RIVER VALLEY FIVE-YEAR FORECAST SPRING UPDATE

May 2023

ODE AND THE FIVE-YEAR FORECAST

- The Five-Year Forecast is required by the Ohio Department of Education to be adopted by the Board twice per year; November and May

- The Ohio Department of Education's purpose for the five-year forecast are:
  - To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district
  - To serve as a basis for determining the school district's ability to sign the certificate required by ORC 5705.412, commonly known as the "412 certificate"
  - To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

WHAT IS THE FIVE-YEAR FORECAST?

- Levies that are not already passed by the voters cannot be included in the adopted forecast

- Forecast is prepared based on historical trends and current factors
  - Forecast variables can change multiple times throughout the fiscal year and impact the subsequent years of the forecast
  - Intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability

FISCAL YEAR 2023 REVIEW

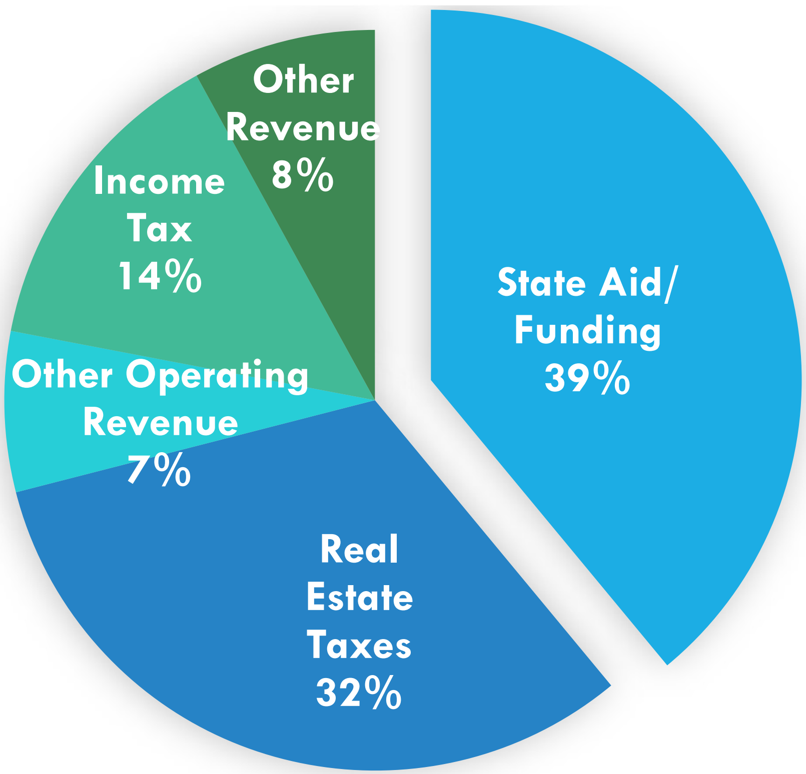
- Final year in this biennium budget at the state level with a Fair School Funding Plan phase-in of 33.33%
  - Guaranteed that no District will receive less funding than in fiscal year 2021
- Income tax receipts continue to be higher than projected by the Ohio Department of Taxation
  - Delinquencies were up significantly this year, which caused our overall collections to increase. It is not projected for this to continue or become a trend
- November forecast projected a revenue shortfall this year, but an unanticipated increase in property tax and income tax revenue has put us in a projected positive position to end the year.

SIMPLIFIED FINANCIAL STATEMENT

	2023	2024	2025	2026	2027
Beginning Cash Balance	$4,940,060	$5,730,591	$7,028,768	$6,684,548	$5,710,758
+ Revenue	$21,685,226	$22,066,480	$20,848,932	$19,187,857	$19,148,878
+ Renewal Levies	$0	$435,013	$1,277,383	$3,046,064	$3,322,055
+ New Levies	$0	$0	$0	$0	$0
- Expenditures	$20,894,695	$21,203,316	$22,470,535	$23,207,711	$24,188,648
= Revenue Surplus or Deficit	**$790,531**	**$1,298,177**	**-$344,220**	**-$973,790**	**-$1,717,715**
Ending Cash Balance with Levies	$5,730,591	$7,028,768	$6,684,548	$5,710,758	$3,993,043
Revenue Surplus or Deficit without Levies	$790,531	$863,164	-$1,621,603	-$4,019,854	-$5,039,770
Ending Cash Balance without Levies	$5,730,591	$6,593,755	$4,972,152	$952,298	-$4,087,472

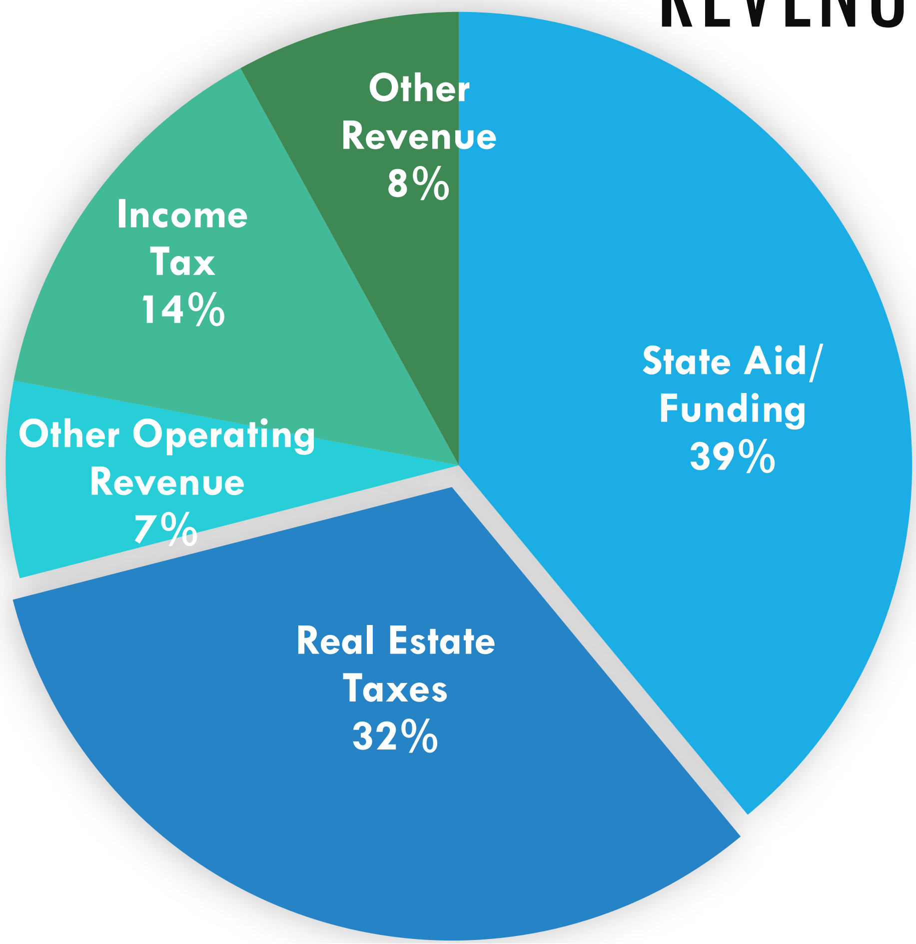
**Balances not reduced for encumbrances or reservations

