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Excellence!*

Riverside Local Schools

Five Year Forecast Presentation
May 26, 2020

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Guidance

- The Ohio Department of Education (ODE) has developed a guide to assist teachers, administrators, Boards of Education, community members or other individuals in developing a general understanding of a school district's five-year forecast.
- <http://education.ohio.gov/getattachment/Topics/Finance-and-Funding/Five-Year-Forecast/How-to-Read-a-Five-Year-Forecast/HOW-TO-READ-A-FORECAST.pdf.aspx>



General Information

- The five year forecast contains estimates based on the best information available at the time it is prepared
- The forecast is required to be updated and filed with ODE in November (formerly October) and May of each fiscal year
- The forecast contains three previous years of actual data (2017-2019) and five years of forecasted data (2020-2024)
- The numbers on the forecast only tell a small part of the story. The information contained in the forecast assumptions is an integral part of the forecast
- Riverside's forecast includes the General Fund and Lake County School Financing District fund



Executive Overview

- Solvent through the end of fiscal year 2024 (See line 7.020)
- Many challenges and uncertainty due to COVID-19
- Deficit spending is projected to start in fiscal year 2021
 - Deficit spending is where expenditures exceed revenues
 - See line 6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses
 - FY2020 began a new state biennium budget (Again in FY2022 and FY2024)
 - However, there are currently significant budget cuts and more to come.
- The Lake County School Financing District levy (Line 1.060)
 - Levy was renewed by the voters in the 2020 Ohio Primary Election
 - Collection to continue through calendar year 2025, which covers one half of fiscal year 2026
 - Riverside will see increased revenue due to a new allocation
 - Revenue is projected at \$2,053,495 for FY2020, \$2,359,520 for FY2021, and \$2,678,421 in FY2022



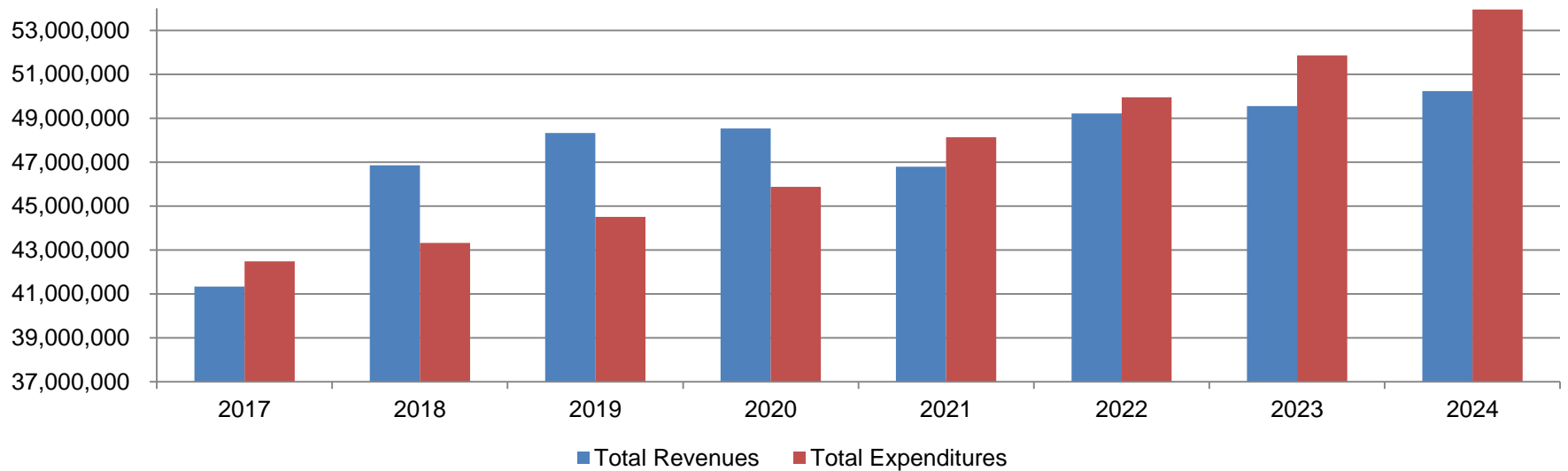
Executive Overview

Financial Forecast	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	12,727,666	15,395,576	14,053,133	13,314,127	11,002,072
+ Revenue	48,534,884	46,783,543	49,215,415	49,553,513	50,232,184
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(45,866,974)	(48,125,986)	(49,954,421)	(51,865,568)	(53,951,508)
= Revenue Surplus or Deficit	2,667,910	(1,342,443)	(739,006)	(2,312,055)	(3,719,324)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	15,395,576	14,053,133	13,314,127	11,002,072	7,282,748

