



Three Rivers Local School District

# Five Year Forecast Financial Report

Teri Riesenber, Treasurer

May 28, 2024

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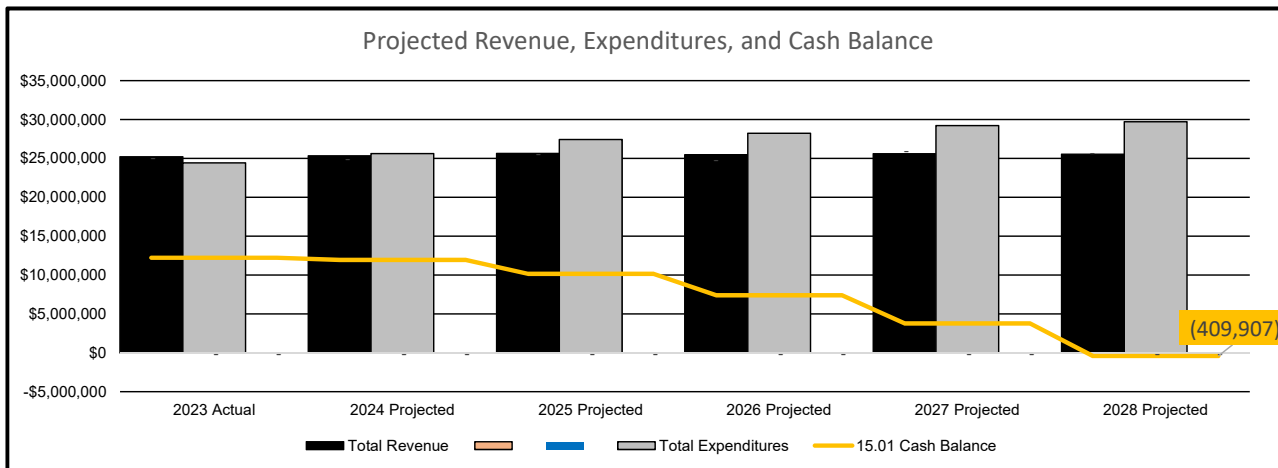
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### Forecast Purpose/Objectives

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.



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

Financial Forecast

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	12,228,583	11,946,787	10,169,333	7,399,368	3,784,596
+ Revenue	25,332,244	25,641,660	25,463,820	25,598,743	25,524,779
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(25,614,040)	(27,419,113)	(28,233,785)	(29,213,514)	(29,719,281)
= Revenue Surplus or Deficit	(281,796)	(1,777,454)	(2,769,965)	(3,614,772)	(4,194,503)
Line 7.020 Ending Balance with renewal/new levies	11,946,787	10,169,333	7,399,368	3,784,596	(409,907)

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(281,796)	(1,777,454)	(2,769,965)	(3,614,772)	(4,194,503)
Ending Balance w/o Levies	11,946,787	10,169,333	7,399,368	3,784,596	(409,907)

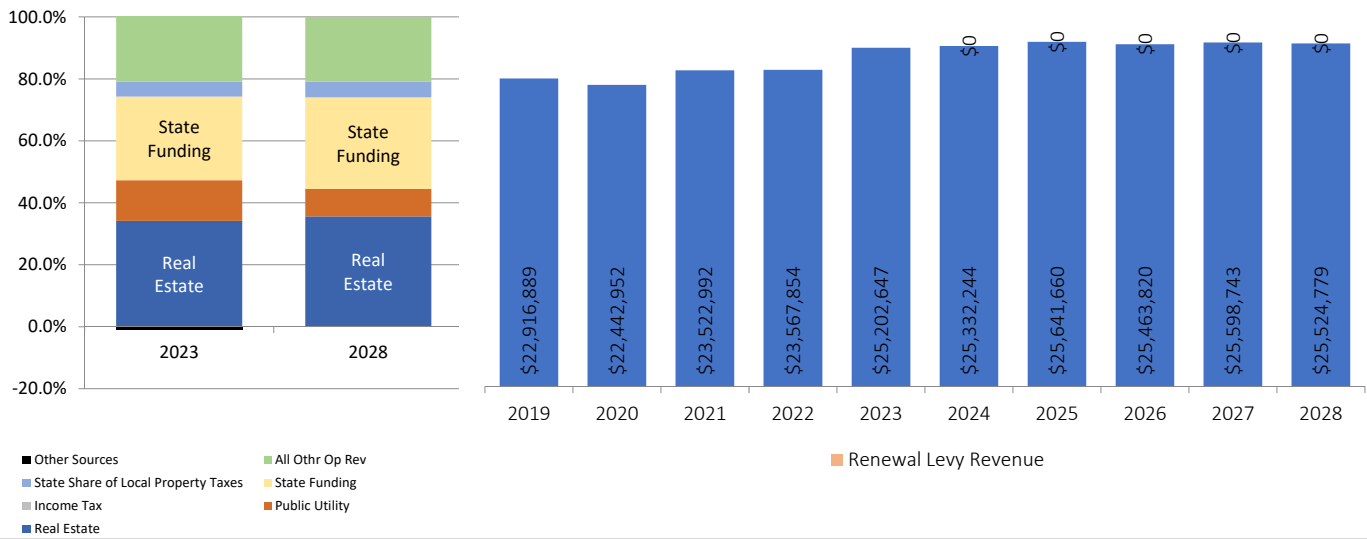
In FY 2024 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$281,796 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$4,194,503. The district would need to cut its FY 2028 projected expenses by 14.11% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2024 and is projected to worsen by FY 2028. A worsening cash balance can erode the district's financial stability over time.

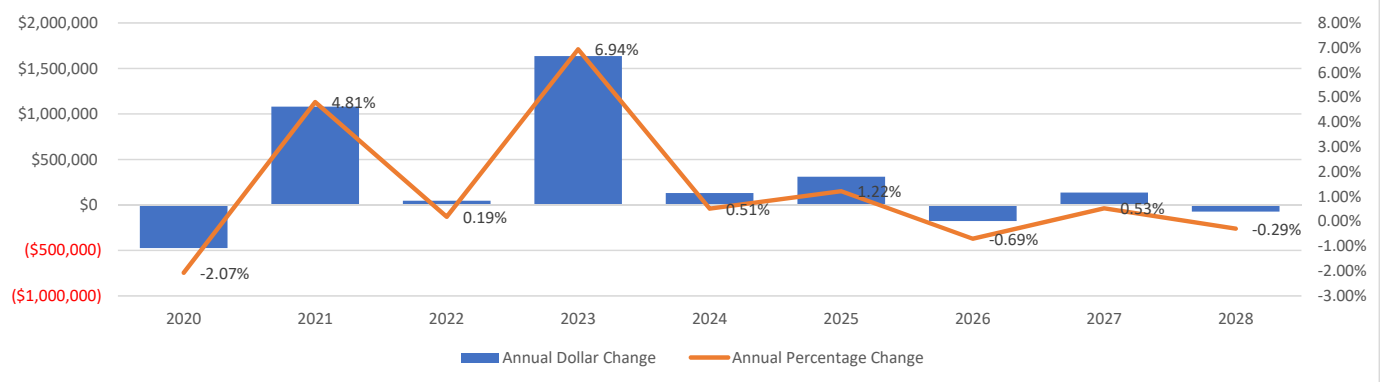
Ohio adopted the Fair School Funding Plan (FSFP) in FY 2022. The plan was continued with increasing phase-in of the formula results. In FY 2024 the per pupil base cost calculations were updated from FY 2018 cost data to FY 2022. For Three Rivers Local School District the calculated Base Cost total is \$16,019,060 in FY 2024. The state's share of the calculated Base Cost total is \$3,659,828 or \$1,997 per pupil.

## Revenue Sources and Forecast Year-Over-Year Projected Overview

### Sources of Revenue Over Time



### Year-Over-Year Dollar & Percentage Change



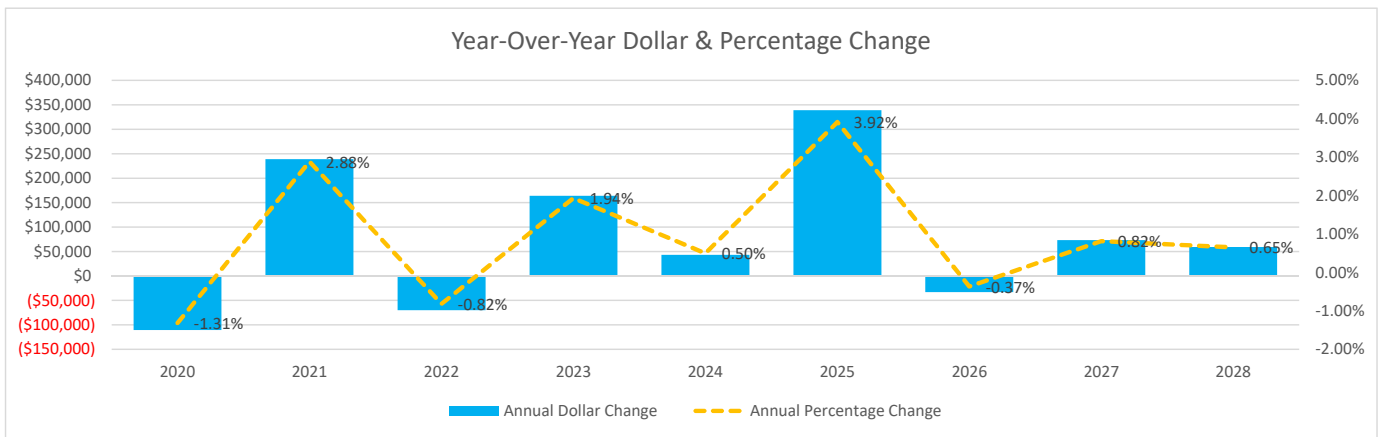
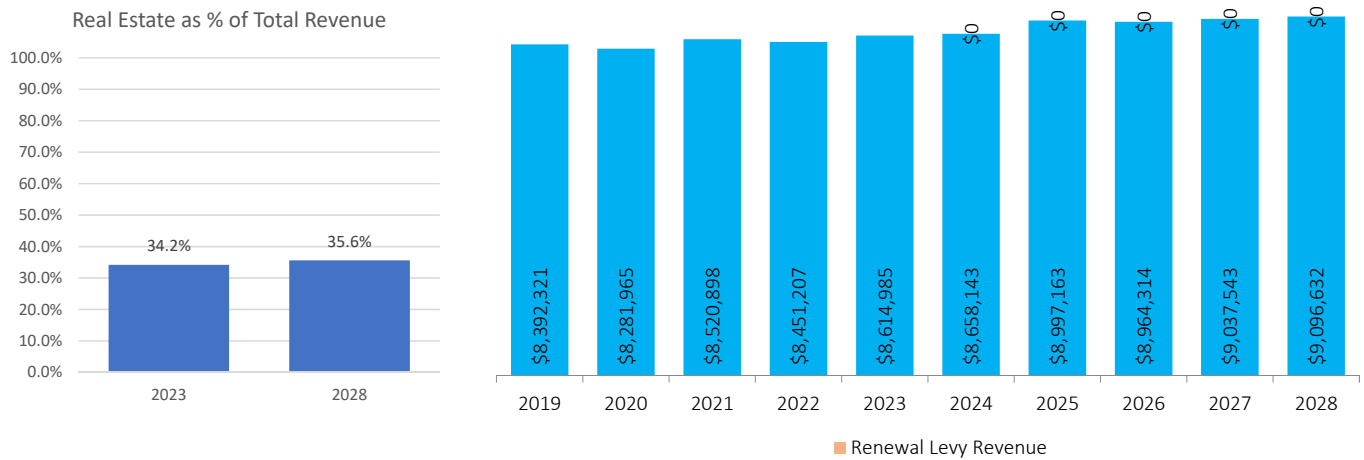
4-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 2.47% or \$571,439 annually during the past 4-Year period and is projected to increase 0.26% or \$64,426 annually through FY2028. Public Utility has the most projected average annual variance compared to the historical average at -\$318,845
Real Estate	55,666	96,329	\$40,664	
Public Utility	\$110,001	(\$208,844)	(\$318,845)	
Income Tax	\$0	\$0	\$0	
State Funding	\$304,055	146,446	(\$157,609)	
Prop Tax Alloc	(\$66,849)	\$15,810	\$82,658	
All Othr Op Rev	\$277,908	(\$33,144)	(\$311,053)	
Other Sources	(\$109,342)	\$47,830	\$157,171	
<b>Total Average Annual Change</b>	<b>571,439</b>	<b>64,426</b>	<b>(\$507,013)</b>	
	2.47%	0.26%	-2.21%	

