

Hillsdale Local School District

Five Year Forecast Financial Report

November, 2023

LESA DETER-TREASURER

Table of Contents

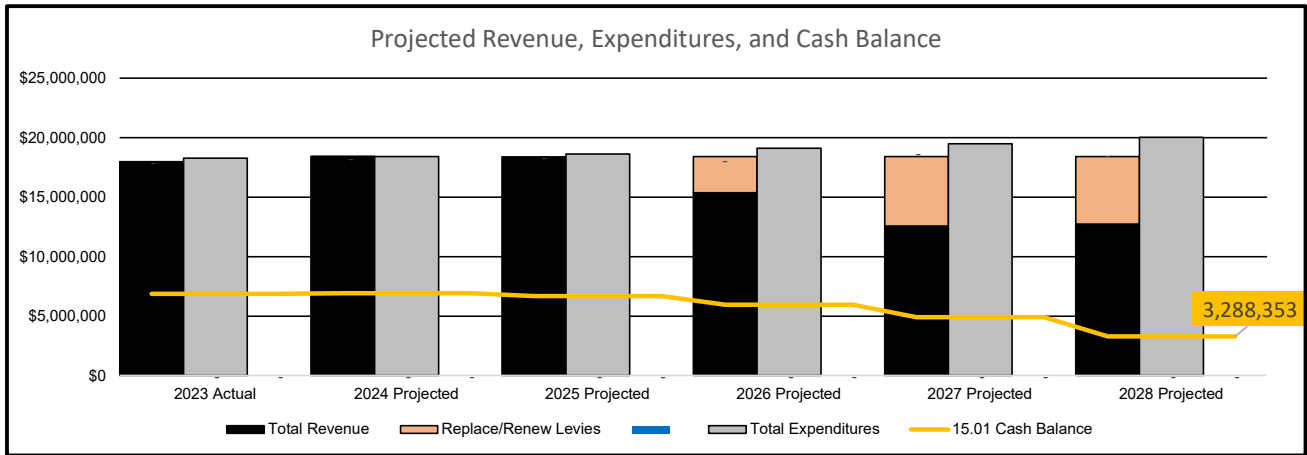
	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - State Share-Local Property Taxes	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 (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	6,881,140	6,916,134	6,679,935	5,960,026	4,906,622
+ Revenue	18,437,371	18,387,895	15,383,804	12,563,497	12,747,657
+ Proposed Renew/Replacement Levies	-	-	3,014,415	5,863,715	5,671,144
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(18,402,377)	(18,624,094)	(19,118,128)	(19,480,617)	(20,037,070)
= Revenue Surplus or Deficit	34,994	(236,199)	(719,909)	(1,053,404)	(1,618,269)
Line 7.020 Ending Balance with renewal/new levies	6,916,134	6,679,935	5,960,026	4,906,622	3,288,353

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	34,994	(236,199)	(3,734,324)	(6,917,119)	(7,289,413)
Ending Balance w/o Levies	6,916,134	6,679,935	2,945,611	(3,971,508)	(11,260,921)

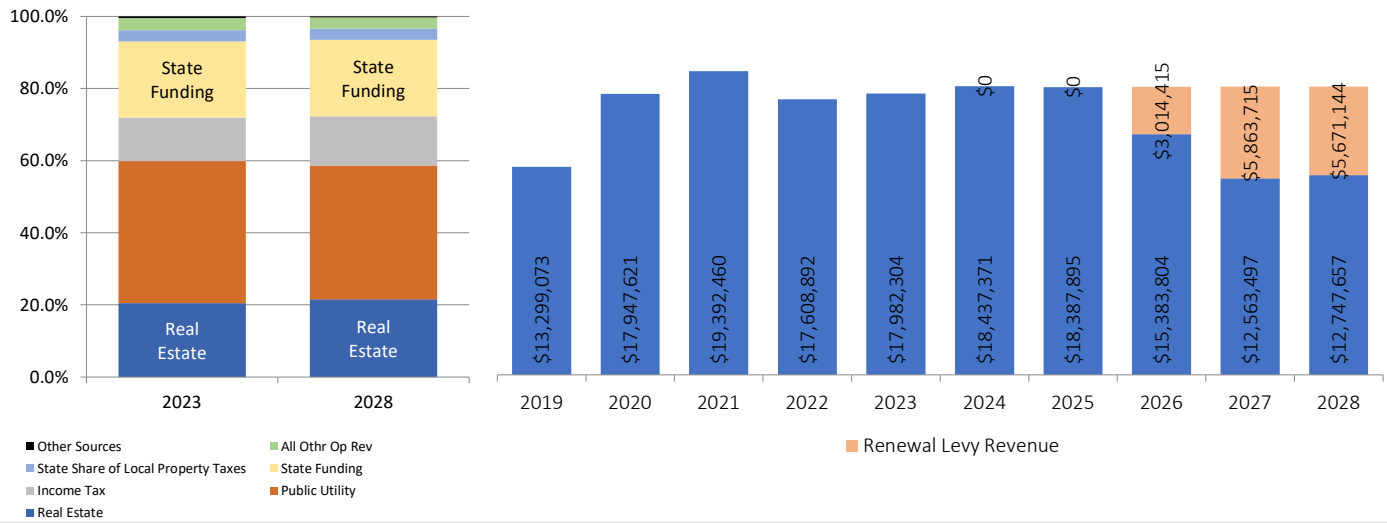
In FY 2024 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$34,994 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$7,289,413. The district would need to cut its FY 2028 projected expenses by 36.38% 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.

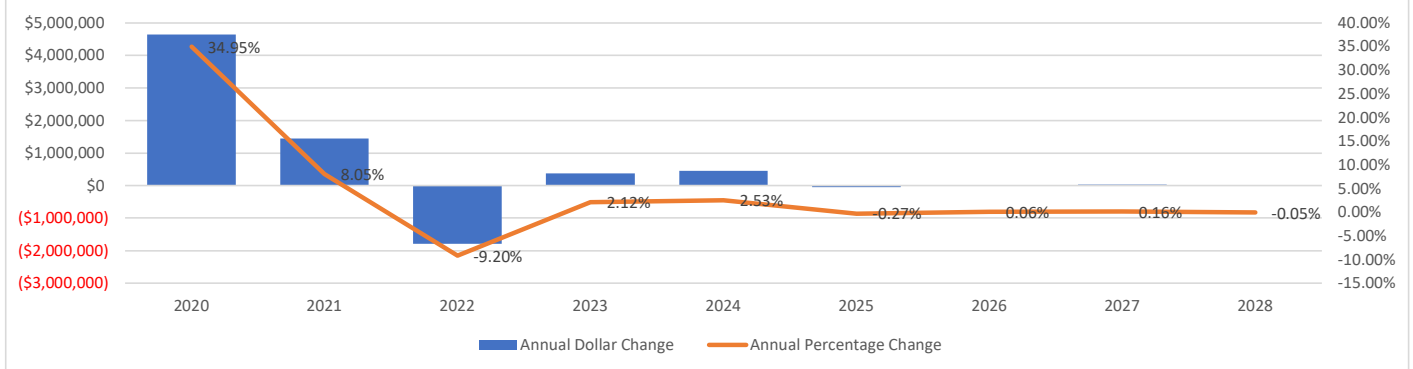
Ohio adopted the Fair School Funding Plan (FSFP) in FY 2022. The plan was continued with increasing phase-in of the formula results. In FY 2024 the per pupil base cost calculations were updated from FY 2018 cost data to FY 2022. For Hillsdale Local School District the calculated Base Cost total is \$6,896,378 in FY 2024. The state's share of the calculated Base Cost total is \$721,496 or \$909 per pupil.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



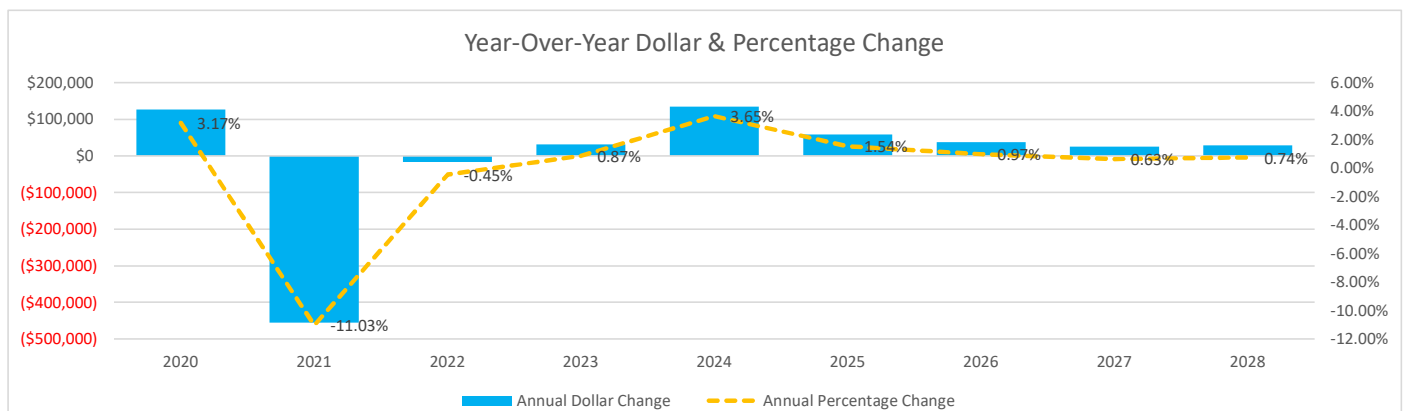
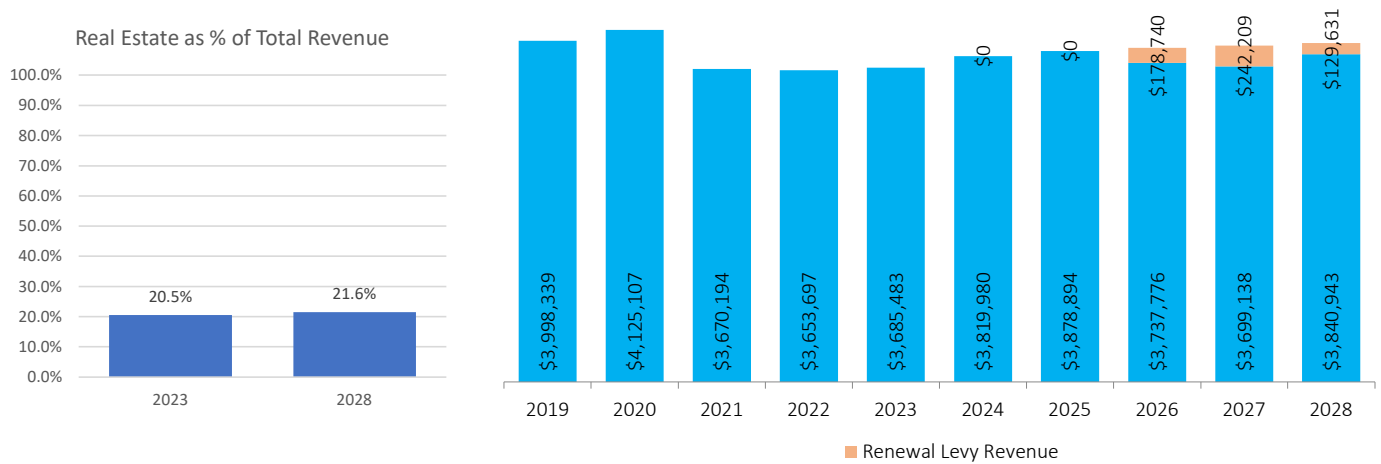
4-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 8.98% or \$1,170,808 annually during the past 4-Year period and is projected to increase 0.49% or \$87,299 annually through FY2028. Public Utility has the most projected average annual variance compared to the historical average at -\$1,245,031
Real Estate	(78,214)	57,018	\$135,232	
Public Utility	\$1,194,017	(\$51,014)	(\$1,245,031)	
Income Tax	\$95,594	\$68,568	(\$27,025)	
State Funding	(\$9,954)	22,221	\$32,175	
Prop Tax Alloc	\$2,501	\$7,069	\$4,568	
All Othr Op Rev	(\$28,292)	(\$8,444)	\$19,848	
Other Sources	(\$4,844)	(\$8,120)	(\$3,275)	
Total Average Annual Change	1,170,808 8.98%	87,299 0.49%	(\$1,083,508) -8.50%	

