

Forest Hills Local School District

Five Year Forecast Financial Report

November, 2022

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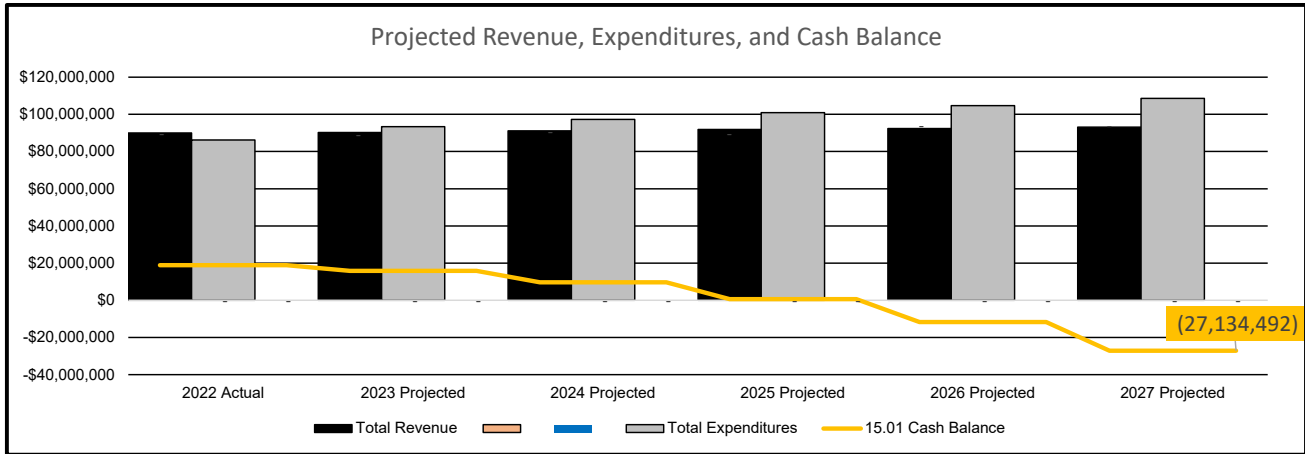
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Forecast Purpose/Objectives

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	18,876,218	15,793,466	9,711,832	629,806	(11,706,717)
+ Revenue	90,294,093	91,167,726	91,894,268	92,377,891	93,154,390
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(93,376,845)	(97,249,360)	(100,976,294)	(104,714,414)	(108,582,165)
= Revenue Surplus or Deficit	(3,082,752)	(6,081,634)	(9,082,026)	(12,336,523)	(15,427,775)
Line 7.020 Ending Balance with renewal/new levies	15,793,466	9,711,832	629,806	(11,706,717)	(27,134,492)

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(3,082,752)	(6,081,634)	(9,082,026)	(12,336,523)	(15,427,775)
Ending Balance w/o Levies	15,793,466	9,711,832	629,806	(11,706,717)	(27,134,492)

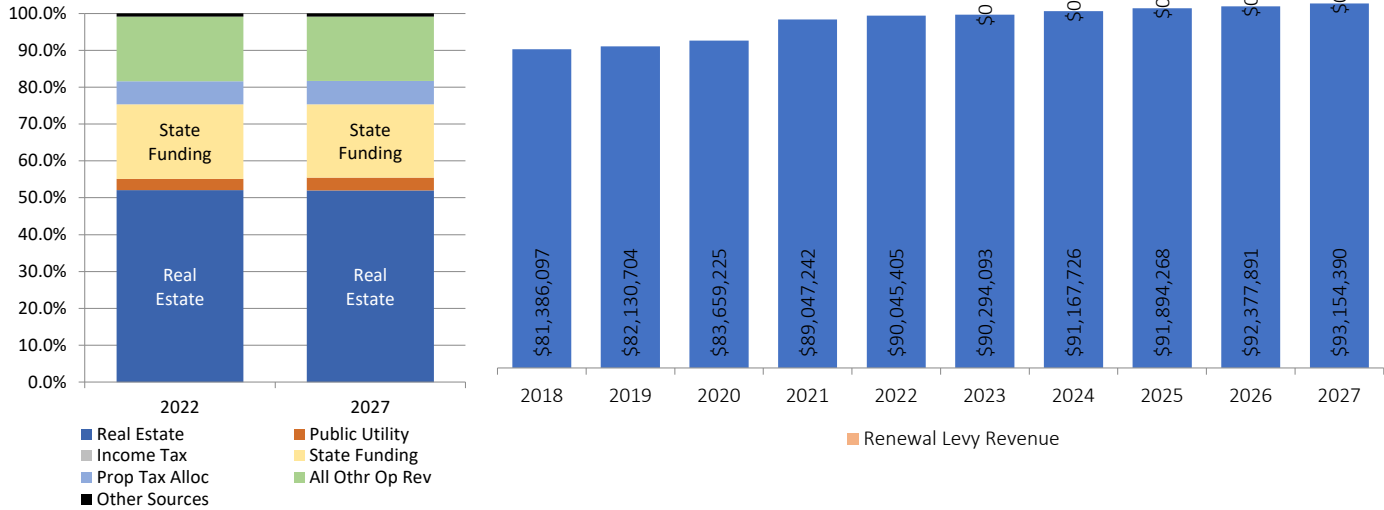
In FY 2023 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$3,082,752 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$15,427,775. The district would need to cut its FY 2027 projected expenses by 14.21% 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.

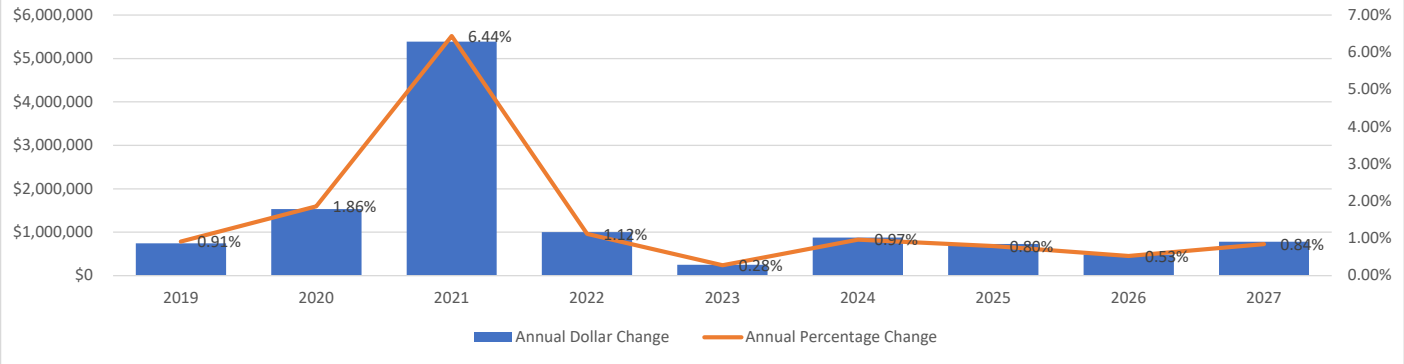
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$1,116,261 in FY 2023. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates 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



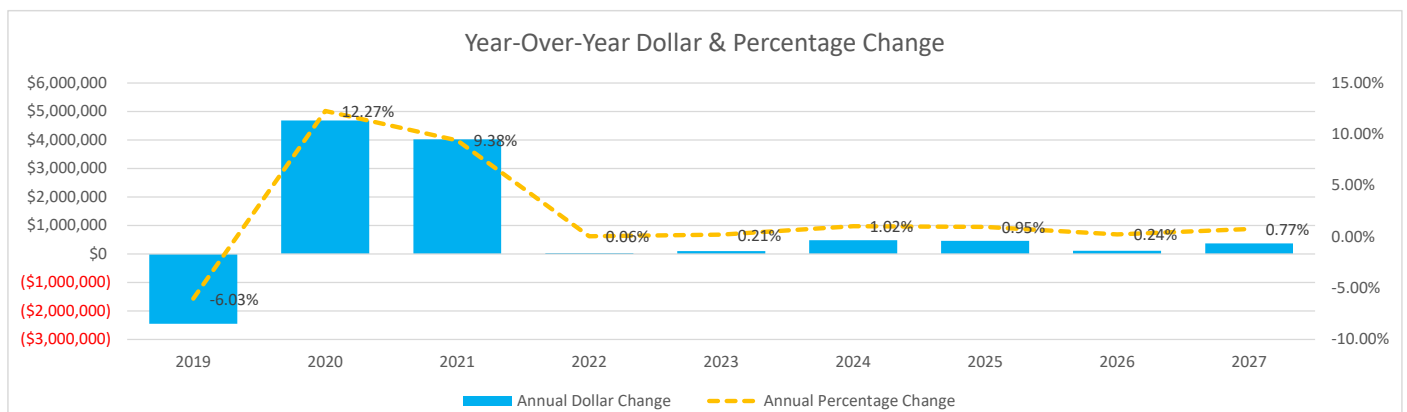
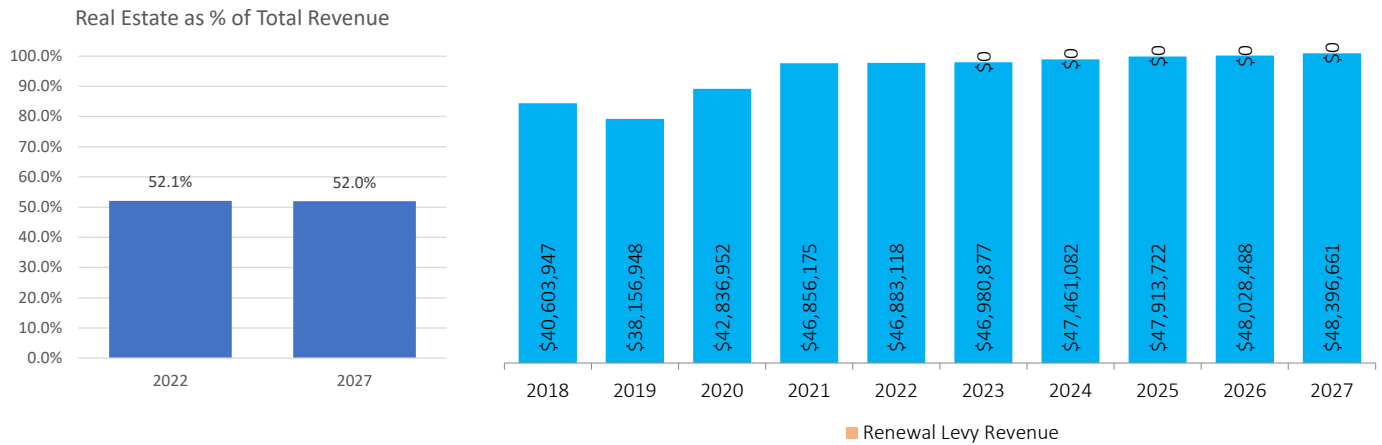
5-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 2.75% or \$2,345,585 annually during the past 5-Year period and is projected to increase 0.68% or \$621,797 annually through FY2027. Real Estate has the most projected average annual variance compared to the historical average at - \$1,346,021
Real Estate	1,648,729	302,709	(\$1,346,021)	
Public Utility	\$149,533	\$106,582	(\$42,951)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$252,721)	68,773	\$321,495	
Prop Tax Alloc	\$12,814	\$36,999	\$24,185	
All Othr Op Rev	\$717,146	\$106,453	(\$610,693)	
Other Sources	\$70,085	\$281	(\$69,804)	
Total Average Annual Change	2,345,585	621,797	(\$1,723,788)	
	2.75%	0.68%	-2.07%	

Note: Expenditure average annual change is projected to be > \$4,475,403 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).