REVENUE



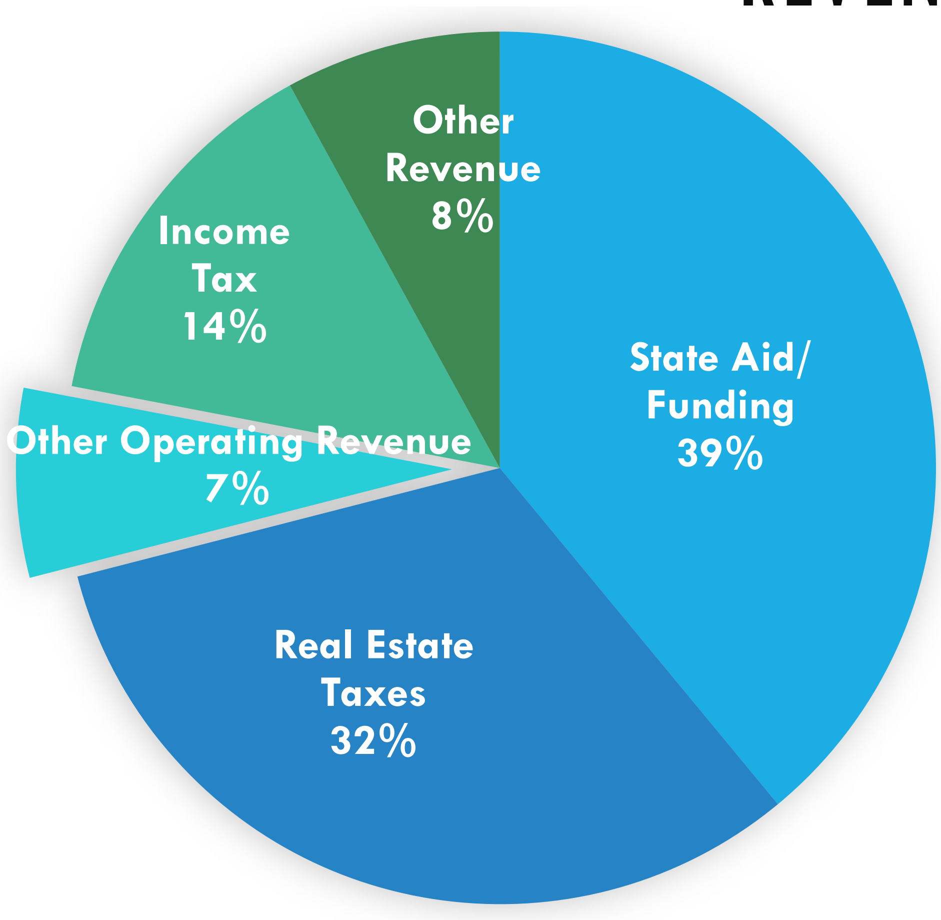
- 39% of total revenue
- Funding is driven by a base cost methodology
- Calculated base cost per pupil for FY23 is $7,256
  - State's share of the base cost for FY23 is 47.41% and equivalent to $3,440 per pupil

REVENUE



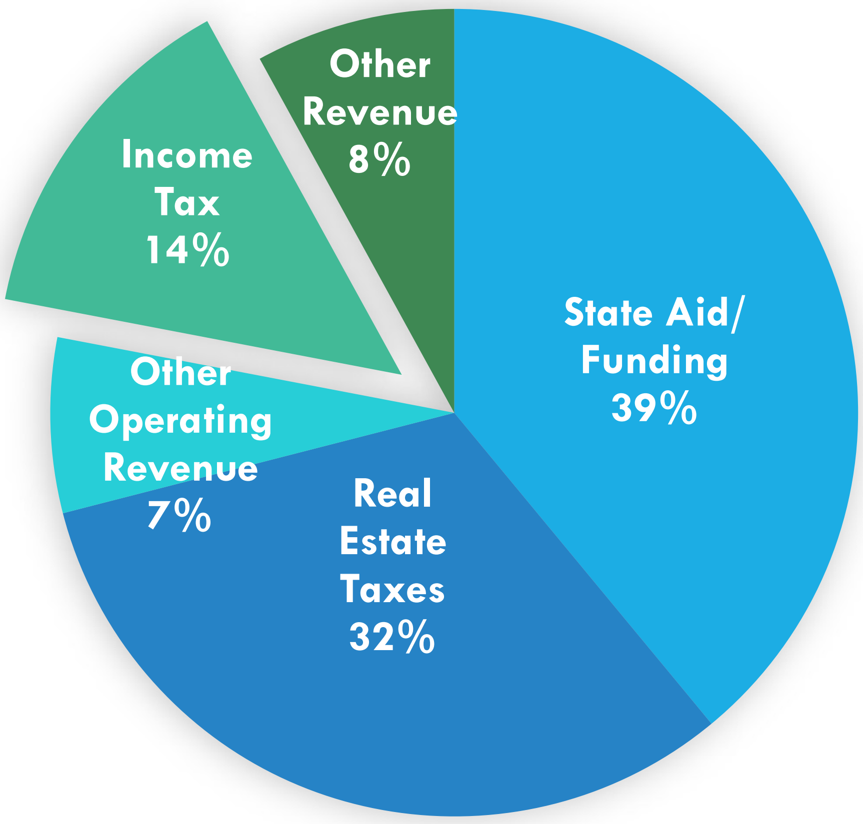
- 32% of Total Revenue
- Forecasted based on track record with settlements
- RE collection rate is based off of 3-year average of 100.2%

