



Five Year Forecast Financial Report

October, 2017

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Forecast Purpose/Objectives

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

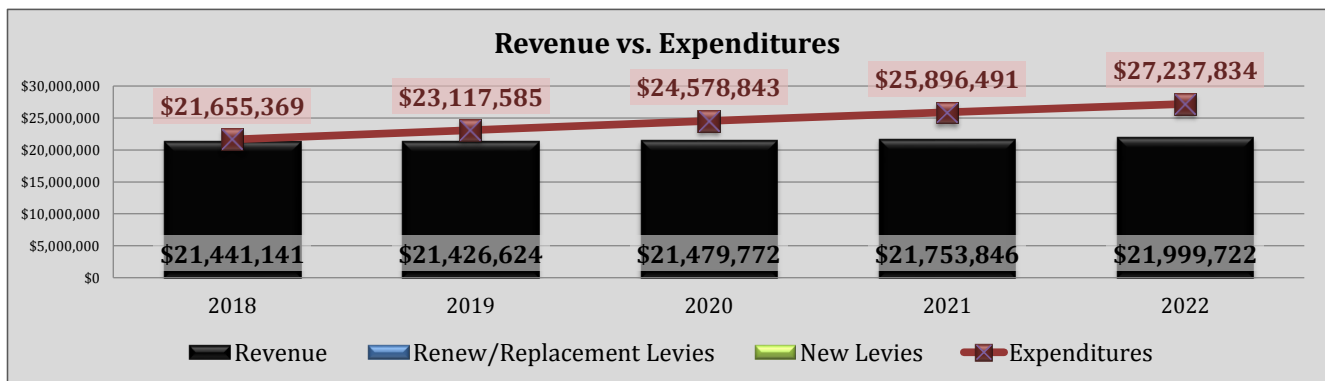
1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412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

Five Year Forecast - Simplified Statement

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Beginning Balance	13,968,201	13,753,972	12,063,011	8,963,940	4,821,295
+ Revenue	21,441,141	21,426,624	21,479,772	21,753,846	21,999,722
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(21,655,369)	(23,117,585)	(24,578,843)	(25,896,491)	(27,237,834)
= Revenue Surplus or Deficit	(214,228)	(1,690,961)	(3,099,071)	(4,142,645)	(5,238,112)
Ending Balance	13,753,972	12,063,011	8,963,940	4,821,295	(416,817)
Revenue Surplus or Deficit w/o Levies	(214,228)	(1,690,961)	(3,099,071)	(4,142,645)	(5,238,112)
Ending Balance w/o Levies	13,753,972	12,063,011	8,963,940	4,821,295	(416,817)

Summary:

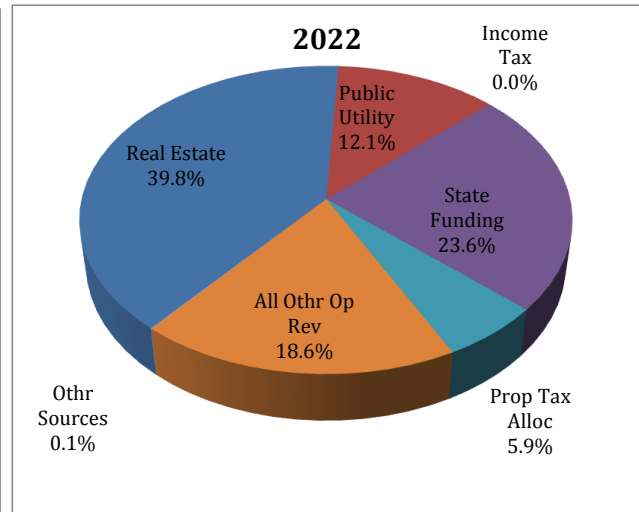
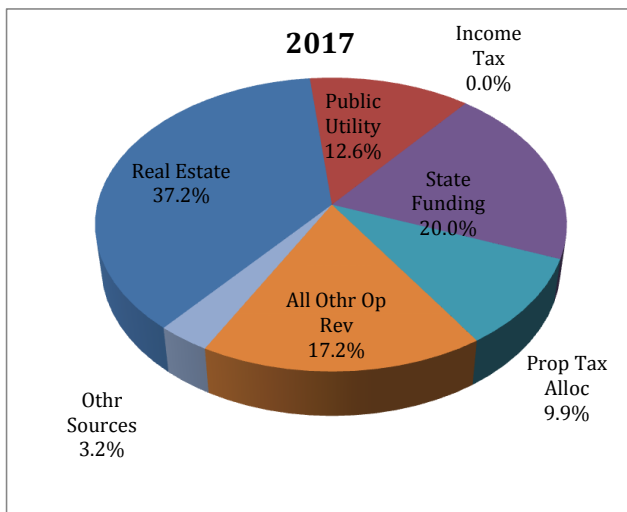
Three Rivers Local School District begins fiscal year 2018 with a healthy cash balance. Revenues are projecting flat at this time but will potentially show an increase with the reappraisal values are finalized by the county. Expenditures are trending upward associated with salary increases per negotiated agreements, costs to keep technology and infrastructure in place and the bus fleet up to code. The current forecast is showing deficit spending in all years, but increases in property tax revenue could erase the deficit in FY18. The district will need to consider cuts in expenditures or going on the ballot in order to overcome the negative cash balance in the final year of the forecast.



Revenue Overview

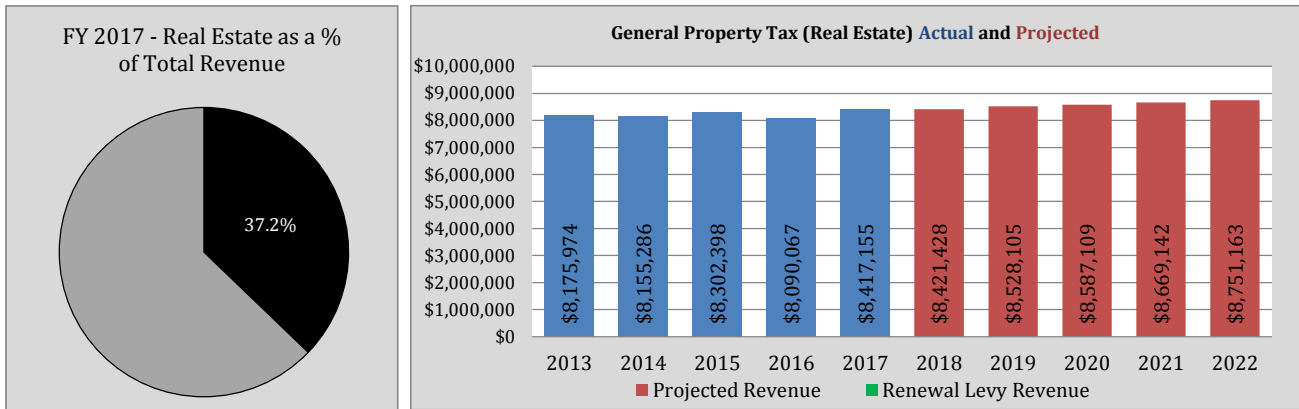
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	
		2018	2019	2020	2021	2022	
Revenue:							
1.010-Real Estate	0.39%	0.05%	1.27%	0.69%	0.96%	0.95%	0.78%
1.020-Public Utility	2.48%	-6.15%	0.00%	0.00%	0.00%	0.00%	-1.23%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	4.88%	3.97%	2.69%	3.17%	2.87%	2.95%	3.13%
1.040-Restricted Aid	26916.18%	-18.91%	3.97%	-6.05%	0.77%	-1.16%	-4.28%
1.045-Restr Federal SFSF	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-5.82%	-25.40%	-13.45%	-12.17%	1.07%	1.06%	-9.78%
1.060-All Other Operating	8.85%	3.01%	-0.32%	1.15%	1.03%	0.23%	1.02%
1.070-Total Revenue	1.74%	-2.28%	-0.02%	0.29%	1.28%	1.13%	0.08%
2.070-Total Other Sources	61.61%	-95.86%	-36.67%	-42.11%	0.00%	0.00%	-34.93%
2.080-Total Rev & Other Srcs	2.22%	-5.27%	-0.07%	0.25%	1.28%	1.13%	-0.54%

Property tax revenue lines are flat but should see some increase when county finalizes numbers from the reappraisal. Large percentage decreases in Property tax allocation line are based on phase out of TPP. The large decreases in Total Other Sources are decreases in amounts repaid from advances.

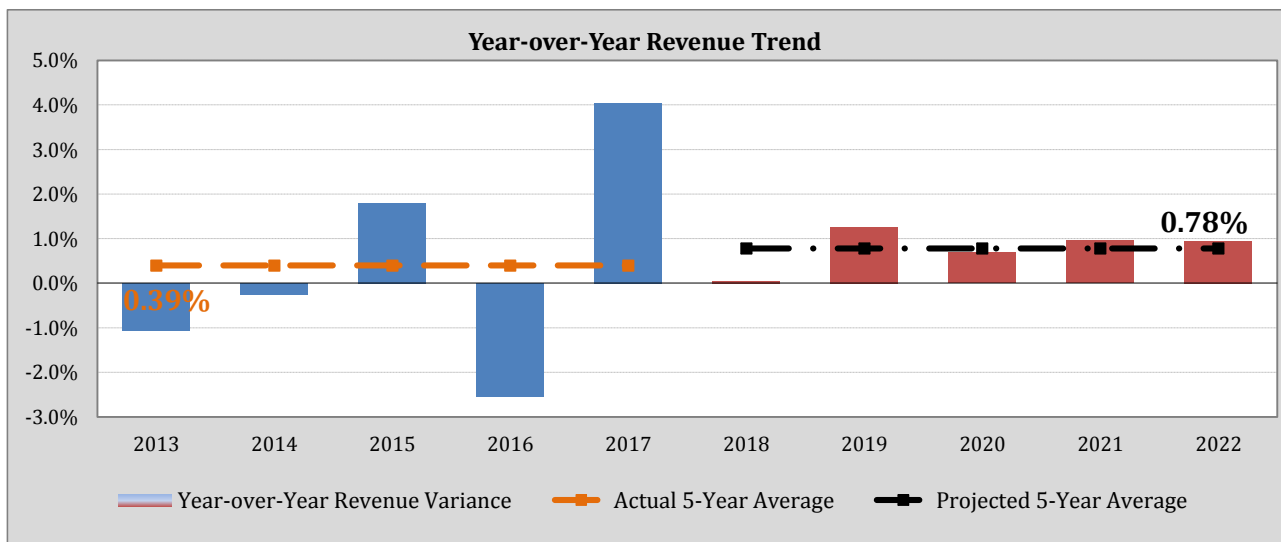


1.010 - General Property Tax (Real Estate)

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).



