

Forest Hills Local School District

Five Year Forecast Financial Report

November, 2023



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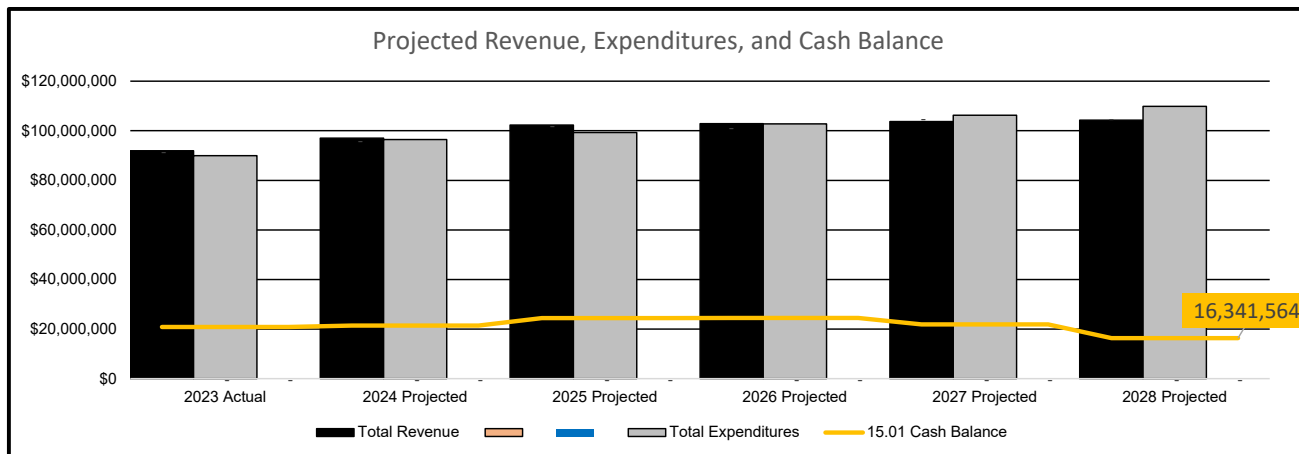
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Forecast Purpose/Objectives

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 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	20,864,151	21,425,332	24,407,129	24,478,528	21,905,209
+ Revenue	97,028,929	102,295,775	102,852,174	103,713,813	104,291,015
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(96,467,748)	(99,313,979)	(102,780,775)	(106,287,132)	(109,854,659)
= Revenue Surplus or Deficit	561,181	2,981,796	71,399	(2,573,319)	(5,563,644)
Line 7.020 Ending Balance with renewal/new levies	21,425,332	24,407,129	24,478,528	21,905,209	16,341,564

Analysis Without Renewal Levies Included:

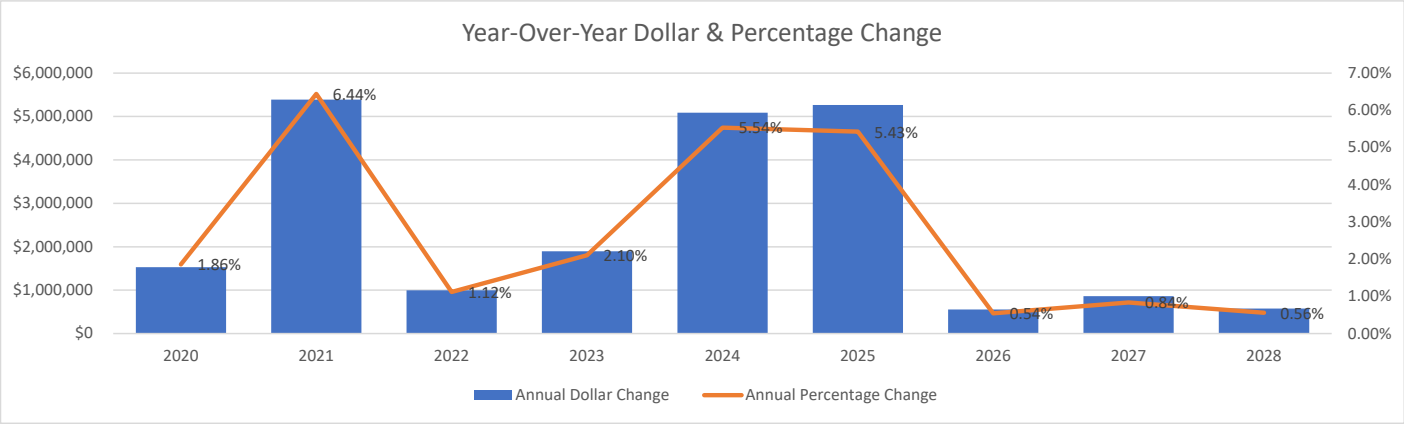
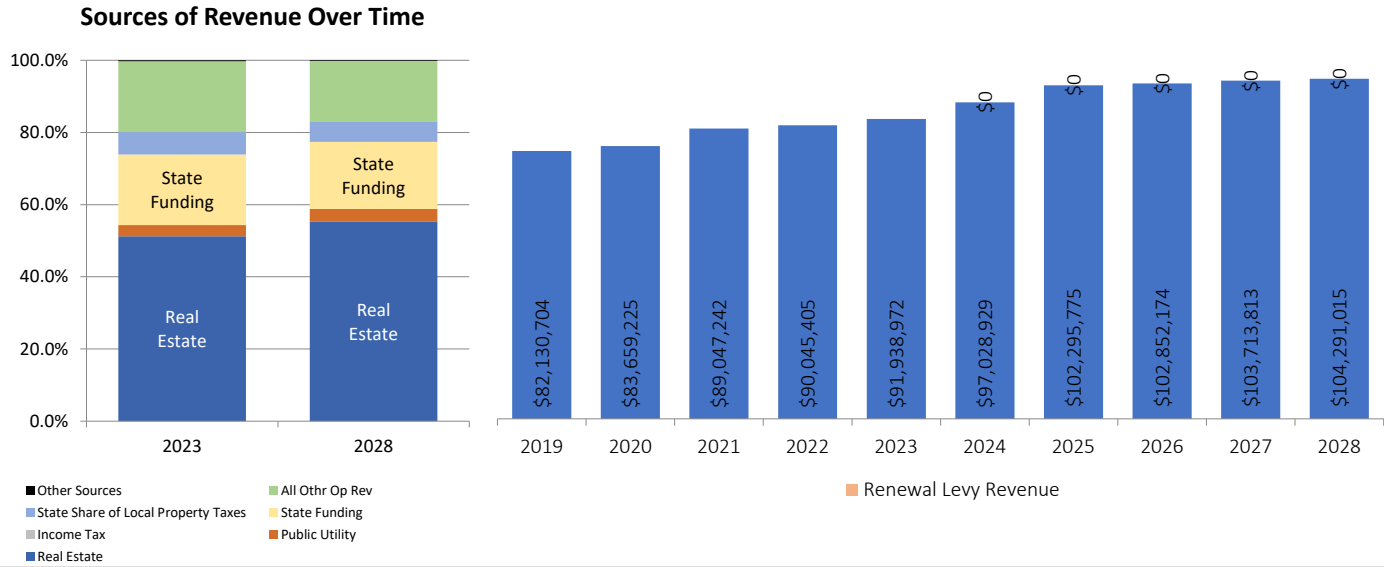
Revenue Surplus or Deficit w/o Levies	561,181	2,981,796	71,399	(2,573,319)	(5,563,644)
Ending Balance w/o Levies	21,425,332	24,407,129	24,478,528	21,905,209	16,341,564

In FY 2024 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$561,181 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$5,563,644. The district would need to cut its FY 2028 projected expenses by 5.06% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2024 and is projected to worsen by FY 2028. A worsening cash balance can erode the district's financial stability over time.

Ohio adopted the Fair School Funding Plan (FSFP) in FY 2022. The plan was continued with increasing phase-in of the formula results. In FY 2024 the per pupil base cost calculations were updated from FY 2018 cost data to FY 2022. For Forest Hills Local School District the calculated Base Cost total is \$55,009,238 in FY 2024. The state's share of the calculated Base Cost total is \$7,138,659 or \$1,076 per pupil. The FSFP ensures that districts do not receive less in FY24 than what they received in FY20. In FY24, the District is on the Temporary Transitional Aid Guarantee for \$3,796,430.

