

**RIVER VALLEY  
LOCAL SCHOOLS**

Tax Budget Hearing  
January 8, 2026

# AGENDA

- Tax Budget Purpose/Introduction
- General Fund
  - Financial Health Indicator
  - Property Tax Reform Impact- Revenue
  - Property Tax Reform Impact- Rates
  - Property Tax Reform Impact- Taxpayer Credits
  - State Funding Enrollment
  - State Funding Revenue Decreases
  - Key Cash Balance Analysis
- We are a great value!
- Tax Budget Overview- All Funds
- Key Takeaways

# INTRODUCTION TO THE TAX BUDGET

## Tax Budget Presentation – January 2026

This Tax Budget provides an overview of the district's current and projected financial condition, with a particular focus on how recent property tax reform, enrollment trends, and state funding changes are affecting long-term fiscal stability. The tax budget is not a spending plan; rather, it is a financial snapshot designed to illustrate estimated revenues, projected tax rates, and the district's ability to sustain operations under current law.

The district's most recent financial forecast shows a **deteriorating financial outlook compared to earlier projections**, driven primarily by the cumulative impact of property tax reform. As shown in the financial health indicators, the district is moving from a modest surplus position toward a projected structural shortfall over the forecast period. This shift is not the result of increased spending, but rather reduced local revenue capacity due to legislative changes.

Property tax reform affects the district in several ways. First, tax rates that were previously protected by the 20-mill floor are now permitted to fall below that level, limiting the district's ability to benefit from growth in property values. Second, the inclusion of substitute levies within the 20-mill calculation has increased the application of reduction factors, further lowering effective tax rates. Finally, taxpayer credits—both retroactive and ongoing—are expected to reduce district revenue by nearly **\$800,000 annually**, compounding the revenue loss over time.

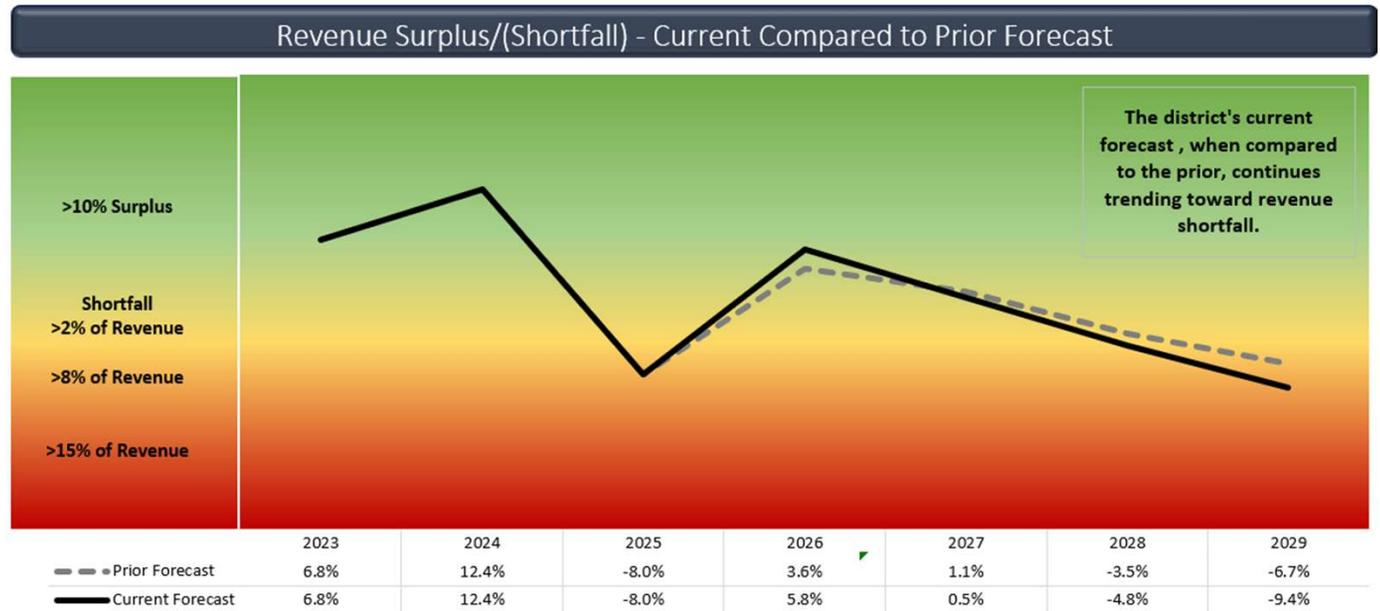
At the same time, **increasing property values**, taxpayer incomes, and declining student enrollment continues to reduce state funding. Ohio's funding formula assumes the district is becoming "wealthier" due to rising property values and taxpayer income, which shifts a greater share of funding responsibility from the state to local taxpayers - as a result, Ohio saves money. State revenue is projected to flatten or decline despite increasing operational costs.