Note: Expenditure average annual change is projected to be > \$347,918 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).



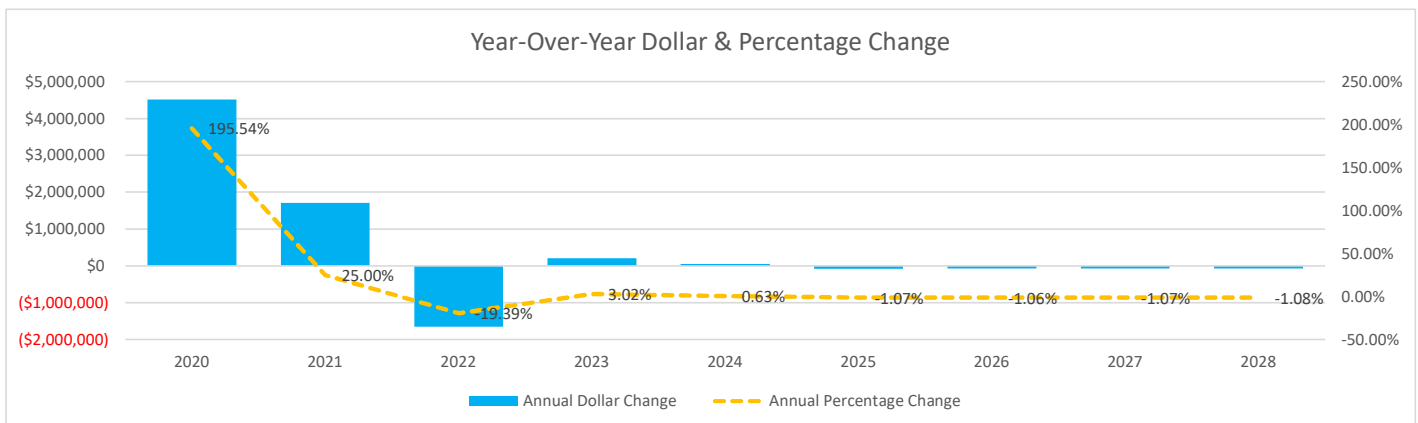
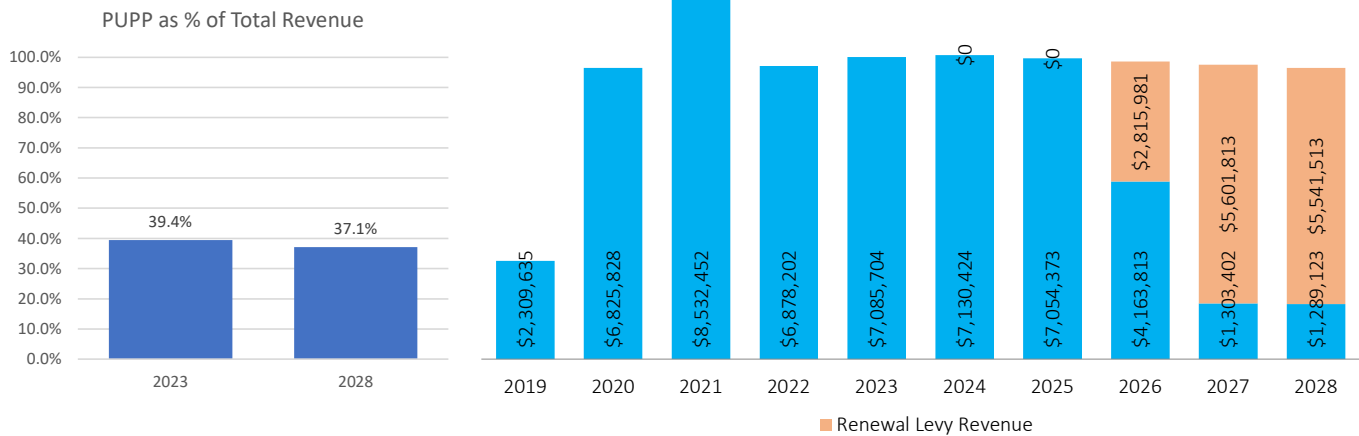
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies	
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change		
2022	163,048,960	1,736,490	25.72	-	31.31	-	101.7%	
2023	202,748,960	39,700,000	21.45	(4.28)	31.31	(0.00)	99.5%	
2024	204,448,960	1,700,000	21.45	(0.00)	31.31	(0.00)	99.5%	
2025	206,148,960	1,700,000	21.45	(0.00)	31.31	(0.00)	99.5%	
2026	220,848,960	14,700,000	20.00	(1.45)	31.31	(0.00)	99.5%	
2027	222,548,960	1,700,000	20.00	-	31.31	(0.00)	99.5%	

Real estate property tax revenue accounts for 20.50% of total revenue. Class I or residential/agricultural taxes make up approximately 92.37% of the real estate property tax revenue. The Class I tax rate is 21.45 mills in tax year 2023. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 99.5% annually through tax year 2027. The revenue changed at an average annual historical rate of -1.86% and is projected to change at an average annual rate of 1.51% 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.



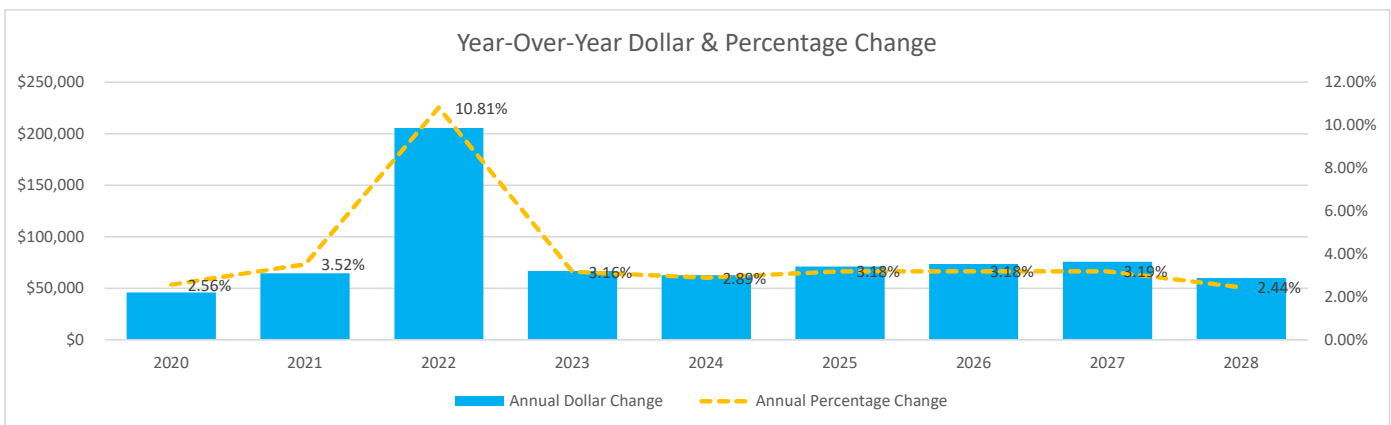
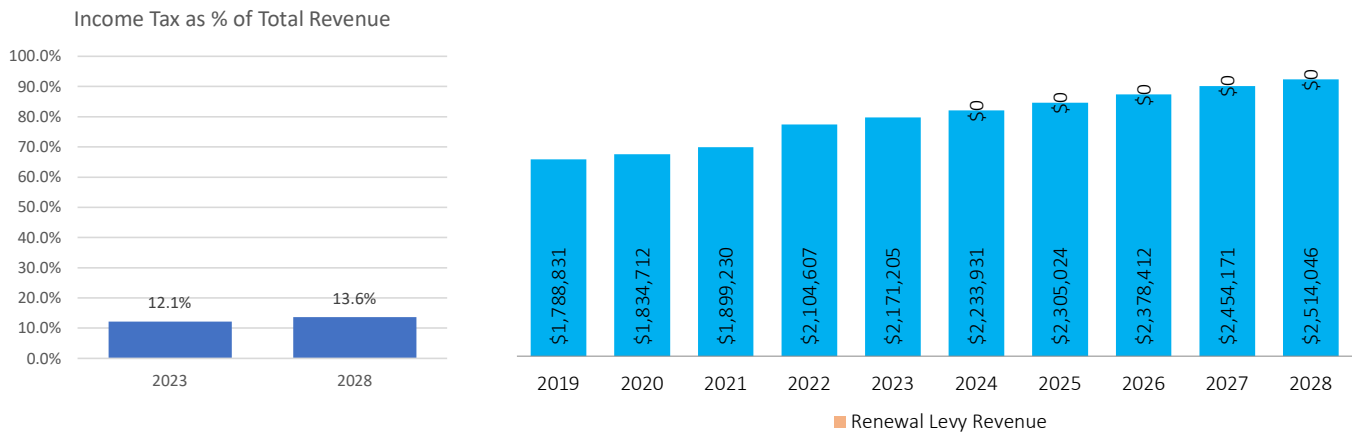
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2022	289,197,150	(4,203,990)	47.00	-		50.7%
2023	286,197,150	(3,000,000)	47.00	-		52.9%
2024	283,197,150	(3,000,000)	47.00	-		52.9%
2025	280,197,150	(3,000,000)	47.00	-		52.9%
2026	277,197,150	(3,000,000)	47.00	-		52.9%
2027	274,197,150	(3,000,000)	47.00	-		52.9%

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 39.40% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 47. mills. The forecast is modeling an average gross collection rate of 52.90%. The revenue changed historically at an average annual dollar amount of \$1,194,017 and is projected to change at an average annual dollar amount of -\$51,014 through FY 2028.

