

**RIVER VALLEY LOCAL SCHOOL DISTRICT FIVE  
YEAR FORECAST OVERVIEW NOVEMBER 2020**





# OVERVIEW

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# INTRODUCTION

- The Five-Year Forecast is required by the State to be adopted by the Board twice per year; November and May
- Levies that are not already passed by the voters cannot be included in the adopted forecast
- Forecast is subject to change due to possible expenditure and revenue fluctuations throughout the fiscal year and gets less accurate as you get further out into the years of the forecast due to being based solely on estimates

# FISCAL YEAR 2020 IN REVIEW

- Cash balance decreased by \$863,656
- District taxpayers passed the income tax levy in 2019 that we began collecting on during fiscal year 2020
  - Income tax took effect January 1, 2020, so our first settlement was received in April 2020
- COVID-19 pandemic shutdown affected revenues
  - River Valley experienced a 5.1% decrease in funding at the end of FY2020, which equated a total of \$371,000
- District staff worked hard to reduce expenditures for the remainder of the year to offset the decrease in revenues and reduce deficit spending and a decreasing cash balance

# FISCAL YEAR 2021 AT A GLANCE

- Funding levels remained the same as the cuts implemented at the end of Fiscal Year 2020, which was 5.1%
  - The forecast that was submitted in May estimated a 10% reduction in funding for this year
- District is continuing to receive income tax collections for the 2<sup>nd</sup> and 3<sup>rd</sup> quarter of 2020
  - Actual receipts are coming in higher than we estimated
    - Approximately \$88,000 variance compared to what we had forecasted based on Ohio Dept. of Taxation calculations
- Expenditures have increased for FY2021 compared to original budget
  - Increased medical insurance premium absorption
  - New math curriculum purchase (will be paid in FY21 and FY22)
- Final year of the State Biennium Budget

# REVENUES

- **Four main revenue streams**

- **State Aid/Funding**

- 34% of total revenue
    - Decreased by 5.1%
      - Same as the final reduction in FY2020
      - No additional reduction expected for FY2021 at this time
    - Estimated 3.5% reduction in FY2022 and 1.5% in FY2023 as the economy recovers

- **Real Estate Taxes**

- 30% of Total Revenue

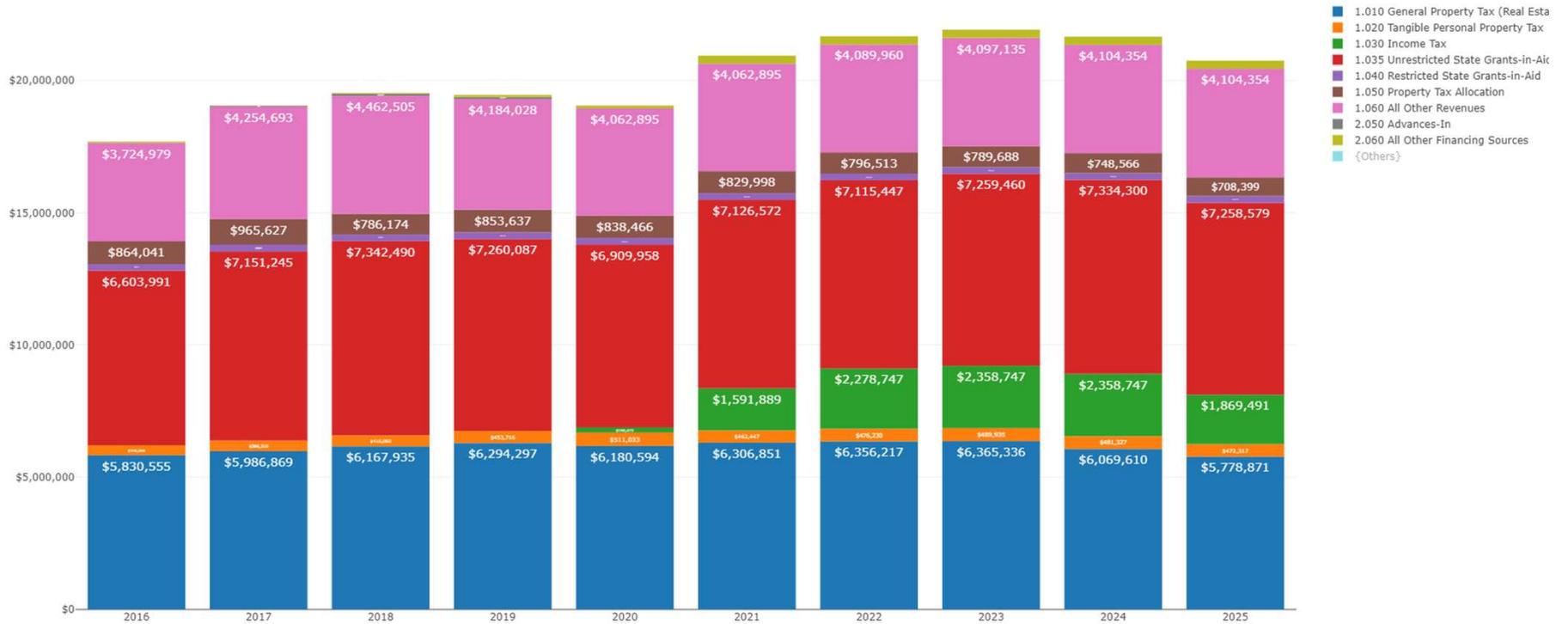
- **Other Operating Revenue**

- 20% of total revenue
    - Open enrollment, Rehab facility, special education reimbursements and all other revenue streams that do not fit in other categories

