



Forest Hills  
School District

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# Fiscal Health of the District

October 19, 2022



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# Process & Approach



# Process and Approach

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- August 1, 2022 - Today
- Careful Analysis of District Finances
  - Our Current Reality
  - Historical Context
  - Imminent Costs Approaching
  - Planning for a Bright Future

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# Our Current Reality



# Our Current Reality

- HB 920: protects homeowners from increasing taxes; district revenue does not increase without a vote from taxpayers

## School Funding in Ohio Does NOT Change to Address Inflation

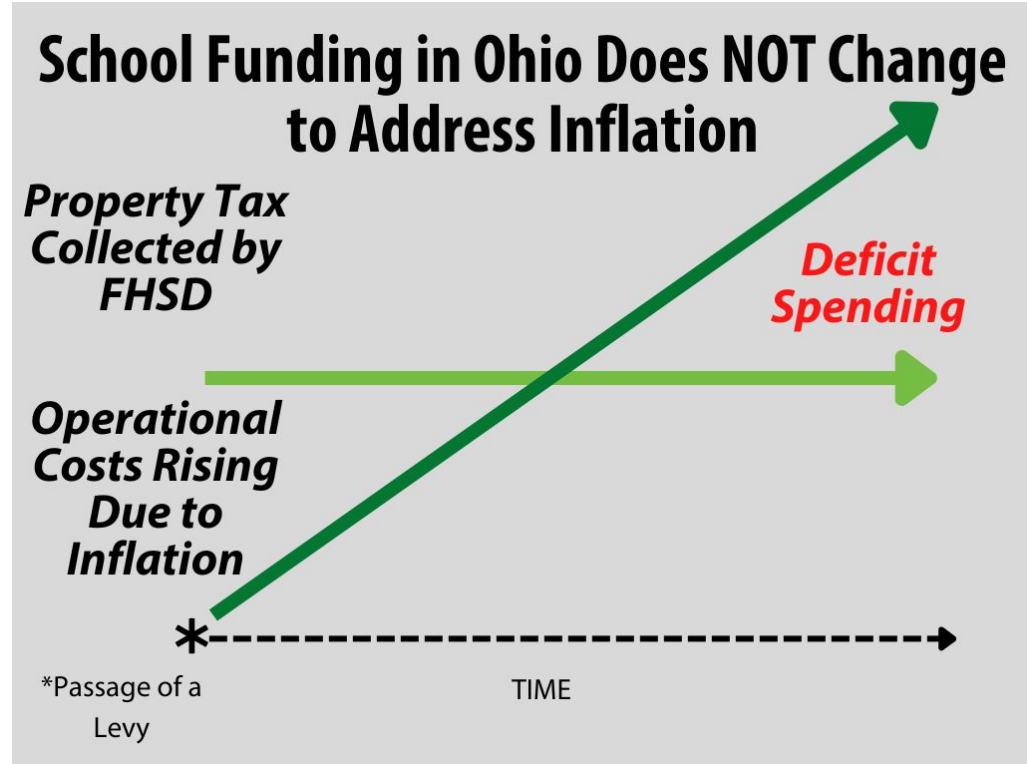
*Property Tax Collected by FHSD*

*Operational Costs Rising Due to Inflation*

*Deficit Spending*

\*Passage of a Levy

TIME



# Our Current Reality

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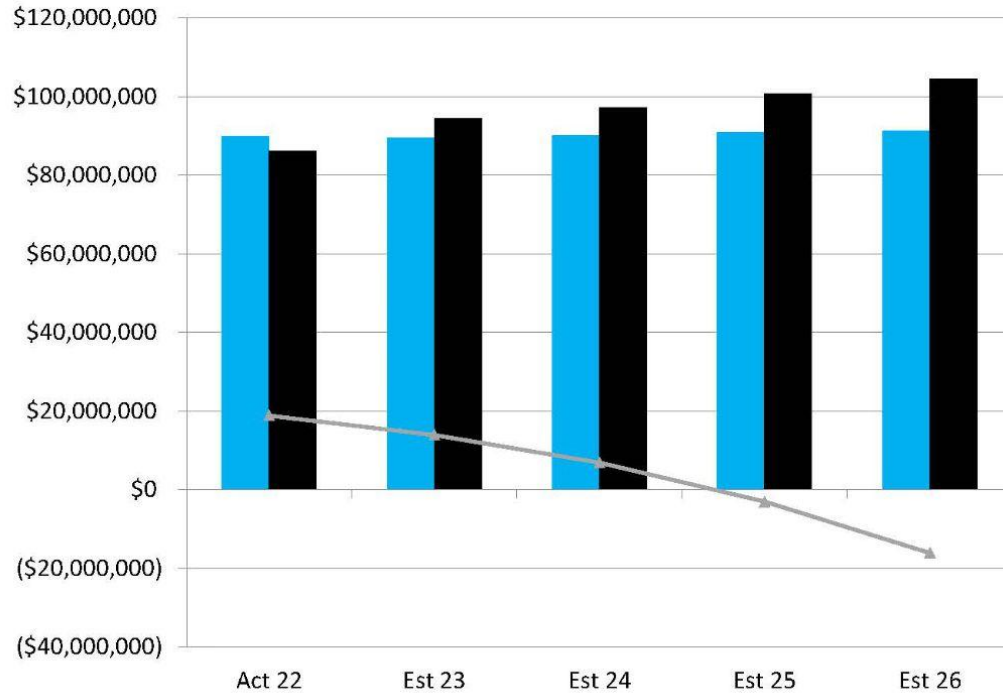
## Current Status

- FHSD costs are increasing, outpacing revenue
- 85% of spending is on people, 10% fixed, 5% discretionary
- FHSD will have to make challenging decisions to either cut costs or raise revenue

## Immediate Fiscal Concerns:

- \$1 million per year currently spent on facilities/maintenance
- \$5-5.5 million to replace critical systems nearing end of life
- Cost of business is rising FAST

# 5-Year-Forecast



■ Revenues & Other Sources ■ Expenditures & Other Uses

