



Three Rivers Local School District

# Five Year Forecast Financial Report

November, 2022

Teri Riesenber, Treasurer

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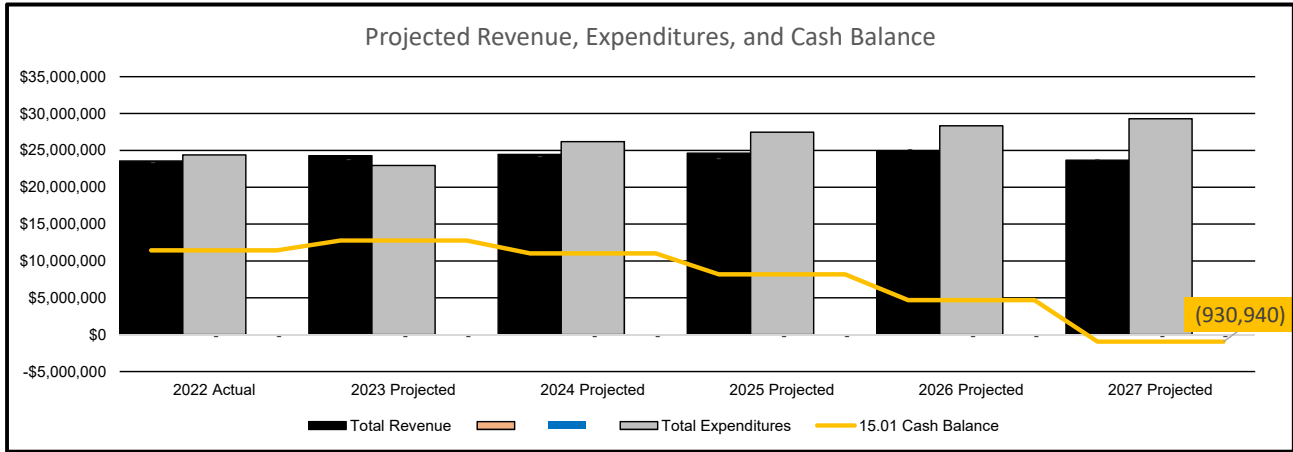
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### Forecast Purpose/Objectives

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 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	11,448,314	12,777,504	11,026,794	8,184,996	4,688,780
+ Revenue	24,280,815	24,440,107	24,627,444	24,840,018	23,678,232
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(22,951,625)	(26,190,817)	(27,469,242)	(28,336,234)	(29,297,953)
= Revenue Surplus or Deficit	1,329,190	(1,750,710)	(2,841,798)	(3,496,216)	(5,619,720)
Line 7.020 Ending Balance with renewal/new levies	12,777,504	11,026,794	8,184,996	4,688,780	(930,940)

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	1,329,190	(1,750,710)	(2,841,798)	(3,496,216)	(5,619,720)
Ending Balance w/o Levies	12,777,504	11,026,794	8,184,996	4,688,780	(930,940)

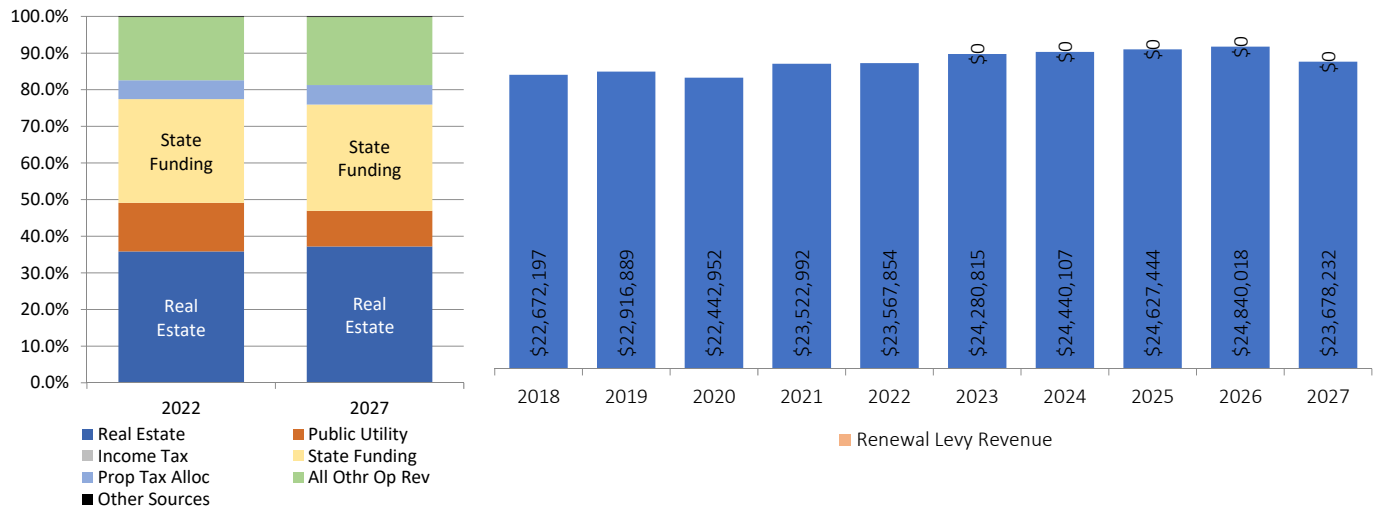
In FY 2023 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$1,329,190 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$5,619,720. The district would need to cut its FY 2027 projected expenses by 19.18% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2023 and is projected to worsen by FY 2027. A worsening cash balance can erode the district's financial stability over time.

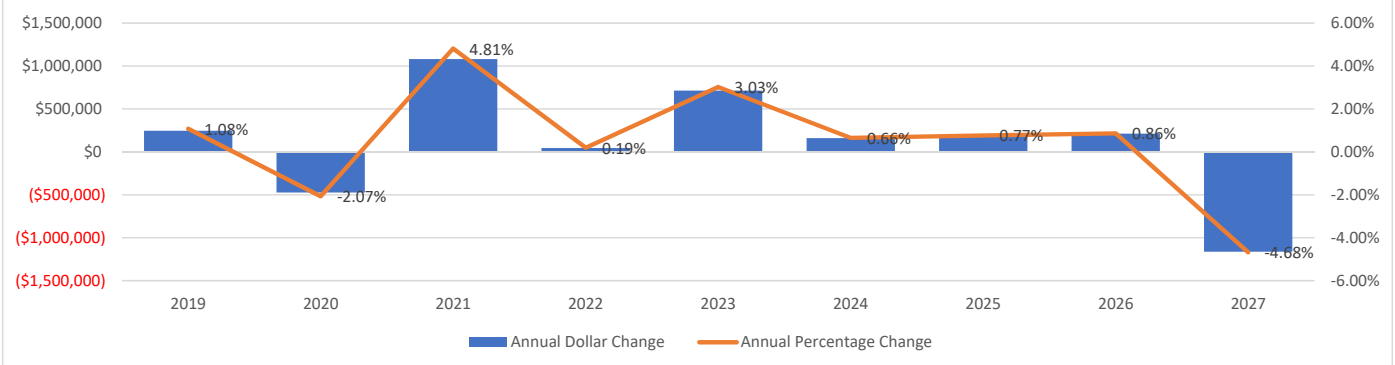
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$252,481 in FY 2023. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2023. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

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

### Sources of Revenue Over Time



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



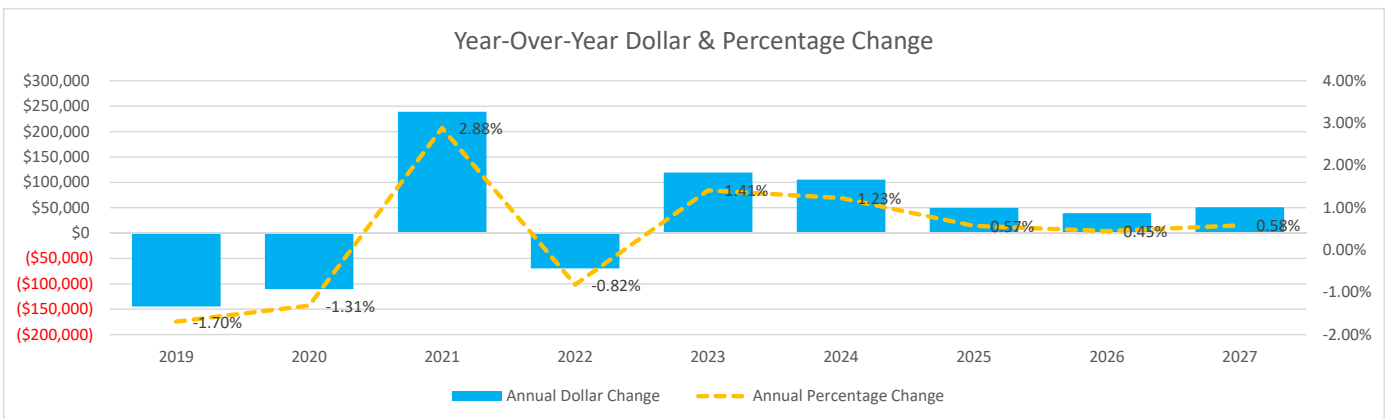
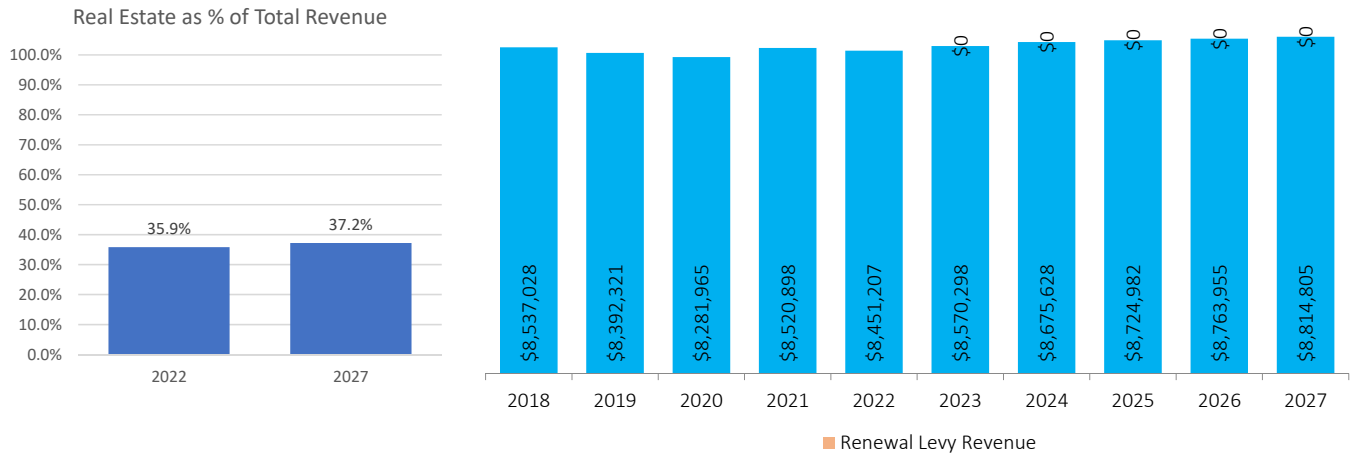
5-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 0.81% or \$186,604 annually during the past 5-Year period and is projected to increase 0.09% or \$22,076 annually through FY2027. State Funding has the most projected average annual variance compared to the historical average at -\$389,289
Real Estate	6,810	72,720	\$65,909	
Public Utility	\$56,710	(\$163,951)	(\$220,661)	
Income Tax	\$0	\$0	\$0	
State Funding	\$428,667	39,378	(\$389,289)	
Prop Tax Alloc	(\$204,181)	\$7,235	\$211,416	
All Othr Op Rev	\$36,438	\$67,292	\$30,855	
Other Sources	(\$137,840)	(\$598)	\$137,242	
<b>Total Average Annual Change</b>	<b>186,604</b>	<b>22,076</b>	<b>(\$164,528)</b>	
	0.81%	0.09%	-0.72%	