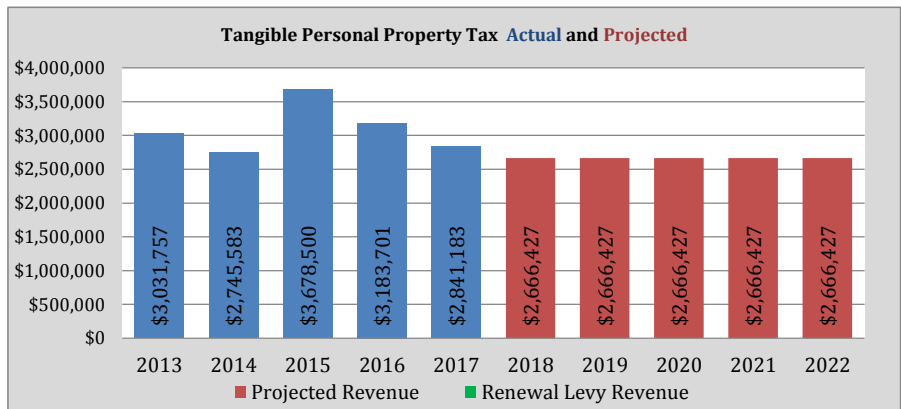
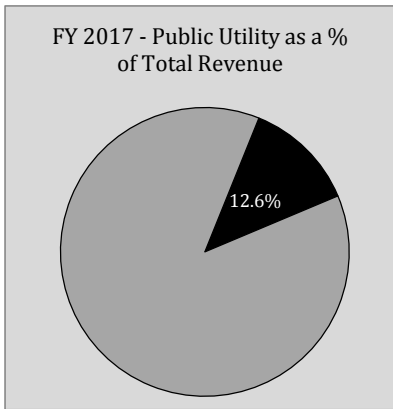
Modest growth is forecasted as of October 2017. The reappraisal numbers were not available as of submission. This will be updated when the numbers are sent to the district in November or December 2017. Hamilton County is projecting increases.



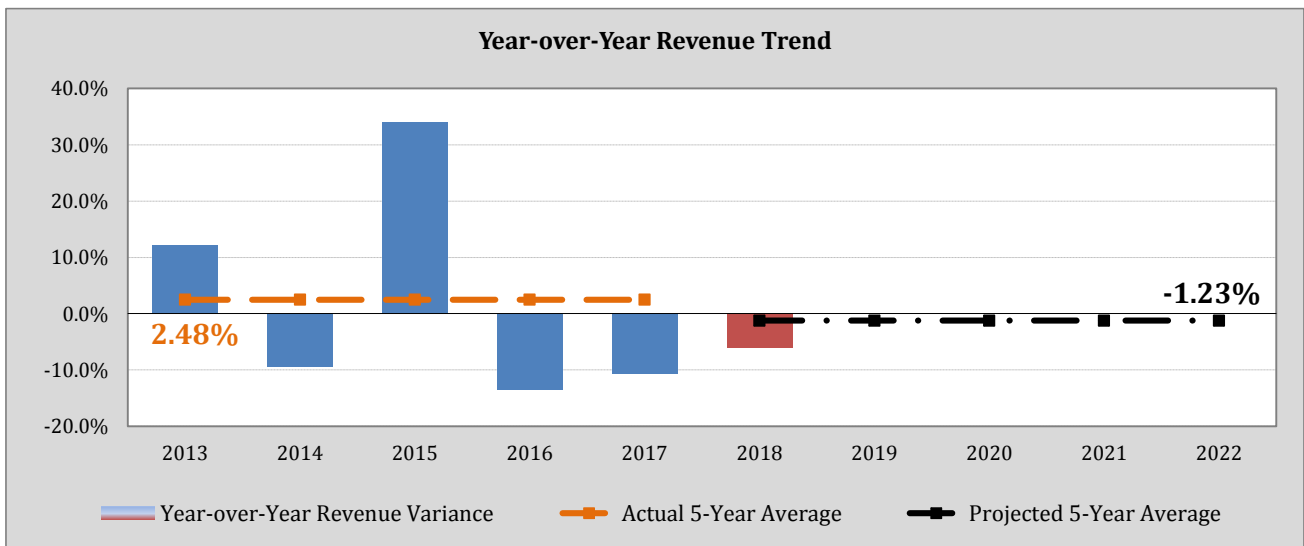
*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

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



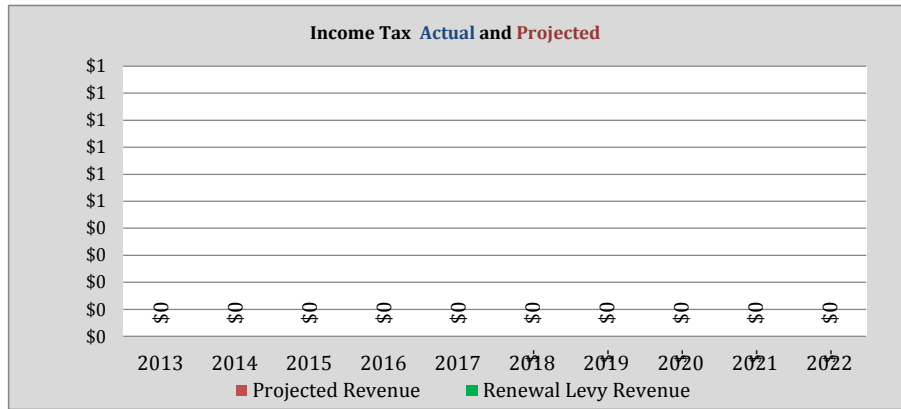
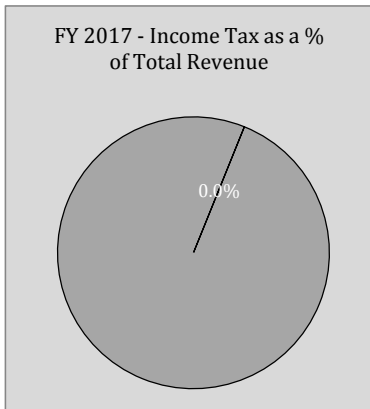
See previous note. Updates will be made in when information is received in November or December.



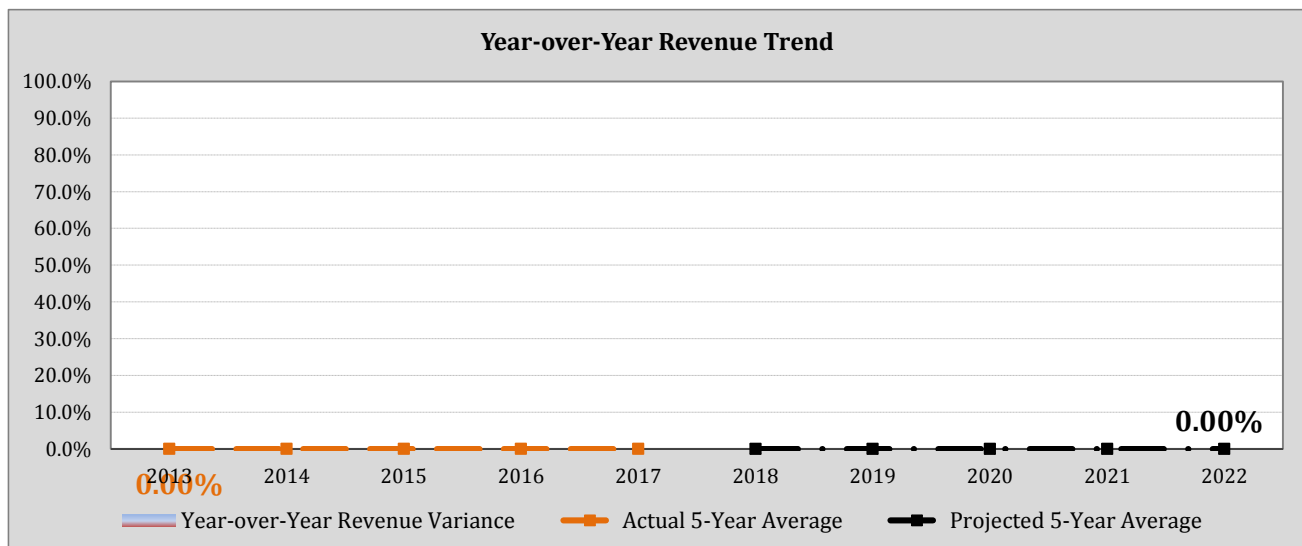
*Projected % trends include renewal levies

1.030 - 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.



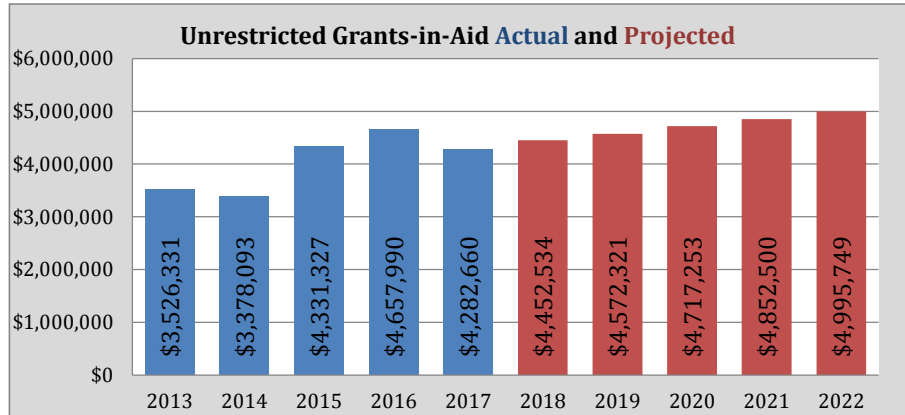
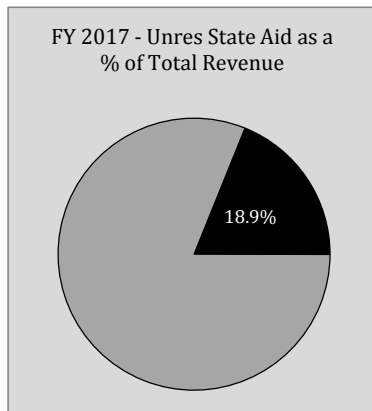
N/A