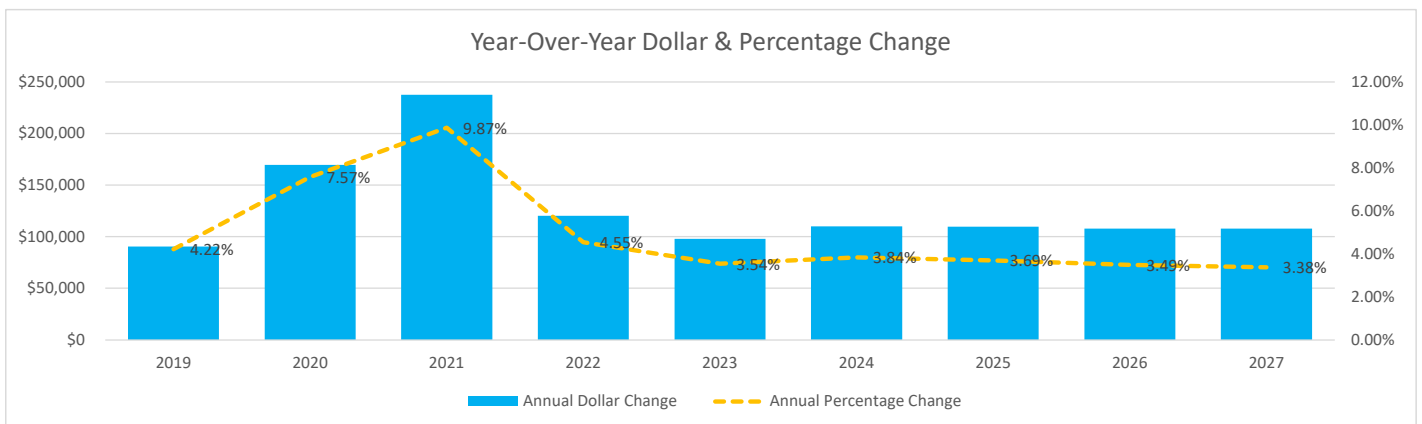
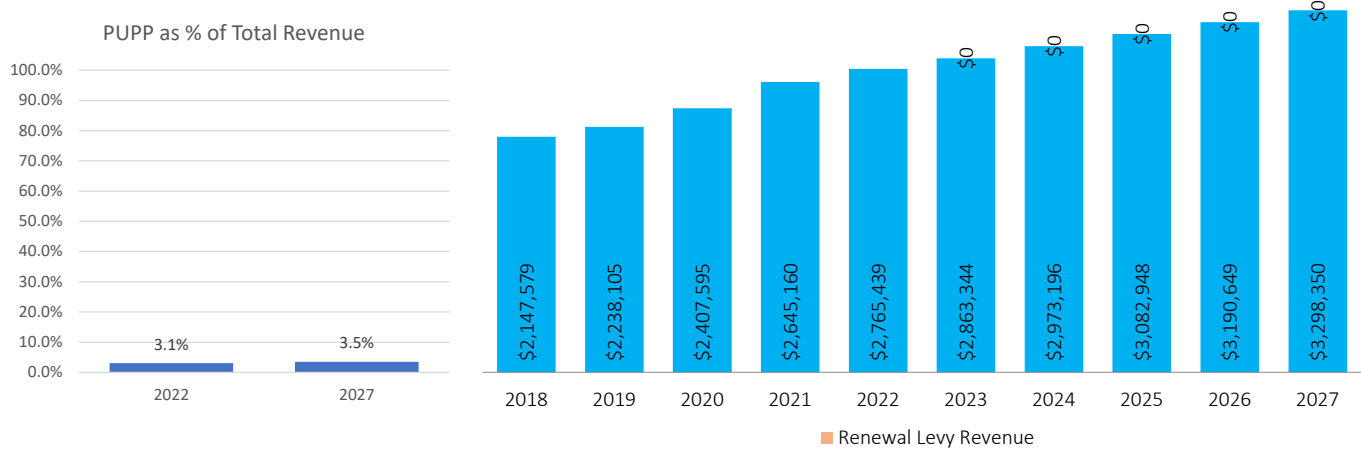
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	1,472,615,700	288,300	34.60	-	49.64	-	99.9%
2022	1,474,610,089	1,994,389	34.64	0.03	49.89	0.24	99.8%
2023	1,629,783,651	155,173,562	31.73	(2.91)	49.48	(0.41)	99.8%
2024	1,631,791,373	2,007,722	31.75	0.03	49.72	0.24	99.8%
2025	1,633,846,465	2,055,092	31.78	0.03	49.96	0.24	99.8%
2026	1,739,066,263	105,219,798	30.15	(1.63)	49.58	(0.39)	99.8%

Real estate property tax revenue accounts for 52.07% of total revenue. Class I or residential/agricultural taxes make up approximately 88.15% of the real estate property tax revenue. The Class I tax rate is 34.64 mills in tax year 2022. The projections reflect an average gross collection rate of 99.8% annually through tax year 2026. The revenue changed at an average annual historical rate of 3.83% and is projected to change at an average annual rate of 0.63% 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.



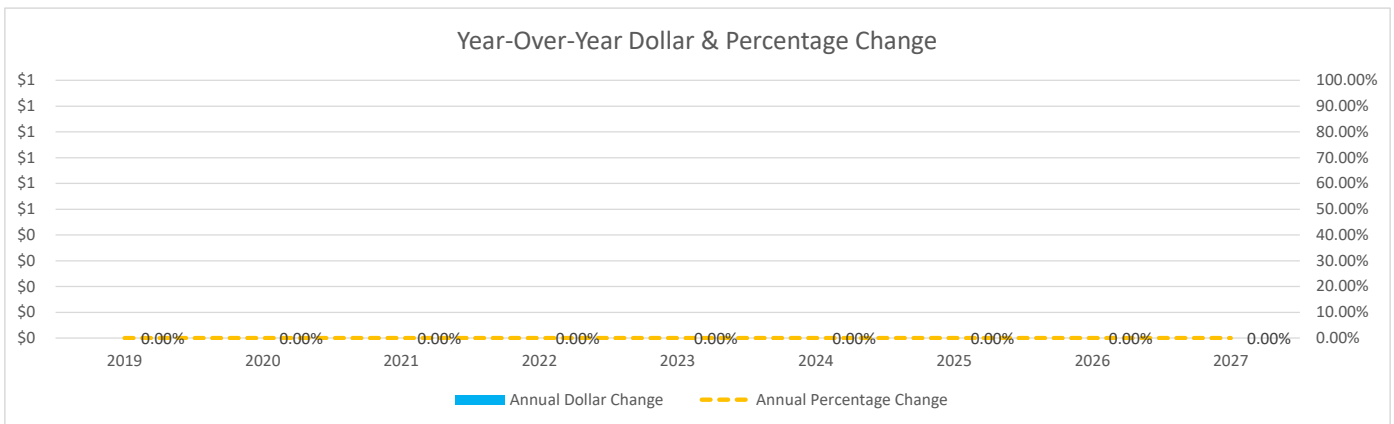
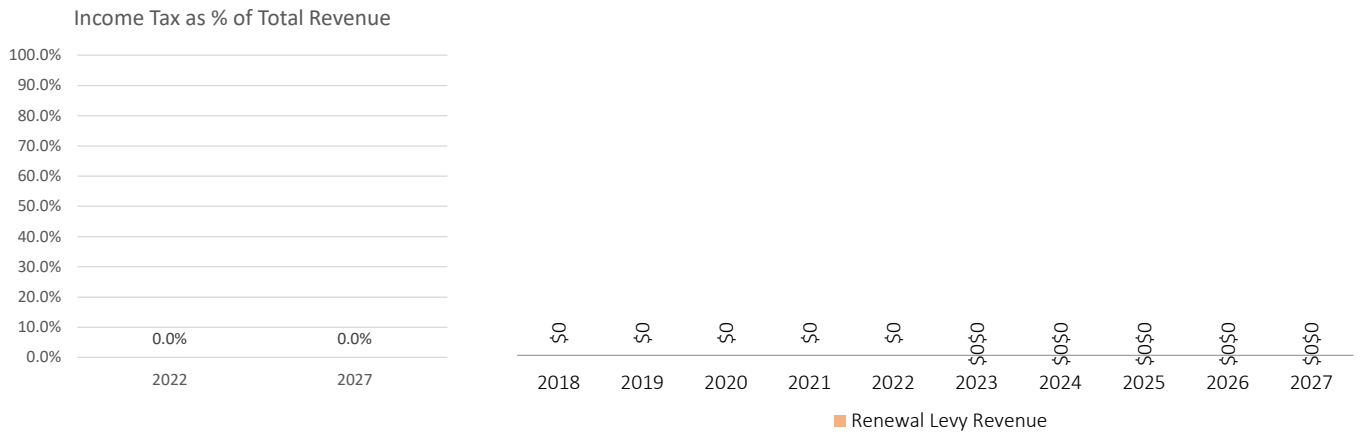
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2021	40,960,500	1,531,170	68.56	-		100.0%
2022	42,531,412	1,570,912	68.56	-		100.0%
2023	44,163,589	1,632,177	68.56	-		100.0%
2024	45,734,501	1,570,912	68.56	-		100.0%
2025	47,305,413	1,570,912	68.56	-		100.0%
2026	48,876,325	1,570,912	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 3.07% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 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 \$149,533 and is projected to change at an average annual dollar amount of \$106,582 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.