— Cash Balance

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# Historical Context





# Historical Context

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## Negligible PI Levy

- Permanent Improvement Levy to address capital improvements
- FHSD = 0.5 mills (equivalent to .41 mills today)
  - Hamilton Schools 4.0 mills (raises \$4 million annually)
  - Loveland Schools 2.0 mills (\$3 million)
- \$650,000 is collected annually from FHSD PI levy
- \$350,000 is spent each year from PI fund toward existing debt for past capital projects

# Historical Context

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## 2014 Bond – Construction Outcome

- \$103 million project made much needed improvements
- Project exceeded initial budget by \$4.24 million
  - Additional features added after project started:
    - \$3 million in technology/furniture etc.
    - \$3 million from PI Fund to cover other costs
- Combined overruns & additional items added: **\$10.24 million**
- Various needs went unmet (building systems)
  - Ex. 70-80% of roofs not replaced/repaired during bond

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# Major Costs FHSD is Facing NOW



# Major Costs FHSD is Facing

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## Facilities

- OFCC Assessments from 2010
  - 3 buildings (Maddux, Summit, Wilson) ABOVE  $\frac{2}{3}$  threshold (renovate vs. replace)
  - 4 buildings (Anderson, Ayer, Mercer, Sherwood) were nearing  $\frac{2}{3}$  threshold