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Revenues vs. Expenditures

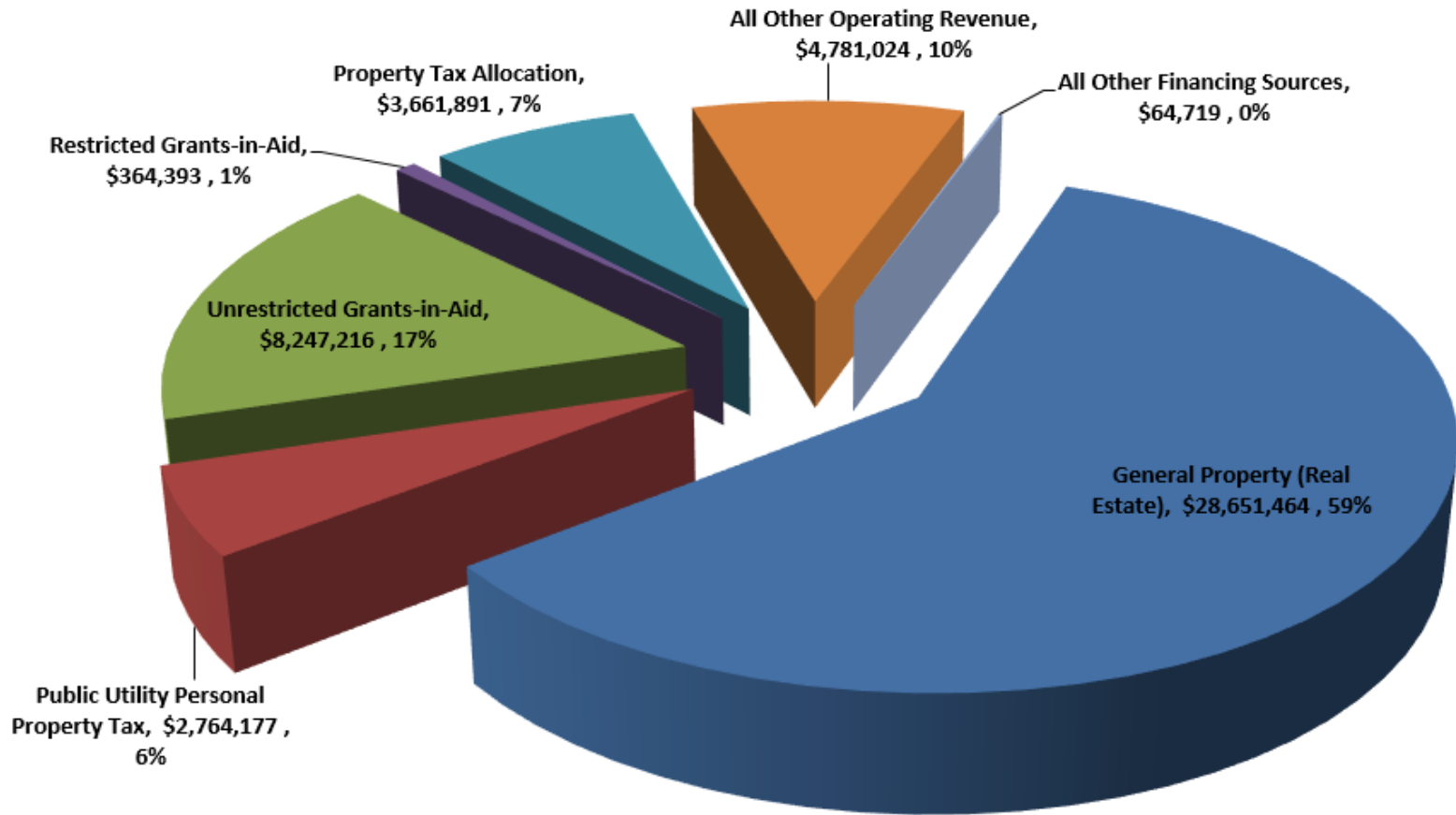


Note: Fiscal years 2017-2019 are actual. Fiscal years 2020-2024 are projected.