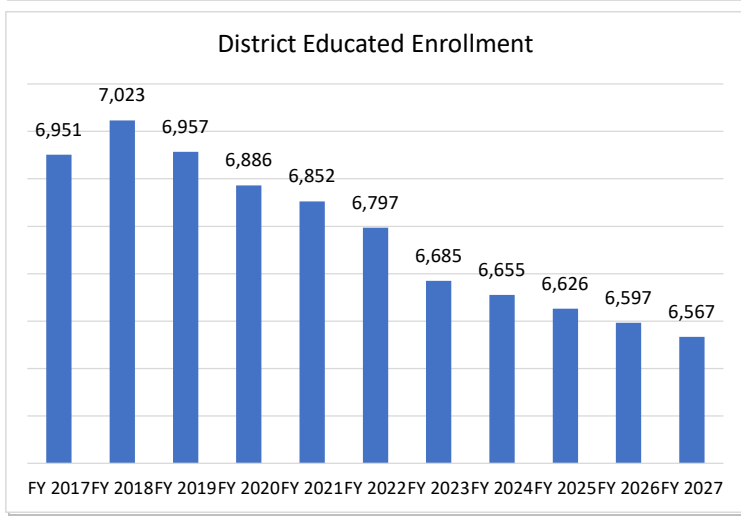
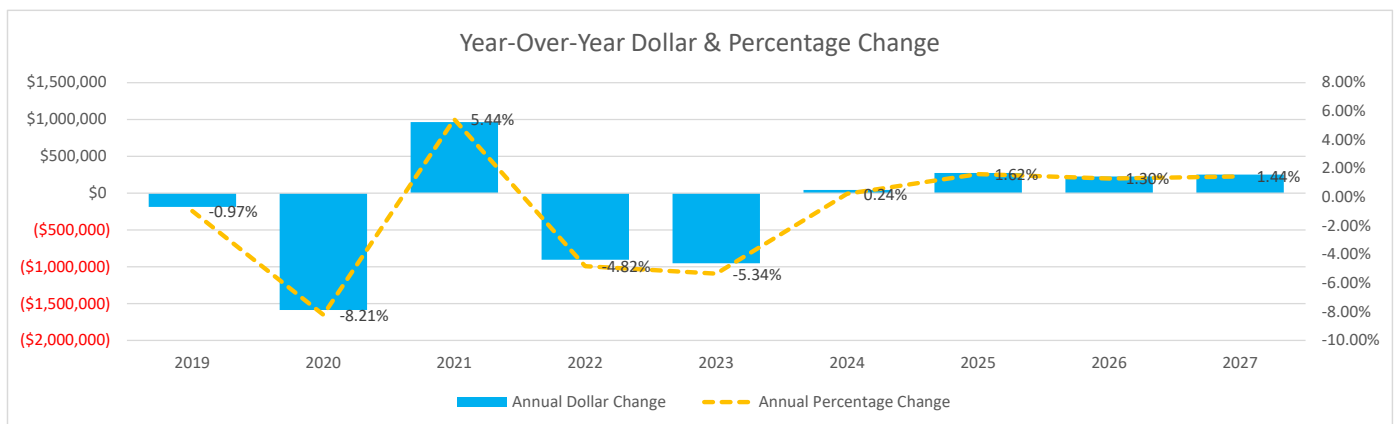
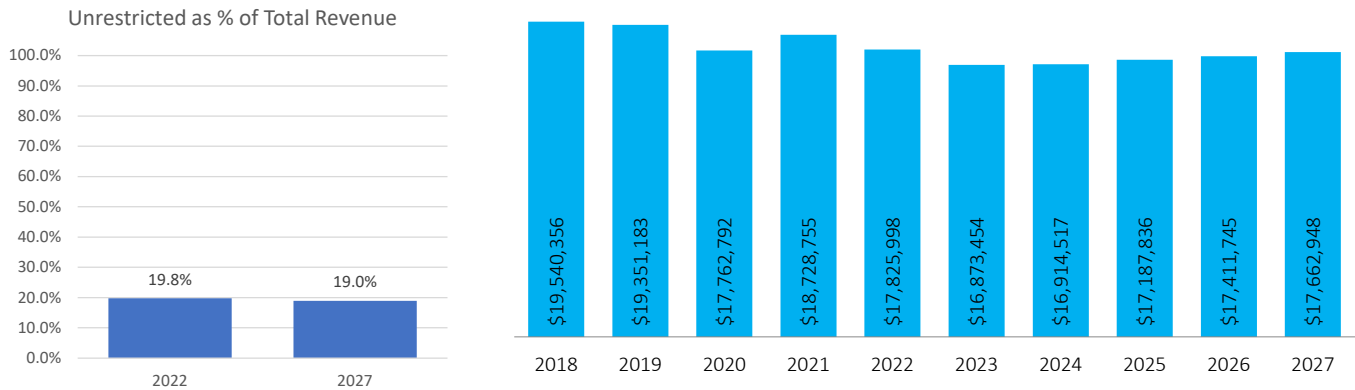


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



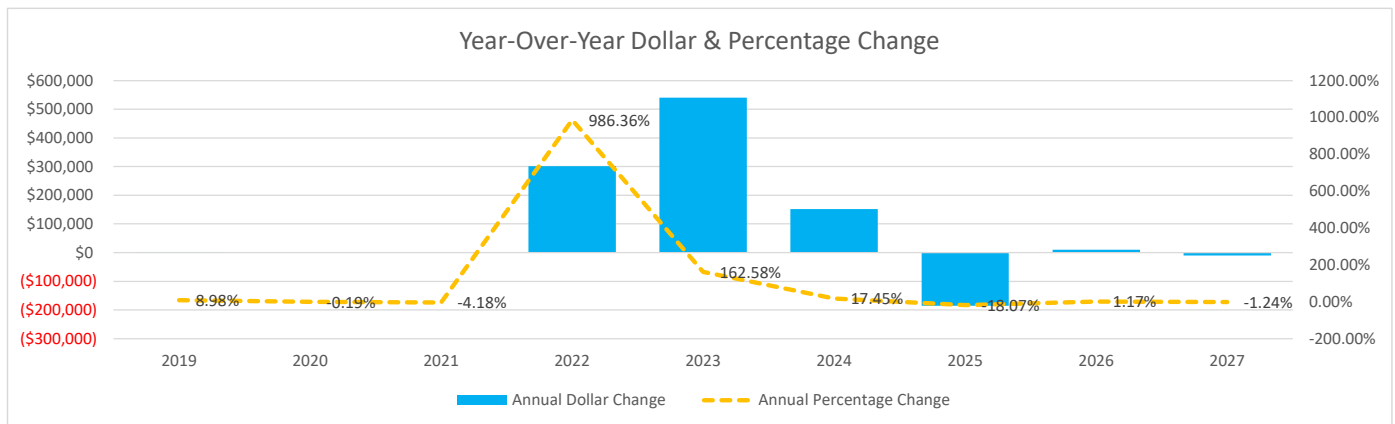
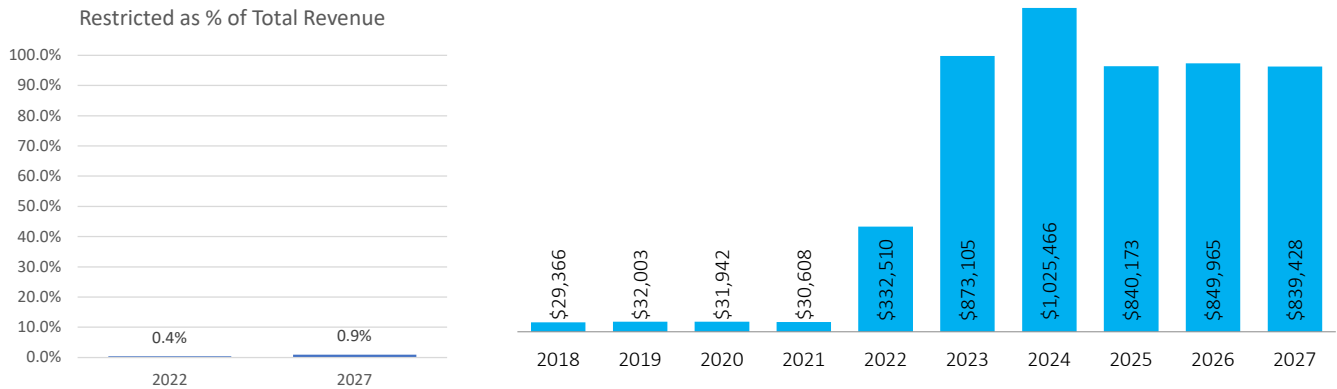
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Forest Hills Local School District the calculated Base Cost total is \$49,761,290 in FY 2023. The state's share of the calculated Base Cost total is \$5,006,274 or \$749 per pupil.

