

New Richmond Exempted Village School District

Five Year Forecast Financial Report

November, 2021

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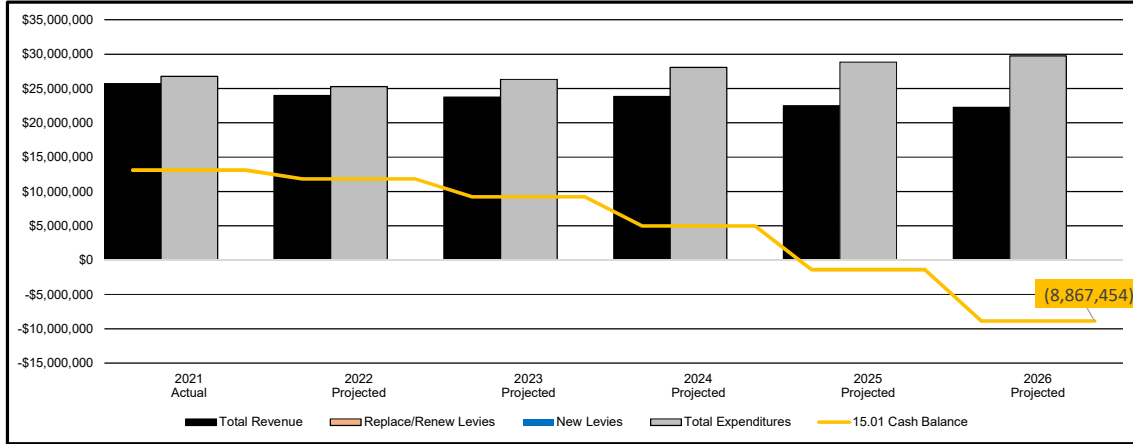
Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Forecast Summary



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Beginning Balance (Line 7.010) Plus	13,107,928	11,801,781	9,202,763	4,980,761	(1,378,535)
+ Revenue	23,988,317	23,721,528	23,836,389	22,488,138	22,242,326
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(25,294,464)	(26,320,546)	(28,058,391)	(28,847,433)	(29,731,245)
= Revenue Surplus or Deficit	(1,306,147)	(2,599,018)	(4,222,003)	(6,359,295)	(7,488,919)
Line 7.020 Ending Balance with renewal/new levies	11,801,781	9,202,763	4,980,761	(1,378,535)	(8,867,454)

