

Forest Hills Local School District

Five Year Forecast Financial Report

November, 2020



Table of Contents

	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22

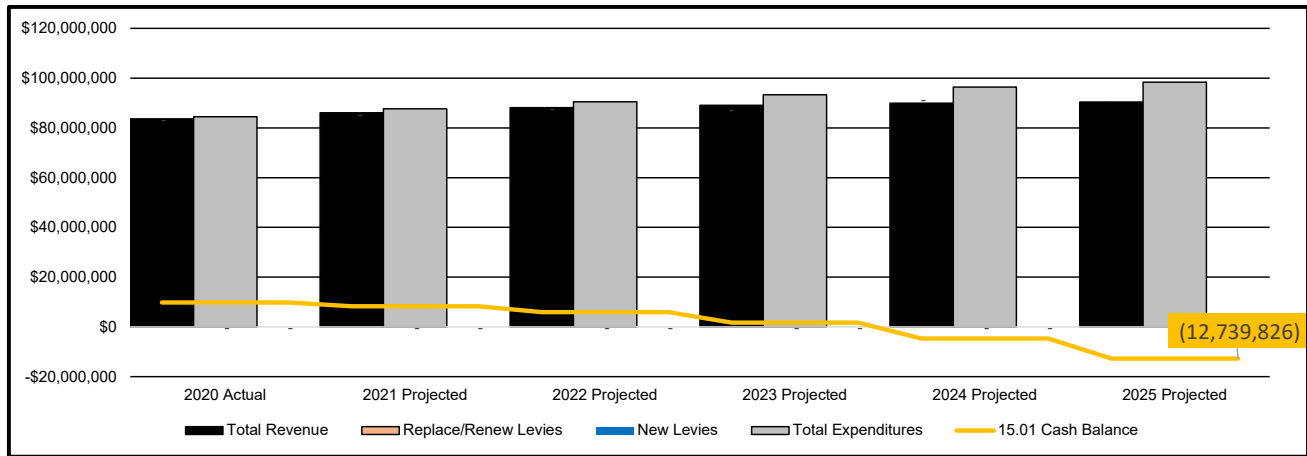
Forecast Purpose/Objectives

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

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

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

Forecast Summary



Note: Cash balance includes any existing levy modeled as renewed during the forecast.
Cash balance is not reduced for encumbrances.

Financial Forecast

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Beginning Balance	9,811,486	8,292,019	5,968,018	1,754,038	(4,672,776)
+ Revenue	86,110,646	88,116,442	89,090,679	89,950,720	90,352,836
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(87,630,113)	(90,440,443)	(93,304,658)	(96,377,535)	(98,419,886)
= Revenue Surplus or Deficit	(1,519,467)	(2,324,001)	(4,213,979)	(6,426,815)	(8,067,050)
Ending Balance with renewal levies	8,292,019	5,968,018	1,754,038	(4,672,776)	(12,739,826)
Note: Not Reduced for Encumbrances					

Analysis Without Renewal Levies Included:

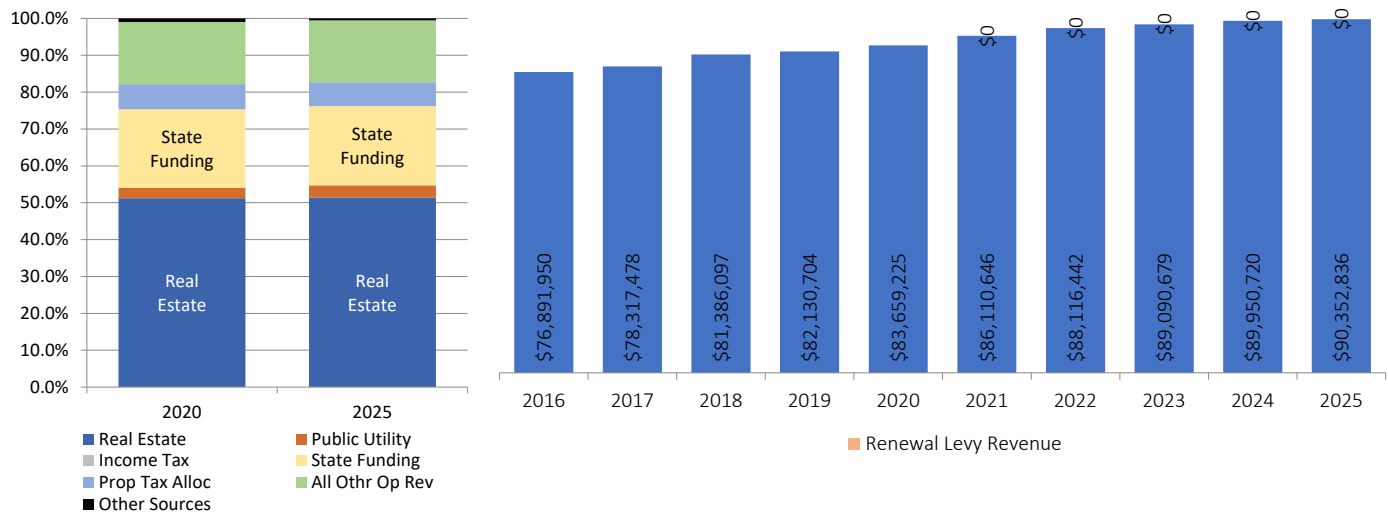
Revenue Surplus or Deficit w/o Levies	(1,519,467)	(2,324,001)	(4,213,979)	(6,426,815)	(8,067,050)
Ending Balance w/o Levies	8,292,019	5,968,018	1,754,038	(4,672,776)	(12,739,826)

In FY 2021 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$1,519,467 in FY 2021. By the last year of the forecast, FY 2025, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$8,067,050. The district would need to cut its FY 2025 projected expenses by 8.20% in order to balance its budget without additional revenue.

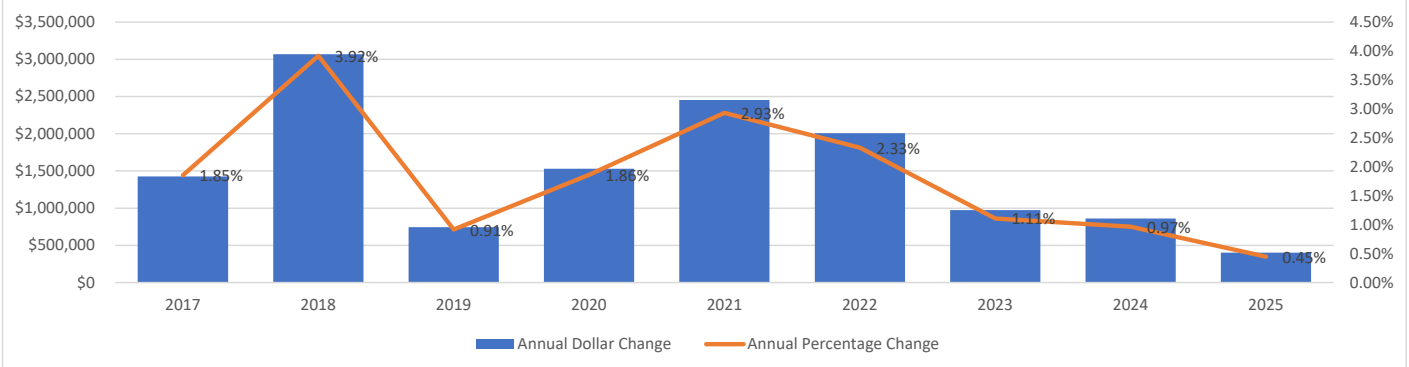
The district's cash balance is positive at year-end in FY 2021 and is projected to worsen by FY 2025. A worsening cash balance can erode the district's financial stability over time.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



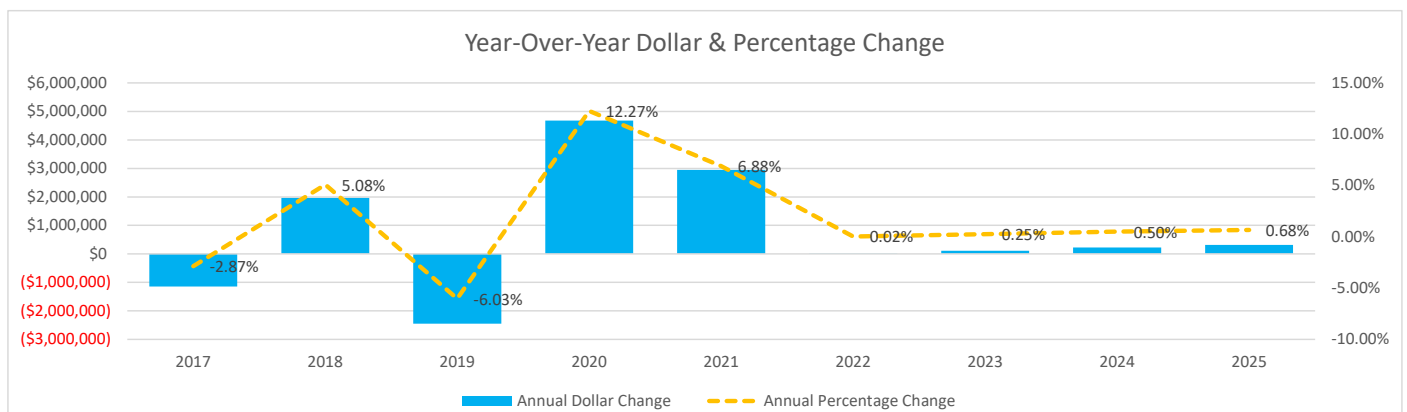
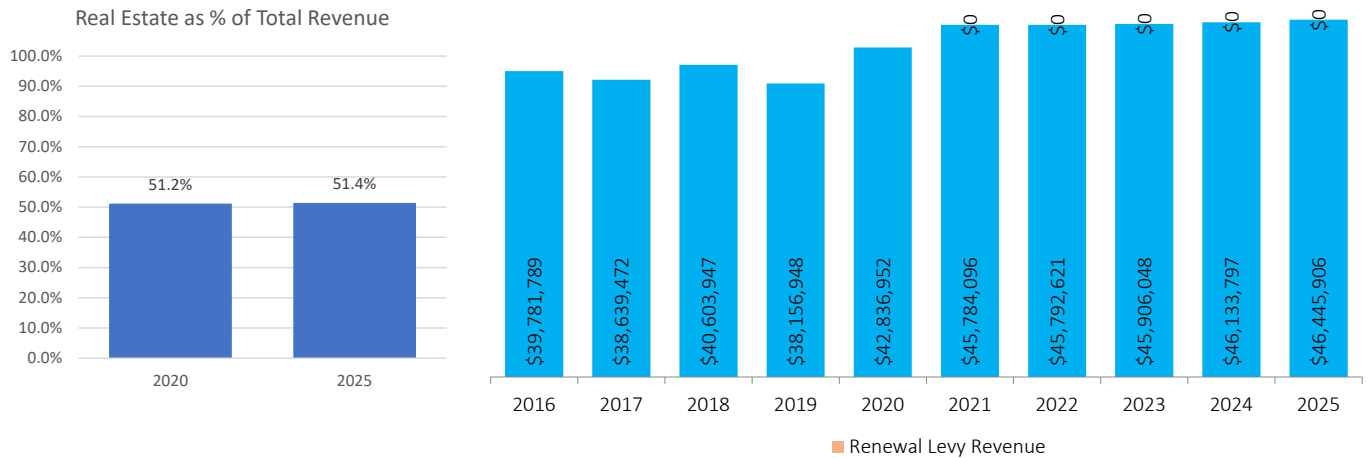
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Real Estate	\$1,399,160	\$721,791	(\$677,369)	Total revenue increased 2.23% or \$1,780,582 annually during the past five years and is projected to increase 1.56% or \$1,338,722 annually through FY2025. State Funding has the most projected average annual variance compared to the historical average at \$873,877
Public Utility	\$129,941	\$114,716	(\$15,225)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$542,461)	\$331,416	\$873,877	
Prop Tax Alloc	\$24,900	\$28,225	\$3,325	
All Othr Op Rev	\$634,679	\$208,987	(\$425,692)	
Other Sources	\$134,364	(\$66,413)	(\$200,776)	
Total Average Annual Change	\$1,780,582 2.23%	\$1,338,722 1.56%	(\$441,860) -0.68%	