For reference: 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 \$2,102,354 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

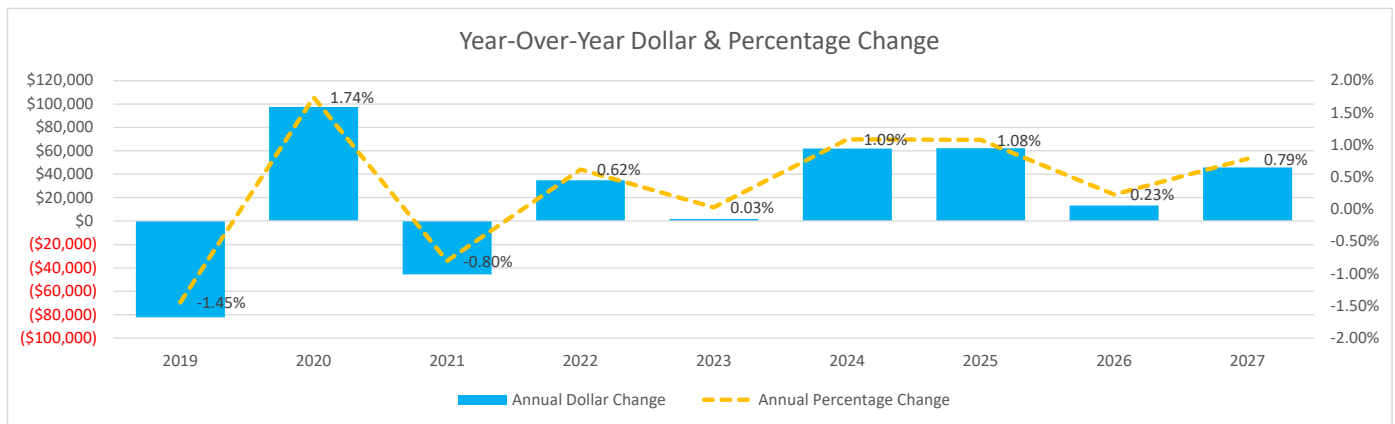
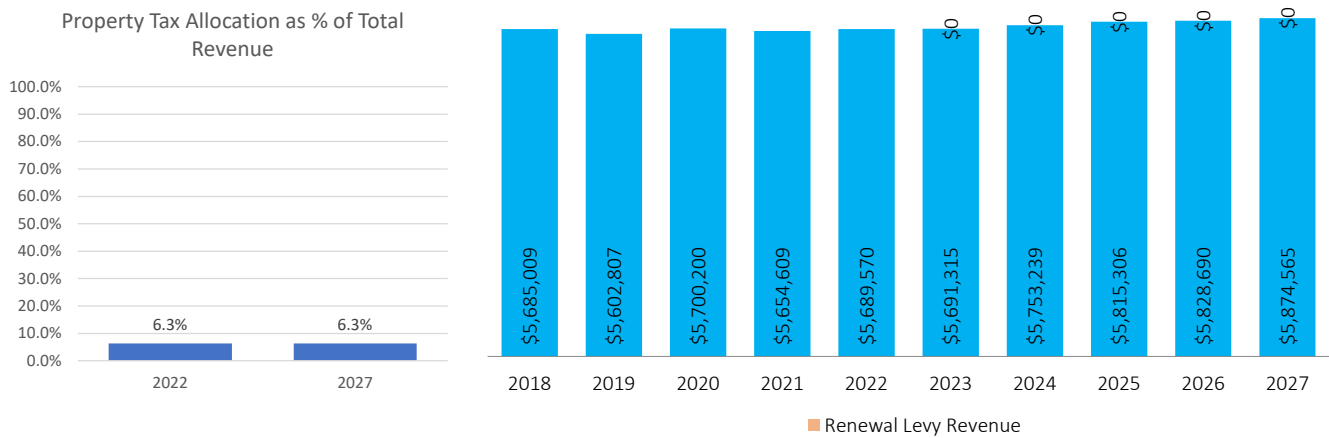
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$100,169 and is projected to change annually on average by \$101,384. Restricted funds represent 0.37% 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 \$503,920. 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.

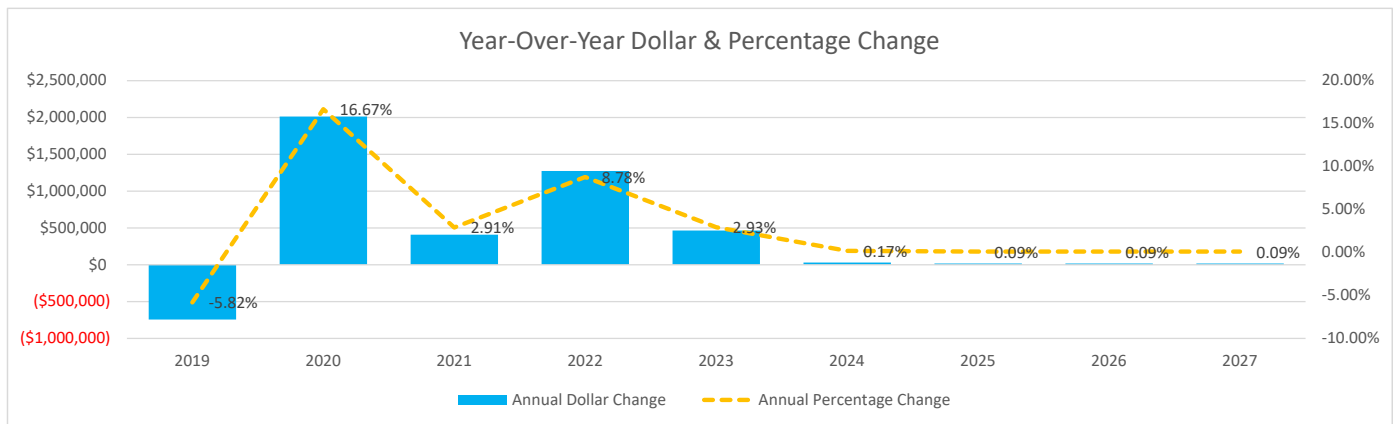
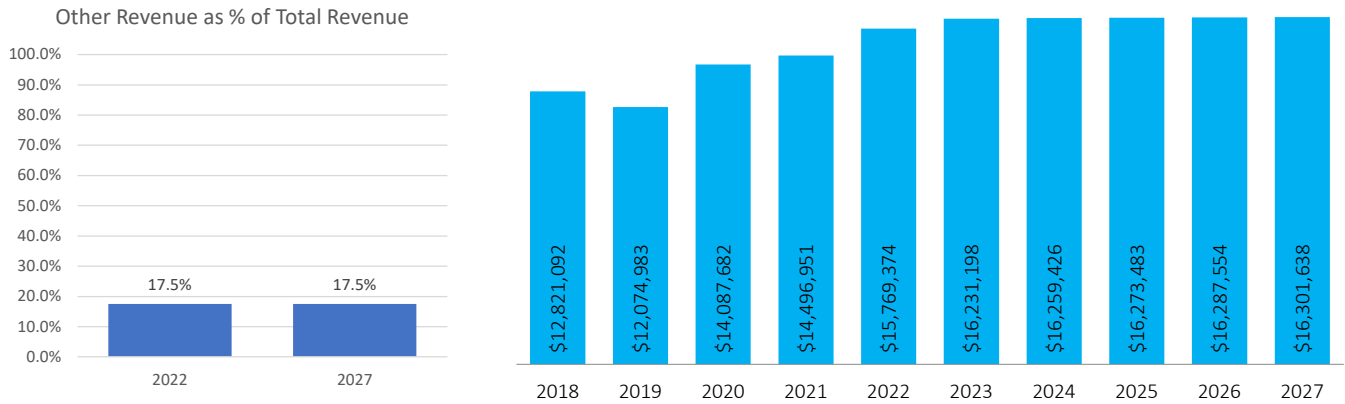


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 10.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.4% will be reimbursed in the form of qualifying homestead exemption credits.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

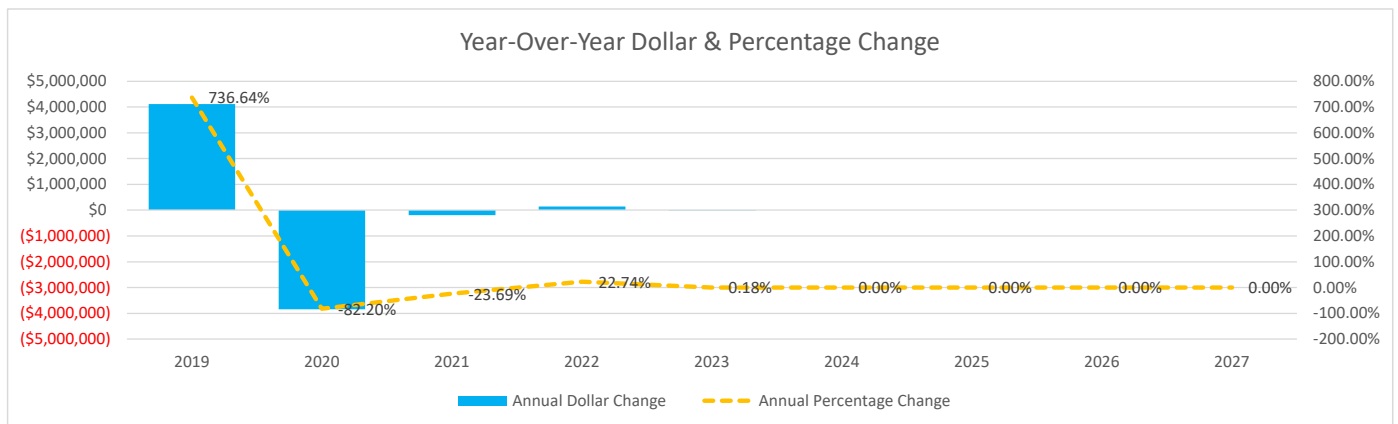
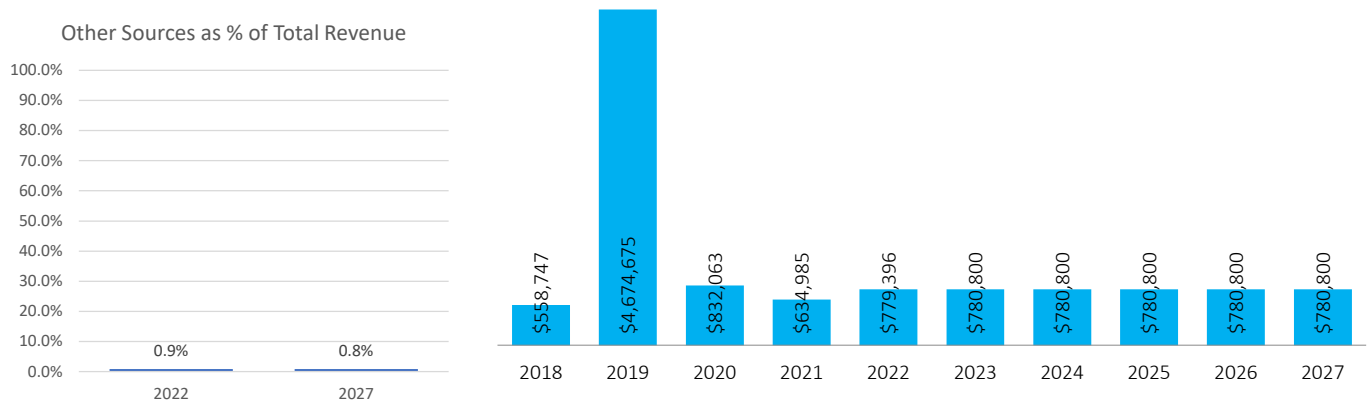
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$717,146. The projected average annual change is \$106,453 through FY 2027. The FSP 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 did not post any revenue code 1227 open enrollment in revenue 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.