*Projected % trends include renewal levies

1.030 - 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.

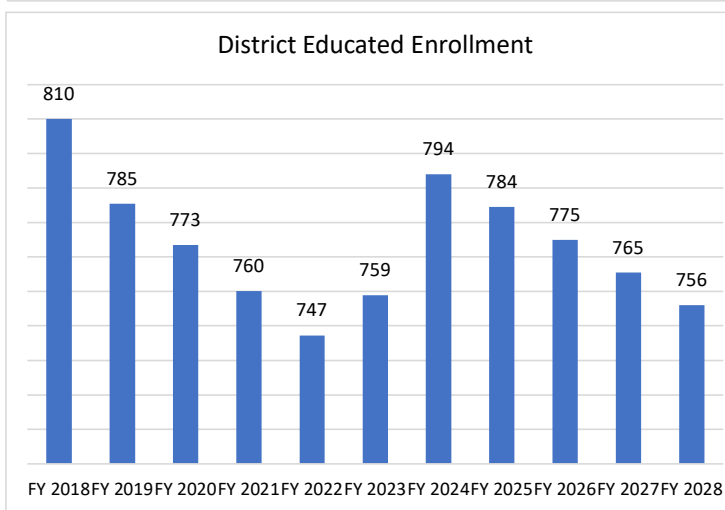
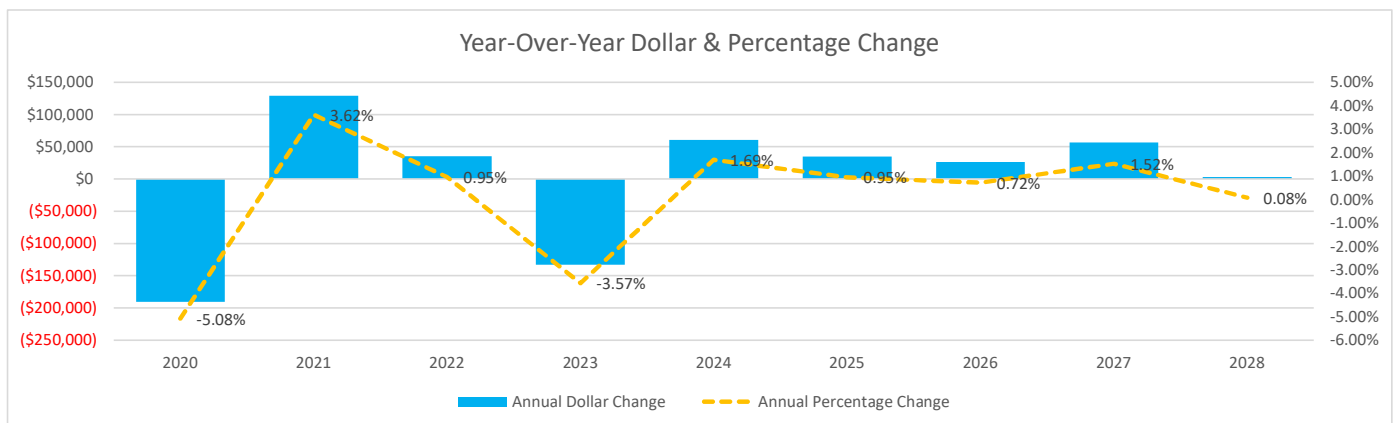
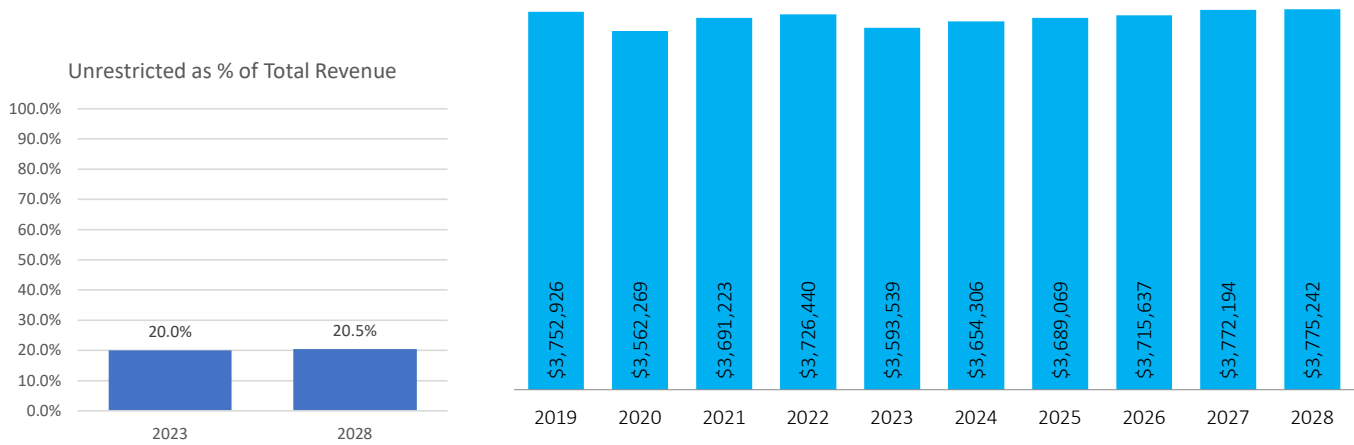


The district maintained one income tax levy in FY 2023. The average annual dollar change in total income tax revenue is forecasted to be \$68,568 through FY 2028. Income tax revenue is projected to account for 13.6% of total district revenue in FY 2028.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



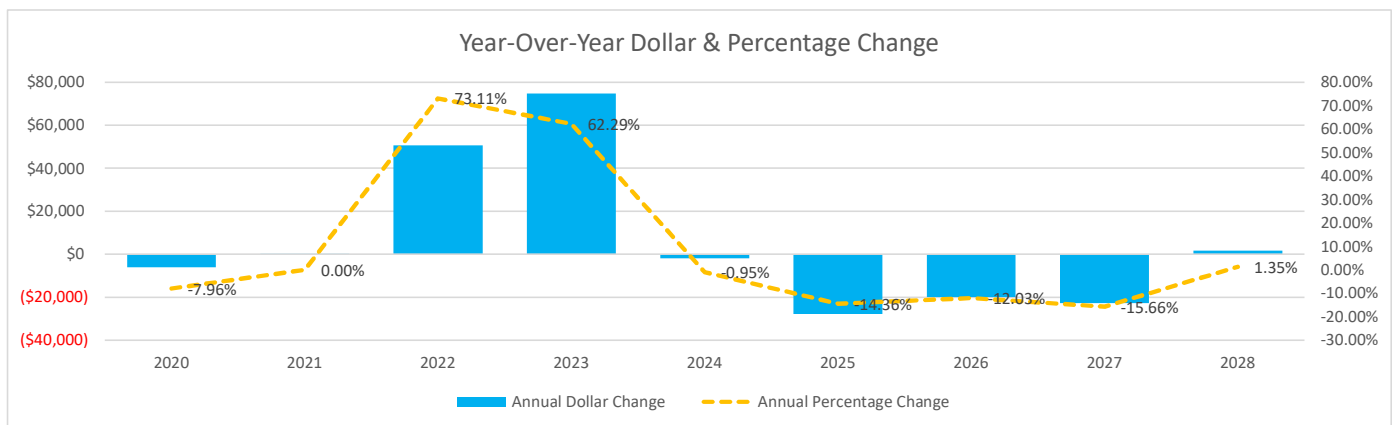
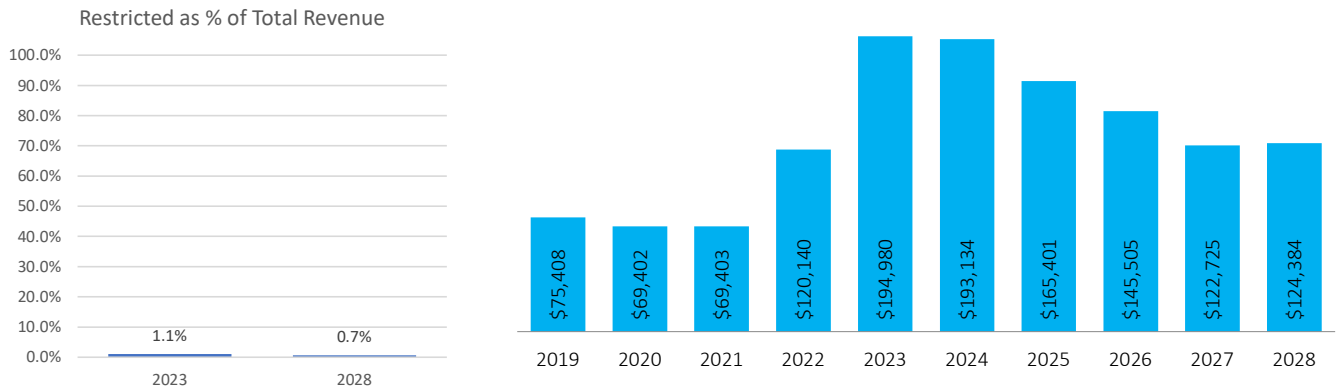
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual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

For Hillsdale Local School District the calculated Base Cost total is \$6,896,378 in FY 2024. The state's share of the calculated Base Cost total is \$721,496 or \$909 per pupil.

