



NORDONIA HILLS CITY  
SCHOOL DISTRICT

Inspiring every student to value learning, community and excellence

# Five Year Forecast Financial Report

November 23, 2020

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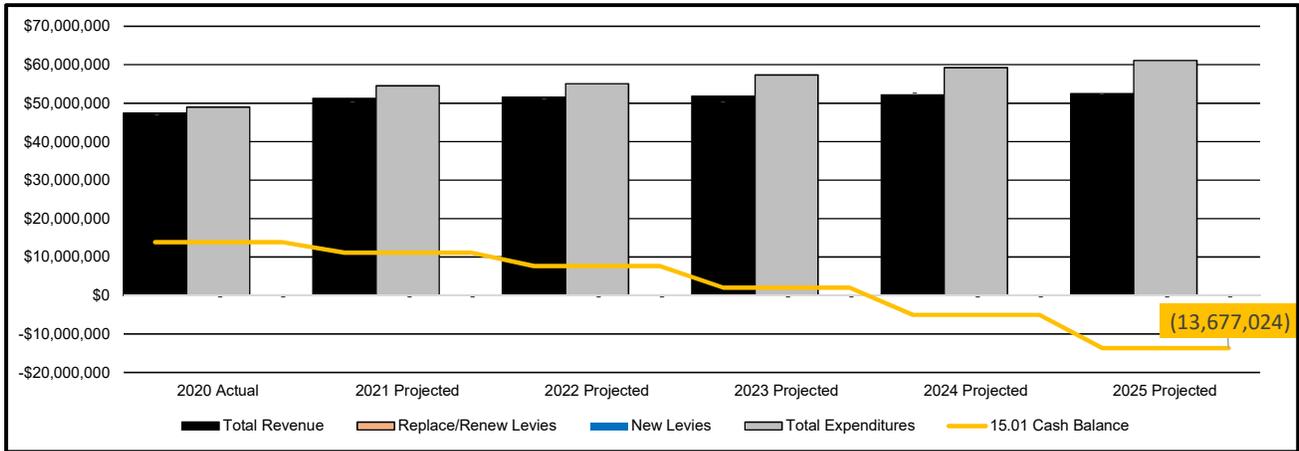
### **Forecast Purpose/Objectives**

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.

### Forecast Summary



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	15,095,534	11,889,268	8,379,063	2,815,195	(4,287,897)
+ Revenue	51,286,498	51,560,454	51,817,528	52,141,742	52,456,285
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(54,492,765)	(55,070,659)	(57,381,395)	(59,244,835)	(61,095,411)
= Revenue Surplus or Deficit	(3,206,266)	(3,510,205)	(5,563,867)	(7,103,093)	(8,639,127)
Ending Balance with renewal levies	11,889,268	8,379,063	2,815,195	(4,287,897)	(12,927,024)
Note: Not Reduced for Encumbrances					

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(3,206,266)	(3,510,205)	(5,563,867)	(7,103,093)	(8,639,127)
Ending Balance w/o Levies	11,889,268	8,379,063	2,815,195	(4,287,897)	(12,927,024)

In FY 2021 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$3,206,266 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 \$8,639,127. The district would need to cut its FY 2025 projected expenses by 14.14% in order to balance its budget without additional revenue.