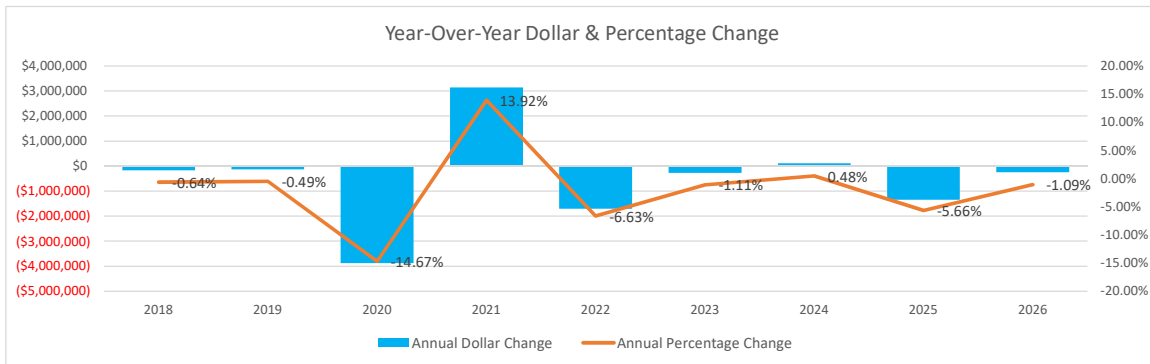
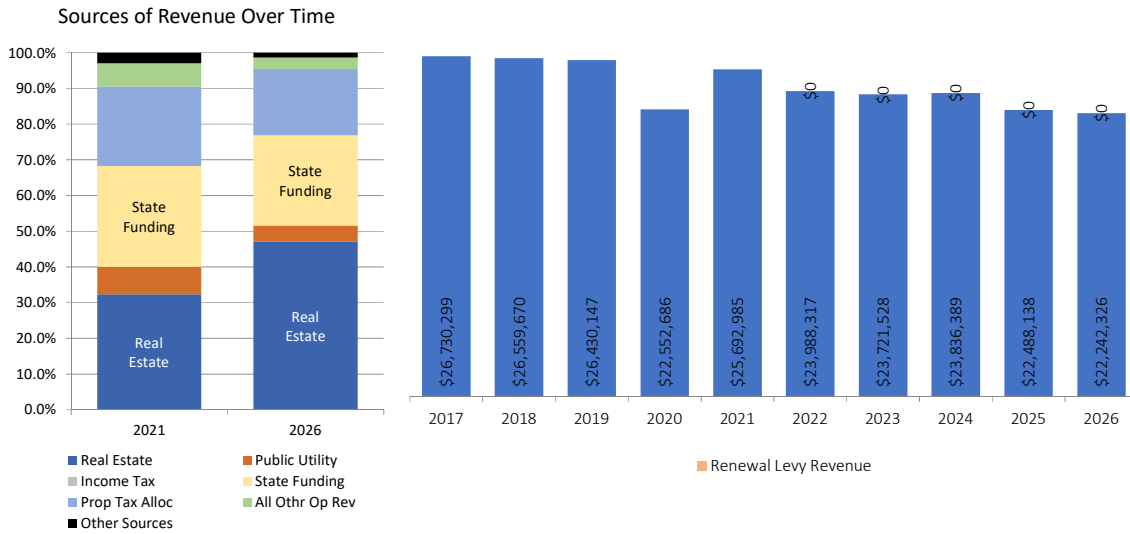
Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(1,306,147)	(2,599,018)	(4,222,003)	(6,359,295)	(7,488,919)
Ending Balance w/o Levies	11,801,781	9,202,763	4,980,761	(1,378,535)	(8,867,454)

In FY 2022 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$1,306,147 in FY 2022. By the last year of the forecast, FY 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$7,488,919. The district would need to cut its FY 2026 projected expenses by 25.19% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2022 and is projected to worsen by FY 2026. A worsening cash balance can erode the district's financial stability over time.

Revenue Overview



Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Real Estate	\$358,730	\$431,630	\$72,900	Total revenue decreased -1.16% or -\$288,895 annually during the past five years and is projected to decrease -2.97% or -\$690,132 annually through FY2026. State Funding has the most projected average annual variance compared to the historical average at -\$909,604
Public Utility	(\$551,501)	(\$192,938)	\$358,563	
Income Tax	\$0	\$0	\$0	
State Funding	\$584,426	(\$325,177)	(\$909,604)	
Prop Tax Allocation	(\$326,246)	(\$320,586)	\$5,660	
All Othr Op Rev	(\$579,357)	(\$192,692)	\$386,665	
Other Sources	\$225,053	(\$90,368)	(\$315,421)	
Total Average Annual Change	(\$288,895)	(\$690,132)	(\$401,237)	
	-1.16%	-2.97%	-1.81%	

Note: Expenditure average annual change is projected to be >

\$593,392 On an annual average basis, expenditures are projected to grow faster than revenue.

Revenue Notes

REAL ESTATE REVENUE

Real estate property tax revenue accounts for 32.38% of total revenue. Class I or residential/agricultural taxes make up approximately 69.17% of the real estate property tax revenue. The Class I tax rate is 27.68 mills in tax year 2021. The projections reflect an average gross collection rate of 98.8% annually through tax year 2025. The revenue changed at an average annual historical rate of 4.70% and is projected to change at an average annual rate of 4.18% through FY 2026.

PUBLIC UTILITY - PERSONAL PROPERTY REVENUE

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 7.64% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 is 41.4 mills. The forecast is modeling an average gross collection rate of 95.33%. The revenue changed historically at an average annual dollar amount of -\$551,501 and is projected to change at an average annual dollar amount of -\$192,938 through FY 2026.