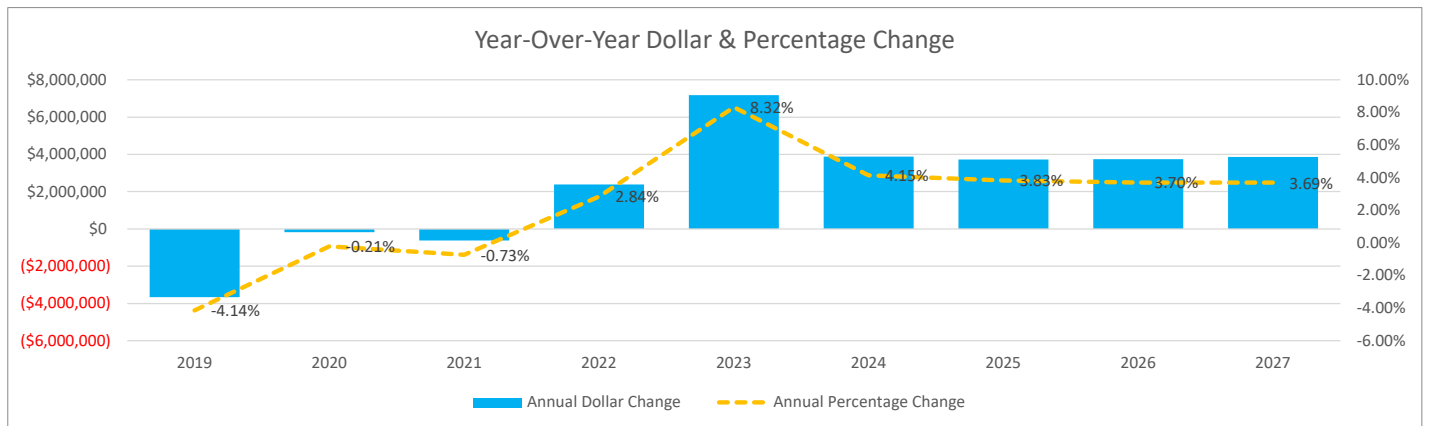
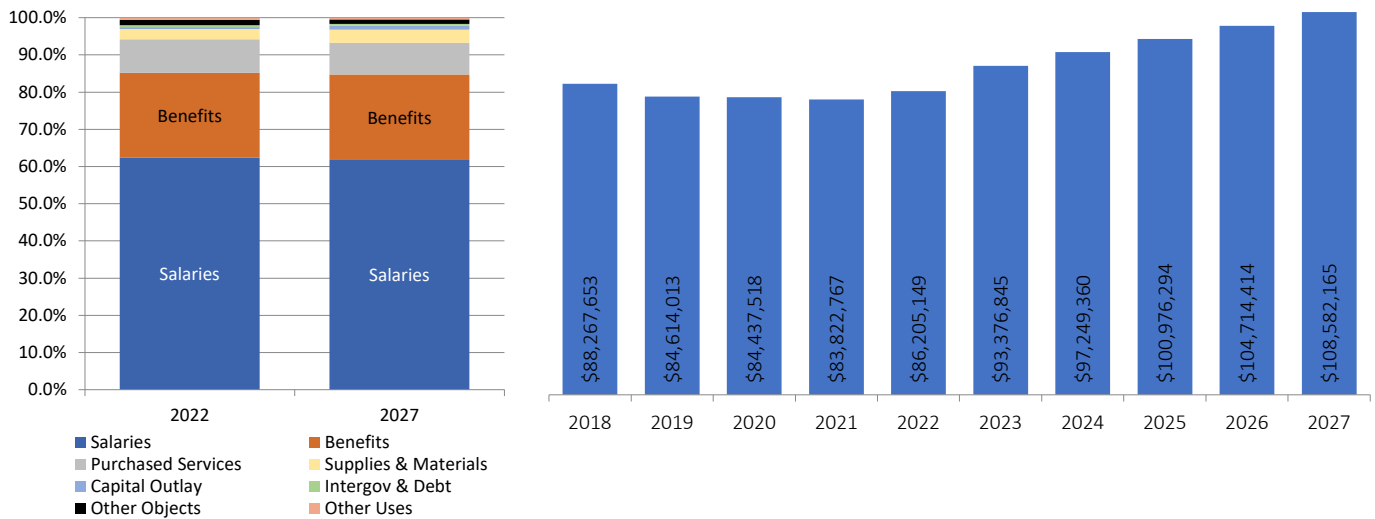


	FORECASTED					
	2022	2023	2024	2025	2026	2027
Transfers In	-	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	779,396	780,800	780,800	780,800	780,800	780,800

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 \$780,800 in FY 2023 and average \$780,800 annually through FY 2027.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



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

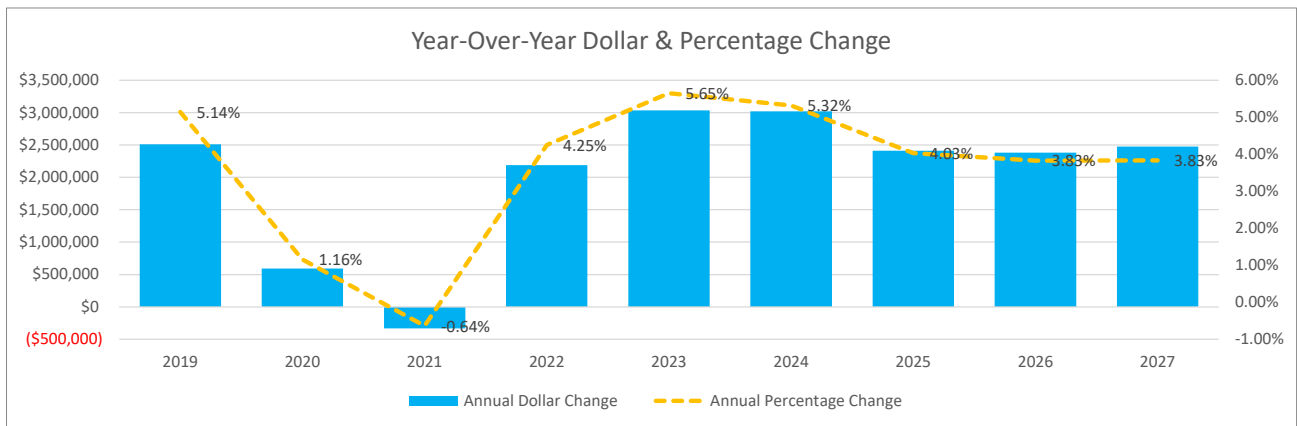
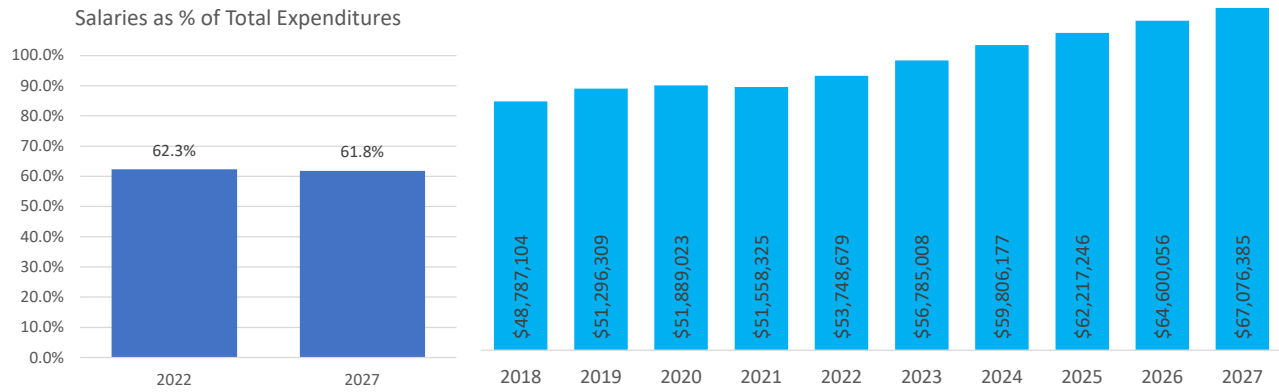
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 2.17% or \$1,854,806 annually during the past 5-Year period and is projected to increase 5.19% or \$4,475,403 annually through FY2027. Salaries has the largest projected average annual variance compared to the historical average at \$1,290,609.
Salaries	1,374,932	2,665,541	\$1,290,609	
Benefits	\$748,460	\$1,066,139	\$317,679	
Purchased Services	(\$93,190)	\$278,767	\$371,956	
Supplies & Materials	(\$73,059)	\$287,791	\$360,850	
Capital Outlay	(\$212,510)	\$163,751	\$376,261	
Intergov & Debt	\$92,273	\$624	(\$91,649)	
Other Objects	(\$21,116)	\$12,824	\$33,940	
Other Uses	\$39,016	(\$34)	(\$39,050)	
Total Average Annual Change	\$1,854,806	\$4,475,403	\$2,620,598	
	2.17%	5.19%	3.02%	