Revenue Sources and Forecast Year-Over-Year Projected Overview



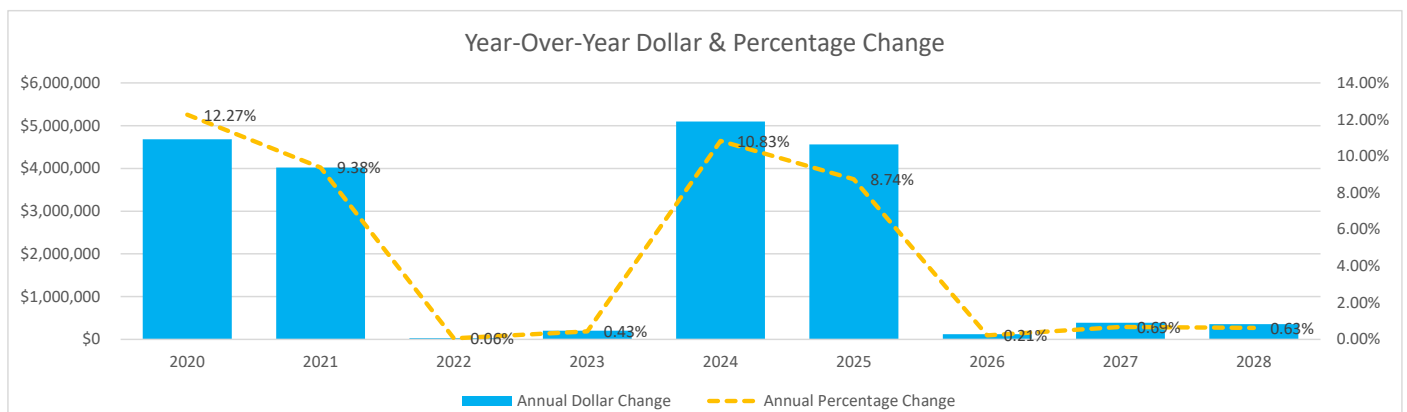
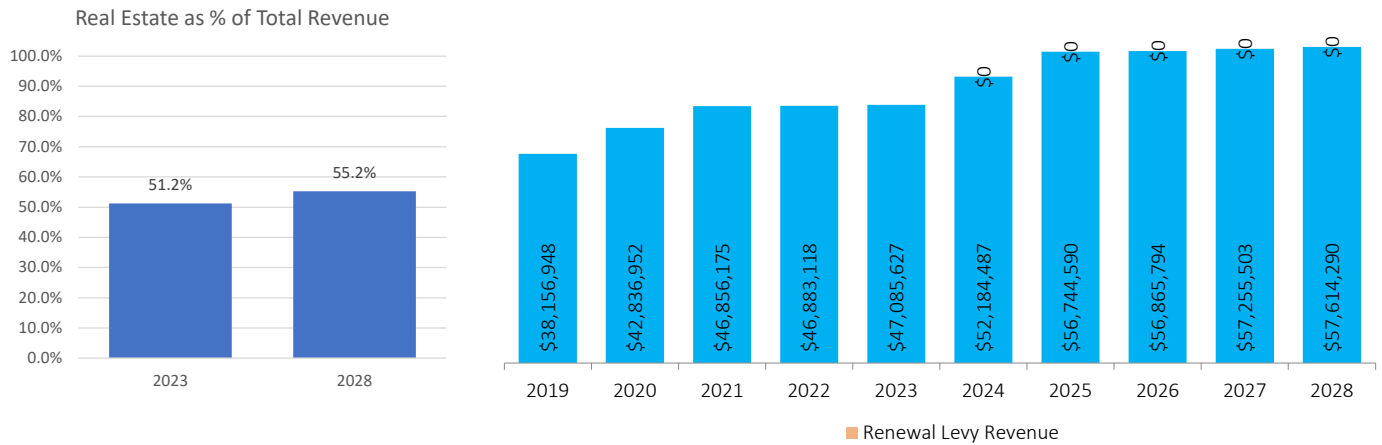
4-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 2.88% or \$2,452,067 annually during the past 4-Year period and is projected to increase 2.58% or \$2,470,409 annually through FY2028. All Othr Op Rev has the most projected average annual variance compared to the historical average at - \$1,639,244
Real Estate	2,232,170	2,105,733	(\$126,437)	
Public Utility	\$159,425	\$164,283	\$4,858	
Income Tax	\$0	\$0	\$0	
State Funding	(\$345,094)	275,763	\$620,857	
Prop Tax Alloc	\$18,519	\$62,333	\$43,813	
All Othr Op Rev	\$1,500,856	(\$138,388)	(\$1,639,244)	
Other Sources	(\$1,113,809)	\$685	\$1,114,494	
Total Average Annual Change	2,452,067 2.88%	2,470,409 2.58%	\$18,342 -0.30%	

Note: Expenditure average annual change is projected to be > \$3,980,720 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).



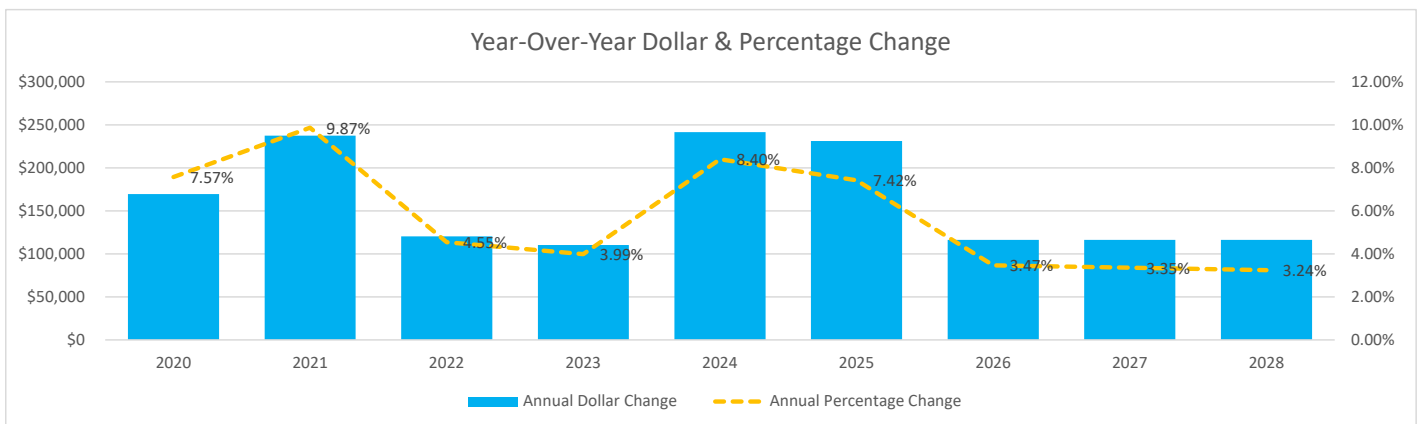
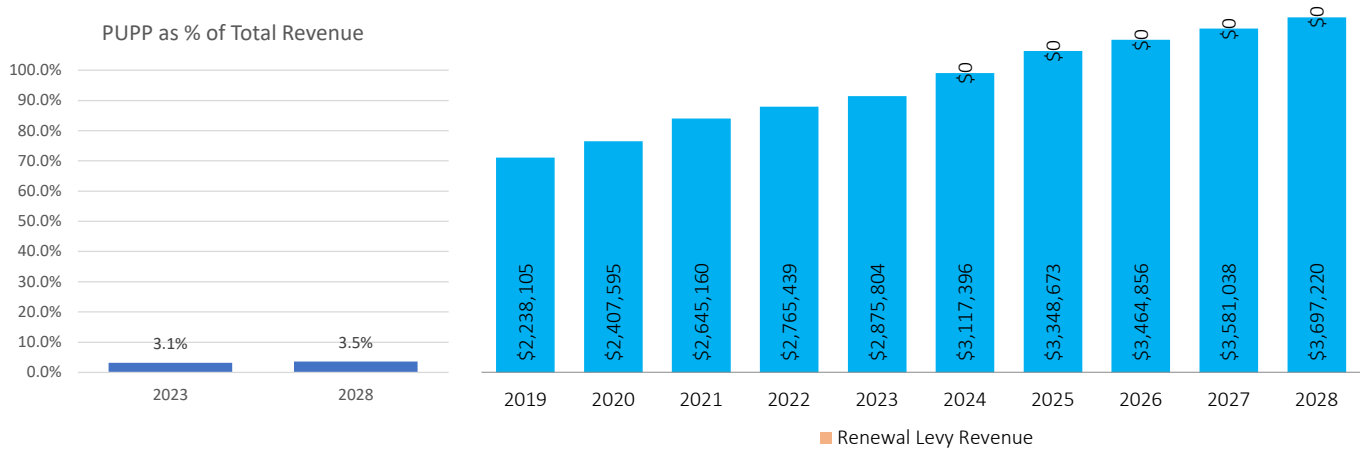
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2022	1,479,954,380	7,338,680	34.61	-	49.47	-	99.7%
2023	1,825,080,349	345,125,969	33.33	(1.27)	48.88	(0.59)	99.6%
2024	1,827,088,071	2,007,722	33.36	0.02	49.09	0.21	99.6%
2025	1,829,143,163	2,055,092	33.38	0.02	49.29	0.21	99.6%
2026	1,938,362,961	109,219,798	31.82	(1.56)	47.69	(1.60)	99.6%
2027	1,940,481,759	2,118,798	31.84	0.02	47.89	0.19	99.6%

Real estate property tax revenue accounts for 51.21% of total revenue. Class I or residential/agricultural taxes make up approximately 88.13% of the real estate property tax revenue. The Class I tax rate is 33.33 mills in tax year 2023. The projections reflect an average gross collection rate of 99.6% annually through tax year 2027. The revenue changed at an average annual historical rate of 5.53% and is projected to change at an average annual rate of 4.22% through FY 2028.

*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.



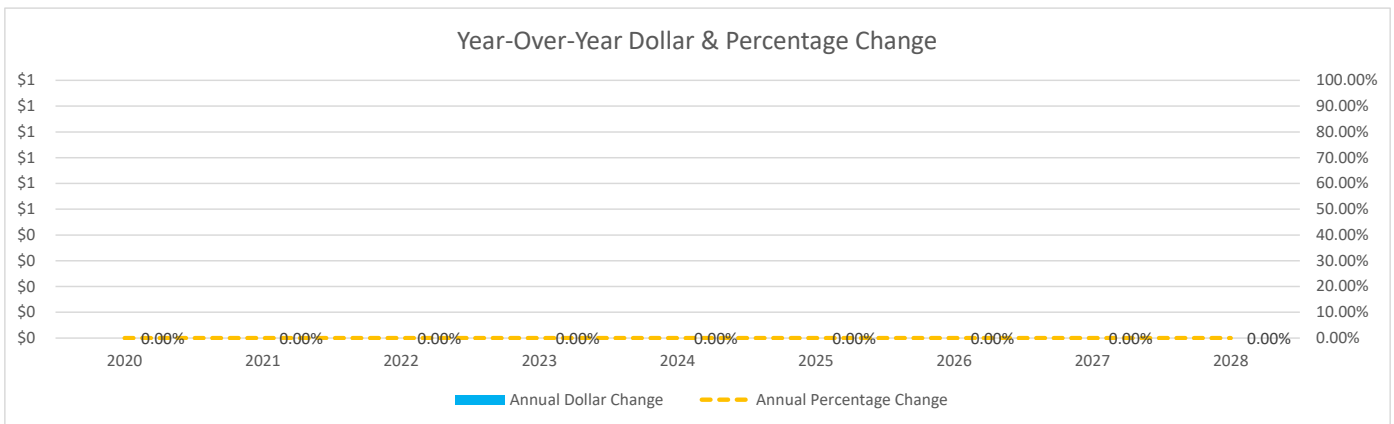
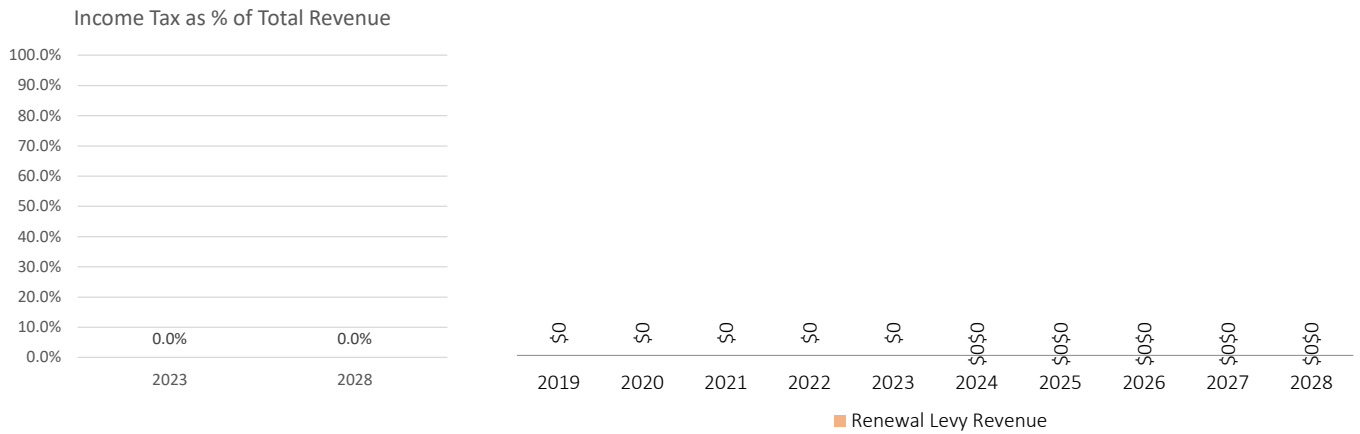
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2022	42,840,880	1,880,380	68.56	-	100.0%	
2023	44,473,057	1,632,177	73.96	5.40	100.0%	
2024	46,043,969	1,570,912	73.96	-	100.0%	
2025	47,614,881	1,570,912	73.96	-	100.0%	
2026	49,185,793	1,570,912	73.96	-	100.0%	
2027	50,756,705	1,570,912	73.96	-	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 3.13% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 73.96 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$159,425 and is projected to change at an average annual dollar amount of \$164,283 through FY 2028.

