

Triway Local School District

Five Year Forecast Assumptions

Fiscal Years 2024-2028

Sue A. Kruse, Treasurer
11/13/2023

Triway Five Year Forecast for Fiscal Years 2024 - 2028

Line	ACTUAL			FORECASTED				
	2021	2022	2023	2024	2025	2026	2027	2028
1.010 General Property (Real Estate)	10,884,380	10,202,940	10,133,560	12,035,000	12,635,000	12,635,000	12,225,000	11,215,000
1.030 Income Tax	1,745,432	501,341	176,368	0	0	0	0	0
1.035 Unrestricted Grants-in-Aid	6,838,374	7,046,964	7,203,649	7,203,000	7,203,000	7,203,000	7,203,000	7,203,000
1.040 Restricted Grants-in-Aid	135,167	411,636	363,244	376,500	376,500	376,500	376,500	376,500
1.050 Property Tax Allocation	853,872	890,945	889,034	925,000	925,000	925,000	925,000	925,000
1.060 All Other Operating Revenue	1,371,436	334,528	538,577	480,000	440,000	434,000	434,000	434,000
1.070 Total Revenue	21,828,661	19,388,354	19,304,432	21,019,500	21,579,500	21,573,500	21,163,500	20,153,500
2.040 Operating Transfers-In	0	0	0	0	0	0	0	0
2.060 All Other Financial Sources	139,683	43,192	0	83,289	1,000	1,000	1,000	1,000
2.070 Total Other Financing Sources	139,683	43,192	0	83,289	1,000	1,000	1,000	1,000
2.080 Total Revenues and Other Financing Sources	21,968,344	19,431,546	19,304,432	21,102,789	21,580,500	21,574,500	21,164,500	20,154,500
3.010 Personal Services	10,522,406	10,979,848	11,507,518	12,319,808	12,724,208	12,949,021	13,154,654	13,358,115
3.020 Employees' Retirement/Insurance Benefits	5,640,873	5,408,062	4,987,795	5,781,602	5,850,320	5,888,522	5,923,464	5,958,038
3.030 Purchased Services	3,036,078	2,116,955	2,524,923	2,617,587	2,618,999	2,615,454	2,616,953	2,618,497
3.040 Supplies and Materials	313,385	494,924	504,008	500,000	500,000	500,000	500,000	500,000
3.050 Capital Outlay	0	33,584	0	0	0	0	0	0
4.02 Debt Service	0	0	0	0	0	0	0	0
4.300 Other Objects	342,344	282,222	248,215	272,782	278,782	284,962	291,327	297,884
4.500 Total Expenditures	19,855,087	19,315,595	19,772,459	21,491,779	21,972,309	22,237,959	22,486,398	22,732,534
4.06 Debt Service Interest	-	-	-	-	-	-	-	-
5.010 Operational Transfers - Out	6,554	0	0	0	0	0	0	0
5.030 All Other Financing Uses	0	0	0	0	0	0	0	0
5.050 Total Expenditure and Other Financing Uses	19,861,640	19,315,595	19,772,459	21,491,779	21,972,309	22,237,959	22,486,398	22,732,534
6.010 Revenue over (under) Expenditures	2,106,704	115,951	(468,027)	(388,990)	(391,809)	(663,459)	(1,321,898)	(2,578,034)
7.010 Beginning Cash Balance	1,760,344	3,867,048	3,982,998	3,514,971	3,125,981	2,734,172	2,070,713	748,815
Ending Cash Balance EXCLUDING Levy Renewals	3,867,048	3,982,998	3,514,971	3,125,981	2,734,172	2,070,713	748,815	(1,829,219)
Ending Cash Balance INCLUDING Levy Renewals	3,867,048	3,982,998	3,514,971	3,125,981	2,734,172	2,070,713	1,273,815	345,781

TRIWAY LOCAL SCHOOL DISTRICT

Five-Year Forecast

Fiscal Years 2024-2028

Assumptions – November 13, 2023

Executive Summary

The five year forecast is a useful tool for interested parties to obtain a general understanding of the District's operating fund budget. Alone, the numbers in the forecast reveal a small part of the financial story. Assumptions are necessary to provide the rationale supporting the data.

The reader should keep in mind that this is a forecast, not a budget. Throughout the timespan of the forecast, revenues and expenditures will be affected by unforeseen conditions, both positive and negative.

