

**RIDGEWOOD LOCAL
SCHOOL DISTRICT**



**FY 2022 FALL SUBMISSION
FORECAST ASSUMPTIONS**

**Ridgewood Local School District
Five-Year Forecast
FY 2022 Assumptions
Fall 2021**

GENERAL OVERVIEW

This report projects revenues and expenses for Fiscal Years 2022 through 2026 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 over 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 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. This report is a tool used for planning purposes and is not guaranteed.

Of local and state revenue, approximately 67.8% comes from the State Budget. This is a significant amount of district revenue. The district is currently flat-lining this revenue, in the forecast, due to the guidance being unavailable until December and uncertainty of state funding phase-in after the current biennium. Should the funding formula change, this will impact the district's revenue.

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 93.6% of the tax collections are from Coshocton County, 3.3% from Guernsey County, and 3.1% from Tuscarawas County.

General Property Tax is estimated to be \$3,572,757 for fiscal year 2022 based on the most recent tax data estimates obtained from the Coshocton County Auditor's Office and the Ohio Department of Taxation. Fiscal years 2023, 2024 and 2026 are projected to increase by .5%. Fiscal years 2025 is projected to increase by 3.0% due to TY 2024 being a reappraisal 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 FY23-FY26, delinquent collections are not factored in due to the unreliability of obtaining such funds. In FY 21, the county auditor collected approximately \$104,900 in delinquent taxes. This increased the revenue collected for the district.

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

UNRESTRICTED GRANTS-IN-AID (Line 1.035)

Unrestricted Grants-in-Aid is estimated to be approximately \$7,760,361 during fiscal year 2022, which is based on information from the state's most current foundation payment. Until further guidance is given by ODE, this line will be flat lined.

RESTRICTED STATE GRANTS-IN-AID (Line 1.040)

Restricted Grants-in-Aid is estimated at approximately \$1,016,232 during fiscal year 2022. The Restricted Grants-in-Aid line item consists of Career Tech Aid, Gifted Funding and Disadvantaged Pupil Impact Aid (DPIA). DPIA includes previously received funds from Student Wellness & Success that were tracked outside of the general fund. These restricted funds are projected to increase due to the addition of Student Wellness & Success. Until further guidance is given by ODE, this line will be flat lined.

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 for 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 \$424,000 for fiscal year 2022.

ALL OTHER REVENUE (Line 1.060)

All Other Revenues are estimated to be \$110,000 for fiscal year 2022 based on tuition, estimated interest income, rentals, mobile home taxes, Medicaid reimbursements and miscellaneous receipts. A 1.0% increase is projected the remaining fiscal years. The significant decrease in the funding amount from previous years is due to the new state funding formula which eliminates credits for open enrollment.

ADVANCES-IN (Line 2.05)

Total advances are \$66,549 for FY 2022.

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 \$5,358,784 during fiscal year 2022. 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 FY2024).

The district had recoded certain staff member's salary to School Districts Student Wellness and Success Funds, as allowed by H.B. 166 and to the Elementary and Secondary School Emergency Relief Fund (ESSER) as allowed by the Coronavirus Aid Relief and Economic Security Act (CARES Act). Student Wellness and Success Funds that the district received were part of the last biennial budget.

The carryover from previously received Student Wellness and Success Funds are currently being used to offset district salaries as allowed by law. These funds will be expended by the district and once depleted will return as an expense to the general fund.

Beginning in FY2021, the district used ESSER I funds for salaries of the 8th Grade Staff. This is a representation of the districts use of other activities necessary to maintain and to continue to employ the existing staff due to its previous year's deficit spending. The district is receiving additional ESSER funds from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) ESSER II and American Rescue Plan (ARP) ESSER III and will continue to pay the salary of the 8th Grade staff from ESSER funds for the reason mentioned above. This expense will return to the general fund beginning in FY2025.

Other factors that could impact the forecast but are not included, in the numbers, are the 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 \$2,679,582 during fiscal year 2022. 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 2022 includes insurance contributions of 14% from administrative and certified staff and 11% from classified and non-union staff. Insurance premiums are a significant part of this line item. Fiscal Year 2022 increased 1.84% while Fiscal Year 2023 through 2026 includes increases of 6.30% per year, which is the average increase of the past eight years. The carryover from previously received Student Wellness and Success Funds are currently being used to offset district benefits as allowed by law. Once these funds are depleted this expense will return to the general fund.

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 \$1,182,568 during fiscal year 2022. A consistent increase of 1% annually is projected from fiscal years 2023 through 2026 to incorporate inflationary costs. This calculation takes into account 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 significant decrease in expenses from previous years is due to the new state funding formula which eliminates deductions for open enrollment.

SUPPLIES AND MATERIALS (Line 3.040)

Supplies and Materials are projected at \$497,934 for fiscal year 2022. 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 2023 through 2026. 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 2022 is projected at \$613,000. Fiscal years 2023-2026 address regular capital maintenance needs (i.e.- 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.

PRINCIPAL/INTEREST (Lines 4.010, 4.050, 4.055 & 4.060)

These lines include principal and interest payments on district debt.

OTHER OBJECTS (Line 4.300)

This line includes fees paid to the County Auditors for processing tax settlements, state auditor fees, Medicaid fees, and liability insurance. Other Objects expenditures are projected at \$100,000 for fiscal year 2022 based on anticipated increases. Other Objects expenditures are expected to remain consistent through fiscal year 2026.

OPERATING TRANSFERS-OUT (Line 5.01)

Operating Transfers-Out is projected to be \$2,070,970 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 is transferring general fund dollars to meet the districts severance pay and retirement cost obligations.

OTHER FINANCING SOURCES (Line 5.02)

No significant advances are expected for fiscal year 2023-2026.

ESTIMATED ENCUMBRANCES JUNE 30 (Line 8.01)

Estimated Encumbrances are projected at \$120,000 for fiscal years 2022 through 2026 based on the District's attempt to reduce outstanding purchase orders at fiscal year-end.