

Indian Hill Exempted Village School District

Five Year Forecast Financial Report

November 2021

Prepared by Mick Davis, Treasurer

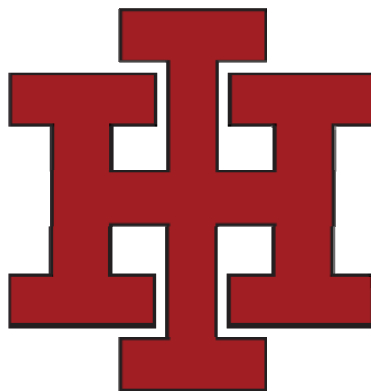


Table of Contents

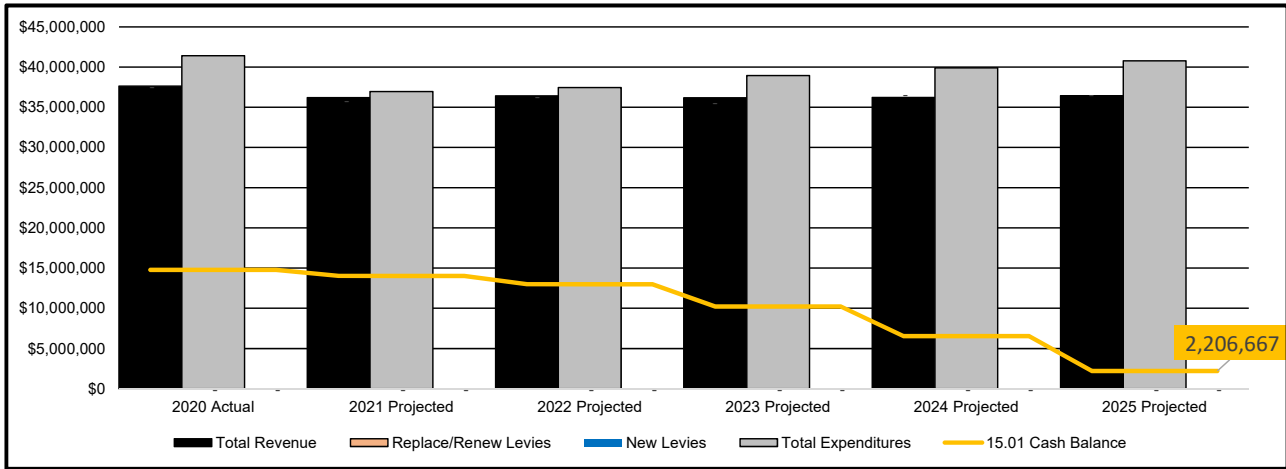
	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	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.



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	14,779,869	14,024,718	12,993,892	10,228,261	6,551,353
+ Revenue	36,188,910	36,409,842	36,170,830	36,212,455	36,429,443
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(36,944,062)	(37,440,668)	(38,936,461)	(39,889,363)	(40,774,129)
= Revenue Surplus or Deficit	(755,152)	(1,030,826)	(2,765,631)	(3,676,908)	(4,344,687)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	14,024,718	12,993,892	10,228,261	6,551,353	2,206,667

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(755,152)	(1,030,826)	(2,765,631)	(3,676,908)	(4,344,687)
Ending Balance w/o Levies	14,024,718	12,993,892	10,228,261	6,551,353	2,206,667

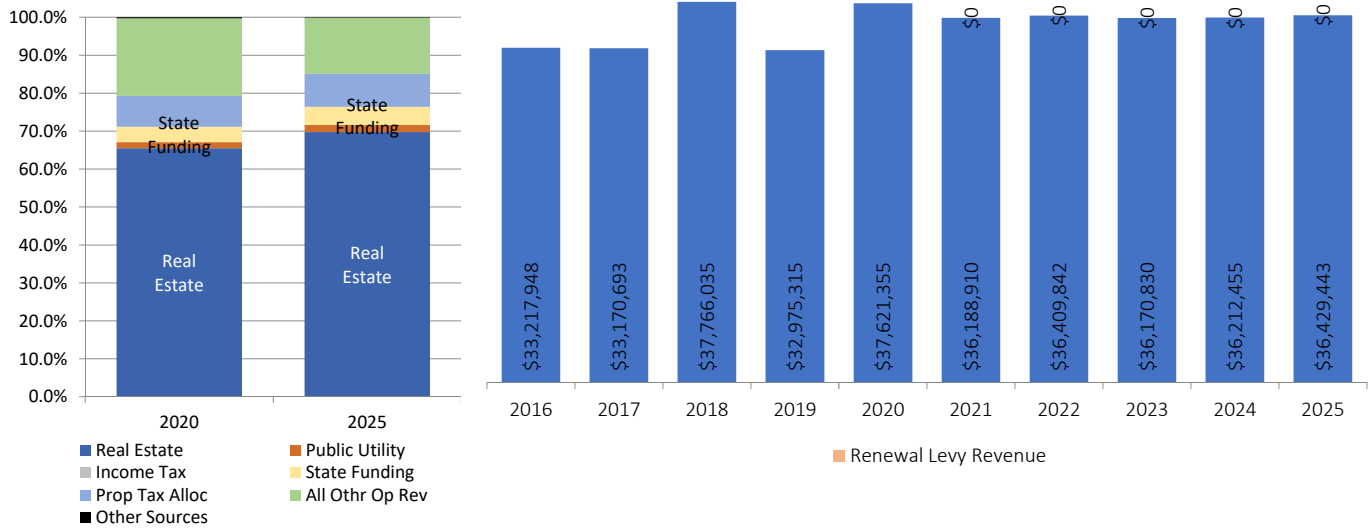
In FY 2021 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$755,152 in FY 2021. By the last year of the forecast, FY 2025, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$4,344,687. The district would need to cut its FY 2025 projected expenses by 11.93% 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.

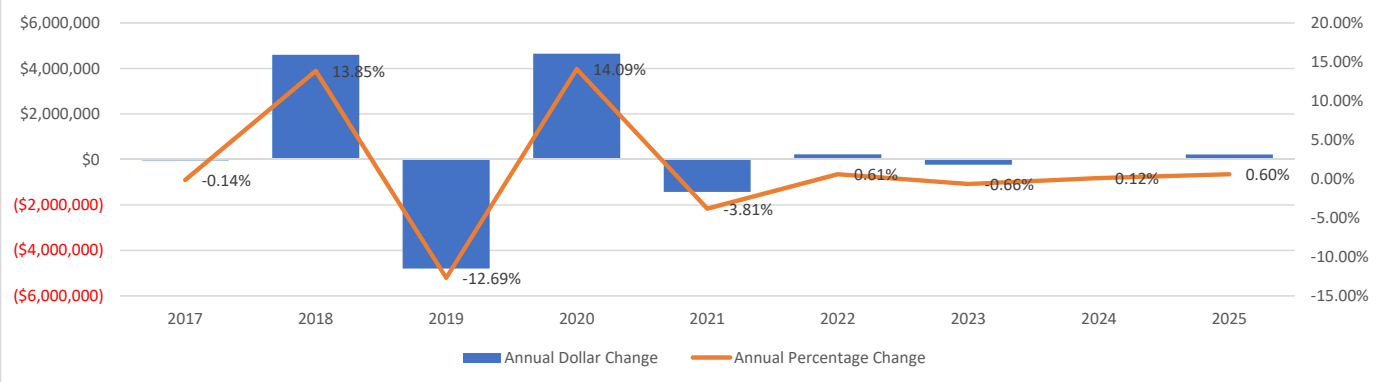


Revenue Sources and Forecast Year-Over-Year Projected Overview

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	Total revenue increased 5.09% or \$1,483,554 annually during the past five years and is projected to decrease -0.63% or -\$238,383 annually through FY2025. All Othr Op Rev has the most projected average annual variance compared to the historical average at -
Real Estate	\$309,359	\$154,336	(\$155,023)	\$1,545,618
Public Utility	\$50,984	\$14,239	(\$36,745)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$9,746)	\$43,240	\$52,986	
Prop Tax Alloc	\$17,822	\$22,255	\$4,433	
All Othr Op Rev	\$1,083,282	(\$462,336)	(\$1,545,618)	
Other Sources	\$31,853	(\$10,116)	(\$41,969)	
Total Average Annual Change	\$1,483,554	(\$238,383)	(\$1,721,937)	
	5.09%	-0.63%	-5.71%	

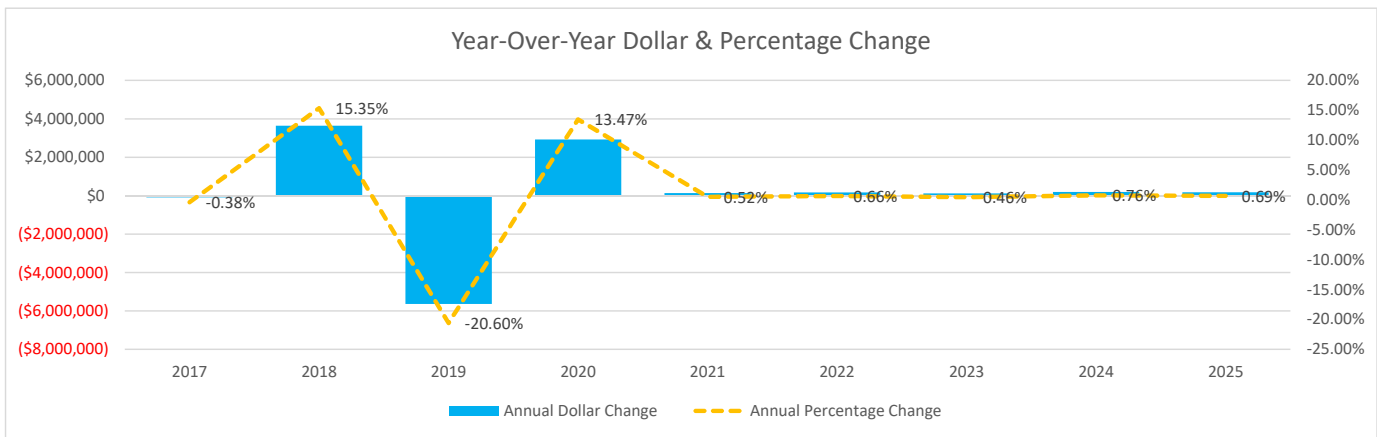
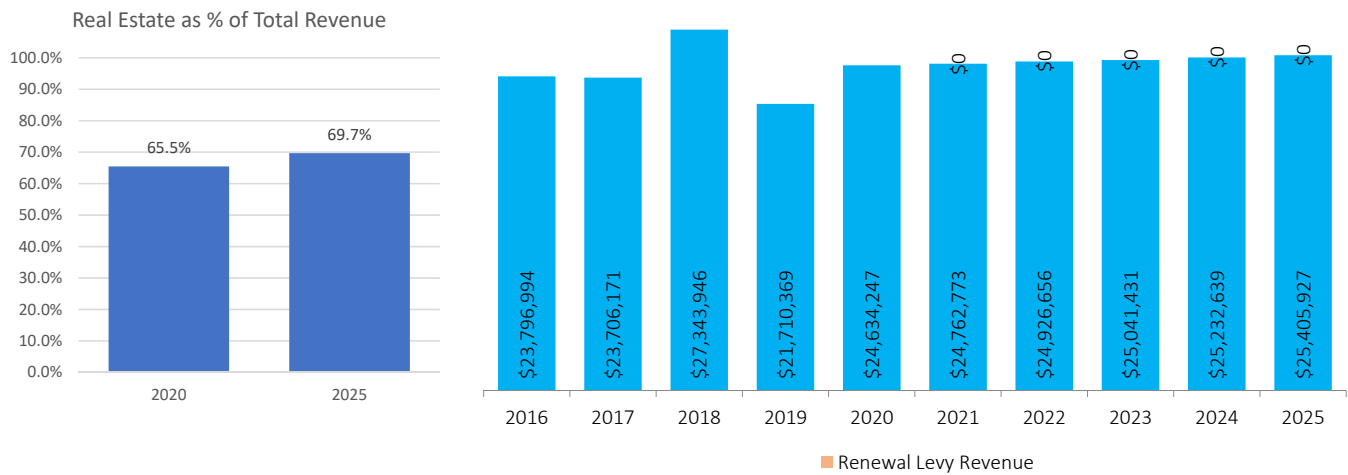
Note: Expenditure average annual change is projected to be >