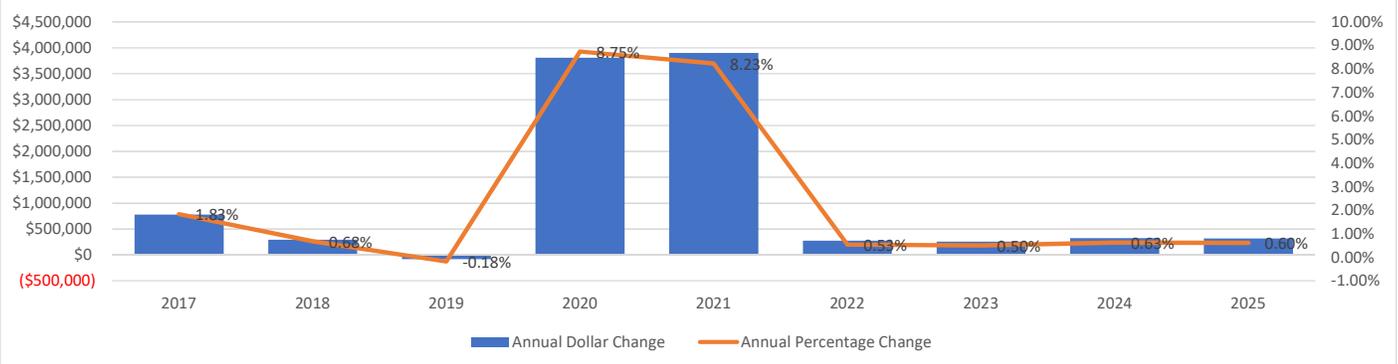
The district's cash balance is positive at year-end in FY 2021 and is projected to worsen by FY 2025. A worsening cash balance can erode the district's financial stability over time.

## Revenue Sources and Forecast Year-Over-Year Projected Overview

### Sources of Revenue Over Time



### Year-Over-Year Dollar & Percentage Change



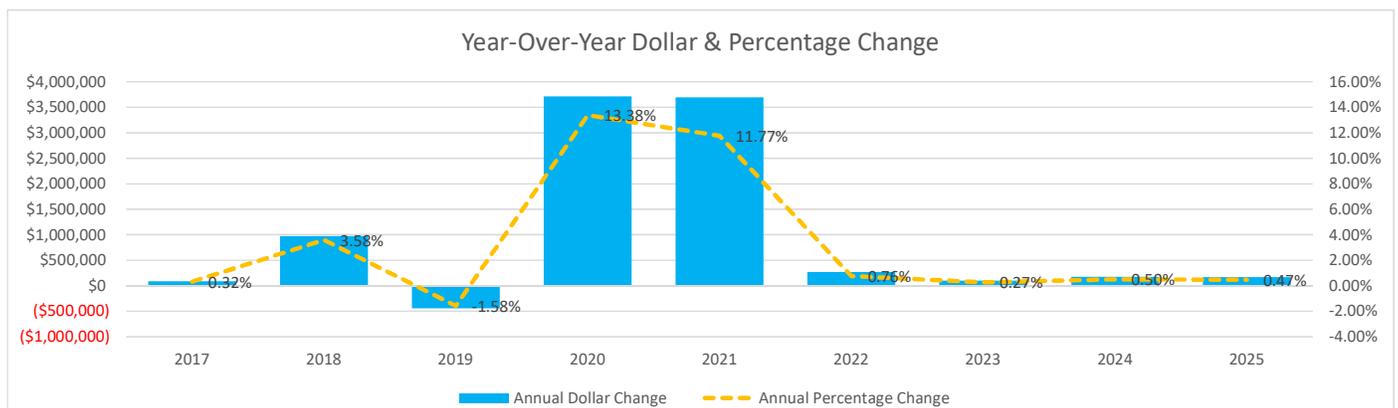
3-Year Historical Actual Average Annual Dollar Change  
Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	
Real Estate	\$1,412,921	\$881,390	(\$531,531)	Total revenue increased 3.08% or \$1,342,528 annually during the past five years and is projected to increase 2.10% or \$1,014,230 annually through FY2025. State Funding has the most projected average annual variance compared to the historical average at \$687,063
Public Utility	\$129,194	\$121,364	(\$7,830)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$586,313)	\$100,750	\$687,063	
Prop Tax Alloc	\$10,245	\$72,702	\$62,457	
All Othr Op Rev	\$304,062	(\$84,885)	(\$388,947)	
Other Sources	\$72,418	(\$77,092)	(\$149,510)	
<b>Total Average Annual Change</b>	<b>\$1,342,528</b> 3.08%	<b>\$1,014,230</b> 2.10%	<b>(\$328,298)</b> -0.98%	

Note: Expenditure average annual change is projected to be > \$2,430,372 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).