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

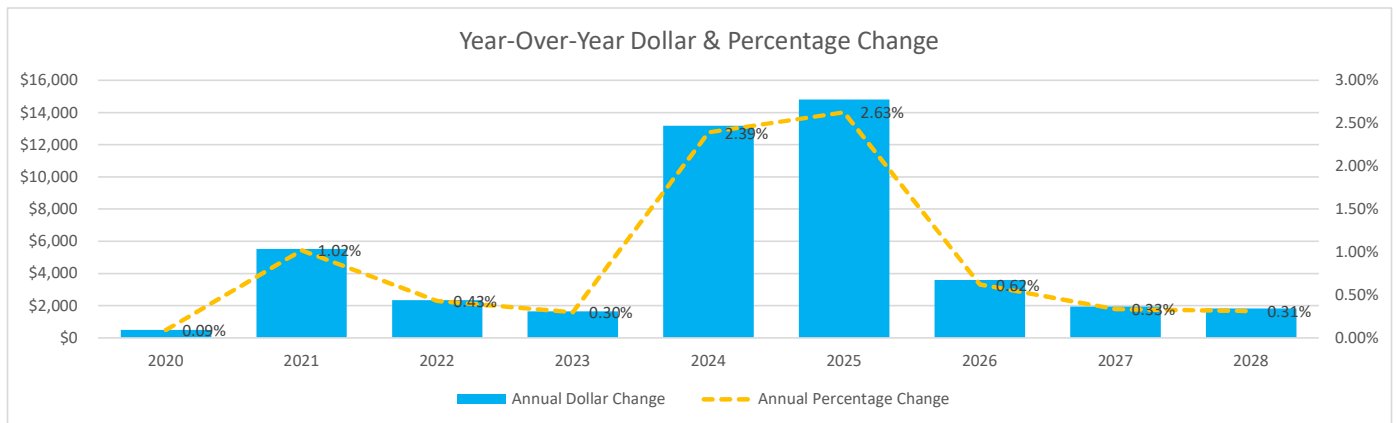
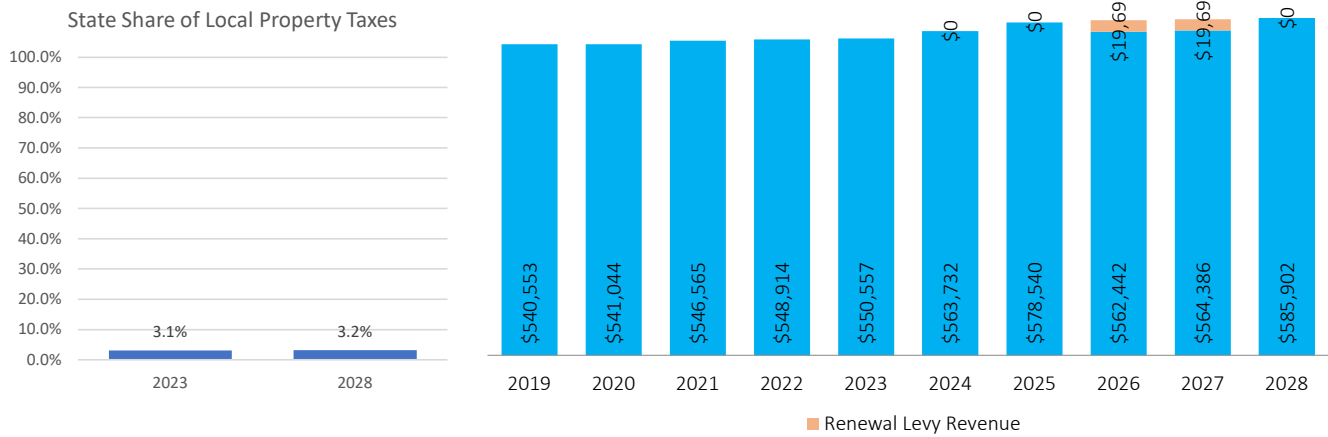
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$41,859 and is projected to change annually on average by -\$14,119. Restricted funds represent 1.08% 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 \$95,685. 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.

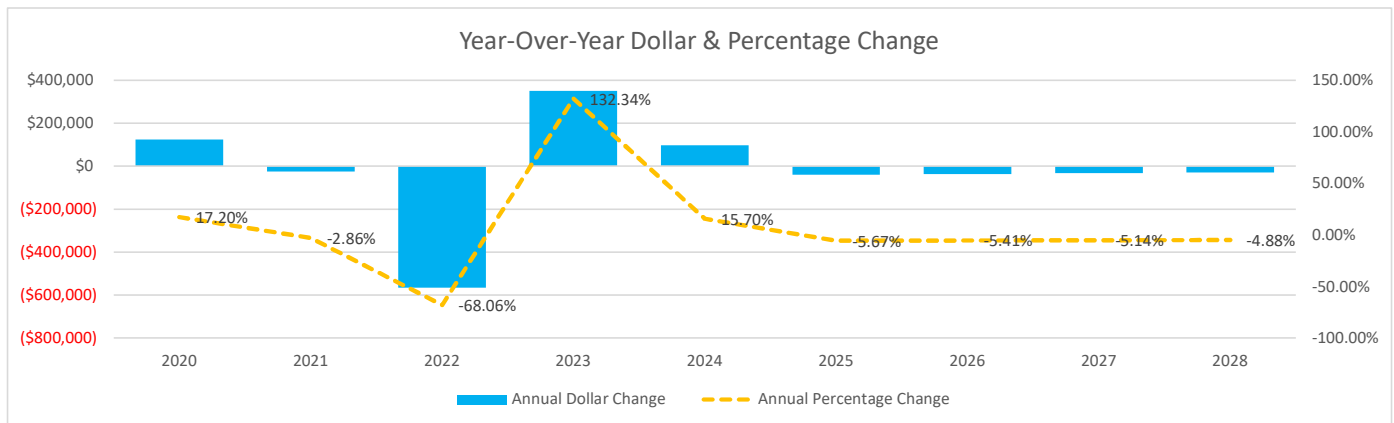
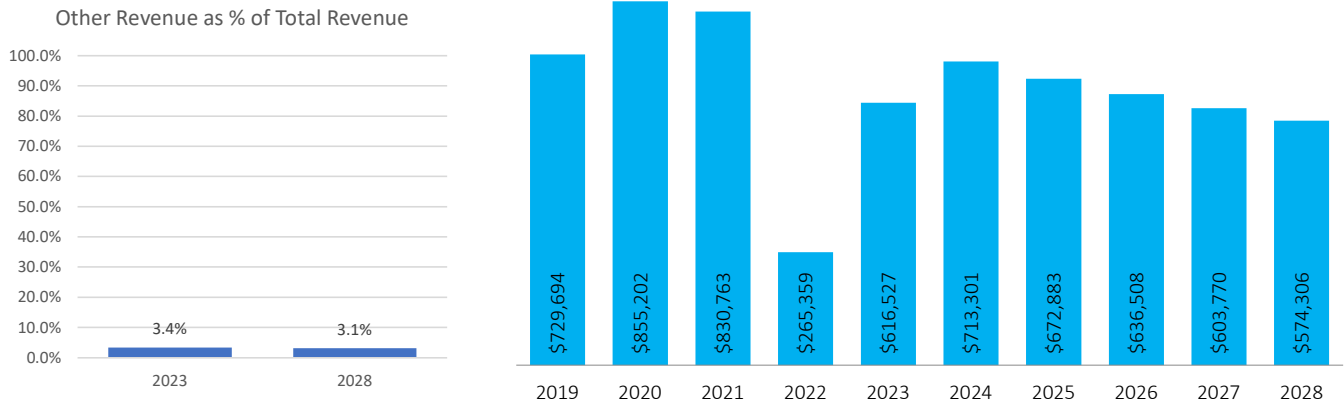


State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2024, approximately 11.6% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.4% will be reimbursed in the form of qualifying homestead exemption credits.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

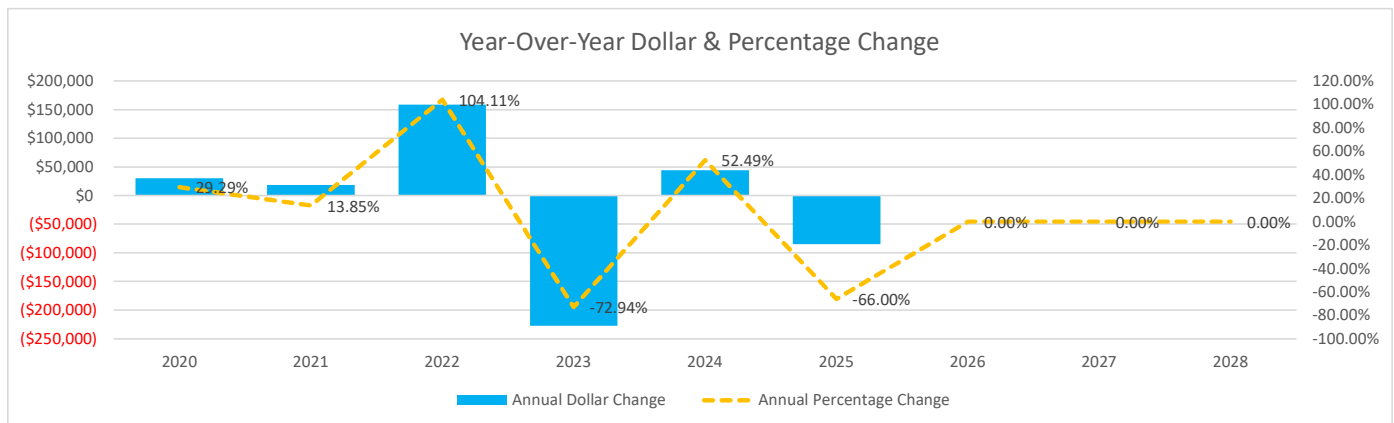
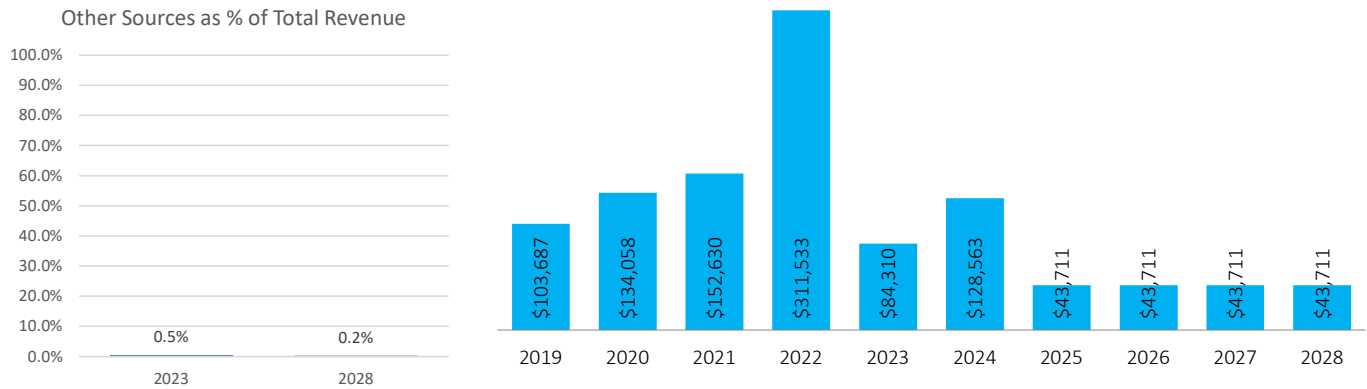
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 -\$28,292. The projected average annual change is -\$8,444 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.

