

Ross Local School District



Work Session December 15, 2022



Agenda

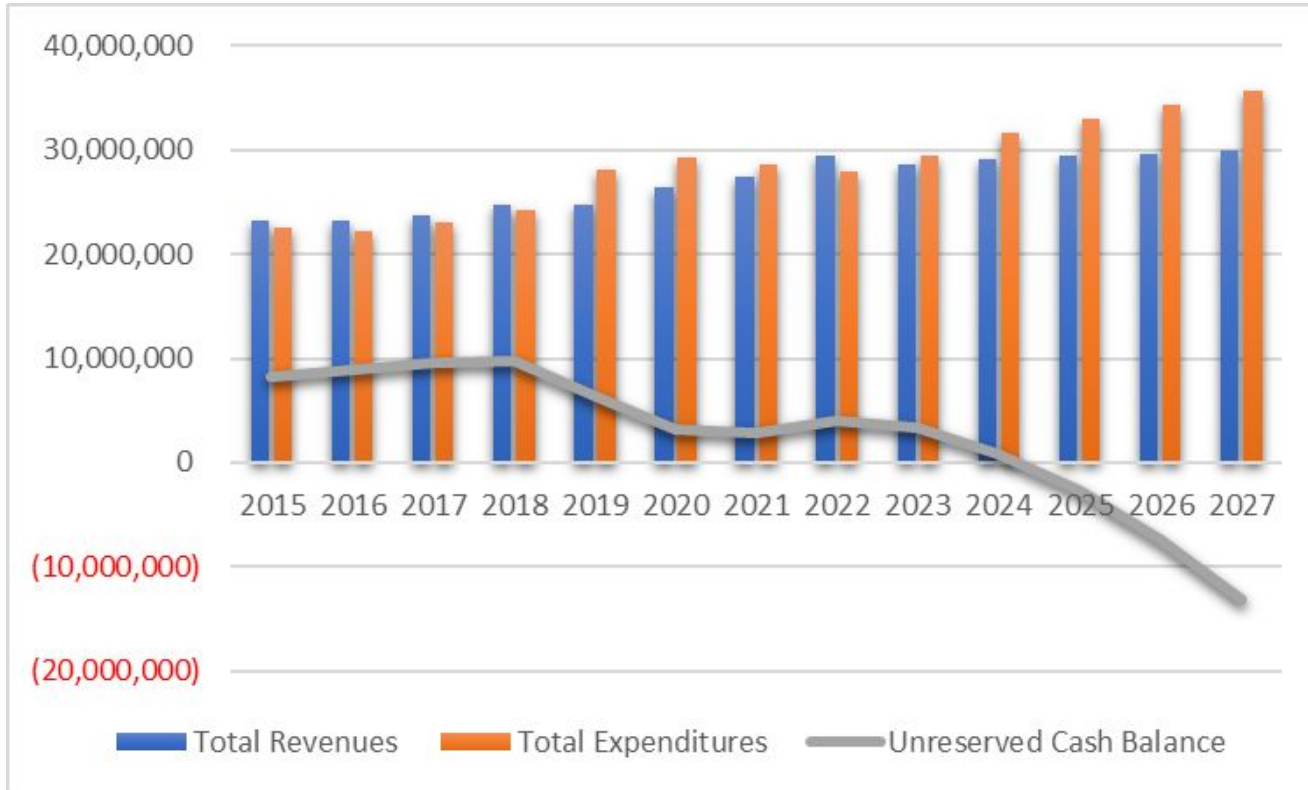
- a. Review 5 yr Forecast
- b. How did we get in this situation?
- c. Past reductions, cuts
- d. Review State Oversight
- e. Future reductions/cuts/millage

SNAPSHOT

Current Financial Status

	Actual			Forecasted				
	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Cash	7,440,274	4,581,313	3,419,829	4,856,025	4,064,405	1,603,696	(1,951,006)	(6,648,512)
Total Revenues	26,393,374	27,394,394	29,429,823	28,596,514	29,098,446	29,426,836	29,610,384	29,933,885
Total Expenditures	29,252,335	28,555,878	27,993,627	29,388,134	31,559,155	32,981,538	34,307,890	35,692,703
Spending Surplus (Deficit)	(2,858,961)	(1,161,484)	1,436,196	(791,620)	(2,460,709)	(3,554,702)	(4,697,506)	(5,758,818)
Ending Cash	4,581,313	3,419,829	4,856,025	4,064,405	1,603,696	(1,951,006)	(6,648,512)	(12,407,330)
Encumbrances	1,427,347	558,792	835,293	750,000	750,000	750,000	750,000	750,000
Unreserved Cash Balance	3,153,966	2,861,037	4,020,732	3,314,405	853,696	(2,701,006)	(7,398,512)	(13,157,330)
True Days of Cash	39	37	52	41	10	-30	-79	-135

REVENUES, EXPENDITURES & CASH





SUMMARY

- District is in a Financial Crisis
- The Forecast Confirms Precautionary Status – State Oversight
- Cash is Depleted by FY 2025
- All Options Must be Reviewed

How did we get in this situation?