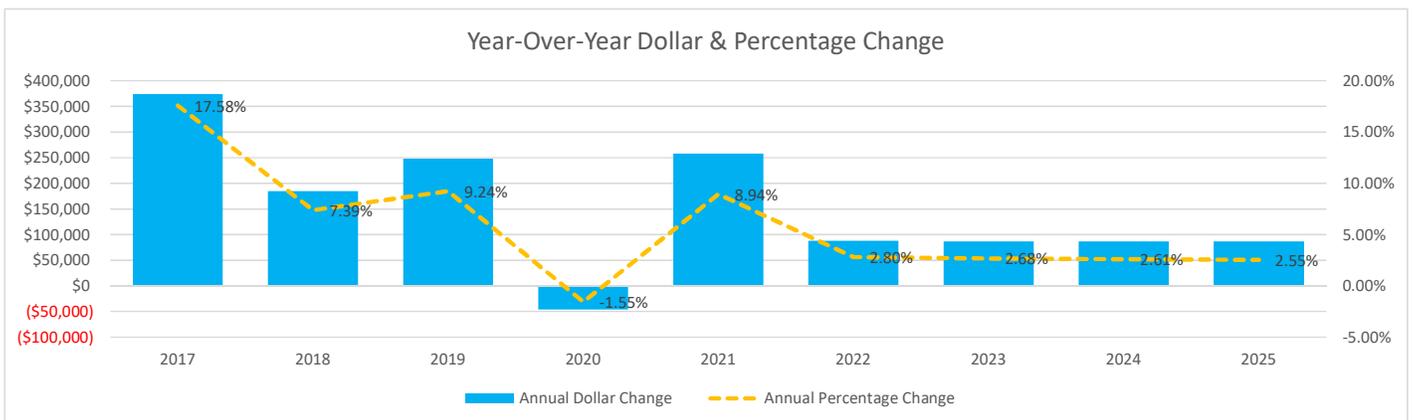
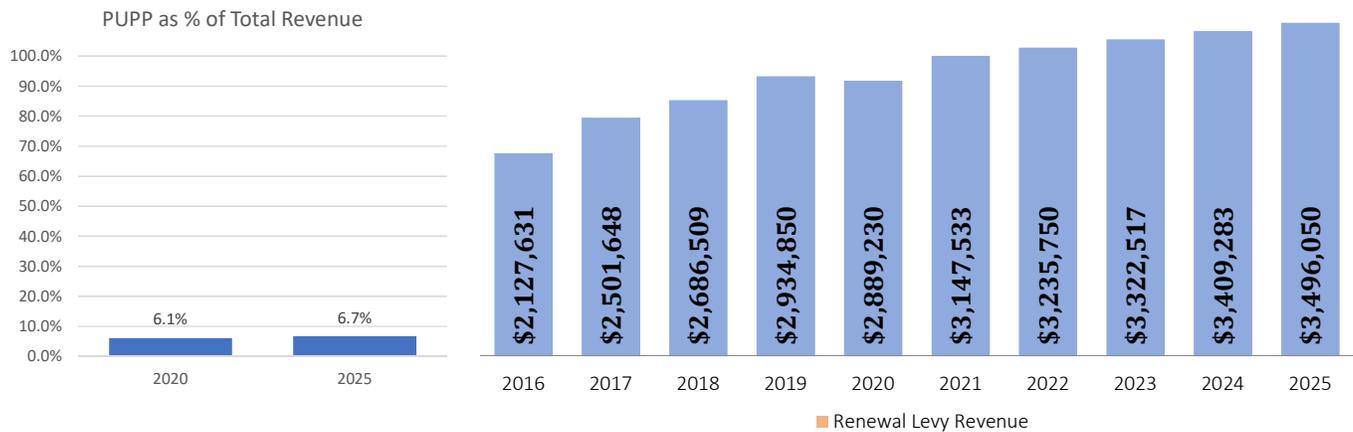


Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2019	980,872,630	9,287,490	39.47	-	42.76	-	100.0%
2020	1,049,215,097	68,342,467	36.98	(2.49)	42.52	(0.24)	100.0%
2021	1,052,604,935	3,389,838	36.98	0.00	42.52	(0.00)	100.0%
2022	1,055,029,935	2,425,000	36.99	0.00	42.52	(0.00)	100.0%
2023	1,103,119,935	48,090,000	35.43	(1.55)	42.35	(0.16)	100.0%
2024	1,105,069,935	1,950,000	35.44	0.00	42.35	(0.00)	100.0%

Real estate property tax revenue accounts for 66.34% of total revenue. Class I or residential/agricultural taxes make up approximately 79.25% of the real estate property tax revenue. The Class I tax rate is 36.98 mills in tax year 2020. The projections reflect an average gross collection rate of 100.0% annually through tax year 2024. The revenue changed at an average annual historical rate of 5.13% and is projected to change at an average annual rate of 2.75% through FY 2025.