Note: Expenditure average annual change is projected to be > \$980,976 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).



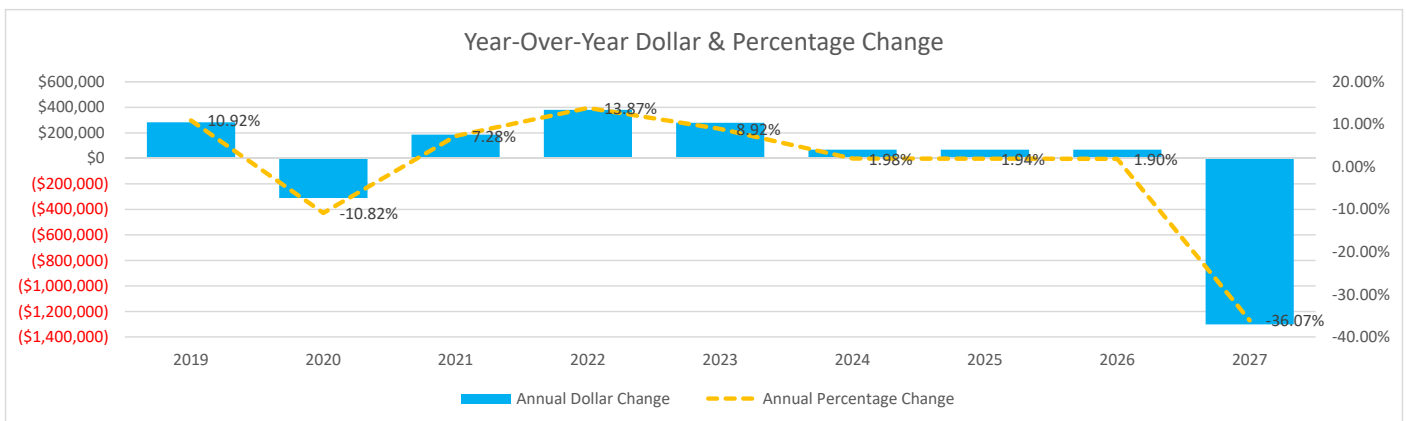
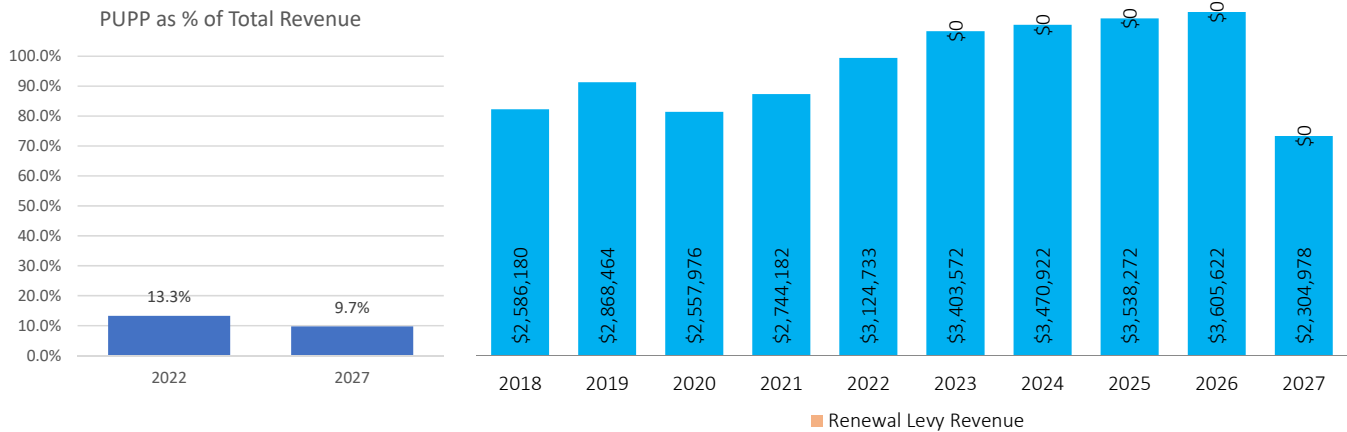
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	341,882,300	1,688,180	28.15	-	33.86	-	99.9%
2022	343,168,800	1,286,500	28.17	0.02	33.97	0.10	99.9%
2023	352,204,750	9,035,950	27.58	(0.59)	34.07	0.11	99.9%
2024	353,490,700	1,285,950	27.60	0.02	34.18	0.11	99.9%
2025	354,736,650	1,245,950	27.61	0.02	34.29	0.11	99.9%
2026	363,733,950	8,997,300	27.06	(0.56)	34.39	0.11	99.9%

Real estate property tax revenue accounts for 35.86% of total revenue. Class I or residential/agricultural taxes make up approximately 85.74% of the real estate property tax revenue. The Class I tax rate is 28.17 mills in tax year 2022. The projections reflect an average gross collection rate of 99.9% annually through tax year 2026. The revenue changed at an average annual historical rate of 0.08% and is projected to change at an average annual rate of 0.83% through FY 2027.

\*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.



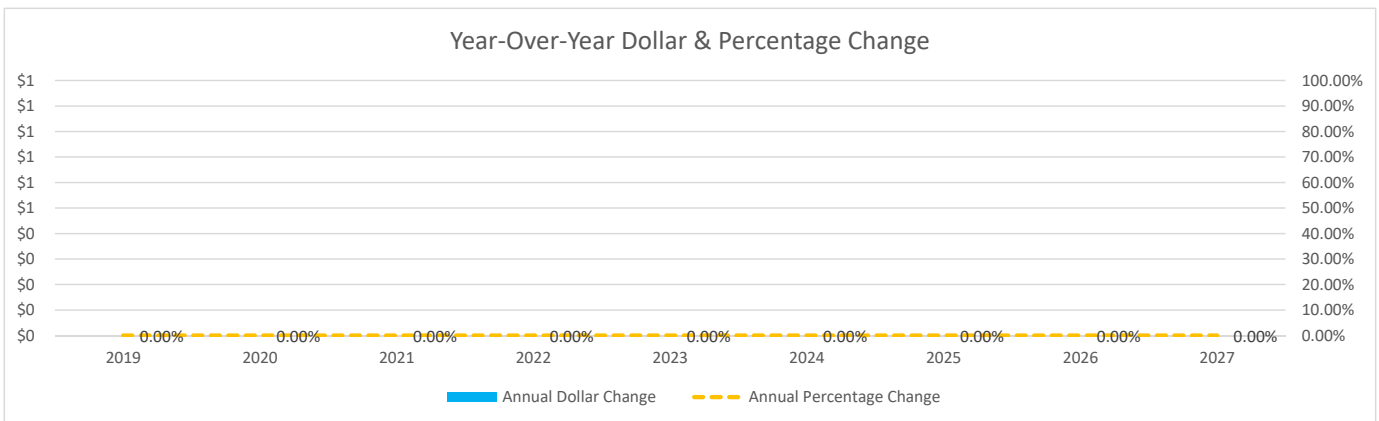
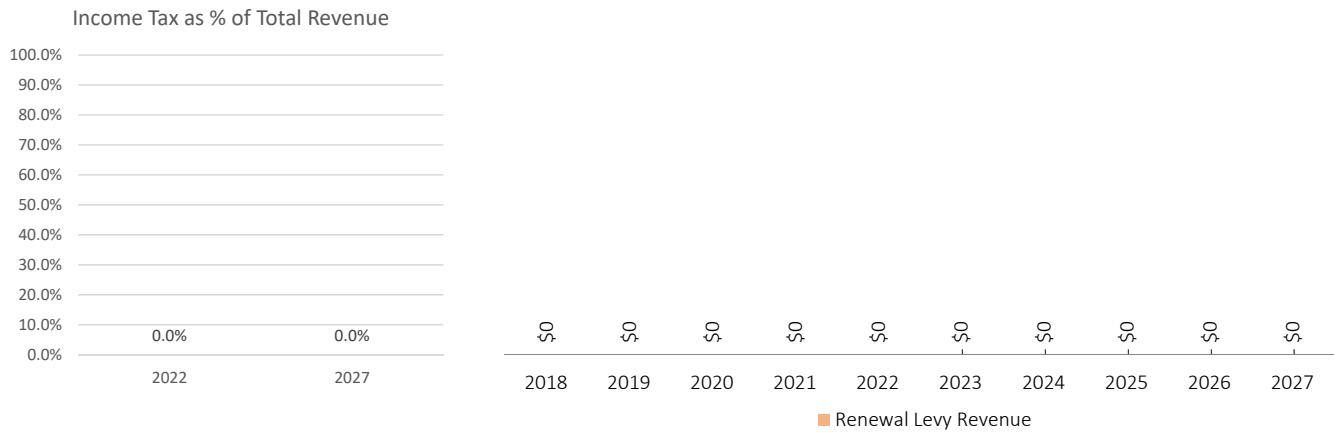
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2021	68,741,580	3,177,750	44.90	-	100.0%	
2022	70,241,580	1,500,000	44.90	0.00	100.0%	
2023	71,741,580	1,500,000	44.90	-	100.0%	
2024	73,241,580	1,500,000	44.90	-	100.0%	
2025	74,741,580	1,500,000	44.90	-	100.0%	
2026	36,241,580	(38,500,000)	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 13.26% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 44.9 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$56,710 and is projected to change at an average annual dollar amount of -\$163,951 through FY 2027.