Note: Expenditure average annual change is projected to be > \$1,059,382 On an annual average basis, expenditures are projected to grow faster than revenue.

### 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).



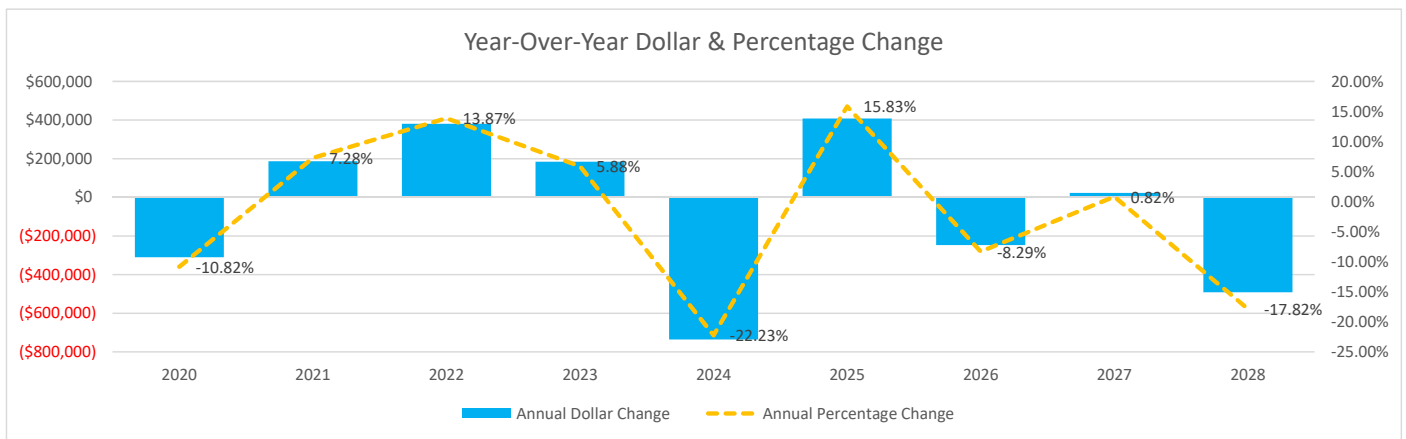
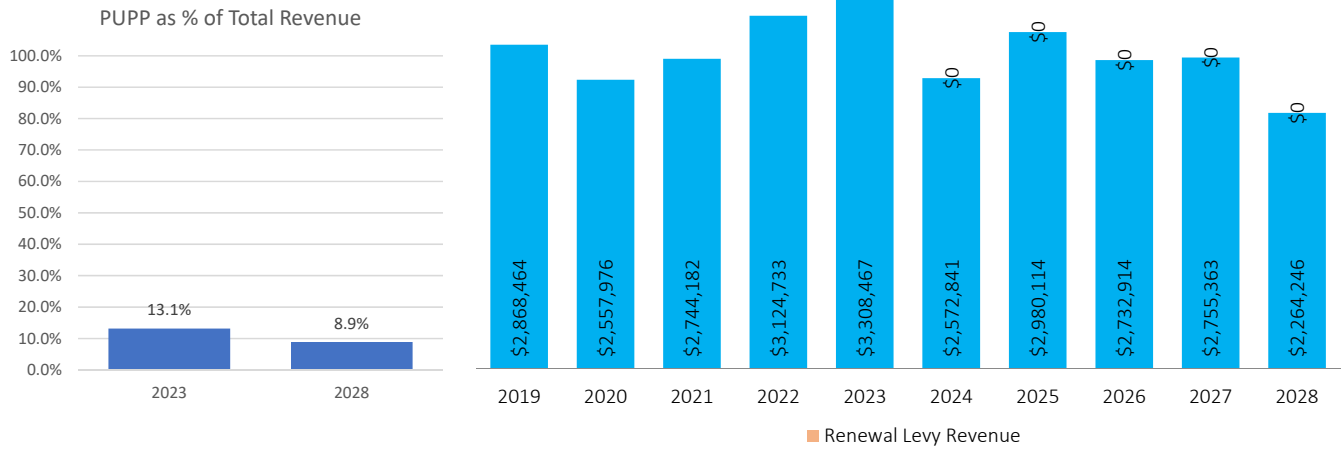
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2022	342,586,130	703,830	28.15	-	33.67	-	98.6%
2023	444,405,290	101,819,160	22.18	(5.97)	30.94	(2.72)	99.3%
2024	447,095,290	2,690,000	22.17	(0.01)	30.94	-	99.3%
2025	449,410,290	2,315,000	22.17	(0.01)	30.94	-	99.3%
2026	473,175,290	23,765,000	21.20	(0.96)	30.88	(0.07)	99.3%
2027	474,990,290	1,815,000	21.20	(0.01)	30.88	(0.00)	99.3%

Real estate property tax revenue accounts for 34.18% of total revenue. Class I or residential/agricultural taxes make up approximately 86.23% of the real estate property tax revenue. The Class I tax rate is 22.18 mills in tax year 2023. The projections reflect an average gross collection rate of 99.3% annually through tax year 2027. The revenue changed at an average annual historical rate of 0.67% and is projected to change at an average annual rate of 1.10% through FY 2028.

\*Projected % trends include renewal levies

### 1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



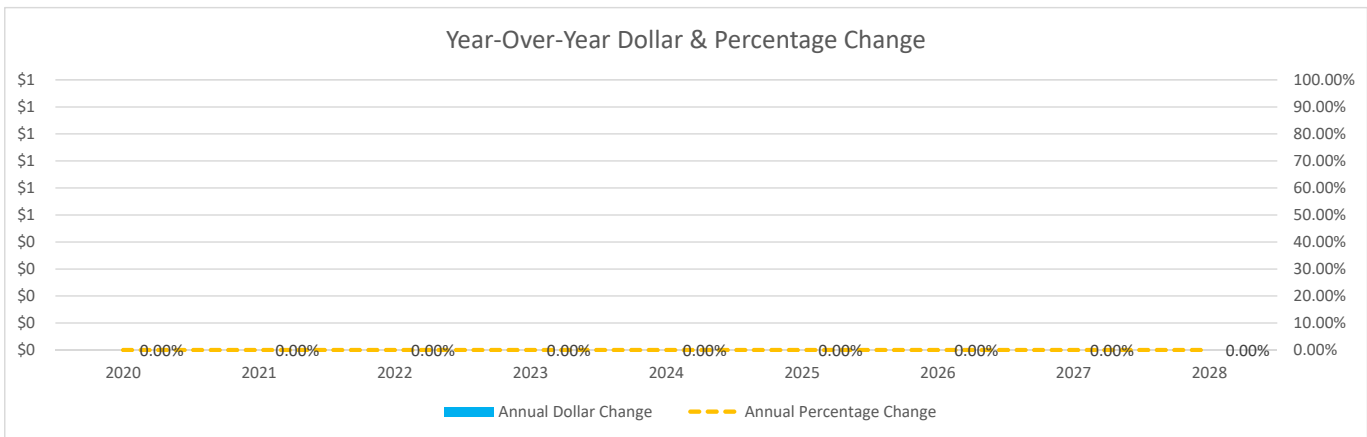
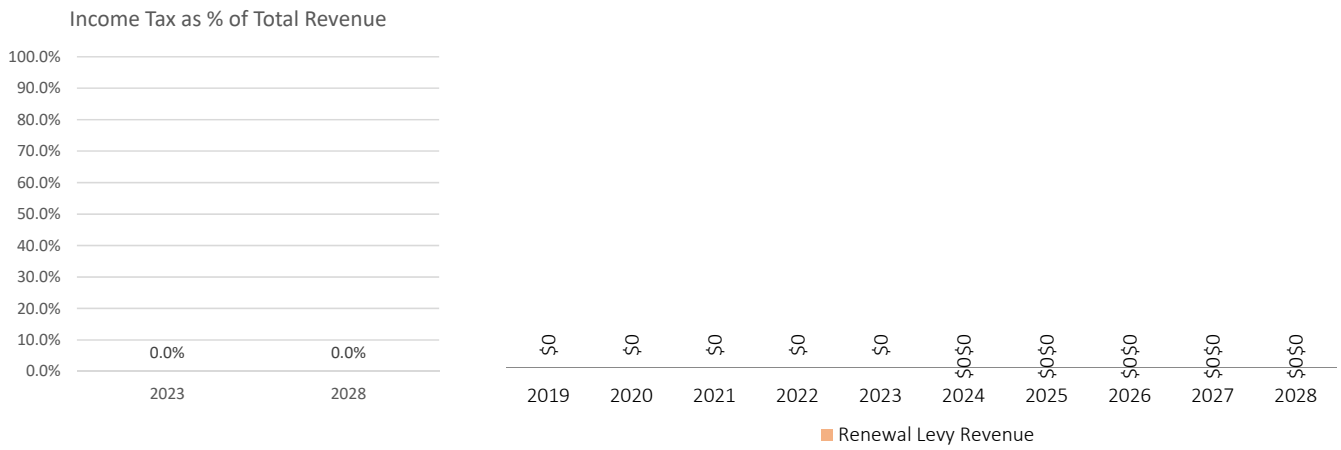
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2022	74,442,050	5,700,470	44.90	-	100.0%
2023	59,984,460	(14,457,590)	44.90	-	100.0%
2024	60,484,460	500,000	44.90	-	100.0%
2025	60,984,460	500,000	44.90	-	100.0%
2026	61,484,460	500,000	44.90	-	100.0%
2027	47,126,860	(14,357,600)	44.90	-	100.0%

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 13.13% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 44.9 mills. The forecast is modeling an average gross collection rate of 99.99%. The revenue changed historically at an average annual dollar amount of \$110,001 and is projected to change at an average annual dollar amount of -\$208,844 through FY 2028.