# Facility Data

<b>BUILDING NAME</b>	<b>AGE OF BUILDING</b>	<b>NEW BUILDING COST</b>	<b>% RENOVATION /REBUILD</b>	<b>OSFC RENOVATION COST</b>	<b>40-YEAR PATCH &amp; REPAIR (Today's \$\$)</b>	<b>40-YEAR PATCH &amp; REPAIR (W/ INFLATION)</b>
Anderson High School	49 (1961)	\$49,902,640	58%	\$28,943,531	\$20,484,345	\$45,905,214
Turpin High School	34 (1976)	\$45,042,050	30%	\$13,512,615	\$11,734,534	\$26,010,158
Nagei Middle School	11 (1999)	\$37,552,500	8%	\$3,004,200	\$2,724,300	\$6,194,491
Ayer Elementary School	37 (1973)	\$12,556,125	57%	\$7,156,991	\$4,535,450	\$10,905,860
Maddux Elementary School	44 (1966)	\$13,034,250	67%	\$8,732,948	\$6,943,850	\$17,537,468
Mercer Elementary School	37 (1973)	\$21,759,075	53%	\$11,532,310	\$7,362,550	\$15,952,773
Sherwood Elementary School	40 (1970)	\$12,556,125	58%	\$7,282,553	\$4,216,500	\$9,480,265
Summit Elementary School	42 (1968)	\$14,121,000	69%	\$9,743,490	\$6,140,600	\$13,311,602
Wilson Elementary School	51 (1959)	\$12,946,050	93%	\$12,039,827	\$12,034,170	\$25,651,074
<b>TOTAL</b>		<b>\$219,469,815</b>		<b>\$101,948,464</b>	<b>\$76,176,299</b>	<b>\$170,948,905</b>

\* OSFC is the Ohio Schools Facilities Commission.

This state agency establishes guidelines for new construction of public school buildings.

# Major Costs FHSD is Facing

## Urgent and Imminent Renovations

- Roofs
  - \$2.9 million roof repair / replace
  - More than 300,000 sq. ft. were NOT TOUCHED during 2014 bond project (70-80%)
- Asphalt
  - \$650,000-\$750,000
- Video Surveillance
  - \$326,000 system upgrades
  - \$175,000+ to add and update video cameras
- Buses
  - \$1-1.3 million for current replacements
  - 15-year lifespan, 12 buses are at or near end-of-life, \$110,000 average cost per bus
- Big budget athletics/arts projects

**\$5 - \$5.5 MILLION  
TOTAL  
ESTIMATED COST**

# Major Costs FHSD is Facing

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## Operations

- When roughly 85% of the annual budget is allocated to personnel, **EVERY** reduction impacts students
- **Since 2018** (even **after** passing the 2019 4.7 mill Operating Levy)
  - Reduced 20 FTEs (including 14 teaching positions by attrition)
  - Reduced EACH school building budget by 10%
- Inflation impacts on the cost to do business
  - Bureau of Labor Statistics: USD more than 4% annual inflation rate since 2018 = more than 18% cumulative increase
  - \$4.43 per gallon diesel bill today vs. \$2.34 per gallon one year ago