Note: Expenditure average annual change is projected to be > \$2,796,474 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).



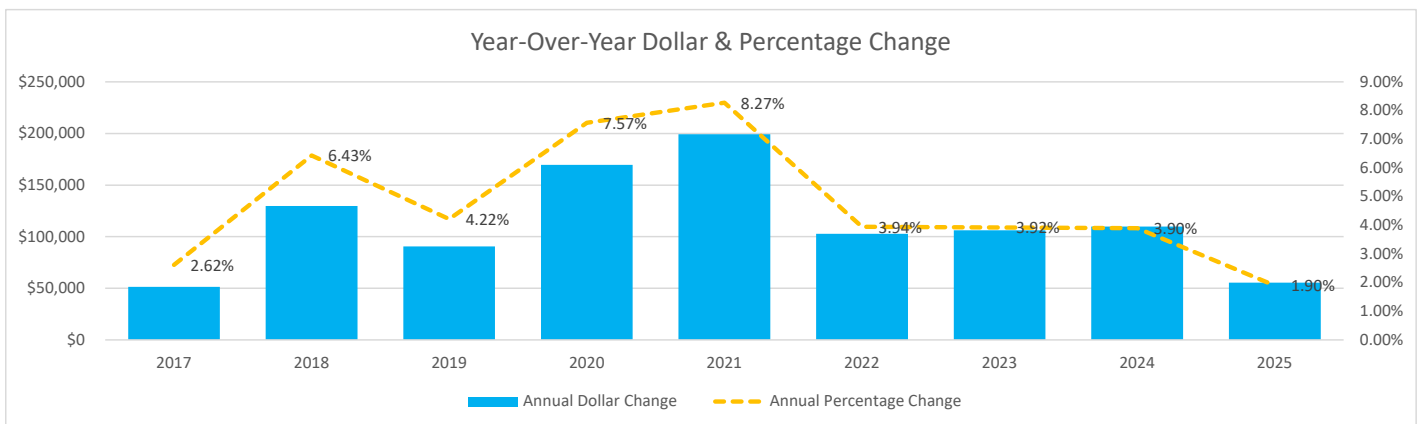
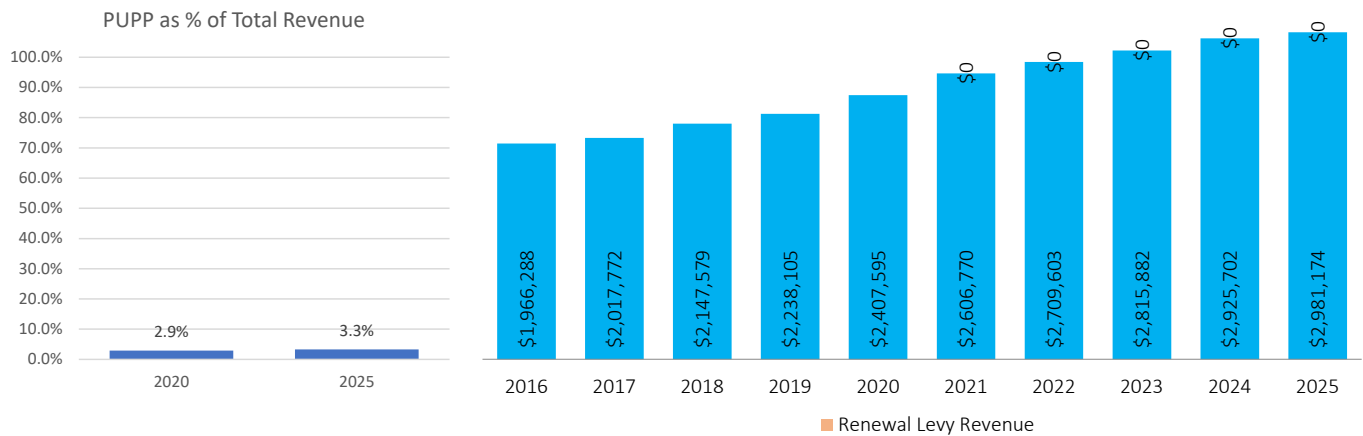
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2019	1,299,852,790	4,676,920	38.47	-	52.19	-	100.4%
2020	1,353,983,745	54,130,955	37.10	(1.36)	52.43	0.24	99.4%
2021	1,355,970,329	1,986,584	37.14	0.04	52.55	0.13	99.4%
2022	1,357,964,718	1,994,389	37.18	0.04	52.68	0.13	99.4%
2023	1,411,054,236	53,089,518	35.96	(1.22)	52.89	0.21	99.4%
2024	1,413,105,151	2,050,915	35.99	0.04	53.02	0.13	99.4%

Real estate property tax revenue accounts for 51.20% of total revenue. Class I or residential/agricultural taxes make up approximately 87.52% of the real estate property tax revenue. The Class I tax rate is 37.1 mills in tax year 2020. The projections reflect an average gross collection rate of 99.4% annually through tax year 2024. The revenue changed at an average annual historical rate of 3.77% and is projected to change at an average annual rate of 1.66% through FY 2025.

*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.



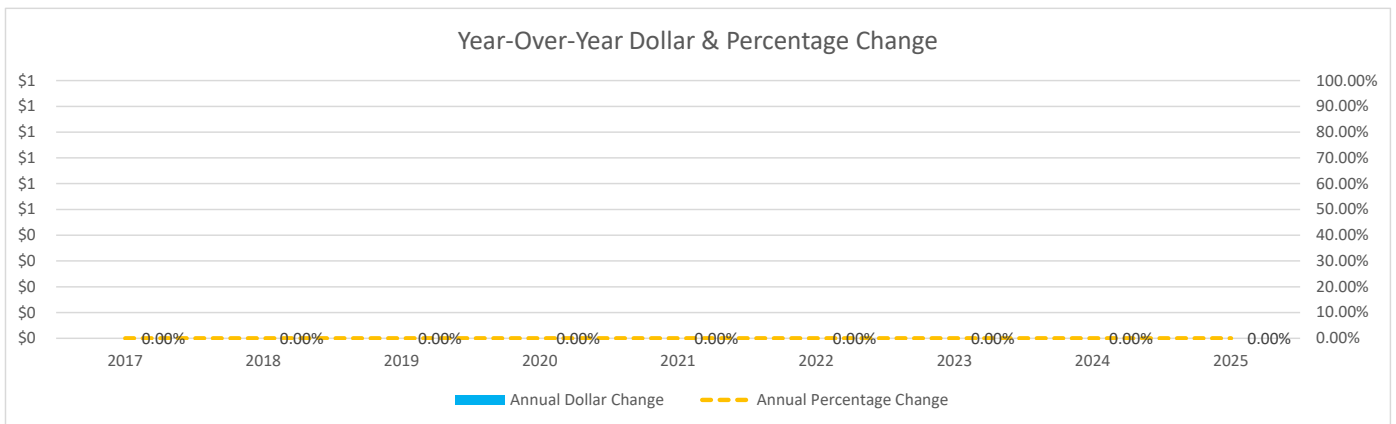
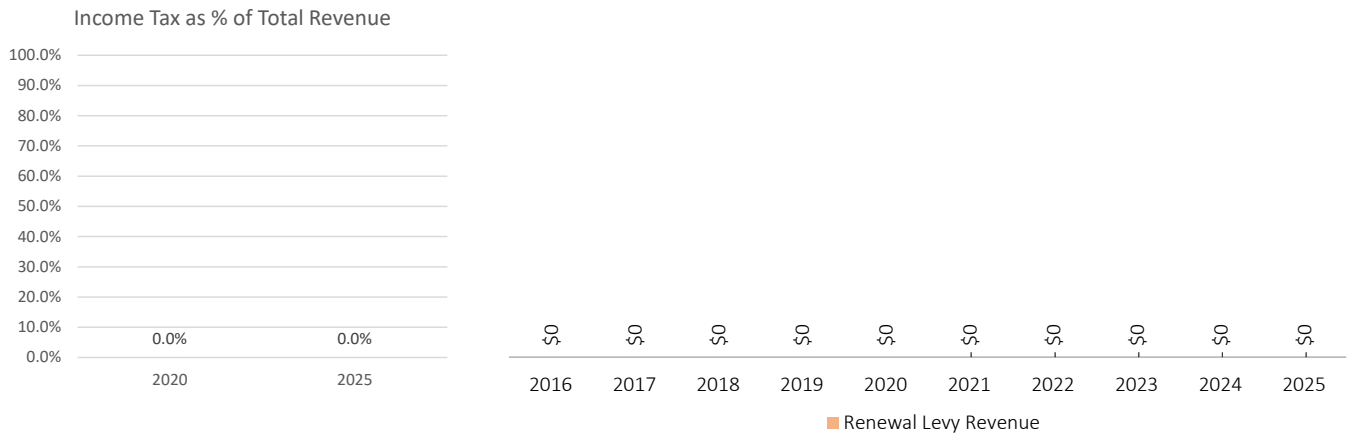
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2019	37,280,470	1,143,620	68.56	4.70	100.0%	
2020	38,750,722	1,470,252	68.56	-	100.0%	
2021	40,279,784	1,529,062	68.56	-	100.0%	
2022	41,850,696	1,570,912	68.56	-	100.0%	
2023	43,482,873	1,632,177	68.56	-	100.0%	
2024	43,482,873	0	68.56	-	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 2.88% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2020 is 68.56 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$129,941 and is projected to change at an average annual dollar amount of \$114,716 through FY 2025.