REVENUE



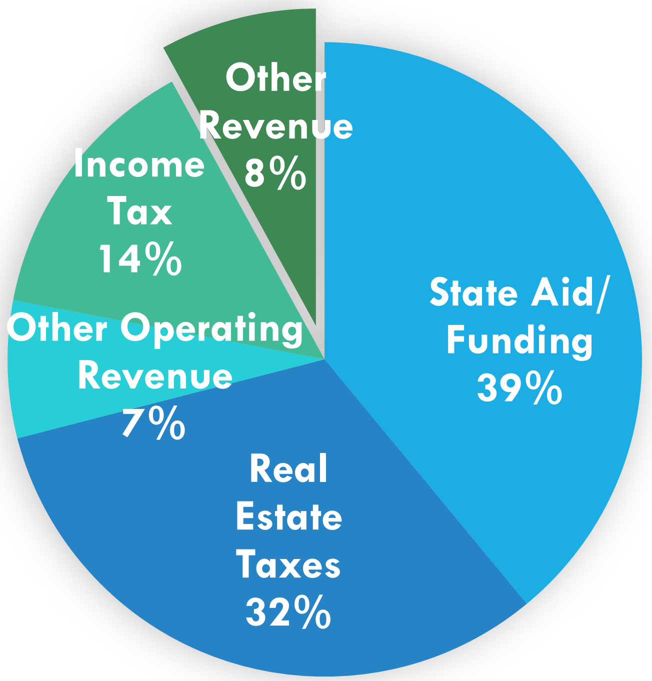
- 7% of total revenue
- No longer includes open enrollment
- Still includes: Rehab facility, special education reimbursements and all other revenue streams that do not fit in other categories

REVENUE



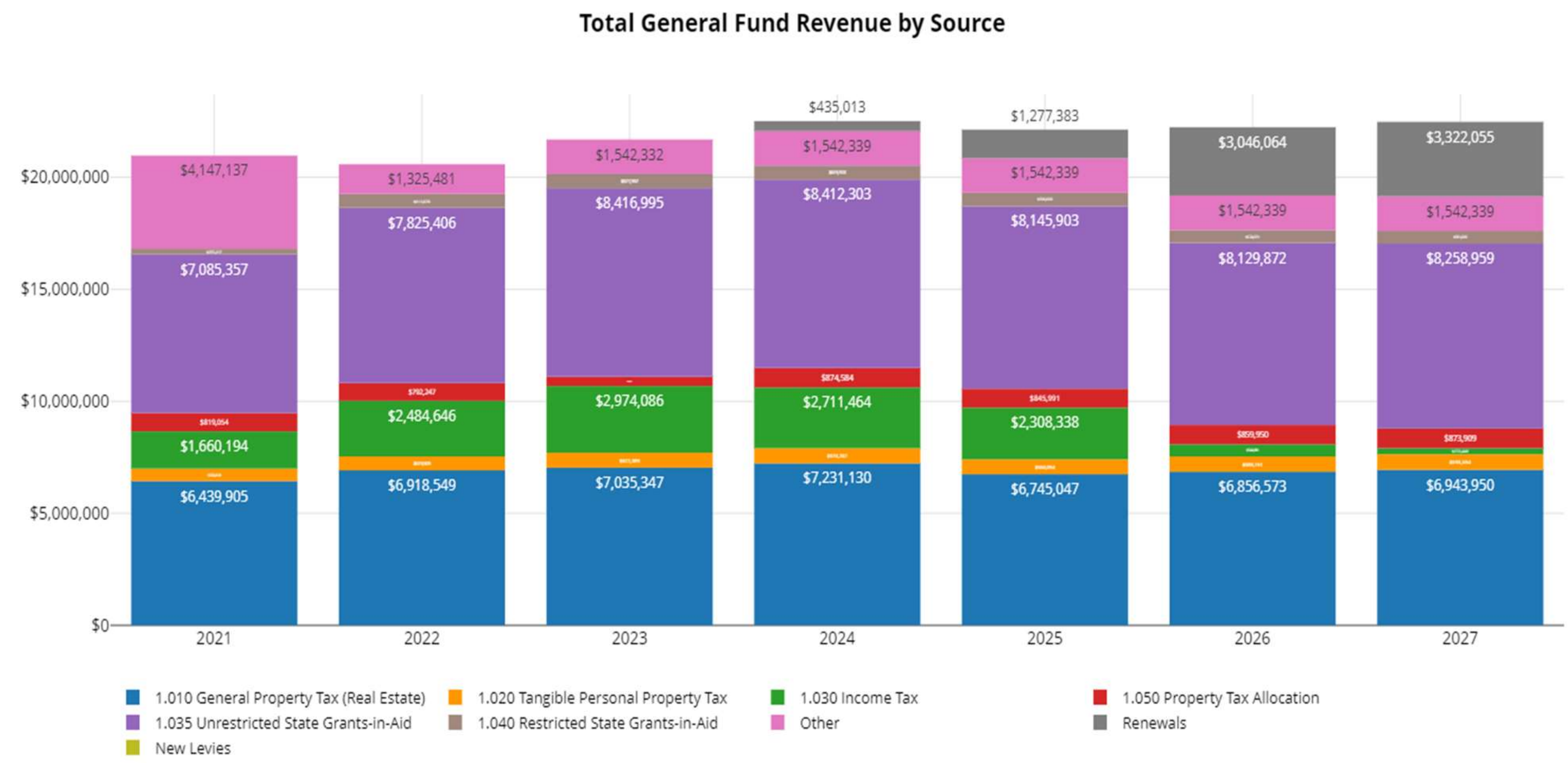
- 14% of Total Revenue
- Collections continue to come in higher than estimated based on ODT tax tables
- Assumptions:
  - Approximately 73% of this year's collections were through payroll withholdings
  - This year we experienced an increase in delinquencies
  - Projected 2% growth in collections while the income tax is still in place due to an assumed increase in our residential income levels