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Revenue



Note: Based on fiscal year 2020 projected revenue.

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Revenue – Major Components

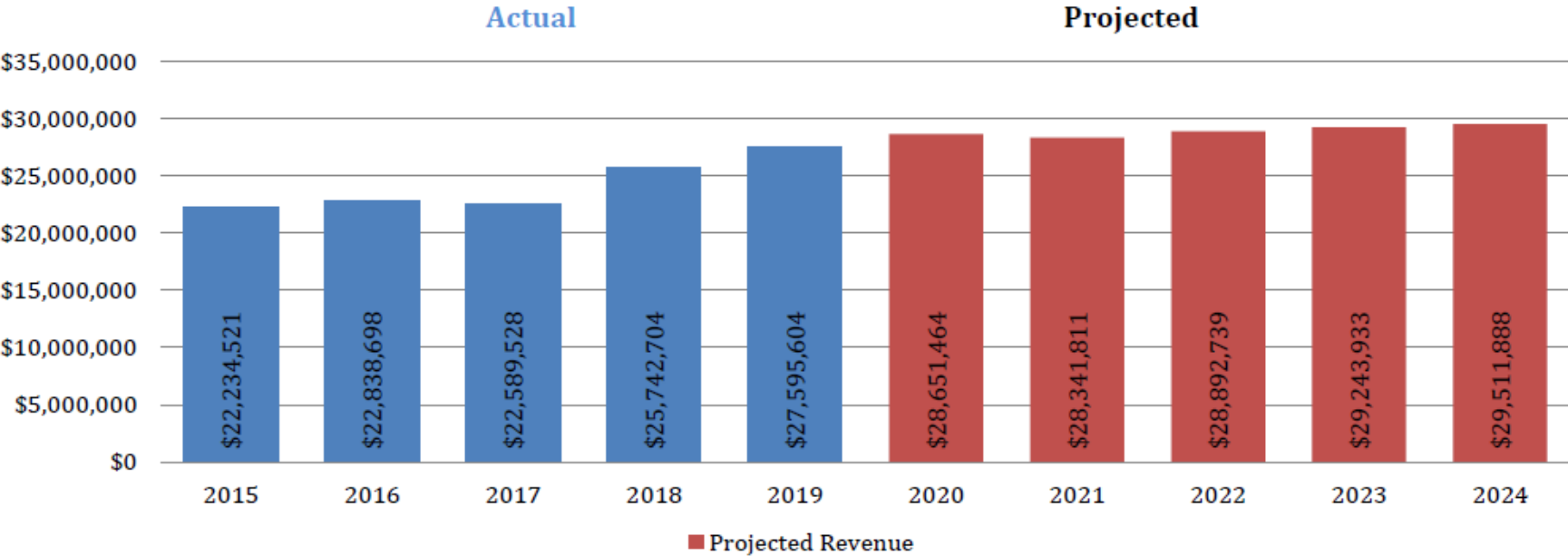
- General Property-Real Estate: \$28,651,464 (59%)
 - Primarily residential community (83.26%)
 - Total valuation for TY2019 was \$1,070,809,040 vs. \$986,824,980 in TY2009
 - Increasing valuation results in additional revenue only from the district's inside millage (4.80 mills) and the substitute levy (4.17 mills, on new construction only)
 - All operating levies are in place for a continuous period
 - The 4.90 mill levy passed in May 2017 started collection in the second half of FY2018 (Collecting at 4.56 mills)
 - Expected residential collection decrease of 1% due to COVID-19



Revenue – Major Components

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



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Current Levies

- 2019 Tax Year / 2020 Collection Year

Levy	Effective Tax Rate
Inside Millage	4.80
1976 – Current Expense (33.10 Mills)	11.84
1980 – Current Expense (4.50 Mills)	2.29
1986 – Current Expense (4.90 Mills)	2.72
2009 – Substitute Levy (4.59 Mills)*	4.17
2017 – Current Expense (4.90 Mills)	4.52
Total General Fund Millage	30.34
2016 – Permanent Improvement (2.50 Mills)**	2.30
2016 – Phase I Debt (Originally 1.92 Mills)	1.55
Total Millage	34.19

*Originally a 2004 Five Year Emergency Levy that was converted to a Substitute Levy for tax year 2009.