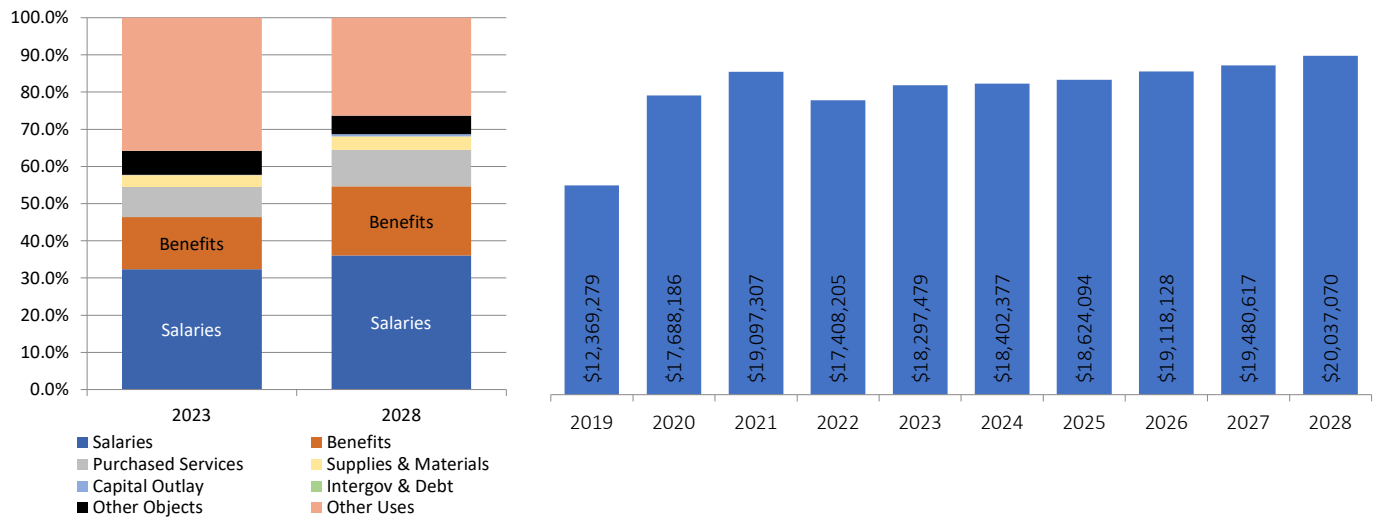


	2023	2024	2025	FORECASTED		
				2026	2027	2028
Transfers In	-	-	-	-	-	-
Advances In	29,910	-	-	-	-	-
All Other Financing Sources	54,400	128,563	43,711	43,711	43,711	43,711

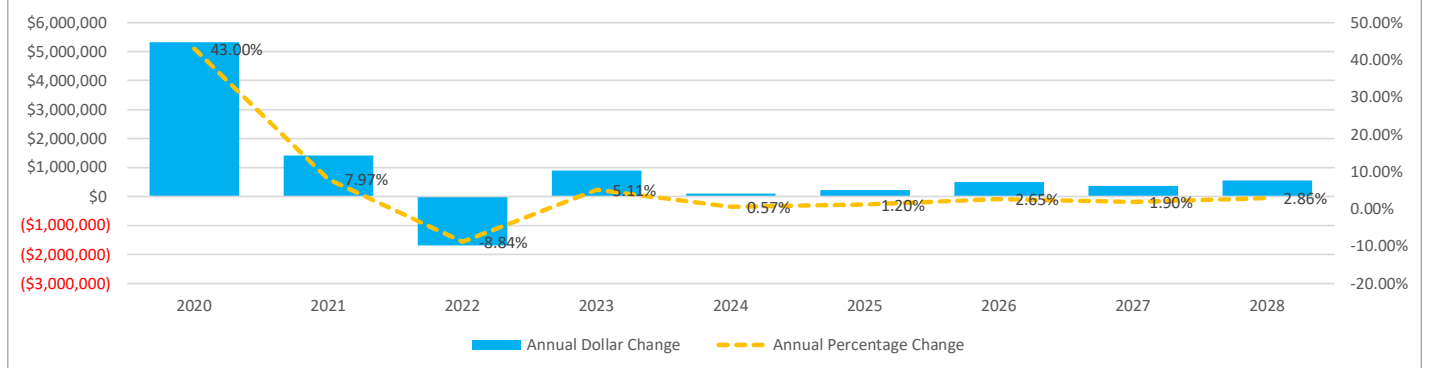
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district receipted \$29,910 as advances-in and is projecting advances of \$0 in FY 2024. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$128,563 in FY 2024 and average \$43,711 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

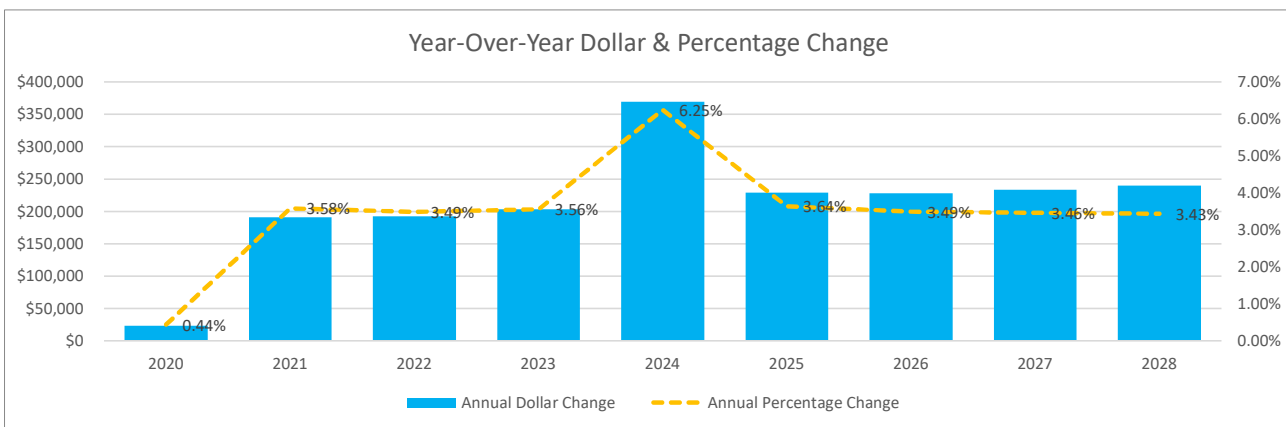
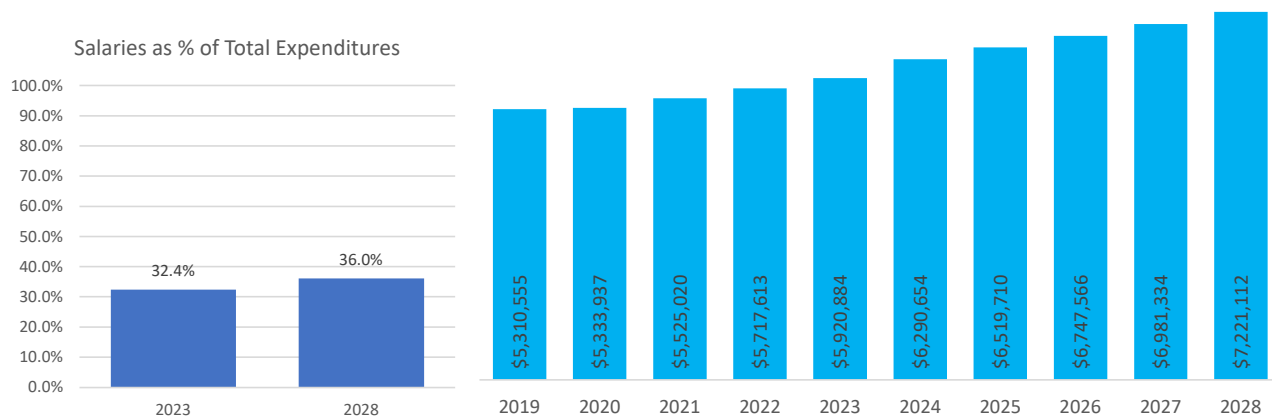
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 11.81% or \$1,482,050 annually during the past 4-Year period and is projected to increase 1.90% or \$347,918 annually through FY2028. Other Uses has the largest projected average annual variance compared to the historical average at -\$1,433,587.
Salaries	152,582	260,046	\$107,463	
Benefits	\$84,220	\$231,935	\$147,716	
Purchased Services	\$3,635	\$94,949	\$91,314	
Supplies & Materials	\$20,310	\$32,823	\$12,514	
Capital Outlay	(\$46,284)	\$19,080	\$65,364	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$90,208	(\$34,707)	(\$124,915)	
Other Uses	\$1,177,379	(\$256,208)	(\$1,433,587)	
Total Average Annual Change	\$1,482,050	\$347,918	(\$1,134,132)	
	11.81%	1.90%	-9.91%	

Note: Revenue average annual change is projected to be > \$87,299

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.