Financial sustainability remains a primary concern, with the forecast indicating a need for diligent budget management and prudent resource allocation. The District aims to optimize its fiscal resources by exploring cost-effective initiatives while maintaining a commitment to educational excellence. The District also envisions embracing technological advancements and innovative teaching methodologies to enhance student learning experiences. Collaboration with the community and stakeholders, coupled with investments in professional development, will be vital in achieving academic excellence. By strategically balancing fiscal responsibility with academic innovation, the District can navigate the challenges of the next five years and provide a high-quality education for its students while remaining financially stable.

This year's five-year forecast spans three state biennial budgets, two negotiated agreements, a full real estate reappraisal (2026), one real estate update (2023), and three real estate levy renewals. The numbers contained therein are a snapshot of revenues and expenditures captured on November 13, 2023 and are subject to change.

The only fund forecasted is the General Fund (001).

Revenue Assumptions

Real Estate

- **Line 1.01 of the revised forecast does NOT include revenues set to expire in a given fiscal year.** Line 1.07 Total Revenue will show the impact of the non-renewal. The renewal levies are reflected "below the line" on forecast lines. The emergency levy expires 12/31/2026; therefore Line 1 in FY 2027 is reduced by \$525,000. The 5.5 mill operating levy expires 12/31/2028; Line 1 in FY 2028 is reduced by \$1,050,000 (full emergency levy) and \$600,000 (1/2 collection 5.5 mill levy). The amounts are added back in on the bottom line of the forecast.

- Out of ten Wayne County school districts, Triway's effective rate for res/ag taxpayers is second lowest (24.62 mills). Only Chippewa has a lower effective rate (23.43 mills). Wooster City Schools has the highest effective tax rate at 42.12 mills. The statewide average effective rate for res/ag is 28.75 mills.
- The 2023 triennial update created unprecedented growth in Ohio. Market values in Wayne County increased 38%. The CAUV calculation underwent revisions in 2023, as well. Because Triway is at the 20-mill floor, the increases will result in additional tax revenues. The forecast reports a modest 25% increase beginning with the 1st half collection of calendar year 2024.
- Throughout the forecast, the District will receive small increases from new construction and the 4.4 inside millage immune to the reduction effects of House Bill 920.
- Real estate is undergoing a triennial update in 2023, based upon sales transacted in years 2017-2018-2019. Valuations for the past five tax years are:
 - 2018 - \$320,971,800
 - 2019 - \$440,073,820
 - 2020 - \$473,053,600
 - 2021 - \$478,103,950
 - 2022 - \$476,183,520
- The forecast indicates a 2% increase in tax revenues starting in calendar year 2027 as a result of the full appraisal to be conducted in 2026.

Rover Pipeline Revenues

- Pipeline #1 (of 2) was in service by December 31, 2017, taxed in 2018, and collected starting 2019.
- Pipeline #2 was in service by December 31, 2018, taxed in 2019, and collected starting 2020.
- The valuation of Rover pipeline is subject to annual depreciation. A 2% depreciation factor is applied in each year of the forecast.
- Updated Rover valuations are provided by the Wayne County Auditor in December. This forecast is applying assumptions based upon December 2021 data.
- In December 2019, Rover Pipeline contested its original cost values to the Ohio Department of Taxation. Rover Pipeline provided the actual cost values to the Department of Taxation upon completion of the project. These numbers were then used to determine property valuation. In early July 2020, the ODT released its finding: the original assessment figures were accurate and will be taxed accordingly. Rover Pipeline promptly filed a petition with the Court of Tax Appeals. The appeal that was on the docket for May 9, 2022, BTA Case # 2020-1540, was continued until August 1, 2022. If denied, Rover Pipeline will likely take its case to the Ohio Supreme Court or to regional appellant courts.
- In December 2021, Rover Pipeline revised its complaint, further reducing its property value. **The assessed pipeline property value for Triway district is**

\$120,181,650. Rover is claiming the valuation *should be* \$49,160,400, which reflects a drop of almost 60%.