*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.

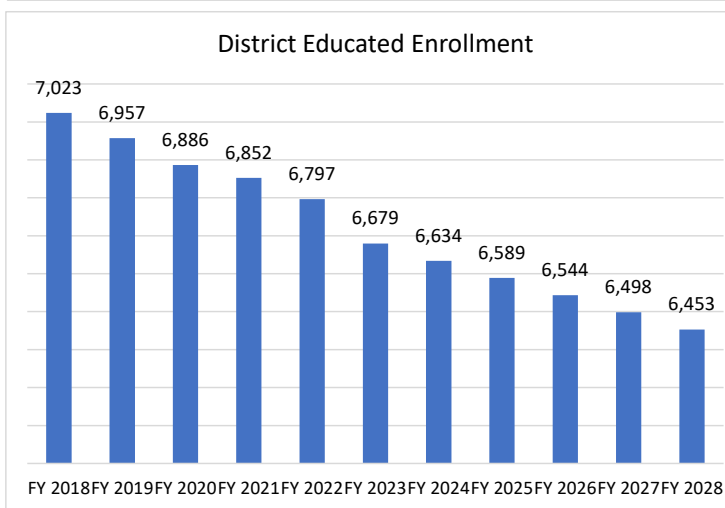
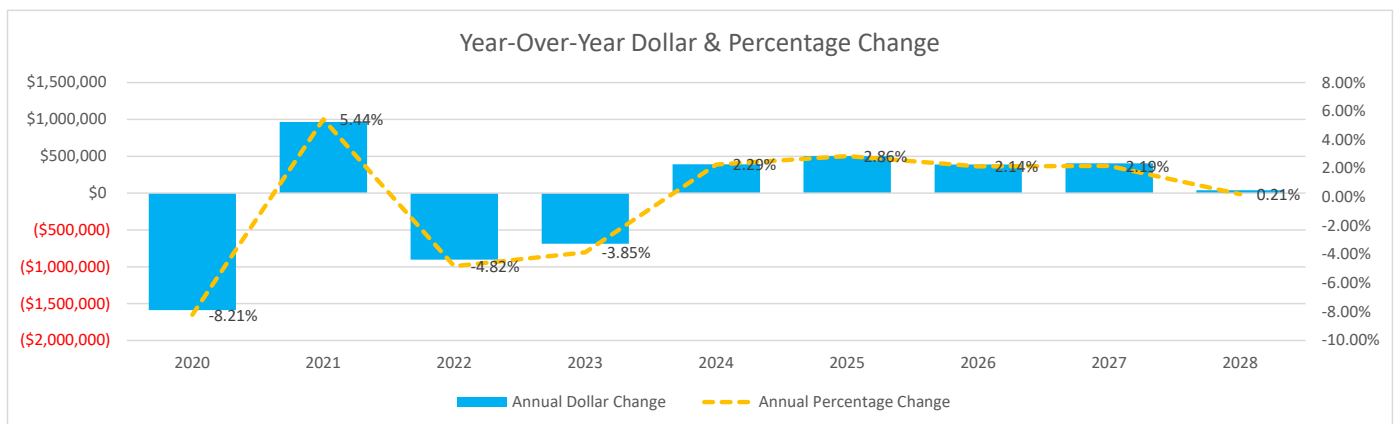
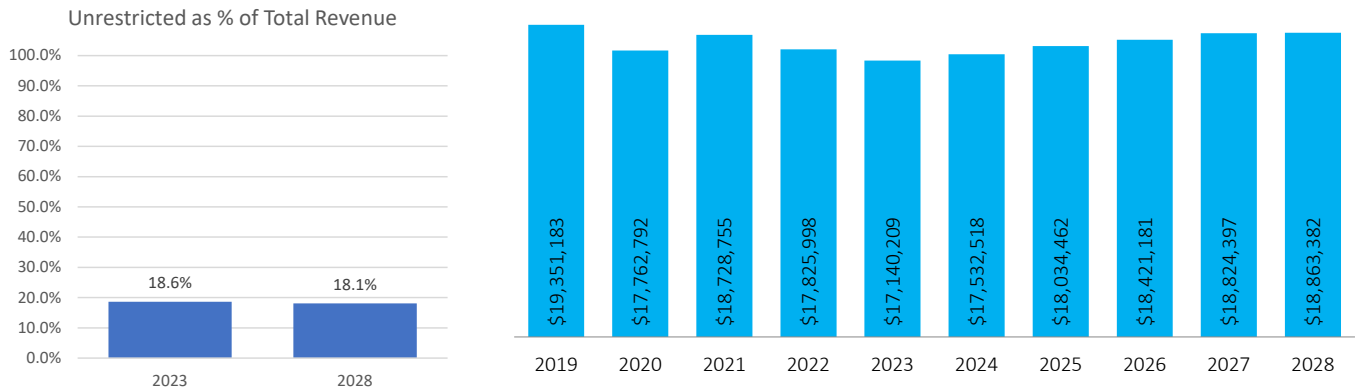


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



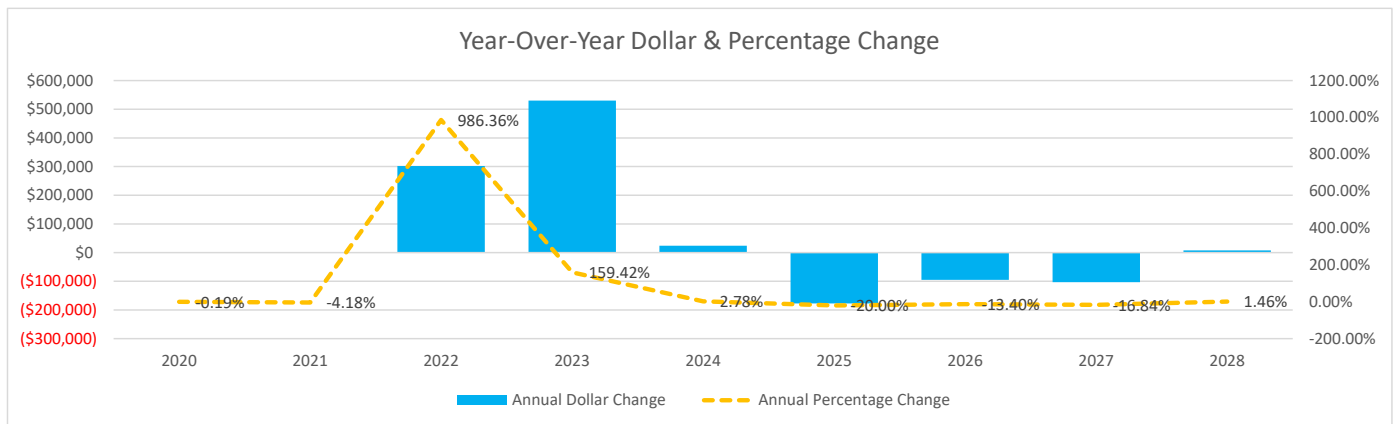
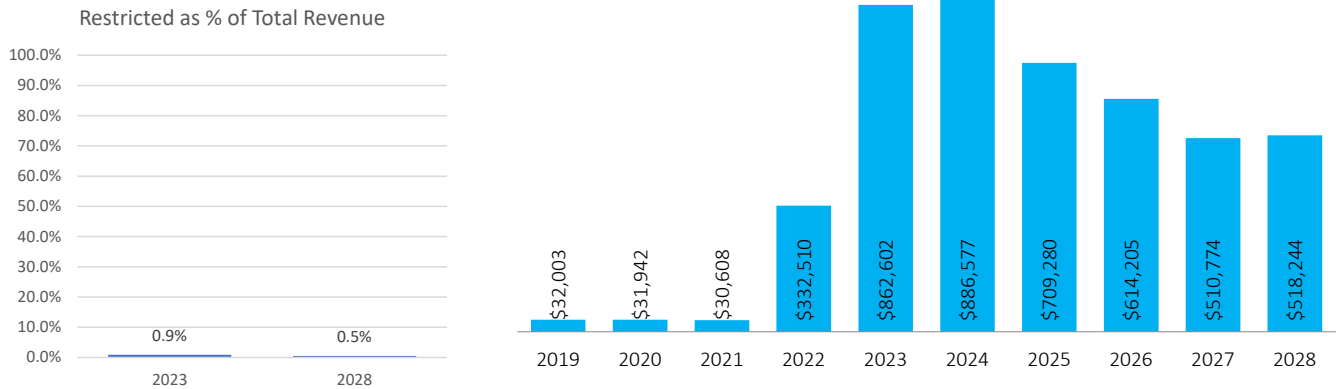
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual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

For Forest Hills Local School District the calculated Base Cost total is \$55,009,238 in FY 2024. The state's share of the calculated Base Cost total is \$7,138,659 or \$1,076 per pupil. The FSFP ensures that districts do not receive less in FY24 than what they received in FY20. In FY24, the District is on the Temporary Transitional Aid Guarantee for \$3,796,430.