(\$127,819) On an annual average basis, expenditures are projected to contract while revenue contracts



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	1,248,278,170	6,851,190	22.59	-	20.74	-	98.9%
2020	1,266,943,170	18,665,000	22.47	(0.12)	20.56	(0.17)	99.0%
2021	1,269,667,420	2,724,250	22.51	0.04	20.59	0.02	99.0%
2022	1,275,147,420	5,480,000	22.53	0.02	20.61	0.02	99.0%
2023	1,301,547,420	26,400,000	22.29	(0.23)	20.33	(0.28)	99.0%
2024	1,304,770,660	3,223,240	22.34	0.04	20.35	0.02	99.0%

Real estate property tax revenue accounts for 65.48% of total revenue. Class I or residential/agricultural taxes make up approximately 89.68% of the real estate property tax revenue. The Class I tax rate is 22.47 mills in tax year 2020. The projections reflect an average gross collection rate of 99.0% annually through tax year 2024. The revenue changed at an average annual historical rate of 2.74% and is projected to change at an average annual rate of 0.62% through FY 2025.

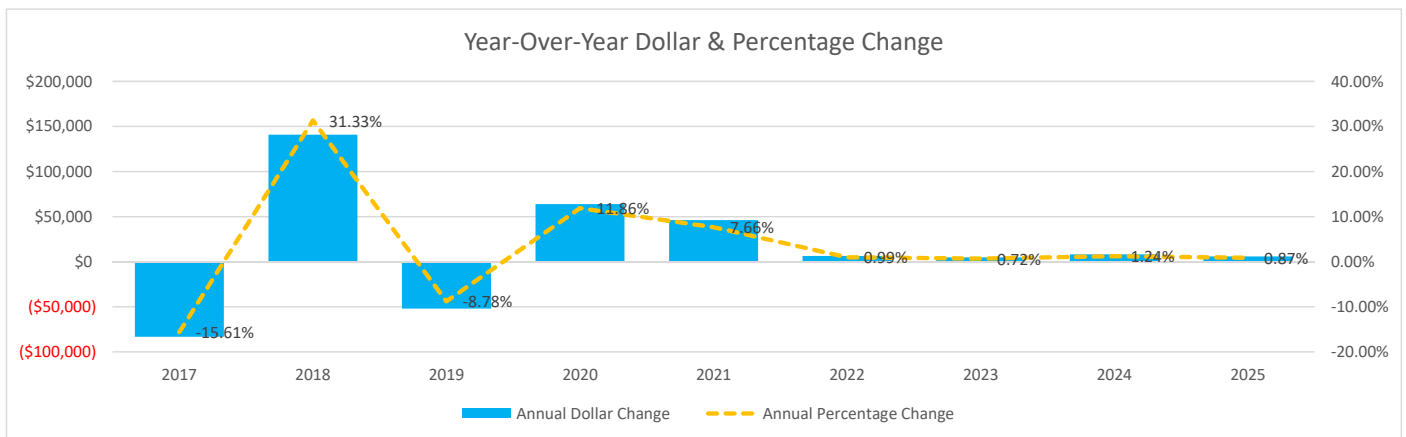
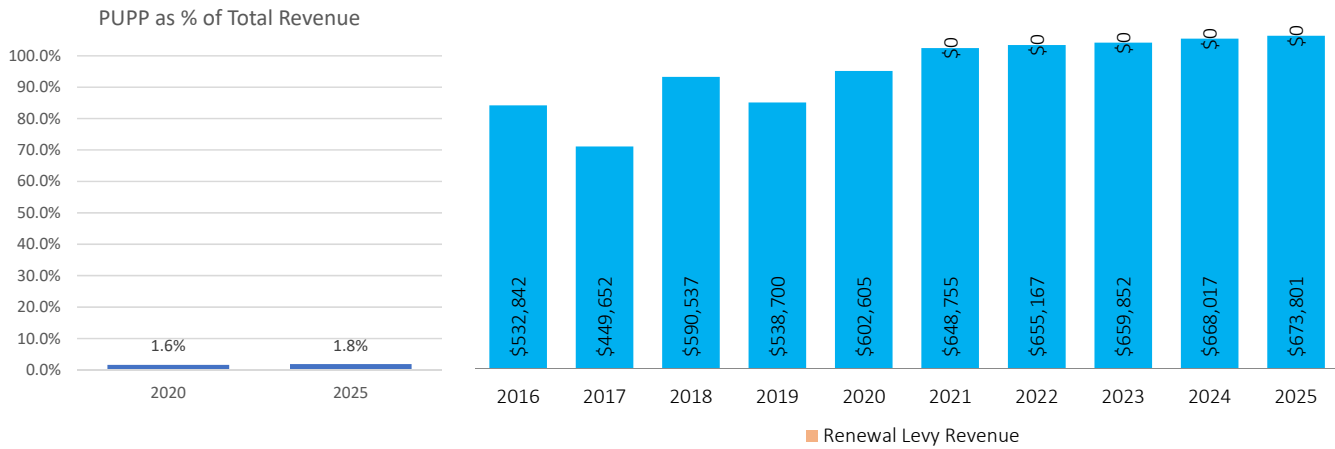
Despite current economic issues, the real estate market remains particularly strong. In Cincinnati, demand for homes keeps inventories small and homes stay on the market for a short period of time. 2020 marks a triennial valuation of all properties in Hamilton County and 2023 will be a reappraisal year. Historical values of the 2014 triennial valuation and the 2017 reappraisals were used as estimates for tax year 2020 and 2023.

**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	15,049,600	2,175,360	42.92	-	100.0%
2020	15,149,600	100,000	42.92	-	100.0%
2021	15,324,600	175,000	42.92	-	100.0%
2022	15,399,600	75,000	42.92	-	100.0%
2023	15,649,600	250,000	42.92	-	100.0%
2024	15,724,600	75,000	42.92	-	100.0%

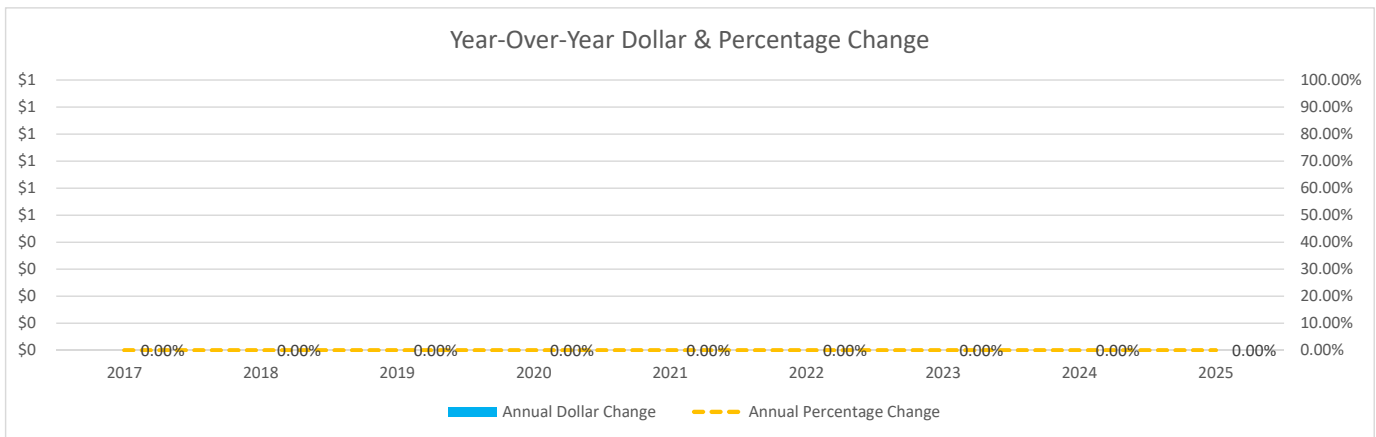
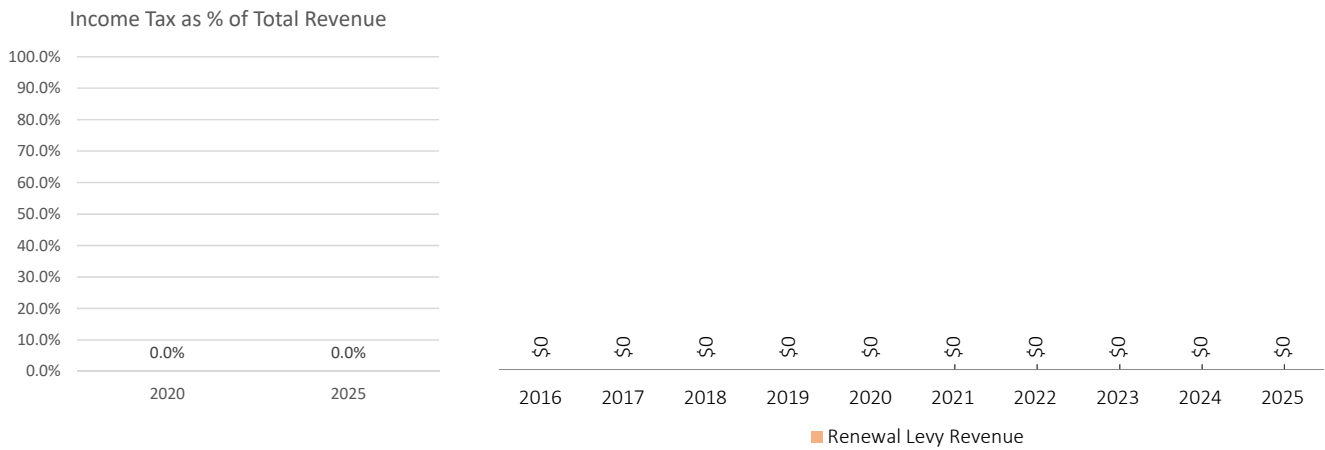
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 1.60% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2020 is 42.92 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$50,984 and is projected to change at an average annual dollar amount of \$14,239 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.