### 1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.

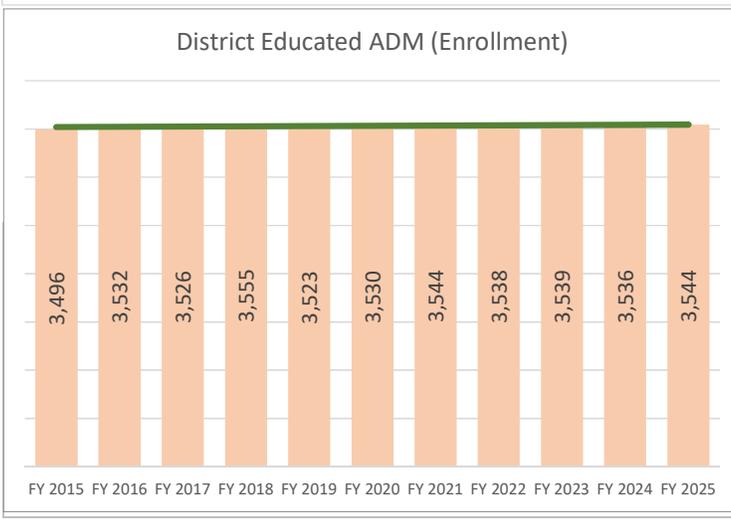
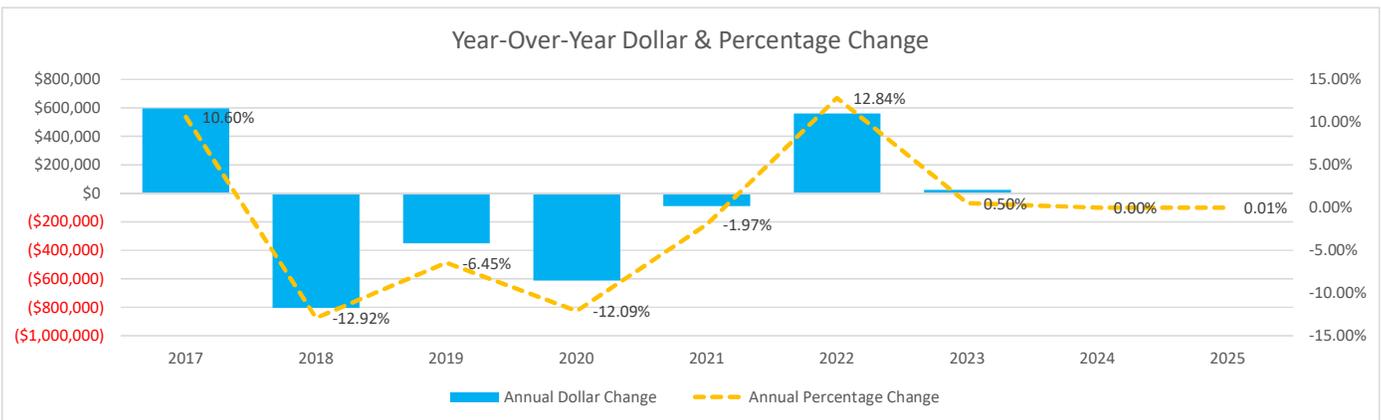
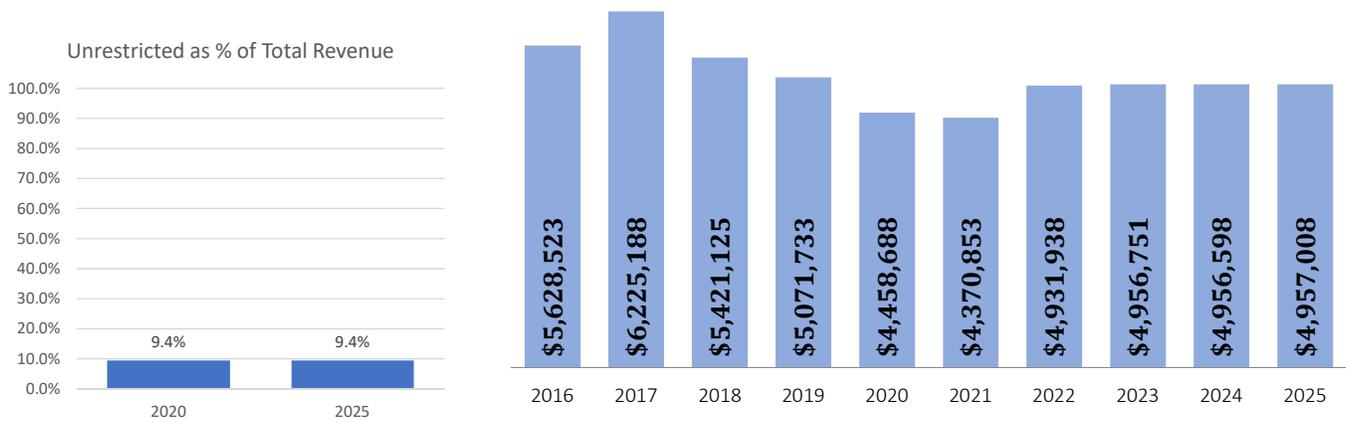


Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2019	42,925,940	1,959,690	72.28	6.98	100.0%	
2020	44,151,010	1,225,070	72.28	-	100.0%	
2021	45,351,010	1,200,000	72.28	-	100.0%	
2022	46,551,010	1,200,000	72.28	-	100.0%	
2023	47,751,010	1,200,000	72.28	-	100.0%	
2024	48,951,010	1,200,000	72.28	-	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 6.10% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2020 is 72.28 mills. The forecast is modeling an average gross collection rate of 100.03%. The revenue changed historically at an average annual dollar amount of \$129,194 and is projected to change at an average annual dollar amount of \$121,364 through FY 2025.

### 1.035 - Unrestricted Grants-in-Aid

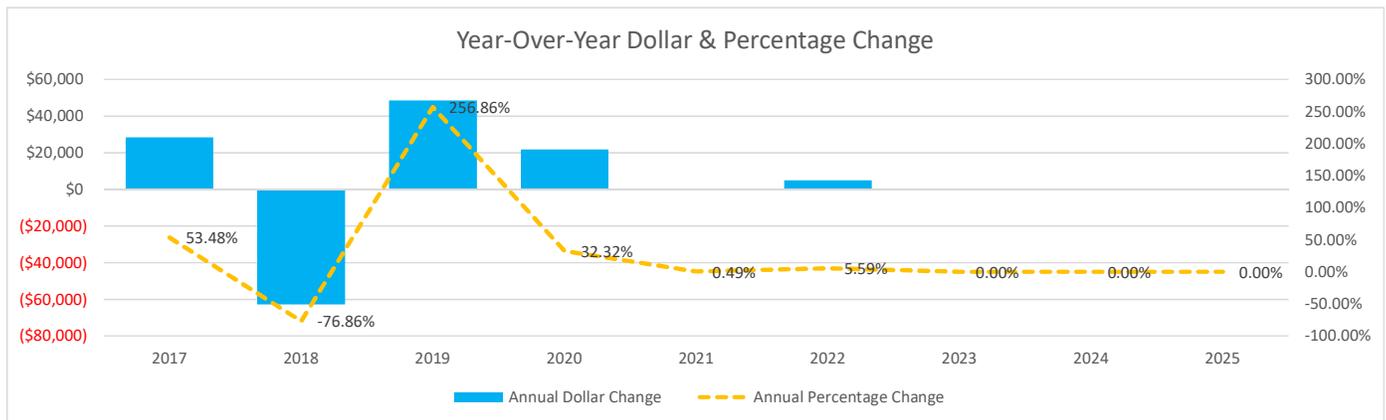
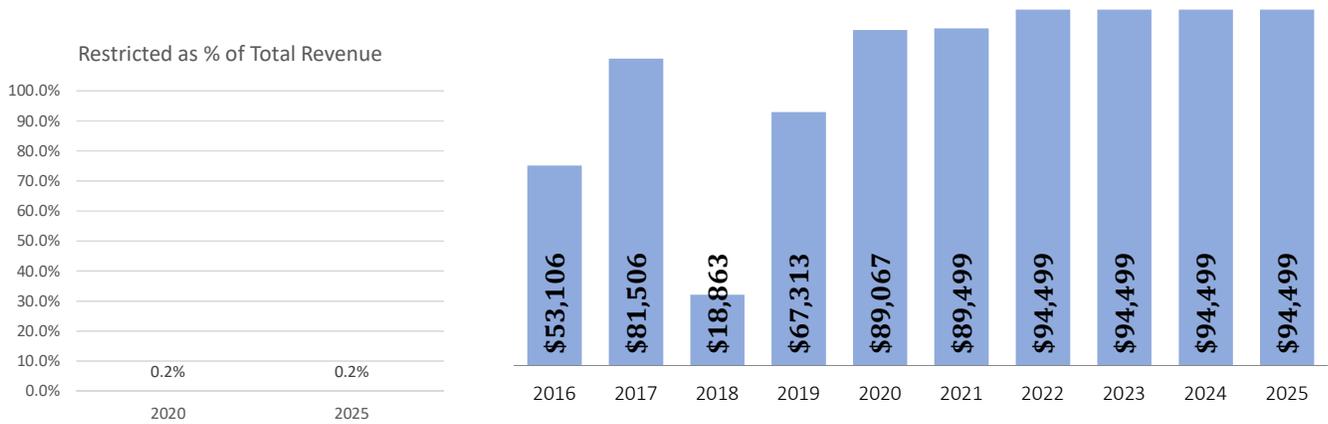
Funds received through the State Foundation Program with no restriction.



The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2021. In addition to its FY 2021 base funding amount of \$4,561,077 the district calculated FY 2021 categorical funding such as spec. ed., preschool, casino of \$353,381. 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 3.34% Note: Wellness funding is not included in these calculations.