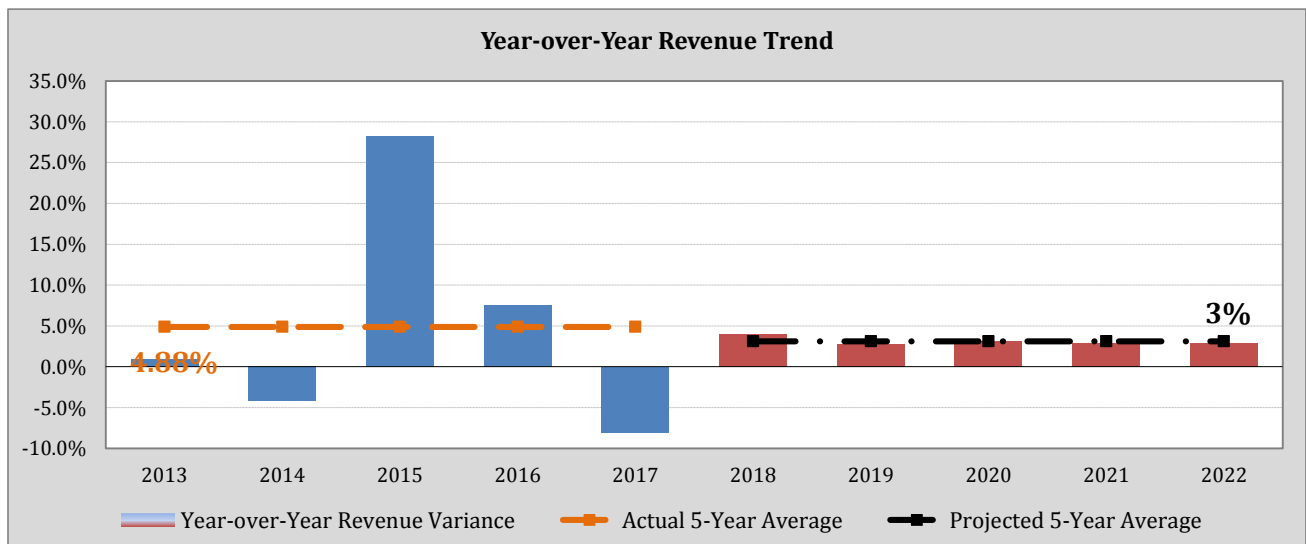
*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

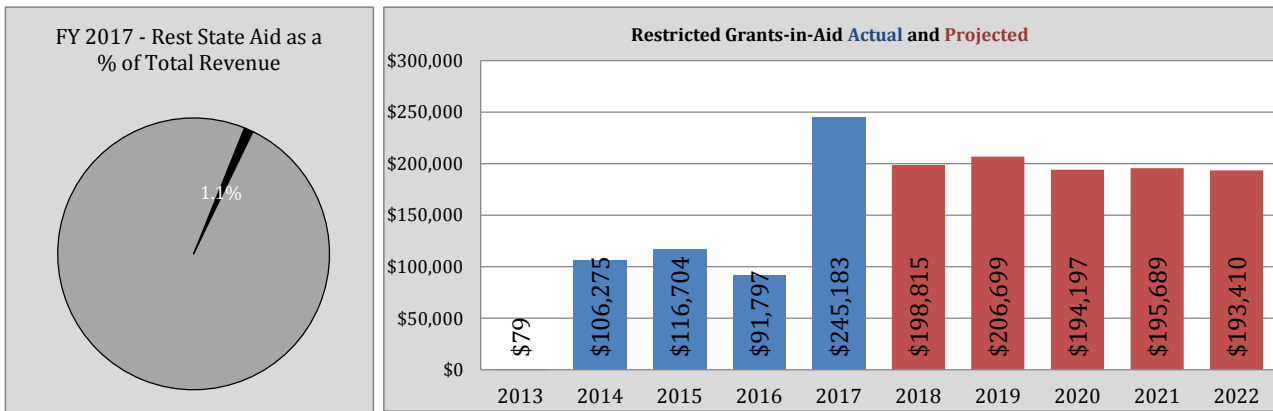


The district is expecting modest growth from the state funding formula. The district continues to be "capped". This means that the funding formula awards more dollars than the state can pay the district.

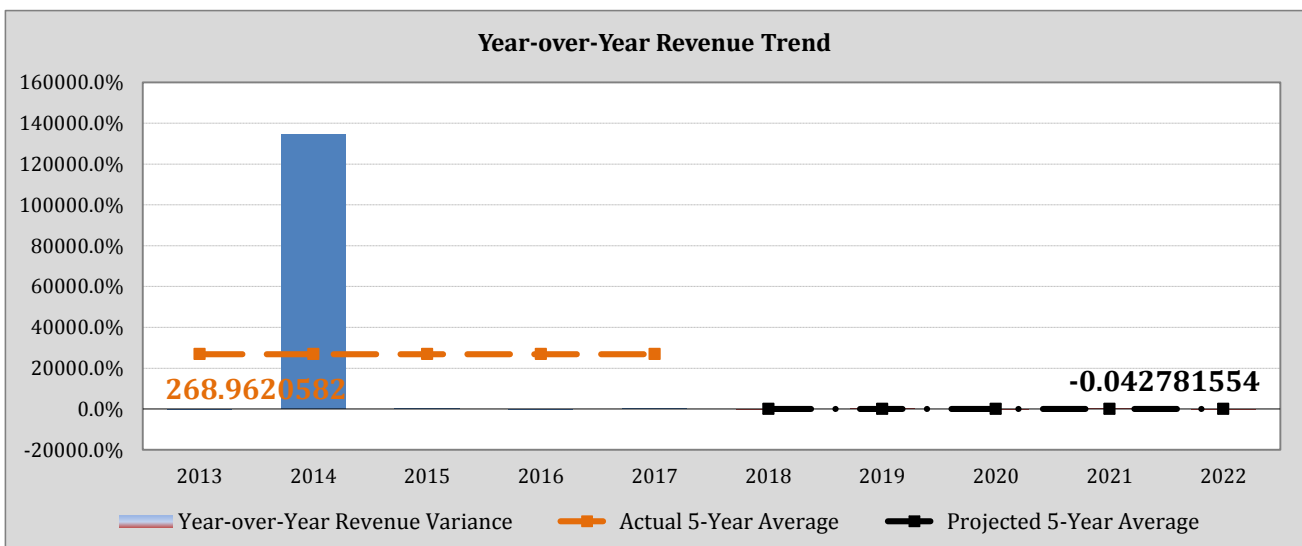


1.040 & 1.045 - Restricted Grants-in-Aid

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

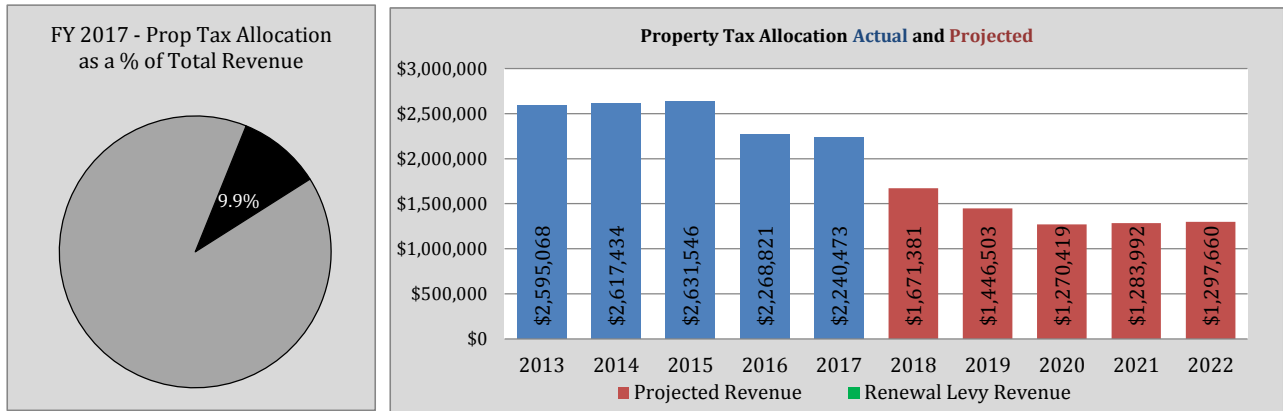


The funds include career tech and economically disadvantaged funding which are calculated in the state funding formula. The also includes catastrophic aid which is reimbursement funds for the previous year special ed expenses.

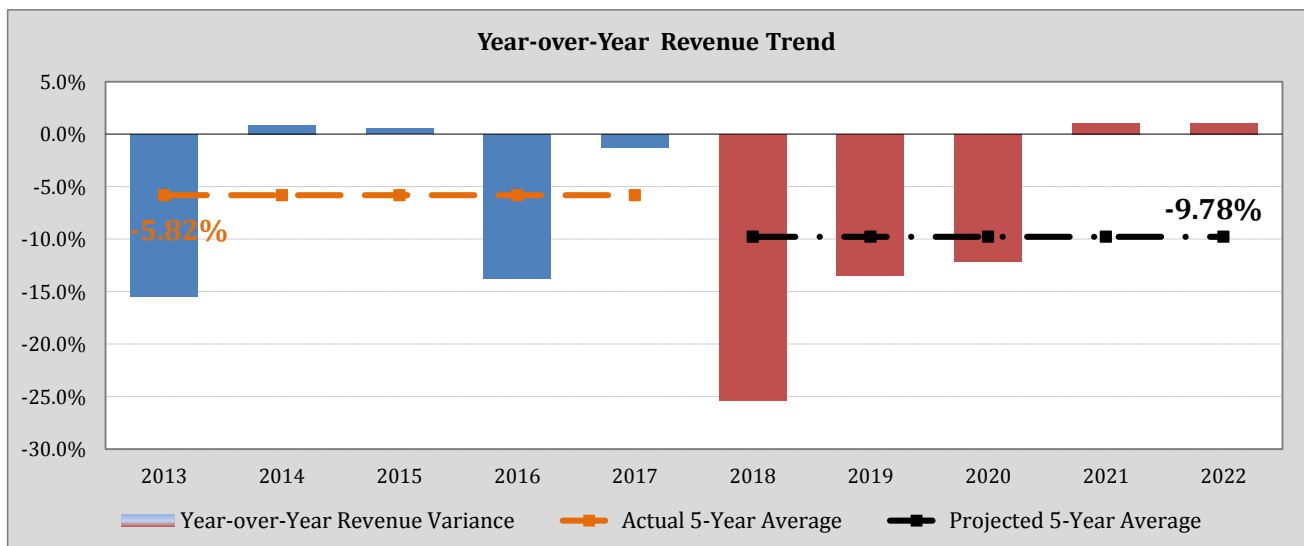


1.050 - Property Tax Allocation

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



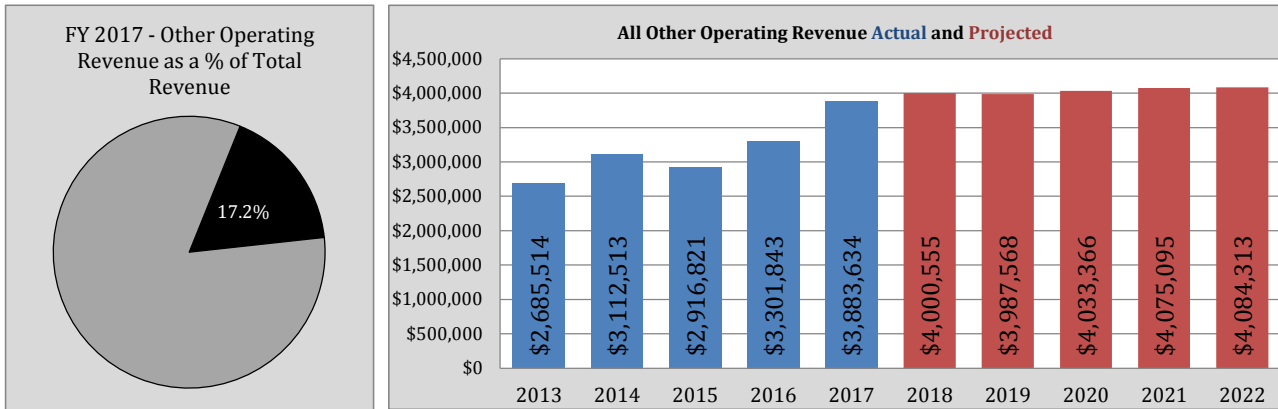
The property tax allocation line includes the TPP reimbursement which is being phased out. Three Rivers will lose \$237,416 (5/8 mill) per year. This year the district will receive approximately \$423K and next year (final year for Three Rivers) the district will receive almost \$186K. There appears to be no legislation at this time that is going to eliminate the phase out of TPP. This line also includes state reimbursements for homestead and rollback taxes.