\*Projected % trends include renewal levies

### 1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

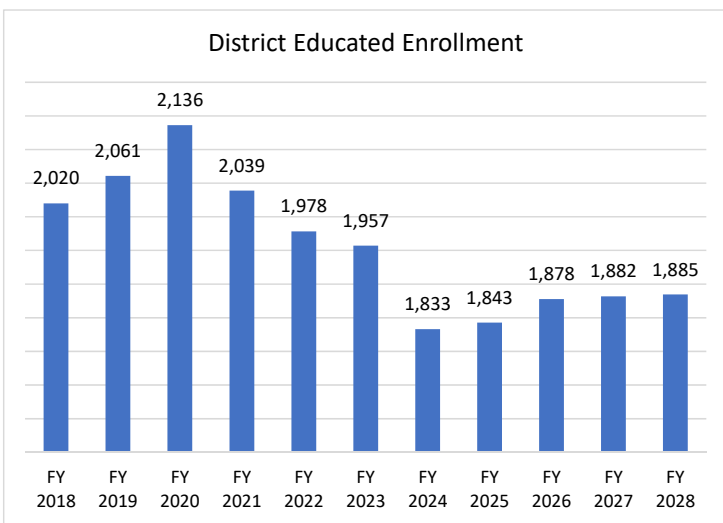
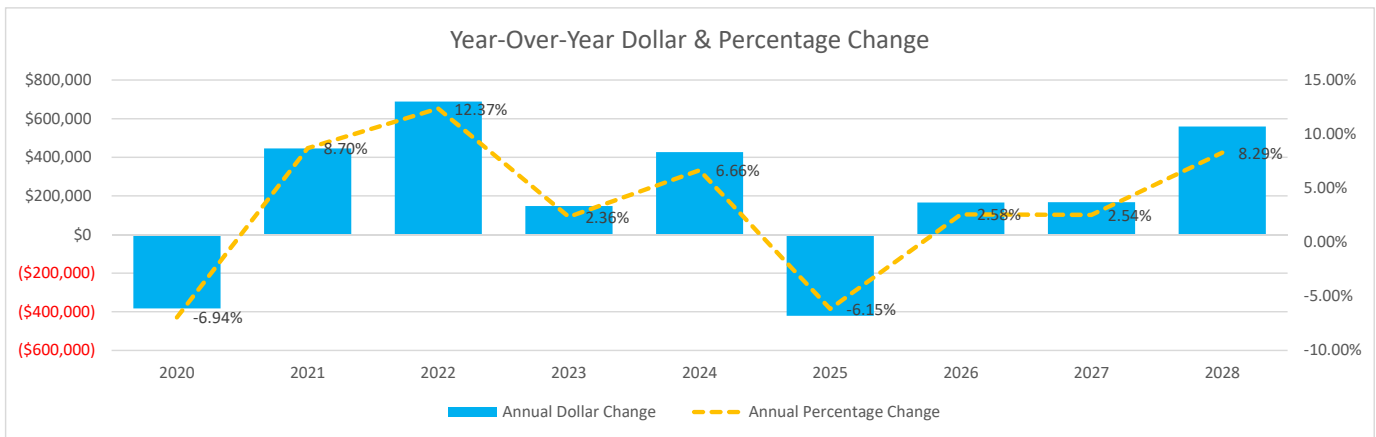
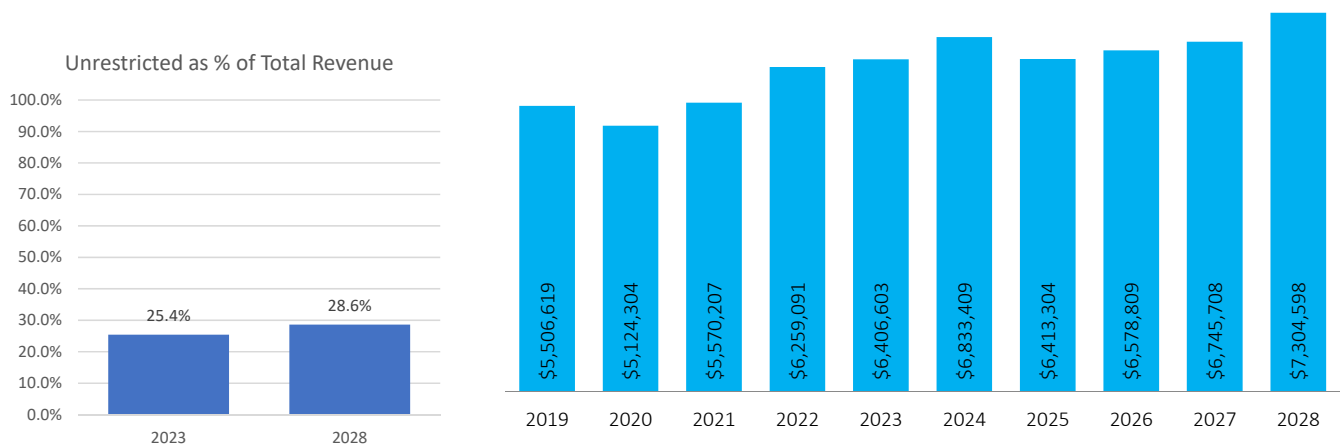


The district does not have an income tax levy.

*\*Projected % trends include renewal levies*

### 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



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.

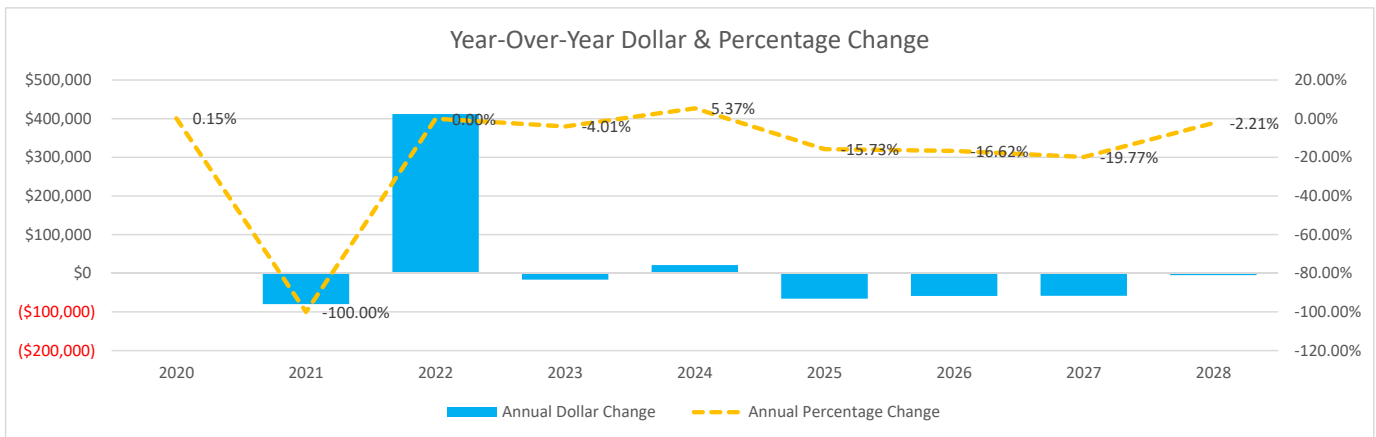
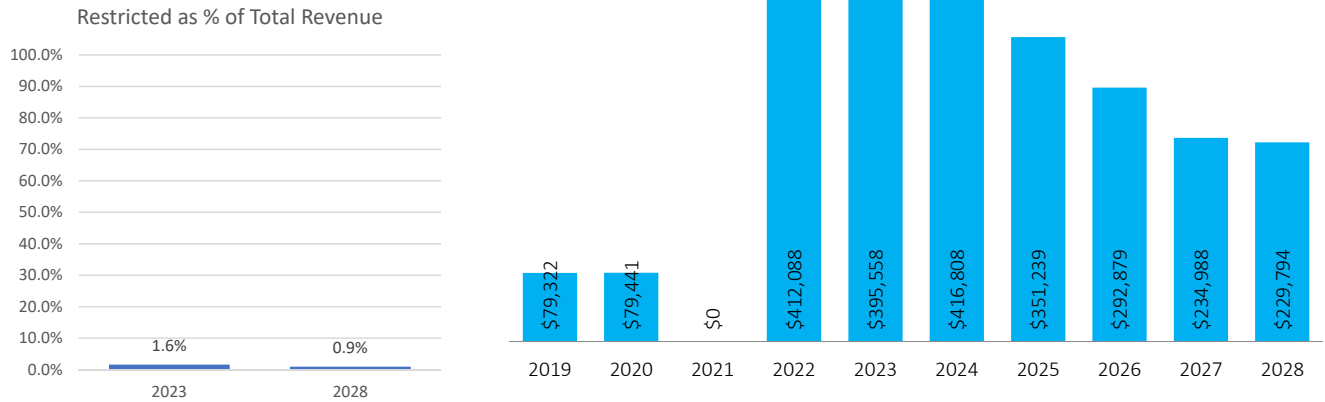
For Three Rivers Local School District the calculated Base Cost total is \$16,019,060 in FY 2024. The state's share of the calculated Base Cost total is \$3,659,828 or \$1,997 per pupil.