**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.

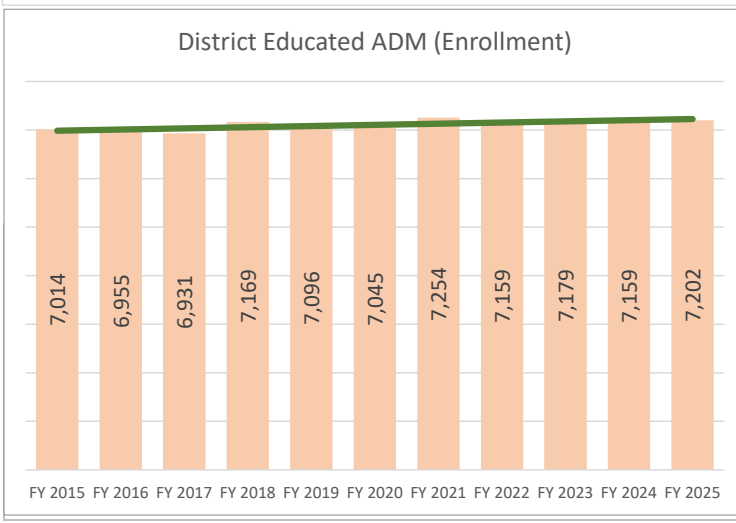
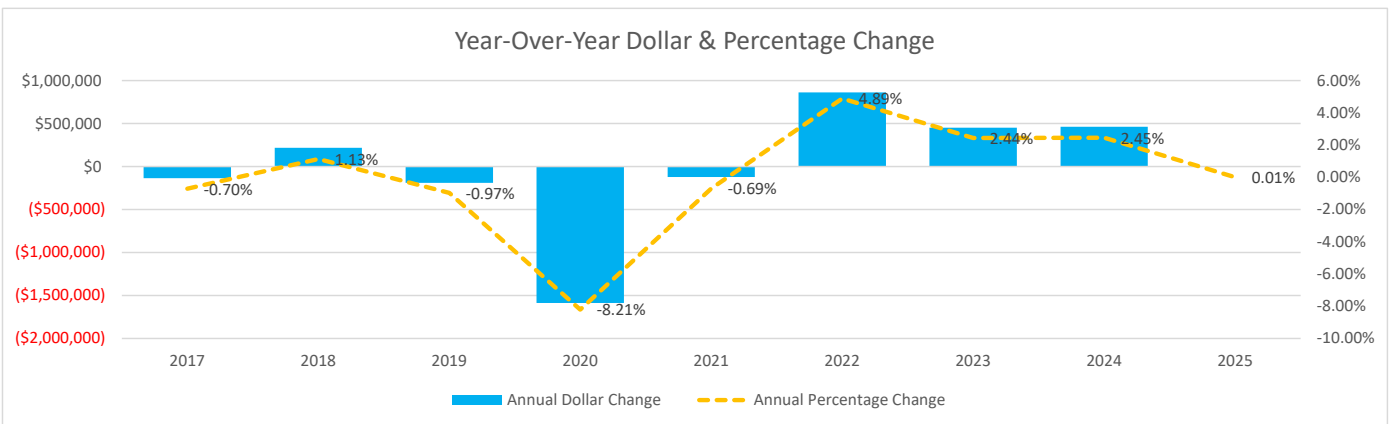
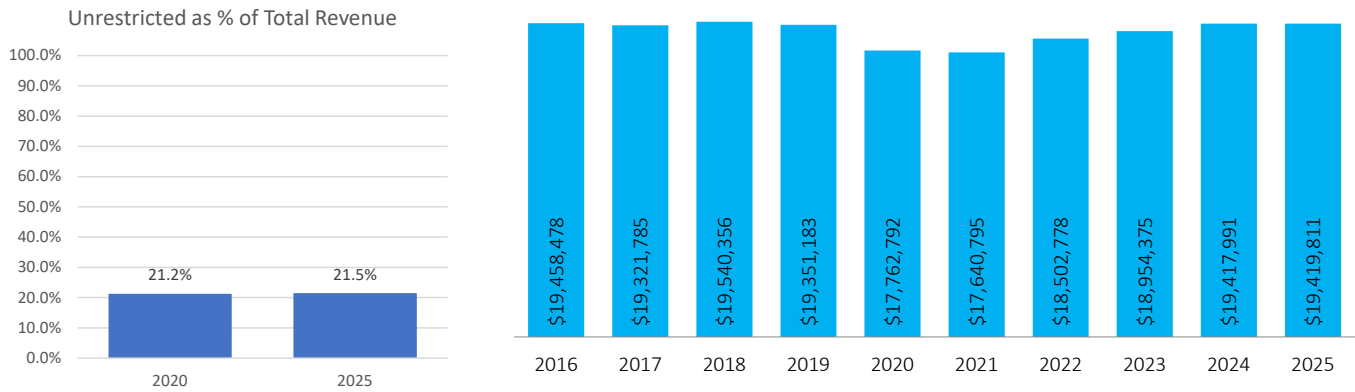


The district does not have an income tax levy.

*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

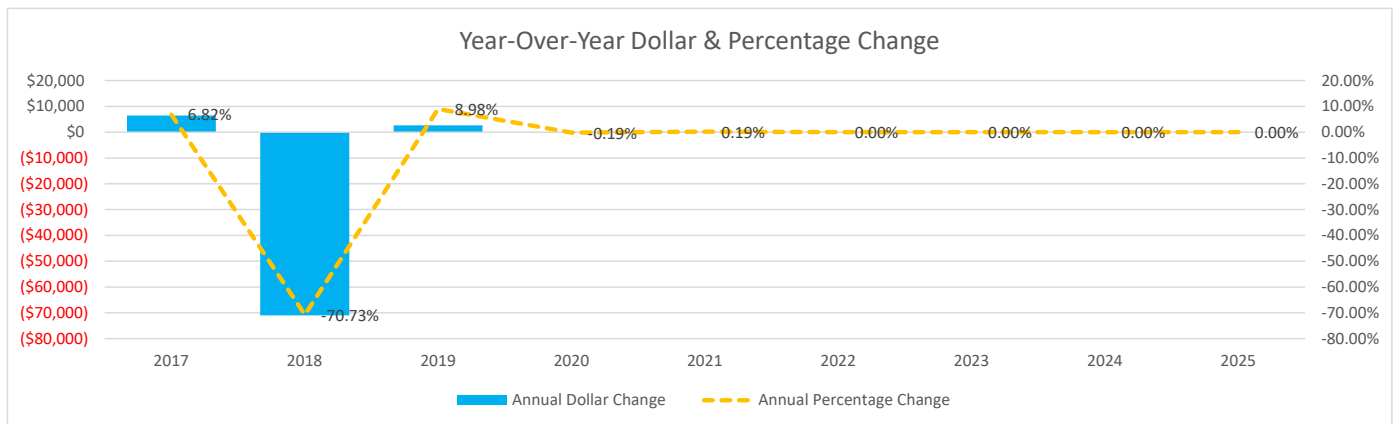
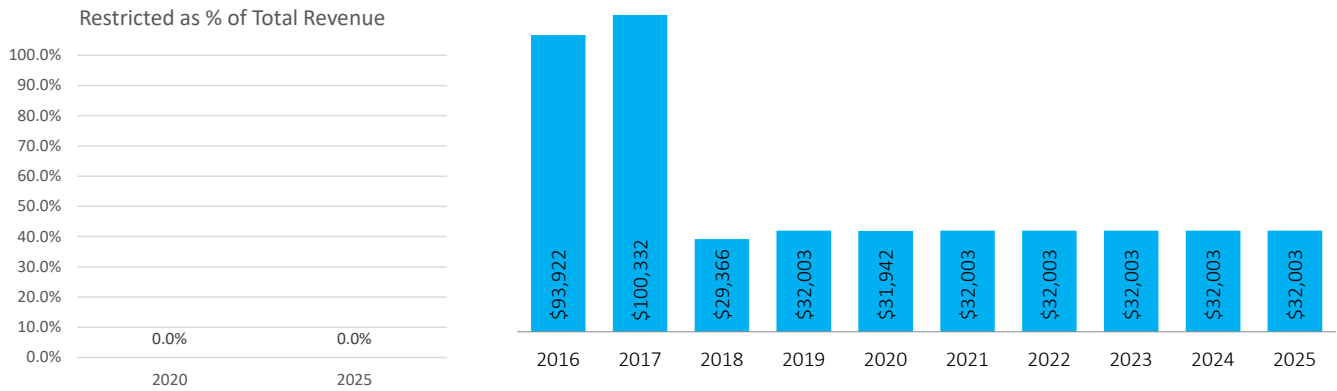
Funds received through the State Foundation Program with no restriction.



The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2021. In addition to its FY 2021 base funding amount of \$18,369,797 the district calculated FY 2021 categorical funding such as spec. ed., preschool, casino of \$781,071. Projected amounts less than the FY 2019 base indicate state budget cuts and other assumed change. For fiscal year 2022 - 2025, the district is projecting an average annual increase of 2.45% Note: Wellness funding is not included in these calculations.