INCOME TAX REVENUE

The district does not have an income tax levy.

UNRESTRICTED STATE AID REVENUE

Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data. For New Richmond Exempted Village School District the calculated Base Cost total is \$14,817,221 in FY 2022. The state's share of the calculated Base Cost total is \$4,251,980 or \$2,267 per pupil.

The FSFP change to district educated enrollment will reduce funded enrollment but also potentially reduce tuition cost. In FY 2021, the district had approximately \$925,623 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

RESTRICTED STATE AID REVENUE

Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by -\$6,464 and is projected to change annually on average by \$24,062. Restricted funds represent 1.09% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$199,263. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

PROPERTY TAX ALLOCATION REVENUE

Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, approximately 8.1% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.9% will be reimbursed in the form of qualifying homestead exemption credits.

OTHER REVENUE

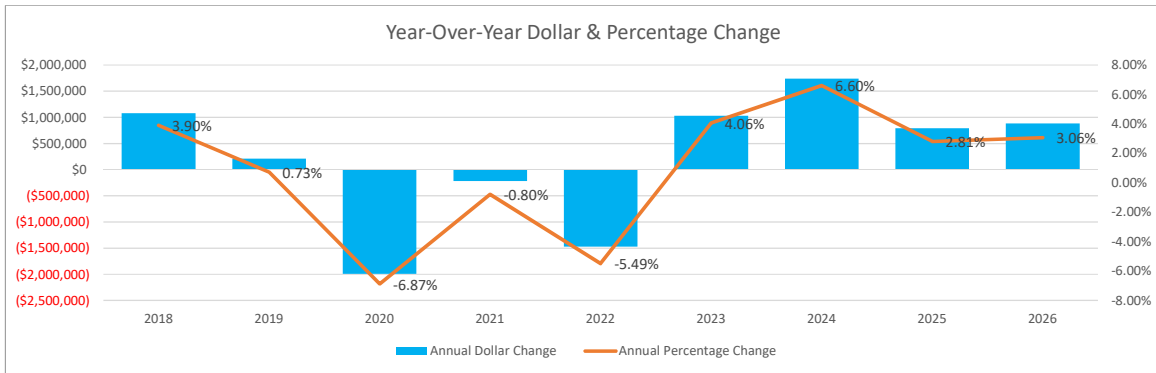
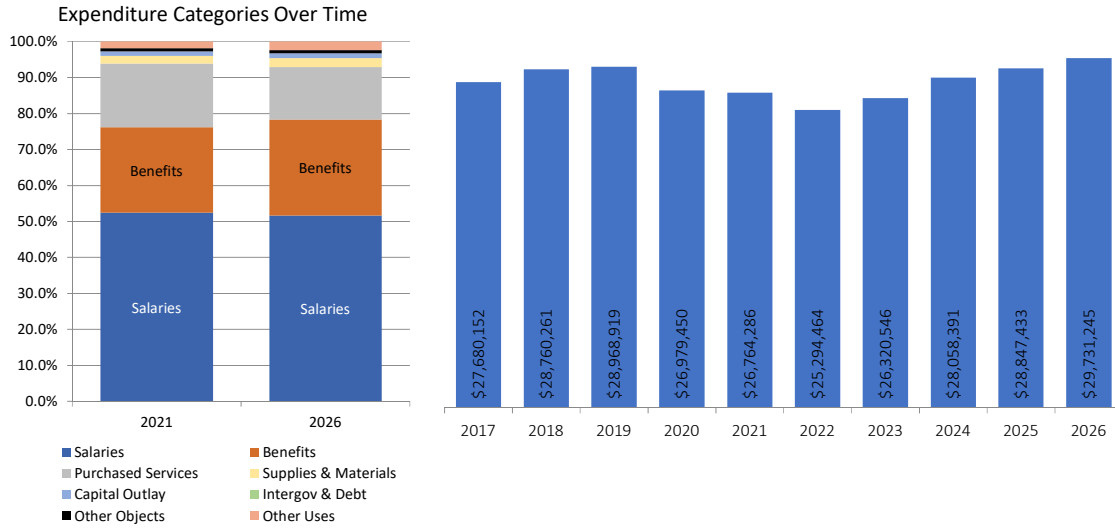
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$579,357. The projected average annual change is -\$192,692 through FY 2026. The FSFP includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$932,101 in FY 2021.