\*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.

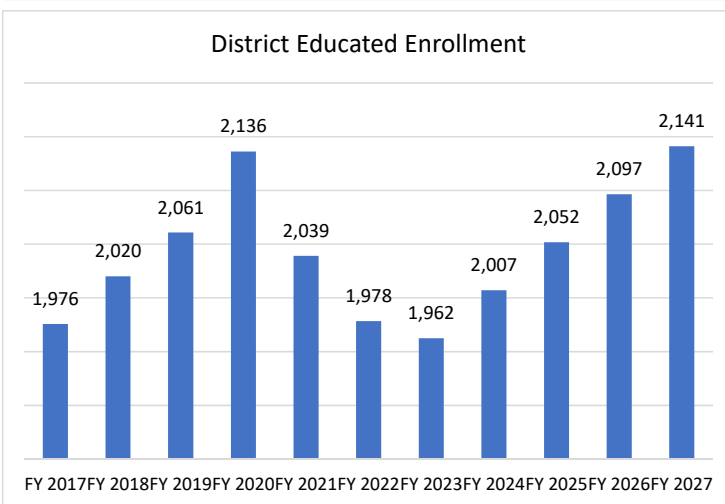
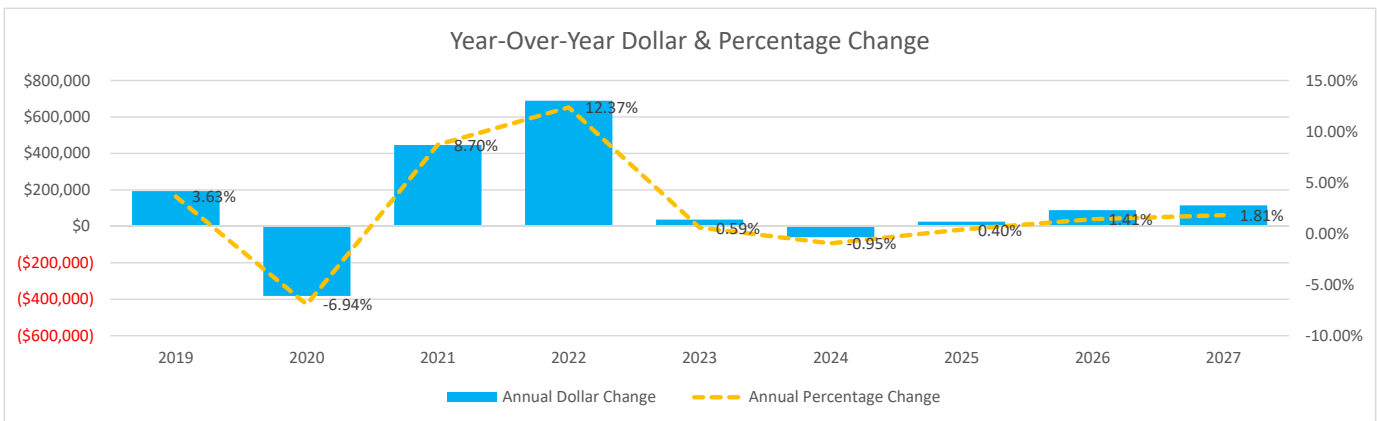
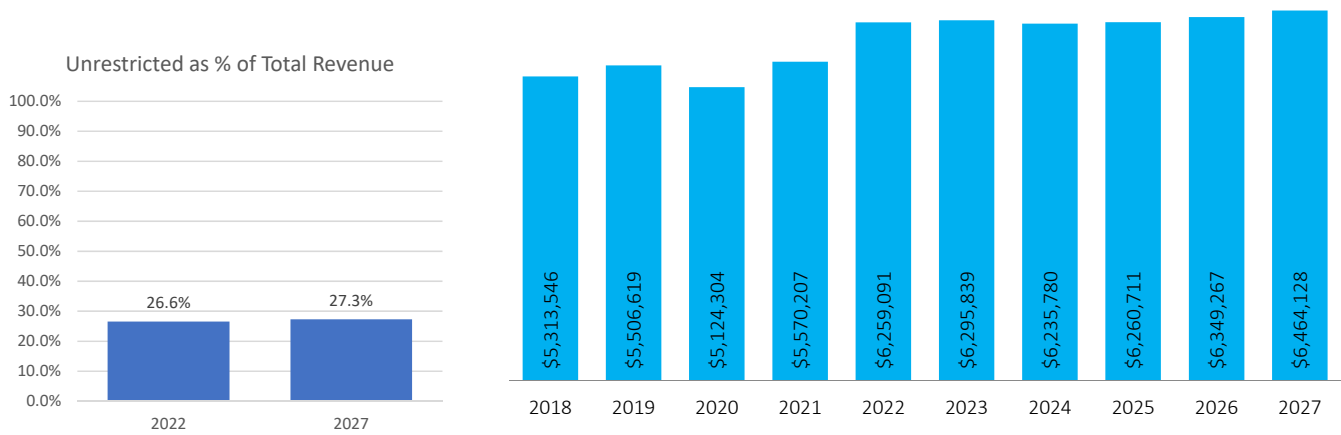


The district does not have an income tax levy.

\*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.

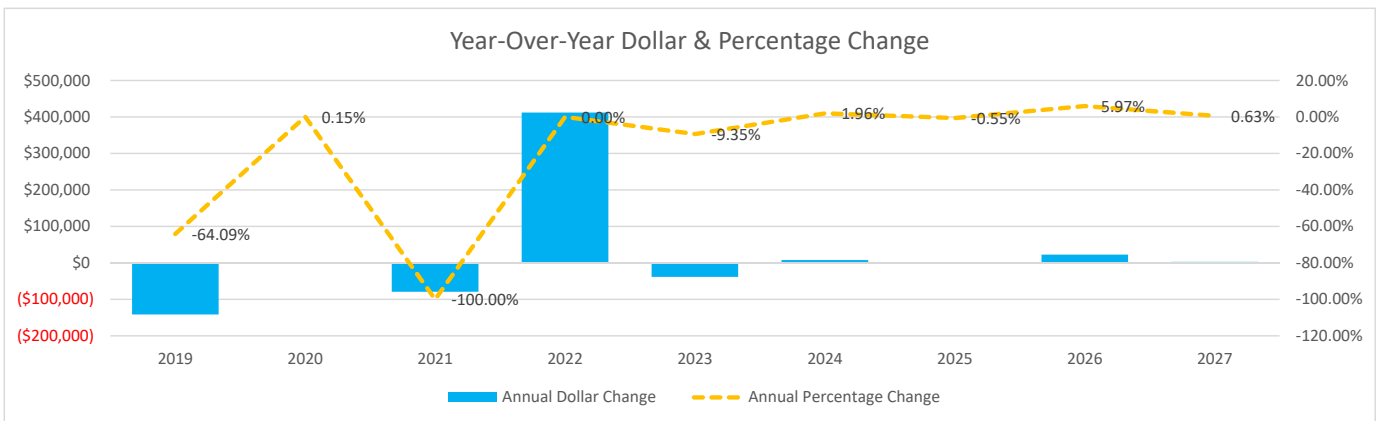
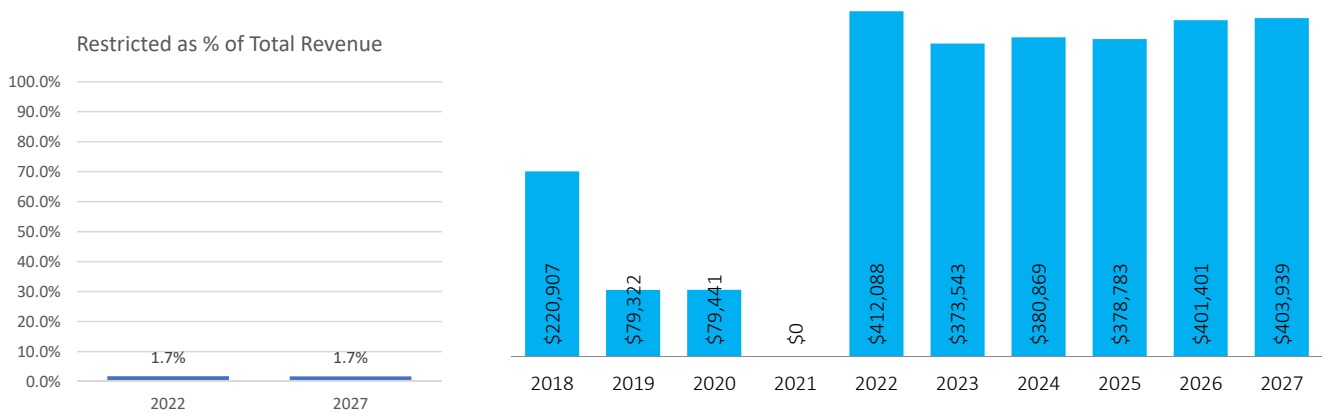
For Three Rivers Local School District the calculated Base Cost total is \$14,824,658 in FY 2023. The state's share of the calculated Base Cost total is \$3,406,678 or \$1,736 per pupil.

For reference: CF63 The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces tuition cost. In FY 2021, the district had approximately \$542,841 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.