The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts.



### 1.040 & 1.045 - Restricted Grants-in-Aid

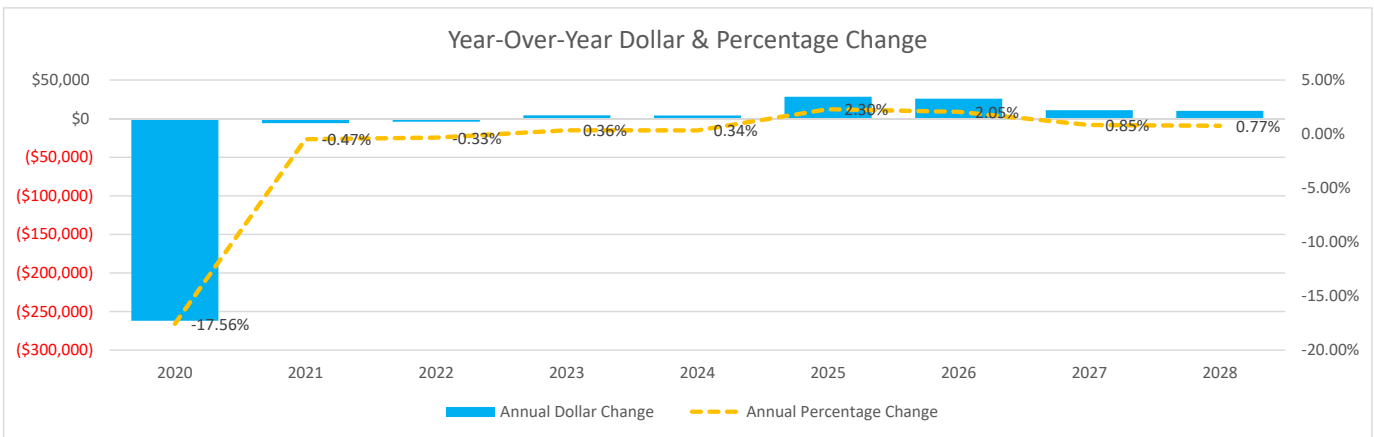
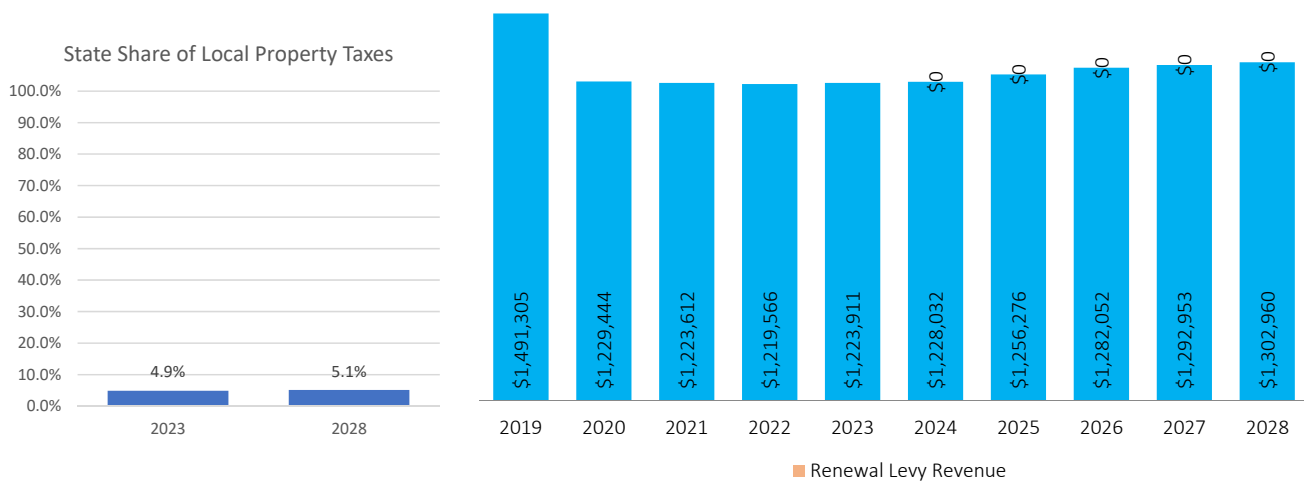
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$105,372 and is projected to change annually on average by -\$33,153. Restricted funds represent 1.57% 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 \$207,527. 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.

### 1.050 - State Share of Local Property Taxes

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

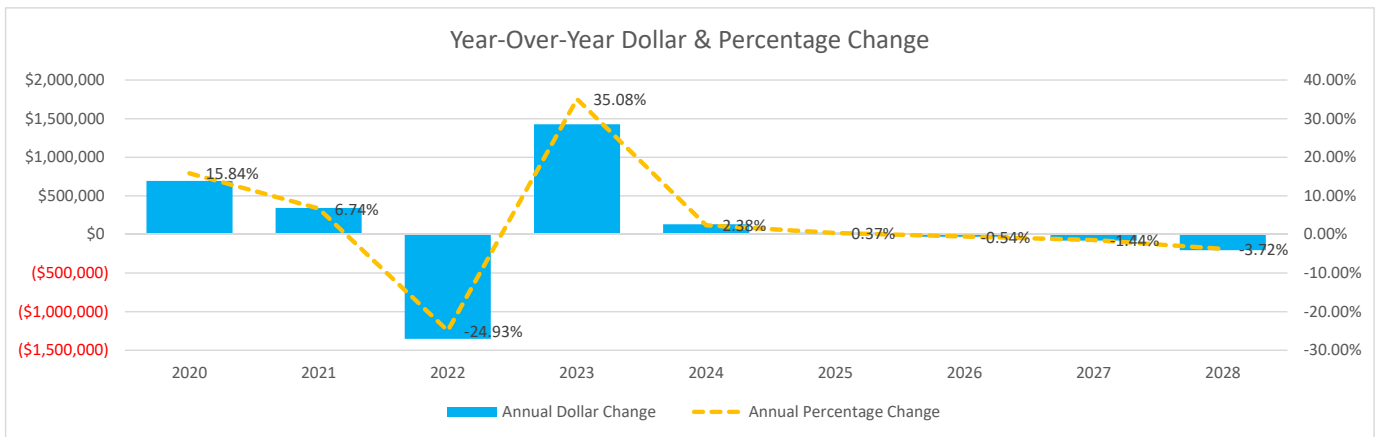
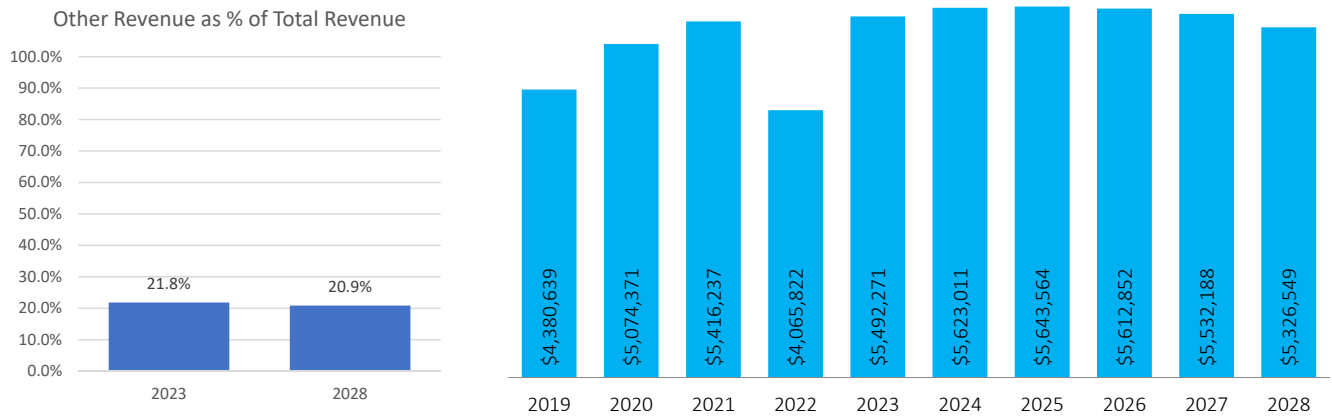


State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2024, approximately 12.1% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.2% will be reimbursed in the form of qualifying homestead exemption credits.