OTHER FINANCING SOURCES

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2021 the district receipted \$304,833 as advances-in and is projecting advances of \$200,000 in FY 2022. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$100,000 in FY 2022 and average \$100,000 annually through FY 2026.

ADDITIONAL REVENUE NOTES

Expenditure Overview



Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Salaries	(\$361,163)	\$261,186	\$622,349	Total expenditures decreased -2.41% or -\$665,325 annually during the past five years and is projected to increase 2.22% or \$593,392 annually through FY2026. Salaries has the largest projected average annual variance compared to the historical average at \$622,349.
Benefits	\$187,557	\$321,742	\$134,185	
Purchased Services	(\$185,489)	(\$85,419)	\$100,071	
Supplies & Materials	(\$140,753)	\$39,817	\$180,570	
Capital Outlay	\$41,091	\$10,025	(\$31,067)	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	(\$32,916)	\$6,042	\$38,958	
Other Uses	(\$173,652)	\$39,999	\$213,651	
Total Average Annual Change	(\$665,325)	\$593,392	\$1,258,717	
	-2.41%	2.22%	4.63%	

Note: Expenditure average annual change is projected

to be > \$593,392

On an annual average basis, revenues are projected to grow faster than expenditures.

Expenditure Notes

SALARY EXPENSE

Salaries represent 52.47% of total expenditures and decreased at a historical average annual rate of -2.49% or -\$361,163. This category of expenditure is projected to grow at an annual average rate of 1.80% or \$261,186 through FY 2026. The projected average annual rate of change is 4.29% more than the five year historical annual average.

BENEFIT EXPENSE

Benefits represent 23.68% of total expenditures and increased at a historical average annual rate of 3.02% This category of expenditure is projected to grow at an annual average rate of 4.50% through FY 2026. The projected average annual rate of change is 1.47% more than the five year historical annual average.

PURCHASED SERVICES EXPENSE

Purchased Services represent 17.76% of total expenditures and decreased at a historical average annual rate of -3.71%. This category of expenditure is projected to decrease at an annual average rate of -2.08% through FY 2026 The FSPF funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$925,623. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

SUPPLIES & MATERIALS EXPENSE

Supplies & Materials represent 2.06% of total expenditures and decreased at a historical average annual rate of -21.73%. This category of expenditure is projected to grow at an annual average rate of 5.60% through FY 2026. The projected average annual rate of change is 27.33% more than the five year historical annual average.

CAPITAL OUTLAY EXPENSE

Capital Outlay represent 1.26% of total expenditures and increased at a historical average annual amount of \$41,091. This category of expenditure is projected to gr

INTERGOVERNMENTAL & DEBT EXPENSE

The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

OTHER OBJECTS EXPENSE

Other Objects represent 0.90% of total expenditures and decreased at a historical average annual rate of -13.32%. This category of expenditure is projected to grow at an annual average rate of 2.36% through FY 2026. The projected average annual rate of change is 15.68% more than the five year historical annual

OTHER USES EXPENSES

Other Uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2021 the district had no advances-out and has advances-out forecasted through FY 2026. The district can also move general funds permanently to other funds, the district has transfers forecasted through FY 2026. The district can also have other uses of funds.