- Until a final decision is rendered, Rover is allowed to tender-pay taxes and only remit payment on the *uncontested* amount. (The District will receive only 40% of the billed amount.) **The difference between Rover's billed amount and tender-paid amount is a \$3,204,478 loss for the District every year.**
- **Rover currently owes Triway over \$15 million.**
- The original assessed valuation remains on the County Auditor's records. This affects the District in several ways:
 - The District's revenues certified by the County Auditor will be overstated and the School District will need to adjust its cash flow to compensate for Rover's underpayment.
 - The state-share of funding will be impacted as it is based upon a three-year average of property valuation. The full Rover valuation will be reported and the District's local share of funding will be set artificially high. This creates the erroneous assumption that revenue generated by Rover will equivalently offset the loss of state-share support.
 - Also, the District's fixed sum levy depends upon an accurate assessed valuation to determine the millage rate. An unadjusted Rover valuation will result in a millage rate that is set too low to collect the full \$1.2 million. Rover's portion of the emergency levy is approximately \$456,000 and Triway anticipates a loss of \$273,600 per year due to Rover's tender-payments. This loss cannot be recaptured if the appeal is successful.
- To monitor the actions of legislators and Rover Pipeline, the District joined forces with other schools districts and formed the Ohio Schools Pipeline Coalition.
- **The forecast reflects tender payment of 40% throughout the years of the forecast.** It is anticipated that Rover Pipeline will annually contest the valuation assigned to its cost values.

Income Tax

- In March 2012, voters approved a .75% earned income tax. The income tax was levied starting January 2013 and full collection was realized in fiscal year 2016. The tax generated \$2 million annually and expired at the end of calendar year 2020. No delinquent revenues are reported in this five-year forecast.

Unrestricted Grants-in-Aid and Casino Revenue

- Ohio House Bill (HB) 110 passed in June 2021 made significant changes to school funding. It changed how students are counted toward a district's enrollment, which, in turn, impacted school funding. Students are funded at the district of attendance, not the district of residence. This eliminates the need to transfer funds via incoming-outgoing open enrollment payments.
- EdChoice Scholarships will be funded directly by the state and not deducted from the District's foundation payments.
- Ohio House Bill (HB) 33 passed in June 2023. State funding for the District flat-lined in 2023-24 and 2024-25.

- Future state biennial budgets may phase-out or eliminate guarantee funding. The reduction is not forecasted, but the possibility requires close monitoring. The District is receiving over \$1.5 million of Transitional Aid Guarantee funding in FY 2024.
- The state share index has been replaced with a district-specific “per pupil local capacity amount.” A “per pupil local capacity amount” is based on three factors: 1) a district’s base cost enrolled ADM; 2) property valuation; and 3) income.
- The expected, constant appeal cycle of Rover Pipeline impacts state funding. **The District’s property values remain elevated, which raises the per pupil local capacity amount. That means the local share increases and the District pays more. This is an inconsistency. The District is not collecting the tax based upon the higher valuations because Rover Pipeline is underpaying its tax bill.**
- All four casinos are up and running as of this date. Ohio casinos were closed due to the COVID-19 pandemic. The forecast assumes annual casino tax revenues of ~\$90,000.

Restricted Grants-in-Aid

- The State provides limited funding for career tech, gifted, English learners, and economic disadvantaged students. The funding is flat-lined during this forecast.
- The forecast allows for “wellness and success” funding in year one to coincide with the state’s biennial budget. There is no plan to include the funding in future state biennial budgets. Triway received \$662,747 for wellness and success in FY 2021. **This amount was reduced to \$212,929 in FY 2022, \$180,128 in FY 2023, and \$170,733 in FY 2024.**

Property Tax Allocations

- The State will continue homestead & rollback reimbursements for the District’s current levies and renewals but will no longer subsidize new levies.

All Other Operating Revenue

- A catchall for all remaining revenues, this category contains investment earnings, tuition from other districts, excess costs receipts, and student fees.
- Until FY 2022, the largest income in this category was incoming open enrollment. Now that the new state model funds students where they attend school, there is no incoming or outgoing enrollment adjustments. This net change in accounting method decreases both revenues and expenditures in the five year forecast.
- State law stipulates schools waive instructional fees for those students who qualify for free lunch status. In FY 2023, the District waived over \$20,000 in fees.
- A two million dollar Current Revenue Tax Note was procured in FY 2020. This amount was required to cover a cash flow deficit between November 8, 2019 and January 31, 2020. The note was repaid in its entirety on May 1, 2020. There are no plans to borrow against current revenues in fiscal years 2024-2028.