1.040 & 1.045 - Restricted Grants-in-Aid

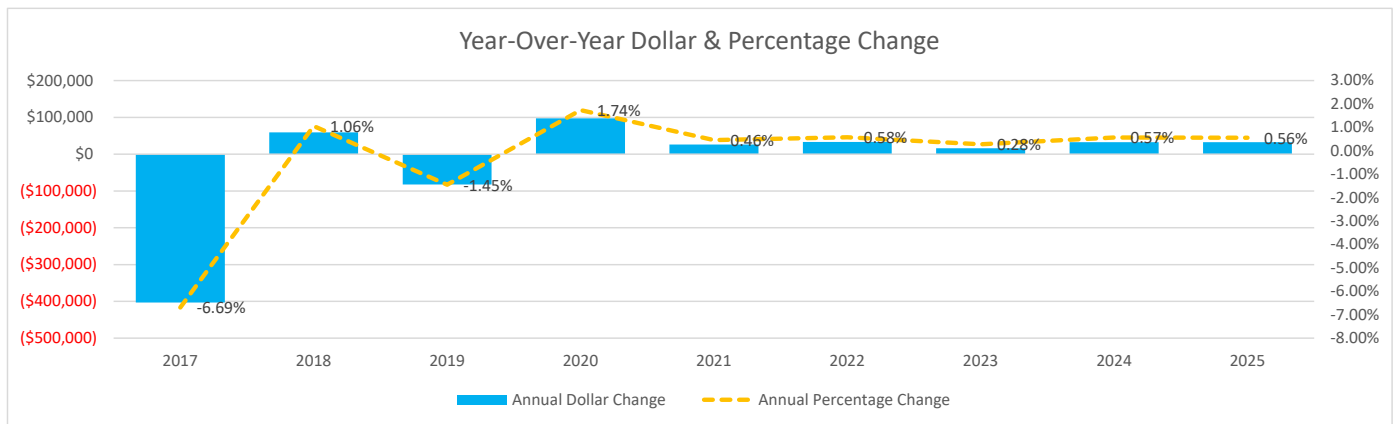
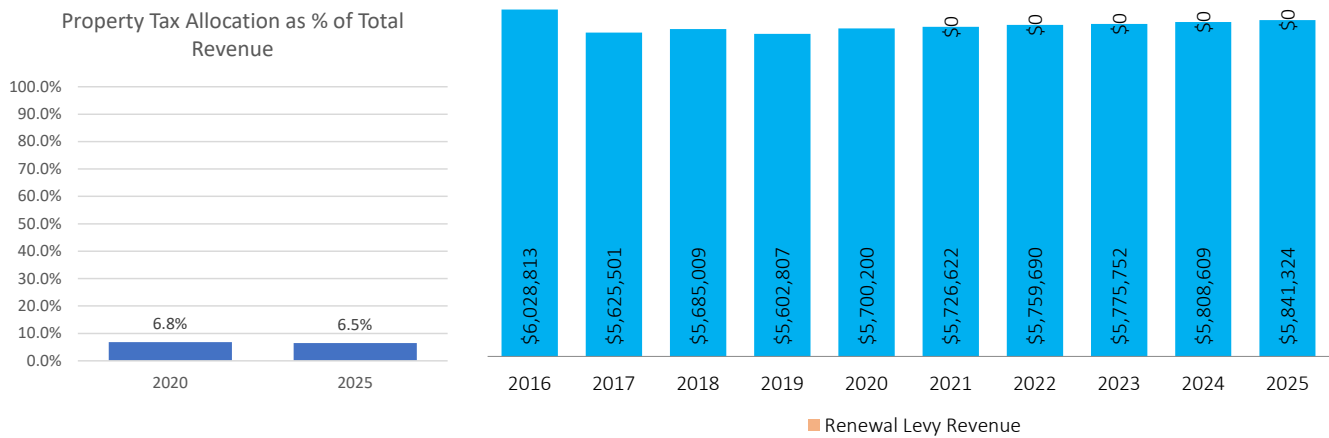
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 -\$22,796 and is projected to change annually on average by \$12. Restricted funds represent 0.04% of total revenue.

1.050 - Property Tax Allocation

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

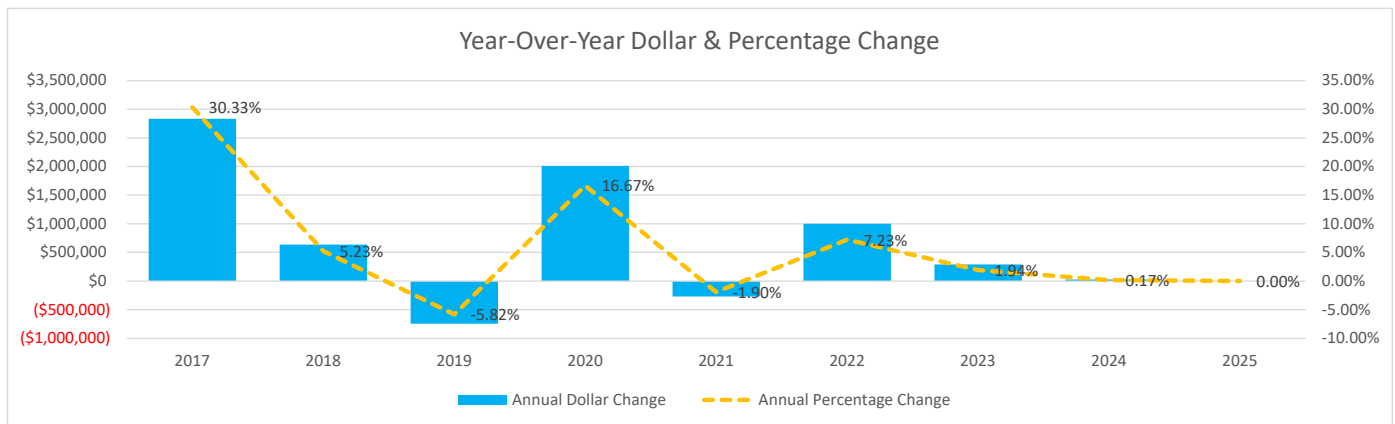
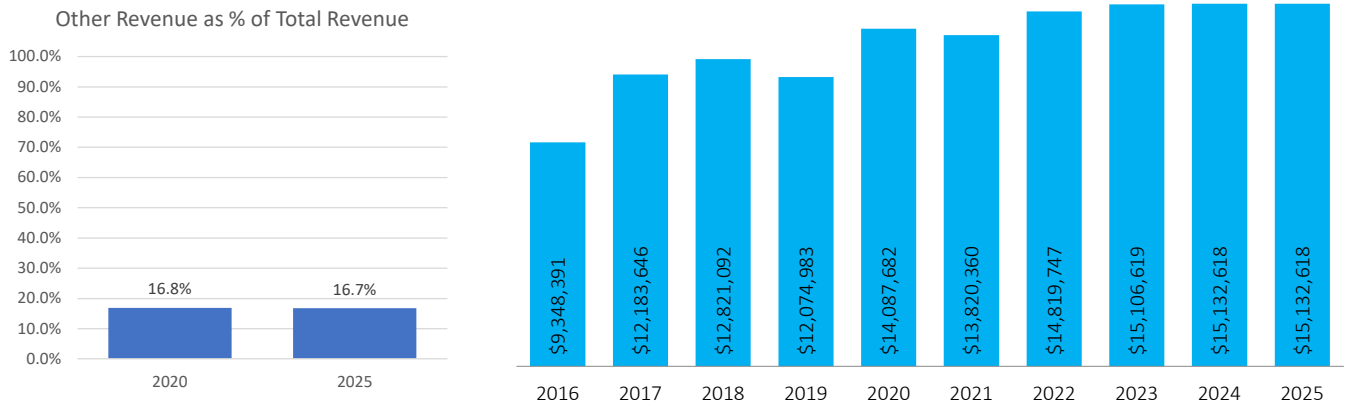


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2021, approximately 10.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.7% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

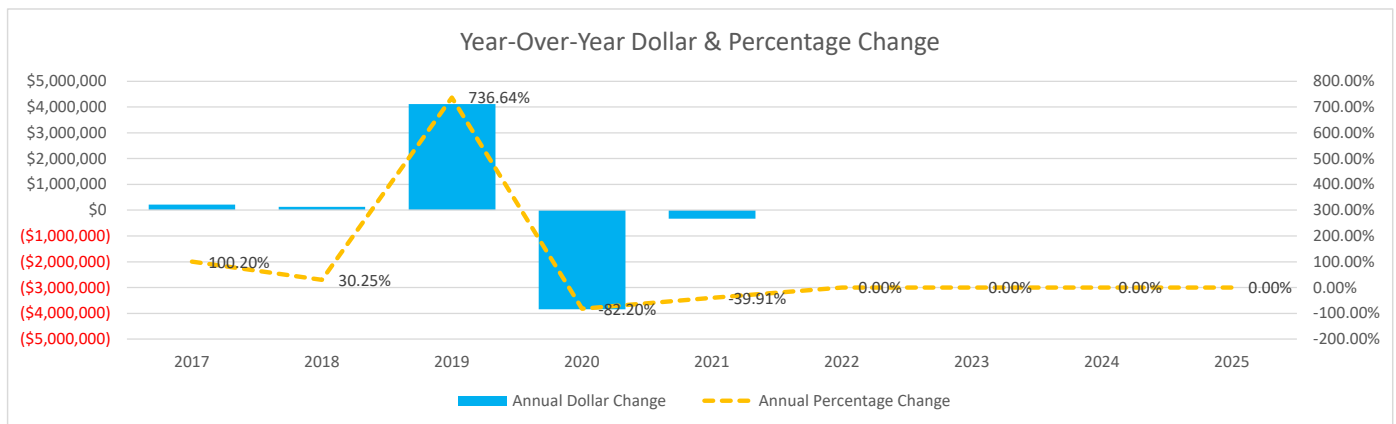
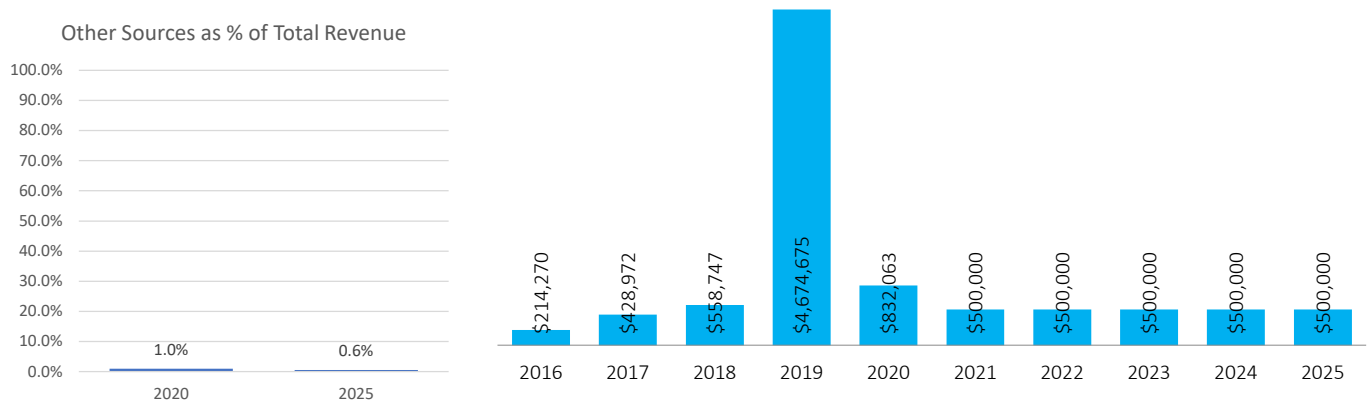
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$634,679. The projected average annual change is \$208,987 through FY 2025.