REVENUE

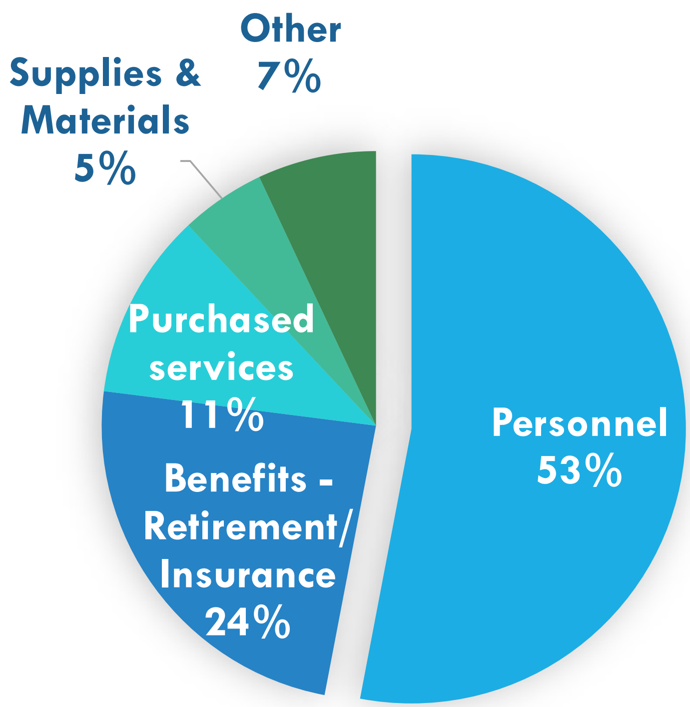


- Four other categories of revenue include:
  - Public Utility (3%)
    - Full voted millage is used
    - Collection based off of 3-year average of 100%
  - Restricted Grants-in-Aid (2%)
    - Portion of state per pupil funding that is classified for restricted use (gifted, ELL, CTE)
  - Property tax allocation (2%)
    - Reimbursements from the State for local taxpayer credits or reductions (homestead and rollback)
  - Other financing sources (1%)
    - Advances in to the general fund
    - Refunds of prior year expenditures
- Total of 8% of District revenues