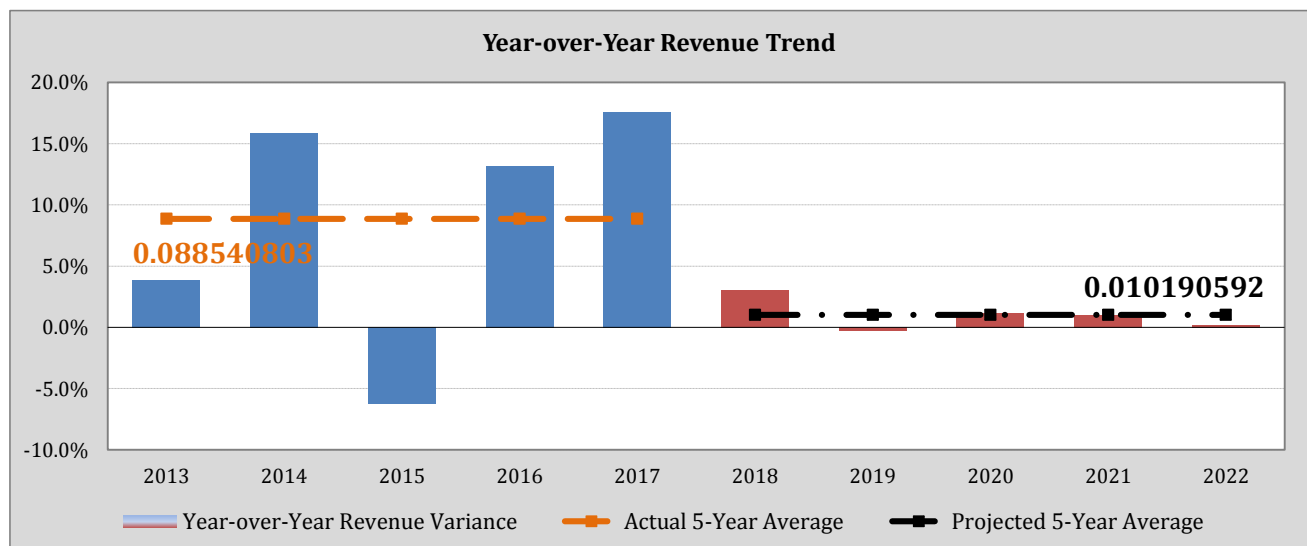
*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

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

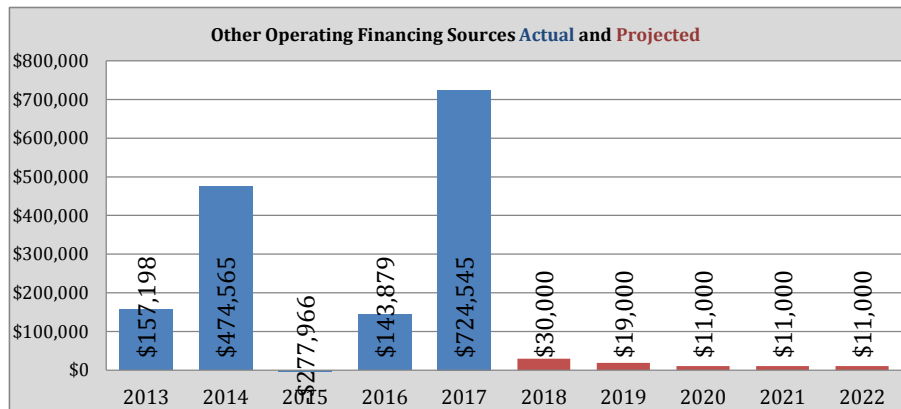
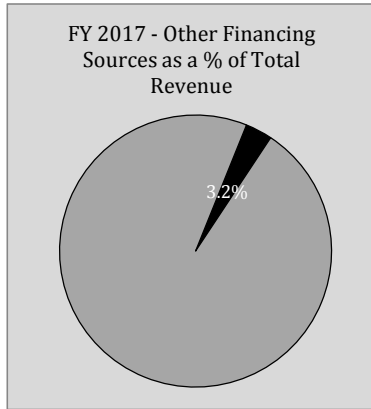


All Other Operating Revenue includes the projected \$2.589 million in TIF revenue (\$236,632.93 of this goes to bond fund to help with debt payments.) It also contains open enrollment \$ in - \$704K projected for FY18. Tuition from other districts also increased last year (typically foster placed students in our district with and without special needs.)

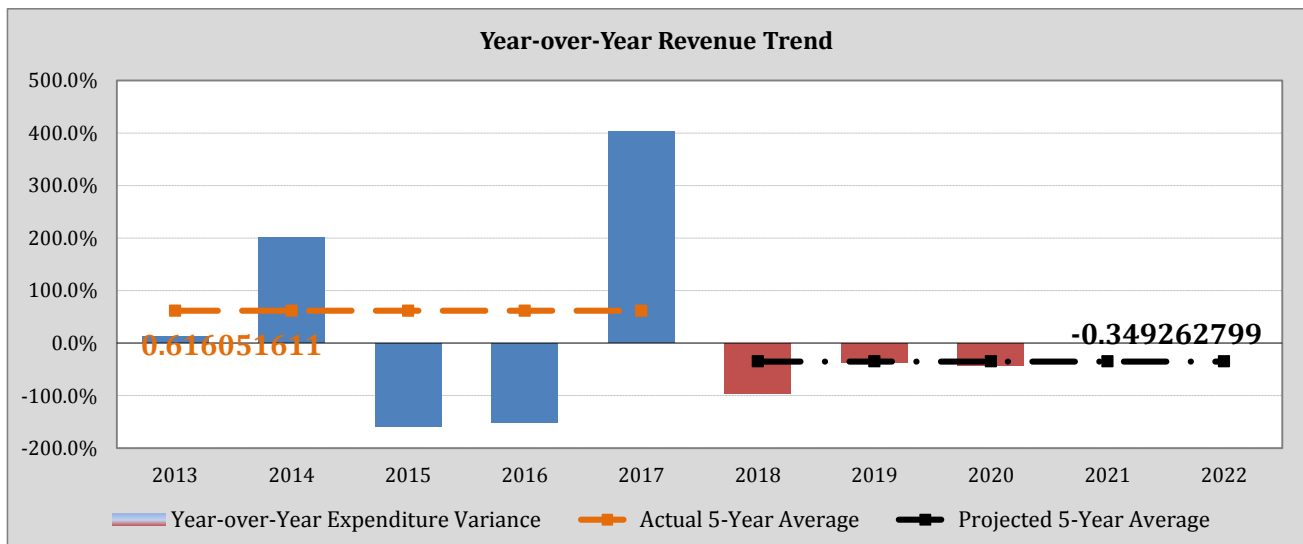


2.070 - Total Other Financing Sources

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.



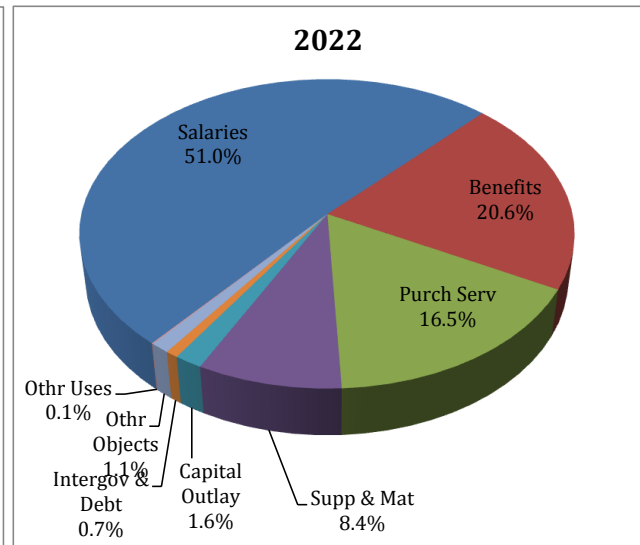
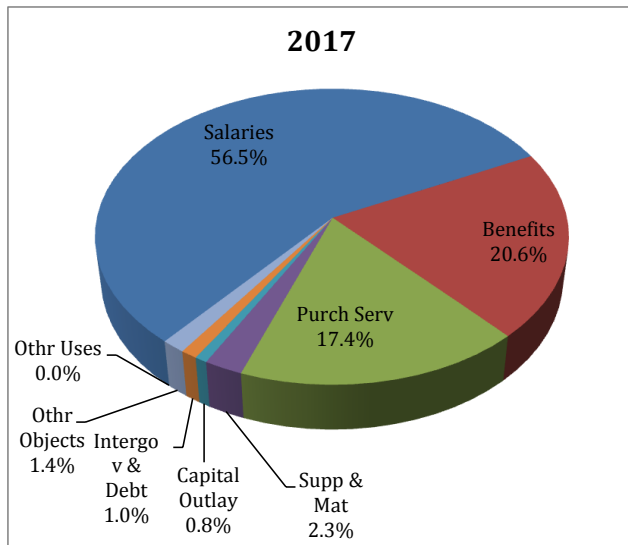
Other Financing Sources include advance returns and transfers in from other district funds. There are two payments remaining payments from LaRosas for the softball field project. It also includes a small amount for refunds of prior year expenditures.