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.

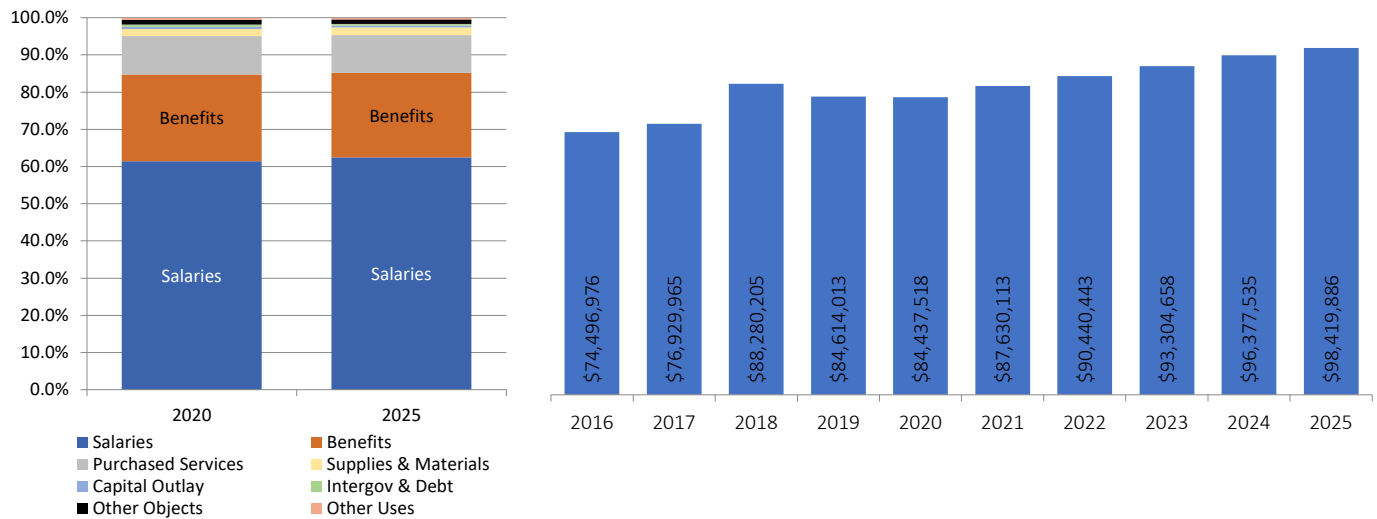


	FORECASTED					
	2020	2021	2022	2023	2024	2025
Transfers In	-	-	-	-	-	-
Advances In	500,000	-	-	-	-	-
All Other Financing Sources	332,063	500,000	500,000	500,000	500,000	500,000

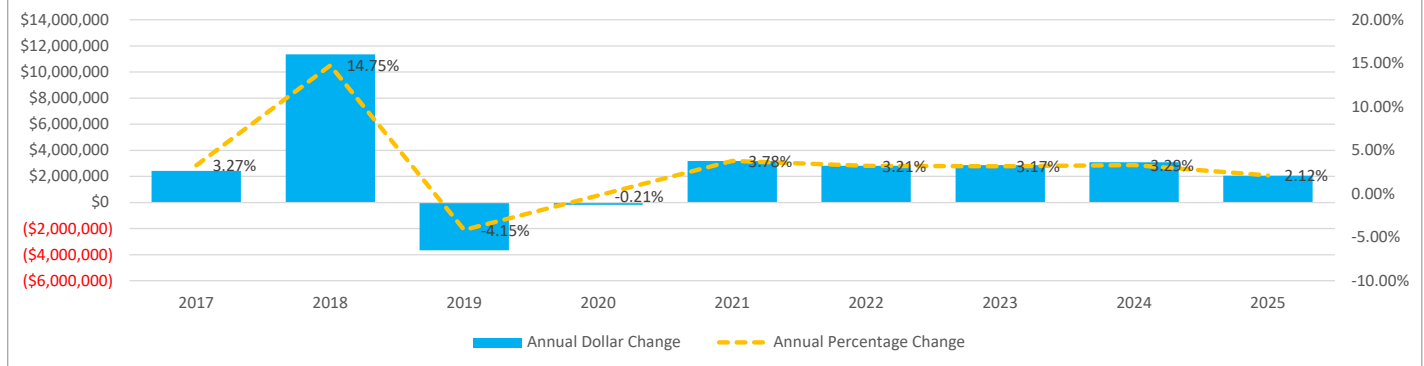
Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2020 the district received \$500,000 as advances-in and is projecting advances of \$0 in FY 2021. 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 \$500,000 in FY 2021 and average \$500,000 annually through FY 2025.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



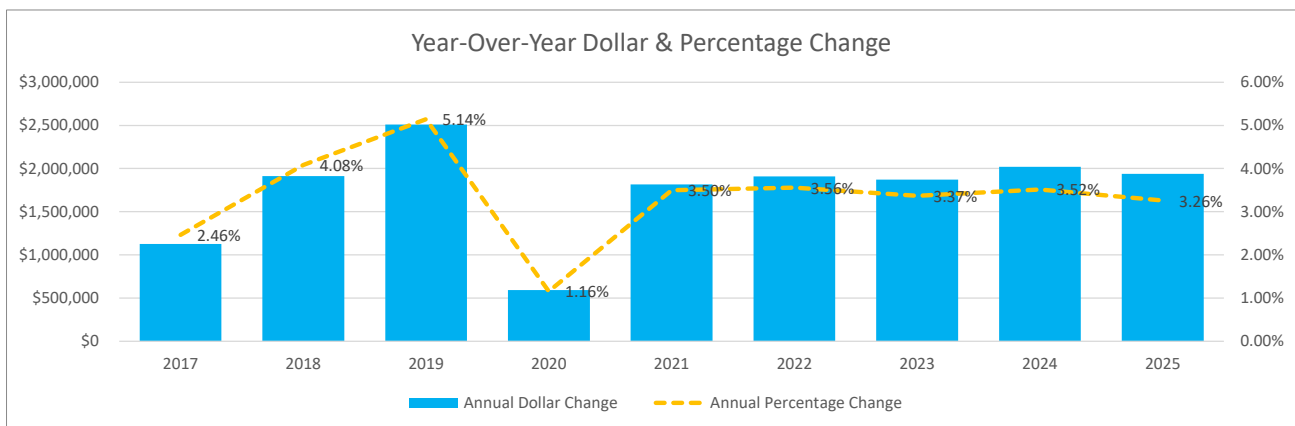
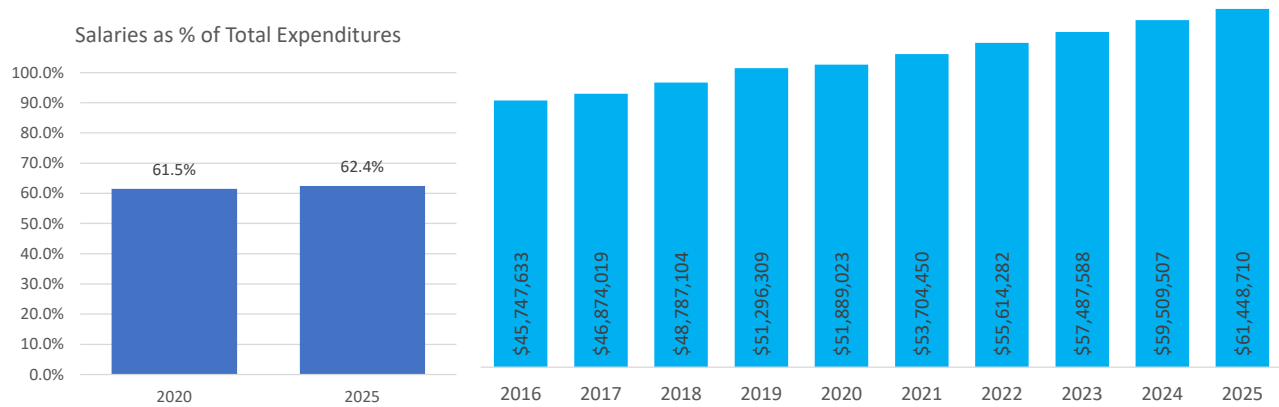
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 3.46% or \$2,502,518 annually during the past five years and is projected to increase 3.31% or \$2,796,474 annually through FY2025. Benefits has the largest projected average annual variance compared to the historical average at - \$708,163.
Salaries	\$1,671,668	\$1,911,937	\$240,269	
Benefits	\$1,254,155	\$545,992	(\$708,163)	
Purchased Services	\$141,623	\$249,410	\$107,787	
Supplies & Materials	(\$376,419)	\$85,481	\$461,900	
Capital Outlay	(\$330,346)	(\$2,557)	\$327,788	
Intergov & Debt	\$154,025	\$265	(\$153,760)	
Other Objects	(\$77,122)	\$5,946	\$83,068	
Other Uses	\$64,933	(\$0)	(\$64,933)	
Total Average Annual Change	\$2,502,518 3.46%	\$2,796,474 3.31%	\$293,956 -0.15%	