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

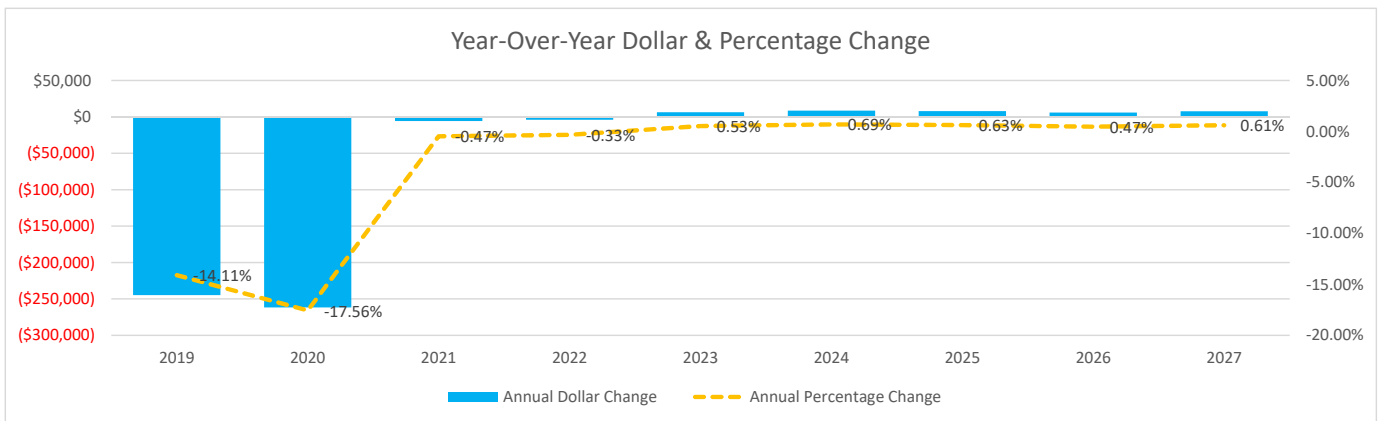
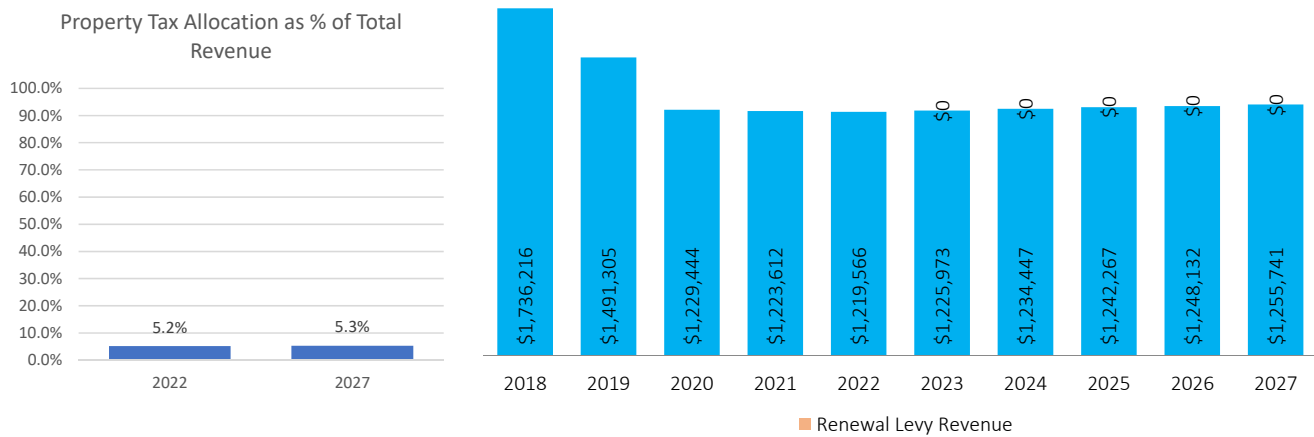
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$110,922 and is projected to change annually on average by -\$1,630. Restricted funds represent 1.75% 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 \$203,433. 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 - Property Tax Allocation

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

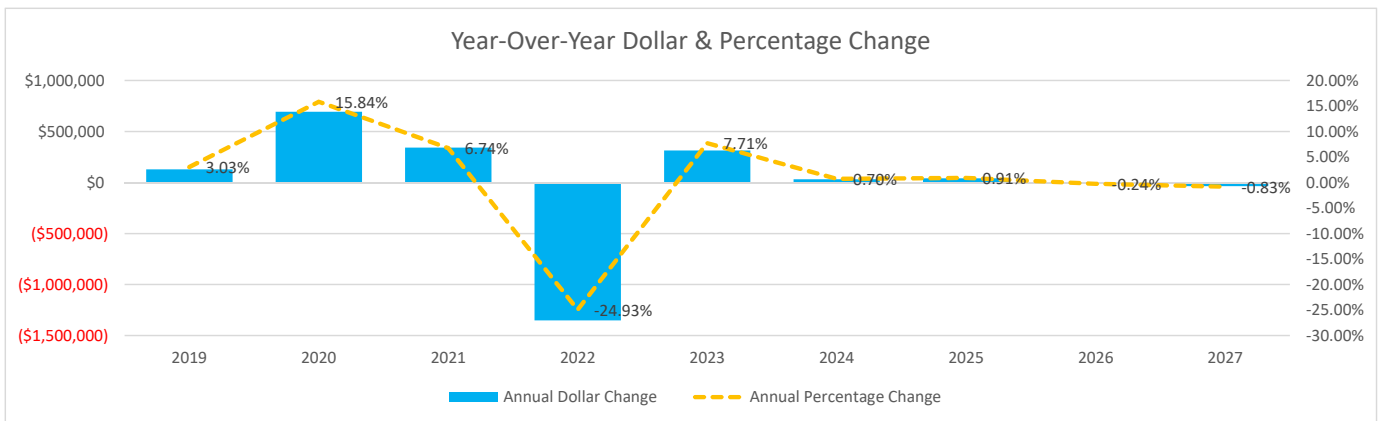
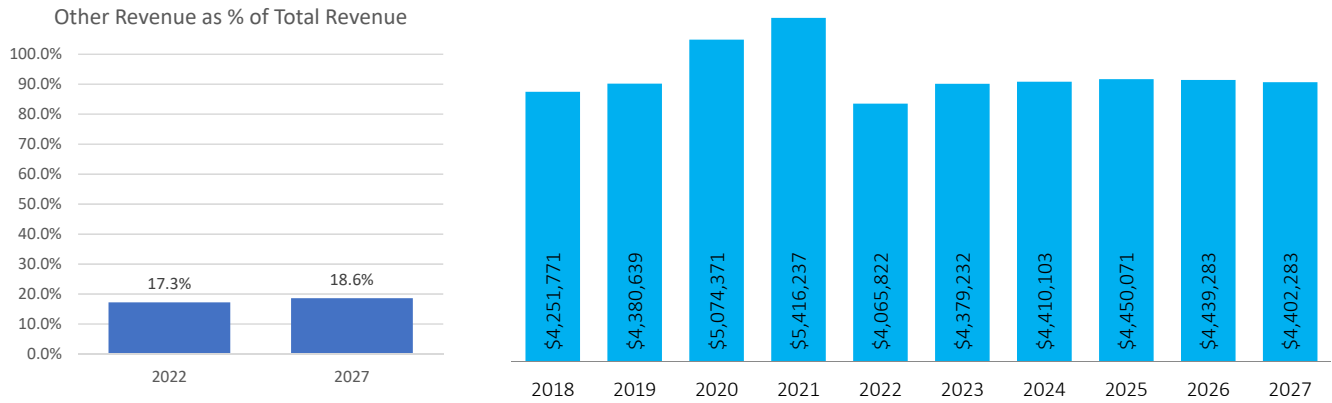


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 12.0% 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

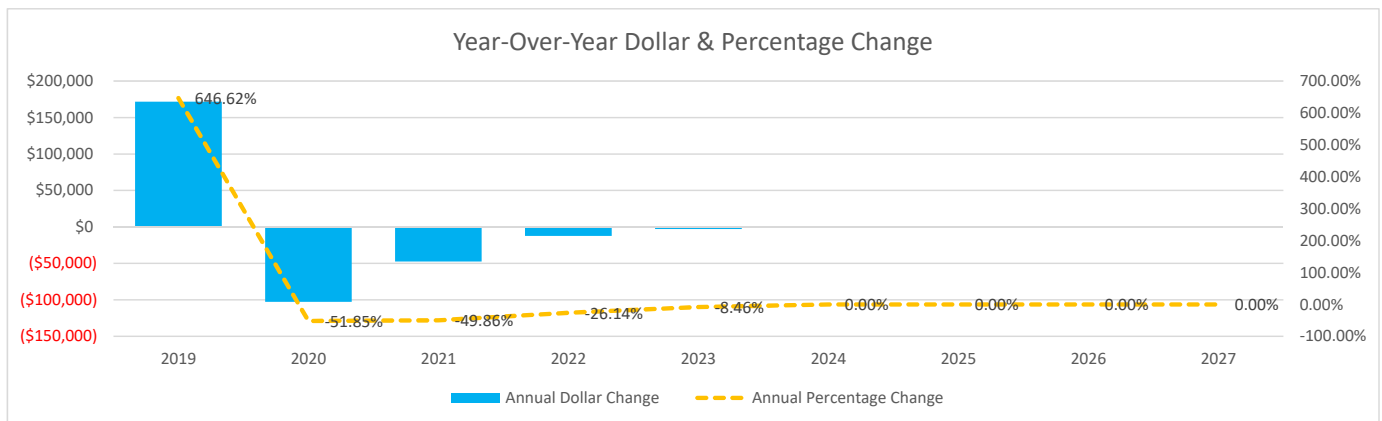
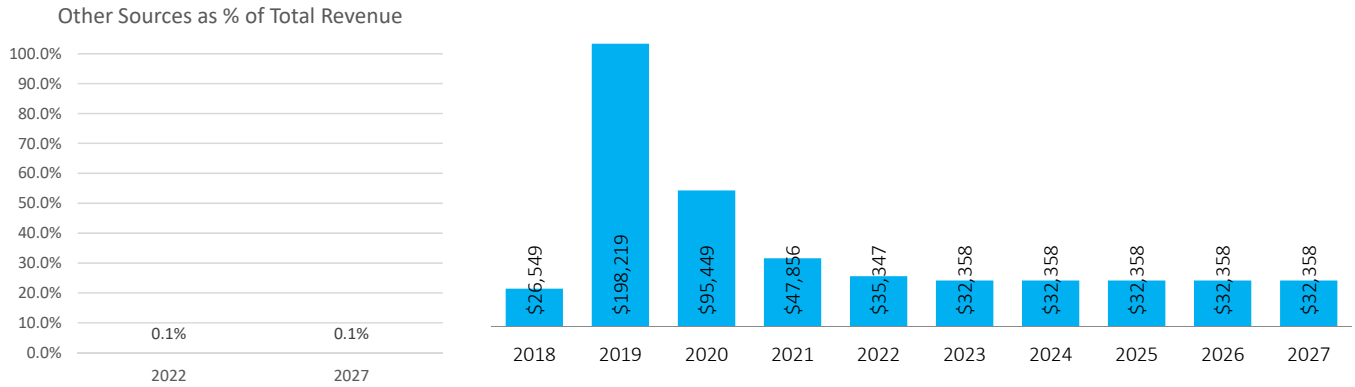
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$36,438. The projected average annual change is \$67,292 through FY 2027. 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 \$1,248,548 in FY 2021.