The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts.

1.040 & 1.045 - Restricted Grants-in-Aid

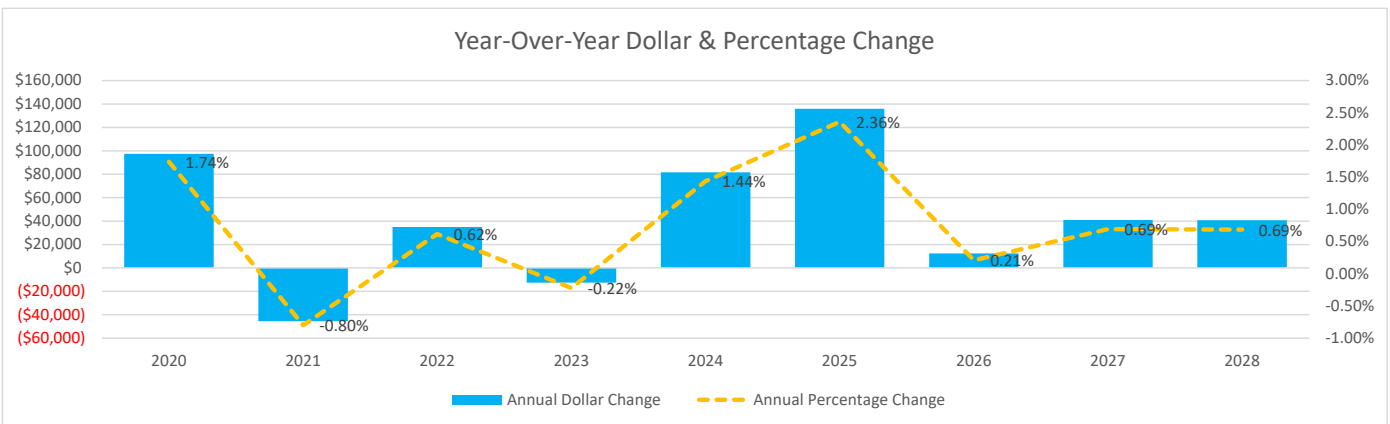
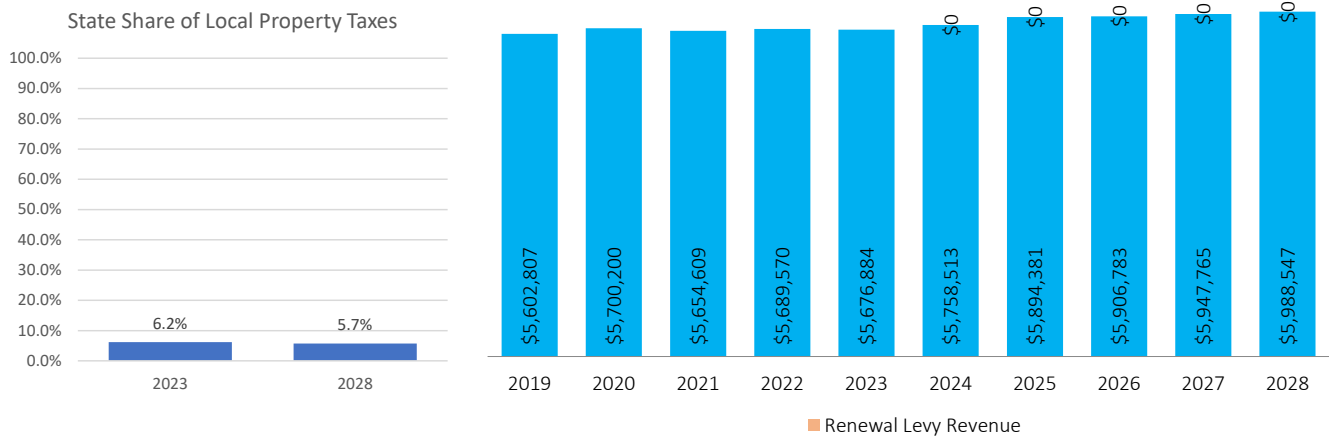
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$276,887 and is projected to change annually on average by -\$68,872. Restricted funds represent 0.94% 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 \$507,242. 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 - State Share of Local Property Taxes

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

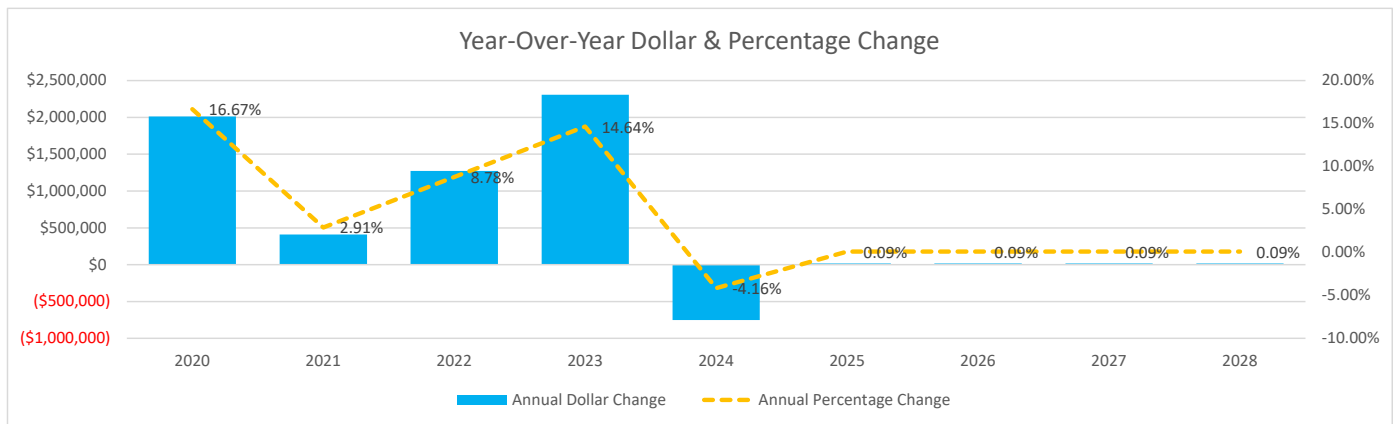
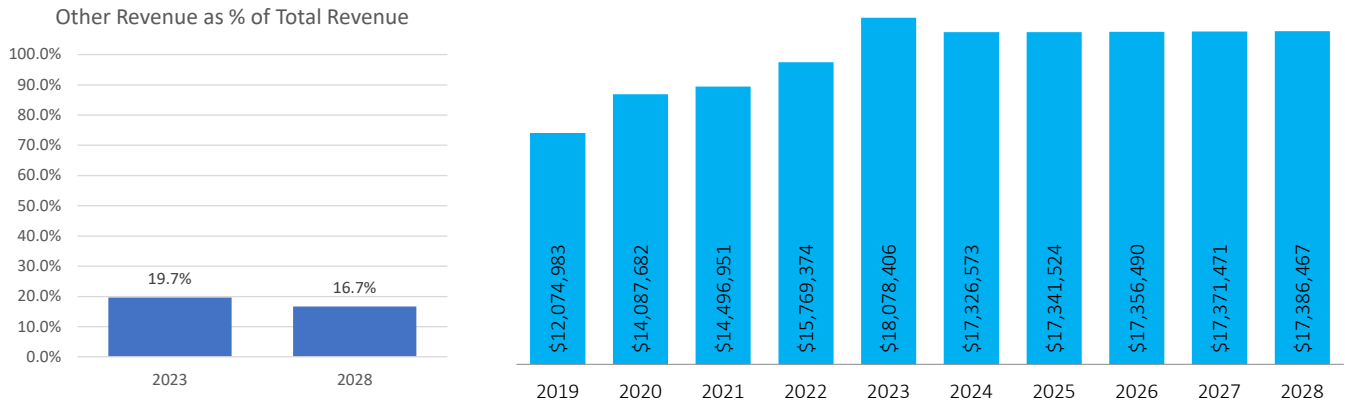


State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2024, approximately 9.3% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.3% will be reimbursed in the form of qualifying homestead exemption credits.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