Expenditures Overview

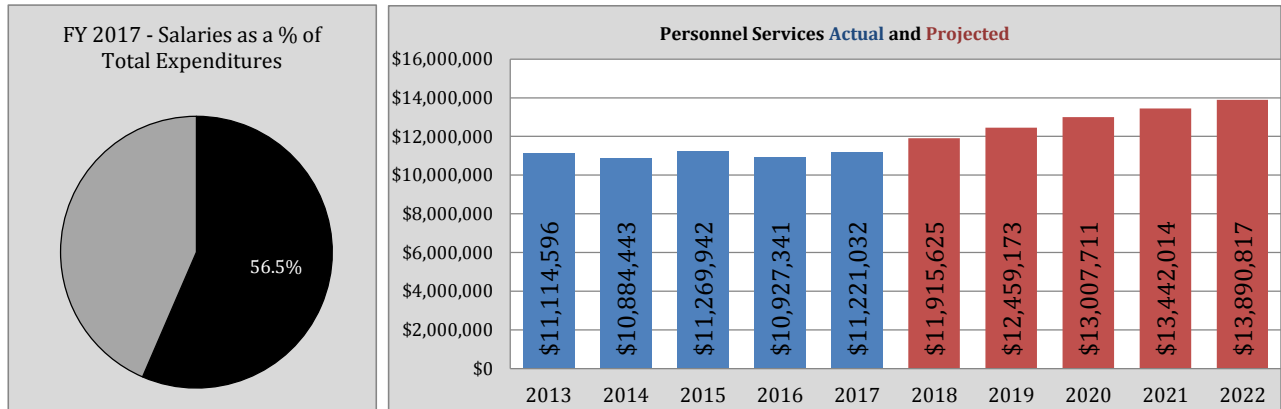
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
Expenditures:							
3.010-Salaries	-0.33%	6.19%	4.56%	4.40%	3.34%	3.34%	4.37%
3.020-Benefits	-0.76%	5.18%	7.15%	7.13%	6.67%	6.76%	6.58%
3.030-Purchased Services	3.51%	8.94%	5.69%	4.22%	4.11%	3.90%	5.37%
3.040-Supplies & Materials	10.01%	87.05%	35.53%	31.31%	24.32%	18.61%	39.37%
3.050-Capital Outlay	64.37%	109.96%	25.88%	11.53%	0.11%	0.12%	29.52%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	36.88%	-1.56%	0.76%	-1.88%	0.44%	1.43%	-0.16%
4.300-Other Objects	-3.58%	-3.88%	2.00%	2.00%	2.00%	2.23%	0.87%
4.500-Total Expenditures	0.43%	8.91%	6.76%	6.33%	5.37%	5.18%	6.51%
5.040-Total Other Uses	373.67%	n/a	0.00%	0.00%	0.00%	0.00%	0.00%
5.050-Total Exp & Other Uses	0.43%	9.02%	6.75%	6.32%	5.36%	5.18%	6.53%

Salary and benefit comprise 77.1% of the district's expense in FY18. These expenses are increasing over this forecast. The previous 5 years were almost flat as a result of changes in both retirement plans leading to higher numbers of retirements, reductions in staffing and low or no increases in medical insurance rates. Increases in supplies/materials and capital outlay are for textbooks, technology and school buses.

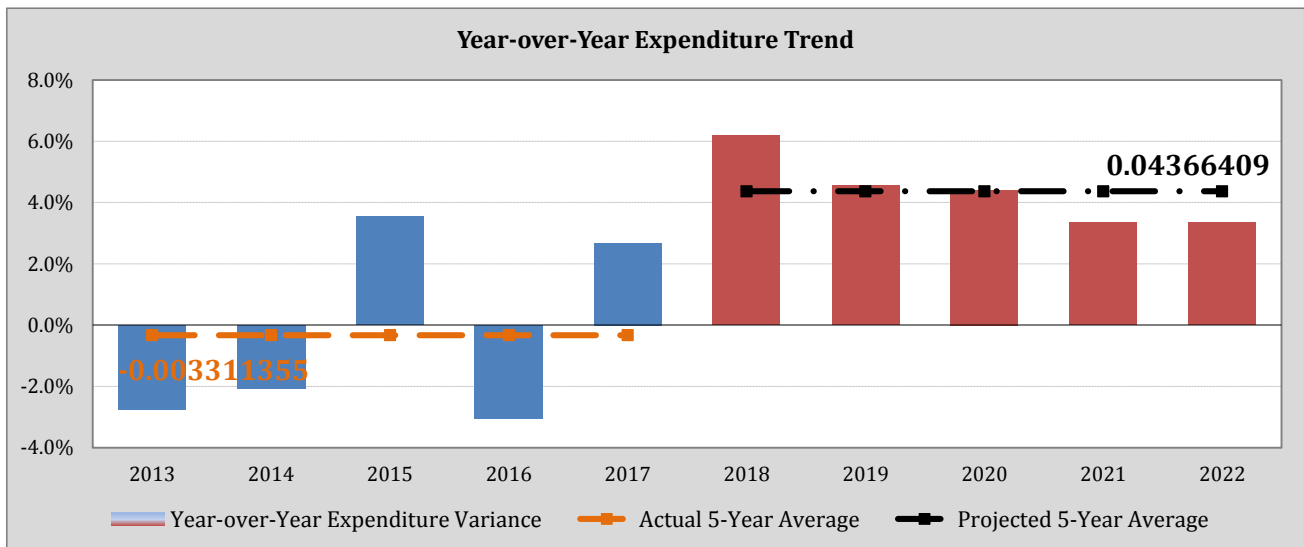


3.010 - Personnel Services

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

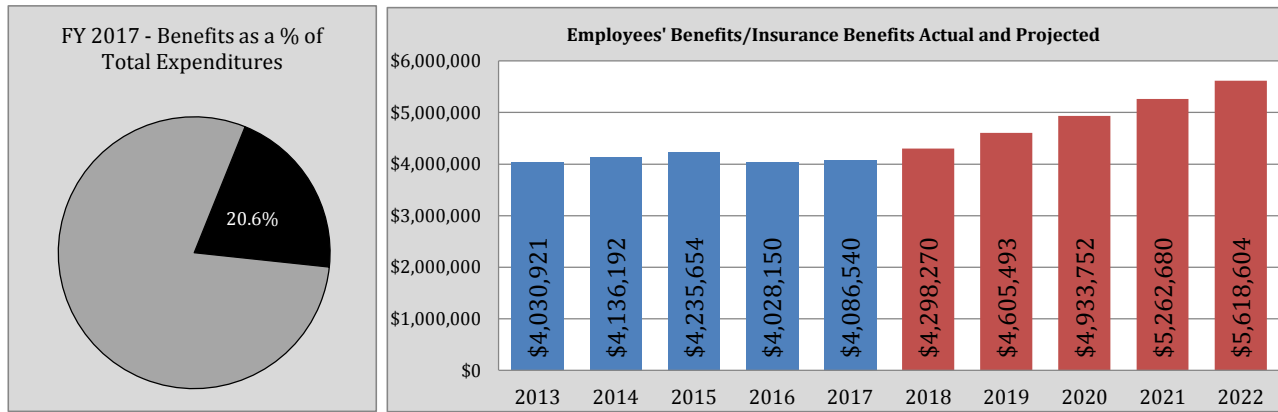


Salary, supplementals, and sub costs are increasing through out the five year forecast. New contracts were negotiated for FY17-20 with increases of 3%, 2.75% and 2.5% respectively. 1% increases were used in the forecast for FY21 and FY22 since the district would be in deficit spending with the final year in the forecast ending with a negative cash balance.

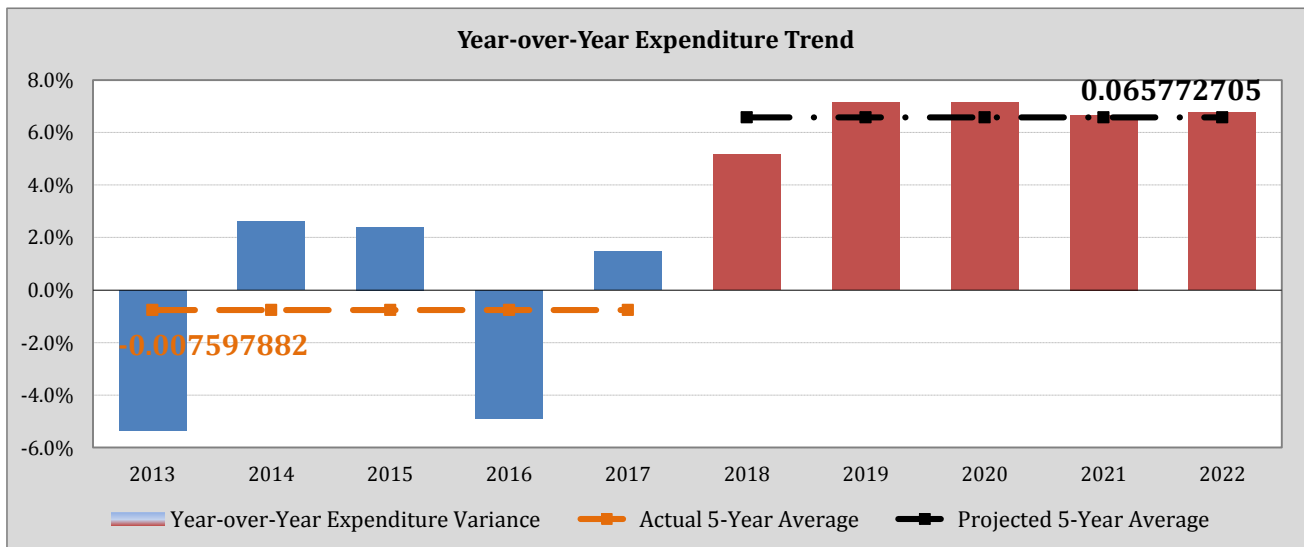


3.020 - Employees' Benefits

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

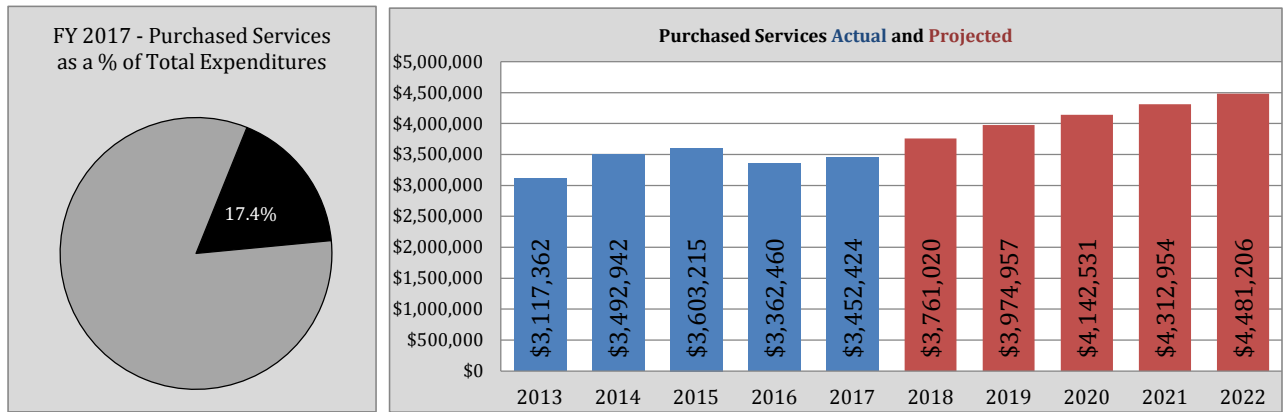


Benefits such as retirement, medicare, workers compensation and life insurance increase with increases in salaries. The district is part of a self-funded consortium (GCIC) that provides health and dental insurance. For FY18 there was no increase in health/dental insurance. The last increase for GCIC districts was 4 years ago. The consortium suggested a 10% increase for the out years and that is what is forecasted.