## 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.

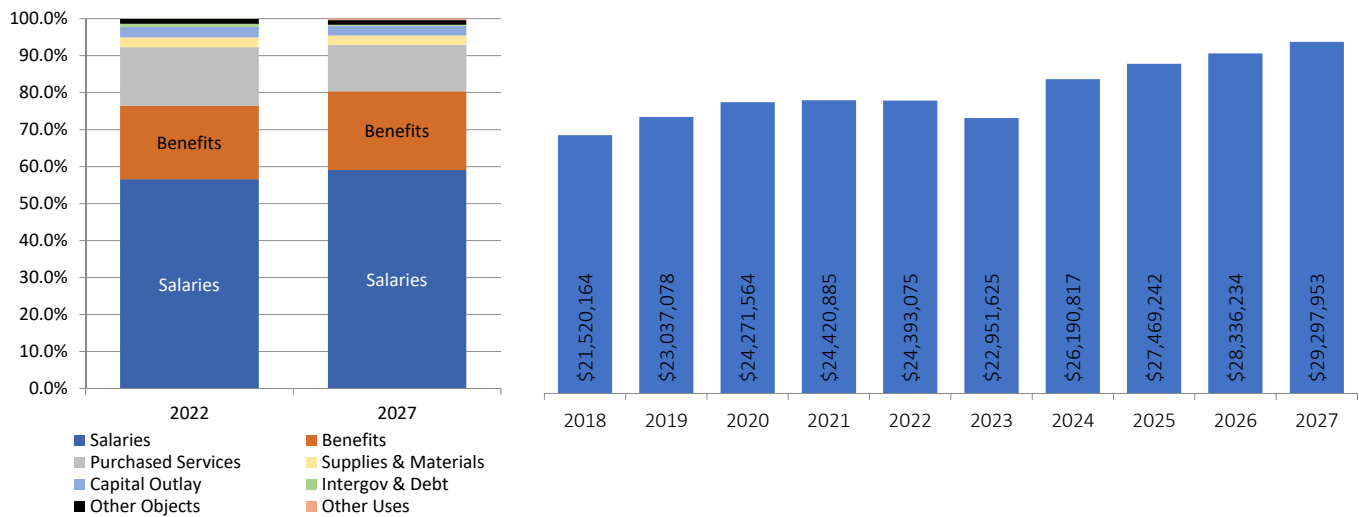


	2022	2023	2024	2025	2026	2027
Transfers In	-	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	35,347	32,358	32,358	32,358	32,358	32,358

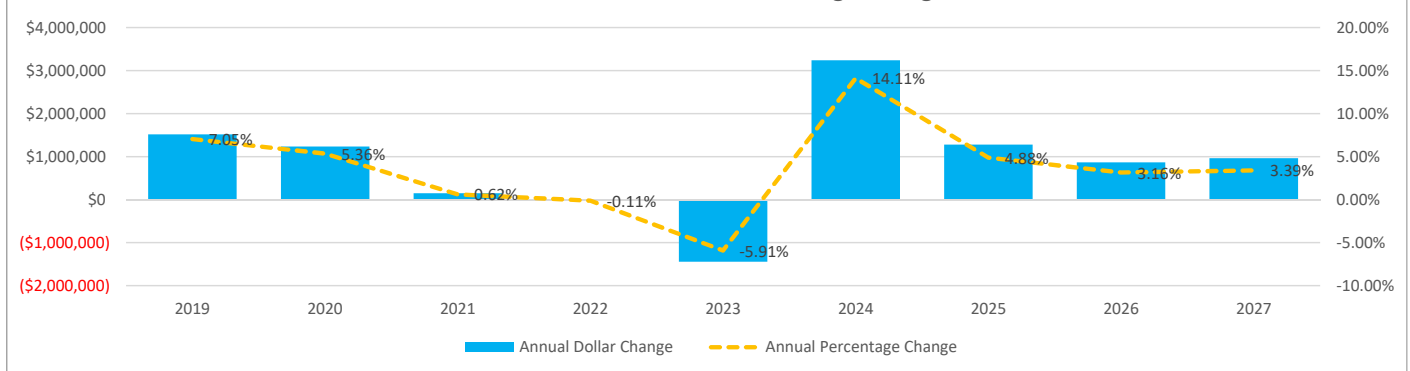
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2022 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2023. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$32,358 in FY 2023 and average \$32,358 annually through FY 2027.

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

### Expenditure Categories Over Time



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



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

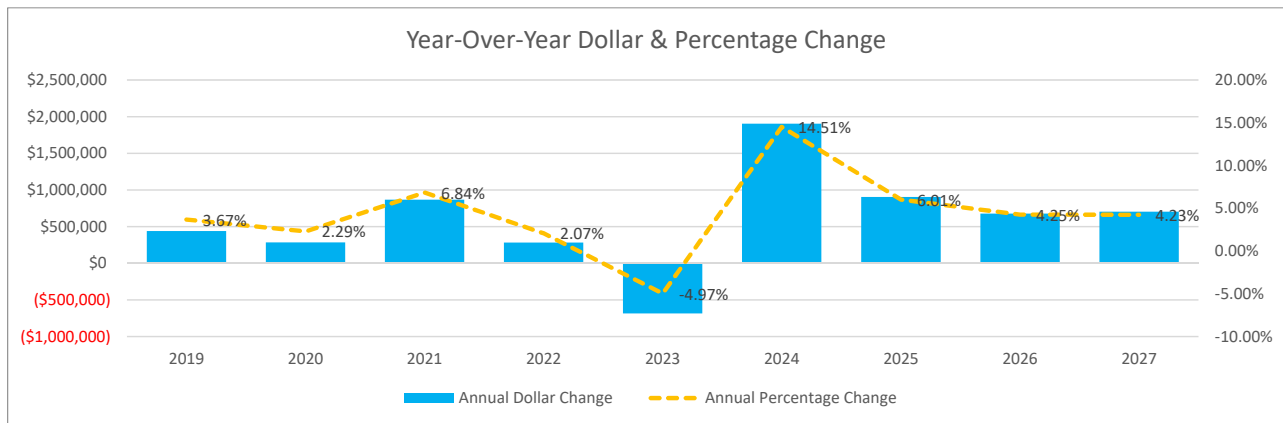
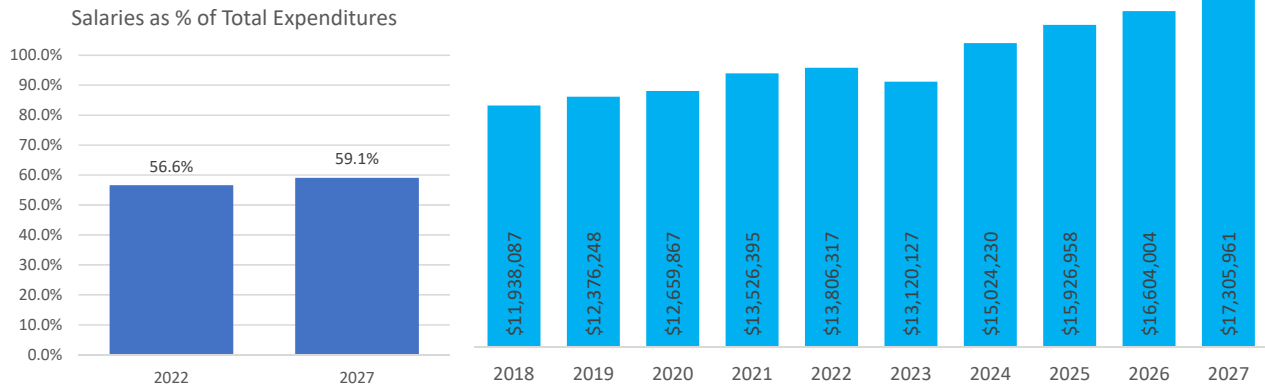
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 3.85% or \$906,042 annually during the past 5-Year period and is projected to increase 4.02% or \$980,976 annually through FY2027. Salaries has the largest projected average annual variance compared to the historical average at \$182,872.
Salaries	517,057	699,929	\$182,872	
Benefits	\$150,700	\$279,324	\$128,623	
Purchased Services	\$83,339	(\$35,426)	(\$118,765)	
Supplies & Materials	\$35,599	\$19,249	(\$16,350)	
Capital Outlay	\$109,662	\$10,593	(\$99,068)	
Intergov & Debt	\$39,834	(\$20,828)	(\$60,662)	
Other Objects	\$6,026	\$10,134	\$4,108	
Other Uses	\$4,000	\$18,000	\$14,000	
<b>Total Average Annual Change</b>	<b>\$906,042</b> 3.85%	<b>\$980,976</b> 4.02%	<b>\$74,934</b> 0.17%	