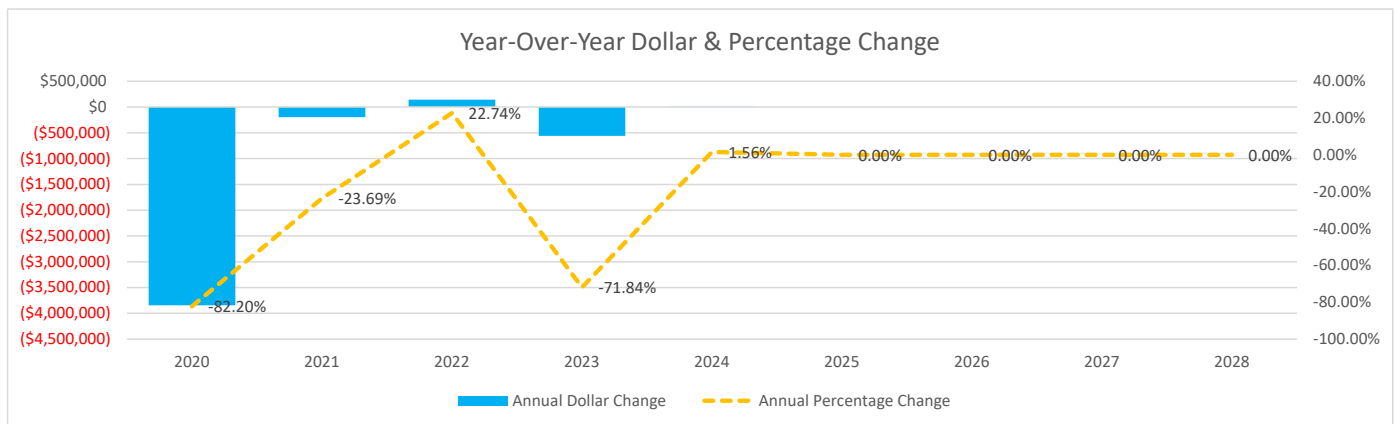
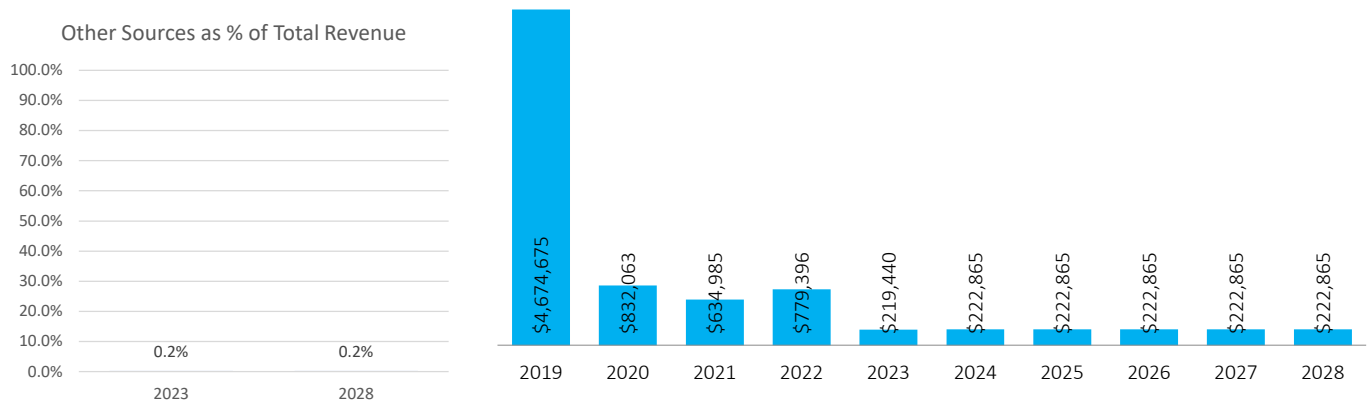
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$1,500,856. The projected average annual change is -\$138,388 through FY 2028.

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.

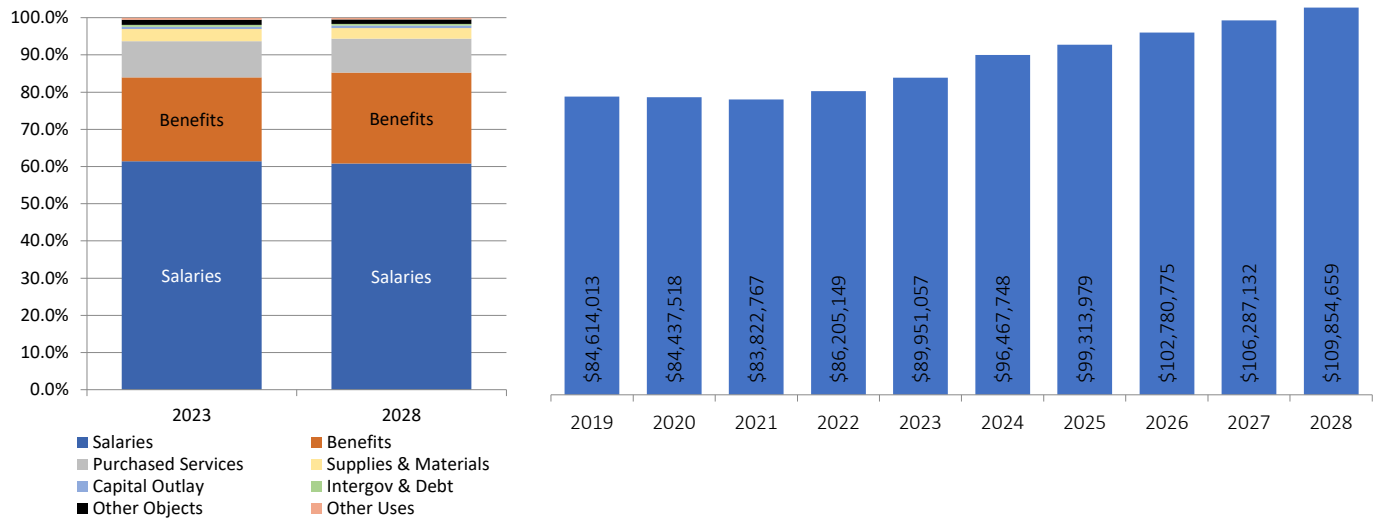


	2023	FORECASTED				
		2024	2025	2026	2027	2028
Transfers In	-	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	219,440	222,865	222,865	222,865	222,865	222,865

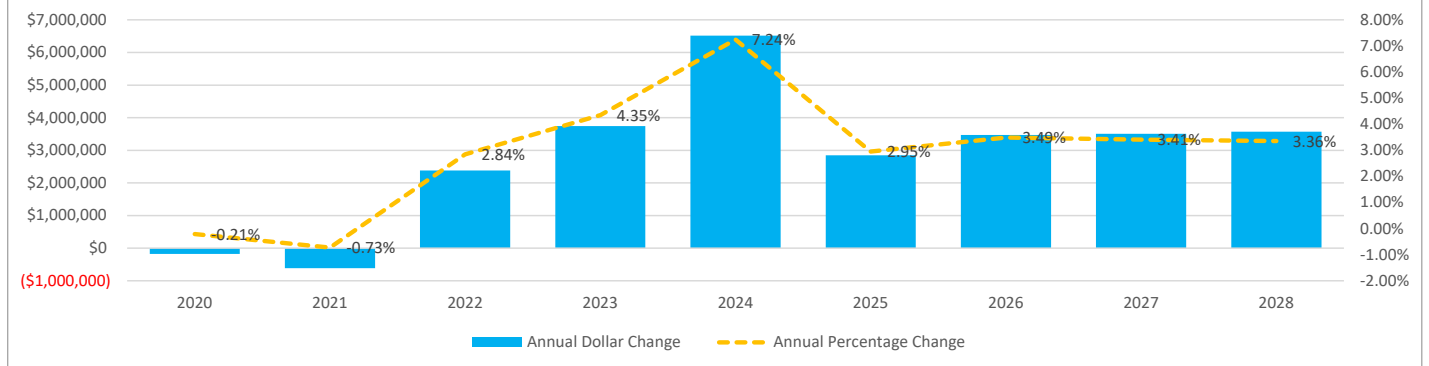
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2024. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$222,865 in FY 2024 and average \$222,865 annually through FY 2028.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



4-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 1.56% or \$1,334,261 annually during the past 4-Year period and is projected to increase 4.43% or \$3,980,720 annually through FY2028. Salaries has the largest projected average annual variance compared to the historical average at \$1,309,115.
Salaries	995,020	2,304,135	\$1,309,115	
Benefits	\$484,089	\$1,310,339	\$826,250	
Purchased Services	(\$61,340)	\$255,143	\$316,484	
Supplies & Materials	\$175,782	\$44,126	(\$131,656)	
Capital Outlay	(\$110,432)	\$53,521	\$163,953	
Intergov & Debt	\$72,009	\$240	(\$71,769)	
Other Objects	\$55,636	\$14,217	(\$41,420)	
Other Uses	(\$276,503)	(\$1,000)	\$275,503	
Total Average Annual Change	\$1,334,261	\$3,980,720	\$2,646,460	
	1.56%	4.43%	2.86%	

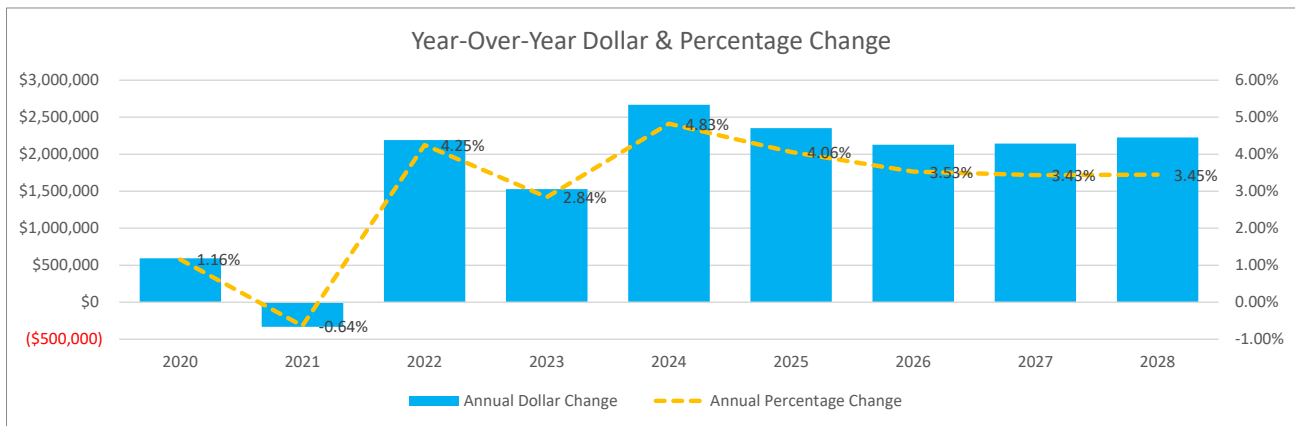
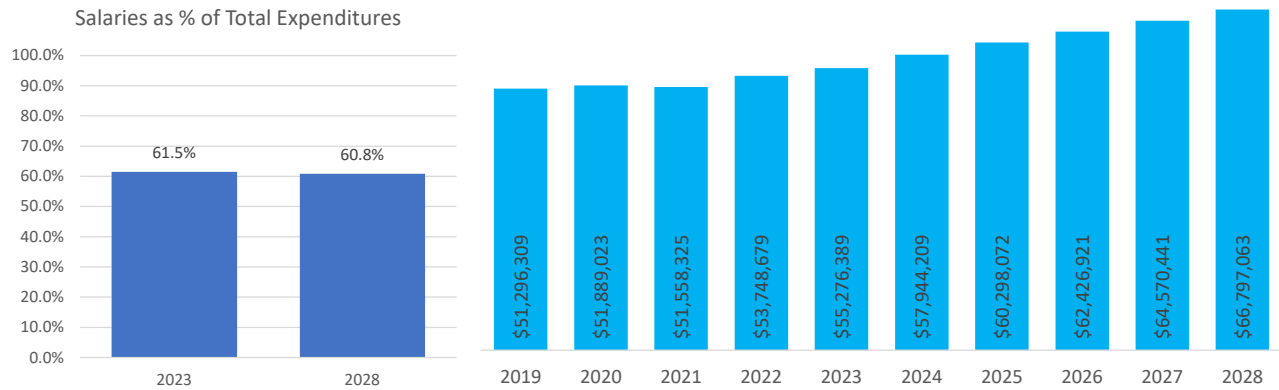
Note: Revenue average annual change is projected to

be > \$2,470,409

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.