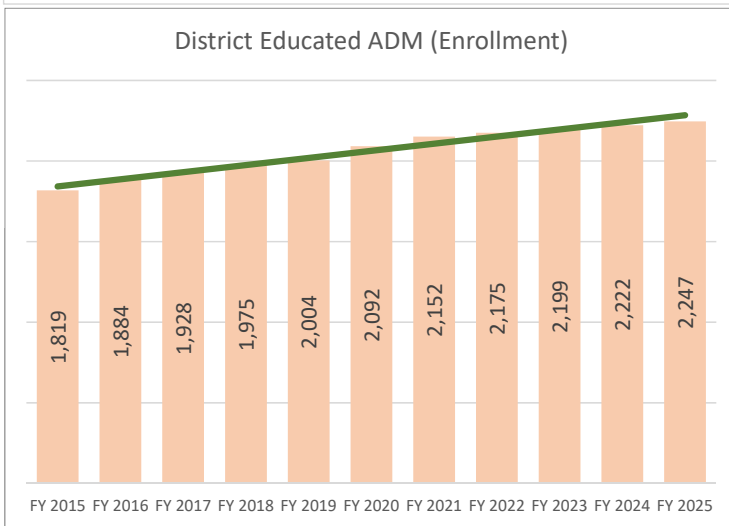
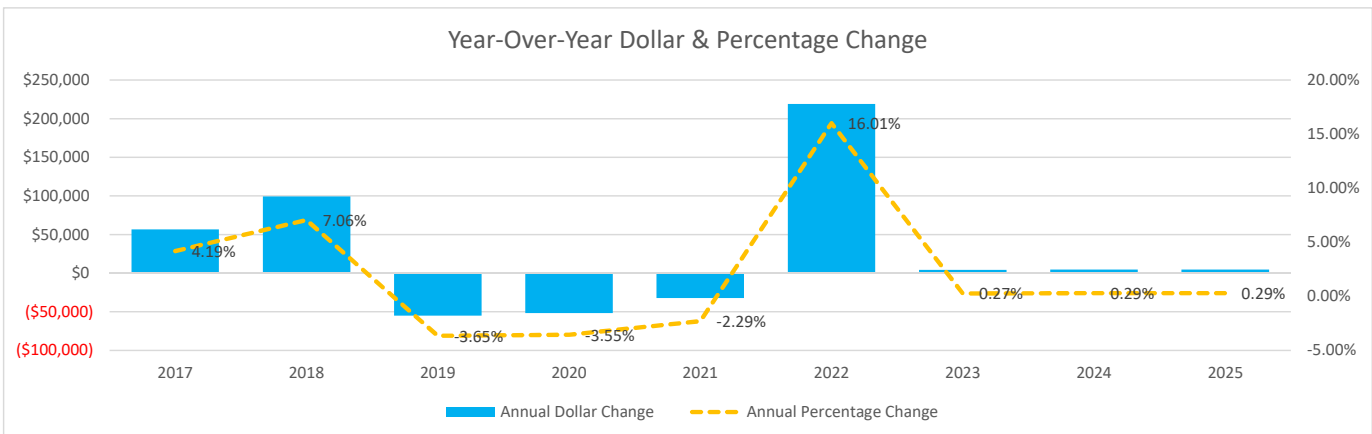
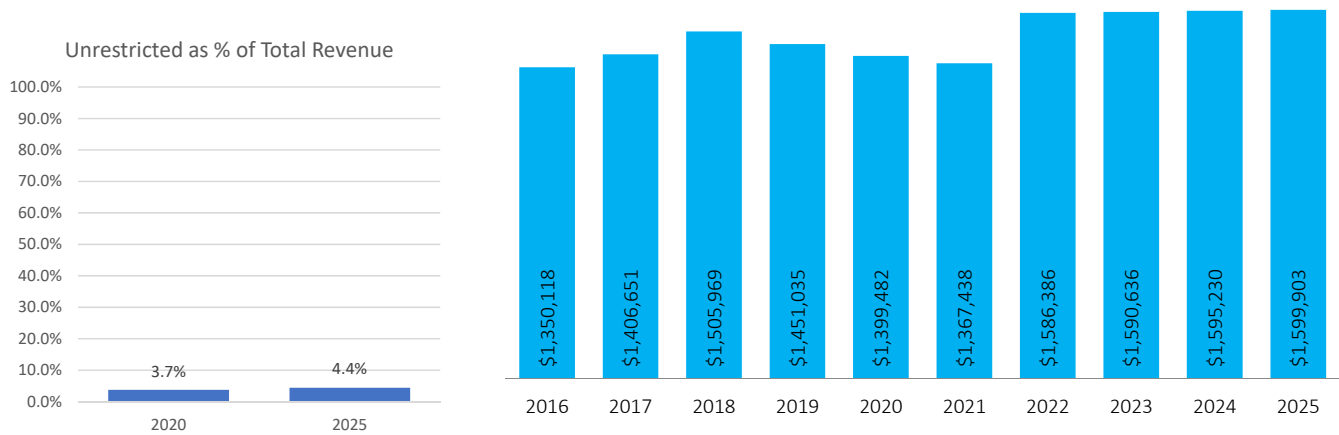
The district does not have an income tax levy.

**Projected % trends include renewal levies*



1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



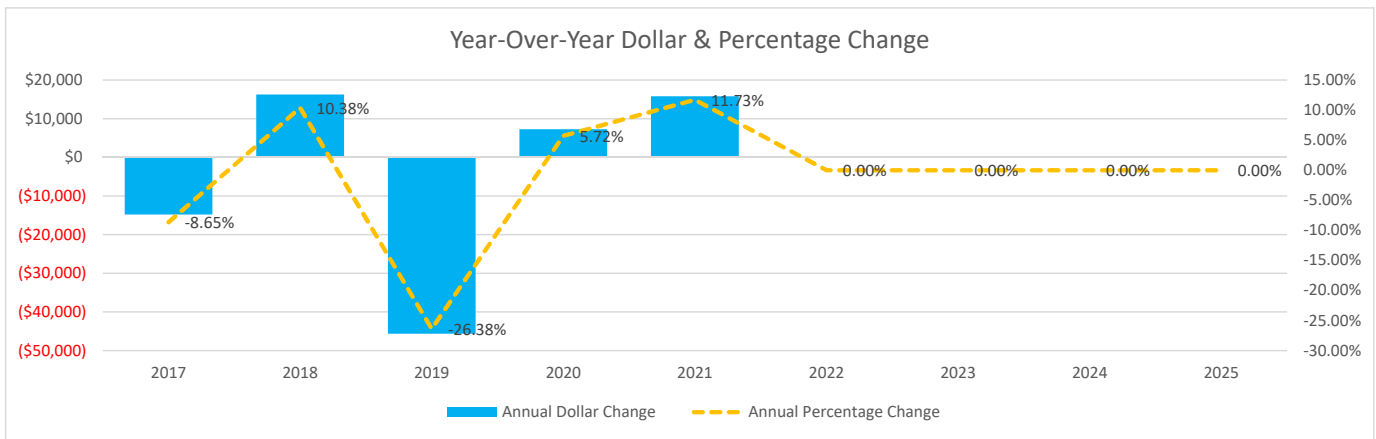
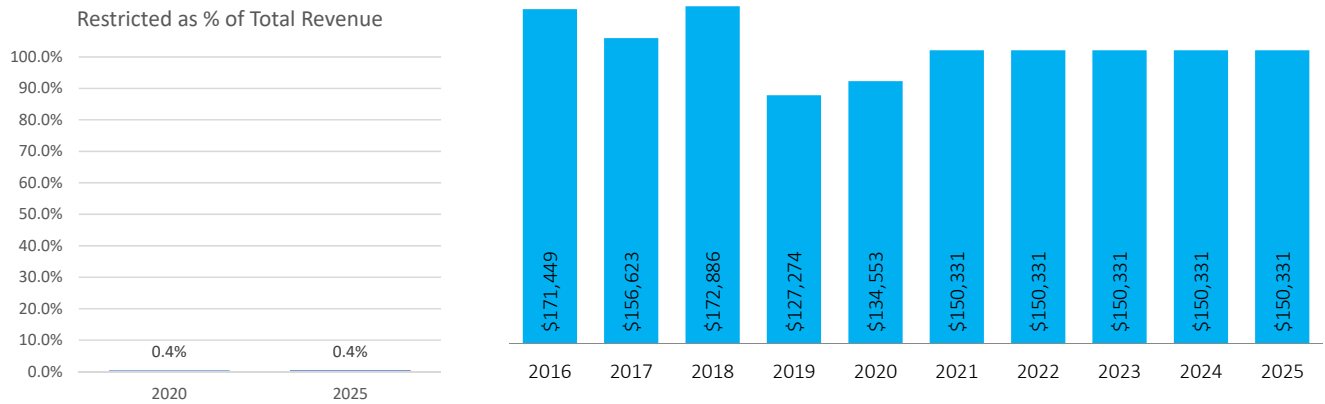
The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2019. In addition to its FY 2021 base funding amount of \$1,297,188 the district calculated FY 2021 categorical funding such as spec. ed., preschool, casino of \$127,122. Projected amounts less than the FY 2019 base indicate state budget cuts and other assumed change. For fiscal year 2022 - 2025, the district is projecting an average annual increase of 4.22% Note: Wellness funding is not included in these calculations.