Note: Revenue average annual change is projected to be > \$621,797

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

3.010 - Personnel Services

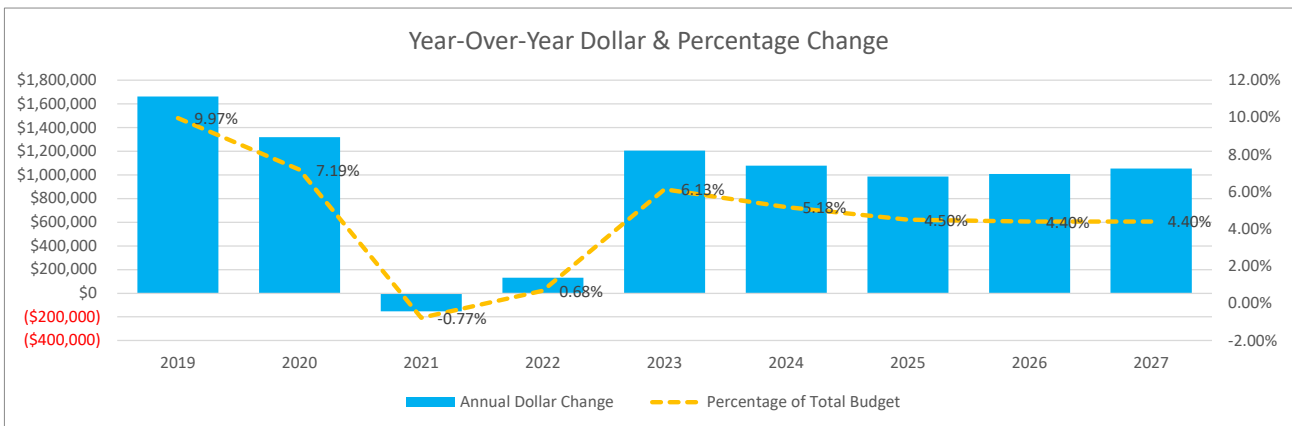
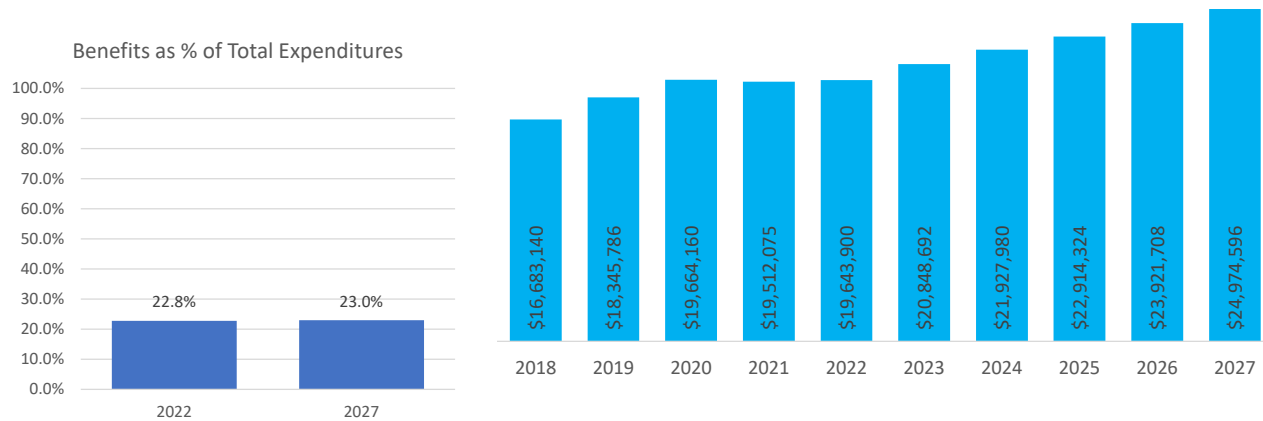
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 62.35% of total expenditures and increased at a historical average annual rate of 2.67% or \$1,374,932. This category of expenditure is projected to grow at an annual average rate of 4.29% or \$2,665,541 through FY 2027. The projected average annual rate of change is 1.62% more than the five year historical annual average.

3.020 - Employees' Benefits

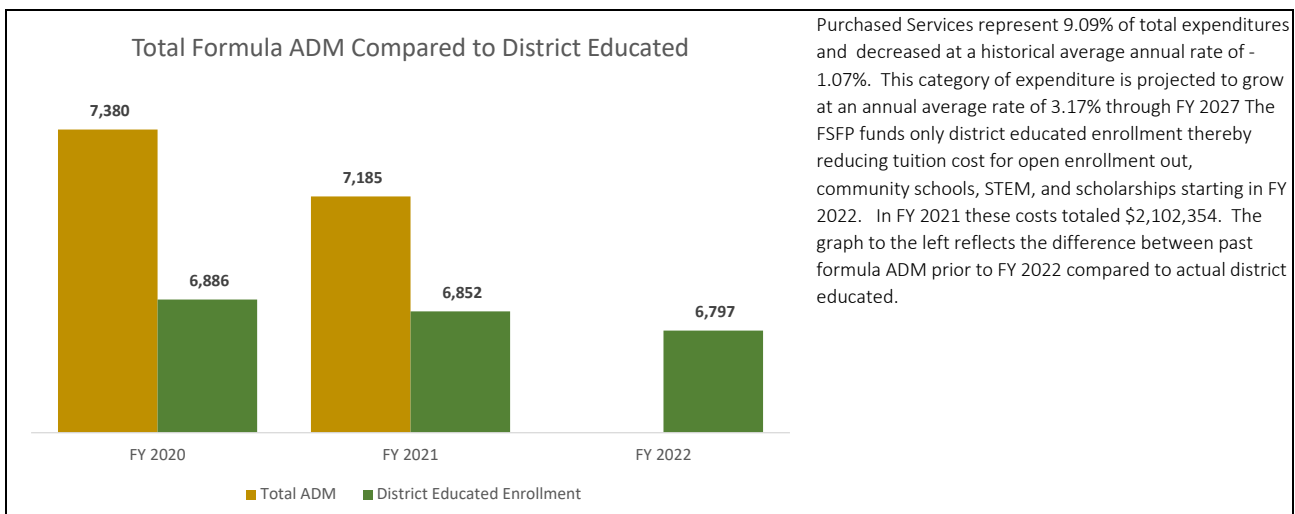
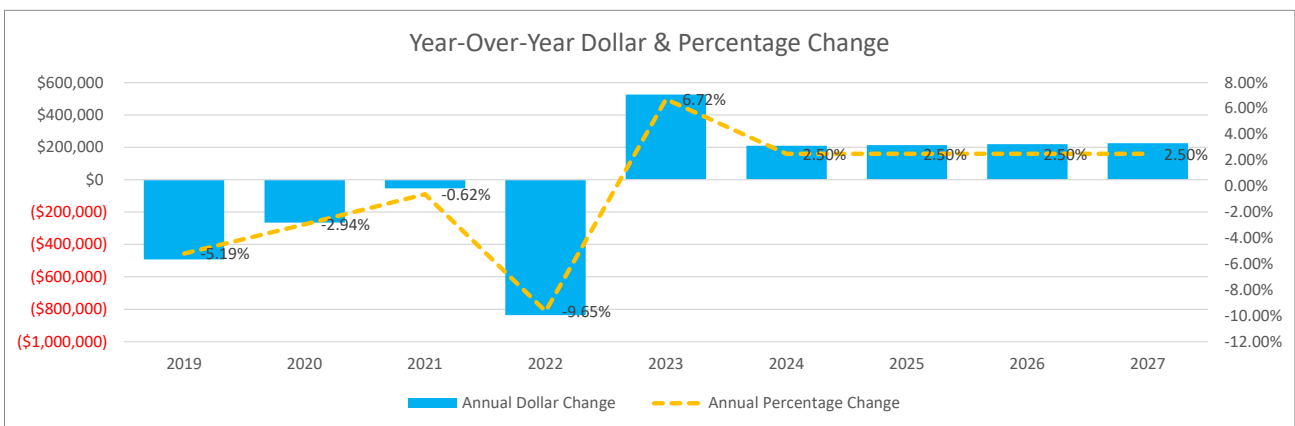
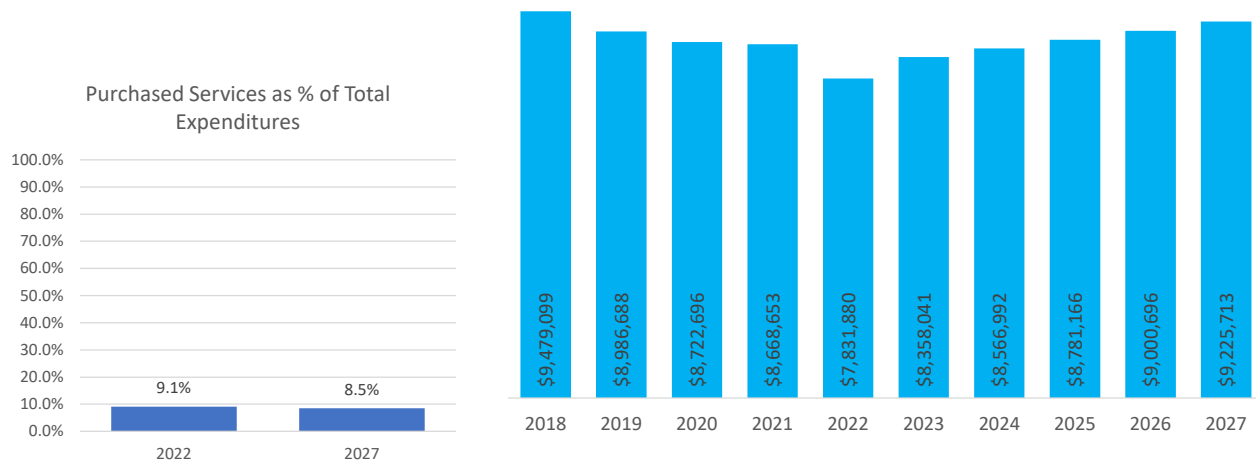
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 22.79% of total expenditures and increased at a historical average annual rate of 3.99%. This category of expenditure is projected to grow at an annual average rate of 4.65% through FY 2027. The projected average annual rate of change is 0.66% more than the five-year historical annual average.