Note: Revenue average annual change is projected to be > \$22,076

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

### 3.010 - Personnel Services

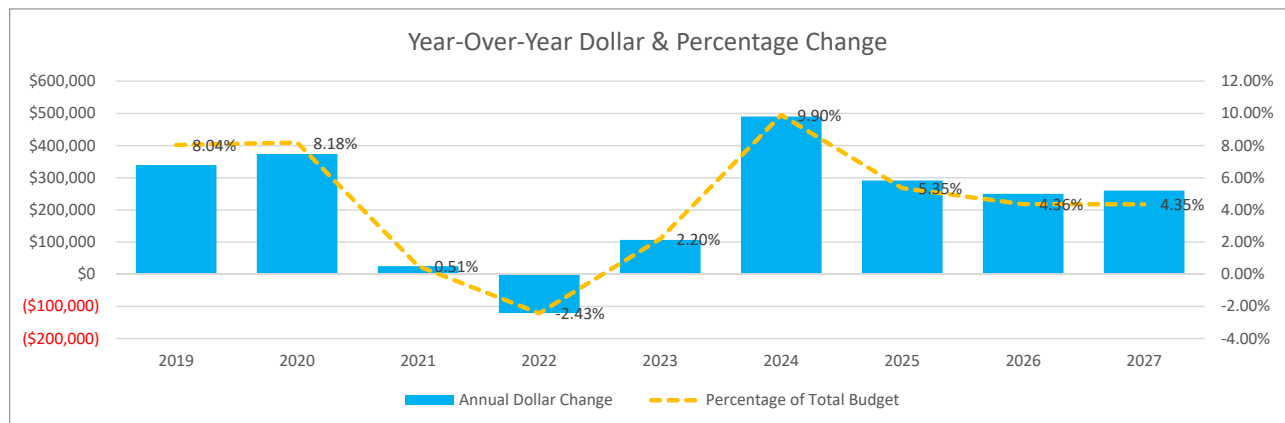
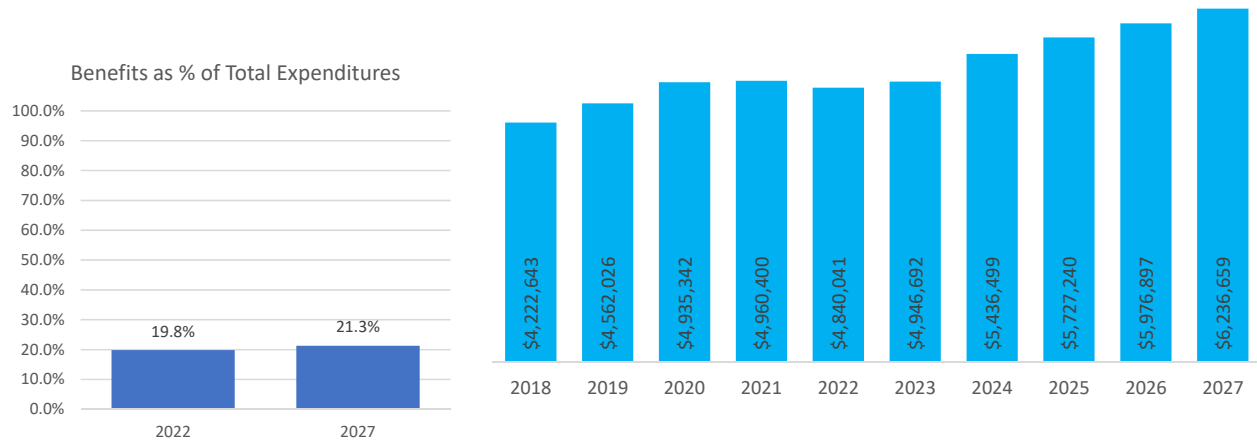
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 56.60% of total expenditures and increased at a historical average annual rate of 4.02% or \$517,057. This category of expenditure is projected to grow at an annual average rate of 4.49% or \$699,929 through FY 2027. The projected average annual rate of change is 0.47% more than the five year historical annual average.

### 3.020 - Employees' Benefits

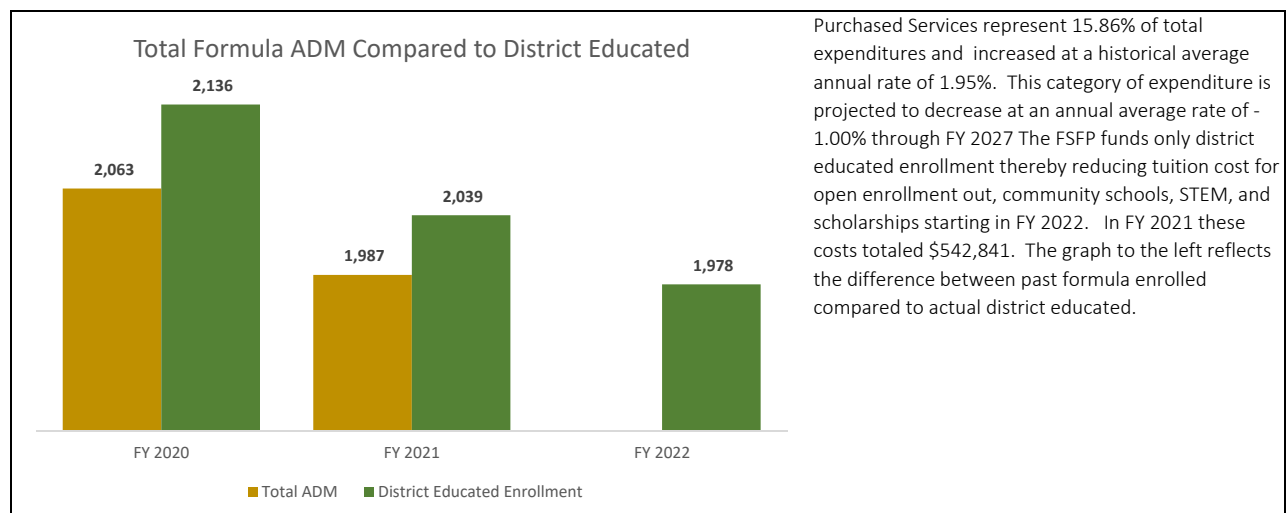
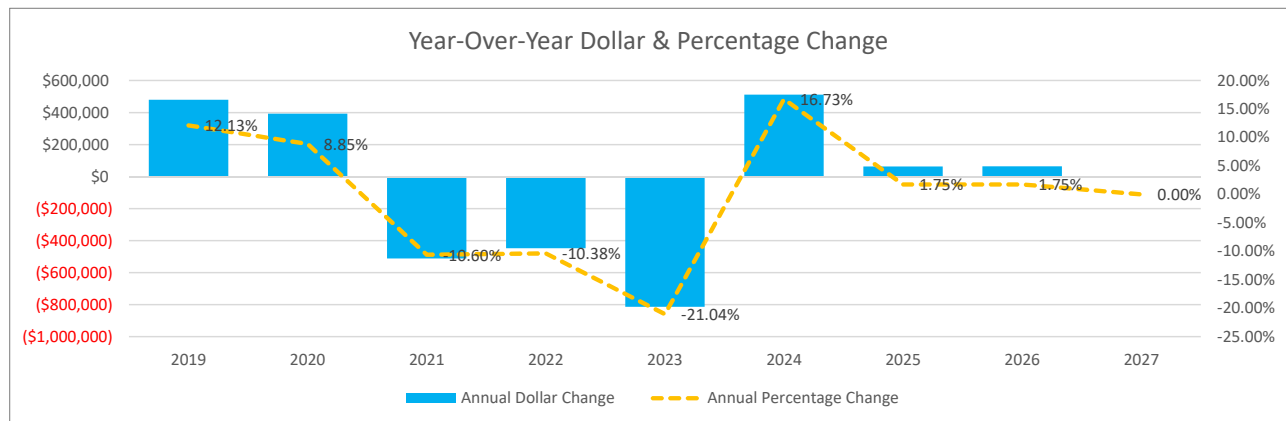
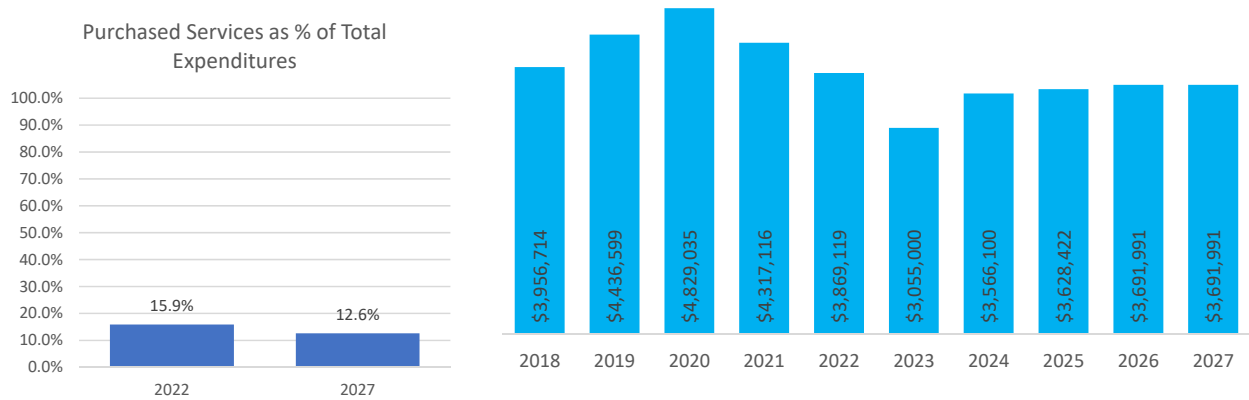
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 19.84% of total expenditures and increased at a historical average annual rate of 3.20%. This category of expenditure is projected to grow at an annual average rate of 4.93% through FY 2027. The projected average annual rate of change is 1.73% 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.