General Fund Relatively Stagnant

- State of Ohio's view of the RLSD...
- State Funding: FY 2013, \$10,460,443 vs. FY 23, \$10,592,709
- Full impact of 2019 income tax not realized until July, 2021
- Levy promises implemented immediately
 - Spending deficit continued 2018-2021

How did we get in this situation?

Payroll and Benefit increase between FY 2018-21

- \$3.1M increase in Payroll and benefits between FY18-21.
- Due to negotiated increases and salary scale movement (Details below)
 - **Negotiated raises:**
 - FY18-19, 3%
 - FY19-20, 2% + \$500 one time pay to staff
 - FY20-21, 0%
- **Scale movement (moving to next step on salary scale)**
 - Average of 2.1% per year in the general fund
- **Special Education increase of \$814k over FY17-21**

How did we get in this situation?

General Fund Transfers FY 2018-21

- \$1.6M to fund RMS & Elda HVAC. This was necessary due to the lack of revenue in the permanent improvement fund
- \$295k to Food Service
- \$55k to Athletics
- \$50k to uniform supply fund
 - This fund is responsible for classroom supplies.

How did we get in this situation?

- Health Care Costs
 - FY 22, 9%
 - FY 23, 17.9 %
- Consumer Price Index
 - FY 21, 1.2%
 - FY 22, 4.7%
 - FY 23, 8.6 %
- Utilities, Personnel Costs

Reductions/Cuts FY 20-FY22

K-8 Cuts & Transfers Since 2020 (\$666,841)

- Elementary Teaching Position at Morgan (FY20) - \$83,429
- Elementary Counselor Position at Elda (FY21) - \$66,413
- Moved Title 1 Teacher at Elda to 1st Grade at Elda to fill a resignation - (FY21) - \$95,876
- Did not replace Morgan 4th teacher when she left Morgan (FY22) - \$83,331
- Reduced a 5th Grade section from RMS that would have been at RIS (FY22) - \$51,725
- Also reduced (2) additional sections (2nd Grade and 4th Grade) at Elda - teachers transferred to RMS to accommodate larger RMS class sizes. (FY21) - \$202,736
- Reassigned Title Teacher at Elda to Morgan 2nd Grade to fill an opening (FY22) - \$83,331

Other District/Administration Cuts, Transfers & Cost Savings: (\$821,321)

- Combined EMIS & Central Registration when EMIS Administrator retired (FY21) - \$80,441
- Did not fill Transportation Supervisor position (Retirement FY22) - \$84,337
- Eliminated Administrative Specialist (FY22) - \$65,043
- Did not fill Instructional Specialist (FY22) - \$118,601
- Did not fill the Technology Integration Specialist (FY22) - \$105,301
- Elimination of Dean of Students/District Asst. AD (FY22) - \$103,190
- Elimination of 2 District Counseling Positions (FY22) - \$85,448
- Elimination of 1 District Intervention Specialist (FY22) - \$71,452
- Elimination of 1 Technology Curriculum Coordinator (FY22) - \$107,508

Grades 9-12 Cuts & Transfers: (\$343,401)

- Eliminated Chinese as a Foreign Language offering when teacher retired (FY21) - \$91,811
- Eliminated RHS Social Studies Position (FY22) - \$52,457
- Eliminating block scheduling of certain Math/ELA courses resulted in the reduction of 2 Math positions and 1 ELA position. - \$199,133

TOTAL SAVINGS: \$1,831,563

State Oversight: Designations & Triggers

Precaution

- Deficit predicted in first 3 years of forecast (2023, 2024 or 2025)

Caution

- Deficit predicted in first 2 years(2023 or 2024)
- >2% but less than 8% of prior year general fund revenues

Watch

- Current year deficit (2023) is more than 8% of prior year general fund revenues
- &/or unable to develop or implement a fiscal caution financial recovery plan (FRP)

Emergency

- Current year deficit (2023) is more than 15% of prior year general fund revenues
- &/or unable to develop or implement a fiscal caution financial recovery plan (FRP)

At what step does the state take over?