### 1.040 & 1.045 - Restricted Grants-in-Aid

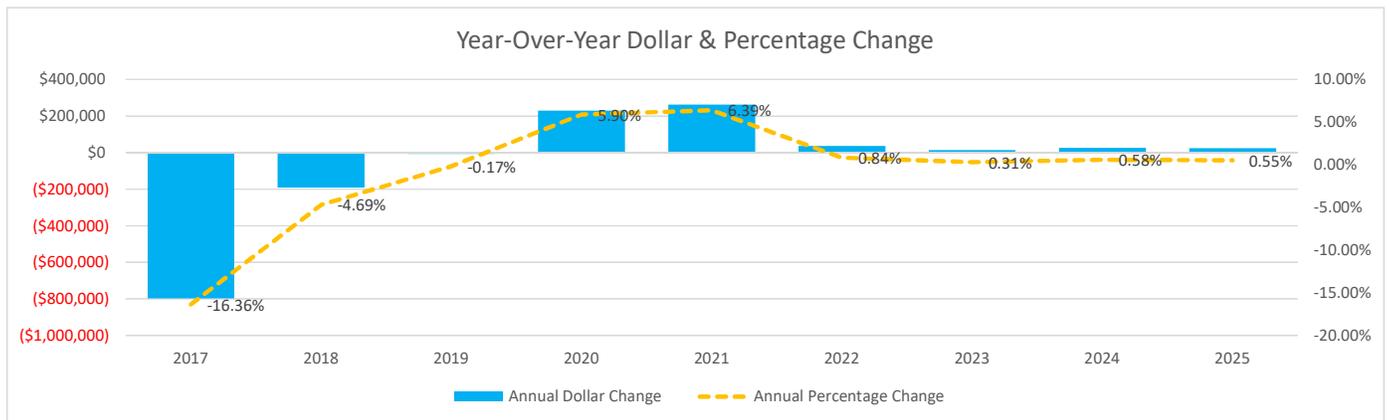
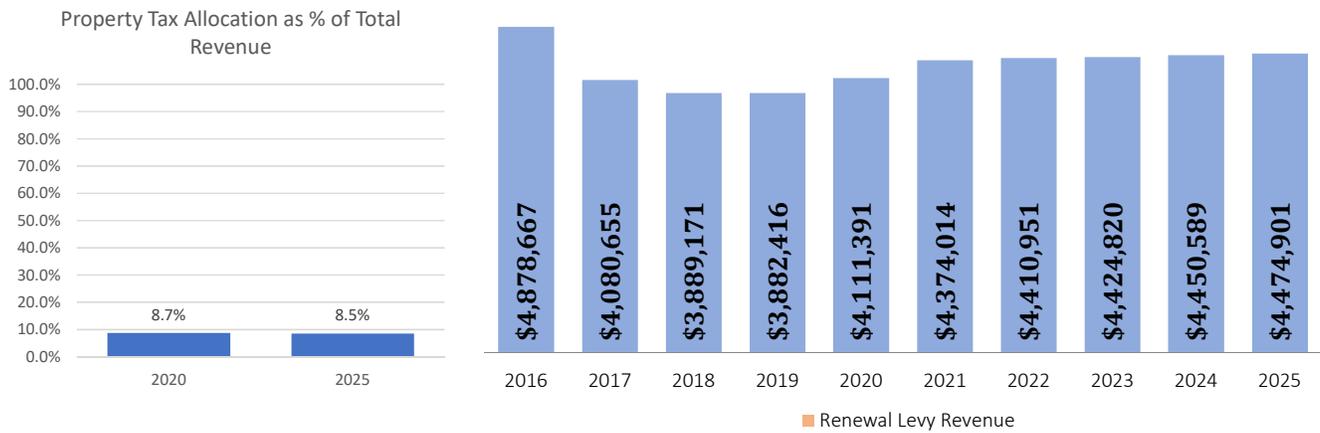
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$2,520 