Expenditure Assumptions

Personal Services

- The District employs 200 contracted personnel: 132 certificated staff; 68 support staff. In addition to contracted personnel, the District employs over 90 substitute and temporary personnel. Payrolls in November 2023 indicate 103 employees reside in Triway district and contribute to its school income tax.
- A negotiated agreement finalized in the spring of 2022 dictates certified salaries and benefits through June 2025.
- Raises of 2.0% were negotiated. Step increases are projected (~\$150,000 annually.) **Only steps are calculated in FYs 2026-2028 of the forecast.**
- Known retirements are calculated into the forecast.
- **The administration will review staff needs when resignations are tendered. Some positions will not require a replacement due to reduced enrollment and/or fewer classes per grade (when the pK-12 campus is fully operational).**

Benefits

- Health insurance costs remain the largest benefit obligation. Triway joined the Jefferson Health Plan in 2014 with the intent to slow the liability. Premiums were underfunding the reserves and, as a result, rates for 2018 increased by over 21%. Premium adjustments in July 2017 were established to recover a large portion of the negative reserve balance. July 2019's reserve balance was \$566,681. The financial summary in October 2023 reported a reserve balance of \$3,210,183. Due to the rich reserves, there are no premium increases factored into the forecast at this time.
- The District had JHP premium moratoriums in May and June 2023. **One moratorium per year is built into this forecast.**
- Retirements (STRS & SERS), workers compensation, and Medicare are a percentage of payroll dollars. As salaries/wages rise, so do these payroll requirements.
- Shared services that save the District time and money have been implemented.

Purchased Services

- Federal grant money, such as Title I and IDEA Part-B, provides the District some relief from escalating special education costs. However, to comply with federal guidelines, the District must meet "maintenance of effort". This requirement prevents the District from reducing services. The District share needed to meet special education maintenance of effort in FY 2024 is \$3,180,000.
- This line item is impacted by the state budget "wellness and success" funding. During the 2020-21 biennial budget, certain purchased services were paid from Fund 467. The costs for some of these services will return to the general fund in FY 2024.
- Based upon the type of disability, resident special education students attending other districts cost more than the per pupil allocation. In FY 2023, tuition and excess costs billed by the educating districts were approximately \$364,373.

- College Credit Plus, which transfers money from Triway to participating area colleges, was \$50,716 in FY 2023 and a similar amount is factored annually into the current forecast.
- Triway continues to save money using retail natural gas and electric suppliers. Currently, the District pays \$3.85/mcf for natural gas and \$.08110 kwh for electric.
- Other costs in this category are based upon historical trends and large fluctuations are not expected.

Supplies and Capital Outlay

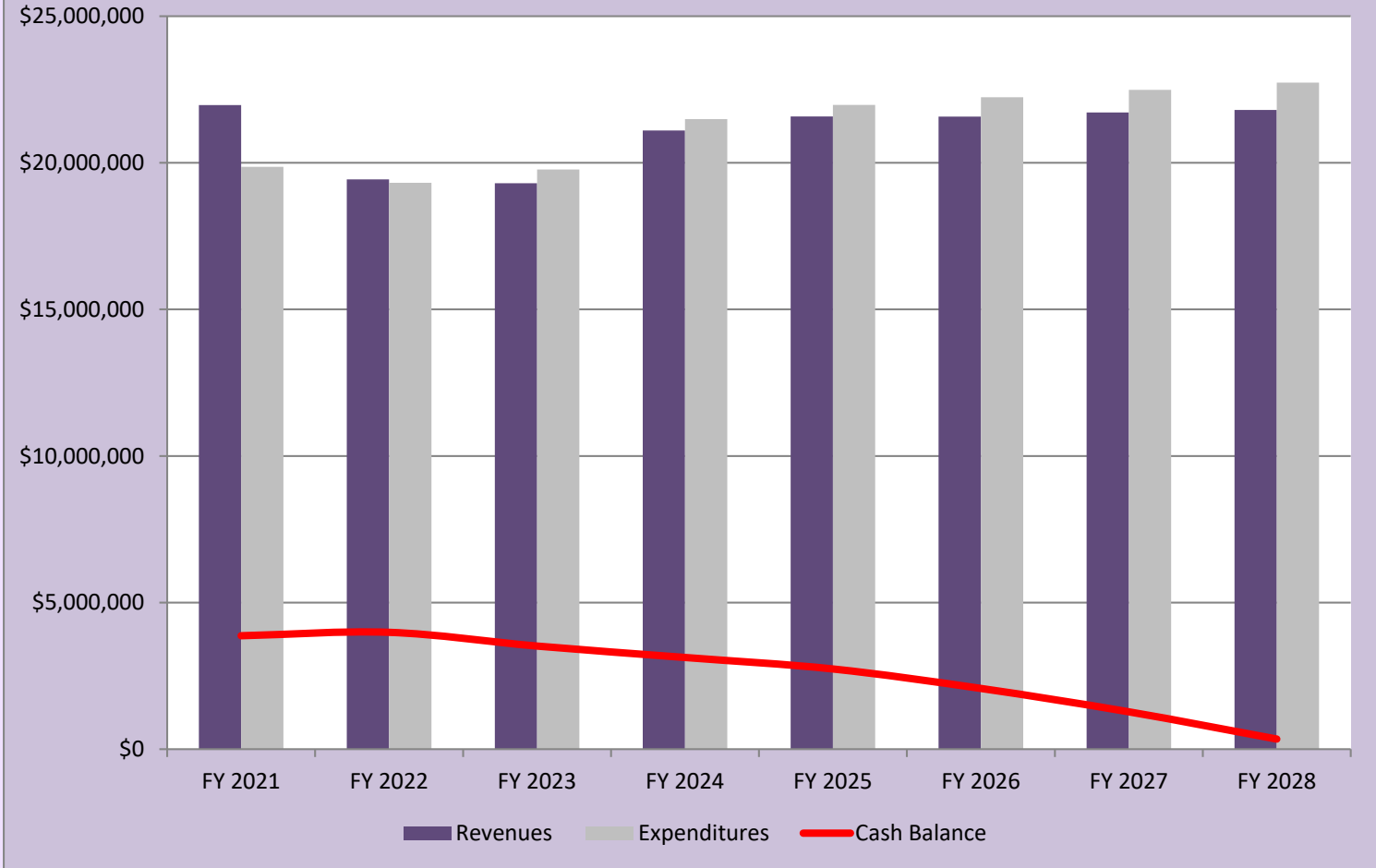
- Textbook and instructional purchases each year of this forecast total \$ 75,000.
- Other areas, such as custodial, maintenance, and transportation, continue to be monitored for efficiency. *The District maintains the integrity of its buildings, but the cost for the upkeep is increasing as the buildings age.* No major improvements have been made to the elementary buildings since 2001.
- As in past forecasts, the cost of bus fuel fluctuates unpredictably. The amount built into this year's budget is the equivalent to the amount spent in FY 2023. Propane buses make up almost half of the fleet; the impact of diesel is much less than in past years.
- As Rover Pipeline revenues are realized, capital costs currently absorbed by the General Fund will be shifted to the Permanent Improvement fund.