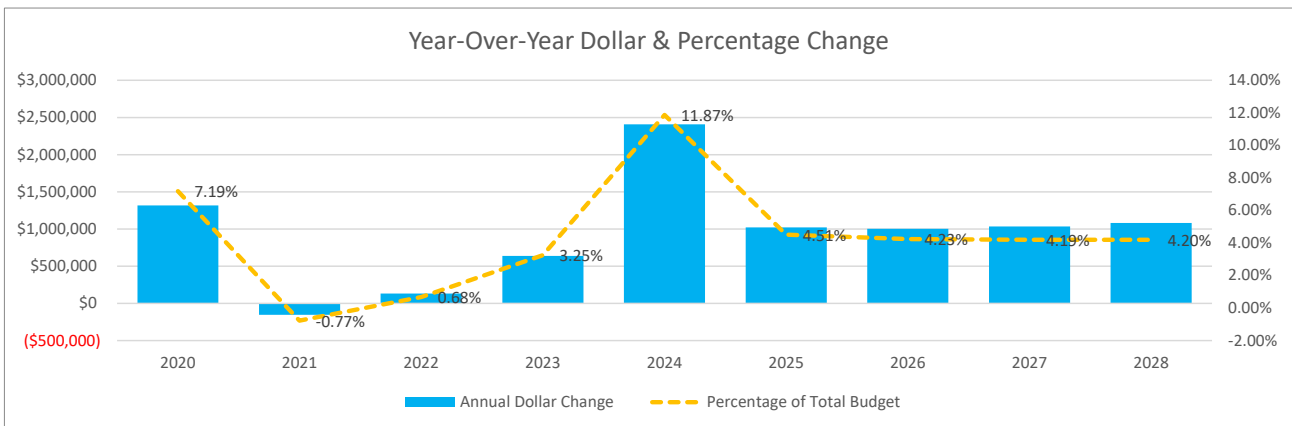
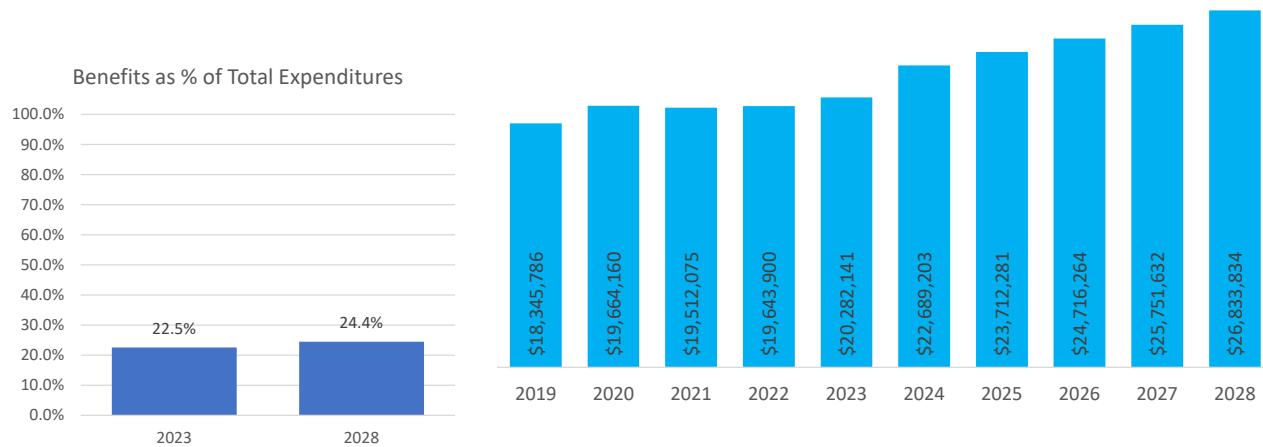


Salaries represent 61.45% of total expenditures and increased at a historical average annual rate of 1.90% or \$995,020. This category of expenditure is projected to grow at an annual average rate of 3.86% or \$2,304,135 through FY 2028. The projected average annual rate of change is 1.96% more than the five year historical annual average.

Many factors contribute to the increase and decrease percentages of salaries. Increases and decreases are primarily driven by COLA and step increases and the number of FTE's that are paid by the General Fund. Employees were given a 2% COLA in FY24. From FY21 thru February 2023 the District utilized COVID funds to pay staff that had typically been paid by the General Fund. With COVID funds depleted in February of 2023, the District moved 22 positions back into the General Fund.

3.020 - Employees' Benefits

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

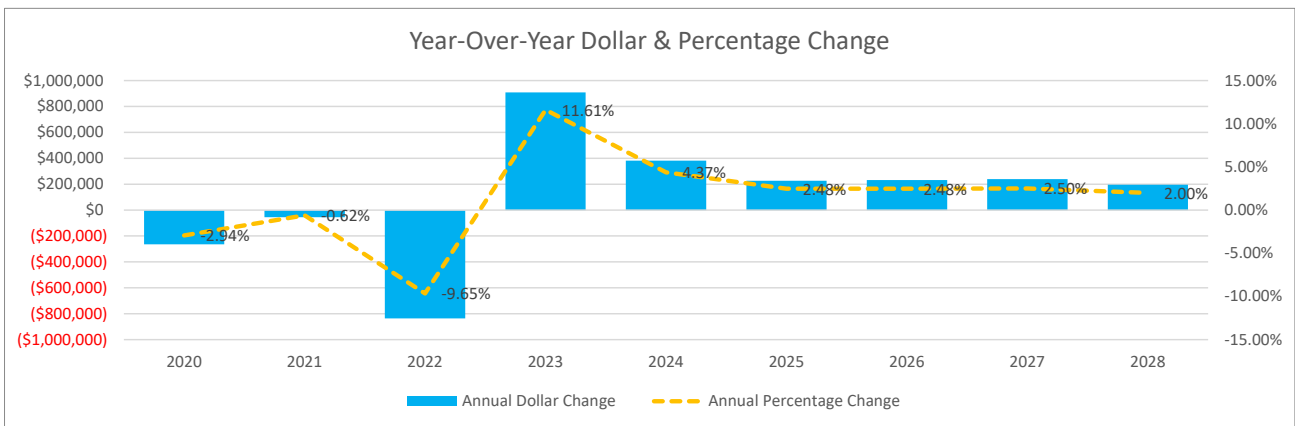
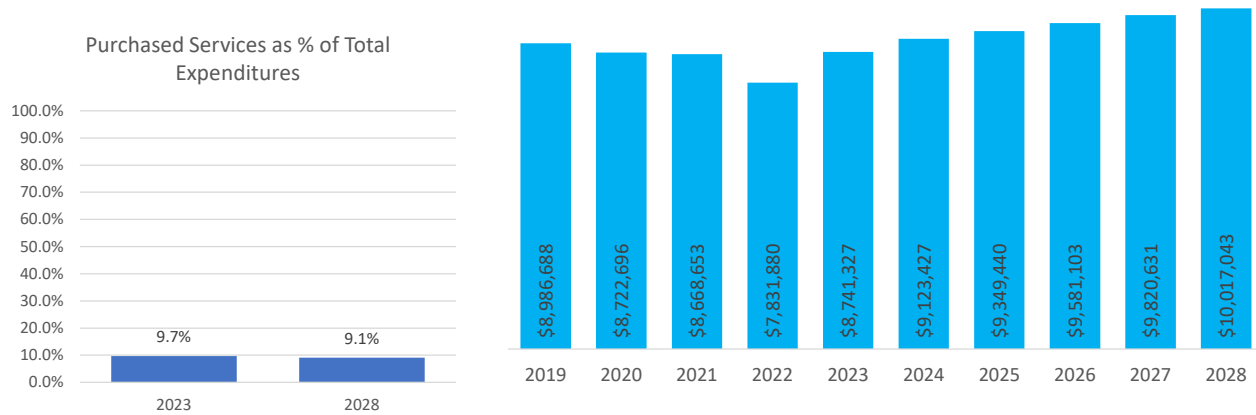


Benefits represent 22.55% of total expenditures and increased at a historical average annual rate of 2.58%. This category of expenditure is projected to grow at an annual average rate of 5.80% through FY 2028. The projected average annual rate of change is 3.22% more than the five year historical annual average.

The forecasted increase in 2024, is primarily due to the negotiated agreement which adjusts the Board share of the medical insurance premium to 80% of the PPO Plan and 85% of the HDHP Plan.