** Replaced expiring 1.89 mill PI levy and expired 1993 0.85 mill Bond Issue

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Comparison of Residential Tax Rates

District	Effective Tax Rate TY2019/CY2020
Wickliffe	63.78
Painesville City*	47.34
Fairport Harbor	47.29
Willoughby-Eastlake**	46.84
Kirtland	40.34
Mentor	38.29
Riverside*	34.19
Madison*	32.04
Perry*	21.52

* Effective rates do not include the joint financing district effective tax rate of 2.28 Mills

** Does not include the 4.94 mill levy recently passed by Willoughby-Eastlake

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Revenue – Major Components

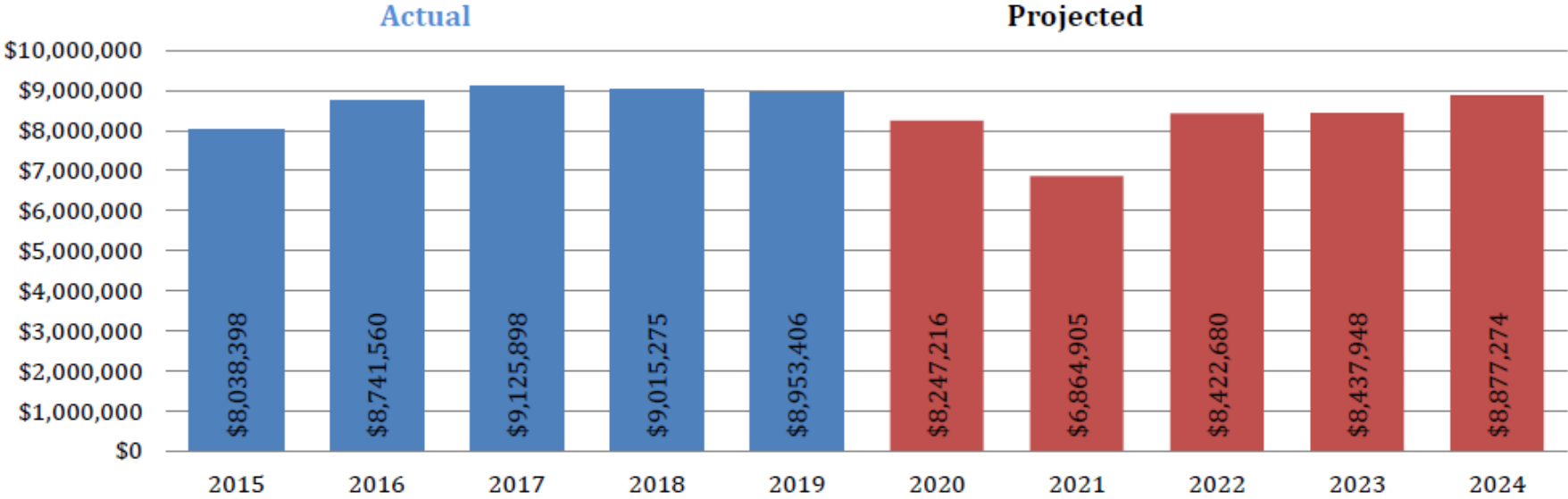
- Unrestricted Grants-in-Aid: \$8,247,216 (17%)
 - State funding formula – Biennium covers FY2020 and FY2021
 - Essentially eliminated the funding formula by freezing all districts at their FY2019 foundation formula funding amount for the next two years
 - However, the Governor recently announced significant funding cuts to public education
 - Riverside is being cut 13.4% of its state revenue in the second to last month of the fiscal year. Total cut: \$1,119,055.
 - \$663,186 recouped in FY2020 and \$455,869 in FY2021
 - FY2021 cut projected at 18% or \$1,503,308
 - Casino tax revenue - \$52 per student in FY2020, \$35 in FY2021, \$40 in FY2022, \$45 in FY2023, and \$52 in FY2024



