

Indian Hill Exempted Village Schools
Schedule Of Revenue, Expenditures and Changes In Fund Balances
Actual and Forecasted Operating Fund

| | ACTUAL | | | FORECASTED | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 | Fiscal Year 2024 |
| Revenue: | | | | | | | | |
| 1.010 - General Property Tax (Real Estate) | 23,706,170 | 27,343,946 | 21,710,369 | 24,513,707 | 24,772,668 | 24,928,598 | 25,036,124 | 25,237,406 |
| 1.020 - Public Utility Personal Property | 449,652 | 590,537 | 538,701 | 597,109 | 648,719 | 655,103 | 659,824 | 667,925 |
| 1.030 - Income Tax | - | - | - | - | - | - | - | - |
| 1.035 - Unrestricted Grants-in-Aid | 1,406,651 | 1,505,970 | 1,451,036 | 1,530,568 | 1,573,412 | 1,574,550 | 1,575,948 | 1,577,086 |
| 1.040 - Restricted Grants-in-Aid | 156,623 | 172,886 | 127,274 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| 1.045 - Restricted Federal Grants-in-Aid - SFSF | - | - | - | - | - | - | - | - |
| 1.050 - Property Tax Allocation | 3,009,086 | 3,043,043 | 3,069,316 | 3,082,032 | 3,106,915 | 3,128,192 | 3,143,115 | 3,166,617 |
| 1.060 - All Other Operating Revenues | 4,442,488 | 5,088,880 | 5,759,634 | 6,926,065 | 5,935,780 | 5,863,865 | 5,471,544 | 5,306,544 |
| 1.070 - Total Revenue | 33,170,670 | 37,745,262 | 32,656,330 | 36,799,481 | 36,187,494 | 36,300,308 | 36,036,555 | 36,105,578 |
| Other Financing Sources: | | | | | | | | |
| 2.010 - Proceeds from Sale of Notes | - | - | - | - | - | - | - | - |
| 2.020 - State Emergency Loans and Advancements | - | - | - | - | - | - | - | - |
| 2.040 - Operating Transfers-In | - | - | - | - | - | - | - | - |
| 2.050 - Advances-In | - | 2,826 | 32,500 | 78,412 | 30,000 | 30,000 | 30,000 | 30,000 |
| 2.060 - All Other Financing Sources | 21 | 17,947 | 286,486 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| 2.070 - Total Other Financing Sources | 21 | 20,773 | 318,986 | 93,412 | 45,000 | 45,000 | 45,000 | 45,000 |
| 2.080 - Total Revenues and Other Financing Sources | 33,170,691 | 37,766,035 | 32,975,316 | 36,892,893 | 36,232,494 | 36,345,308 | 36,081,555 | 36,150,578 |
| Expenditures: | | | | | | | | |
| 3.010 - Personnel Services | 19,939,079 | 19,609,110 | 20,847,735 | 21,646,474 | 22,119,528 | 22,459,201 | 22,674,340 | 22,888,608 |
| 3.020 - Employees' Retirement/Insurance Benefits | 6,834,753 | 6,882,954 | 7,394,950 | 7,731,795 | 7,641,963 | 7,900,632 | 8,175,766 | 8,473,712 |
| 3.030 - Purchased Services | 4,832,466 | 4,302,742 | 4,781,195 | 4,576,749 | 4,681,749 | 4,755,049 | 4,824,549 | 4,882,749 |
| 3.040 - Supplies and Materials | 1,273,041 | 1,381,585 | 1,323,216 | 1,354,202 | 1,389,725 | 1,419,536 | 1,433,786 | 1,456,786 |
| 3.050 - Capital Outlay | 1,208,802 | 2,767,793 | 1,424,435 | 5,999,500 | 1,328,500 | 2,090,500 | 1,677,000 | 2,333,800 |
| 3.060 - Intergovernmental | - | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | | |
| 4.010 - Principal-All Years | - | - | - | - | - | - | - | - |
| 4.020 - Principal - Notes | - | - | - | - | - | - | - | - |
| 4.030 - Principal - State Loans | - | - | - | - | - | - | - | - |
| 4.040 - Principal - State Advances | - | - | - | - | - | - | - | - |
| 4.050 - Principal - HB264 Loan | - | - | - | - | - | - | - | - |
| 4.055 - Principal - Other | - | - | - | - | - | - | - | - |