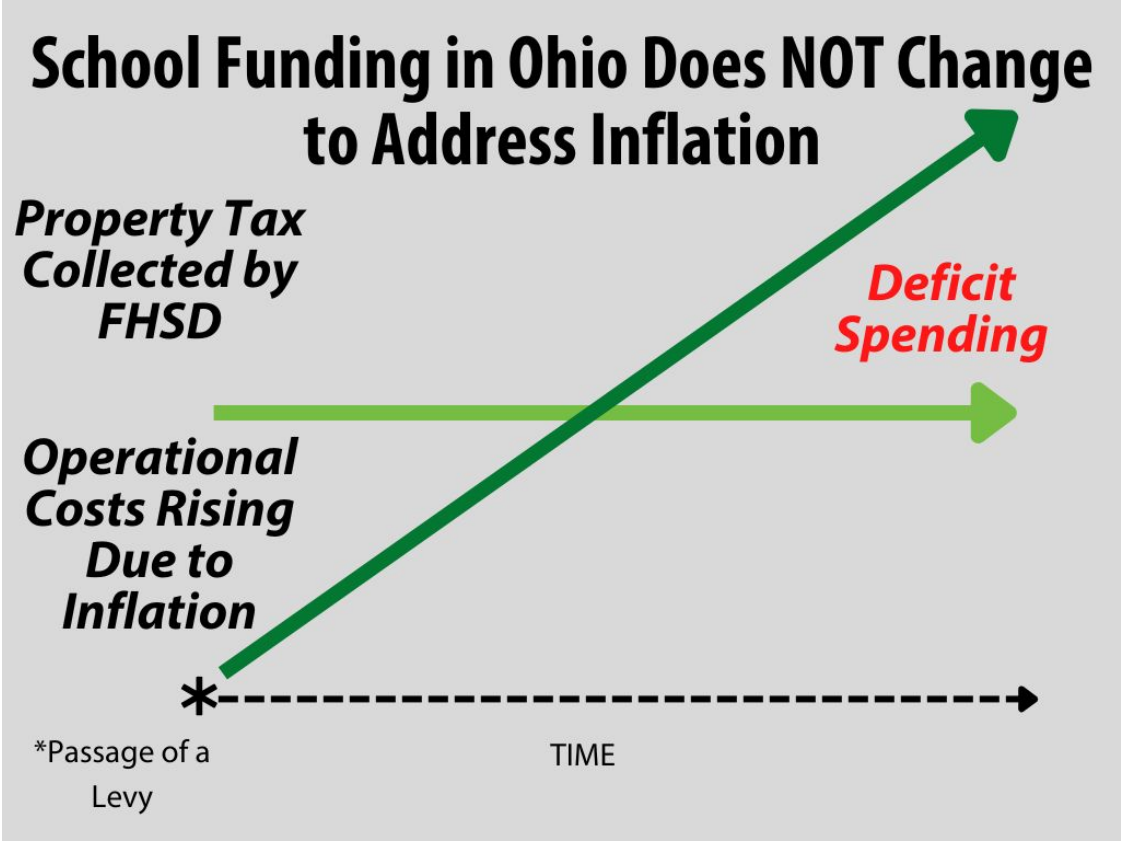
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# Our Current Reality