Revenue – Major Components

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



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Revenue – Major Components

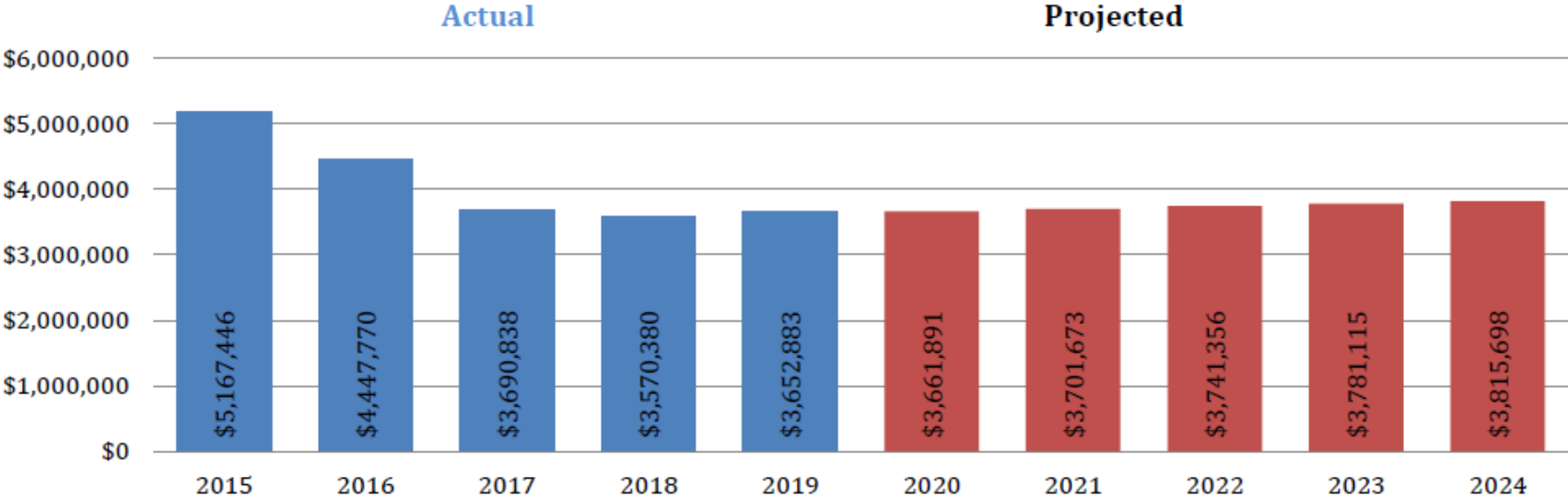
- Property Tax Allocation: \$3,661,891 (7%)
 - Homestead and rollback reimbursements from the state (No rollbacks apply to new levies passed after the August 2013 election)
 - TPP reimbursement phase-out
 - Previous and current biennium budget resumed phase-out by reducing it by 5/8 of property tax mill per year
 - \$3,096,995 in FY2011
 - \$2,366,917 in FY2012
 - \$1,644,808 in FY2013, FY2014, and FY2015
 - \$947,309 in FY2016
 - \$188,307 in FY2017
 - \$0 in FY2018 and beyond!