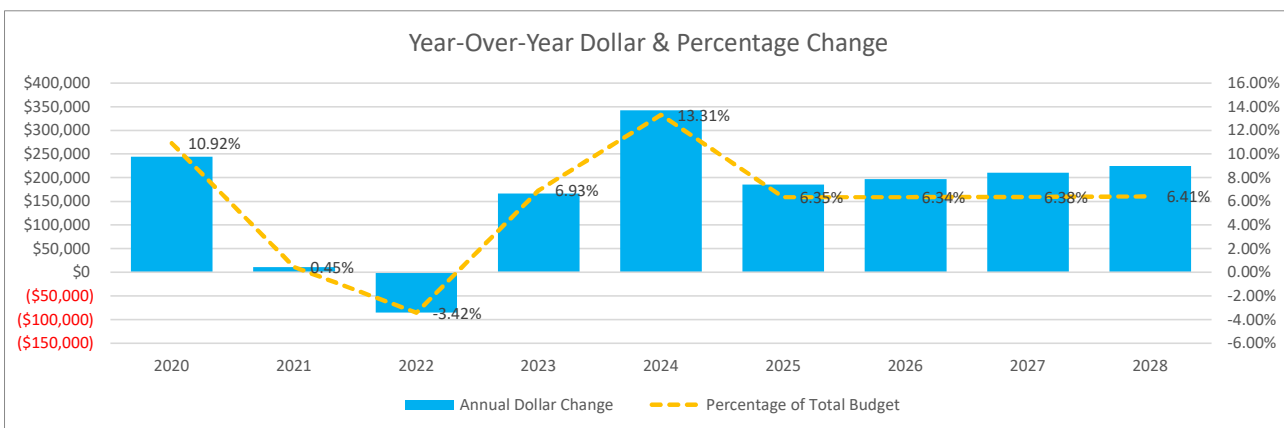
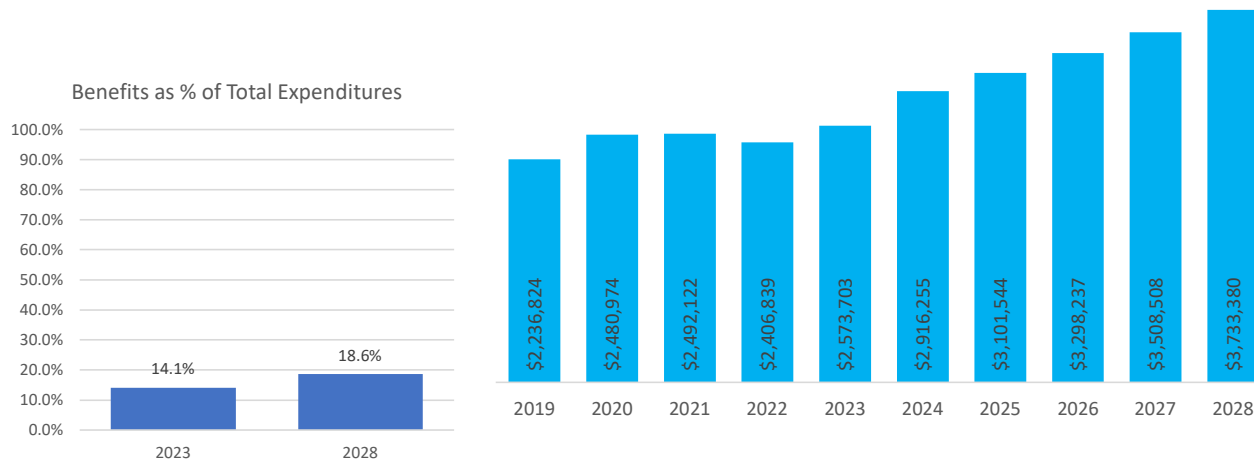


Salaries represent 32.36% of total expenditures and increased at a historical average annual rate of 2.77% or \$152,582. This category of expenditure is projected to grow at an annual average rate of 4.06% or \$260,046 through FY 2028. The projected average annual rate of change is 1.29% more than the five year historical annual average.

Salaries increased due to bringing the Preschool Program in-house. This includes a shared director with Crestview and two full-time teachers.

3.020 - Employees' Benefits

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

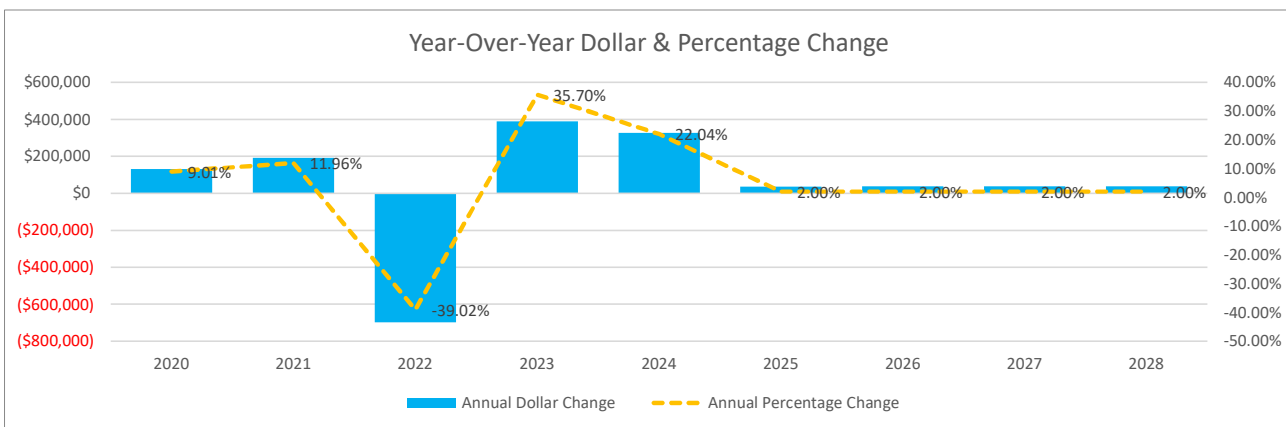
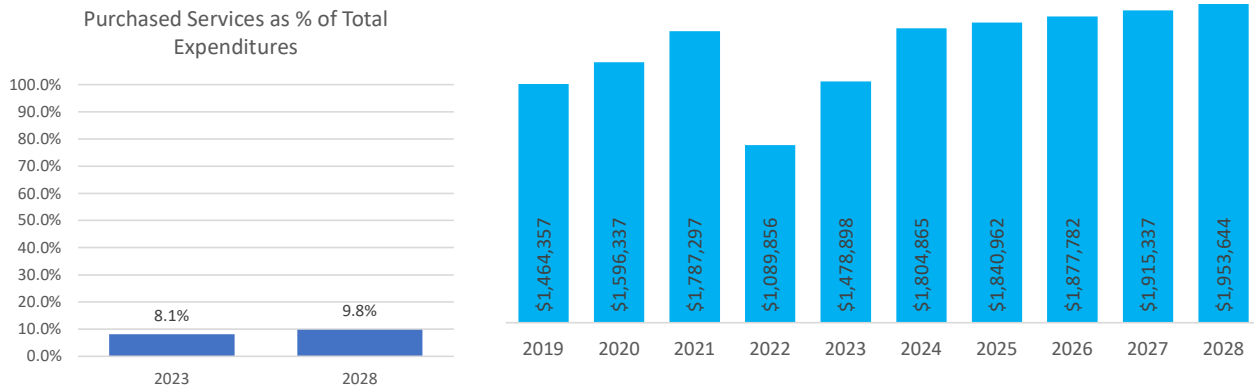


Benefits represent 14.07% of total expenditures and increased at a historical average annual rate of 3.72%. This category of expenditure is projected to grow at an annual average rate of 7.76% through FY 2028. The projected average annual rate of change is 4.04% more than the five year historical annual average.

Insurance premium cost are projected to increase significantly starting FY2025 through FY2028 due to rising medical cost.

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.

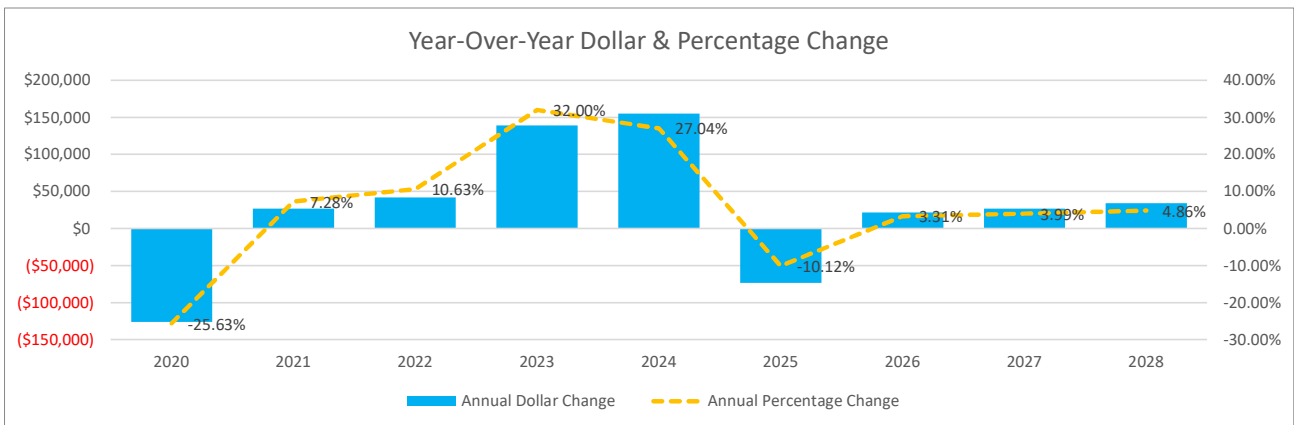
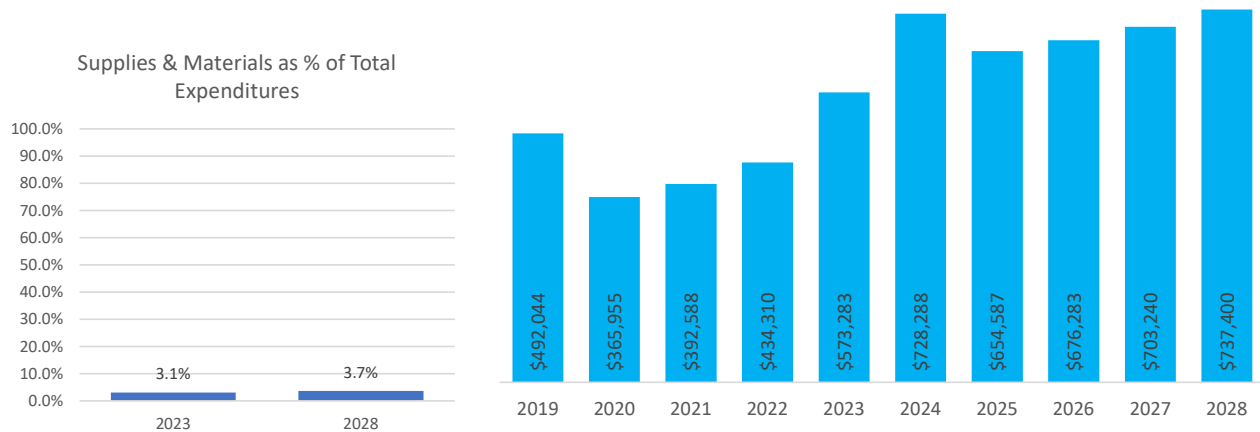


Purchased Services represent 8.08% of total expenditures and increased at a historical average annual rate of 4.41%. This category of expenditure is projected to grow at an annual average rate of 6.01% through FY 2028. The FSFP funds only district educated enrollment thereby reducing tuition cost for 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.