While the district has taken steps to manage expenditures and control costs, these revenue pressures are eroding the district's cash balance. Projections show that cash reserves will fall below recommended benchmarks, including the ability to maintain at least 60 days of cash on hand. This trend accelerates the need for strategic financial planning and proactive decision-making.

This Tax Budget is presented to ensure transparency, inform policy discussions, and provide stakeholders with a clear understanding of the fiscal challenges ahead. District leadership remains committed to responsible stewardship of public resources and will continue to evaluate options to maintain educational programs while preserving long-term financial stability.

# FINANCIAL HEALTH INDICATORS

The current forecast that serves as the basis for the Tax Budget reflects a worsening budget shortfall since the prior (October) forecast. Property Tax Reform and decreasing State Funding are the leading contributors to the district's deteriorating finances.



# IMPACT OF PROPERTY TAX REFORM ON REVENUE FORECAST

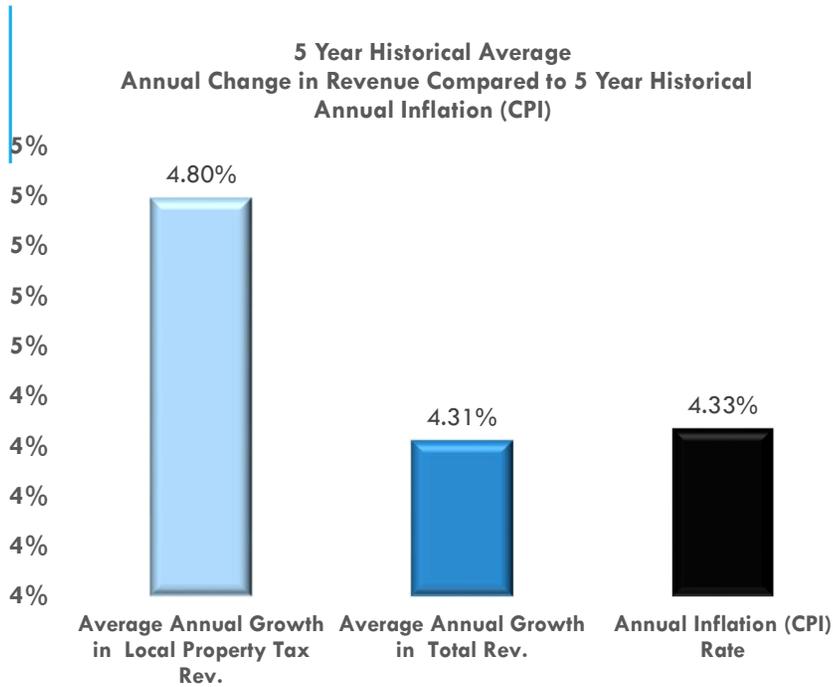
Property Tax Reform will negatively impact the district's local tax revenue by providing taxpayer credits to reduce property tax bills. Increased valuations will negatively impact State Funding.