YEAR OVER YEAR REVENUE COMPARISON

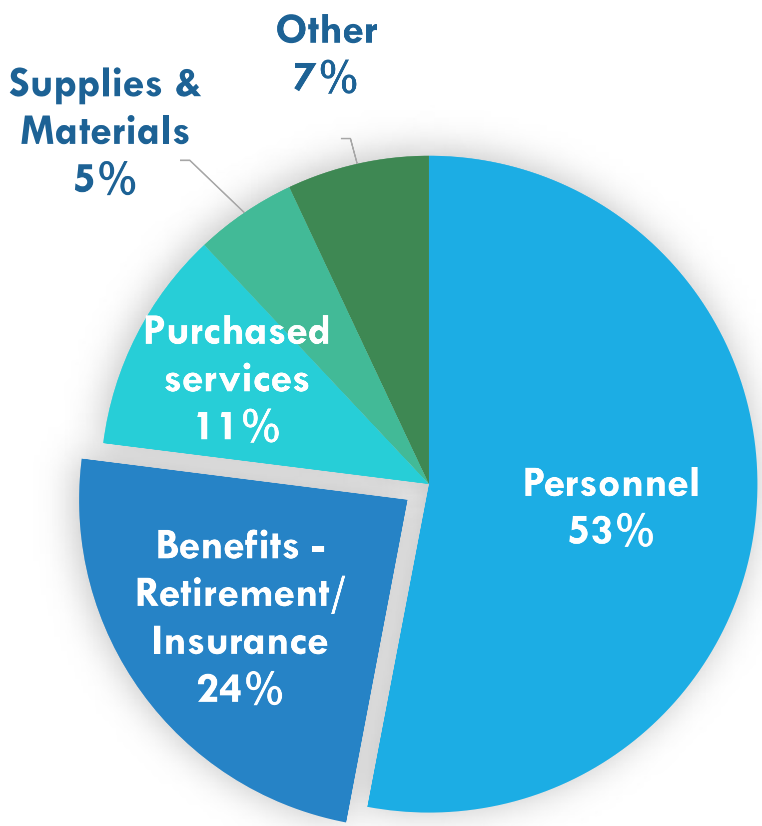


EXPENDITURES



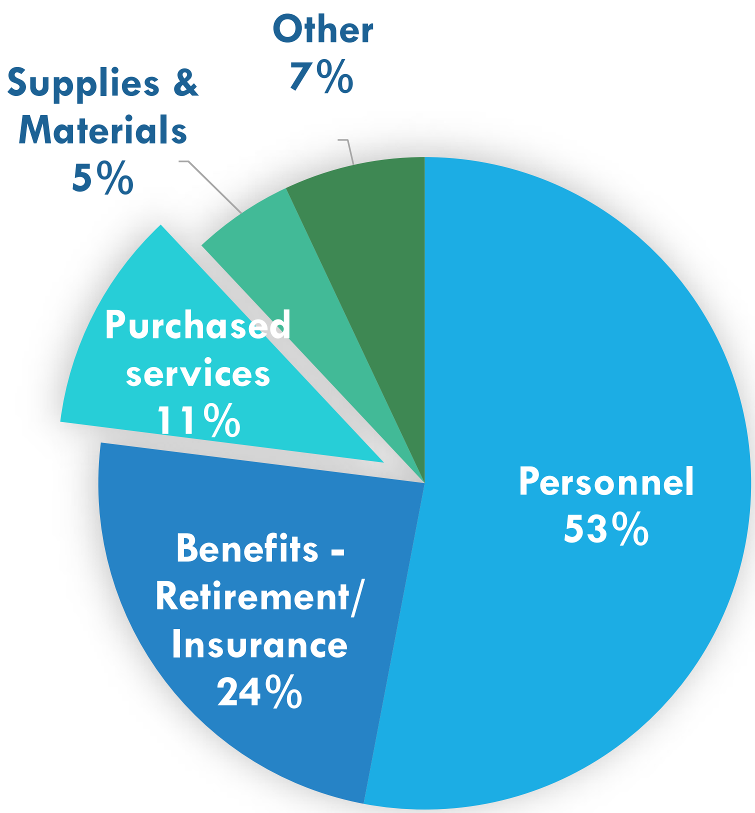
- Personnel is the District's largest expenditure
- 53% of total expenses

EXPENDITURES



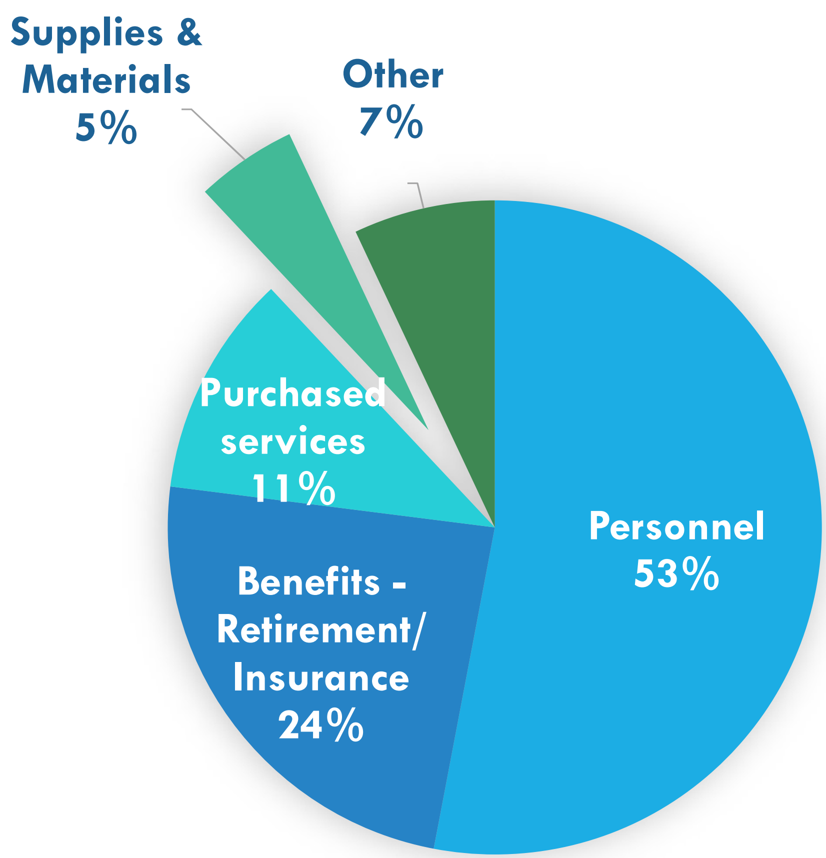
- Retirement/Insurance Benefits are the second largest expenditure
- 24% of total expenses
- Includes:
  - Retirement contributions paid by the Board
    - Increases as salaries continue to increase due to being calculated based off gross earnings
  - Insurance premiums paid by the Board
    - 1 premium holiday this year
  - Other fringe benefits paid by the Board

EXPENDITURES



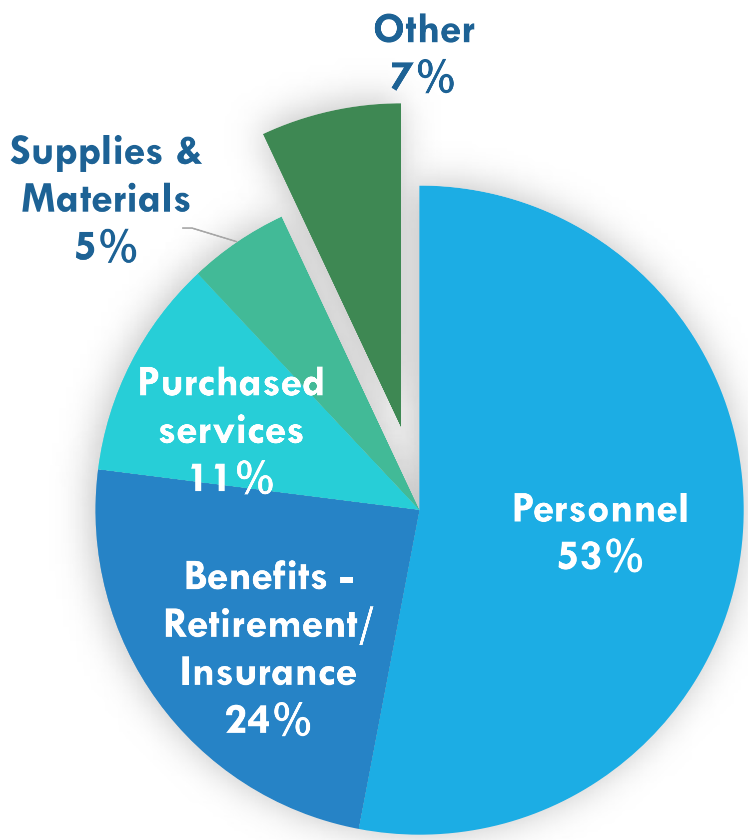
- Purchased services is the third largest expenditure
- 11% of total expenses
- Includes services, such as:
  - Utilities
  - Liability and Property Insurance
  - Personnel services
  - Contracted education
  - No longer includes open enrollment out, community school tuition or scholarships