\*Projected % trends include renewal levies

### 1.060 - All Other Operating Revenues

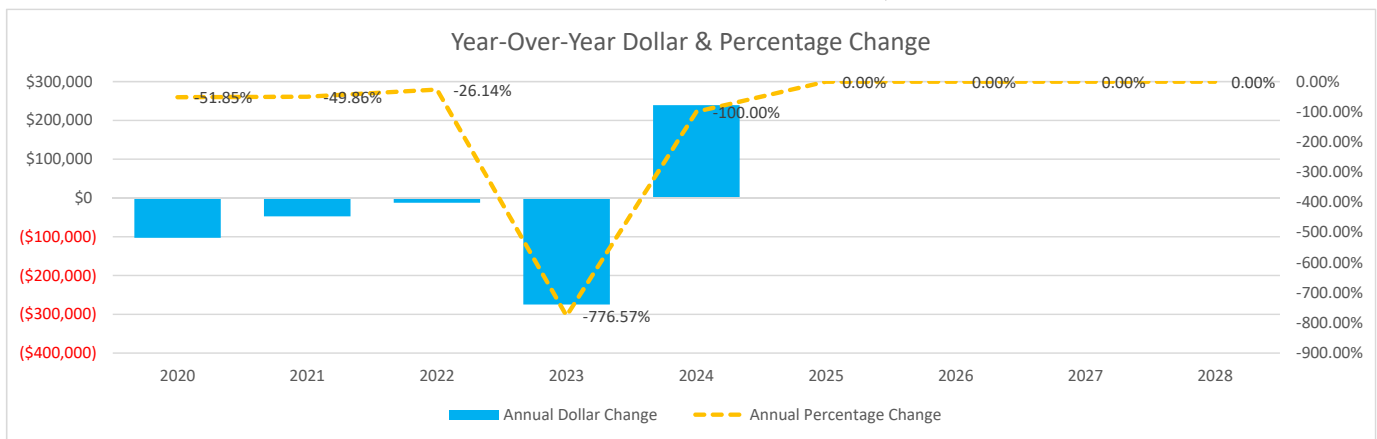
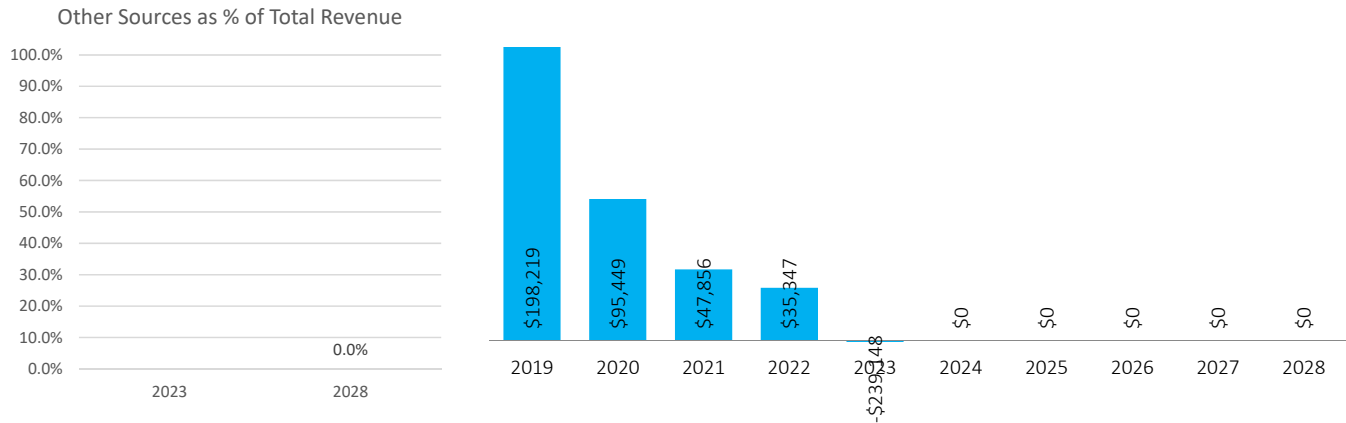
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$277,908. The projected average annual change is -\$33,144 through FY 2028.

## 2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

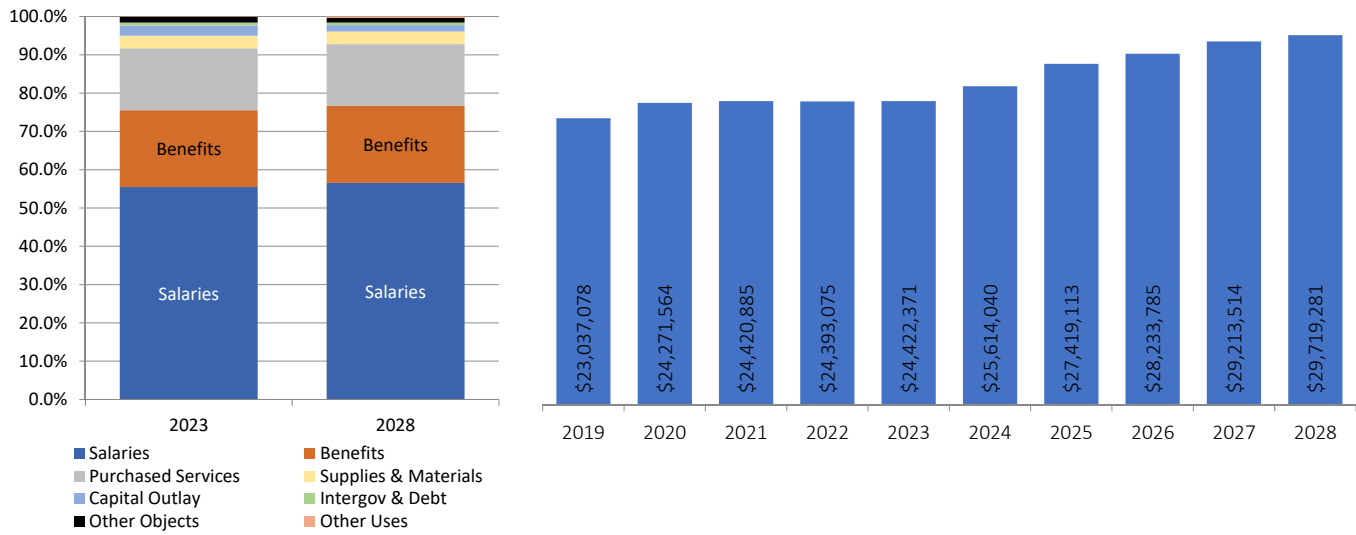


	2023	FORECASTED				
		2024	2025	2026	2027	2028
Transfers In	30,841	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	(269,989)	-	-	-	-	-

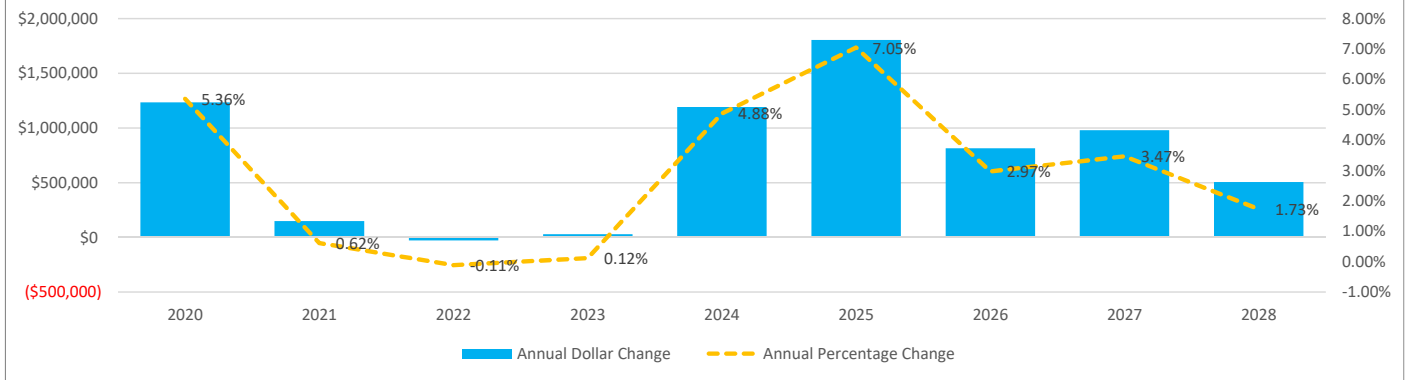
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district received \$0 as advances-in and is projecting advances of \$0 in FY 2024. The district is projecting that all other financing sources will be \$0 in FY 2024 and average \$0 annually through FY 2028.

## Expenditure Categories and Forecast Year-Over-Year Projected Overview

### Expenditure Categories Over Time



### Year-Over-Year Dollar & Percentage Change



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

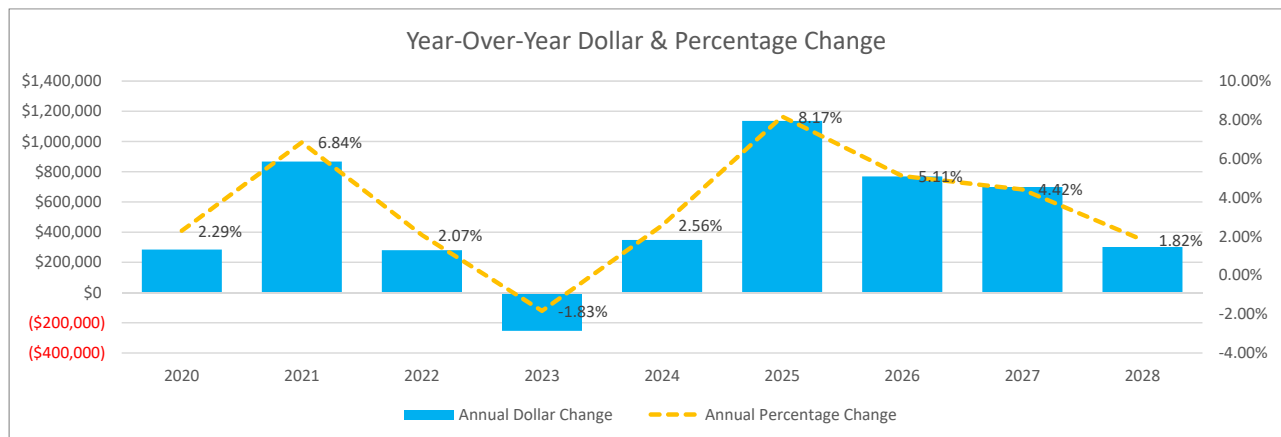
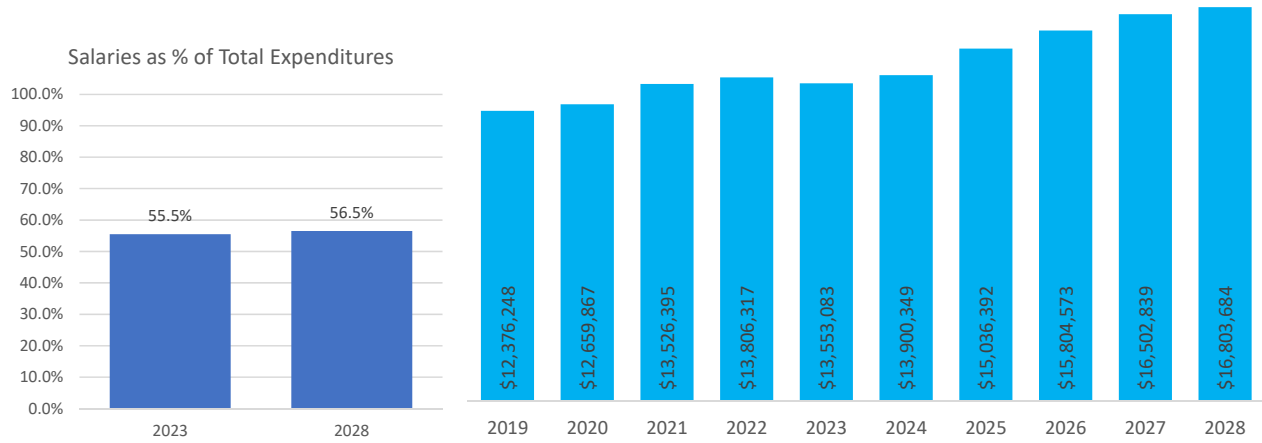
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 1.50% or \$346,323 annually during the past 4-Year period and is projected to increase 4.34% or \$1,059,382 annually through FY2028. Salaries has the largest projected average annual variance compared to the historical average at \$355,911.
Salaries	294,209	650,120	\$355,911	
Benefits	\$82,366	\$216,177	\$133,811	
Purchased Services	(\$121,902)	\$168,779	\$290,681	
Supplies & Materials	\$29,460	\$36,863	\$7,403	
Capital Outlay	\$35,187	(\$28,965)	(\$64,153)	
Intergov & Debt	(\$19)	(\$935)	(\$917)	
Other Objects	\$27,021	(\$657)	(\$27,678)	
Other Uses	\$0	\$18,000	\$18,000	
<b>Total Average Annual Change</b>	<b>\$346,323</b>	<b>\$1,059,382</b>	<b>\$713,059</b>	
	1.50%	4.34%	2.84%	