Revenue – Major Components

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



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Revenue – Major Components

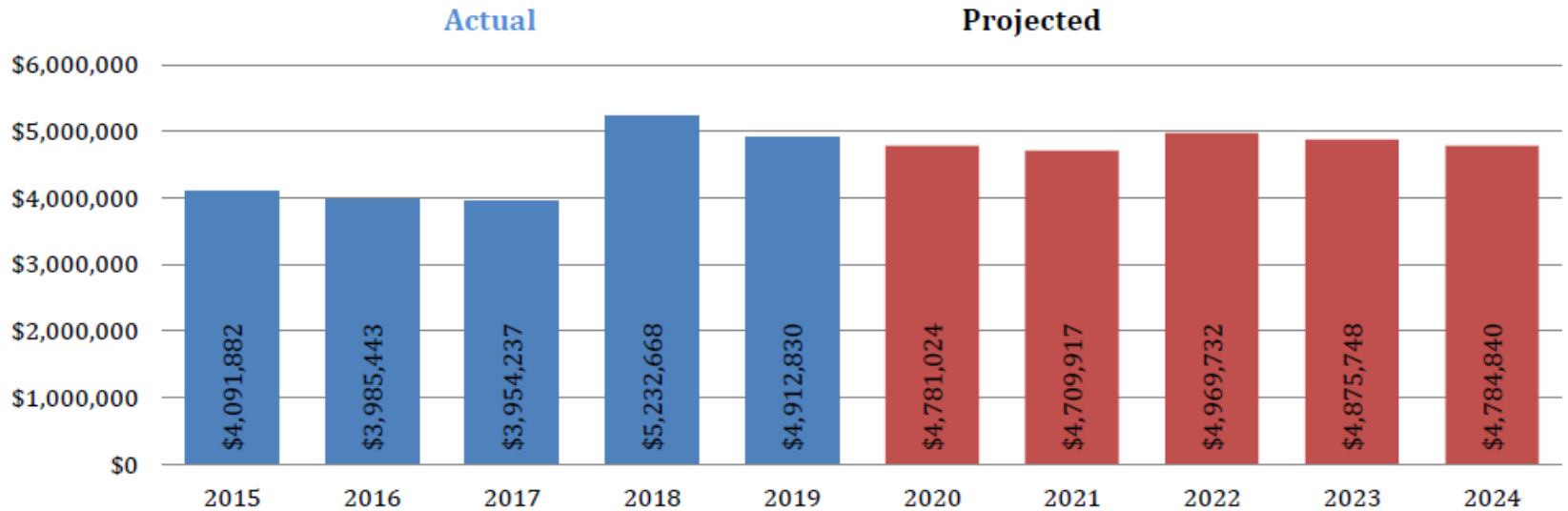
- All Other Operating Revenues: \$4,781,024 (10%)
 - Joint Financing District - \$2,053,495 for FY2020
 - In effect through tax year 2024 / collection year 2025 (1st half of FY2026)
 - FY2021 projected at \$2,359,520 and \$2,678,421 in FY2022
 - Similar amounts for FY2023 and FY2024
 - Pay to Participate fees - \$141,000 – Return to \$200,000 in FY2021
 - Open Enrollment In - \$675,000
 - Classroom fees - \$180,000 – Return to \$239,319 in FY2021
 - Medicaid Reimbursements - \$320,703
 - Expecting \$280,457.03 for 2018 cost report settlement
 - Interest Revenue - \$250,000 – Decreased to \$150,000 in future years due to dramatic interest rate decrease
 - Includes various other revenue streams such as SF14 tuition, excess cost, shared services, field trips, kindergarten tuition, preschool fees, rentals, fines, and manufactured homes tax revenue