EXPENDITURES



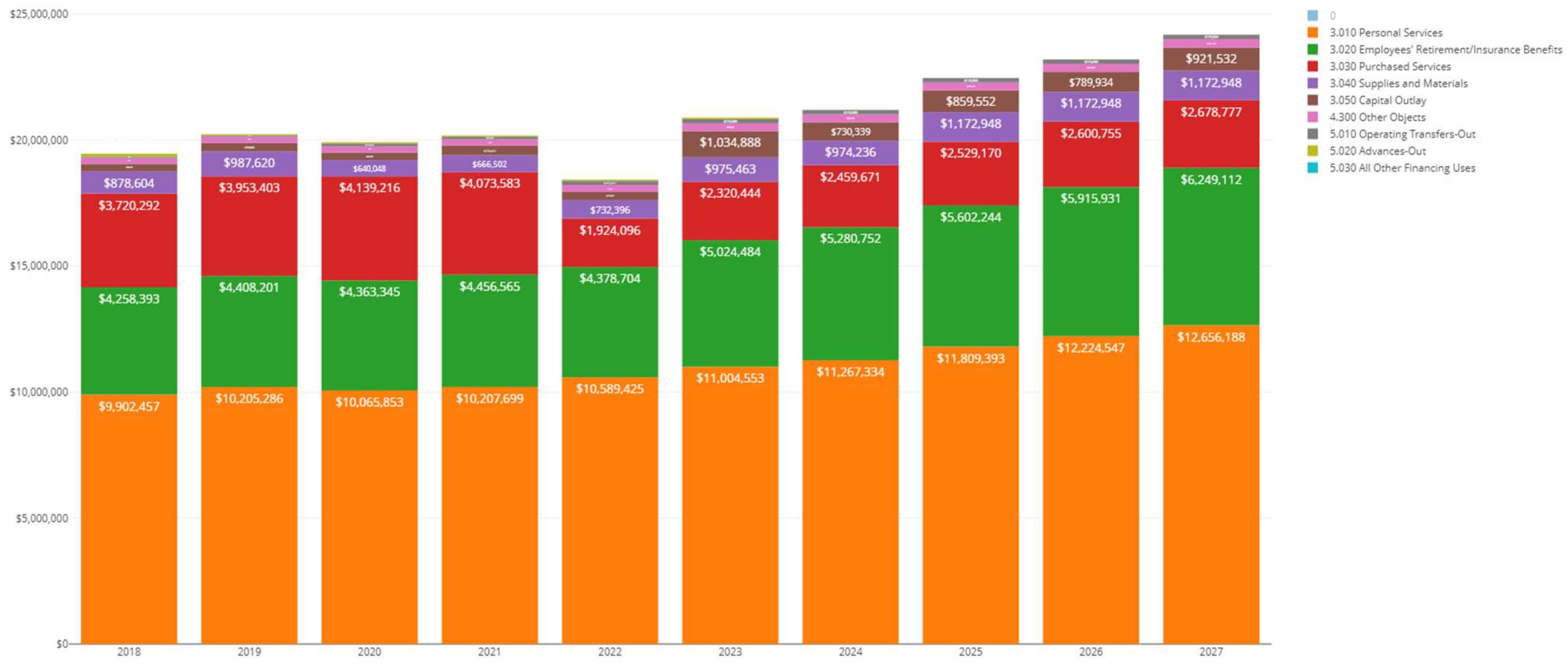
- 5% of total expenses
- Projected to grow substantially next year due to the classroom facilities maintenance levy ending, as well as anticipated inflation and an overall increase in needs district-wide despite cutting classroom supply budgets by 5% next year