- The State never “takes over”
- When fiscal emergency is declared, a Financial Planning & Supervision Commission is appointed to work with the District
 - This commission does possess certain powers but does not replace a Board of Education or administration
- To exit fiscal emergency the District must show no deficits in any of its five years forecasted
 - Avg duration a District remains in fiscal emergency: 4 years

What is Ross' Status?

Precaution

- Deficit projected in 2025 of forecast

District Requirements

- Submit written plan to eliminate the projected deficit



Mike DeWine, Governor
Dr. Stephanie K. Siddens, Interim Superintendent of Public Instruction

December 13, 2022

VIA ELECTRONIC MAIL ONLY

Ross Local School District Board of Education C/O
Sean Van Winkle, Board President
Chad Konkle, Superintendent
Jenni Logan, Treasurer
3371 Hamilton Cleves Road
Hamilton, OH 45013

***RE: NOTIFICATION OF POTENTIAL TO INCUR A DEFICIT AND WRITTEN PLAN
DUE FEB. 28, 2023***

Dear Ross Local School District Board of Education:

[Ohio law](#) requires the Ohio Department of Education to determine if a school district has the potential to incur a deficit during the first three years of the five-year forecast period. The Department examined your district's fall 2022 five-year forecast submission (attached) and identified ("flagged") forecasted deficits in the following fiscal years:

- A Year 3 (FY25) deficit on line 12.010 of -\$2,701,006

Pursuant to Ohio Revised Code 5705.391, this letter serves as required notification to the district that a potential for deficit exists. The Department considers your district to be in a "precautionary" financial state, and [Ohio Administrative Code 3301-92-04](#) requires the district to submit a board of education approved written plan to eliminate these deficits.

Current Fiscal Year (FY23) Deficits

The Department uses line 10.010 to identify current fiscal year (FY23) deficits and [Ohio law](#) requires districts to take immediate action to eliminate any current fiscal year deficits. The Department requires the district to submit a written plan documenting the actions the district has identified and implemented as soon as possible and no later than the written plan due date. In addition, Department representatives will be contacting district administrators to discuss the district's action steps and the possibility of placing the district into fiscal oversight (caution, watch or emergency).

Next Steps

- Three Tracks:
 - Internal Analysis
 - External Analysis
 - Additional Cuts/May Levy
- Recommended additional reductions/cuts to the General Fund:
 - -1 FTE District Office Administration
 - -1 FTE High School Science
 - -1 FTE Elementary Physical Education
 - -1 FTE Middle School
 - -1 FTE Treasurer's Assistant
 - Attrition
- \$600,000 in cuts, August 2023

Next Steps

- Recommend a 9.5 Mill Emergency Levy in May 2023
 - 1 Mill in RLSD = Approximately \$470,000
 - Annual Revenue Generated from 9.5 Mills = \$4.4 Million (Estimated)

Monthly cost of levy is \$27.71 per \$100,000 assessed value

CY 2023 Levy Passage (9.5 Mills, 5 year (2024-28), \$4.365 Million Annual Revenue, \$600K reductions)

	Actual			Forecasted					
	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Cash	7,440,274	4,581,313	3,419,829	4,856,025	4,064,405	4,473,700	5,884,391	6,152,278	5,358,853
Total Revenues	26,393,374	27,394,394	29,429,823	28,596,514	29,098,446	29,426,836	29,610,384	29,933,885	30,083,554
New Levy Revenue					\$2,270,004	\$4,365,393	\$4,365,393	\$4,365,393	\$4,365,393
Total Revenue	26,393,374	27,394,394	29,429,823	28,596,514	31,368,450	33,792,229	33,975,777	34,299,278	34,448,947
Total Expenditures	29,252,335	28,555,878	27,993,627	29,388,134	30,959,155	32,381,538	33,707,890	35,092,703	36,145,484
Spending Surplus (Deficit)	(2,858,961)	(1,161,484)	1,436,196	(791,620)	409,295	1,410,691	267,887	(793,425)	(1,696,537)
Ending Cash	4,581,313	3,419,829	4,856,025	4,064,405	4,473,700	5,884,391	6,152,278	5,358,853	3,662,316
Encumbrances	1,427,347	558,792	835,293	750,000	750,000	750,000	750,000	750,000	750,000
Unreserved Cash Balance	3,153,966	2,861,037	4,020,732	3,314,405	3,723,700	5,134,391	5,402,278	4,608,853	2,912,316
True Days of Cash	39	37	52	41	44	58	58	48	29

Questions?