All current indicators predict that the district's enrollment will continue to increase.



1.040 & 1.045 - Restricted Grants-in-Aid

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

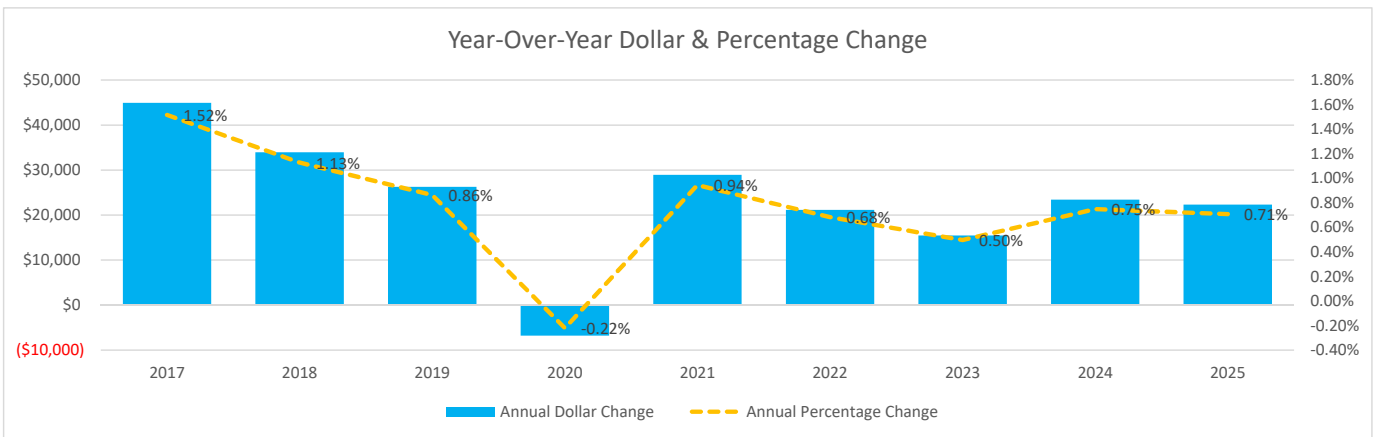
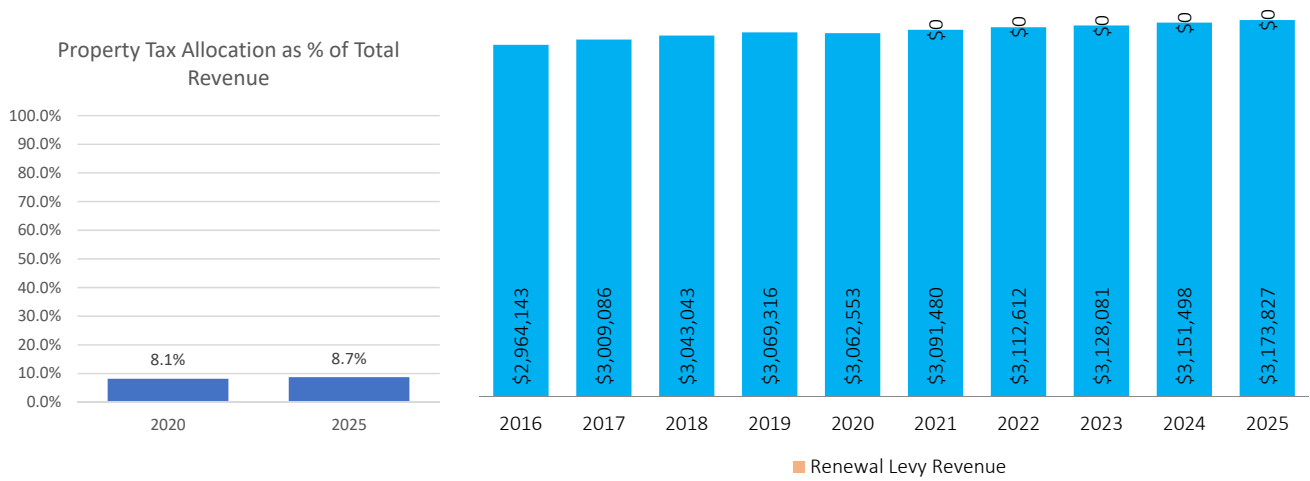


Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by -\$7,357 and is projected to change annually on average by \$3,156. Restricted funds represent 0.36% of total revenue.



1.050 - Property Tax Allocation

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



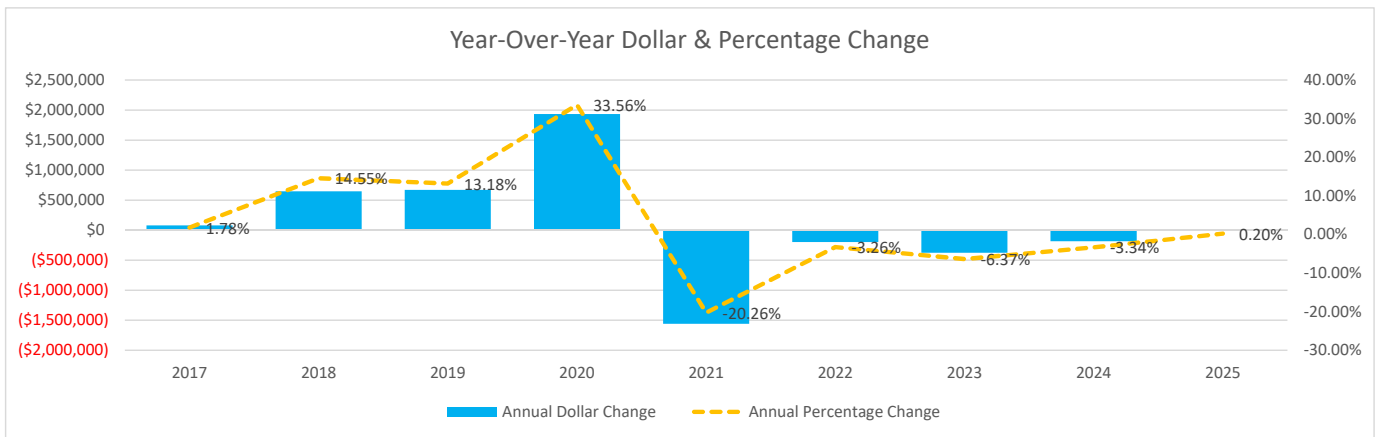
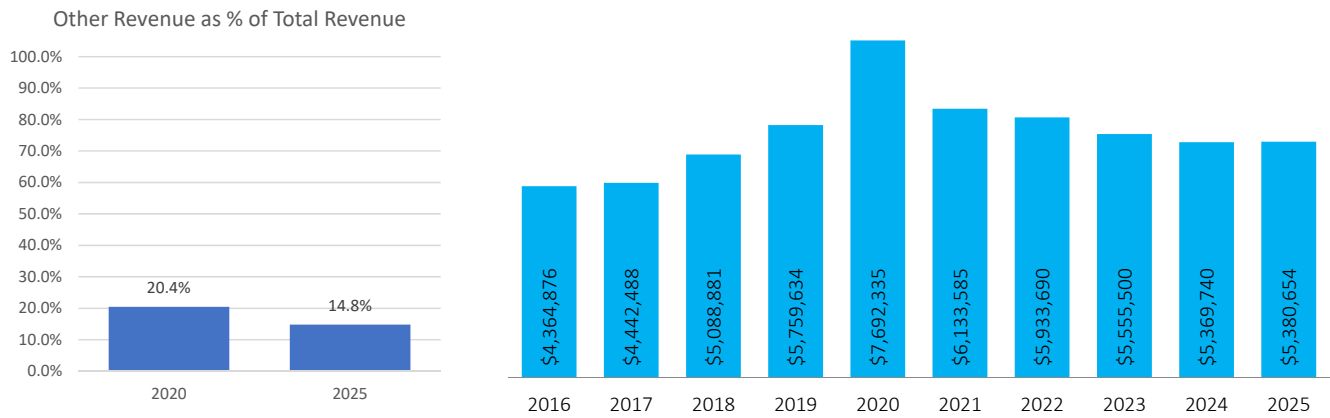
Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2021, approximately 11.6% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 0.5% 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 \$1,083,282. The projected average annual change is -\$462,336 through FY 2025.

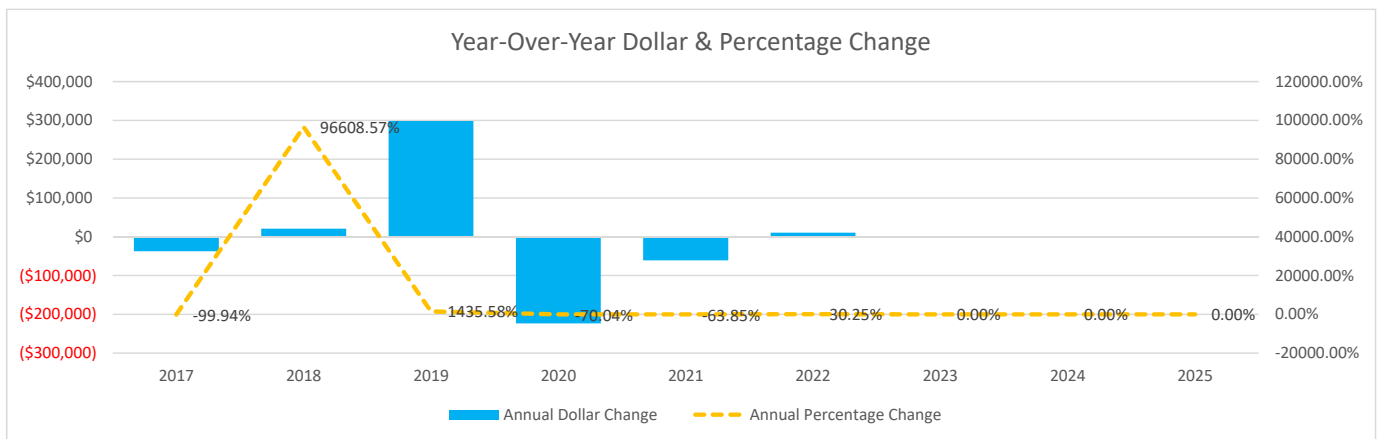
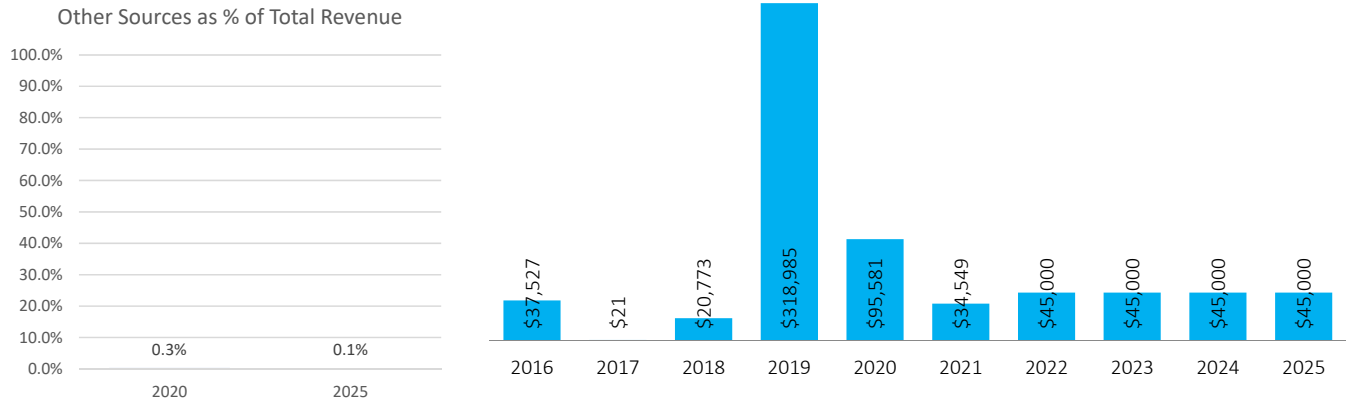
Donations are being collected by the Indian Hill Foundation on behalf of the District for the Home of the Braves project. This revenue appears in “other income.” The largest annual payment was in fiscal year 2020 and the collections decrease over time ending in fiscal year 2023.