Note: Expenditure average annual change is projected to be > \$2,796,474 On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

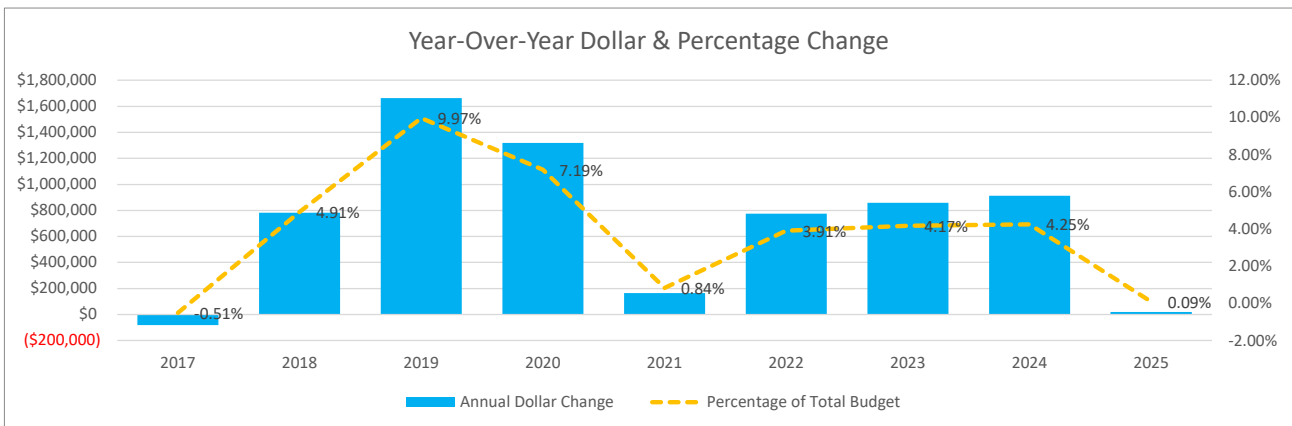
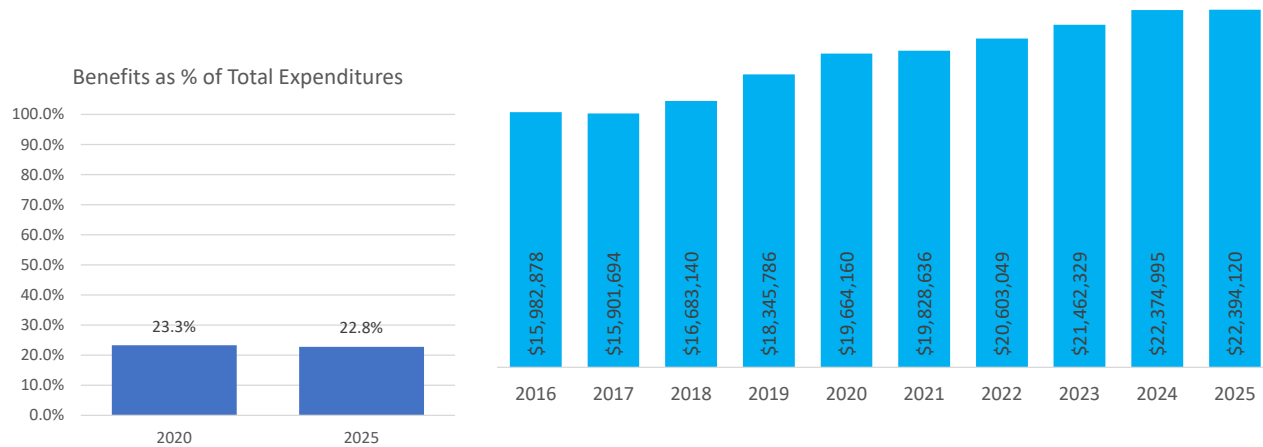
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 61.45% of total expenditures and increased at a historical average annual rate of 3.46% or \$1,671,668. This category of expenditure is projected to grow at an average annual rate of 3.44% or \$1,911,937 through FY 2025. The projected average annual rate of change is -0.02% less than the five year historical annual average.

3.020 - Employees' Benefits

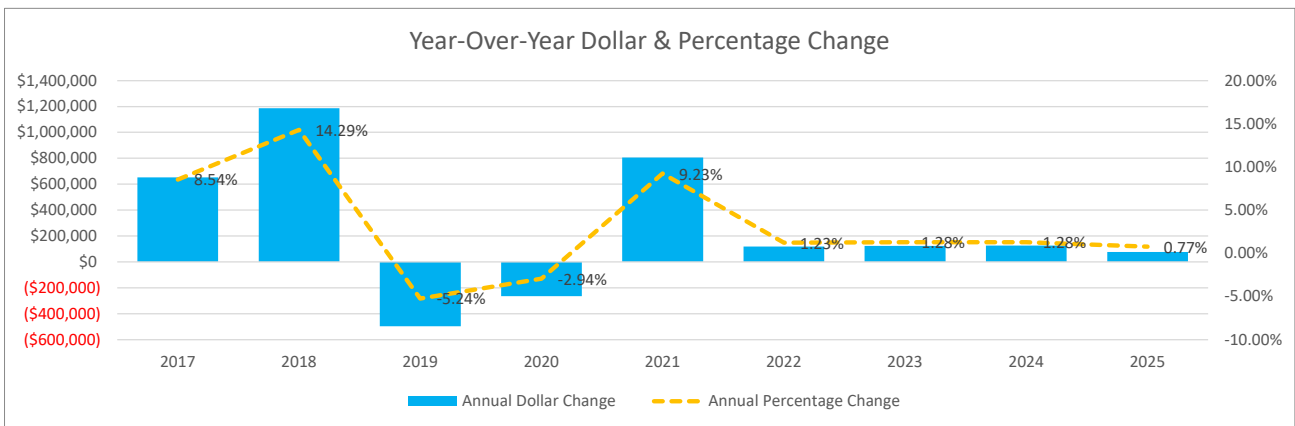
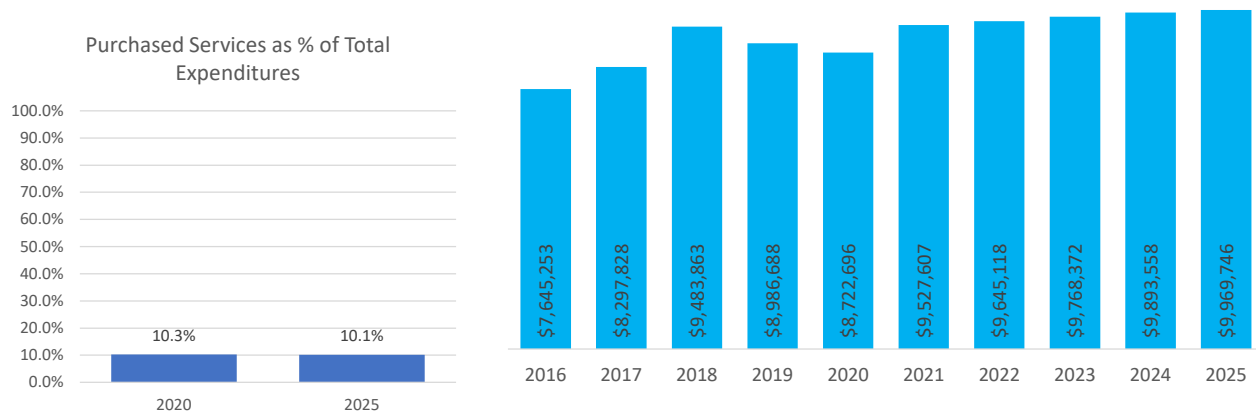
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 23.29% of total expenditures and increased at a historical average annual rate of 7.36%. This category of expenditure is projected to grow at an annual average rate of 2.65% through FY 2025. The projected average annual rate of change is -4.71% less than the five year historical annual average.

3.030 - Purchased Services

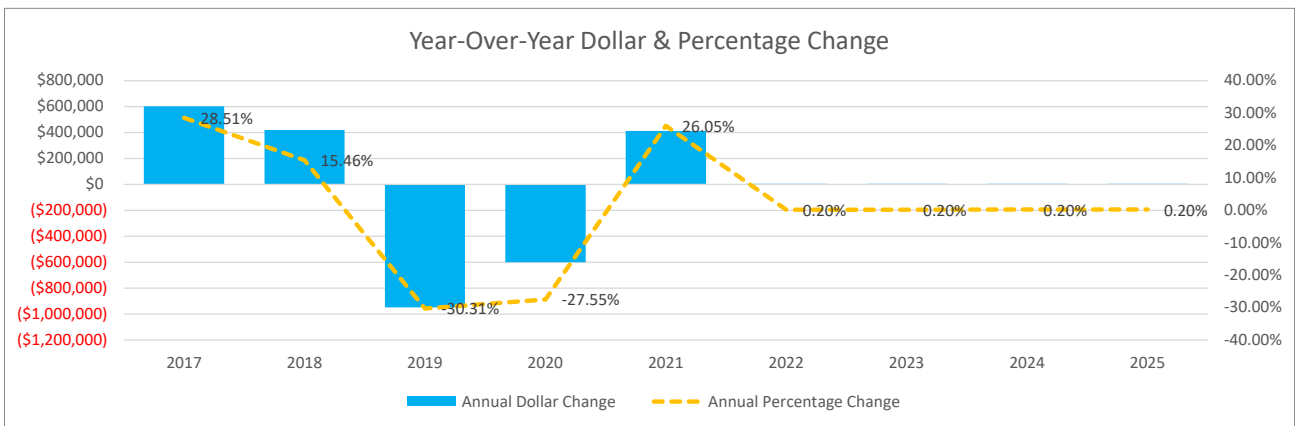
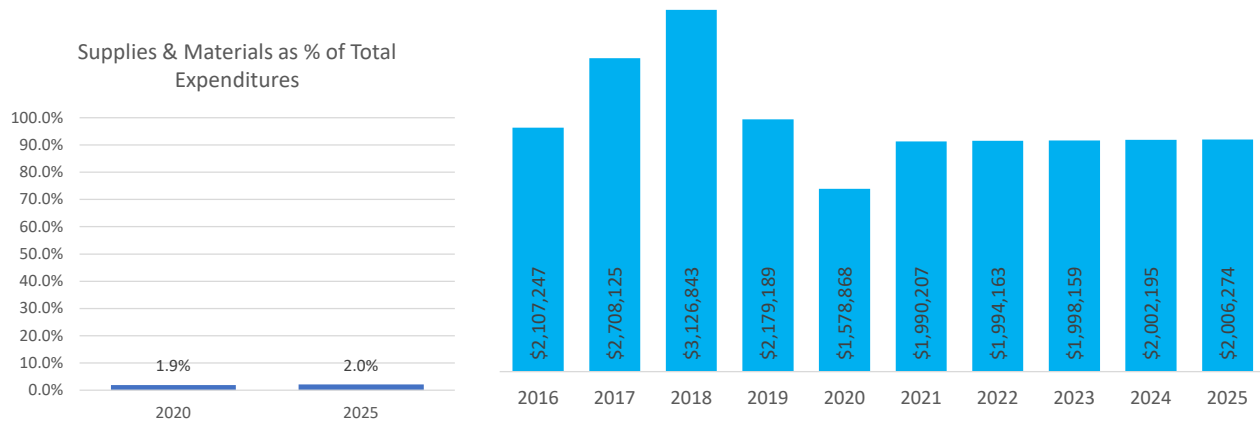
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 10.33% of total expenditures and increased at a historical average annual rate of 2.04%. This category of expenditure is projected to grow at an annual average rate of 2.76% through FY 2025. The projected average annual rate of change is 0.72% more than the five year historical annual average.