Note: Revenue average annual change is projected to be > \$64,426

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

### 3.010 - Personnel Services

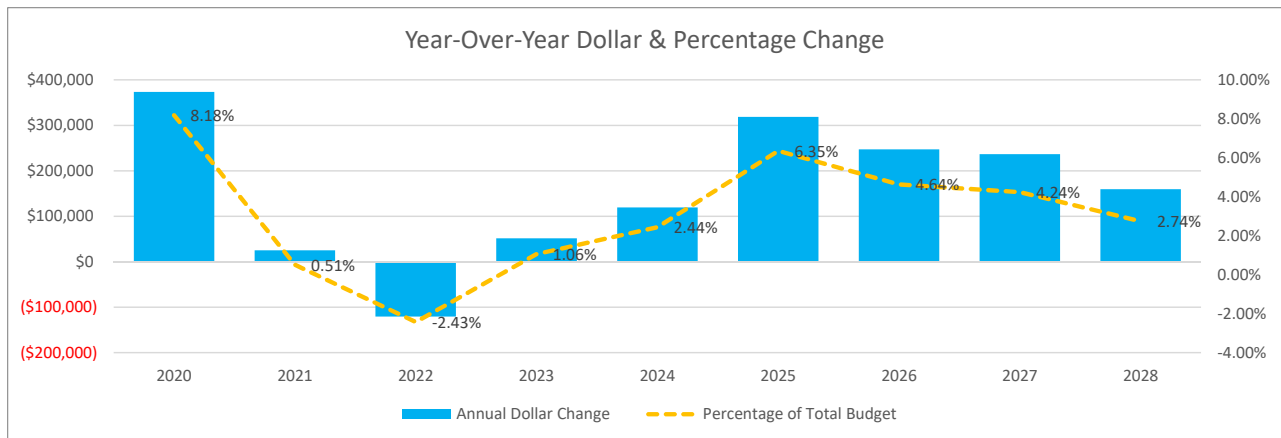
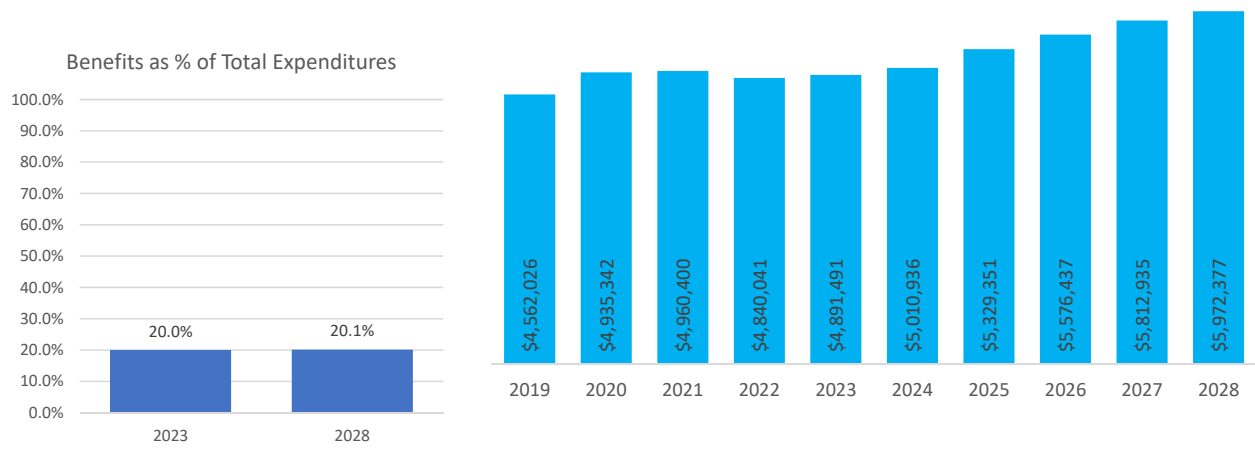
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 55.49% of total expenditures and increased at a historical average annual rate of 2.34% or \$294,209. This category of expenditure is projected to grow at an annual average rate of 4.42% or \$650,120 through FY 2028. The projected average annual rate of change is 2.07% more than the five year historical annual average.

### 3.020 - Employees' Benefits

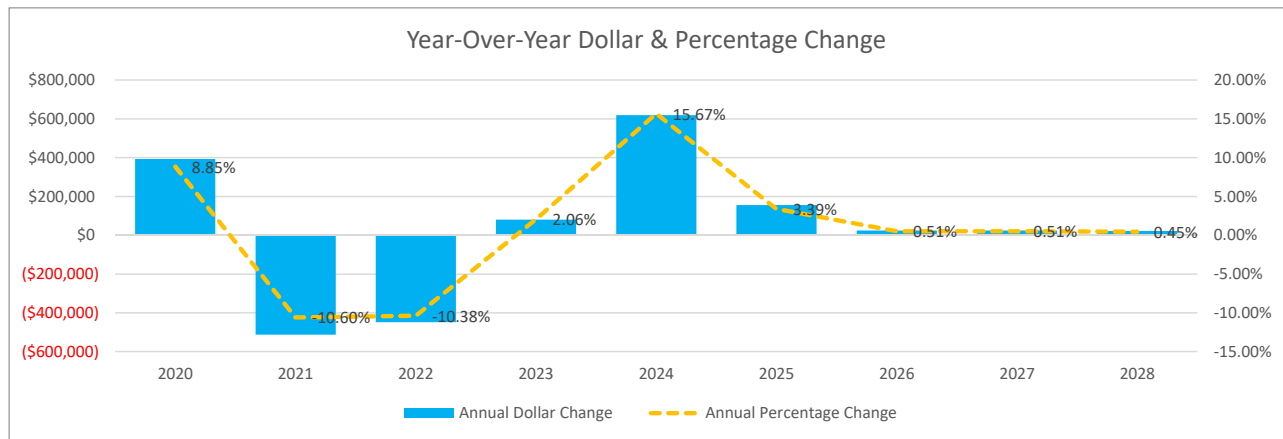
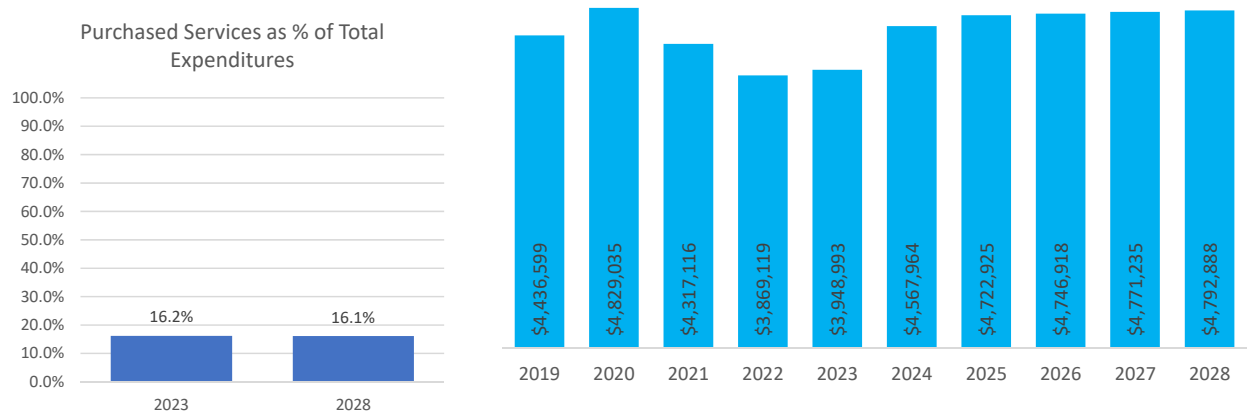
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 20.03% of total expenditures and increased at a historical average annual rate of 1.83%. This category of expenditure is projected to grow at an annual average rate of 4.08% through FY 2028. The projected average annual rate of change is 2.25% more than the five year historical annual average.

### 3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.

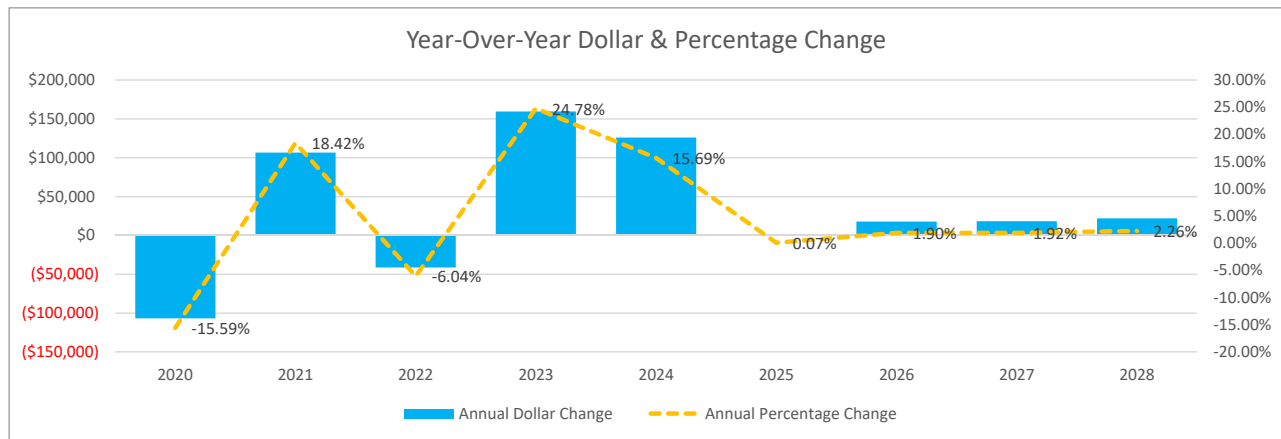
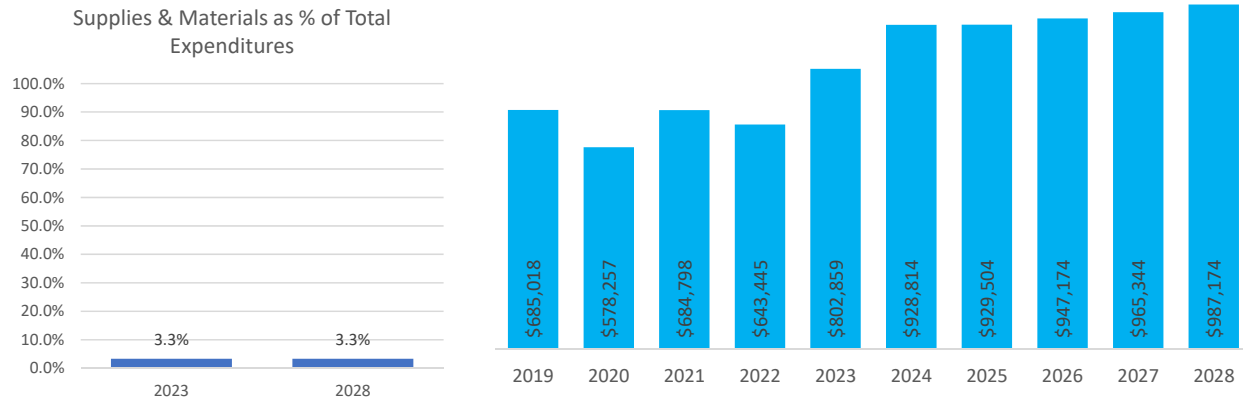