The most significant portion of “other income” is the TIF payments that are collected by Sycamore Township on behalf of nine properties in the Kenwood. Current economic stress could cause these properties to become delinquent in payment. The assumption for this five-year forecast is that these properties remain current on payments.



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.



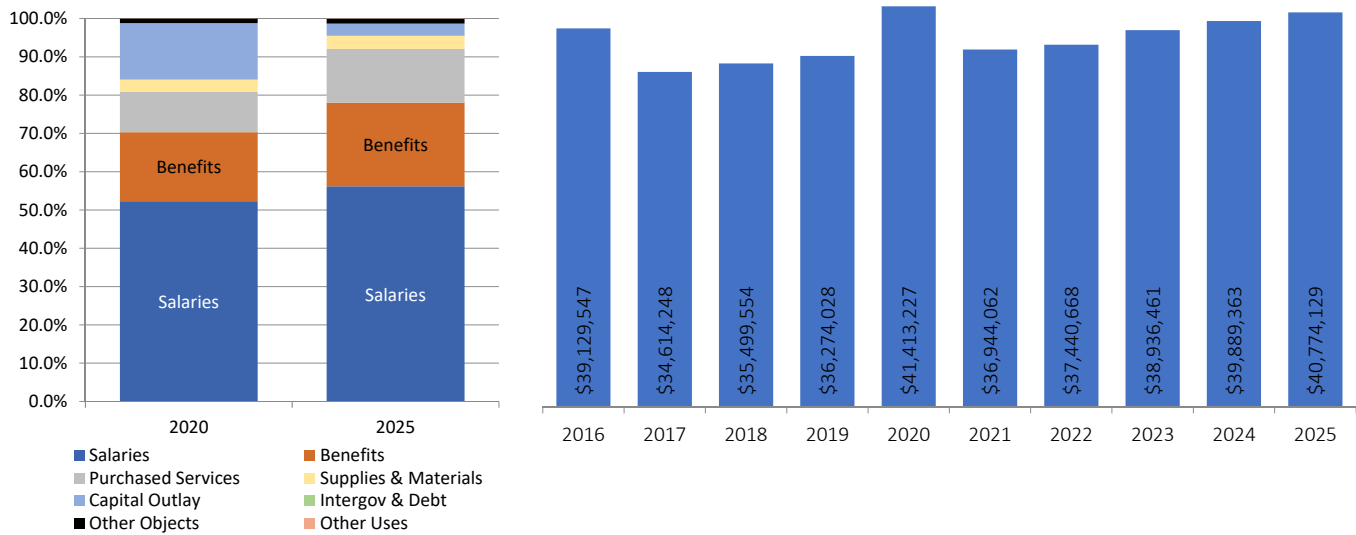
	2020	2021	FORECASTED			
	2020	2021	2022	2023	2024	2025
Transfers In	-	-	-	-	-	-
Advances In	78,412	19,549	30,000	30,000	30,000	30,000
All Other Financing Sources	17,169	15,000	15,000	15,000	15,000	15,000

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 \$78,412 as advances-in and is projecting advances of \$19,549 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 \$15,000 in FY 2021 and average \$15,000 annually through FY 2025.

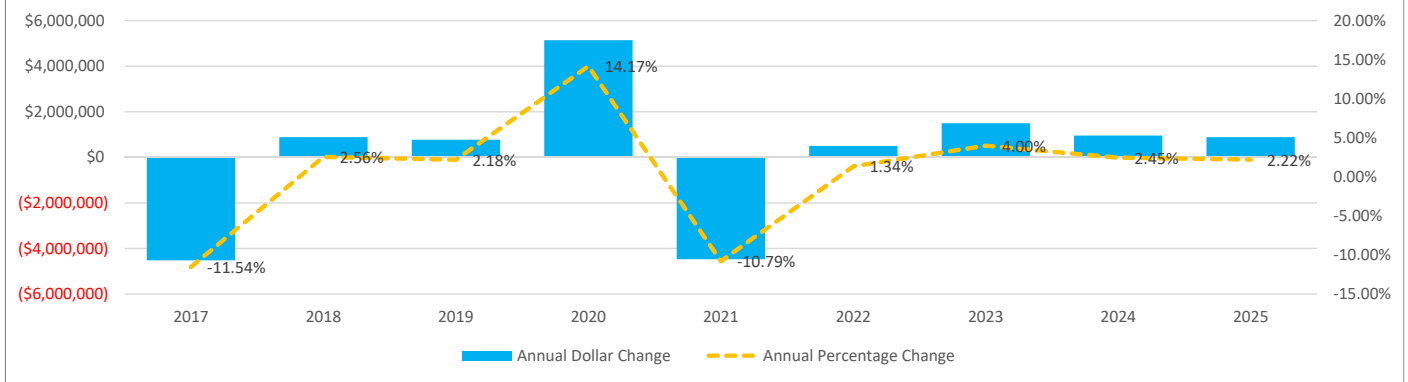


Expenditure Categories and Forecast Year-Over-Year Projected Overview

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	
Salaries	\$576,033	\$248,609	(\$327,424)	Total expenditures increased 6.30% or \$2,266,326 annually during the past five years and is projected to decrease -0.31% or -\$127,819 annually through FY2025. Capital Outlay has the largest projected average annual variance compared to the historical average at -\$2,594,254.
Benefits	\$206,128	\$289,615	\$83,487	
Purchased Services	(\$144,728)	\$264,895	\$409,623	
Supplies & Materials	\$4,612	\$23,470	\$18,859	
Capital Outlay	\$1,632,808	(\$961,446)	(\$2,594,254)	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	(\$14,101)	\$4,947	\$19,047	
Other Uses	\$5,574	\$2,090	(\$3,484)	
Total Average Annual Change	\$2,266,326	(\$127,819)	(\$2,394,146)	
	6.30%	-0.31%	-6.61%	

Note: Expenditure average annual change is projected

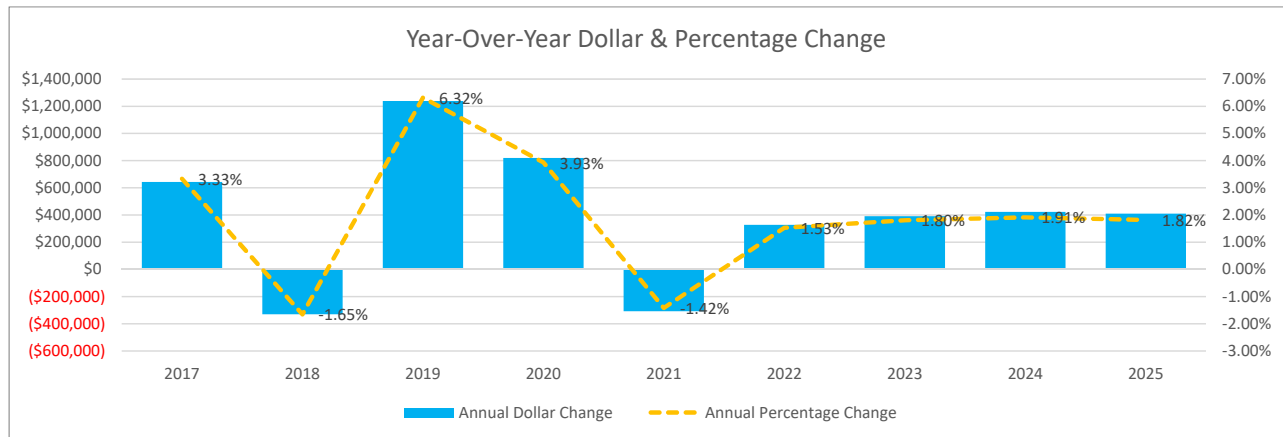
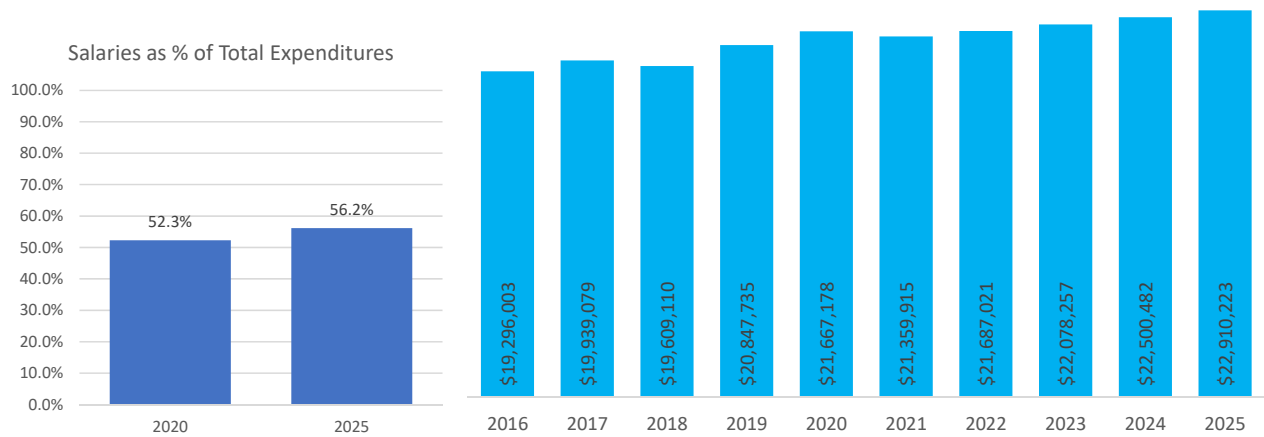
to be > (\$127,819)