3.040 - Supplies & Materials

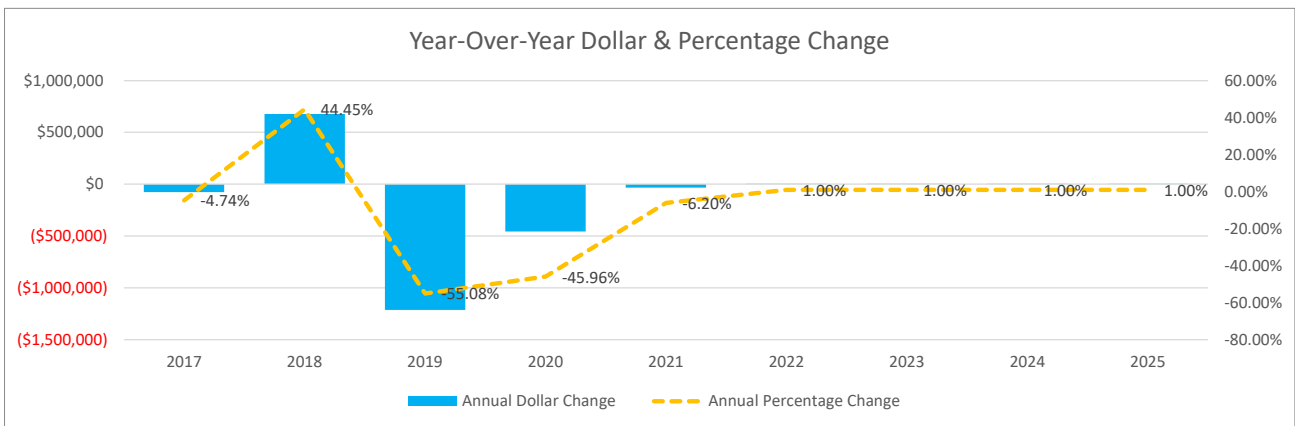
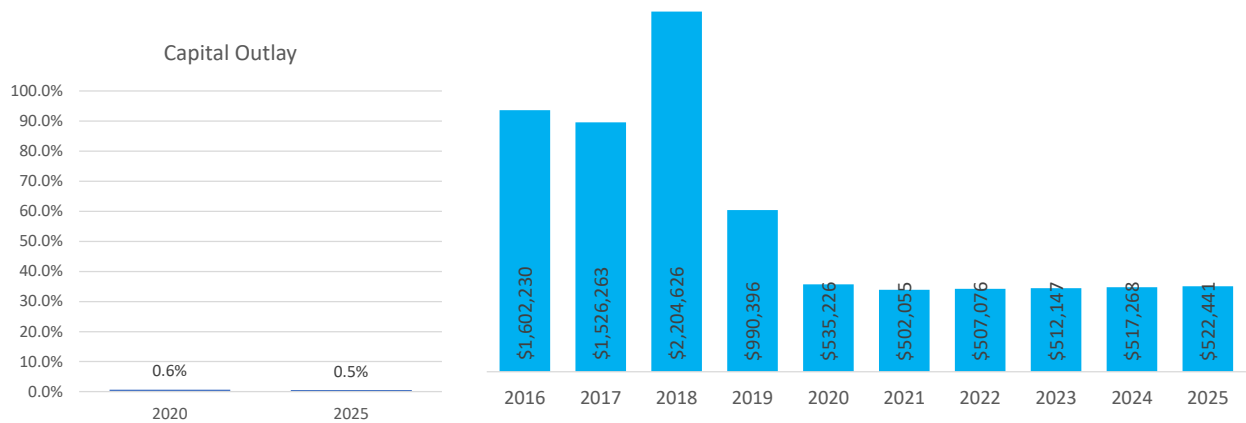
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 1.87% of total expenditures and decreased at a historical average annual rate of -14.13%. This category of expenditure is projected to grow at an annual average rate of 5.37% through FY 2025. The projected average annual rate of change is 19.50% more than the five year historical annual average.

3.050 - Capital Outlay

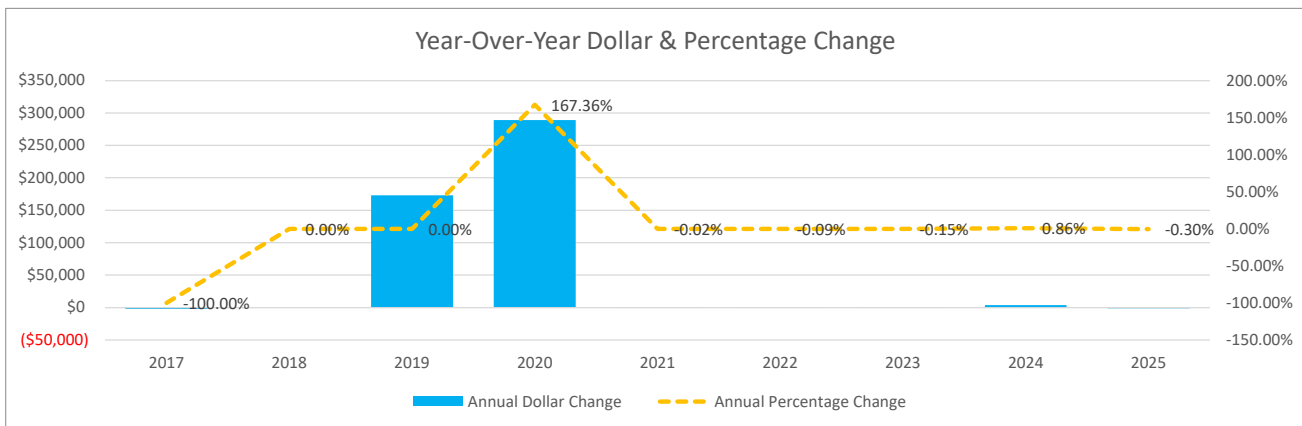
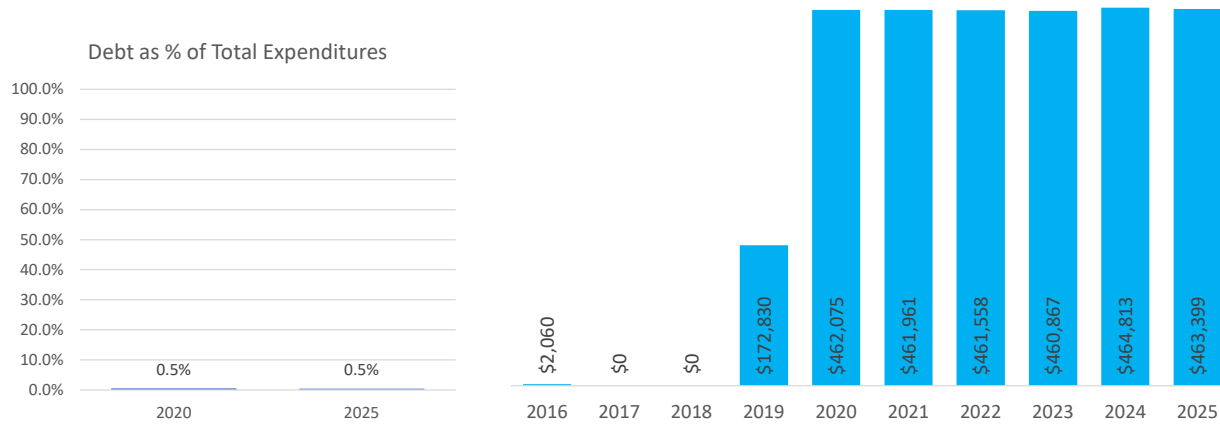
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.63% of total expenditures and decreased at a historical average annual amount of -\$330,346. This category of expenditure is projected to decrease at an annual average amount of -\$2,557 through FY 2025. The projected average annual change is more than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