Purchased Services represent 16.17% of total expenditures and decreased at a historical average annual rate of -2.52%. This category of expenditure is projected to grow at an annual average rate of 4.11% through FY 2028. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This change resulted in lower district cost but also less per pupil state revenue since per pupil funding was paid directly by the state to the attending school.



### 3.040 - Supplies & Materials

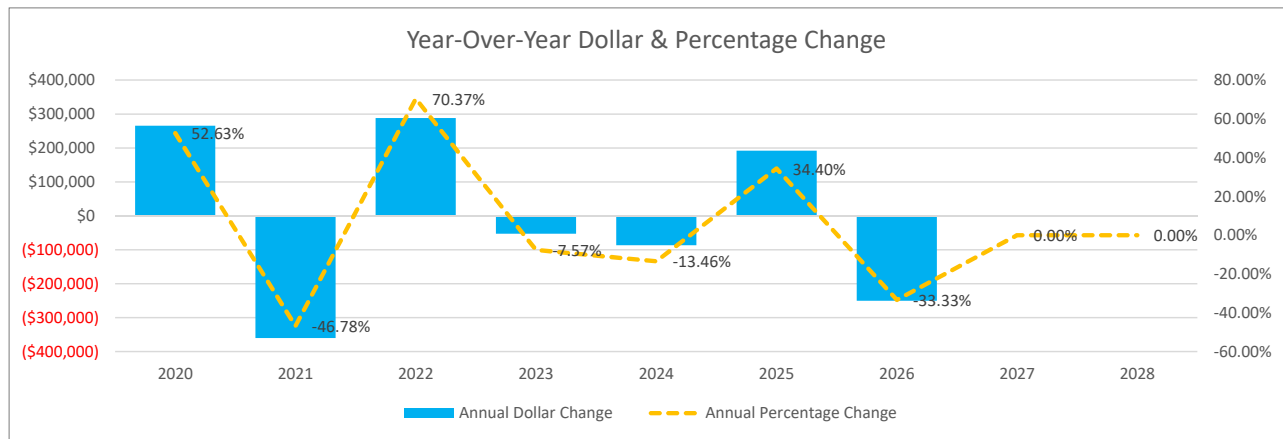
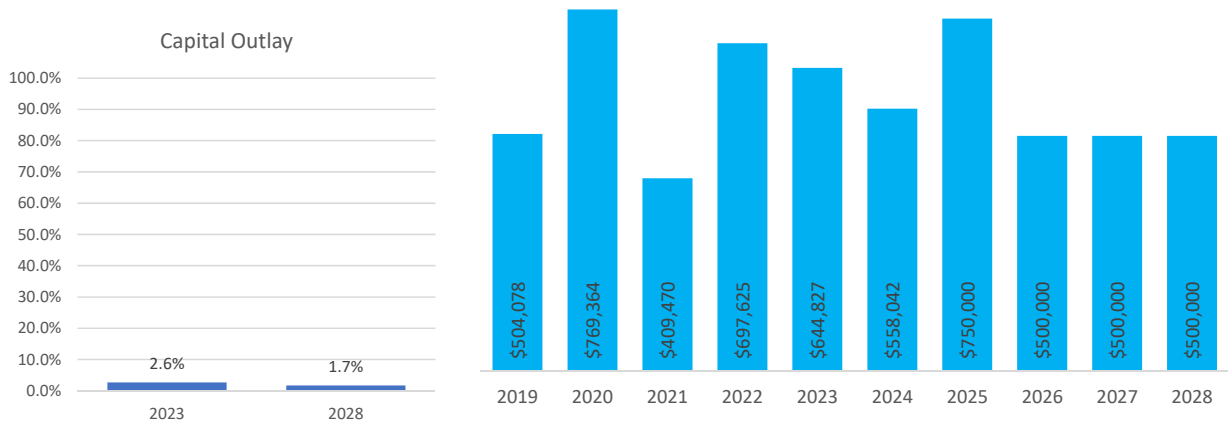
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 3.29% of total expenditures and increased at a historical average annual rate of 5.39%. This category of expenditure is projected to grow at an annual average rate of 4.37% through FY 2028. The projected average annual rate of change is -1.03% less than the five year historical annual average.

### 3.050 - Capital Outlay

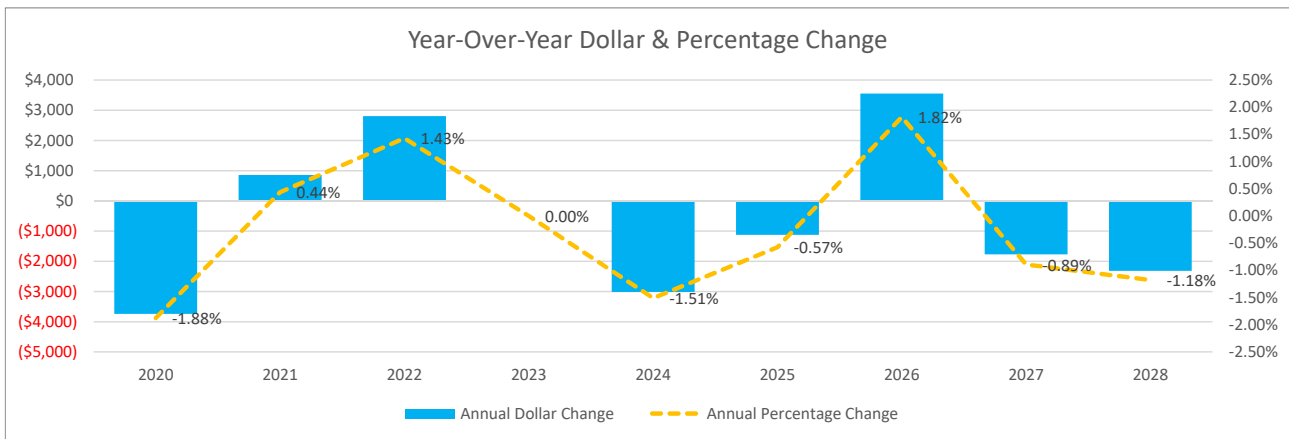
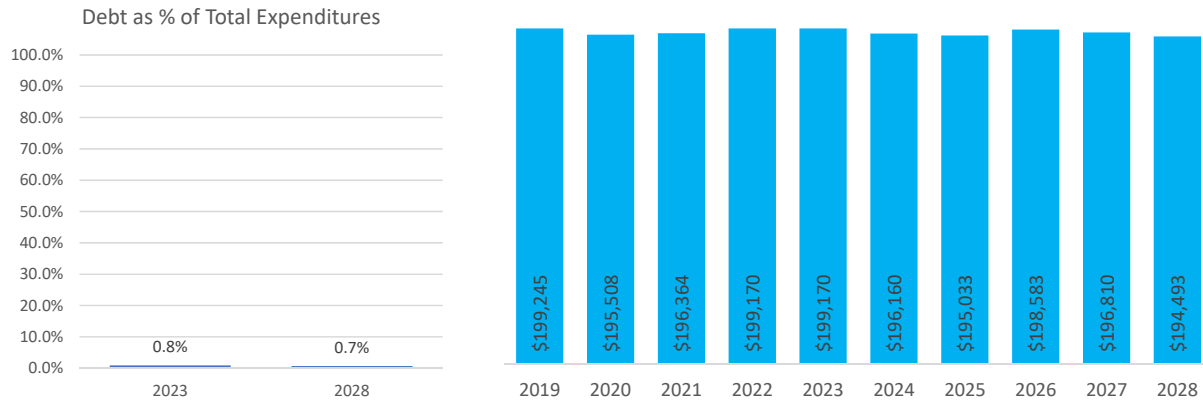
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 2.64% of total expenditures and increased at a historical average annual amount of \$35,187. This category of expenditure is projected to decrease at an annual average rate of -\$28,965 through FY 2028. The projected average annual change is less than the five year historical annual average.