**Total Projected Revenue - Current and Prior Forecast**

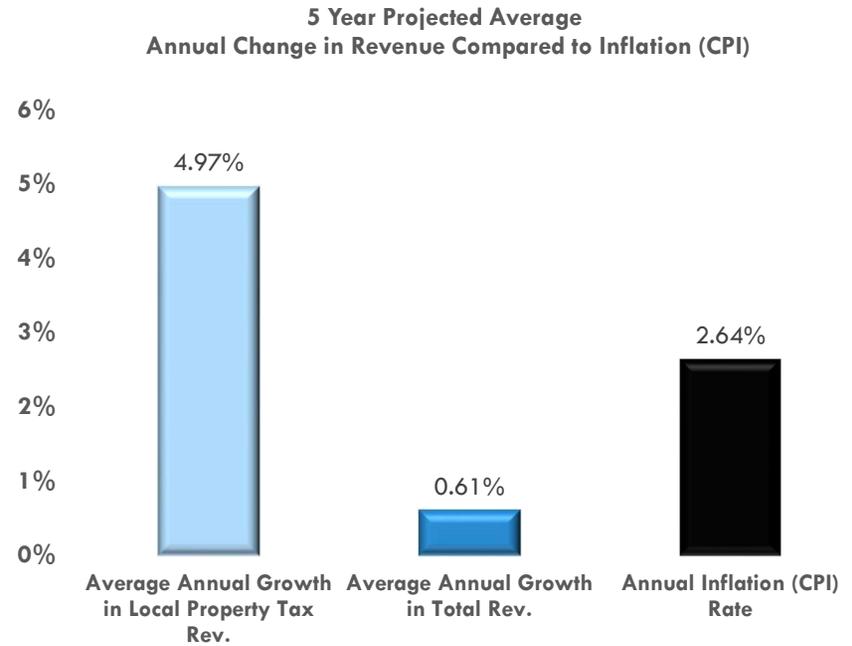


**Total Revenue Variance (Current Over/(Under) Prior by Category Detail**

Revenue	2025	2026	2027	2028	2029
Local Taxes & State Reimb.	(0)	473,308	128,360	304,296	303,754
1.035,1.040 State	0	86,453	(283,160)	(617,363)	(936,214)
Other 1.06, 2.xx	0	75,577	78,954	82,501	86,189
Levy Renewals	-	-	-	-	-
<b>Total 2.08 Rev Plus Renewals</b>	<b>0</b>	<b>635,338</b>	<b>(75,846)</b>	<b>(230,566)</b>	<b>(546,271)</b>



Historical CPI: <https://fred.stlouisfed.org/series/CPIAUCSL>



**The projected annual inflation (CPI) rate is from the Federal Reserve Bank St Louis on September 1, 2025.**

[https://alfred.stlouisfed.org/series?seid=T5YIFR&utm\\_source=series\\_page&utm\\_medium=related\\_content&utm\\_term=related\\_resources&utm\\_campaign=alfred](https://alfred.stlouisfed.org/series?seid=T5YIFR&utm_source=series_page&utm_medium=related_content&utm_term=related_resources&utm_campaign=alfred)

**Local property taxes can increase/decrease due to changes in effective tax rates, property values, and collection rates.**

# PROPERTY TAX REFORM IMPACT ON TAX RATES

Our district is at the 20-mill floor for Class I (residential and agricultural), which means that if property values go up the tax rates remain the same. Therefore, property tax revenue increased commensurate with property values. We are just above the 20-mill floor for Class II properties, so effective millage rates can be adjusted down when property values go up.

Property Values are expected to grow in 2025, 2026, 2028, and 2029 as a result of reappraisals.

## Key Assumptions & Notes

Values, Tax Rates and Gross Collections- October Forecast before Property Tax Reform							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class 2 Rate	Change	
2024	378,670,270	3,860,040	20.00	-	22.51	-	92.2%
2025	405,970,270	27,300,000	20.00	(0.00)	22.56	0.05	97.3%
2026	411,970,270	6,000,000	20.00	-	22.51	(0.05)	97.3%
2027	416,101,300	4,131,030	20.00	-	22.28	(0.24)	97.3%
2028	443,651,300	27,550,000	20.00	-	22.32	0.05	97.3%
2029	449,701,300	6,050,000	20.00	-	22.28	(0.05)	97.3%

Values, Tax Rates and Gross Collections- Tax Budget Forecast Update with Property Tax Reform							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class 2 Rate	Change	
2024	378,670,270	3,860,040	20.00	-	22.51	-	92.2%
2025	452,042,147	73,371,877	20.00	(0.00)	21.68	(0.83)	97.3%
2026	458,042,147	6,000,000	20.00	-	21.64	(0.04)	97.3%
2027	462,173,177	4,131,030	20.00	-	21.42	(0.22)	97.3%
2028	489,723,177	27,550,000	20.00	-	21.46	0.04	97.3%
2029	495,773,177	6,050,000	20.00	-	21.42	(0.04)	97.3%