# REVENUES, CONTINUED

- **Income Tax**
  - 8% of Total Revenue
  - Collections coming in higher than estimated
    - Assumptions:
      - unemployment didn't affect the District as significantly as expected
      - Over 90% is collected through payroll withholdings
      - More people are paying current rather than having delinquent tax receipts when calendar year 2020 taxes are filed and settlements sent by the county auditor in Fiscal Year 2022
- **Four other categories of revenue include:**
  - Public Utility (2%)
  - Restricted Grants-in-Aid (1%)
  - Property tax allocation (4%)
  - Other financing sources (1%)
    - Total of 8% of District revenues, so any fluctuations that may occur will have no significant impact on District financials

# YEAR OVER YEAR REVENUE COMPARISON



# EXPENDITURES

- Personnel is the District's largest expenditure
  - 49% of total expenses
- Retirement/Insurance Benefits are the second largest expenditure
  - 23% 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
      - Exceeded the 7% absorption cap for this year, which has increased anticipated expenditures
        - Board absorbed the entire increase from FY2020, which totaled 9%
    - Other fringe benefits paid by the Board

# EXPENDITURES, CONTINUED

- Purchased services is the third largest expenditure
  - 20% of total expenses
  - Includes services, such as:
    - Utilities
    - Open enrollment out to other districts
      - Has increased in FY2021 due to additional enrollment in community schools and virtual learning academies
        - Hopeful that when the COVID-19 pandemic subsides some of these students will return to our District
    - Liability and Property Insurance
    - Personnel services
- Supplies and materials
  - 5% of total expenses
    - Increased expenses this year due to updating programs and additional items needed to combat COVID-19
    - Fortunately, COVID-related grants have allowed us to offset some of the increased expenditures, however these grants have limited time frames, so we have had to add some of these anticipated expenditures to our general fund budget for the year
- Other four line items:
  - Capital outlay
  - HB264 repayment
  - Other objects
  - Other financial uses
    - 1% of total expenses
    - Fluctuate based on need

# YEAR OVER YEAR EXPENSE COMPARISON

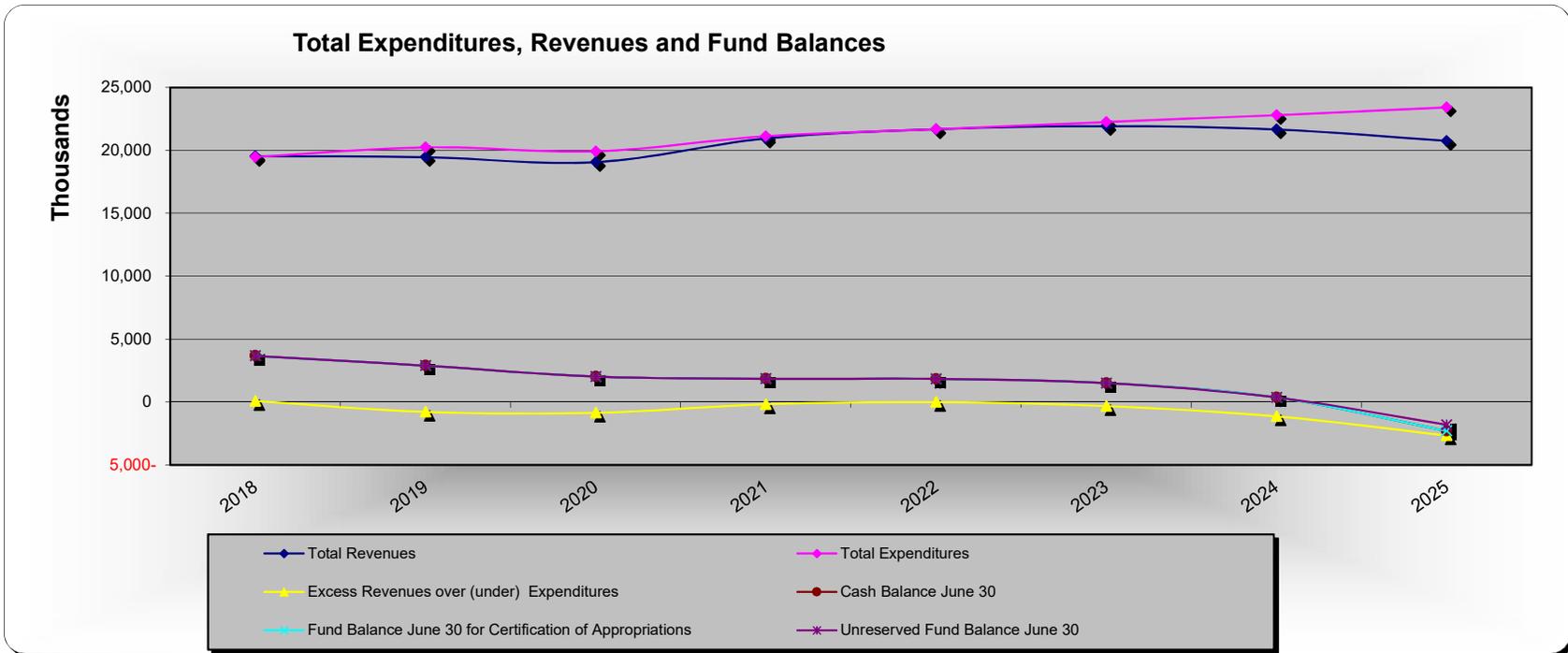


# PROJECTED CASH BALANCES

Projected General Fund Cash Balance



# REVENUES VERSUS EXPENDITURES





# CONSIDERATIONS AND ANALYSIS

- Need to continue to monitor funding reductions and budget changes at the state level
- Continued capital outlay needs as we purchase new buses, new maintenance equipment, etc. for the District
- Continued increase in building repairs and maintenance costs
- Current revenue streams important to the District's financial well-being
- Expenditures will need to be closely monitored due to reduced funding