### 3.060-4.060 - Intergovernmental & Debt

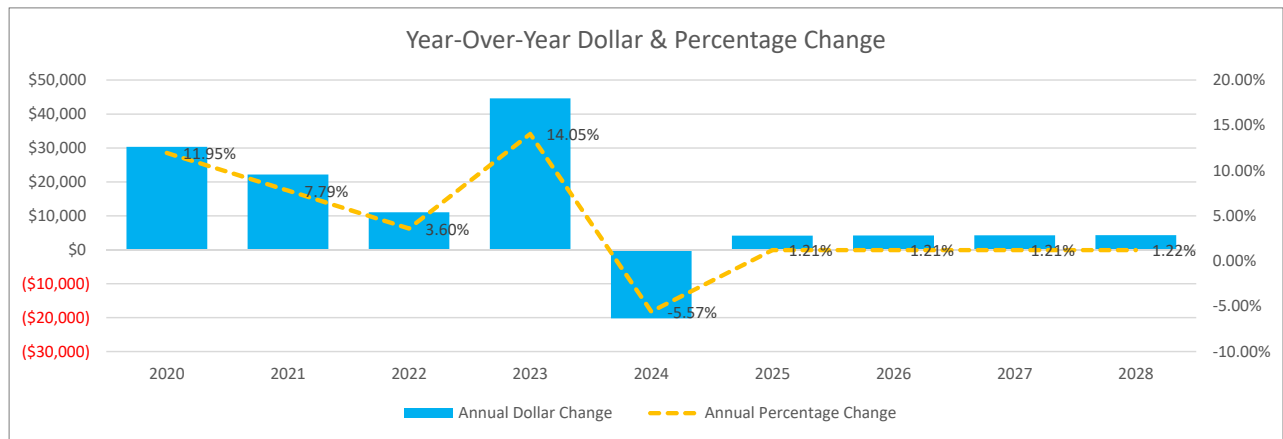
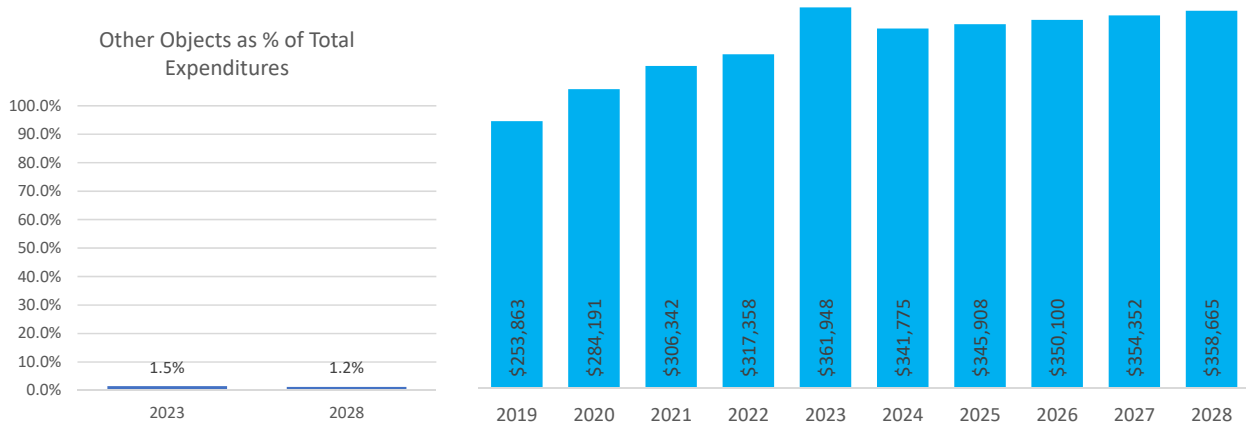
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

### 4.300 - Other Objects

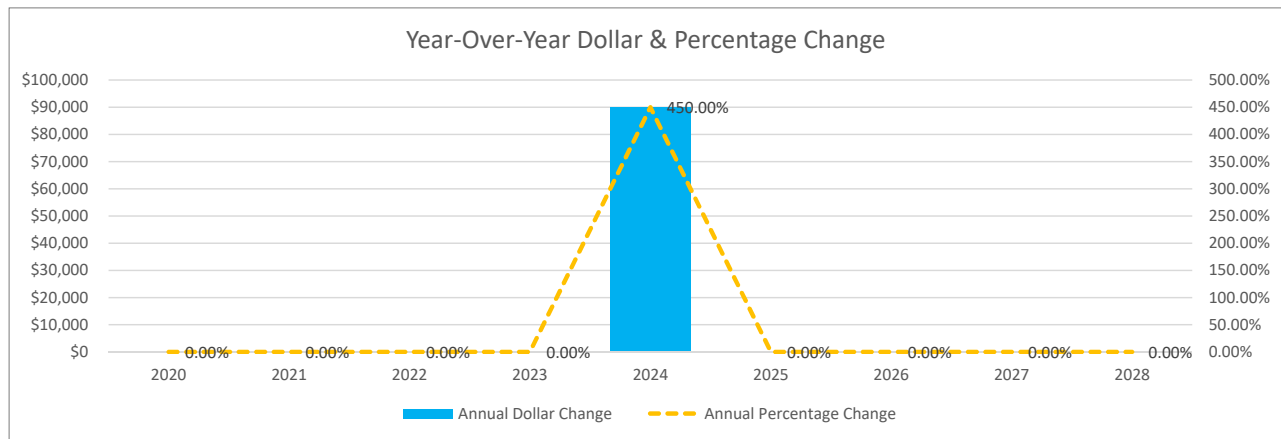
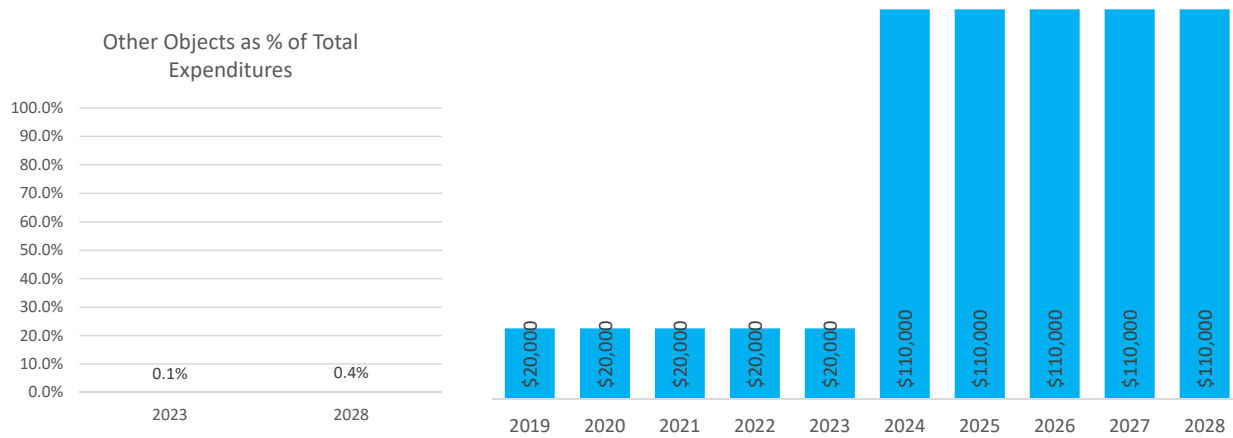
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.48% of total expenditures and increased at a historical average annual rate of 9.35%. This category of expenditure is projected to decrease at an annual average rate of -0.14% through FY 2028. The projected average annual rate of change is -9.49% less than the five year historical annual average.

### 5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2023	FORECASTED				
		2024	2025	2026	2027	2028
Transfers Out	20,000	110,000	110,000	110,000	110,000	110,000
Advances Out	-	-	-	-	-	-
Other Financing Uses	-	-	-	-	-	-

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 2023 the district had no advances-out and has no advances-out forecasted through FY 2028. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2028. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Three Rivers Local School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2023	2024	2025	2026	2027	2028
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	8,614,985	8,658,143	8,997,163	8,964,314	9,037,543	9,096,632
1.020 - Public Utility Personal Property	3,308,467	2,572,841	2,980,114	2,732,914	2,755,363	2,264,246
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	6,406,603	6,833,409	6,413,304	6,578,809	6,745,708	7,304,598
1.040 - Restricted Grants-in-Aid	395,558	416,808	351,239	292,879	234,988	229,794
1.050 - State Share-Local Property Taxes	1,223,911	1,228,032	1,256,276	1,282,052	1,292,953	1,302,960
1.060 - All Other Operating Revenues	5,492,271	5,623,011	5,643,564	5,612,852	5,532,188	5,326,549
<b>1.070 - Total Revenue</b>	<b>25,441,795</b>	<b>25,332,244</b>	<b>25,641,660</b>	<b>25,463,820</b>	<b>25,598,743</b>	<b>25,524,779</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	30,841	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	(269,989)	-	-	-	-	-
2.070 - Total Other Financing Sources	(239,148)	-	-	-	-	-
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>25,202,647</b>	<b>25,332,244</b>	<b>25,641,660</b>	<b>25,463,820</b>	<b>25,598,743</b>	<b>25,524,779</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	13,553,083	13,900,349	15,036,392	15,804,573	16,502,839	16,803,684
3.020 - Employee Benefits	4,891,491	5,010,936	5,329,351	5,576,437	5,812,935	5,972,377
3.030 - Purchased Services	3,948,993	4,567,964	4,722,925	4,746,918	4,771,235	4,792,888
3.040 - Supplies and Materials	802,859	928,814	929,504	947,174	965,344	987,174
3.050 - Capital Outlay	644,827	558,042	750,000	500,000	500,000	500,000
Intergovernmental & Debt Service	199,170	196,160	195,033	198,583	196,810	194,493
4.300 - Other Objects	361,948	341,775	345,908	350,100	354,352	358,665
<b>4.500 - Total Expenditures</b>	<b>24,402,371</b>	<b>25,504,040</b>	<b>27,309,113</b>	<b>28,123,785</b>	<b>29,103,514</b>	<b>29,609,281</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	20,000	110,000	110,000	110,000	110,000	110,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	20,000	110,000	110,000	110,000	110,000	110,000
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>24,422,371</b>	<b>25,614,040</b>	<b>27,419,113</b>	<b>28,233,785</b>	<b>29,213,514</b>	<b>29,719,281</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>780,276</b>	<b>(281,796)</b>	<b>(1,777,454)</b>	<b>(2,769,965)</b>	<b>(3,614,772)</b>	<b>(4,194,503)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>11,448,307</b>	<b>12,228,583</b>	<b>11,946,787</b>	<b>10,169,333</b>	<b>7,399,368</b>	<b>3,784,596</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>12,228,583</b>	<b>11,946,787</b>	<b>10,169,333</b>	<b>7,399,368</b>	<b>3,784,596</b>	<b>(409,907)</b>
		Reservations				
8.010 - Estimated Encumbrances June 30	300,000	300,000	300,000	300,000	300,000	300,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>11,928,583</b>	<b>11,646,787</b>	<b>9,869,333</b>	<b>7,099,368</b>	<b>3,484,596</b>	<b>(709,907)</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>11,928,583</b>	<b>11,646,787</b>	<b>9,869,333</b>	<b>7,099,368</b>	<b>3,484,596</b>	<b>(709,907)</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>11,928,583</b>	<b>11,646,787</b>	<b>9,869,333</b>	<b>7,099,368</b>	<b>3,484,596</b>	<b>(709,907)</b>