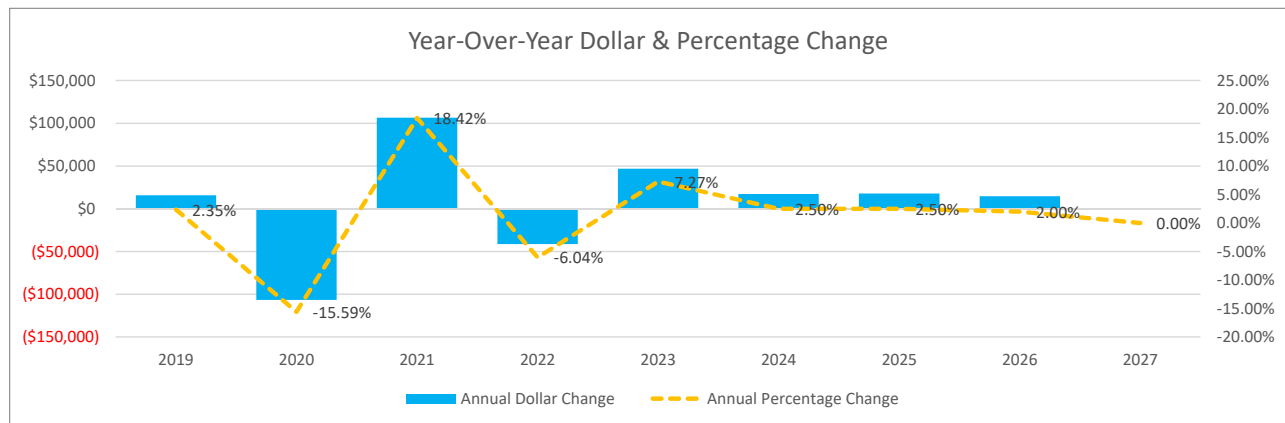
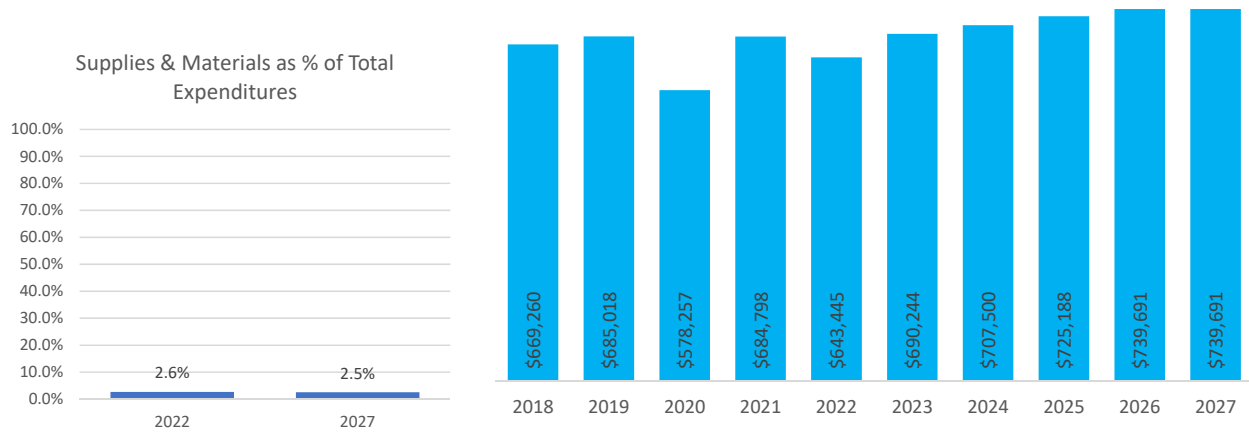


Purchased Services represent 15.86% of total expenditures and increased at a historical average annual rate of 1.95%. This category of expenditure is projected to decrease at an annual average rate of -1.00% through FY 2027. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$542,841. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.



### 3.040 - Supplies & Materials

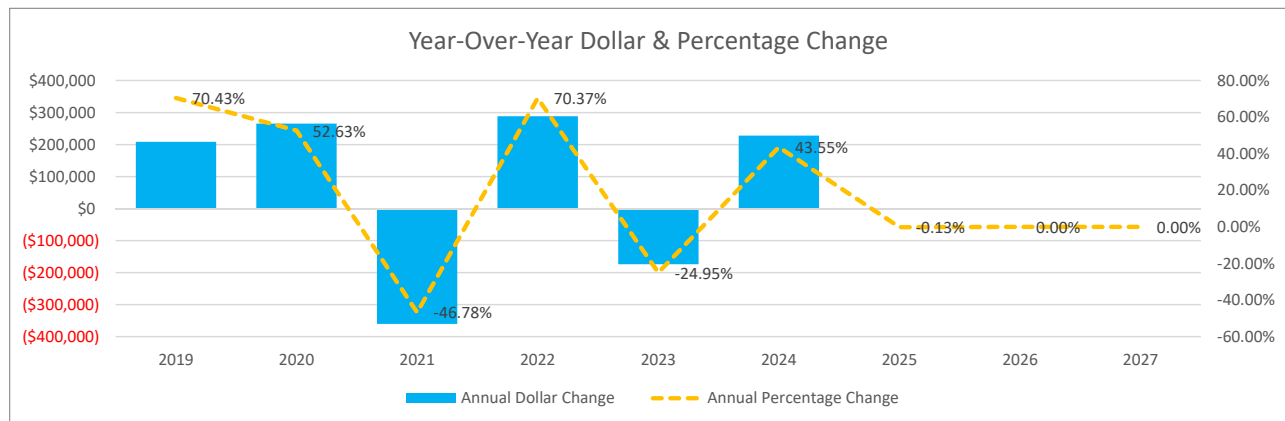
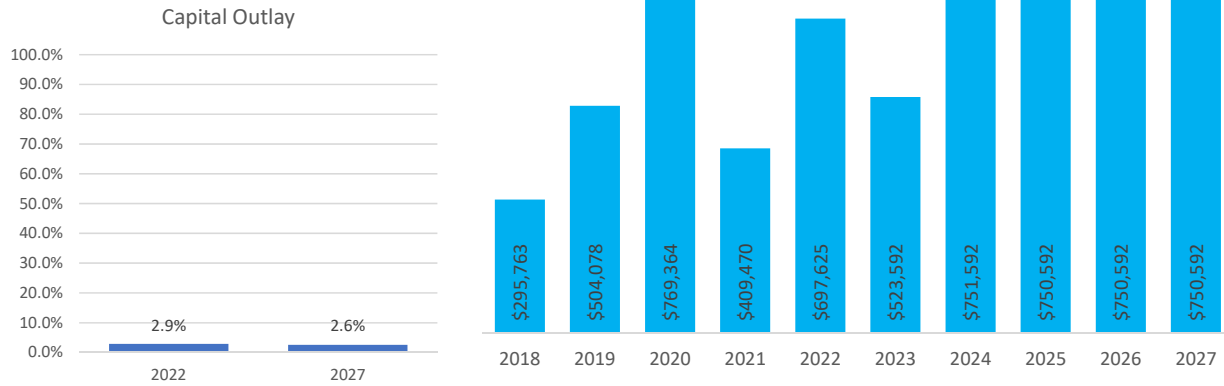
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 2.64% of total expenditures and increased at a historical average annual rate of 5.46%. This category of expenditure is projected to grow at an annual average rate of 2.67% through FY 2027. The projected average annual rate of change is -2.79% less than the five year historical annual average.

### 3.050 - Capital Outlay

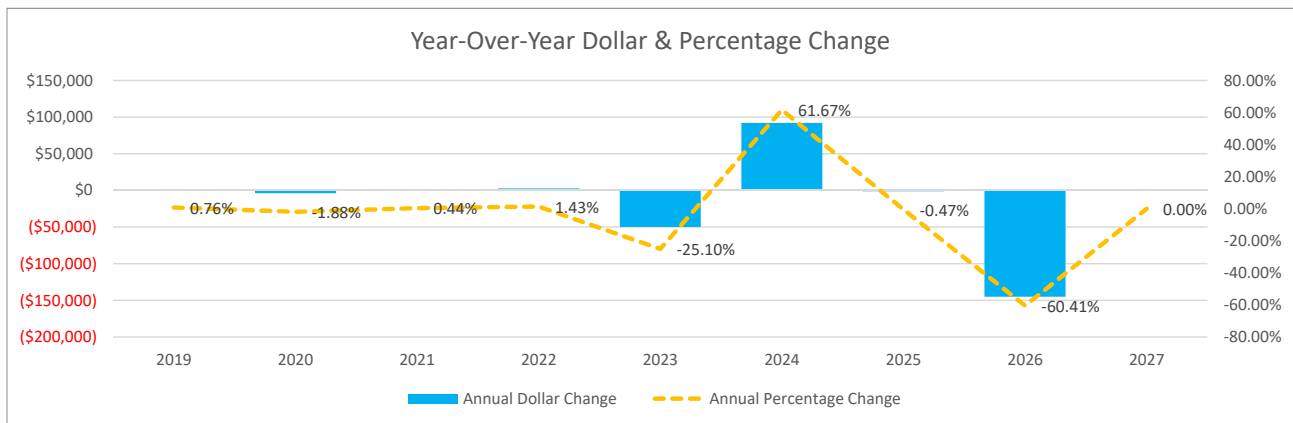
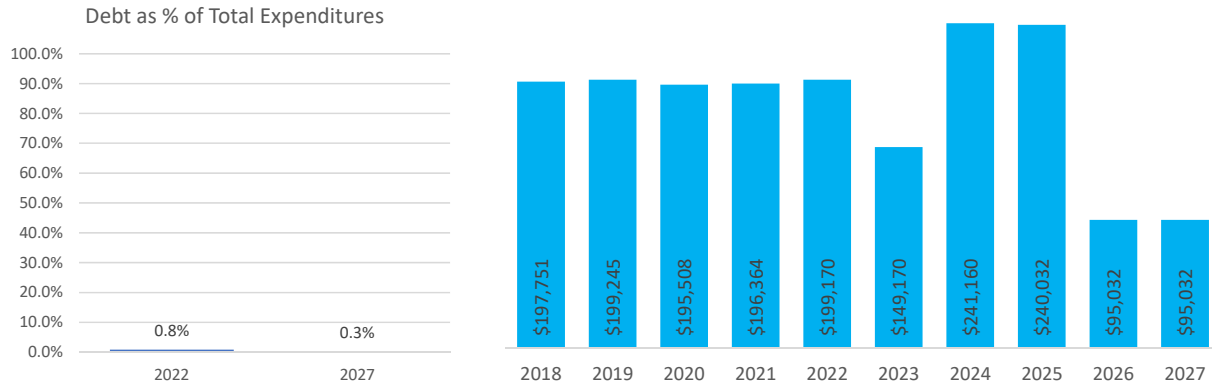
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 2.86% of total expenditures and increased at a historical average annual amount of \$109,662. This category of expenditure is projected to grow at an annual average rate of \$10,593 through FY 2027. 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.