Purchased Services increased with the additional Resource Officer, Lease of the Evolv Express Machines, and added Mental Health Services. Electricity consumption and per KWT charge increased sharply, which has caused significant increase in overall utility cost.

3.040 - Supplies & Materials

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

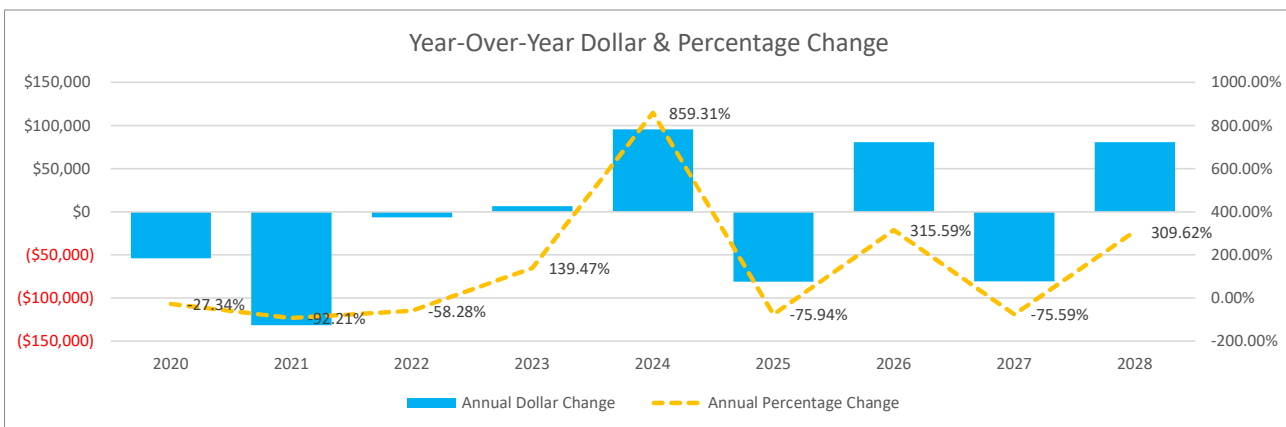
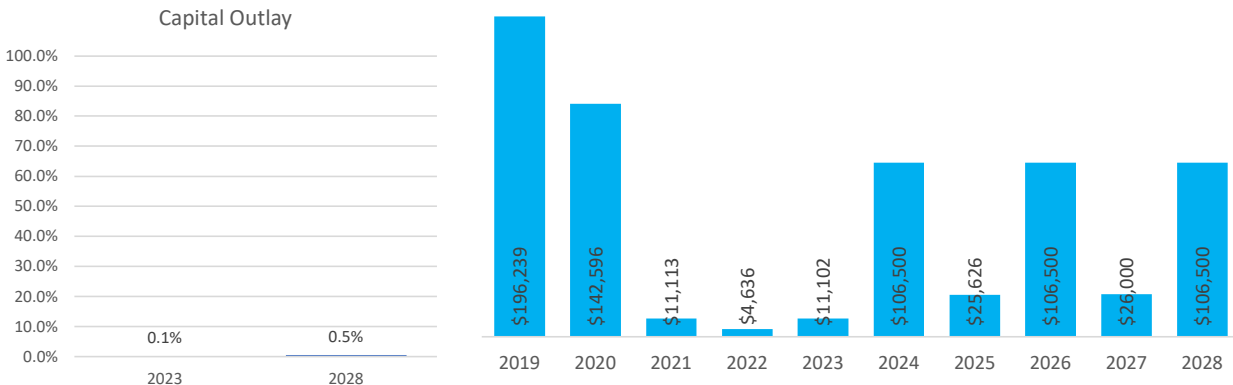


Supplies & Materials represent 3.13% of total expenditures and increased at a historical average annual rate of 6.07%. This category of expenditure is projected to grow at an annual average rate of 5.82% through FY 2028. The projected average annual rate of change is -0.25% less than the five year historical annual average.

Supplies for FY2024 are reflecting a 21% anticipated increase due to the move into the new building, along with the actual cost of products being considerably higher due to inflation. FY2025 through FY2028 will resume back to the historical average supply cost but will account for addition cost coming back to the general fund from ARP ESSERS grant funds.

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.

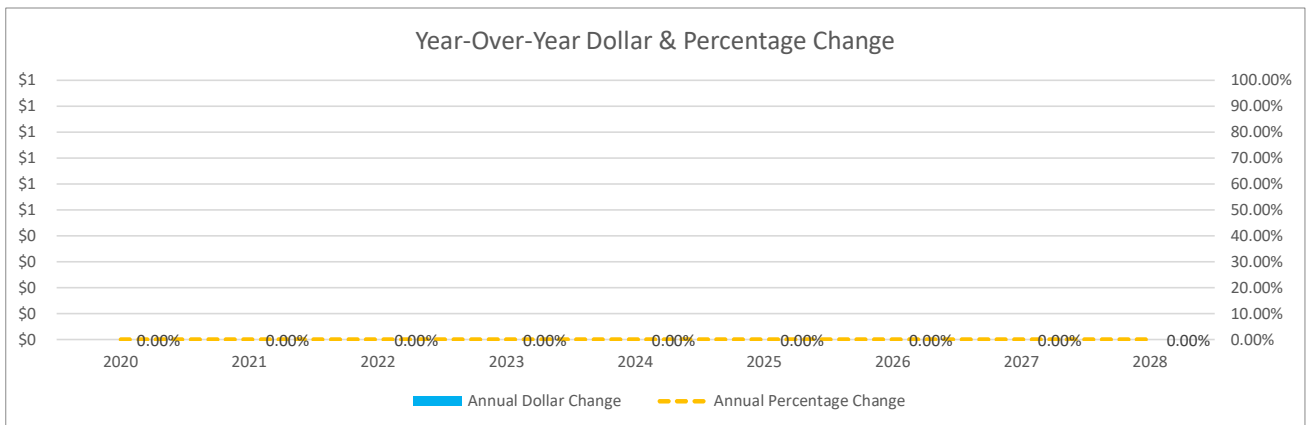
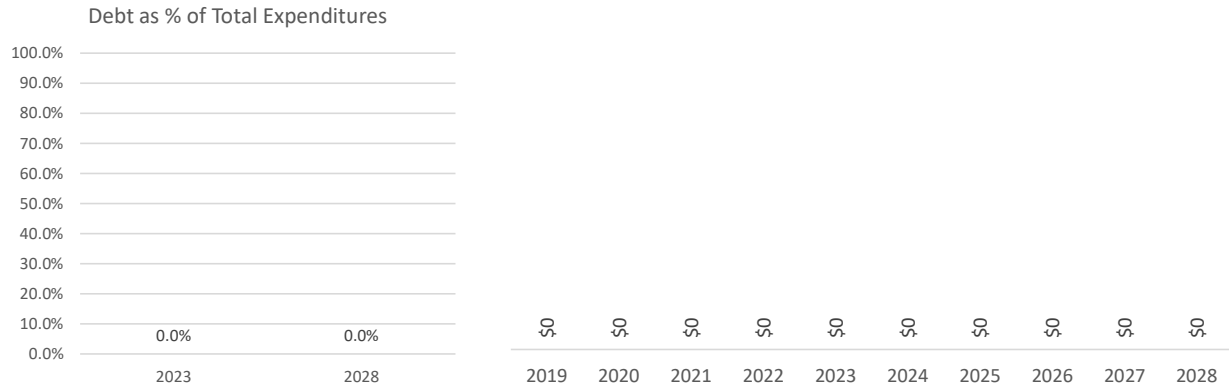


Capital Outlay represent 0.06% of total expenditures and decreased at a historical average annual amount of -\$46,284. This category of expenditure is projected to grow at an annual average rate of \$19,080 through FY 2028. The projected average annual change is more than the five year historical annual average.

Fy2024 has included funds to purchase a new van.

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.