3.030 - Purchased Services

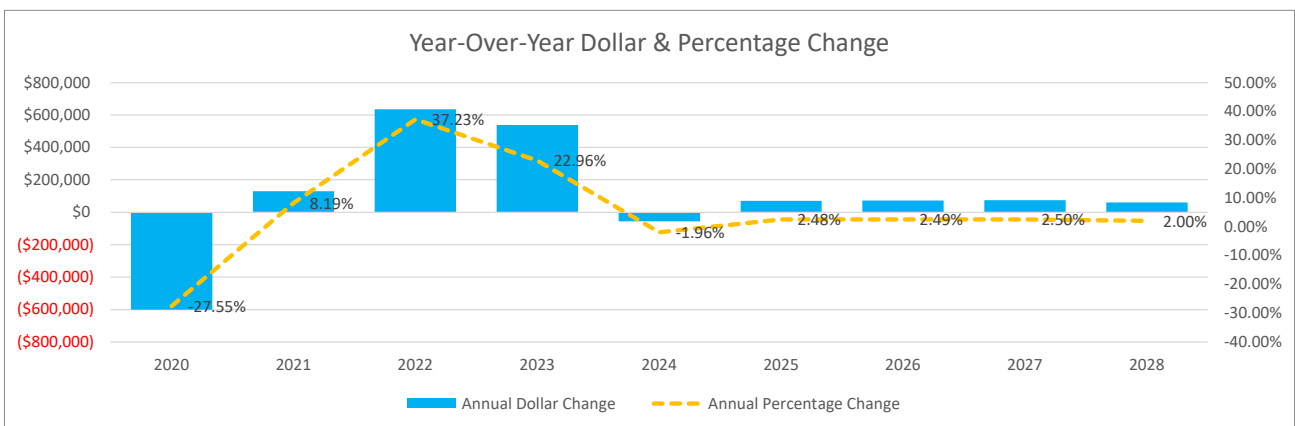
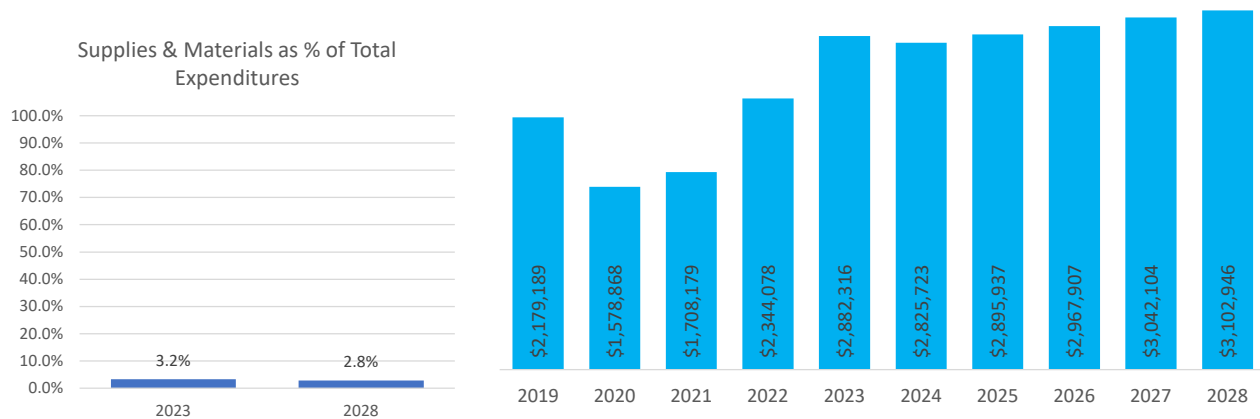
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 9.72% of total expenditures and decreased at a historical average annual rate of -0.40%. This category of expenditure is projected to grow at an annual average rate of 2.77% through FY 2028. The FSP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This change resulted in lower district cost but also less per pupil state revenue since per pupil funding was paid directly by the state to the attending school.

3.040 - Supplies & Materials

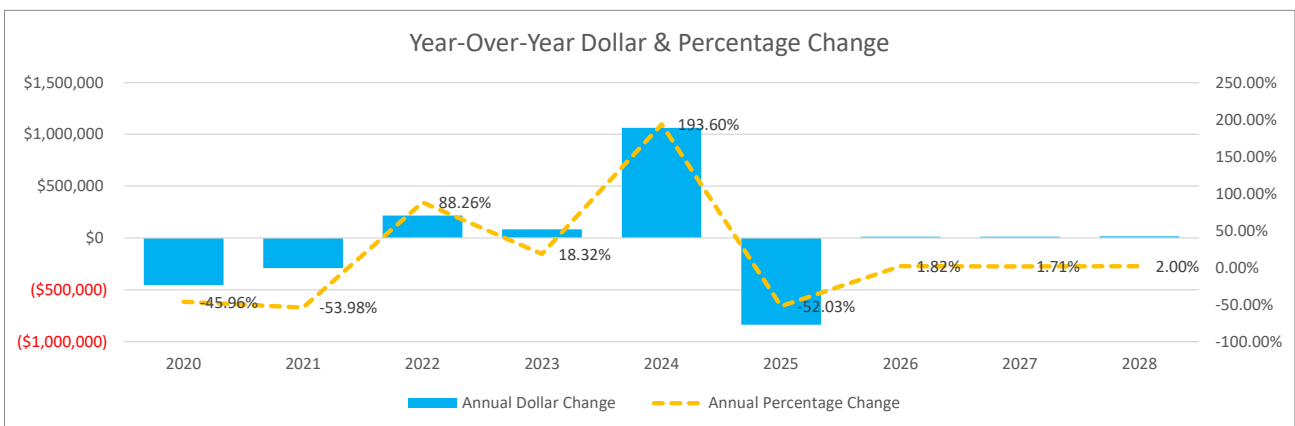
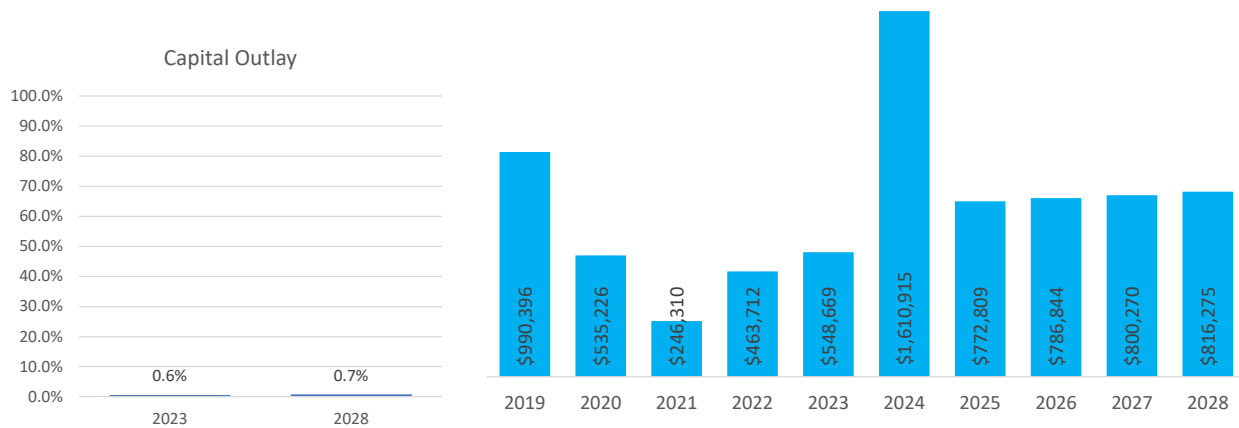
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 3.20% of total expenditures and increased at a historical average annual rate of 10.21%. This category of expenditure is projected to grow at an annual average rate of 1.50% through FY 2028. The projected average annual rate of change is -8.71% less than the five year historical annual average.

3.050 - Capital Outlay

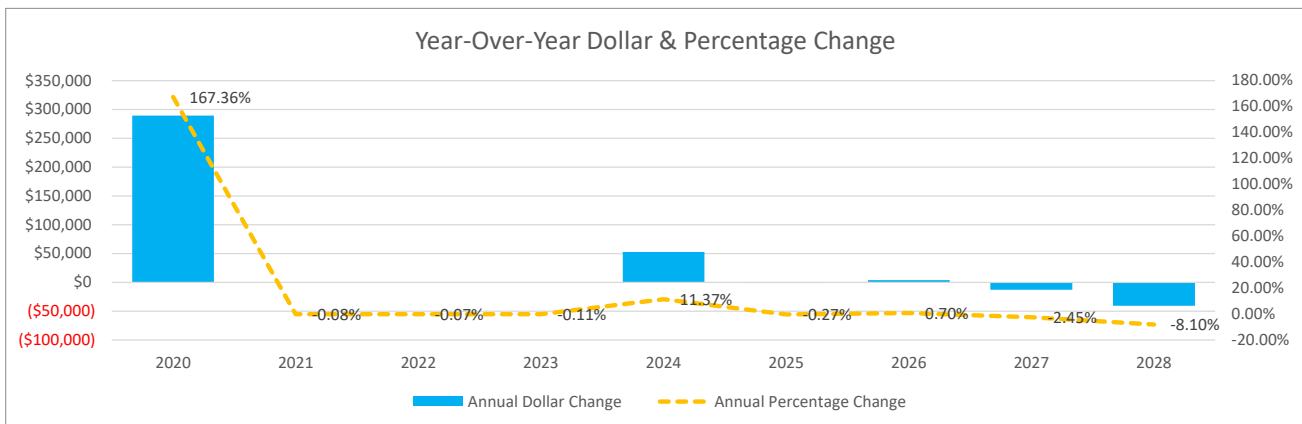
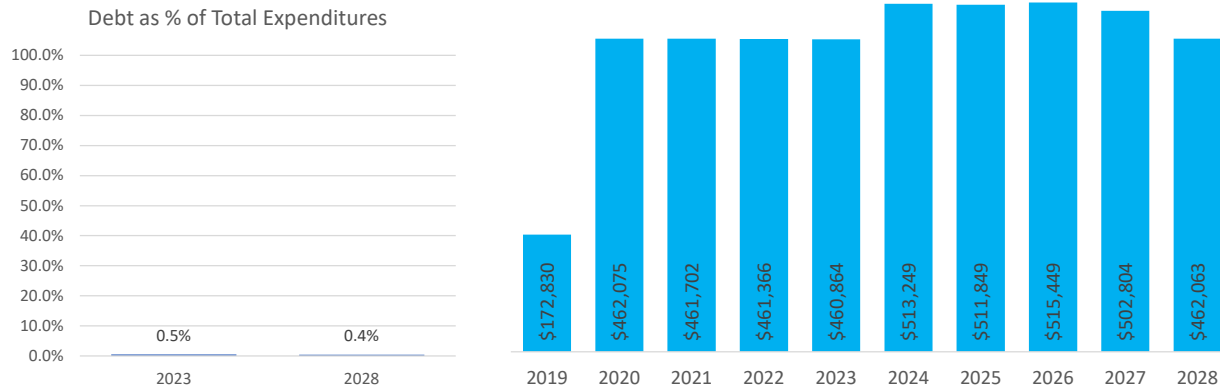
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.61% of total expenditures and decreased at a historical average annual amount of -\$110,432. This category of expenditure is projected to grow at an annual average rate of \$53,521 through FY 2028. 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.