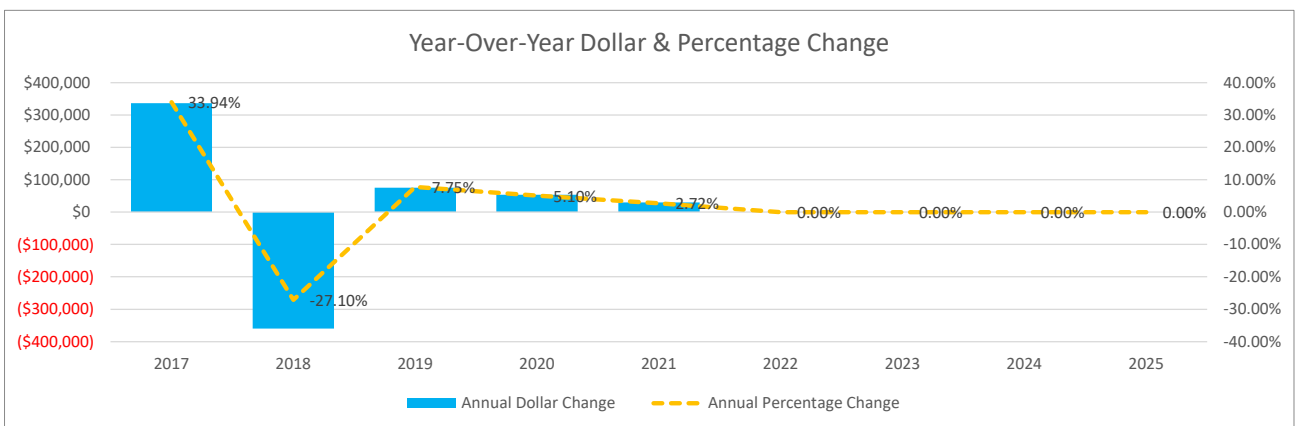
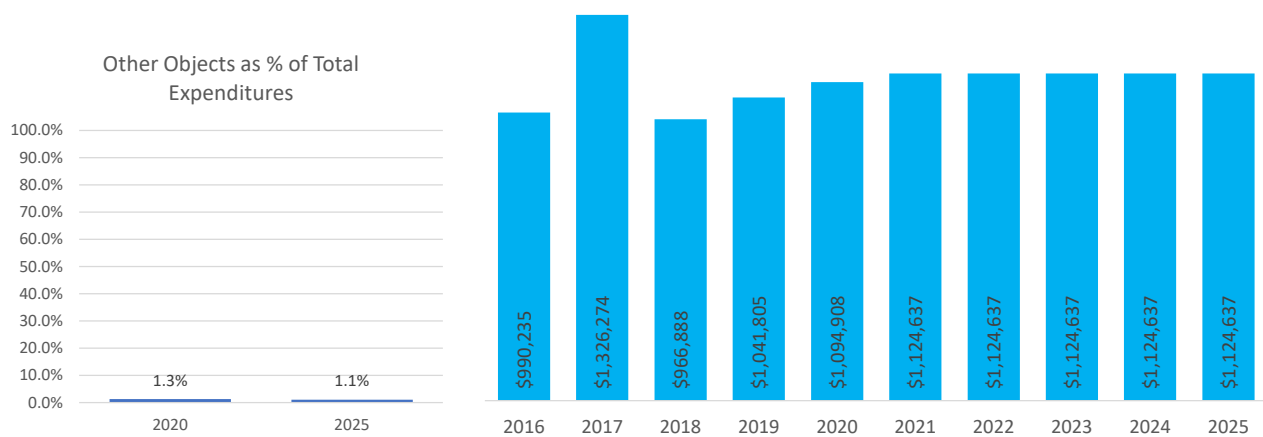
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

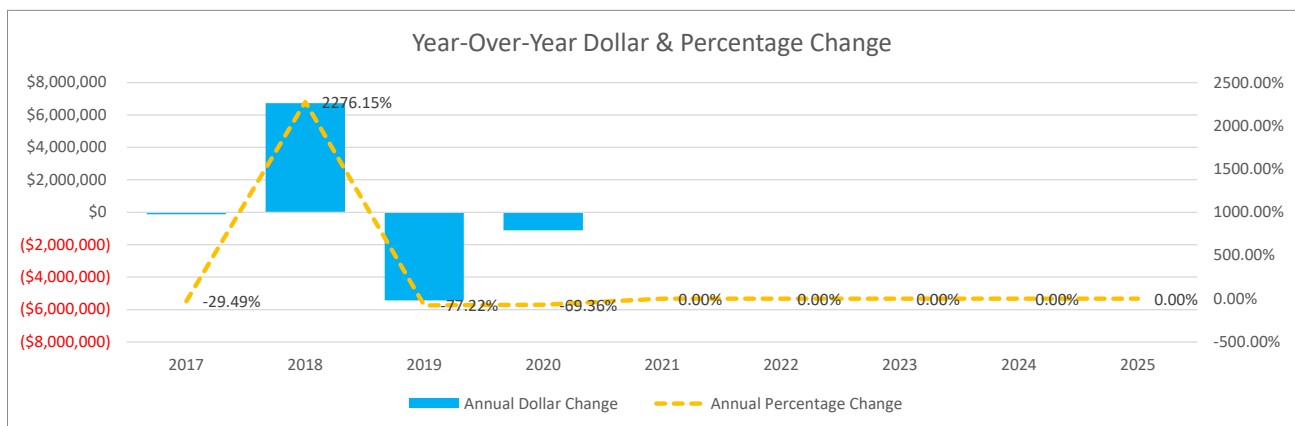
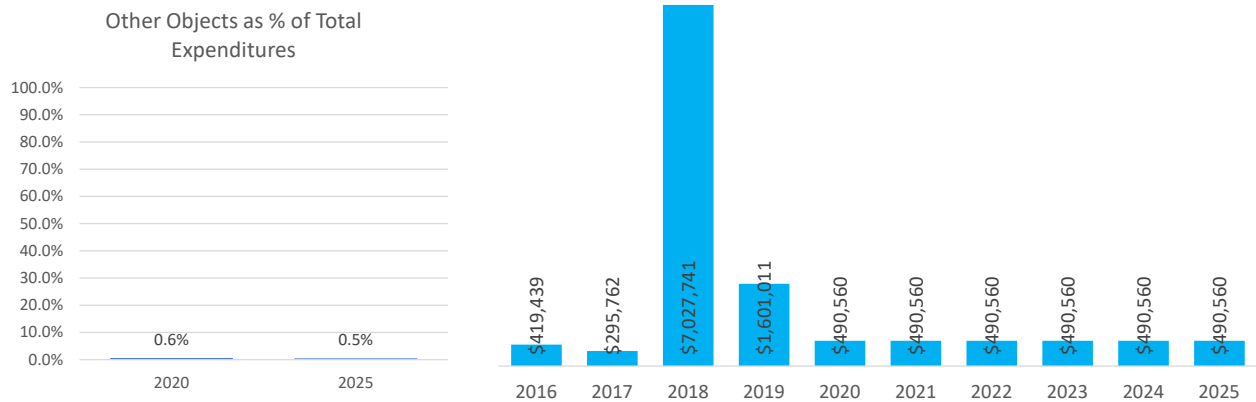
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.30% of total expenditures and decreased at a historical average annual rate of -4.75%. This category of expenditure is projected to grow at an annual average rate of 0.54% through FY 2025. The projected average annual rate of change is 5.29% 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.



	2020	2021	2022	FORECASTED		
	2020	2021	2022	2023	2024	2025
Transfers Out	490,000	490,000	490,000	490,000	490,000	490,000
Advances Out	-	-	-	-	-	-
Other Financing Uses	560	560	560	560	560	560

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 2020 the district had no advances-out and has no advances-out forecasted through FY 2025. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2025. 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.

Forest Hills Local School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2020	2021	2022	2023	2024	2025
Revenue:						
1.010 - General Property Tax (Real Estate)	42,836,952	45,784,096	45,792,621	45,906,048	46,133,797	46,445,906
1.020 - Public Utility Personal Property	2,407,595	2,606,770	2,709,603	2,815,882	2,925,702	2,981,174
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	17,762,792	17,640,795	18,502,778	18,954,375	19,417,991	19,419,811
1.040 - Restricted Grants-in-Aid	31,942	32,003	32,003	32,003	32,003	32,003
1.050 - Property Tax Allocation	5,700,200	5,726,622	5,759,690	5,775,752	5,808,609	5,841,324
1.060 - All Other Operating Revenues	14,087,682	13,820,360	14,819,747	15,106,619	15,132,618	15,132,618
1.070 - Total Revenue	82,827,163	85,610,646	87,616,442	88,590,679	89,450,720	89,852,836
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	500,000	-	-	-	-	-
2.060 - All Other Financing Sources	332,063	500,000	500,000	500,000	500,000	500,000
2.070 - Total Other Financing Sources	832,063	500,000	500,000	500,000	500,000	500,000
2.080 - Total Rev & Other Sources	83,659,225	86,110,646	88,116,442	89,090,679	89,950,720	90,352,836
Expenditures:						
3.010 - Personnel Services	51,889,023	53,704,450	55,614,282	57,487,588	59,509,507	61,448,710
3.020 - Employee Benefits	19,664,160	19,828,636	20,603,049	21,462,329	22,374,995	22,394,120
3.030 - Purchased Services	8,722,696	9,527,607	9,645,118	9,768,372	9,893,558	9,969,746
3.040 - Supplies and Materials	1,578,868	1,990,207	1,994,163	1,998,159	2,002,195	2,006,274
3.050 - Capital Outlay	535,226	502,055	507,076	512,147	517,268	522,441
Intergovernmental & Debt Service	462,075	461,961	461,558	460,867	464,813	463,399
4.300 - Other Objects	1,094,908	1,124,637	1,124,637	1,124,637	1,124,637	1,124,637
4.500 - Total Expenditures	83,946,958	87,139,553	89,949,883	92,814,099	95,886,975	97,929,326
Other Financing Uses						
5.010 - Operating Transfers-Out	490,000	490,000	490,000	490,000	490,000	490,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	560	560	560	560	560	560
5.040 - Total Other Financing Uses	490,560	490,560	490,560	490,560	490,560	490,560
5.050 - Total Exp and Other Financing Uses	84,437,518	87,630,113	90,440,443	93,304,658	96,377,535	98,419,886
6.010 - Excess of Rev Over/(Under) Exp	(778,293)	(1,519,467)	(2,324,001)	(4,213,979)	(6,426,815)	(8,067,050)
7.010 - Cash Balance July 1 (No Levies)	10,589,779	9,811,486	8,292,019	5,968,018	1,754,038	(4,672,776)
7.020 - Cash Balance June 30 (No Levies)	9,811,486	8,292,019	5,968,018	1,754,038	(4,672,776)	(12,739,826)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	9,811,486	8,292,019	5,968,018	1,754,038	(4,672,776)	(12,739,826)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	9,811,486	8,292,019	5,968,018	1,754,038	(4,672,776)	(12,739,826)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	9,811,486	8,292,019	5,968,018	1,754,038	(4,672,776)	(12,739,826)