Other Operating Expenses and Other Financial Uses

- Foundation deducts for the ESC are in this category and are dependent upon student enrollment.
- Other expenses include county auditor fees, liability insurance, state auditor fees, and district wide memberships.
- Transfers-out to food service to avoid year end deficits may be necessary.
- **Encumbrances at year end are NOT reported as they are included in the appropriation measure for the following fiscal year.**

Comparison - Revenues, Expenditures

Actual FYs 2021-2023; Estimated FYs 2024-2028



Triway Local School District Schedule of LEVY RENEWALS

<u>Fiscal Year</u>	<u>Levy</u>	<u>Month/Year</u>
2024	Emergency (3 yrs)	November 2023
2026	Emergency (3 yrs)	May 2026
2028	5.5 Mill Operating (5 yrs)	November 2027

pK-12 School Campus Project

The Triway Board of Education placed a 1% earned income tax on the November 5, 2019 ballot for the purpose of building a pK-12 single campus building. Voters approved the initiative: 1909, for the tax, 1533, against. (55% - 45%)

If all goes as planned, the pK-12 campus will open for School Year 2025-26. No savings are factored into the forecast, but with a condensed setting, one could expect significant personnel savings.

Construction updates can be found by visiting: <https://www.onetriway.com/> or by scanning:



Elementary and Secondary Emergency Relief Fund (ESSER)

In July 2020, Congress awarded schools financial assistance to address the impact of COVID-19. The funding was determined by the District's federal grant, Part A of Title I. There are three segments of the ESSER relief package. The amounts of the assistance are:

ESSER I	\$ 402,645	March 13, 2020-September 20, 2022
ESSER II	\$1,591,164	March 13, 2020-September 20, 2023
ESSER III	\$3,549,246	March 13, 2020-September 20, 2024
ARP IDEA	\$ 81,838	

The District plans to use the money to provide additional and ongoing services for those students who are struggling after the pandemic shut-down. A large portion of the assistance was spent to provide a safe learning environment for the students.

The plans for ESSER III money include the construction of the Triway Wellness and Learning Center. The facility will be used for before- and after-school programs, summer school, latchkey, social-emotional counseling, and nursing services. The building will house the District's Central Office, as well.



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