3.030 - Purchased Services

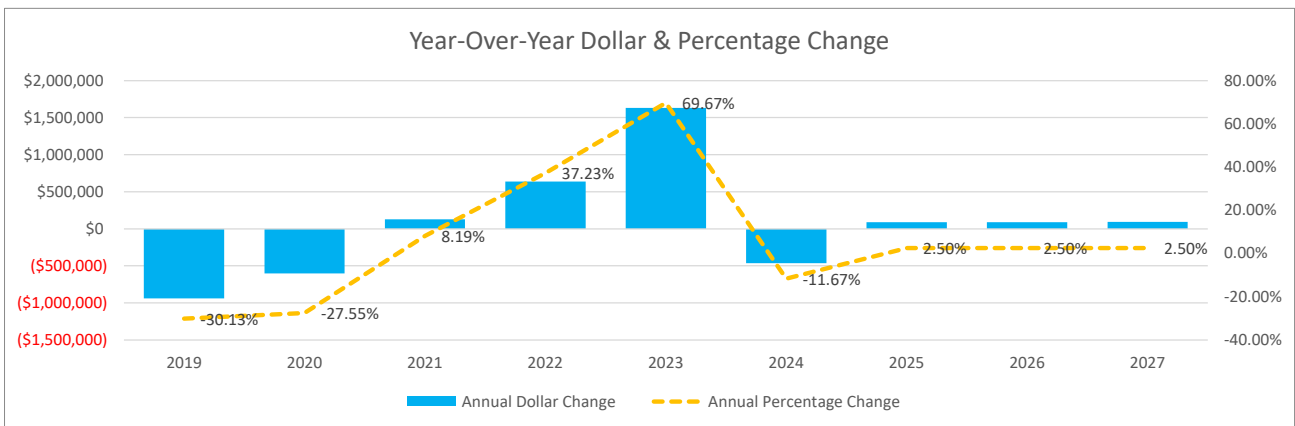
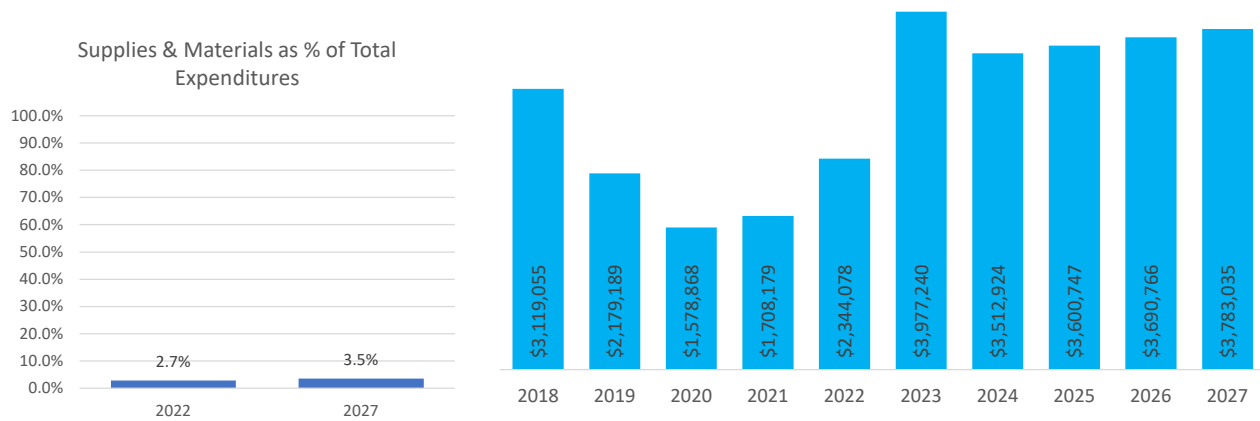
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 9.09% of total expenditures and decreased at a historical average annual rate of -1.07%. This category of expenditure is projected to grow at an annual average rate of 3.17% 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 \$2,102,354. The graph to the left reflects the difference between past formula ADM prior to FY 2022 compared to actual district educated.

3.040 - Supplies & Materials

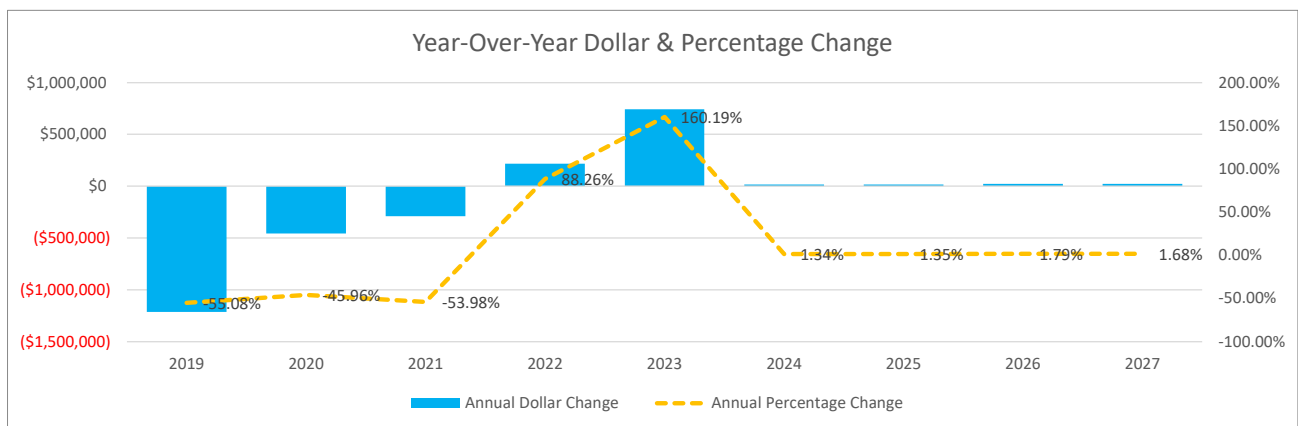
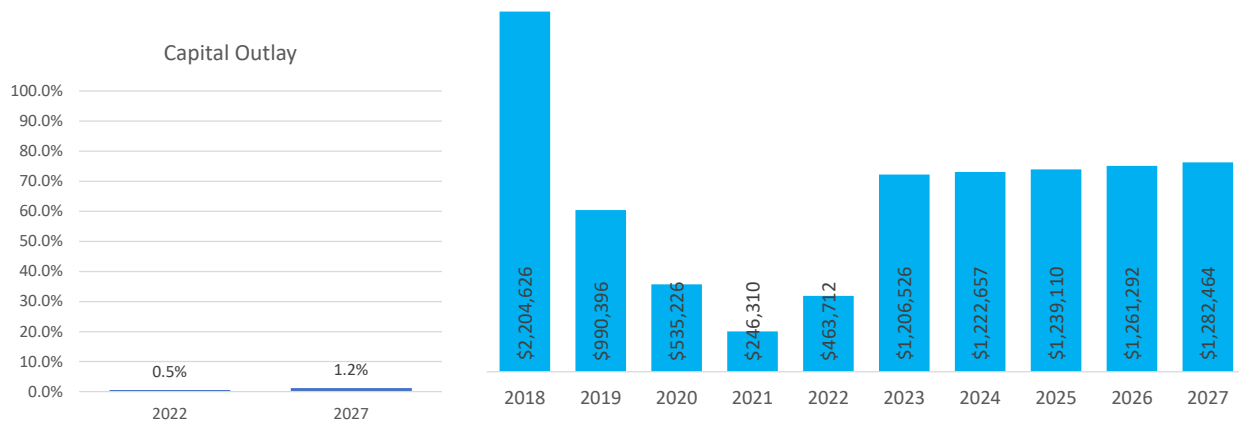
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 2.72% of total expenditures and decreased at a historical average annual rate of -3.34%. This category of expenditure is projected to grow at an annual average rate of 7.75% through FY 2027. The projected average annual rate of change is 11.09% more than the five year historical annual average.

3.050 - Capital Outlay

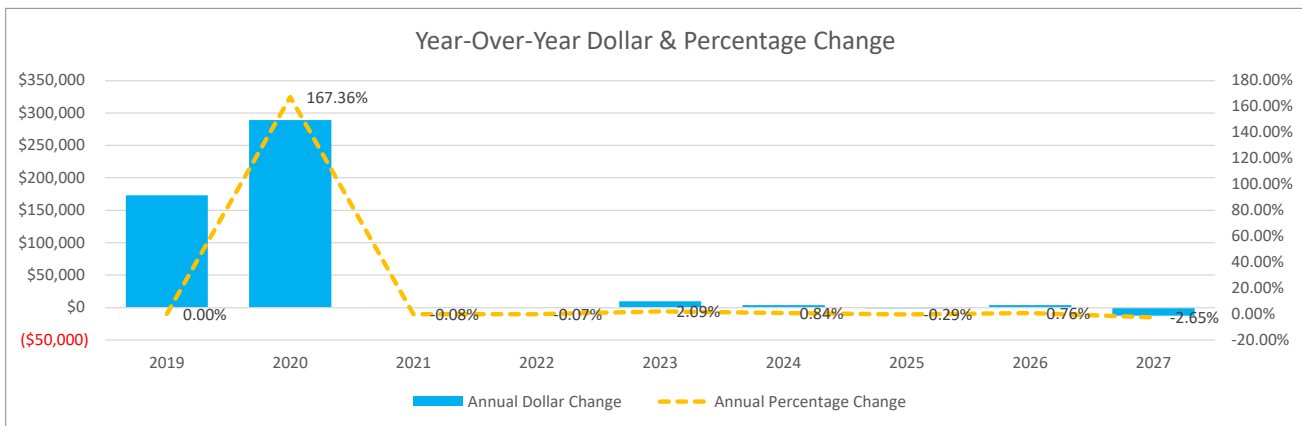
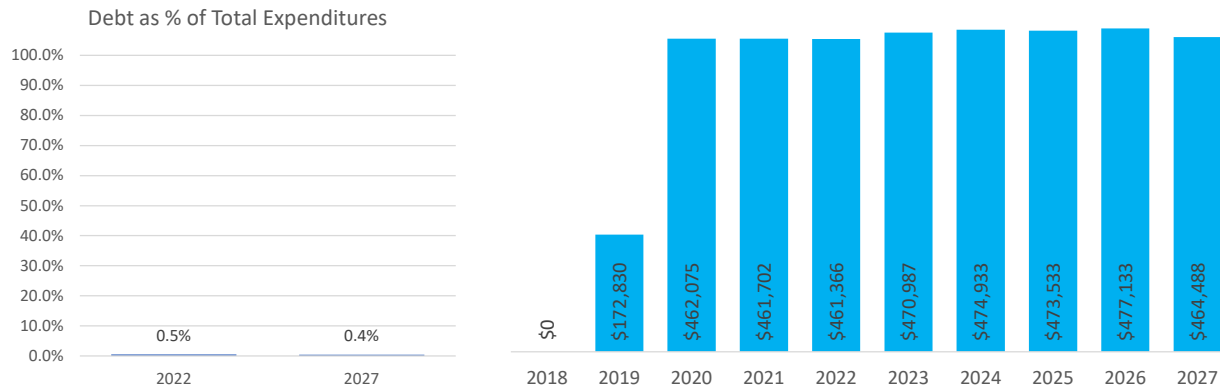
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.54% of total expenditures and decreased at a historical average annual amount of -\$212,510. This category of expenditure is projected to grow at an annual average rate of \$163,751 through FY 2027. 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.