On an annual average basis, revenue are projected to contract while expenditures contracts



3.010 - Personnel Services

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



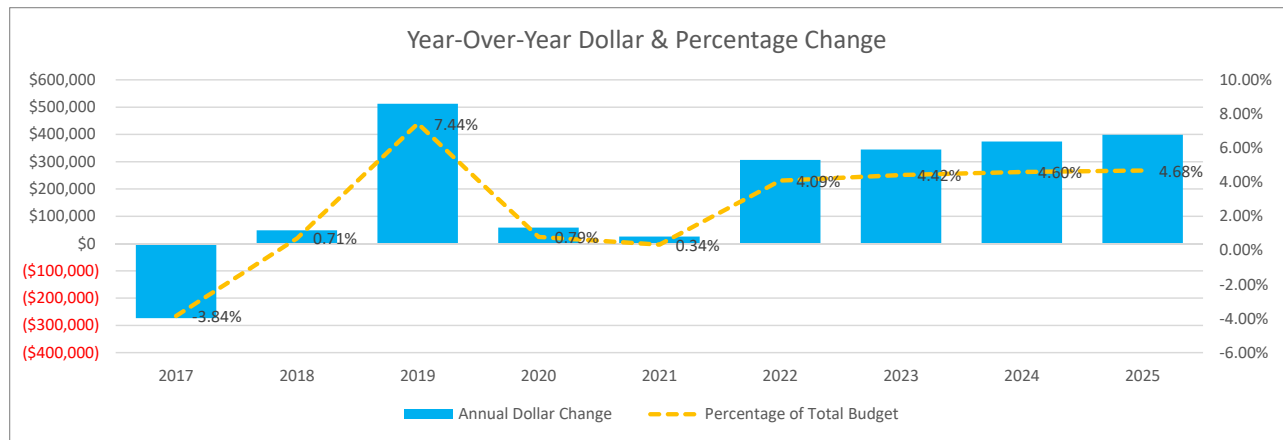
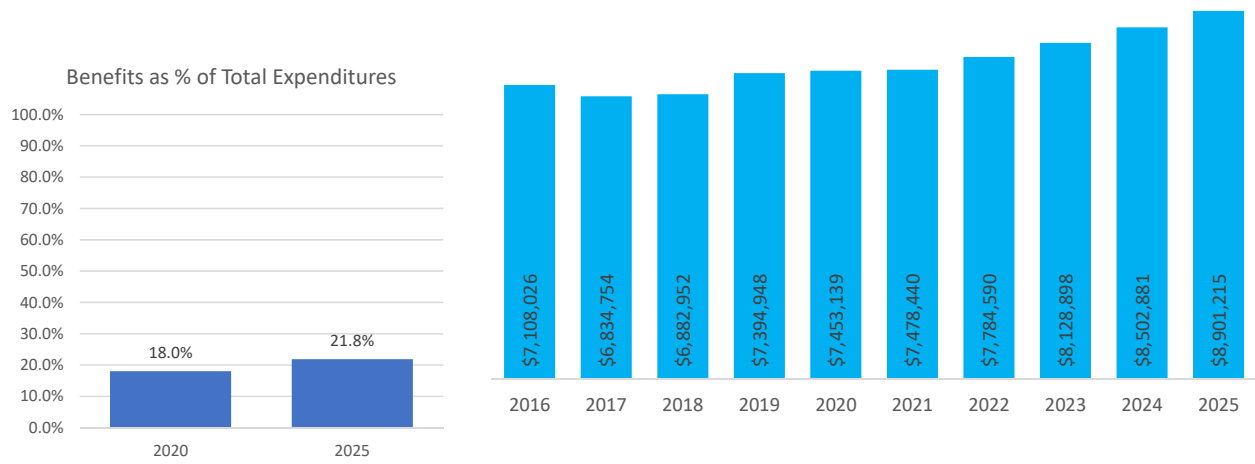
Salaries represent 52.32% of total expenditures and increased at a historical average annual rate of 2.86% or \$576,033. This category of expenditure is projected to grow at an average annual rate of 1.13% or \$248,609 through FY 2025. The projected average annual rate of change is -1.73% less than the five year historical annual average.

For the estimated future years, all certified staff were given a step, if eligible, with no increase to the step year-over-year. All certified employees who are "stepped out" were given an annual increase of 1.5%. All other employees were given an average of 1.5% annual increase.



3.020 - Employees' Benefits

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



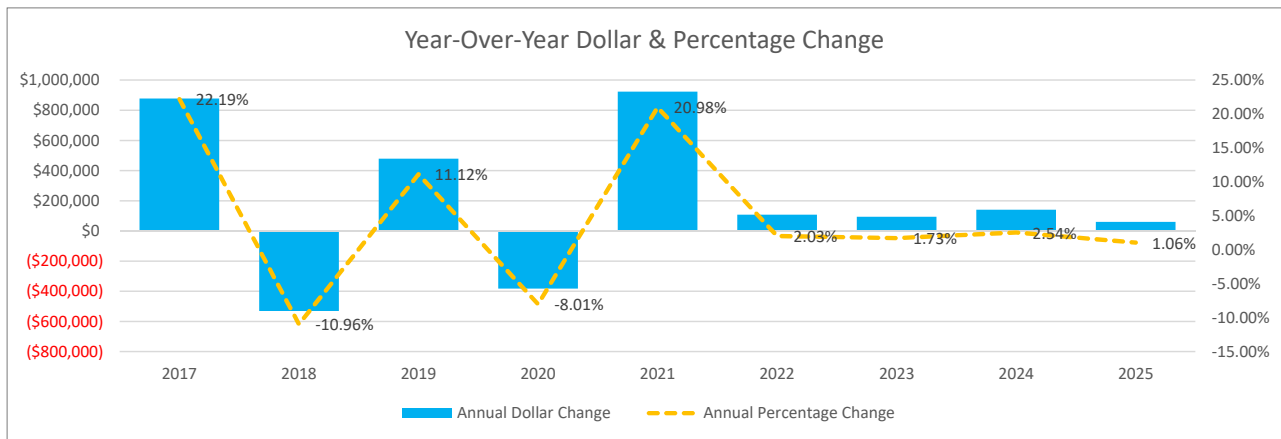
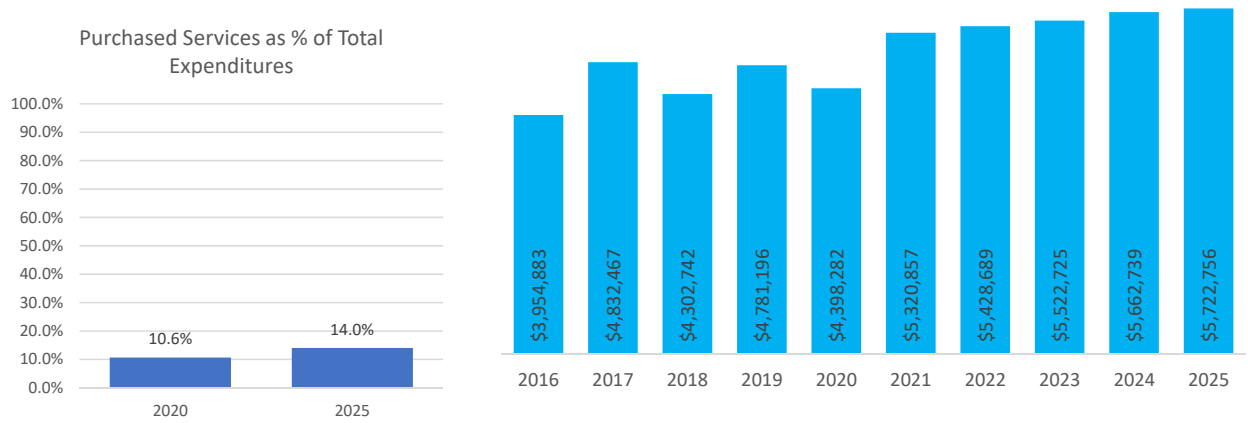
Benefits represent 18.00% of total expenditures and increased at a historical average annual rate of 2.98%. This category of expenditure is projected to grow at an annual average rate of 3.63% through FY 2025. The projected average annual rate of change is 0.65% more than the five year historical annual average.

Health insurance was assumed to increase by 9% each year with contributions to the health savings accounts remaining the same.



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.