ADDITIONAL EXPENDITURE NOTES

New Richmond Exempted Village School District

Five Year Forecast

November, 2021

Fiscal Year:	Actual			FORECASTED				
	2019	2020	2021	2022	2023	2024	2025	2026
Revenue:								
1.010 - General Property Tax (Real Estate)	7,405,655	7,194,891	8,320,606	10,163,690	10,254,895	10,348,854	10,431,398	10,478,758
1.020 - Public Utility Personal Property	3,158,356	2,027,864	1,963,929	1,777,125	1,776,763	1,823,775	999,239	999,239
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	5,932,668	4,490,625	6,969,274	5,097,674	5,087,434	5,392,286	5,153,859	5,223,076
1.040 - Restricted Grants-in-Aid	340,384	319,790	278,962	498,322	482,215	476,862	433,620	399,272
1.050 - Property Tax Allocation	6,344,305	6,013,076	5,717,426	5,413,056	5,086,364	4,764,036	4,441,534	4,114,494
1.060 - All Other Operating Revenues	3,146,022	2,320,120	1,690,950	738,450	733,858	730,577	728,489	727,488
1.070 - Total Revenue	26,327,391	22,366,367	24,941,146	23,688,317	23,421,529	23,536,390	22,188,139	21,942,327
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	17,693	(0)	(0)	(0)	(0)	(0)
2.050 - Advances-In	20,963	3	304,833	200,000	200,000	200,000	200,000	200,000
2.060 - All Other Financing Sources	81,793	186,316	429,314	100,000	100,000	100,000	100,000	100,000
2.070 - Total Other Financing Sources	102,756	186,319	751,839	299,999	299,999	299,999	299,999	299,999
2.080 - Total Rev & Other Sources	26,430,147	22,552,686	25,692,985	23,988,317	23,721,528	23,836,389	22,488,138	22,242,326
Expenditures:								
3.010 - Personnel Services	15,222,977	14,300,955	14,044,480	13,443,751	13,905,489	14,746,198	15,091,691	15,350,411
3.020 - Employee Benefits	6,102,963	6,161,969	6,337,674	6,397,210	6,706,970	7,176,264	7,557,736	7,946,383
3.030 - Purchased Services	5,689,188	4,564,445	4,752,772	3,878,149	3,985,306	4,095,551	4,208,977	4,325,679
3.040 - Supplies and Materials	769,790	622,374	551,074	672,074	690,629	709,812	729,647	750,158
3.050 - Capital Outlay	421,614	286,361	337,579	362,579	284,228	375,205	296,361	387,702
Intergovernmental & Debt Service	-	-	-	-	-	-	-	-
4.300 - Other Objects	262,386	238,513	240,702	240,702	247,923	255,361	263,021	270,912
4.500 - Total Expenditures	28,468,919	26,174,617	26,264,279	24,994,464	25,820,546	27,358,391	28,147,433	29,031,245
Other Financing Uses								
5.010 - Operating Transfers-Out	500,000	500,000	500,007	100,000	300,000	500,000	500,000	500,000
5.020 - Advances-Out	-	304,833	-	200,000	200,000	200,000	200,000	200,000
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	500,000	804,833	500,007	300,000	500,000	700,000	700,000	700,000
5.050 - Total Exp and Other Financing Uses	28,968,919	26,979,450	26,764,286	25,294,464	26,320,546	28,058,391	28,847,433	29,731,245
6.010 - Excess of Rev Over/(Under) Exp	(2,538,772)	(4,426,763)	(1,071,301)	(1,306,147)	(2,599,018)	(4,222,003)	(6,359,295)	(7,488,919)
7.010 - Cash Balance July 1 (No Levies)	21,144,764	18,605,992	14,179,229	13,107,928	11,801,781	9,202,763	4,980,761	(1,378,535)
7.020 - Cash Balance June 30 (No Levies)	18,605,992	14,179,229	13,107,928	11,801,781	9,202,763	4,980,761	(1,378,535)	(8,867,454)
				Reservations				
8.010 - Estimated Encumbrances June 30	-	-	203,037	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	18,605,992	14,179,229	12,904,891	11,801,781	9,202,763	4,980,761	(1,378,535)	(8,867,454)
Rev from Replacement/Renewal Levies								
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	18,605,992	14,179,229	12,904,891	11,801,781	9,202,763	4,980,761	(1,378,535)	(8,867,454)
Revenue from New Levies								
13.010 & 13.020 - New Levies	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	18,605,992	14,179,229	12,904,891	11,801,781	9,202,763	4,980,761	(1,378,535)	(8,867,454)