Revenue – Major Components

1.060 - All Other Operating Revenues

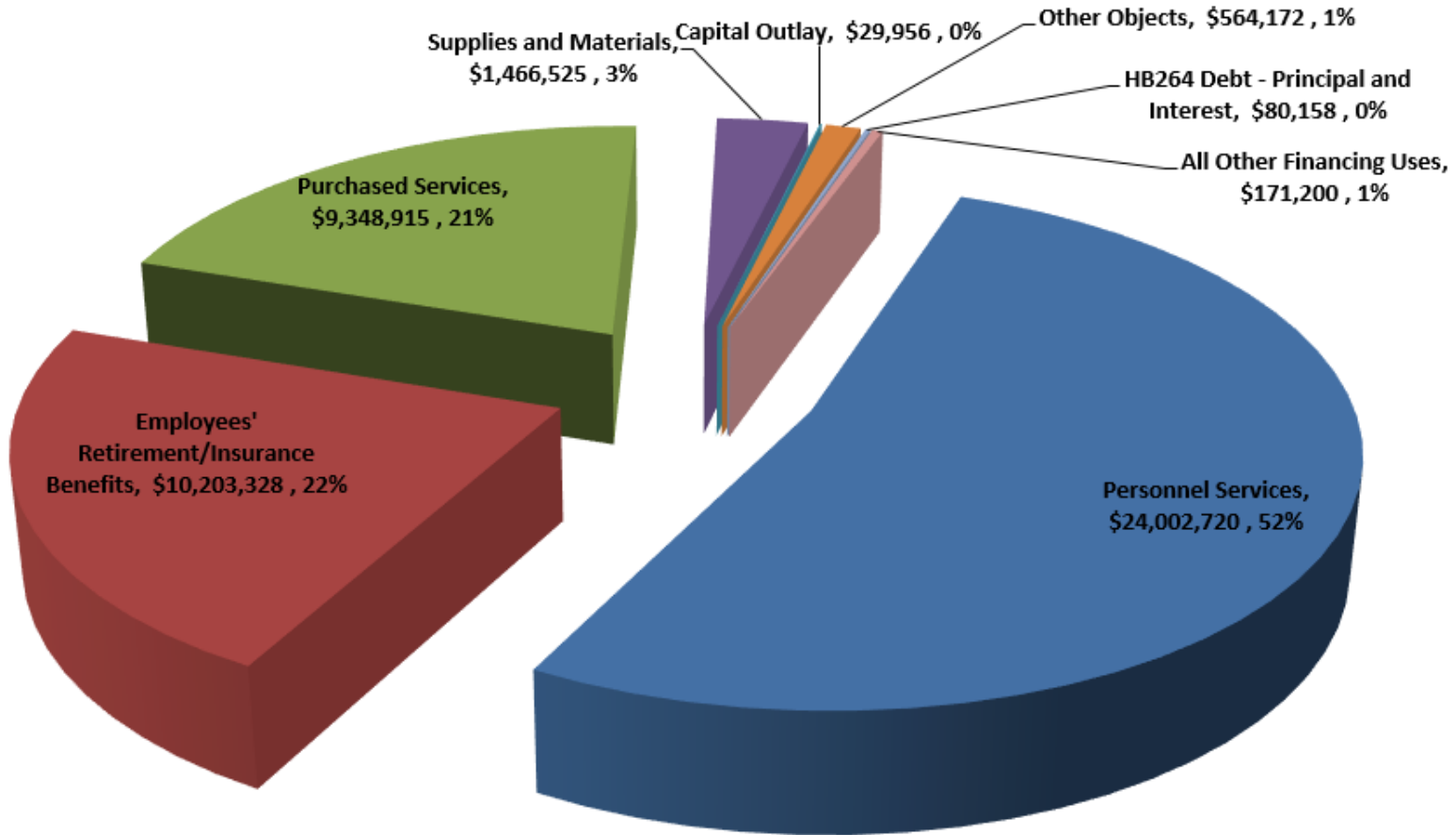
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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Expenditures



Note: Based on fiscal year 2020 projected expenditures.

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Expenditures – Major Components

- Personnel Services: \$24,002,720 (52%)
 - Includes salary and wages for certified, classified, exempt, and administrators
 - Two bargaining units: RLEA and OAPSE
 - RLEA contract in effect through fiscal year 2021
 - OAPSE contract in effect through fiscal year 2020
 - Certified step increase estimated at nearly 3% per year
 - Certified degree changes estimated at 0.33% per year
 - Classified salaries based on negotiated agreement
 - Administrative and exempt salaries estimated to increase 3% per year
 - Forecast assumes some adjustment to staffing levels (especially for new buildings) and savings from retirements
 - Including all day kindergarten and in house preschool program



Expenditures – Major Components

- Employees' Retirement/Insurance Benefits:
\$10,203,328 (22%)
 - Projections based on percentage of salaries include:
retirement (14.00%), Medicare (1.45%), workers
compensation (1.00%)
 - Projections not based on percentage of salaries, but based
on employee enrollment include:
 - Medical Insurance: Increase of 8% per year in 2020 and beyond
 - Dental and Vision: Increase of 3% per year in 2020 and beyond
 - Member of Lake County Schools Council to help contain costs
 - June 2020 – Health Insurance Premium Holiday
 - Savings of \$485,082 for that month in FY2020