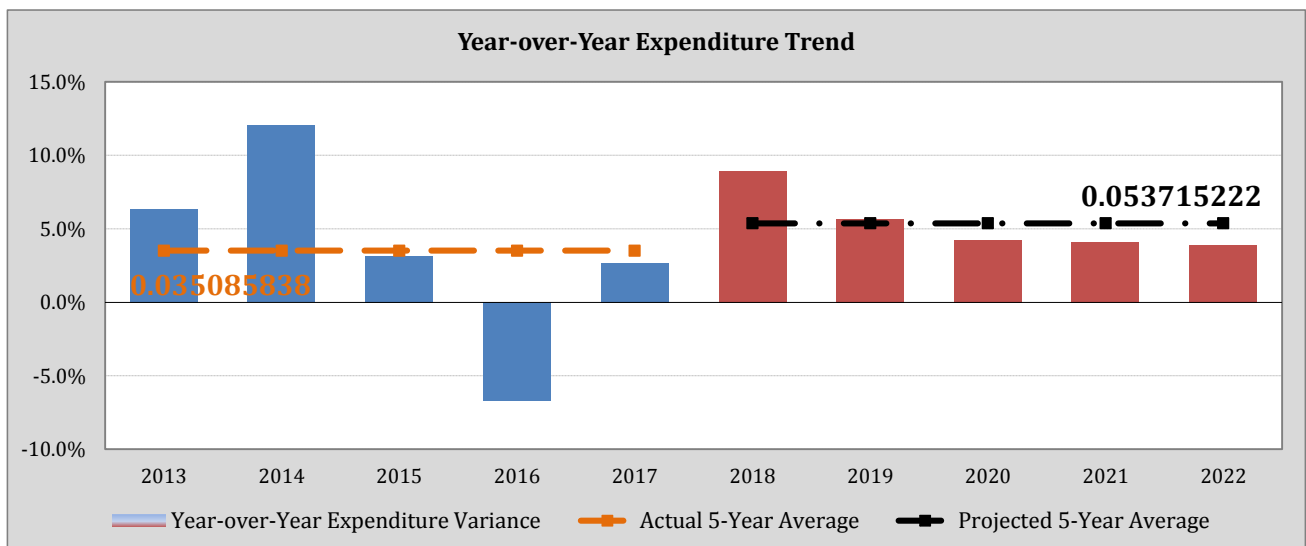


3.030 - Purchased Services

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

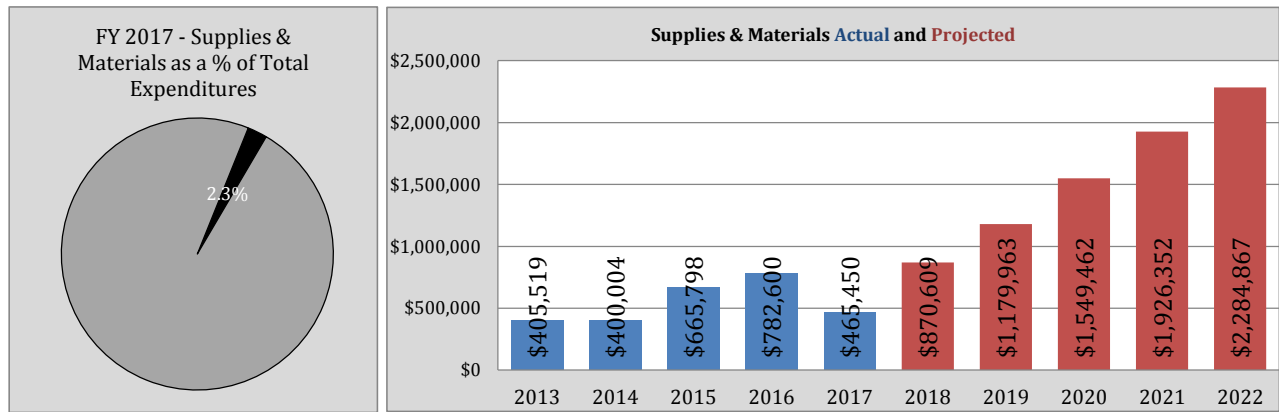


Beginning in FY18 purchased services increase by \$100K per year for 5 years to cover technology infrastructure updates. There was also an additional \$100K increase in 2019 for wireless replacement. An additional increase of \$50K was added for repairs to 691 N. Miami Ave. The average increase in purchased services for other items in the out years is 1.7%

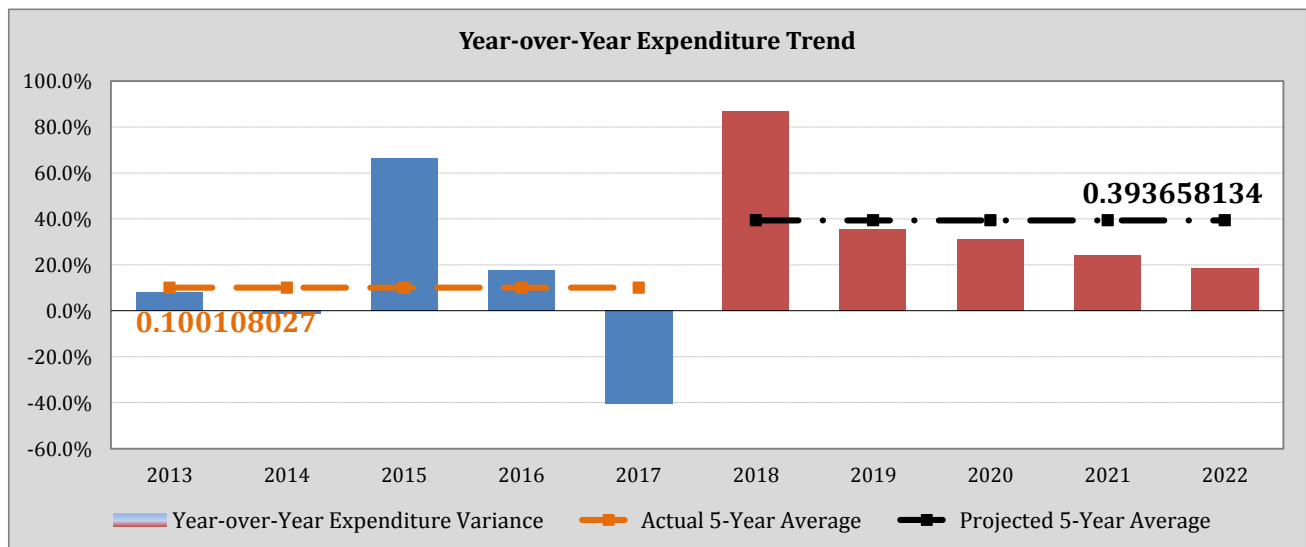


3.040 - Supplies & Materials

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

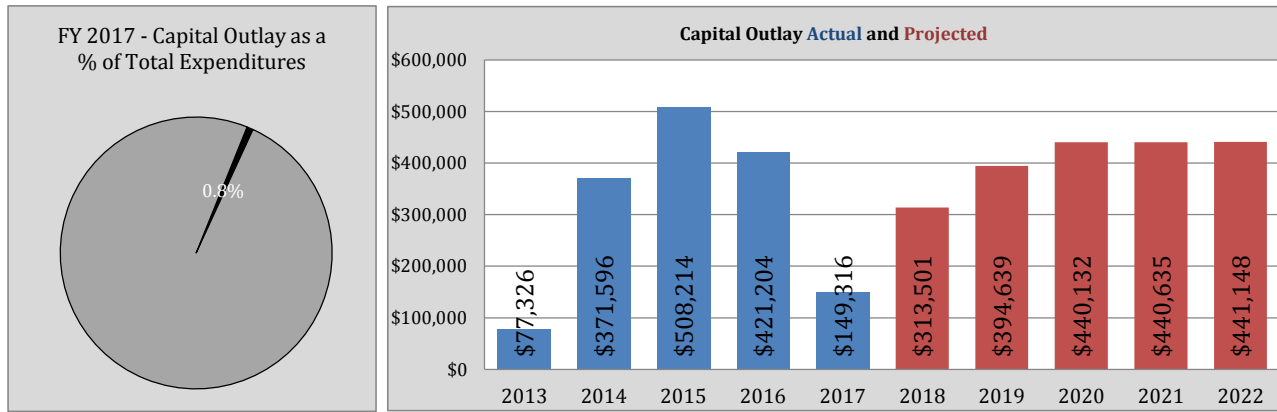


The major expenses in the category are textbooks and technology. Beginning in FY18 supplies/materials were increased by \$350K per year for 5 years to cover technology replacements for students and teachers. Textbooks are flat funded in the out years at \$200K (this summer almost \$250K purchased in textbooks.) Other lines in this category are increased by 2% in out years.

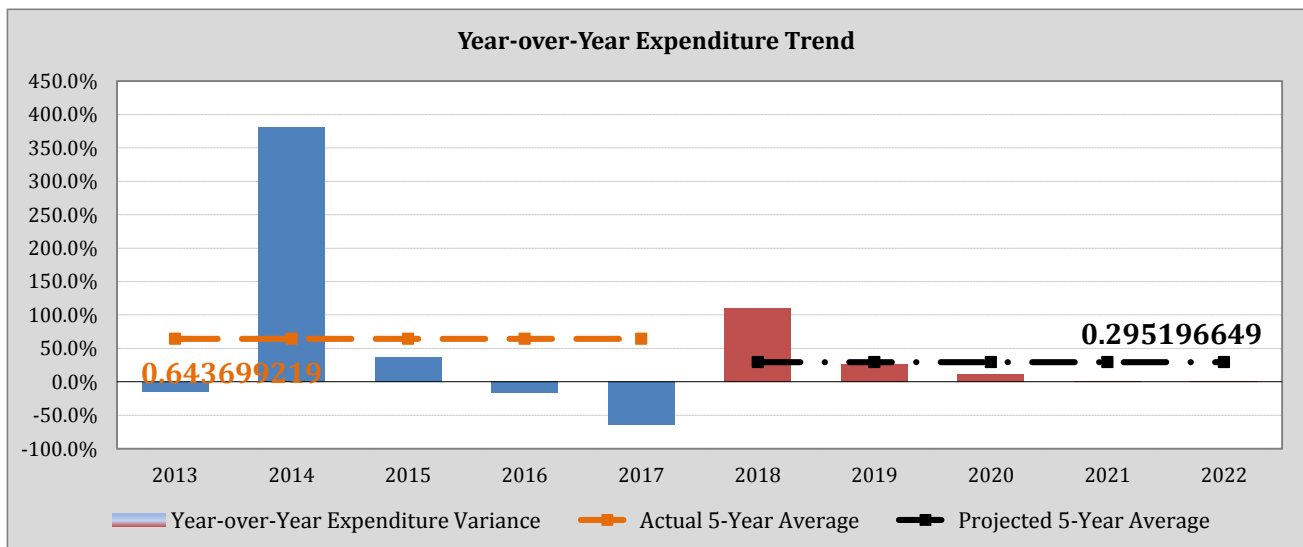


3.050 - Capital Outlay

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.