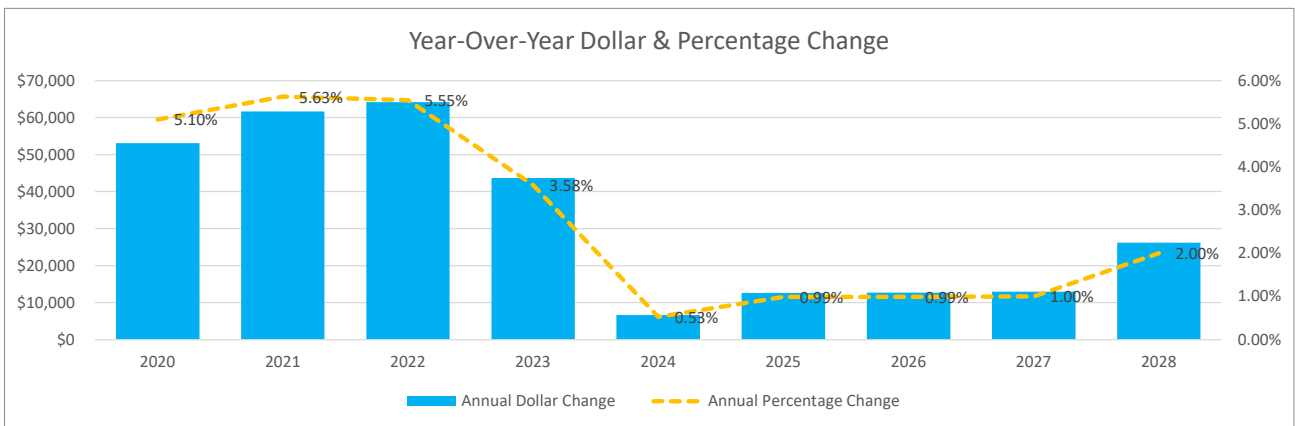
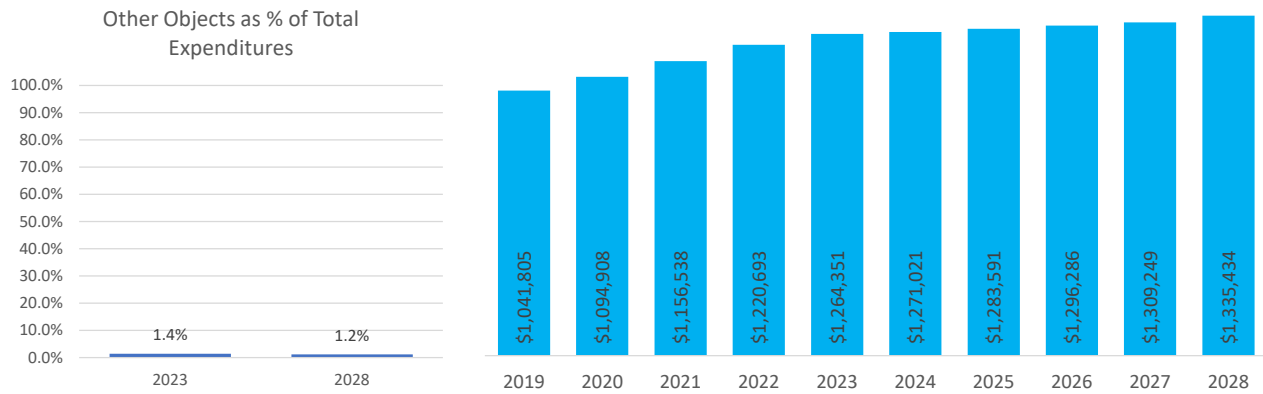


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.



4.300 - Other Objects

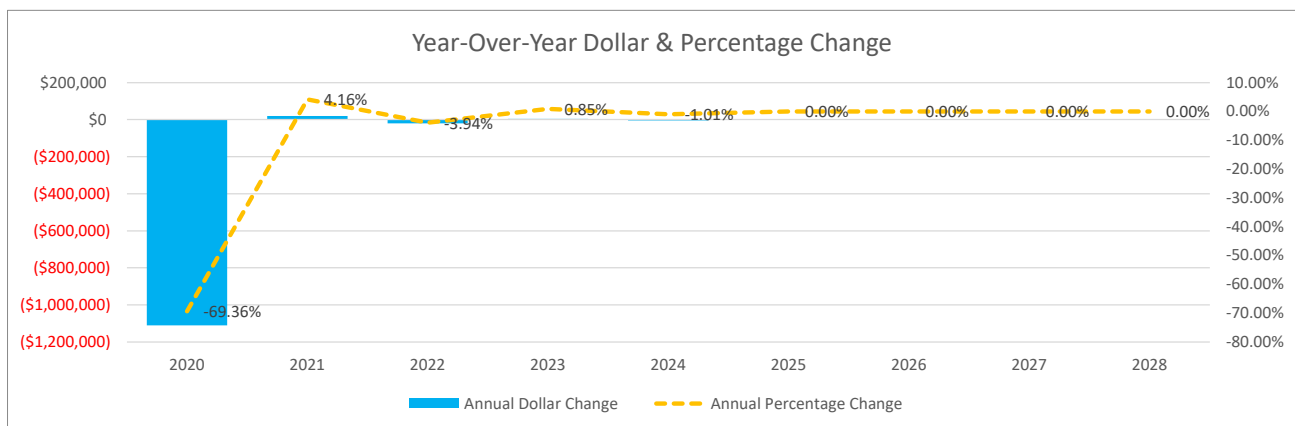
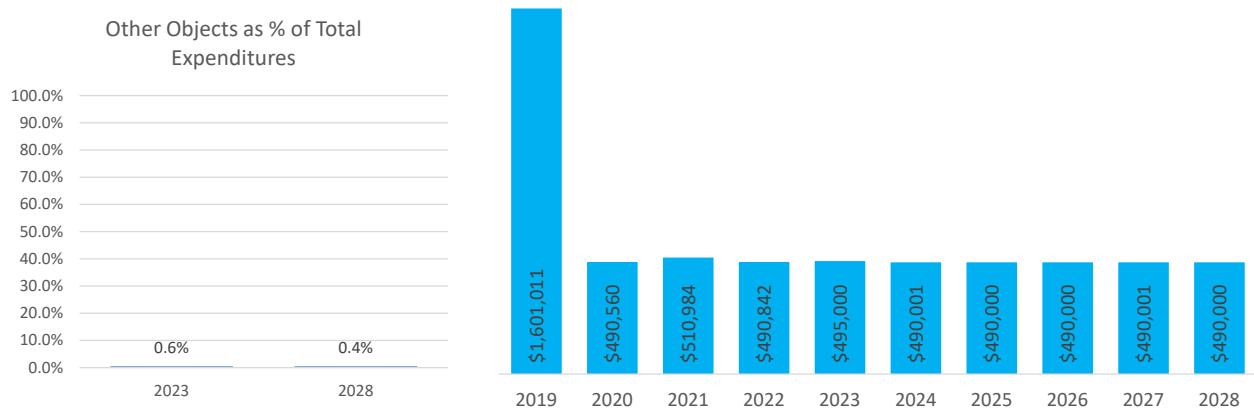
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.41% of total expenditures and increased at a historical average annual rate of 4.96%. This category of expenditure is projected to grow at an annual average rate of 1.10% through FY 2028. The projected average annual rate of change is -3.86% less 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					
	2023	2024	2025	2026	2027	2028
Transfers Out	495,000	490,001	490,000	490,000	490,001	490,000
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 2023 the district had no advances-out and has no advances-out forecasted through FY 2028. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2028. 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				
	2023	2024	2025	2026	2027	2028
Revenue:						
1.010 - General Property Tax (Real Estate)	47,085,627	52,184,487	56,744,590	56,865,794	57,255,503	57,614,290
1.020 - Public Utility Personal Property	2,875,804	3,117,396	3,348,673	3,464,856	3,581,038	3,697,220
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	17,140,209	17,532,518	18,034,462	18,421,181	18,824,397	18,863,382
1.040 - Restricted Grants-in-Aid	862,602	886,577	709,280	614,205	510,774	518,244
1.050 - State Share-Local Property Taxes	5,676,884	5,758,513	5,894,381	5,906,783	5,947,765	5,988,547
1.060 - All Other Operating Revenues	18,078,406	17,326,573	17,341,524	17,356,490	17,371,471	17,386,467
1.070 - Total Revenue	91,719,532	96,806,064	102,072,910	102,629,309	103,490,948	104,068,150
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	219,440	222,865	222,865	222,865	222,865	222,865
2.070 - Total Other Financing Sources	219,440	222,865	222,865	222,865	222,865	222,865
2.080 - Total Rev & Other Sources	91,938,972	97,028,929	102,295,775	102,852,174	103,713,813	104,291,015
Expenditures:						
3.010 - Personnel Services	55,276,389	57,944,209	60,298,072	62,426,921	64,570,441	66,797,063
3.020 - Employee Benefits	20,282,141	22,689,203	23,712,281	24,716,264	25,751,632	26,833,834
3.030 - Purchased Services	8,741,327	9,123,427	9,349,440	9,581,103	9,820,631	10,017,043
3.040 - Supplies and Materials	2,882,316	2,825,723	2,895,937	2,967,907	3,042,104	3,102,946
3.050 - Capital Outlay	548,669	1,610,915	772,809	786,844	800,270	816,275
Intergovernmental & Debt Service	460,864	513,249	511,849	515,449	502,804	462,063
4.300 - Other Objects	1,264,351	1,271,021	1,283,591	1,296,286	1,309,249	1,335,434
4.500 - Total Expenditures	89,456,057	95,977,747	98,823,979	102,290,775	105,797,131	109,364,660
Other Financing Uses						
5.010 - Operating Transfers-Out	495,000	490,001	490,000	490,000	490,001	490,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	495,000	490,001	490,000	490,000	490,001	490,000
5.050 - Total Exp and Other Financing Uses	89,951,057	96,467,748	99,313,979	102,780,775	106,287,132	109,854,659
6.010 - Excess of Rev Over/(Under) Exp	1,987,915	561,181	2,981,796	71,399	(2,573,319)	(5,563,644)
7.010 - Cash Balance July 1 (No Levies)	18,876,236	20,864,151	21,425,332	24,407,129	24,478,528	21,905,209
7.020 - Cash Balance June 30 (No Levies)	20,864,151	21,425,332	24,407,129	24,478,528	21,905,209	16,341,564
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	20,864,151	21,425,332	24,407,129	24,478,528	21,905,209	16,341,564
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	20,864,151	21,425,332	24,407,129	24,478,528	21,905,209	16,341,564
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	20,864,151	21,425,332	24,407,129	24,478,528	21,905,209	16,341,564