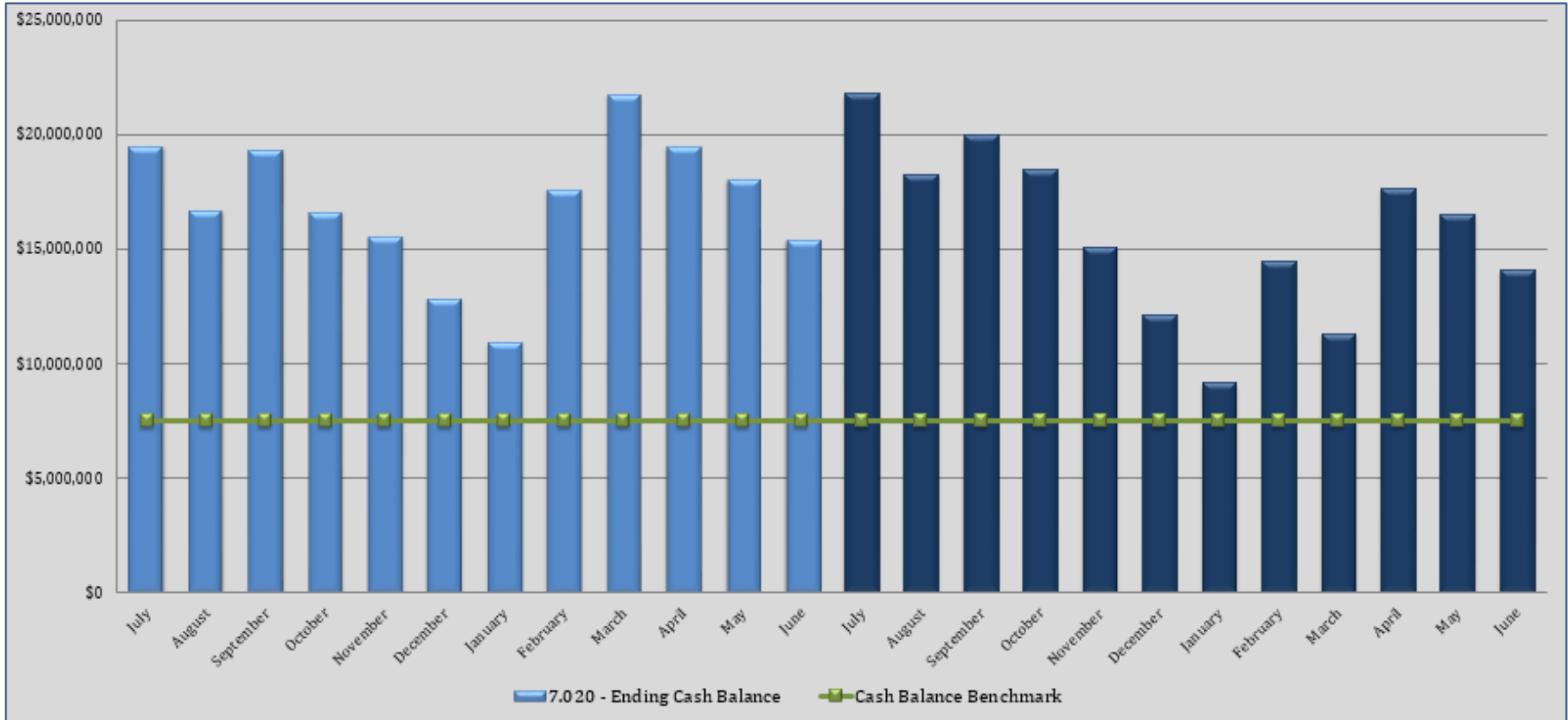


Expenditures – Major Components

- Purchased Services: \$9,348,915 (21%)
 - Approximately 47% of the costs for purchased services are for tuition based costs, which includes open enrollment out (\$1,415,000), community school deductions (\$630,000), scholarships out (\$960,000), and other tuition related items (\$1,428,237)
 - Purchased services includes a wide range of other items including special education services, instructional services, utilities, postage, printing, repairs, security, contracted transportation services, insurance, legal services, etc.
 - Each item is assessed individually and projected based on historical information, current trends, and information known at the time the forecast was prepared



Cash Flow – FY2020 and FY2021



2020
2021

ODE recommends maintaining a 30-60 day cash balance.

Cash Balance Benchmark \$ 7,500,000

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What Could Change?

- Revenue:
 - State Revenue Cuts from the State of Ohio
 - Property Tax Collections
 - Enrollment Spikes (Fairway Pines - 250+ homes and Encore at Heisley Park - 150+ homes)
 - Enrollment Decreases due to choice of online schools
 - Future Open Enrollment Policies
- Expenditures
 - Staffing Levels
 - Health Care Plan Changes
 - Purchased Services (Community Schools, Open Enrollment)
 - Supplies – COVID-19 – Masks, gloves, sanitizer, cleaning supplies
 - Transfers to Nutrition Services / Athletics
 - Utilization of CARES Act funding - \$426,070.29