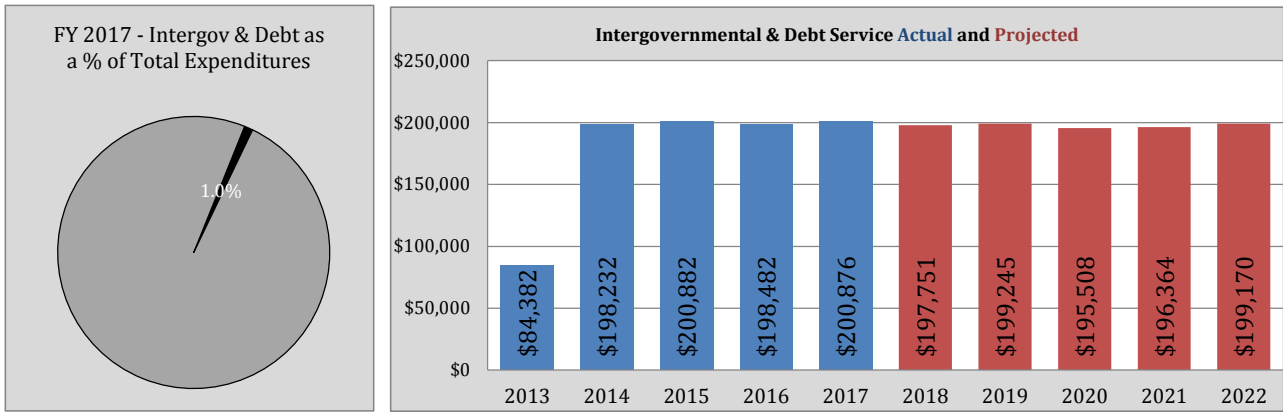


Capital outlays include items with a value exceeding \$1,000. The major purchases in this category are school buses and other maintenance vehicles. Capital outlay expenditures include the \$94,841.50 (FY18-22) payment for the bus purchase lease. It also includes the purchase of 2 additional buses per year in FY19-22.

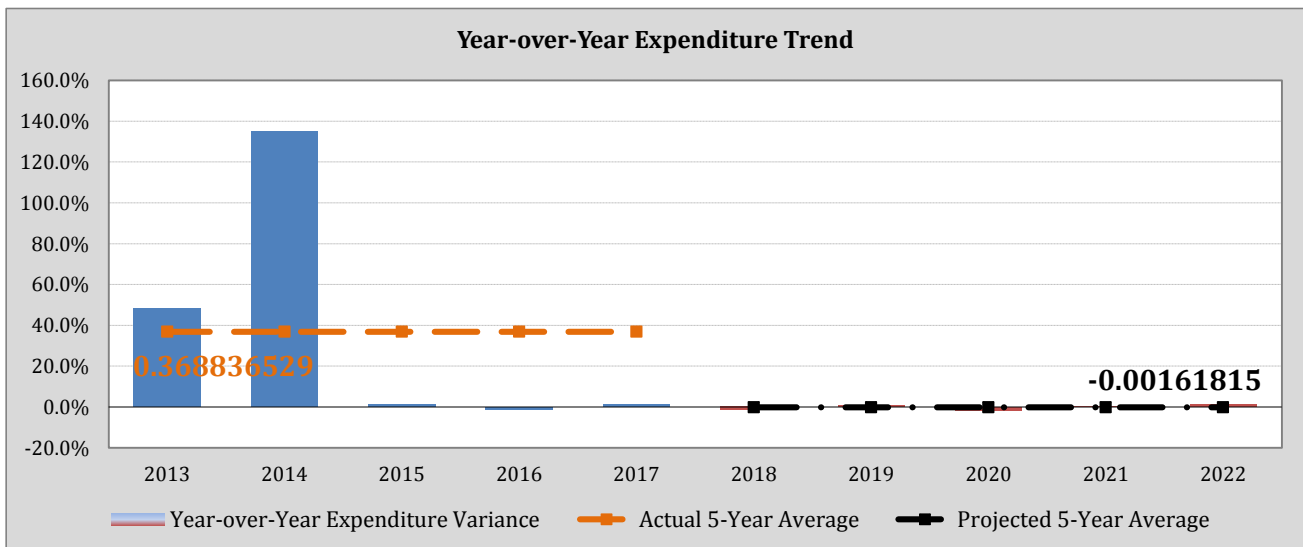


3.060-4.060 - Intergovernmental & Debt

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.

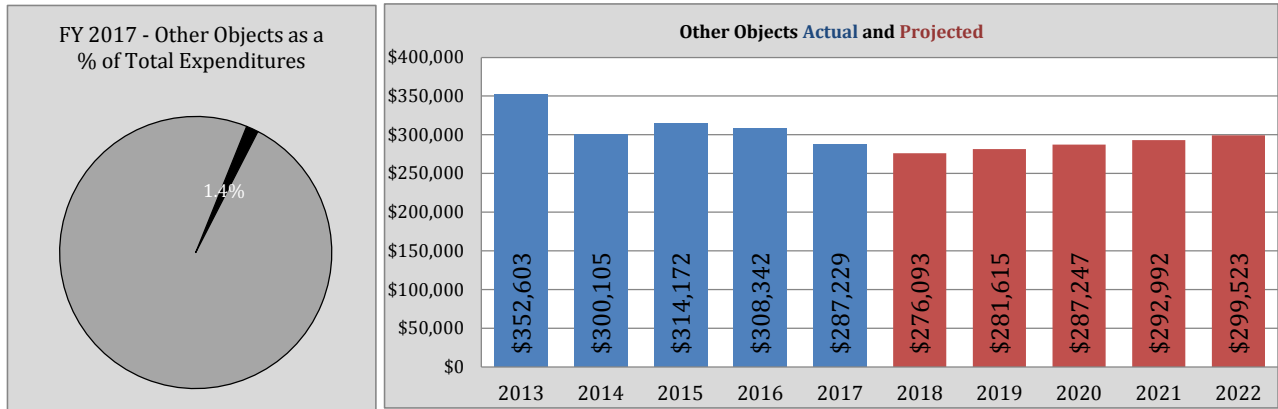


This category includes the principal and interest payment for COPS debt payment.

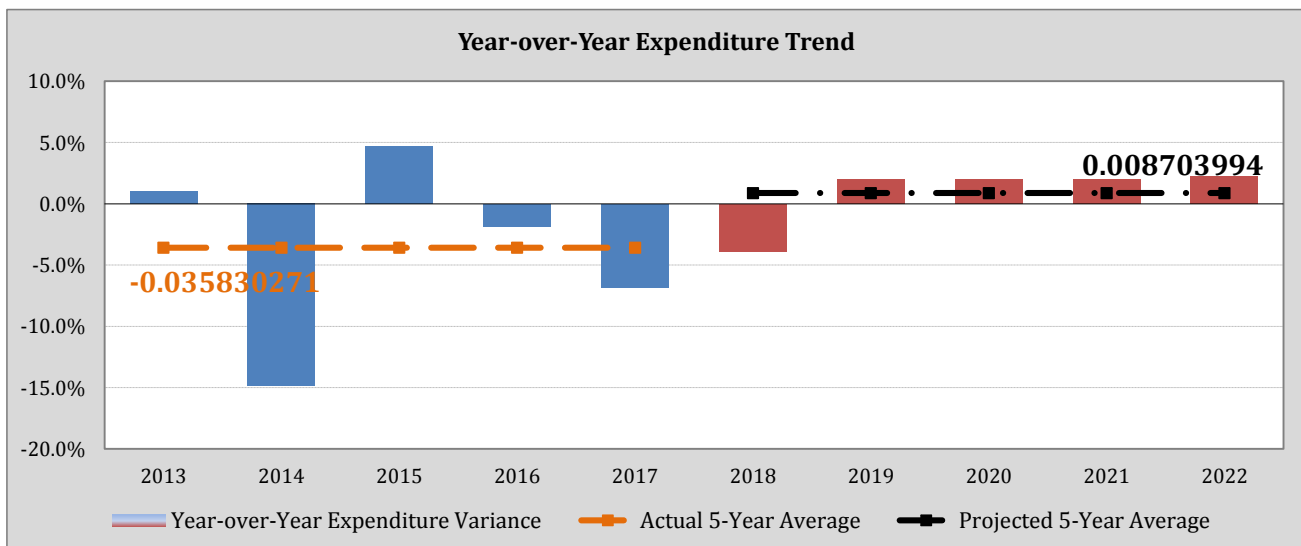


4.300 - Other Objects

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

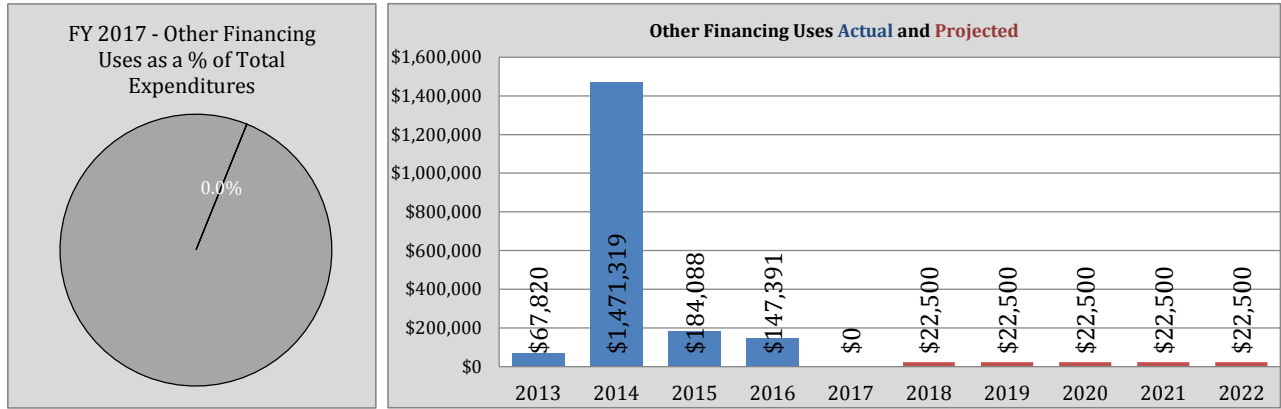


The bulk of the expenses in this category include auditor/treasurer fees paid to Hamilton County for property tax processing.