# PROPERTY TAXPAYER CREDITS

Update/ Reappraisal?	Yes	No	Yes	Yes	No	Yes	Yes
Note: TY's 2023, 2024 Retro State Paid, - Result View 3	TY 2023 RET...	TY 2024 RET...	TY 2025	TY 2026	TY 2027	TY 2028	TY 2029
Calculated Tax Year Taxpayer Credit	-\$64,393	\$0	-\$436,660	-\$520,392	-\$520,392	-\$520,392	-\$540,782
Calculated Tax Year Taxpayer Credit	.	.	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Calculated Taxpayer Credit Modeled	.	.	\$0	-\$696,856	-\$520,392	-\$520,392	-\$530,587
Calculated Loss, Homestead and Owner Occ. Credit	.	.	-\$0	-\$0	-\$0	-\$0	-\$0
Total to Step 4.1 by Fiscal Year, Detail Result 2	.	.	-\$0	-\$696,856	-\$520,392	-\$520,392	-\$530,587

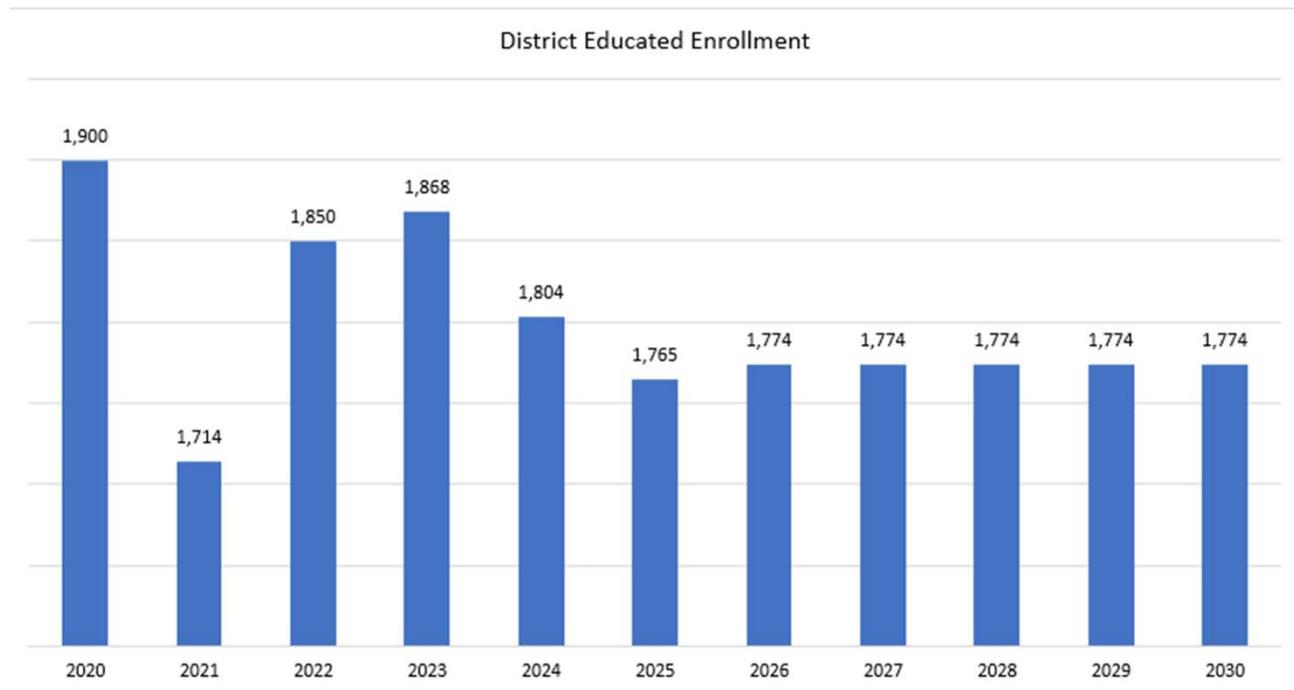
In addition to the Property Tax Reform implication on tax rates, the district could also experience taxpayer credits. The district's taxpayers will receive a credit for higher taxes paid as a result of the TY 2023 reappraisal. These credits could total \$64,000 and are being paid/reimbursed by the State. Going forward, the retroactive credits are modeled to continue as we continue to be at the 20-mill floor and our estimated valuation increases exceed the projected GLP deflator percentage. With retroactive taxpayer credits continuing the district's annual revenue will be reduced by as much as \$700,000 annually when compared to the October approved forecast.