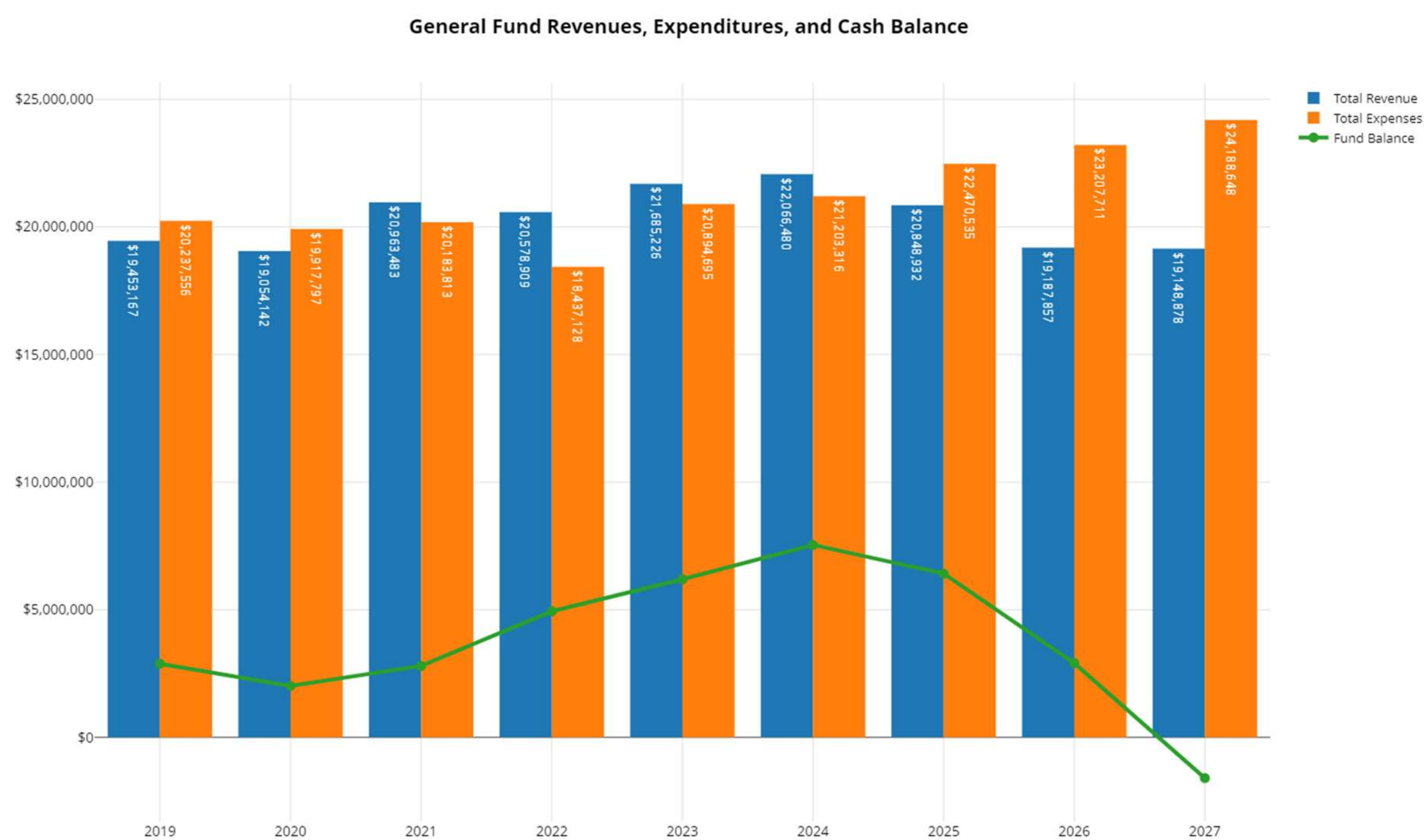
EXPENDITURES

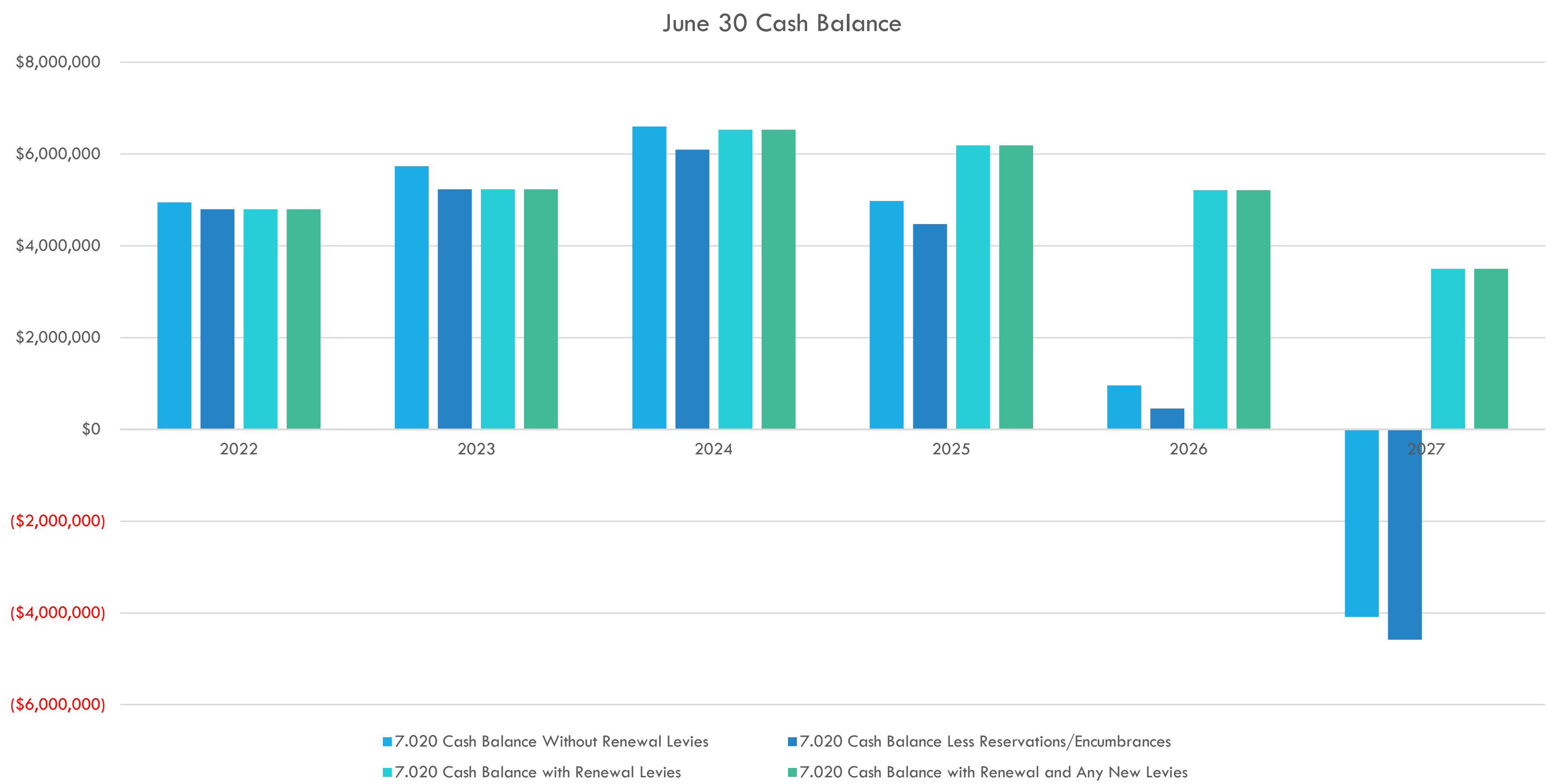


- Other line items:
  - Capital outlay
  - HB264 repayment
  - Other objects
  - Other financial uses
- 7% of total expenses
- Fluctuate based on need