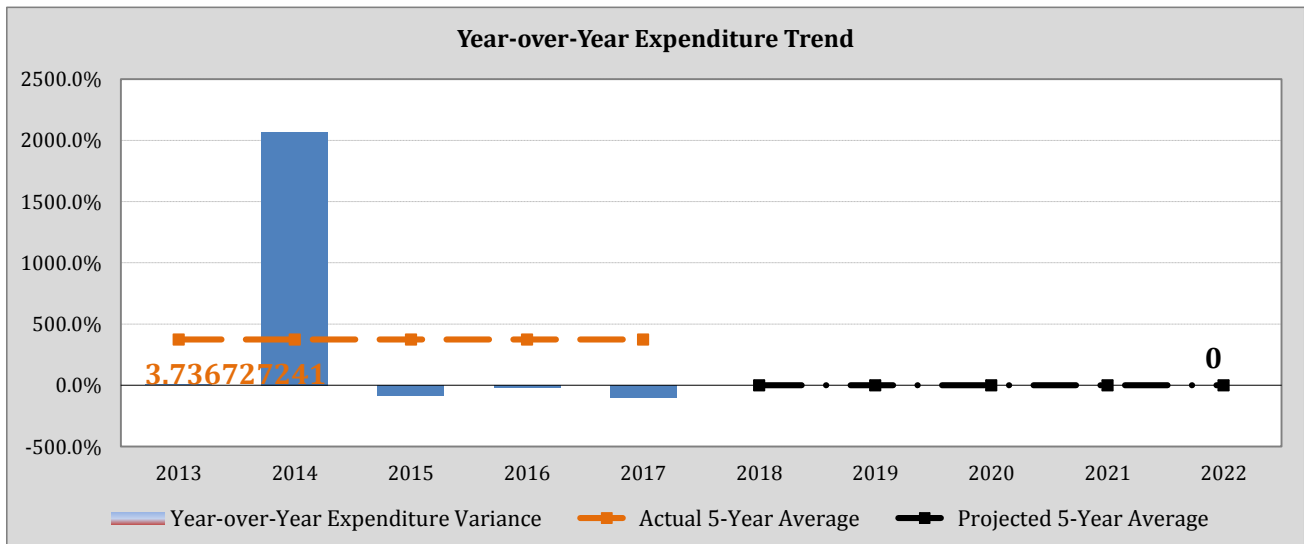


5.040 - Total Other Financing Uses

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



Expenses in this category are typically for advances/transfers from general fund to another district fund. A small amount is for refunds from prior fiscal year receipts.



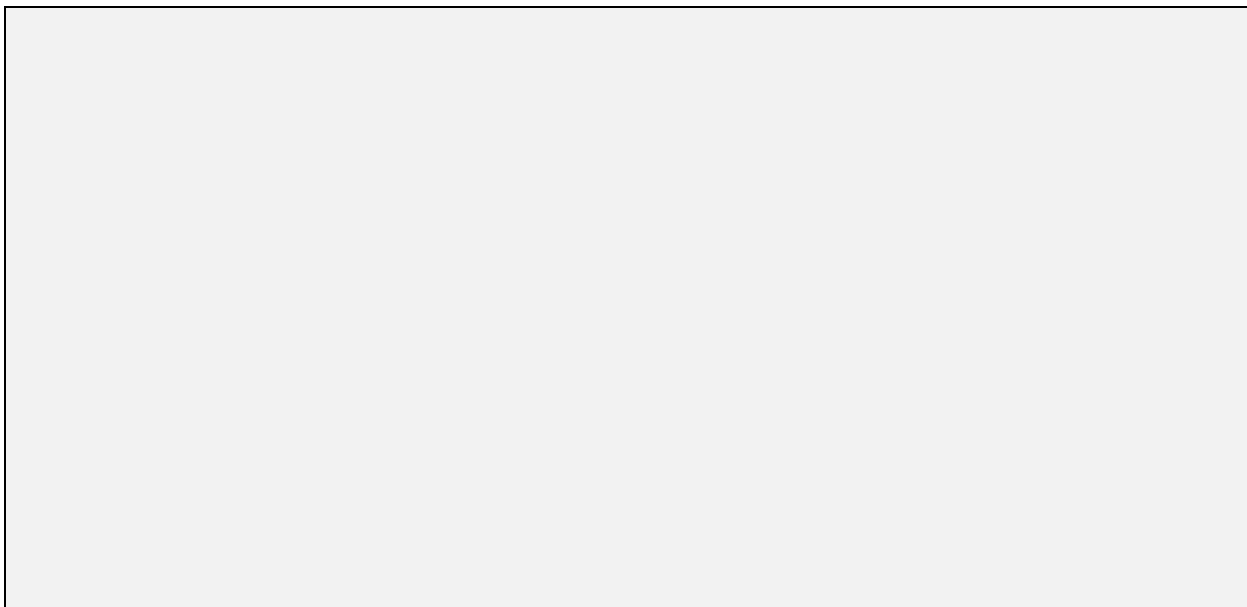
Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers

F.Y. 2018

		Column A	Column B	Column C	Column D
		Previous	Current	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
		Forecast Amounts For F.Y. 2018 Prepared on: 05/27/2017	Forecast Amounts For F.Y. 2018 Prepared on: 10/24/2017		
Revenue:					
1	Real Estate & Property Allocation	\$10,093,084	\$10,092,809	-\$275	0.0%
2	Public Utility Personal Property	\$2,666,427	\$2,666,427	\$0	0.0%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$4,720,224	\$4,651,349	-\$68,875	-1.5%
5	Other Revenue	\$3,837,987	\$4,000,555	\$162,568	4.2%
6	Other Non Operating Revenue	\$40,000	\$30,000	-\$10,000	-25.0%
7	Total Revenue	\$21,357,722	\$21,441,141	\$83,419	0.4%
Expenditures:					
8	Salaries	\$11,845,823	\$11,915,625	\$69,802	0.6%
9	Fringe Benefits	\$4,479,024	\$4,298,270	-\$180,754	-4.0%
10	Purchased Services	\$3,716,093	\$3,761,020	\$44,927	1.2%
11	Supplies, Debt, Capital Outlay & Other	\$1,648,865	\$1,657,954	\$9,089	0.6%
12	Other Non Operating Expenditures	\$22,500	\$22,500	\$0	0.0%
13	Total Expenditures	\$21,712,305	\$21,655,369	-\$56,936	-0.3%
14	Revenue Over/(Under) Expenditures	-\$354,583	-\$214,228	\$140,355	0.6%*
15	Ending Cash Balance	\$12,711,125	\$13,753,972	\$1,042,847	4.8%*

*Percentage expressed in terms of total expenditures



THREE RIVERS LOCAL SCHOOLS

Fiscal Year:	Actual	FORECASTED				
	2017	2018	2019	2020	2021	2022
Revenue:						
1.010 - General Property Tax (Real Estate)	8,417,155	8,421,428	8,528,105	8,587,109	8,669,142	8,751,163
1.020 - Public Utility Personal Property	2,841,183	2,666,427	2,666,427	2,666,427	2,666,427	2,666,427
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	4,282,660	4,452,534	4,572,321	4,717,253	4,852,500	4,995,749
1.040 - Restricted Grants-in-Aid	245,183	198,815	206,699	194,197	195,689	193,410
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	2,240,473	1,671,381	1,446,503	1,270,419	1,283,992	1,297,660
1.060 - All Other Operating Revenues	3,883,634	4,000,555	3,987,568	4,033,366	4,075,095	4,084,313
1.070 - Total Revenue	21,910,287	21,411,141	21,407,624	21,468,772	21,742,846	21,988,722
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	337	-	-	-	-	-
2.050 - Advances-In	713,812	8,000	8,000	-	-	-
2.060 - All Other Financing Sources	10,396	22,000	11,000	11,000	11,000	11,000
2.070 - Total Other Financing Sources	724,545	30,000	19,000	11,000	11,000	11,000
2.080 - Total Rev & Other Sources	22,634,831	21,441,141	21,426,624	21,479,772	21,753,846	21,999,722
Expenditures:						
3.010 - Personnel Services	11,221,032	11,915,625	12,459,173	13,007,711	13,442,014	13,890,817
3.020 - Employee Benefits	4,086,540	4,298,270	4,605,493	4,933,752	5,262,680	5,618,604
3.030 - Purchased Services	3,452,424	3,761,020	3,974,957	4,142,531	4,312,954	4,481,206
3.040 - Supplies and Materials	465,450	870,609	1,179,963	1,549,462	1,926,352	2,284,867
3.050 - Capital Outlay	149,316	313,501	394,639	440,132	440,635	441,148
3.060 - Intergovernmental	-	-	-	-	-	-
Debt Service:						
4.010 - Principal-All Years	125,000	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-
4.055 - Principal - Other	-	125,000	130,000	130,000	135,000	45,000
4.060 - Interest and Fiscal Charges	75,876	72,751	69,245	65,508	61,364	154,170
4.300 - Other Objects	287,229	276,093	281,615	287,247	292,992	299,523
4.500 - Total Expenditures	19,862,868	21,632,869	23,095,085	24,556,343	25,873,991	27,215,334
Other Financing Uses						
5.010 - Operating Transfers-Out	-	20,000	20,000	20,000	20,000	20,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	2,500	2,500	2,500	2,500	2,500
5.040 - Total Other Financing Uses	-	22,500	22,500	22,500	22,500	22,500
5.050 - Total Exp and Other Financing Uses	19,862,868	21,655,369	23,117,585	24,578,843	25,896,491	27,237,834
6.010 - Excess of Rev Over/(Under) Exp	2,771,964	(214,228)	(1,690,961)	(3,099,071)	(4,142,645)	(5,238,112)
7.010 - Cash Balance July 1 (No Levies)	11,196,237	13,968,201	13,753,972	12,063,011	8,963,940	4,821,295
7.020 - Cash Balance June 30 (No Levies)	13,968,201	13,753,972	12,063,011	8,963,940	4,821,295	(416,817)
8.010 - Estimated Encumbrances June 30	582,987	300,000	300,000	300,000	300,000	300,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	13,385,214	13,453,972	11,763,011	8,663,940	4,521,295	(716,817)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	13,385,214	13,453,972	11,763,011	8,663,940	4,521,295	(716,817)
Revenue from New Levies						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	13,385,214	13,453,972	11,763,011	8,663,940	4,521,295	(716,817)