The reform is on credits rather than tax rates in our case. It does not appear that the Ohio LSC simulations assume continuation of the retroactive taxpayer credit either, but interpretations could change. As additional information becomes available the forecast and its impact on the tax budget will be modeled and reviewed with the Board and County Budget Commission.

Separate from the reappraisal taxpayer credits is the ability of the County Budget Commission (CBC) to increase other taxpayer credits on a year-by-year basis. Currently, our CBC has not decided to do this for Tax Year 2025, Calendar Year 2026 collections.

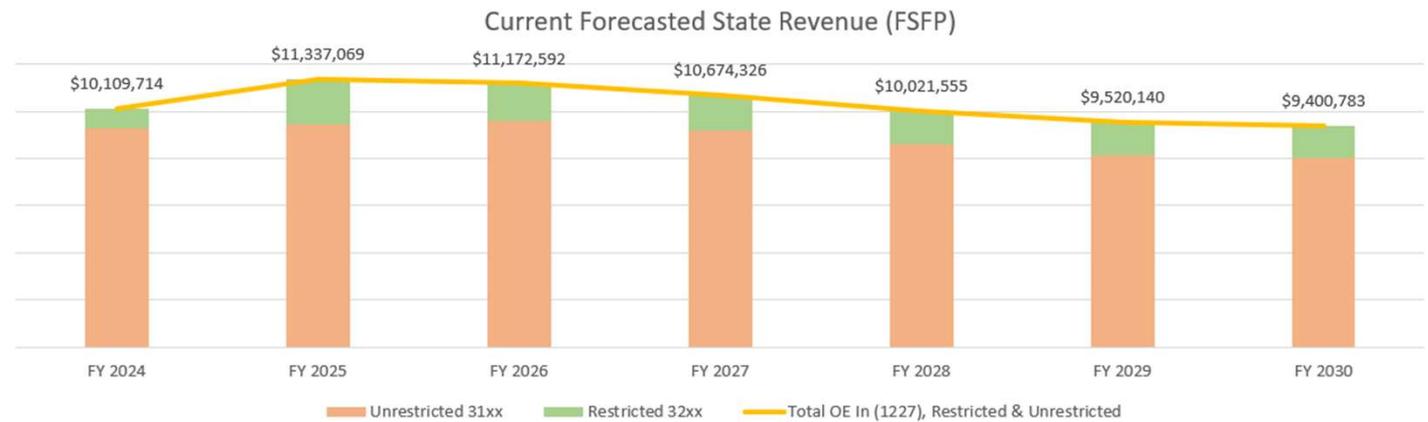
# A NOTE ABOUT STATE FUNDING - ENROLLMENT

The district continues to anticipate decreases in enrollment.



# A NOTE ABOUT STATE FUNDING - REVENUE

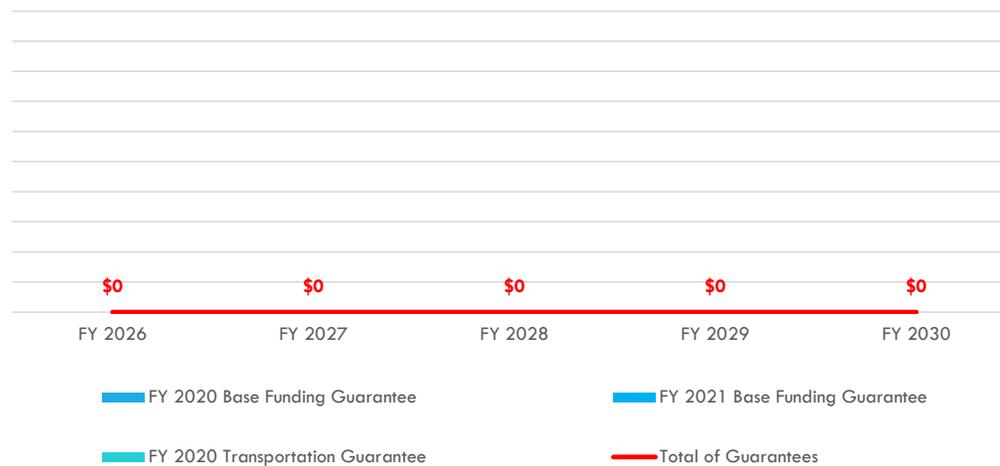
Because of the Increase in Property Values and Taxpayer Incomes, the state of Ohio's funding formula calculated that the district is becoming much wealthier per pupil and should depend more on local revenue than on state revenue, therefore reducing State Aid.