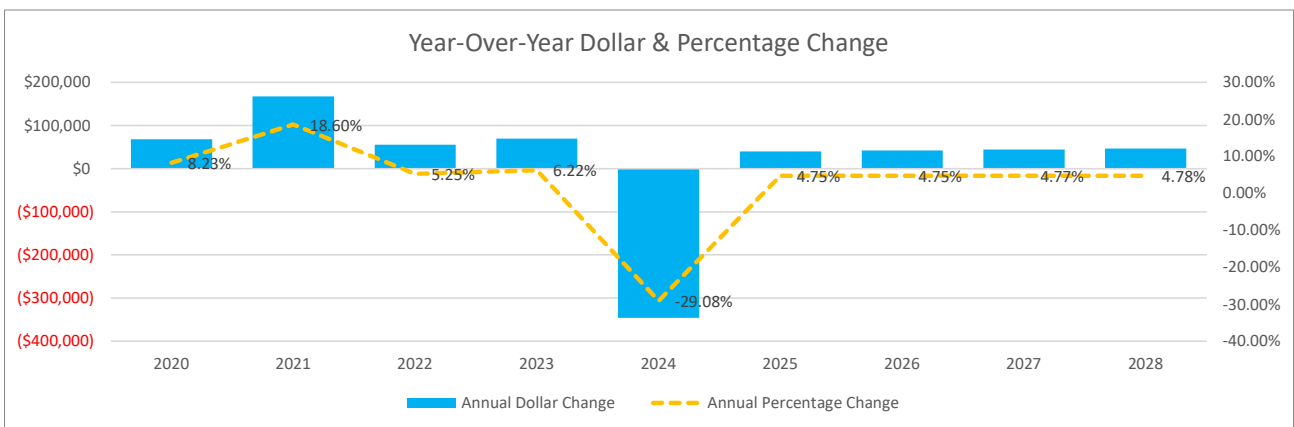
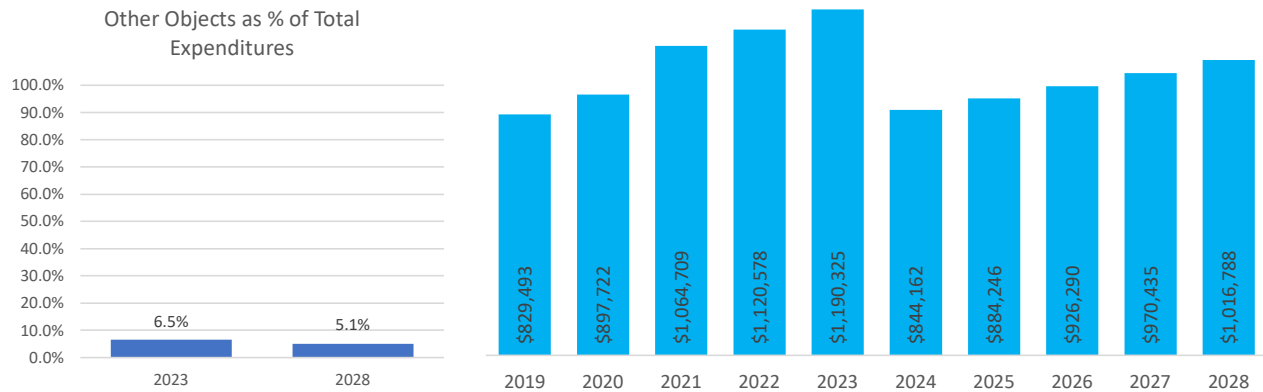


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

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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.

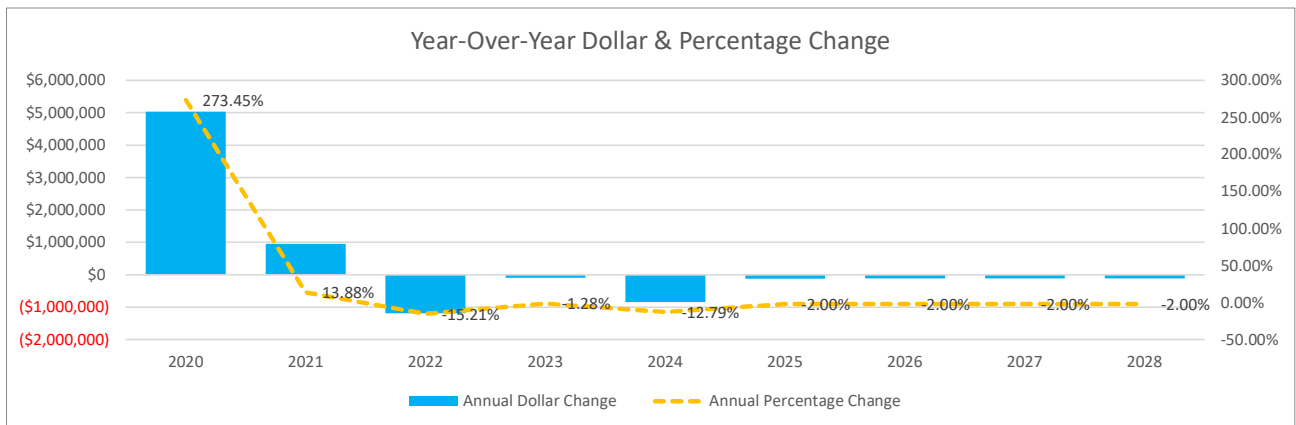
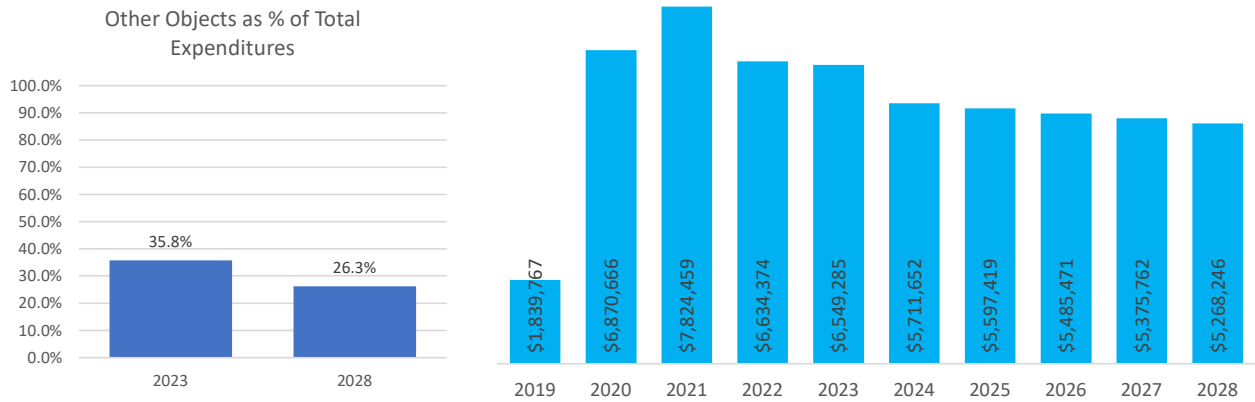


Other Objects represent 6.51% of total expenditures and increased at a historical average annual rate of 9.57%. This category of expenditure is projected to decrease at an annual average rate of -2.01% through FY 2028. The projected average annual rate of change is -11.58% less than the five year historical annual average.

A larger than normal decline in FY2024 ESC services is due to bringing the Pre-School Program in-house.

5.040 - Total Other Financing Uses

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



	2023	FORECASTED				
		2024	2025	2026	2027	2028
Transfers Out	6,537,717	5,711,653	5,597,420	5,485,471	5,375,762	5,268,247
Advances Out	11,568	(0)	(0)	(0)	(0)	(0)
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 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.

The transfers out are due to the General Fund - Public Utility Fund being transferred to the Permanent Improvement Fund to cover the annual lease payment for the New K-12 District Building. Annual transfers will also be considered when needed for other district managed funds.

Hillsdale Local School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2023	2024	2025	2026	2027	2028
Revenue:						
1.010 - General Property Tax (Real Estate)	3,685,483	3,819,980	3,878,894	3,737,776	3,699,138	3,840,943
1.020 - Public Utility Personal Property	7,085,704	7,130,424	7,054,373	4,163,813	1,303,402	1,289,123
1.030 - Income Tax	2,171,205	2,233,931	2,305,024	2,378,412	2,454,171	2,514,046
1.035 - Unrestricted Grants-in-Aid	3,593,539	3,654,306	3,689,069	3,715,637	3,772,194	3,775,242
1.040 - Restricted Grants-in-Aid	194,980	193,134	165,401	145,505	122,725	124,384
1.050 - State Share-Local Property Taxes	550,557	563,732	578,540	562,442	564,386	585,902
1.060 - All Other Operating Revenues	616,527	713,301	672,883	636,508	603,770	574,306
1.070 - Total Revenue	17,897,994	18,308,808	18,344,184	15,340,093	12,519,786	12,703,946
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	29,910	-	-	-	-	-
2.060 - All Other Financing Sources	54,400	128,563	43,711	43,711	43,711	43,711
2.070 - Total Other Financing Sources	84,310	128,563	43,711	43,711	43,711	43,711
2.080 - Total Rev & Other Sources	17,982,304	18,437,371	18,387,895	15,383,804	12,563,497	12,747,657
Expenditures:						
3.010 - Personnel Services	5,920,884	6,290,654	6,519,710	6,747,566	6,981,334	7,221,112
3.020 - Employee Benefits	2,573,703	2,916,255	3,101,544	3,298,237	3,508,508	3,733,380
3.030 - Purchased Services	1,478,898	1,804,865	1,840,962	1,877,782	1,915,337	1,953,644
3.040 - Supplies and Materials	573,283	728,288	654,587	676,283	703,240	737,400
3.050 - Capital Outlay	11,102	106,500	25,626	106,500	26,000	106,500
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	1,190,325	844,162	884,246	926,290	970,435	1,016,788
4.500 - Total Expenditures	11,748,195	12,690,725	13,026,675	13,632,657	14,104,855	14,768,824
Other Financing Uses						
5.010 - Operating Transfers-Out	6,537,717	5,711,653	5,597,420	5,485,471	5,375,762	5,268,247
5.020 - Advances-Out	11,568	(0)	(0)	(0)	(0)	(0)
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	6,549,285	5,711,652	5,597,419	5,485,471	5,375,762	5,268,246
5.050 - Total Exp and Other Financing Uses	18,297,479	18,402,377	18,624,094	19,118,128	19,480,617	20,037,070
6.010 - Excess of Rev Over/(Under) Exp	(315,175)	34,994	(236,199)	(3,734,324)	(6,917,119)	(7,289,413)
7.010 - Cash Balance July 1 (No Levies)	7,196,315	6,881,140	6,916,134	6,679,935	2,945,611	(3,971,508)
7.020 - Cash Balance June 30 (No Levies)	6,881,140	6,916,134	6,679,935	2,945,611	(3,971,508)	(11,260,921)
		Reservations				
8.010 - Estimated Encumbrances June 30	30,278	100,000	100,000	100,000	100,000	100,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	6,850,862	6,816,133	6,579,934	2,845,611	(4,071,508)	(11,360,922)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	3,014,415	5,863,715	5,671,144
11.030 - Cumulative Balance of Levies	-	-	-	3,014,415	8,878,130	14,549,274
12.010 - Fund Bal June 30 for Cert of Obligations	6,850,862	6,816,133	6,579,934	5,860,026	4,806,622	3,188,352
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	6,850,862	6,816,133	6,579,934	5,860,026	4,806,622	3,188,352