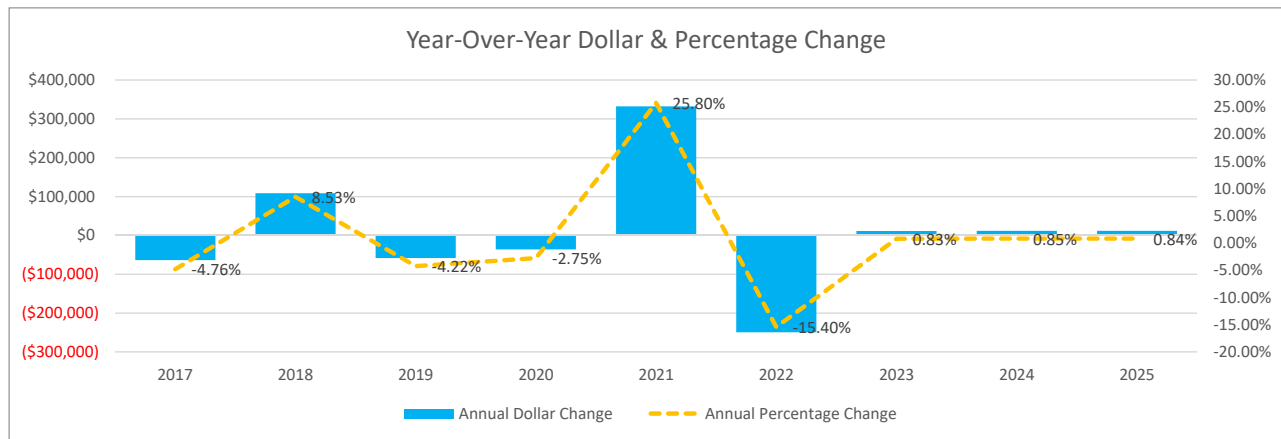
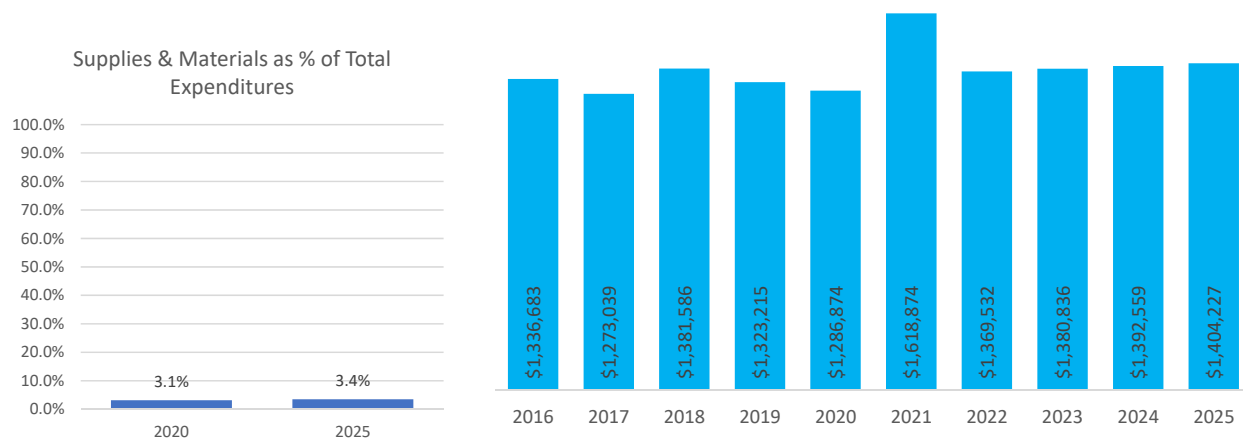


Purchased Services represent 10.62% of total expenditures and decreased at a historical average annual rate of -2.62%. This category of expenditure is projected to grow at an annual average rate of 5.67% through FY 2025. The projected average annual rate of change is 8.28% more than the five year historical 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.



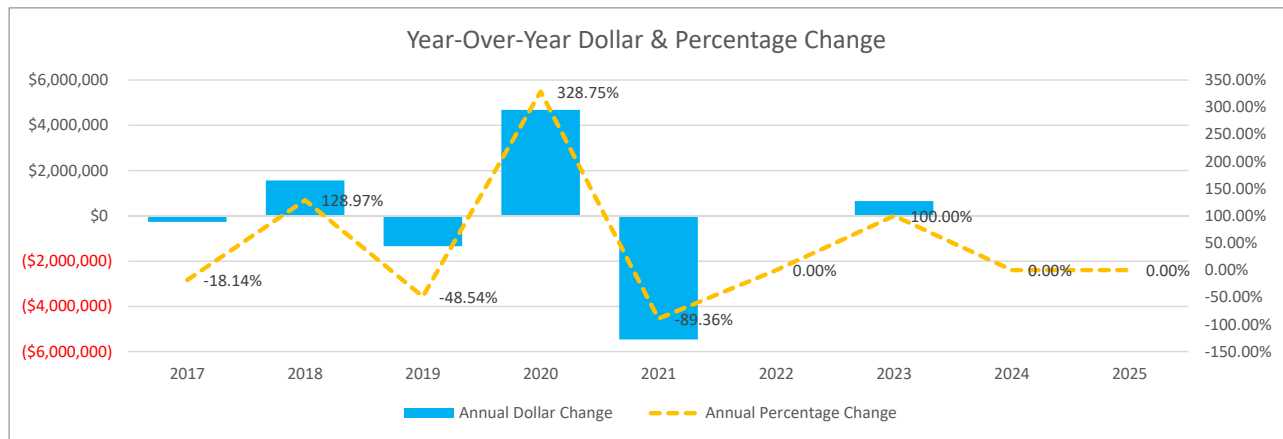
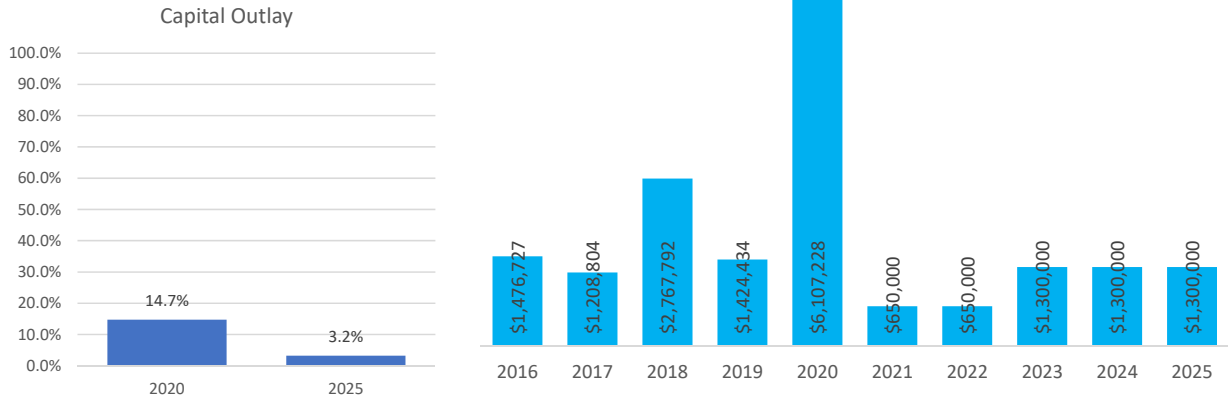
Supplies & Materials represent 3.11% of total expenditures and increased at a historical average annual rate of 0.52%. This category of expenditure is projected to grow at an annual average rate of 2.58% through FY 2025. The projected average annual rate of change is 2.06% more than the five year historical annual average.

Supplies & Materials will see a substantial increase in fiscal year 2021 because of Covid related expenses. This line item will return to normal in fiscal year 2022 regardless of whether schooling remains in an altered pandemic form.



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.



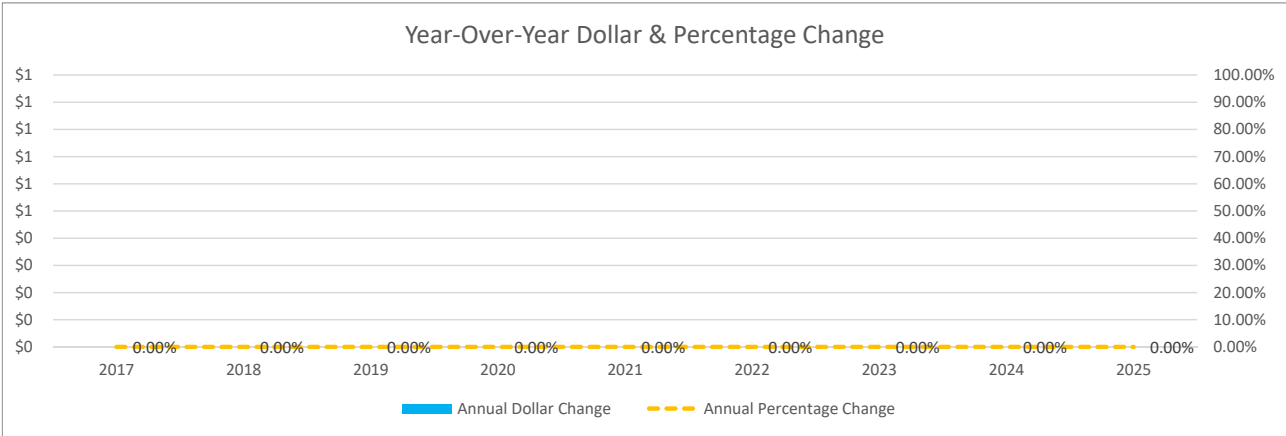
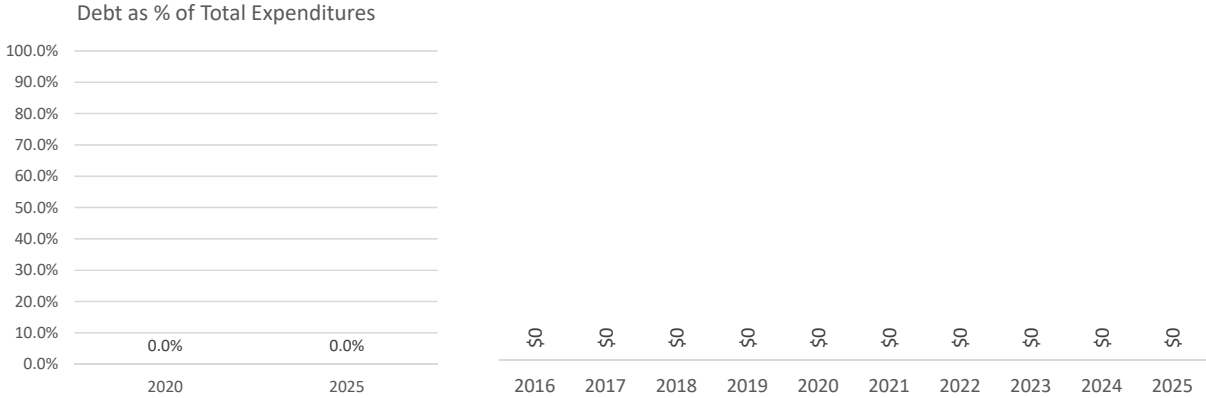
Capital Outlay represent 14.75% of total expenditures and increased at a historical average annual amount of \$1,632,808. This category of expenditure is projected to grow at an annual average amount of -\$961,446 through FY 2025. The projected average annual change is less than the five year historical annual average.

Capital Outlay was decreased to \$650,000 for both the current year and fiscal year 2022. This was because of projected revenue losses for these fiscal years. While these revenue losses may not occur, these amounts will represent a decrease of capital and repairs for the District's infrastructure. These annual amounts were doubled in fiscal year 2023 and maintained at \$1.3 million for the remainder of the forecast. The District cannot continue minimal investment in capital items for a significant period of time.



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.