# THE DISTRICT'S STATE FUNDING DEPENDENCY ON FY 2020, 2021 GUARANTEES

We are not on any of the guarantees, nor are we projected to be in the forecast. However, this is resulting in significant decreases in State Aid throughout the forecast as we move closer to being a guarantee district due to increasing valuations and taxpayer income.

Guarantee Amounts Included in Bottom Line State Formula Funding

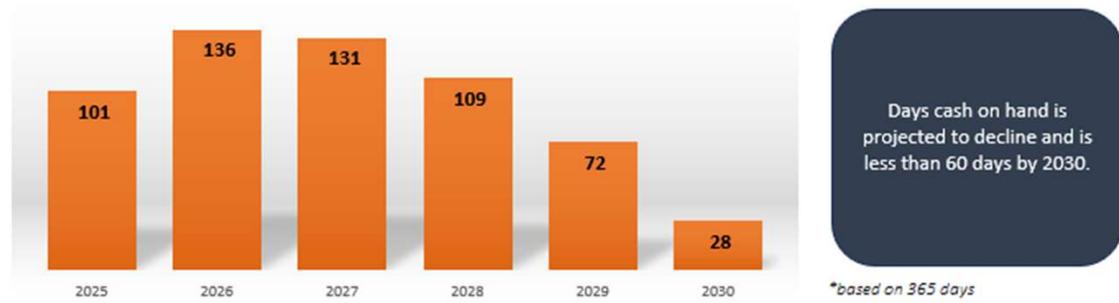


# KEY CASH BALANCE CONSIDERATIONS

The cash balance on hand is declining and as a result will accelerate the need for strategies to reduce programs and costs.

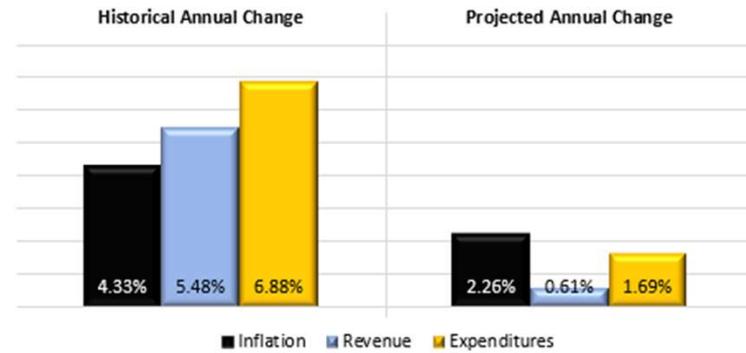
The district's projected cash balance at the end of FY 2030 will not provide 60 days of cash on hand to cover budget needs or unexpected revenue disruption.

## Days Cash on Hand - Current Forecast



## 5-Year Average Annual Change - Inflation, Revenue and Expenditures

Average projected annual expenditure change is less than inflation, and more than revenue.

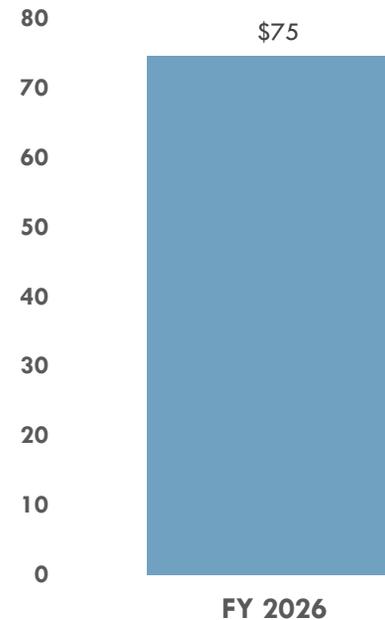


CPI (Inflation) Source: Federal Reserve Bank of St. Louis (July 1, 2025)

