to USDOE for additional approved reductions, revenue loss could be greater.

CARES Act provides funds via the Elementary and Secondary School Emergency Relief Fund (ESSER). The funding estimate is based on FY19 Title I allocations. ODE estimate for RLSD is approximately \$285,236 from ESSER. Preliminary information would suggest that these funds will be restricted in use. Since no final guidance has been provided at this time, these funds are not considered in the forecast.

At the local level, the RLSD has been in conversations with the county treasurer and auditor. Indicators from the county are local collection will most likely suffer and delinquency projections should be increased to 16%.

This report is a tool used for planning purposes and is not guaranteed.

**6.010 Excess of Revenues over/(under) Expenditures**

This line is a good measure of a district's financial health. A positive balance indicates revenues are sufficient to cover expenditures while a negative balance indicates deficit spending.

**REVENUE ASSUMPTIONS**

**GENERAL PROPERTY TAX (REAL ESTATE) (Line 1.010)**

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. These are 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 its property taxes from Coshocton, Guernsey, and Tuscarawas counties. Approximately 94% of the tax collections are from Coshocton, 3.5% from Guernsey, and 2.5% from Tuscarawas.

General Property Tax is estimated to be \$3,189,900 for fiscal year 2020 based on the most recent tax data estimates obtained from the Coshocton County Auditor's Office and the Ohio Department of Taxation. Fiscal years 2021, 2023 and 2024 are projected to increase by .5%. Fiscal year 2022 is projected to increase by 3.0% due to TY2021 being a reappraisal year in Coshocton County. However, in FY2021, these projected increases are reduced by the effects from COVID-19 and the suggested increase to delinquencies as stated in the Forecast Risks and Uncertainty section of the assumptions. FY2022 through FY2024 show increases prior COVID-19 pandemic.

These projections are a reflection of the current state of the economy and social situation. If delinquencies are not as high as projected, the RLSD will realize an increase in local revenue.

**TANGIBLE PERSONAL PROPERTY TAX (Line 1.020)**

Tangible Personal Property Tax has been eliminated on most business property and is no longer be received by RLSD. Only natural gas and electric public utilities TPP taxes remain in this line item.

**UNRESTRICTED GRANTS-IN-AID (Line 1.035)**

Unrestricted Grants-in-Aid is estimated to be approximately \$7,715,260 during fiscal year 2020, which is based on information from the state's most current School Finance Payment Report and reported information stated in the Risk and Uncertainty section.

**RESTRICTED STATE GRANTS-IN-AID (Line 1.040)**

Restricted Grants-in-Aid is estimated at approximately \$393,361 during fiscal year 2020 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 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 \$422,855 for fiscal year 2020.

**ALL OTHER REVENUE (Line 1.060)**

All Other Revenues are estimated to be \$962,660 for fiscal year 2020 based on estimated interest income, rentals, open enrollment, and miscellaneous receipts. Significant changes (increases or decreases) in open enrollment numbers could impact this line item. At this time, projections are being flat lined for the remaining fiscal years.

**ADVANCES-IN (Line 2.05)**

No additional advances are anticipated for FY 2020.

**TOTAL OTHER FINANCING SOURCES (Line 2.070)**

These amounts are not a significant revenue source for the District.

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

Personal service costs are estimated to be approximately \$5,753,924 during fiscal year 2020. 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. The forecast is based on **current staffing levels**. It also includes anticipated salary step increases based upon approved contracts with REA (through FY 2022) and OAPSE (through FY2021). The district has chosen to recode certain staff members salary to School Districts Student Wellness and Success Funds, as allowed by H.B. 166. In FY2022 these expenses will return to the general fund, if not renewed. Other factors that could impact the forecast but not included in the numbers, are the possible elimination of position through attrition, replacing senior teachers with lower paid teachers, and restructuring administrative positions.

**EMPLOYEE BENEFITS (Line 3.020)**

Fringe Benefits are estimated at \$2,246,713 during fiscal year 2020. 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 2020 includes insurance contributions of 14% from certified staff and non-union staff and 10% from classified staff. Insurance premiums are a significant part of this line item. Fiscal Year 2021 increase is 8.08% while Fiscal Year 2022, 2023, and 2024 include increases of 6.85% per year, which is the average increase for the past seven years. The district has chosen to recode certain staff member's benefits to School Districts Student Wellness and Success Funds, as allowed by H.B. 166. In FY2022 these expenses will return to the general fund, if not renewed.

**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 \$2,001,286 during fiscal year 2020. A consistent increase of 1% annually is projected from fiscal years 2021 through 2024 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. The district has chosen to use a portion of School Districts Student Wellness and Success Funds as allowed by H.B. 166, in the area of purchase services in FY2021. In FY2022 these expenses will return to the general fund, if not renewed.

**SUPPLIES AND MATERIALS (Line 3.040)**

Supplies and Materials are projected at \$592,900 for fiscal year 2020. 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 1% increase is projected for fiscal years 2021 through 2024. 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 2020 is projected at \$289,830. Fiscal years 2020-2024 address regular capital maintenance needs (i.e.- partial replacement of windows at RES, roof repair, 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 2020 based on anticipated increases. Other Objects expenditures are expected to remain consistent through fiscal year 2024.

**OPERATING TRANSFERS-OUT (Line 5.01)**

Operating Transfers-Out is projected to be \$1,836,800 for the elementary school salaries, benefits, purchase services and supplies being paid out of the Schoolwide Pool Fund. Several years ago, the district chose to use this funding option (Schoolwide Pooling Model) for the use of its Federal Funds. This model provides the district with additional flexibility in regards to expending federal dollars. Transfers that are expended and received by the same fund are not included in this line item. The district assumes a 5.0% annual increase to this line item to cover increased salaries and benefit expenses. In addition, in FY18, the district established Termination Benefits Fund (035) and will begin transferring general fund dollars to meet the districts severance pay and retirement cost obligations. For FY 20, the district transferred \$50,000.

**OTHER FINANCING SOURCES (Line 5.02)**

No significant advances are expected for fiscal year 2021-2024.

**ESTIMATED ENCUMBRANCES JUNE 30 (Line 8.01)**

Estimated Encumbrances are projected at \$120,000 for fiscal years 2020 through 2024 based on the District's attempt to reduce outstanding purchase orders at fiscal year end.