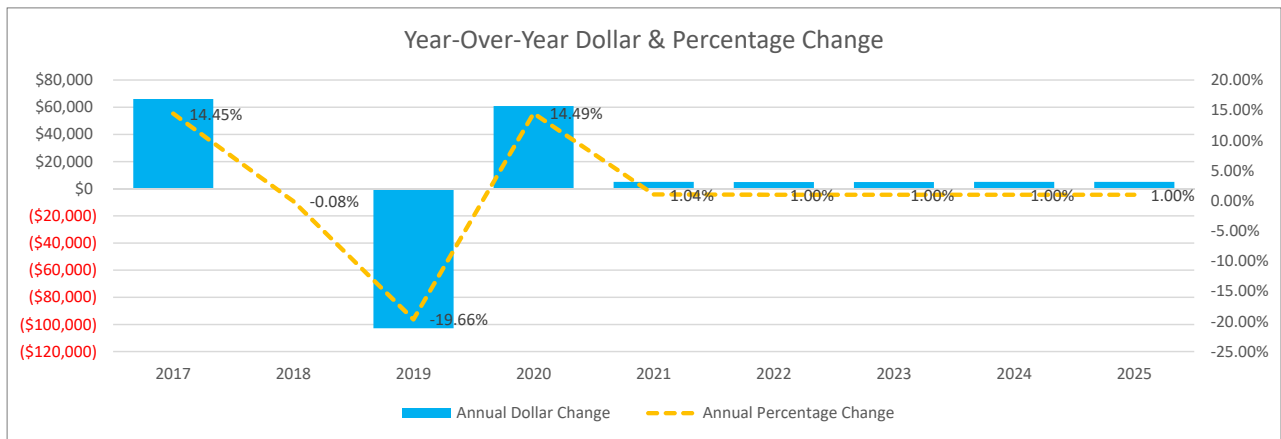
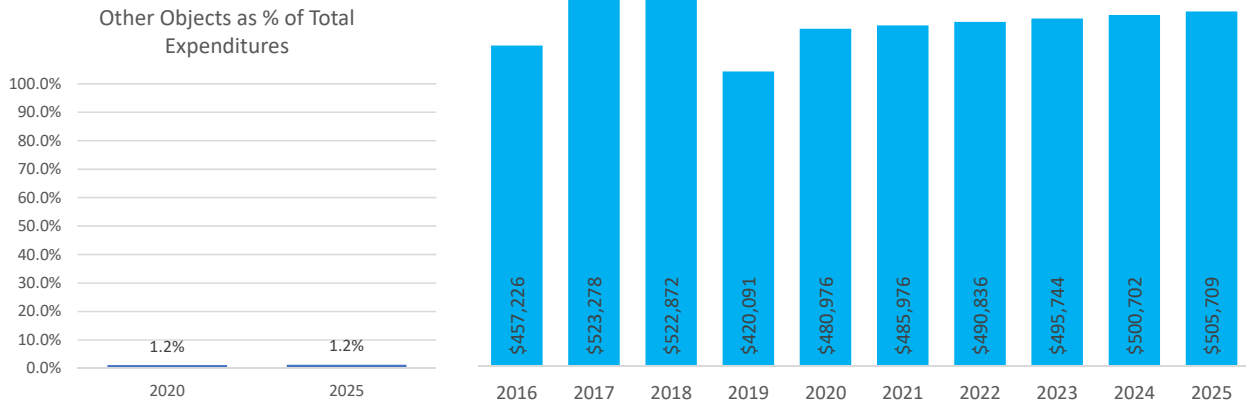


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.



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.

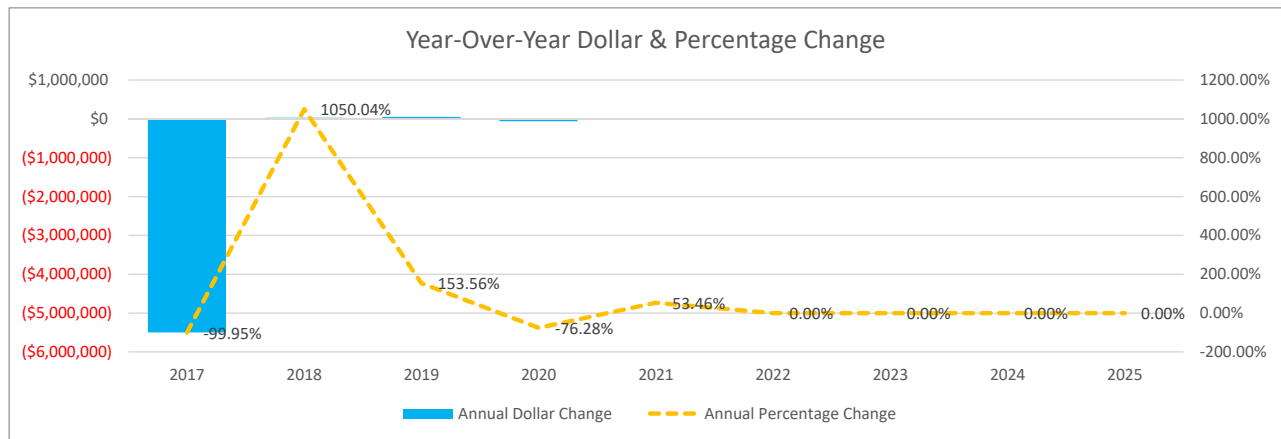
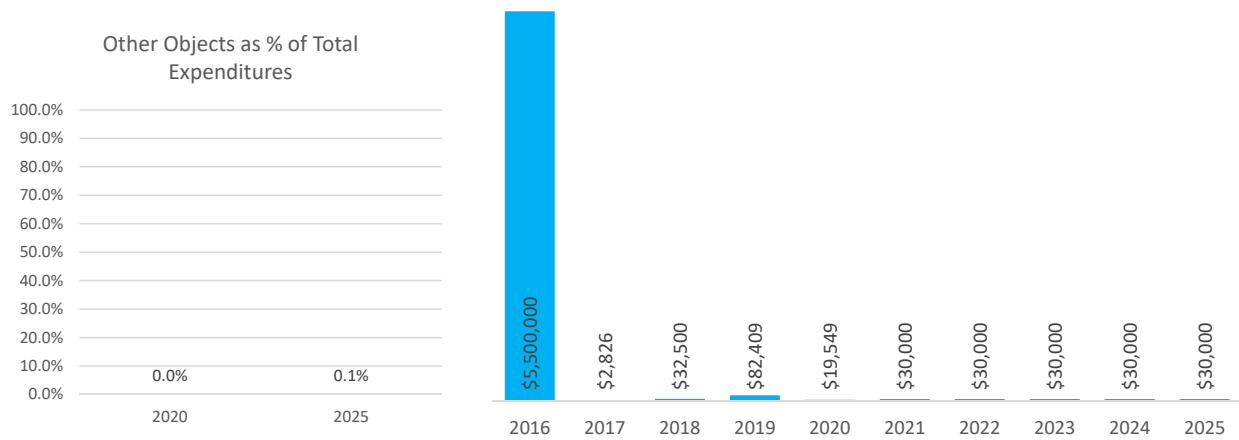


Other Objects represent 1.16% of total expenditures and decreased at a historical average annual rate of -1.75%. This category of expenditure is projected to grow at an annual average rate of 1.01% through FY 2025. The projected average annual rate of change is 2.76% more than the five year historical annual average.



5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2020	FORECASTED				
		2021	2022	2023	2024	2025
Transfers Out	-	-	-	-	-	-
Advances Out	19,549	30,000	30,000	30,000	30,000	30,000
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 2020 the district had advances-out and has 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 no 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.



Indian Hill Exempted Village School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2020	2021	2022	2023	2024	2025
Revenue:						
1.010 - General Property Tax (Real Estate)	24,634,247	24,762,773	24,926,656	25,041,431	25,232,639	25,405,927
1.020 - Public Utility Personal Property	602,605	648,755	655,167	659,852	668,017	673,801
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	1,399,482	1,367,438	1,586,386	1,590,636	1,595,230	1,599,903
1.040 - Restricted Grants-in-Aid	134,553	150,331	150,331	150,331	150,331	150,331
1.050 - Property Tax Allocation	3,062,553	3,091,480	3,112,612	3,128,081	3,151,498	3,173,827
1.060 - All Other Operating Revenues	7,692,335	6,133,585	5,933,690	5,555,500	5,369,740	5,380,654
1.070 - Total Revenue	37,525,775	36,154,362	36,364,842	36,125,831	36,167,455	36,384,443
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	78,412	19,549	30,000	30,000	30,000	30,000
2.060 - All Other Financing Sources	17,169	15,000	15,000	15,000	15,000	15,000
2.070 - Total Other Financing Sources	95,581	34,549	45,000	45,000	45,000	45,000
2.080 - Total Rev & Other Sources	37,621,355	36,188,910	36,409,842	36,170,830	36,212,455	36,429,443
Expenditures:						
3.010 - Personnel Services	21,667,178	21,359,915	21,687,021	22,078,257	22,500,482	22,910,223
3.020 - Employee Benefits	7,453,139	7,478,440	7,784,590	8,128,898	8,502,881	8,901,215
3.030 - Purchased Services	4,398,282	5,320,857	5,428,689	5,522,725	5,662,739	5,722,756
3.040 - Supplies and Materials	1,286,874	1,618,874	1,369,532	1,380,836	1,392,559	1,404,227
3.050 - Capital Outlay	6,107,228	650,000	650,000	1,300,000	1,300,000	1,300,000
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	480,976	485,976	490,836	495,744	500,702	505,709
4.500 - Total Expenditures	41,393,678	36,914,062	37,410,668	38,906,461	39,859,363	40,744,129
Other Financing Uses						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	19,549	30,000	30,000	30,000	30,000	30,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	19,549	30,000	30,000	30,000	30,000	30,000
5.050 - Total Exp and Other Financing Uses	41,413,227	36,944,062	37,440,668	38,936,461	39,889,363	40,774,129
6.010 - Excess of Rev Over/(Under) Exp	(3,791,871)	(755,152)	(1,030,826)	(2,765,631)	(3,676,908)	(4,344,687)
7.010 - Cash Balance July 1 (No Levies)	18,571,741	14,779,869	14,024,718	12,993,892	10,228,261	6,551,353
7.020 - Cash Balance June 30 (No Levies)	14,779,869	14,024,718	12,993,892	10,228,261	6,551,353	2,206,667
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	14,779,869	14,024,718	12,993,892	10,228,261	6,551,353	2,206,667
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	14,779,869	14,024,718	12,993,892	10,228,261	6,551,353	2,206,667
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	14,779,869	14,024,718	12,993,892	10,228,261	6,551,353	2,206,667