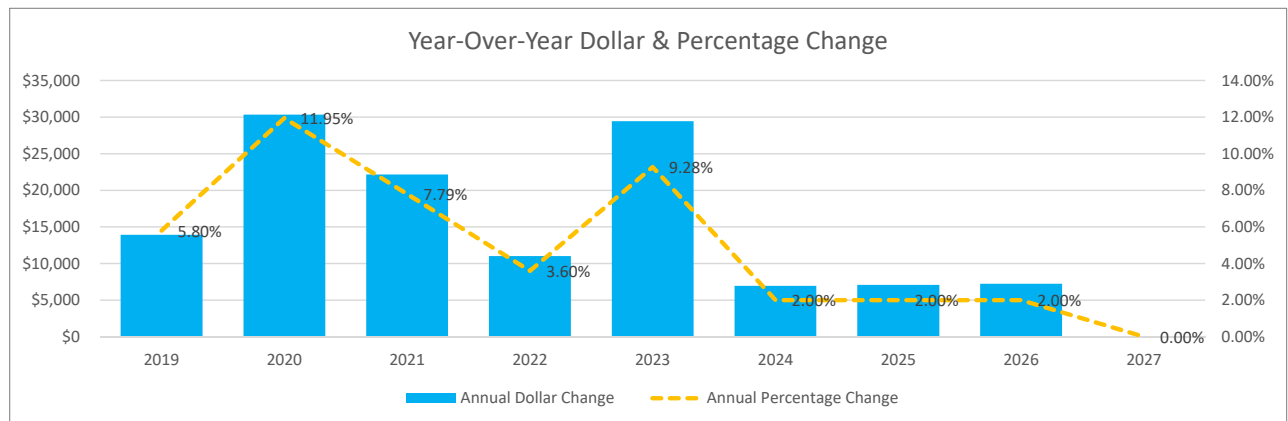
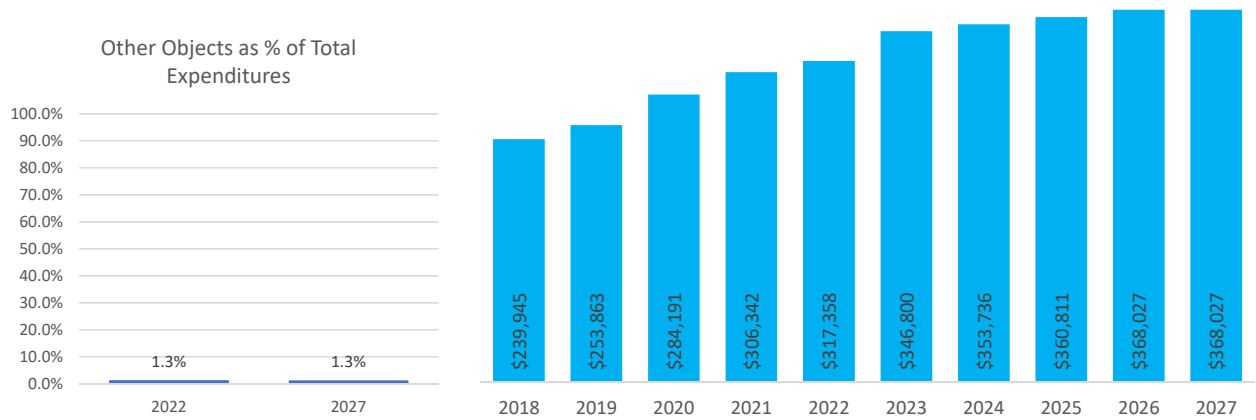


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

Year	Debt Amount	Debt as % of Total Expenditures
2019	-	-
2020	-	-
2021	-	-
2022	-	0.8%
2023	-	-
2024	-	-
2025	-	-
2026	-	-
2027	-	0.3%

### 4.300 - Other Objects

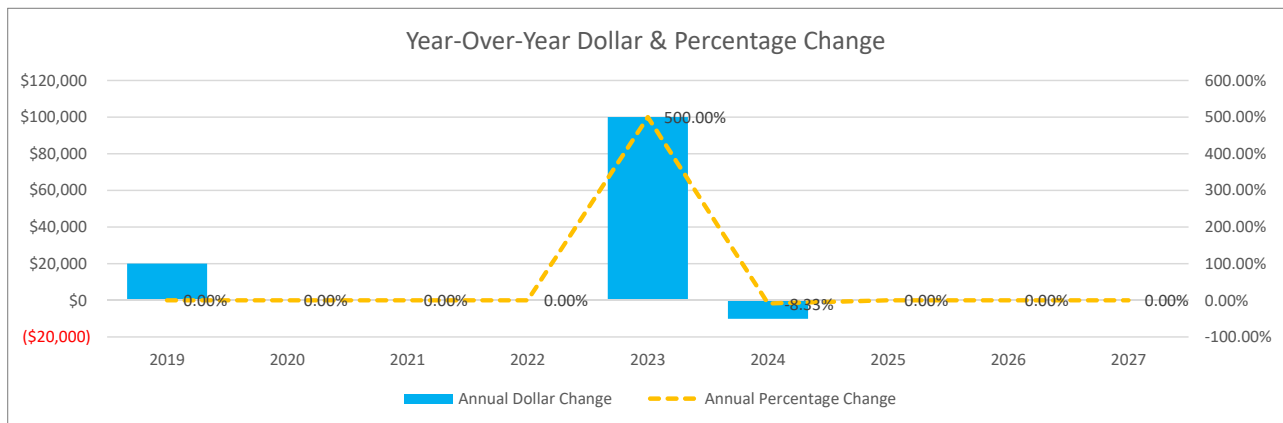
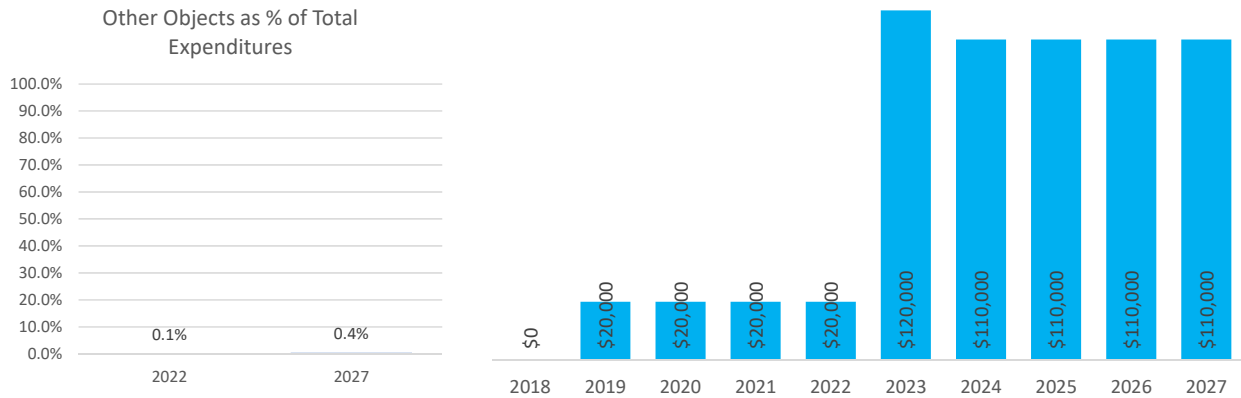
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.30% of total expenditures and increased at a historical average annual rate of 2.15%. This category of expenditure is projected to grow at an annual average rate of 2.82% through FY 2027. The projected average annual rate of change is 0.67% more 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.



	FORECASTED					
	2022	2023	2024	2025	2026	2027
Transfers Out	20,000	120,000	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 2022 the district had no advances-out and has no advances-out forecasted through FY 2027. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2027. 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				
	2022	2023	2024	2025	2026	2027
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	8,451,207	8,570,298	8,675,628	8,724,982	8,763,955	8,814,805
1.020 - Public Utility Personal Property	3,124,733	3,403,572	3,470,922	3,538,272	3,605,622	2,304,978
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	6,259,091	6,295,839	6,235,780	6,260,711	6,349,267	6,464,128
1.040 - Restricted Grants-in-Aid	412,088	373,543	380,869	378,783	401,401	403,939
1.050 - Property Tax Allocation	1,219,566	1,225,973	1,234,447	1,242,267	1,248,132	1,255,741
1.060 - All Other Operating Revenues	4,065,822	4,379,232	4,410,103	4,450,071	4,439,283	4,402,283
<b>1.070 - Total Revenue</b>	<b>23,532,507</b>	<b>24,248,457</b>	<b>24,407,749</b>	<b>24,595,086</b>	<b>24,807,660</b>	<b>23,645,874</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	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	35,347	32,358	32,358	32,358	32,358	32,358
<b>2.070 - Total Other Financing Sources</b>	<b>35,347</b>	<b>32,358</b>	<b>32,358</b>	<b>32,358</b>	<b>32,358</b>	<b>32,358</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>23,567,854</b>	<b>24,280,815</b>	<b>24,440,107</b>	<b>24,627,444</b>	<b>24,840,018</b>	<b>23,678,232</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	13,806,317	13,120,127	15,024,230	15,926,958	16,604,004	17,305,961
3.020 - Employee Benefits	4,840,041	4,946,692	5,436,499	5,727,240	5,976,897	6,236,659
3.030 - Purchased Services	3,869,119	3,055,000	3,566,100	3,628,422	3,691,991	3,691,991
3.040 - Supplies and Materials	643,445	690,244	707,500	725,188	739,691	739,691
3.050 - Capital Outlay	697,625	523,592	751,592	750,592	750,592	750,592
Intergovernmental & Debt Service	199,170	149,170	241,160	240,032	95,032	95,032
4.300 - Other Objects	317,358	346,800	353,736	360,811	368,027	368,027
<b>4.500 - Total Expenditures</b>	<b>24,373,075</b>	<b>22,831,625</b>	<b>26,080,817</b>	<b>27,359,242</b>	<b>28,226,234</b>	<b>29,187,953</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	20,000	120,000	110,000	110,000	110,000	110,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>20,000</b>	<b>120,000</b>	<b>110,000</b>	<b>110,000</b>	<b>110,000</b>	<b>110,000</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>24,393,075</b>	<b>22,951,625</b>	<b>26,190,817</b>	<b>27,469,242</b>	<b>28,336,234</b>	<b>29,297,953</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>(825,221)</b>	<b>1,329,190</b>	<b>(1,750,710)</b>	<b>(2,841,798)</b>	<b>(3,496,216)</b>	<b>(5,619,720)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>12,273,535</b>	<b>11,448,314</b>	<b>12,777,504</b>	<b>11,026,794</b>	<b>8,184,996</b>	<b>4,688,780</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>11,448,314</b>	<b>12,777,504</b>	<b>11,026,794</b>	<b>8,184,996</b>	<b>4,688,780</b>	<b>(930,940)</b>
<b>Reservations</b>						
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>11,148,314</b>	<b>12,477,504</b>	<b>10,726,794</b>	<b>7,884,996</b>	<b>4,388,780</b>	<b>(1,230,940)</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>11,148,314</b>	<b>12,477,504</b>	<b>10,726,794</b>	<b>7,884,996</b>	<b>4,388,780</b>	<b>(1,230,940)</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>11,148,314</b>	<b>12,477,504</b>	<b>10,726,794</b>	<b>7,884,996</b>	<b>4,388,780</b>	<b>(1,230,940)</b>