| 4.060 - Interest and Fiscal Charges | - | - | - | - | - | - | - | - |
| 4.300 - Other Objects | 523,279 | 522,873 | 420,090 | 499,449 | 510,449 | 525,449 | 535,949 | 543,449 |
| 4.500 - Total Expenditures | 34,611,420 | 35,467,057 | 36,191,621 | 41,808,169 | 37,671,914 | 39,150,367 | 39,321,390 | 40,579,104 |
| Other Financing Uses | | | | | | | | |
| 5.010 - Operating Transfers-Out | - | - | - | - | - | - | - | - |
| 5.020 - Advances-Out | 2,826 | 32,500 | 78,412 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| 5.030 - All Other Financing Uses | - | - | 3,997 | - | - | - | - | - |
| 5.040 - Total Other Financing Uses | 2,826 | 32,500 | 82,409 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| 5.050 - Total Expenditures and Other Financing Uses | 34,614,246 | 35,499,557 | 36,274,030 | 41,838,169 | 37,701,914 | 39,180,367 | 39,351,390 | 40,609,104 |
| Excess of Rev & Other Financing Uses Over (Under) | | | | | | | | |
| 6.010 - Expenditures and Other Financing Uses | (1,443,555) | 2,266,478 | (3,298,714) | (4,945,276) | (1,469,420) | (2,835,059) | (3,269,835) | (4,458,526) |
| Cash Balance July 1 - Excluding Proposed Renewal/ Replacement and New Levies | 21,047,533 | 19,603,978 | 21,870,456 | 18,571,742 | 13,626,466 | 12,157,047 | 9,321,988 | 6,052,153 |
| 7.020 - Cash Balance June 30 | 19,603,978 | 21,870,456 | 18,571,742 | 13,626,466 | 12,157,047 | 9,321,988 | 6,052,153 | 1,593,628 |
| 8.010 - Estimated Encumbrances June 30 | 2,665,542 | 1,090,369 | 4,229,513 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 |
| Reservations of Fund Balance: | | | | | | | | |
| 9.010 - Textbooks and Instructional Materials | - | - | - | - | - | - | - | - |
| 9.020 - Capital Improvements | - | - | - | - | - | - | - | - |
| 9.030 - Budget Reserve | - | - | - | - | - | - | - | - |
| 9.040 - DPIA | - | - | - | - | - | - | - | - |
| 9.050 - Debt Service | - | - | - | - | - | - | - | - |
| 9.060 - Property Tax Advances | - | - | - | - | - | - | - | - |
| 9.070 - Bus Purchases | - | - | - | - | - | - | - | - |
| 9.080 - Subtotal | - | - | - | - | - | - | - | - |
| Fund Balance June 30 for Certification | | | | | | | | |
| 10.010 - of Appropriations | 16,938,436 | 20,780,087 | 14,342,229 | 12,876,466 | 11,407,047 | 8,571,988 | 5,302,153 | 843,628 |
| Rev from Replacement/Renewal Levies | | | | | | | | |
| 11.010 - Income Tax - Renewal | - | - | - | - | - | - | - | - |
| 11.020 - Property Tax - Renewal or Replacement | - | - | - | - | - | - | - | - |
| 11.030 - Cumulative Balance of Replacement/Renewal Levies | - | - | - | - | - | - | - | - |
| Fund Balance June 30 for Certification | | | | | | | | |
| 12.010 - of Contracts, Salary and Other Obligations | 16,938,436 | 20,780,087 | 14,342,229 | 12,876,466 | 11,407,047 | 8,571,988 | 5,302,153 | 843,628 |
| Revenue from New Levies | | | | | | | | |
| 13.010 - Income Tax - New | - | - | - | - | - | - | - | - |
| 13.020 - Property Tax - New | - | - | - | - | - | - | - | - |
| 13.030 - Cumulative Balance of New Levies | - | - | - | - | - | - | - | - |
| 14.010 - Revenue from Future State Advancements | - | - | - | - | - | - | - | - |
| 15.010 - Unreserved Fund Balance June 30 | 16,938,436 | 20,780,087 | 14,342,229 | 12,876,466 | 11,407,047 | 8,571,988 | 5,302,153 | 843,628 |