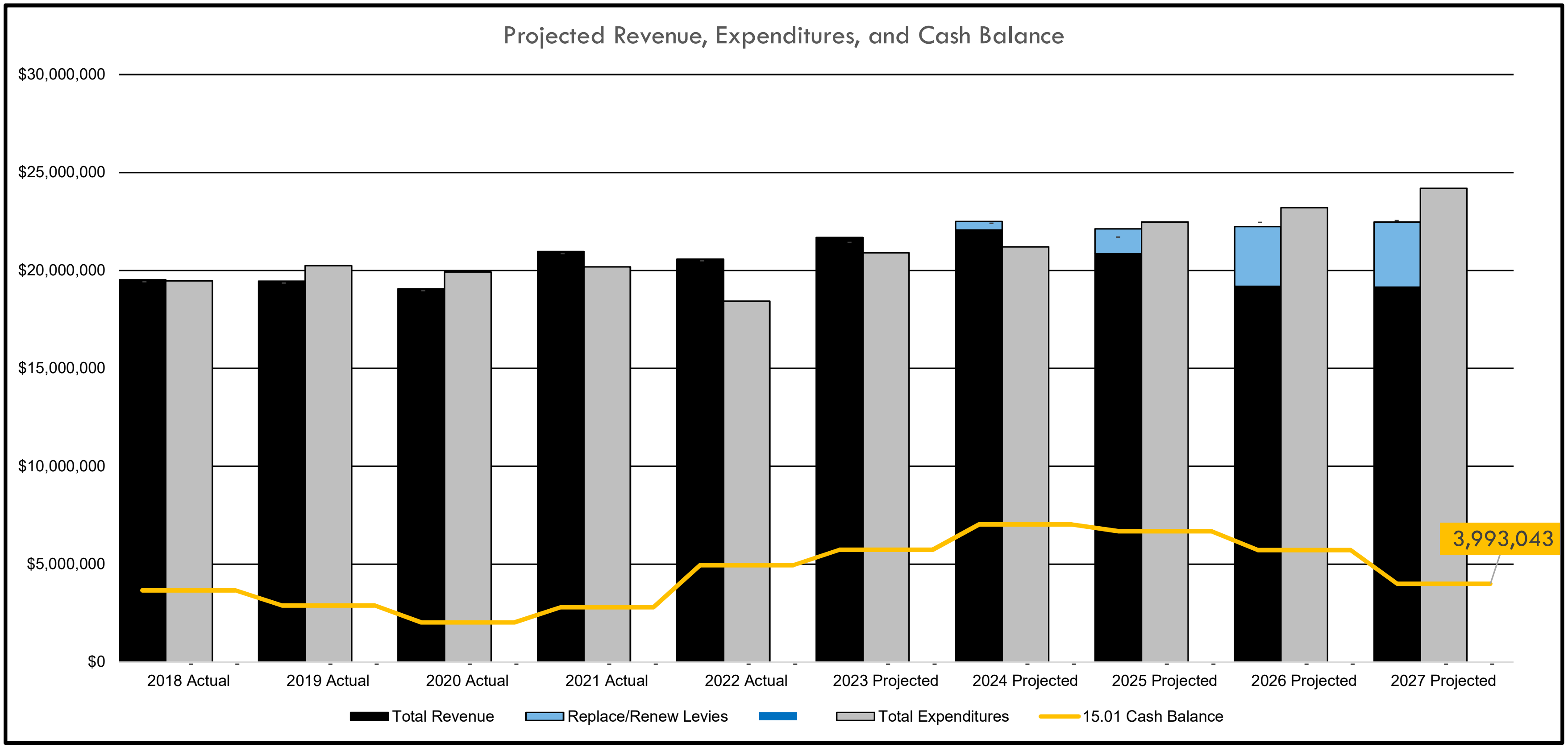
YEAR OVER YEAR EXPENSE COMPARISON




General Fund Revenues, Expenditures, and Cash Balance
Total Revenue
Total Expenses
Fund Balance
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$0
$19,453,167
$20,237,556
$19,054,142
$19,917,797
$20,963,483
$20,183,813
$20,578,909
$18,437,128
$21,685,226
$20,894,695
$22,066,480
$21,203,316
$20,848,932
$22,470,535
$19,187,857
$23,207,711
$19,148,878
$24,188,648
2019
2020
2021
2022
2023
2024
2025
2026
2027


June 30 Cash Balance
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
($2,000,000)
($4,000,000)
($6,000,000)
2022
2023
2024
2025
2026
2027
7.020 Cash Balance Without Renewal Levies
7.020 Cash Balance Less Reservations/Encumbrances
7.020 Cash Balance with Renewal Levies
7.020 Cash Balance with Renewal and Any New Levies

PROJECTED CASH BALANCE WITH RENEWAL LEVIES



CONSIDERATIONS AND ANALYSIS

- Beginning with FY2025, the district is expected to have a revenue shortfall
- The district's has estimated revenues in excess of expenditures in both FY2023 and FY2024
- Preventing expenses from exceeding revenues will be crucial to long-term financial stability, which means we need levies passed by our voters or we will be forced to make significant cuts moving forward

CONSIDERATIONS AND ANALYSIS, CONTINUED

- July 1st begins a new biennium budget, so the funding we will receive at the state level has not yet been determined. We will have to closely monitor the updates recently passed by the House, what changes the Senate makes and ultimately what is passed for FY24 and FY25. If significant changes take place, then a new five-year forecast will be presented to the Board to replace this forecast.
- Continued capital outlay, repairs and maintenance needs as our buildings age and we purchase new equipment according to our capital improvement plan
  - All of these expenses will come from the general fund moving forward due to our last classroom maintenance collection being in July/August 2023.
- Monitoring revenue streams vital to the District's financial well-being
  - Emergency levy falling off in FY2024
  - Income Tax levy falling off in FY2026
- The district website will be updated with this presentation and a copy of the forecast after the Board's approval. A link to the website where the forecast and presentation are located will also be included in the next Voice of the Valley.