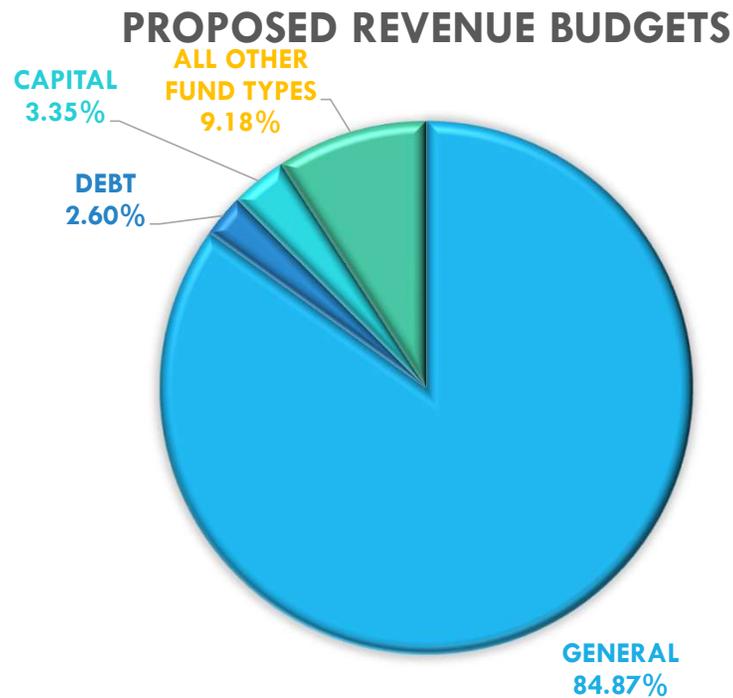
# OUR DISTRICT IS A GREAT VALUE!

Our district provides transportation, warm, safe, dry buildings, technology, textbooks, caring support staff, and highly trained teachers to students – each, and every day of school.

Daily Cost Per Pupil



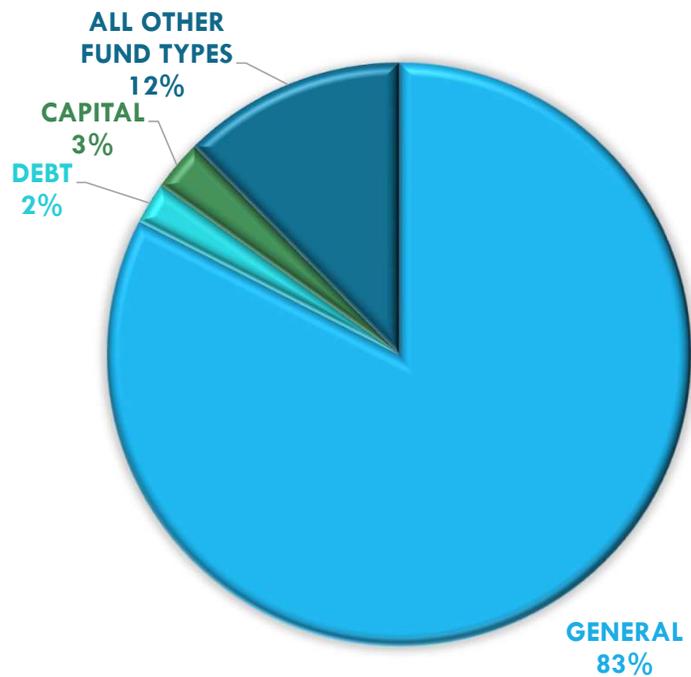
# WHAT ARE THE DISTRICT'S MAJOR REVENUE FUND TYPES?



- FISCAL YEAR 2027 REVENUE BUDGETS**
- GENERAL = \$25,168,207
  - DEBT = \$771,201
  - CAPITAL = \$993,702
  - ALL OTHER FUND TYPES = \$2,721,923

# WHAT ARE THE DISTRICT'S MAJOR EXPENSE FUND TYPES?

## PROPOSED EXPENSE BUDGETS



## FISCAL YEAR 2027 EXPENSE BUDGETS

- GENERAL = \$25,046,240
- DEBT = \$698,075
- CAPITAL = \$850,000
- ALL OTHER FUND TYPES = \$3,753,243

# KEY TAKEAWAYS

- Recent property tax reform has significantly weakened local revenue capacity
- Enrollment declines and state funding formula changes are reducing state support
- The district has controlled costs, but revenue losses are driving future deficits
- Cash balances are declining, increasing financial risk over time
- The tax budget highlights the need for early planning, transparency, and informed decision-making

*This tax budget reflects the best available information at this time and will continue to be updated as legislative and economic conditions evolve.*