**Indian Hill Exempted Village School District
Five-Year Forecast
Fiscal Years Ending June 30, 2020 Through 2024**

Notice: All estimates are conservative and do not guarantee what will happen in estimated years.

REVENUE ASSUMPTIONS

Property Taxes – Line 1.01

Property tax revenue estimates are based on valuation data, scheduled updates and reappraisals combined with input from the Hamilton County Auditor. Twelve years ago, residential valuation made up 84% of the District's property tax valuation. That valuation is nearly 88% in 2017. Commercial property makes up most of the rest of the value with 10% of the total valuation.

Historical data shows that overall residential property valuation tends to decrease slightly in non-reappraisal years. I have modeled growth in current valuation based on this historical trend. Hamilton County completed a re-appraisal for tax year 2017, which will begin collection in calendar year 2018. Valuation in Hamilton County increased overall by 4.8%. However, growth in Indian Hill EVSD only increased by 2.9%. Some areas within the District saw double digit increases while the overall average was restricted by slow property value growth within the village of Indian Hill. Statewide trends would indicate that almost all residential property valuations will increase in their most recent cycles reversing the trend of the last seven years. The District remains above the 20-mill level, which means tax rates adjust for our taxpayers as property values increase. I have modeled a modest 0.8% growth to property valuation for new residential construction. While new construction has recently increased, I tend to take a conservative approach to forecasting future growth as the new construction market is still very unstable and the District has very little land available for new builds. Indian Hill EVSD has no voted operational levies at this time. All of these factors combined with the fact that over 90% of the District's income derives from property taxes means that revenue will remain stable but very flat. Estimated cash reserves make it likely that an operational levy will be placed in front of the District's voters during this five-year forecast cycle.

Approximately \$2.8 million above the amount normally expected was collected for the first half of 2018. Another \$300,000 in delinquent taxes was paid above normal expectations. This phenomenon was created by a change to income tax law. The result of this will be that the \$3.1 million will be shifted from fiscal year 2019 to fiscal year 2018. Normal collections resumed in fiscal year 2020.

The Board of Revision hears challenges of property valuation and can make adjustments. The District contested seven large commercial Board of Revision. If the District loses or does not challenge the cases, the lost property valuation will reduce revenue by the inside millage. The remaining tax revenue will be spread among all other commercial taxpayers in the District. Most of the cases have been settled.

Public Utility Property Tax – Line 1.02

The valuation of Public Utility Property within the district has remained stable over prior years. There was a significant drop of over 15% in fiscal year 2017. Upon investigation of the decline, it was discovered that the County Auditor has no information regarding public utility property. This is handled

by the state and the Auditor's office said they would be willing to contact them but have had little success getting information in the past. I anticipate no further declines. This property tax rebounded in 2018. I am assuming that the income tax break applies to these properties and is responsible for some of the increase. Estimates have indicated that there will be an increase in PUPP in fiscal year 2020.

Unrestricted Grants-in-Aid (state foundation) – Line 1.035

This line of the forecast is always the most difficult to predict as the mechanisms that drive funding are constantly in motion. Funding is no longer based on an October count as it is now based on a real-time student count. The model is still primarily driven by property tax valuation per pupil but some other features were added to the biennium budget to help with some funding inequities. Indian Hill EVSD was a capped district in 2018 meaning that based on the funding formula, the District received less than to which it is entitled. However, because of changes to the way transportation was viewed in the funding model, in 2019 the District moves from a capped district to a guarantee district. As long as the district remains on the guarantee, there will be no chance of any inflationary increase.

IMPORTANT NOTE: Years two, three, four and five of line 1.035 of this forecast are based on the current formula. The funding formula could be substantially modified or completely changed as future budget bills are enacted. Any increase in funding over years two through five would also assume that the state legislators would continue to add funds to school funding.

Restricted Grants-in-Aid (SFSF & Career Tech) – Line 1.04

Restricted aid consists mainly of payments from the state for Economic Disadvantaged and Career Tech funding. The District receives very little of each. The bulk of this line consists of catastrophic aid which allows funds to be granted to the District for students who have needs that exceed a cap which is set by the state.

Property Tax Allocation (Homestead & Rollback) – Line 1.05

The property tax allocation is calculated as a fixed percentage of real property tax receipts. The growth or decline parallels the anticipated growth or decline in real property taxes. This form of funding has been eliminated for all newly voted levies which means all new levies will be fully funded by local dollars. Existing levies that are renewed will continue to receive this funding from the state.