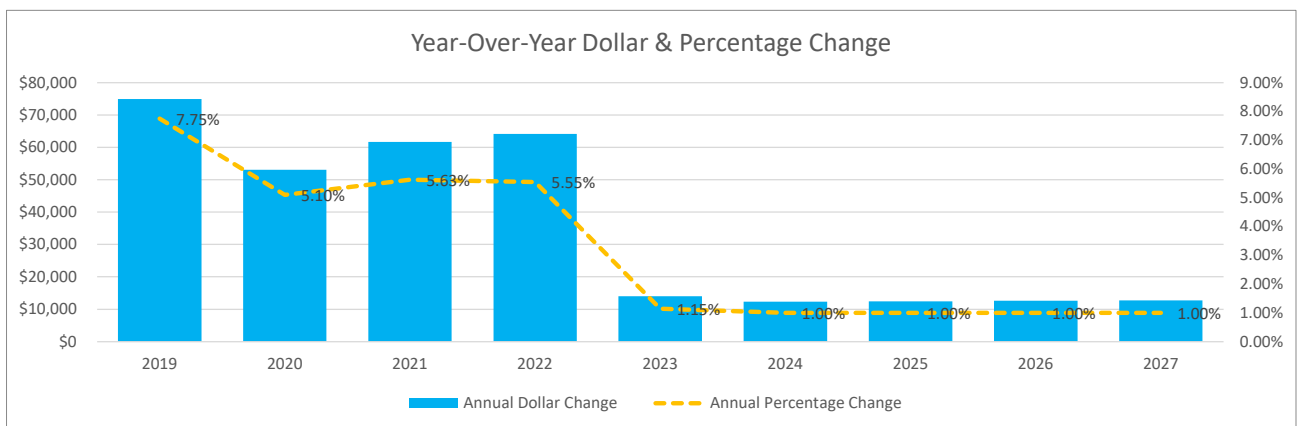
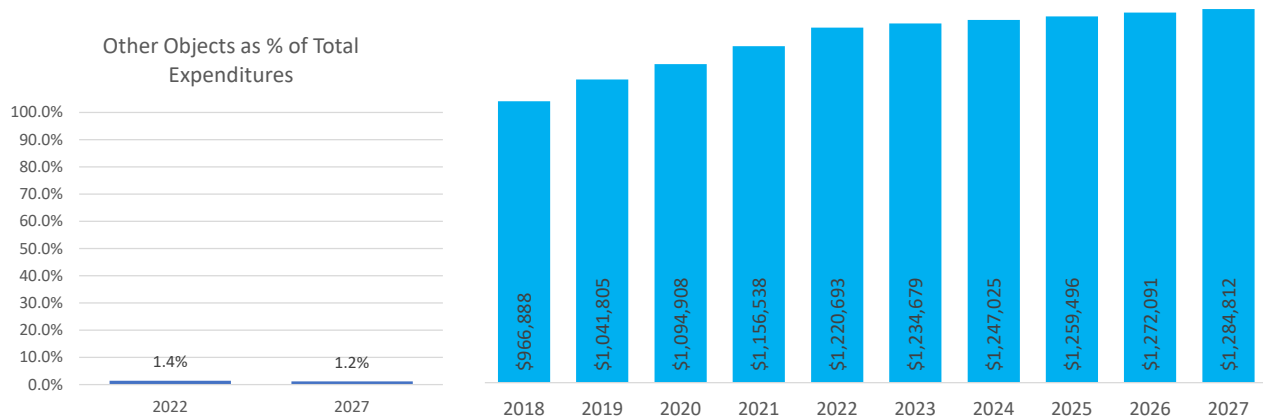


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

Year	Debt Amount	Debt as % of Total Expenditures
2018	\$0	
2019	\$172,830	
2020	\$462,075	
2021	\$461,702	
2022	\$461,366	0.5% / 0.4%
2023	\$470,987	
2024	\$474,933	
2025	\$473,533	
2026	\$477,133	
2027	\$464,488	

4.300 - Other Objects

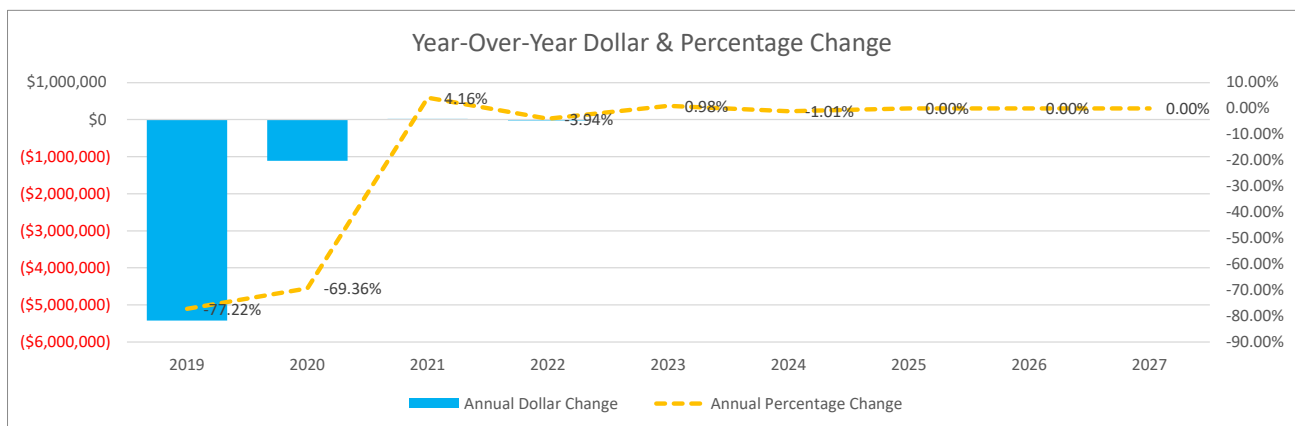
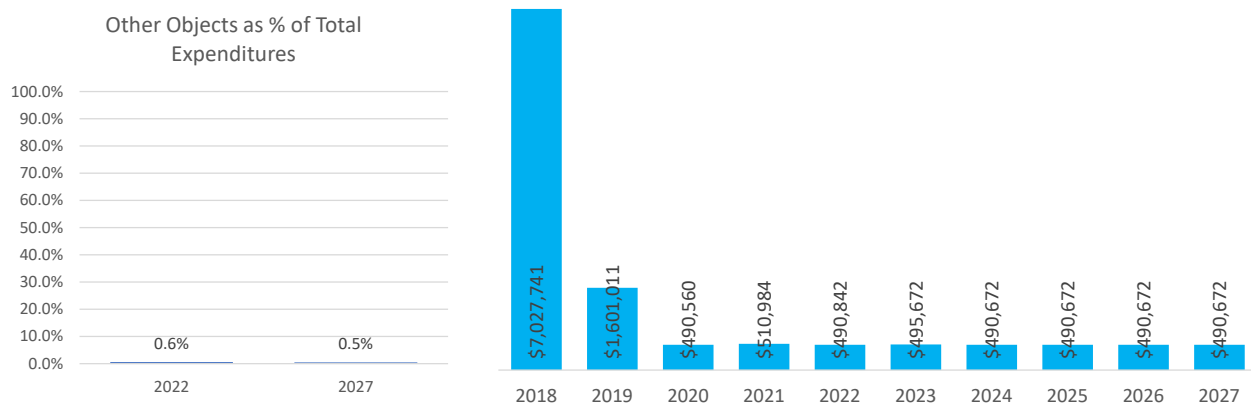
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.42% of total expenditures and decreased at a historical average annual rate of -1.93%. This category of expenditure is projected to grow at an annual average rate of 1.02% through FY 2027. The projected average annual rate of change is 2.94% 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	490,000	495,000	490,000	490,000	490,000	490,000
Advances Out	-	-	-	-	-	-
Other Financing Uses	842	672	672	672	672	672

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.

Forest Hills Local School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2022	2023	2024	2025	2026	2027
Revenue:						
1.010 - General Property Tax (Real Estate)	46,883,118	46,980,877	47,461,082	47,913,722	48,028,488	48,396,661
1.020 - Public Utility Personal Property	2,765,439	2,863,344	2,973,196	3,082,948	3,190,649	3,298,350
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	17,825,998	16,873,454	16,914,517	17,187,836	17,411,745	17,662,948
1.040 - Restricted Grants-in-Aid	332,510	873,105	1,025,466	840,173	849,965	839,428
1.050 - Property Tax Allocation	5,689,570	5,691,315	5,753,239	5,815,306	5,828,690	5,874,565
1.060 - All Other Operating Revenues	15,769,374	16,231,198	16,259,426	16,273,483	16,287,554	16,301,638
1.070 - Total Revenue	89,266,009	89,513,293	90,386,926	91,113,468	91,597,091	92,373,590
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	-	-	-	-	-	-
2.060 - All Other Financing Sources	779,396	780,800	780,800	780,800	780,800	780,800
2.070 - Total Other Financing Sources	779,396	780,800	780,800	780,800	780,800	780,800
2.080 - Total Rev & Other Sources	90,045,405	90,294,093	91,167,726	91,894,268	92,377,891	93,154,390
Expenditures:						
3.010 - Personnel Services	53,748,679	56,785,008	59,806,177	62,217,246	64,600,056	67,076,385
3.020 - Employee Benefits	19,643,900	20,848,692	21,927,980	22,914,324	23,921,708	24,974,596
3.030 - Purchased Services	7,831,880	8,358,041	8,566,992	8,781,166	9,000,696	9,225,713
3.040 - Supplies and Materials	2,344,078	3,977,240	3,512,924	3,600,747	3,690,766	3,783,035
3.050 - Capital Outlay	463,712	1,206,526	1,222,657	1,239,110	1,261,292	1,282,464
Intergovernmental & Debt Service	461,366	470,987	474,933	473,533	477,133	464,488
4.300 - Other Objects	1,220,693	1,234,679	1,247,025	1,259,496	1,272,091	1,284,812
4.500 - Total Expenditures	85,714,307	92,881,174	96,758,689	100,485,623	104,223,742	108,091,494
Other Financing Uses						
5.010 - Operating Transfers-Out	490,000	495,000	490,000	490,000	490,000	490,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	842	672	672	672	672	672
5.040 - Total Other Financing Uses	490,842	495,672	490,672	490,672	490,672	490,672
5.050 - Total Exp and Other Financing Uses	86,205,149	93,376,845	97,249,360	100,976,294	104,714,414	108,582,165
6.010 - Excess of Rev Over/(Under) Exp	3,840,257	(3,082,752)	(6,081,634)	(9,082,026)	(12,336,523)	(15,427,775)
7.010 - Cash Balance July 1 (No Levies)	15,035,961	18,876,218	15,793,466	9,711,832	629,806	(11,706,717)
7.020 - Cash Balance June 30 (No Levies)	18,876,218	15,793,466	9,711,832	629,806	(11,706,717)	(27,134,492)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	18,876,218	15,793,466	9,711,832	629,806	(11,706,717)	(27,134,492)
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	18,876,218	15,793,466	9,711,832	629,806	(11,706,717)	(27,134,492)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	18,876,218	15,793,466	9,711,832	629,806	(11,706,717)	(27,134,492)