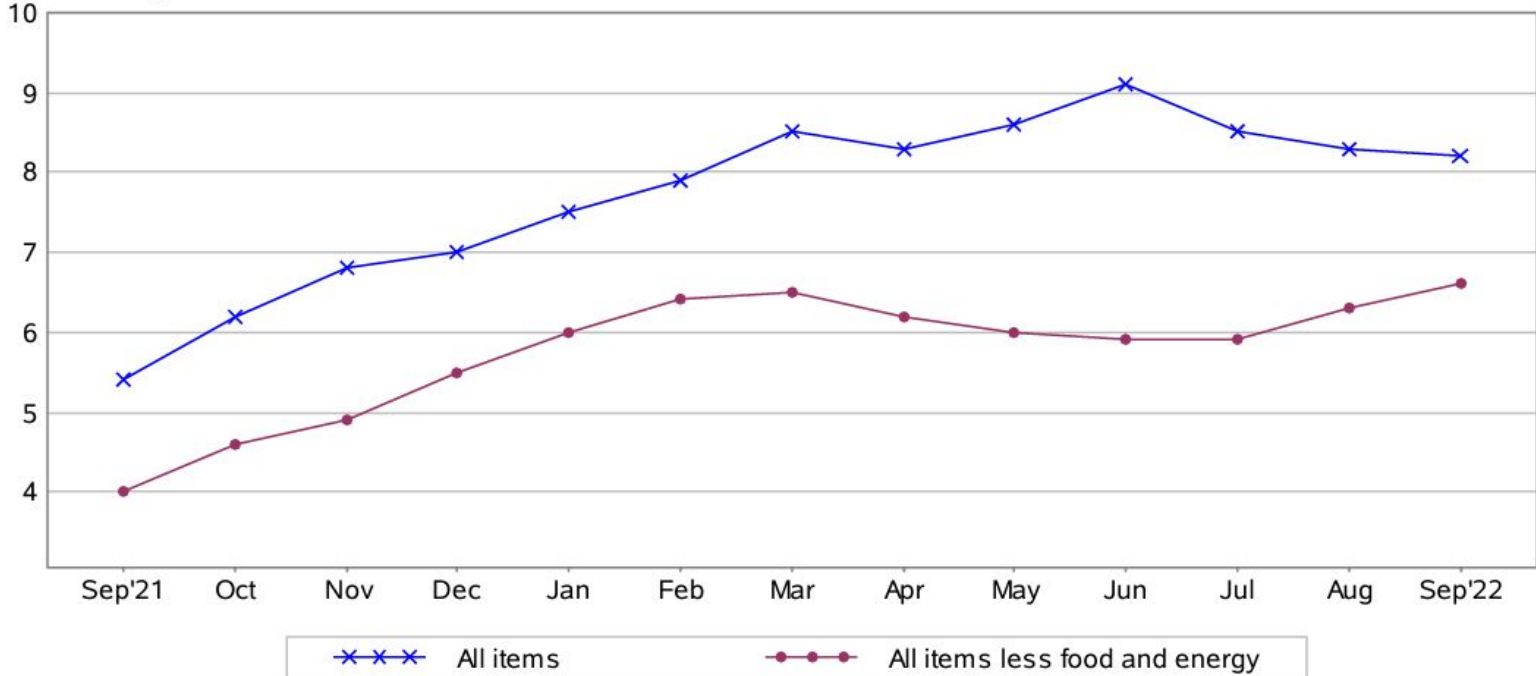
# Our Current Reality



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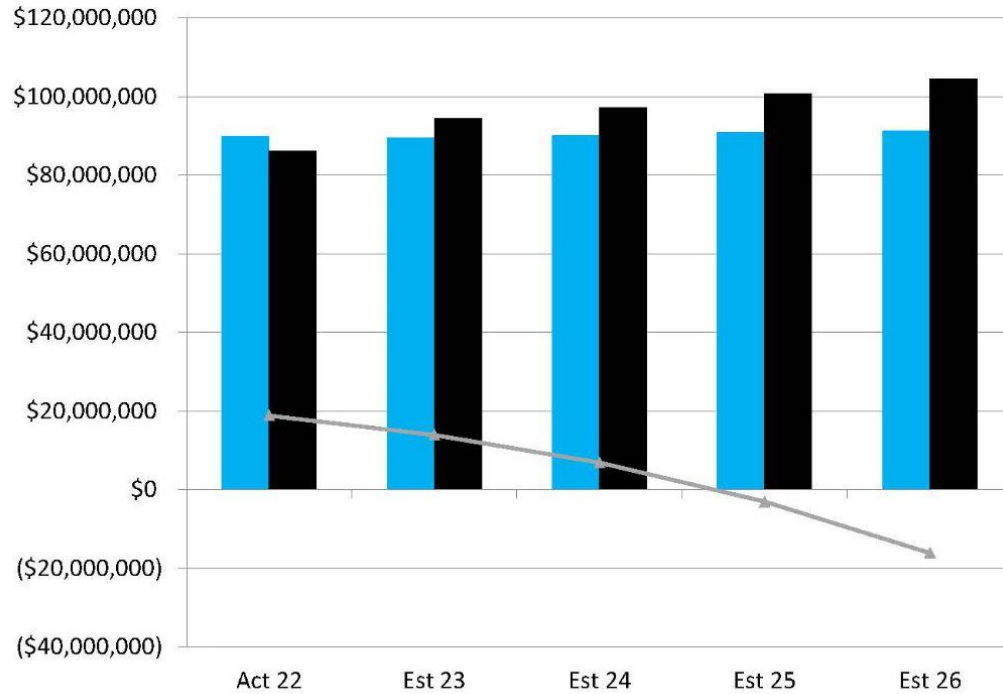
Chart 2. 12-month percent change in CPI for All Urban Consumers (CPI-U), not seasonally adjusted, Sep. 2021 - Sep. 2022

Percent change



According to Bureau of Labor Statistics ([News Release](#), October 13, 2022)

# 5-Year-Forecast



■ Revenues & Other Sources ■ Expenditures & Other Uses

— Cash Balance

# Conclusions

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- Something needs to CHANGE
  - Not a sustainable path forward to fund programs and maintain buildings without CHANGE
  - It only works right now because the STAFF go above and beyond
- ODE placed FHSD in “pre-cautionary financial state” in 2018