All Other Revenues – Line 1.06

Nearly 95% of this line consists of receipts from a Tax Increment Financing (TIF) between Sycamore Township and nine properties in the Kenwood area. Other receipts of this type may include open enrollment in the district, interest on investment and class fees. The District does not have an open enrollment policy. These revenues could potentially be significantly reduced if there were a challenge to property valuation. Property tax revaluation did give the District increased revenue inside the Kenwood TIF.

The District entered into a partnership with the Indian Hill Foundation to provide funding and build the Home of the Braves facility at Tomahawk Stadium. Line 1.06 includes the receipts from the payback of this facility. It is estimated \$1.6 million will be collected in 2020, \$780,000 in 2021, \$657,000 in 2022 and \$215,000 in 2023.

EXPENDITURE ASSUMPTIONS

Personnel Services and Retirement/Benefits – Lines 3.01 & 3.02

FY19 is governed by the current collective bargaining agreement for certified staff. FY20 and FY21 will be governed by the collective bargaining agreement beginning July 1, 2019. There will be turnover, column step moves and other adjustments that will affect the salary over time. The forecast shows an assumption of 3 retirements per year and those staff members replaced with a new hire that would fall on Masters – Step 5. For years FY22, FY23, and FY24 which fall outside of the CBA, certified staff was given their steps as they appear in fiscal year 2021 and all other staff a 1% increase. Any base raise given as part of the CBA would affect personnel services. With all other assumptions, 26 certified staff members will be “stepped” out in 2024. This reflects a zero percent increase for these staff members which may result in a deflation of line 3.01.

The benefits that are tied to salary were manually calculated using the estimated salary for each fiscal year. Other benefits were estimated using historical data and inflationary increases. Medical insurance was calculated with a range of 6 – 7.5% growth/year. The District received a 14% increase for calendar year 2020. The District switched all staff to a High Deductible Health Plan (HDHP) starting in calendar year 2020. This offset a significant amount of the 14% compared to all employees remaining in their old plans. In addition, other plan changes include biometric screening and physical for both the staff member and spouse and \$50/month premium charge for spouses starting January 1, 2020. This will be increased to \$75/month starting the following year. Fiscal year 2019 was the first year that an annual severance cost was deducted on a payroll basis and deposited into a separate account. This was initially set at \$150,000 and will be decreased to \$128,000 in fiscal year 2020. This account helps make budgeting for sick leave balance payments (severance) much easier.

Purchased Services – Line 3.03

Purchased services has been difficult to predict. Historically, it varies both by category of purchased service and in totality. Last fiscal year, large payments were made in June for summer work. My goal is to improve timing of payments in this line item so year over year can become more consistent and trends can be developed. Purchasing will also be improved by using the purchase order system as intended. Further savings is predicted for purchase services as maintenance and repairs have been cut. This reduction could be further aided by a facilities and energy projects. In addition to this, there has been large savings in previous fiscal years as legal services decreased significantly. This line has been aided by decreases to bus services through payment in lieu of transportation efforts.

Supplies & Materials– Line 3.04

Supplies & Materials trends near average in most years. I have assumed this trend will be stable and added an average of 2.0% per year for inflation.

Capital Outlay – Line 3.05

The District uses a capital outlay planning tool to analyze capital needs and to plan future projects. Capital Outlay, in the short term has been reduced by removing energy projects and moving other projects to the future. These projects could possibly be removed from the capital plan completely by a

facilities and/or energy project. However, if the funding cannot be achieved by one of these methods, they must be completed using general funds. Additional projects could be removed by funding alternative funding. \$200,000/year was added to the tentative capital plan to account for emergency or unforeseen necessary projects.

Other Objects – Line 4.3

Other objects include expenditures for county auditor/treasurer fees, dues, audit fees and others. The largest portion of this line item are county auditor fees for collection of property taxes.

Revenue Over/Under Expenditures – Line 6.01

This line is the true gauge of a school district's financial health. When this line is negative, it indicates expenses are outpacing revenue and depleting a district's cash balance. FY15 began a cycle of negative years on this line. This led to a decrease of the district's cash balance (line 7.02). Because of uncontrollable circumstances of revenue being received in fiscal year 2018 instead of fiscal year 2019, fiscal year 2018 shows revenue outpacing expenses. However, in fiscal year 2019, expenses again outpace revenues. Fiscal Years 2020-2024 show expenditures outpacing revenues. In order to balance the budget, the District will have to increase revenue, decrease expenses or a combination of both.