and is projected to change annually on average by \$1,086. Restricted funds represent 0.19% of total revenue.

### 1.050 - Property Tax Allocation

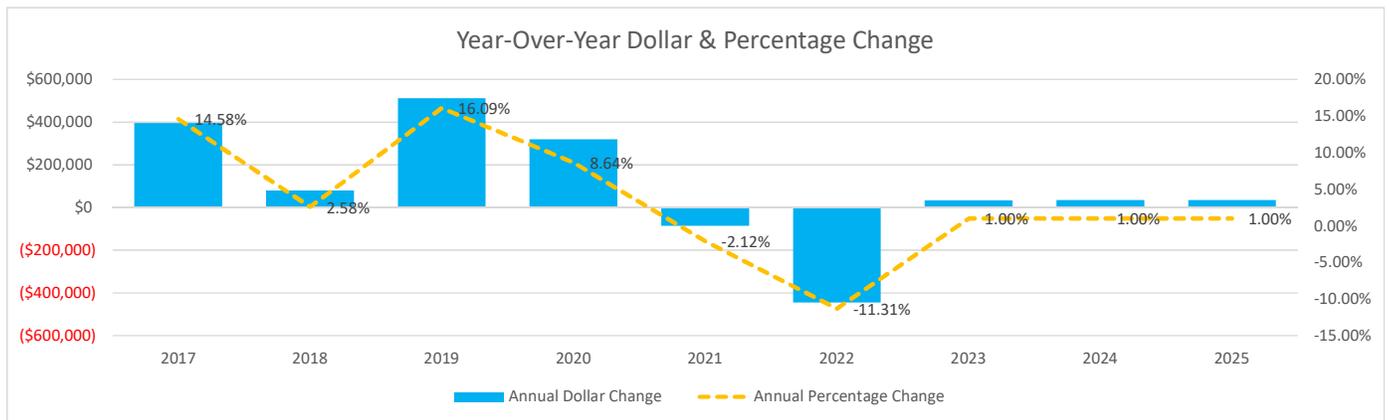
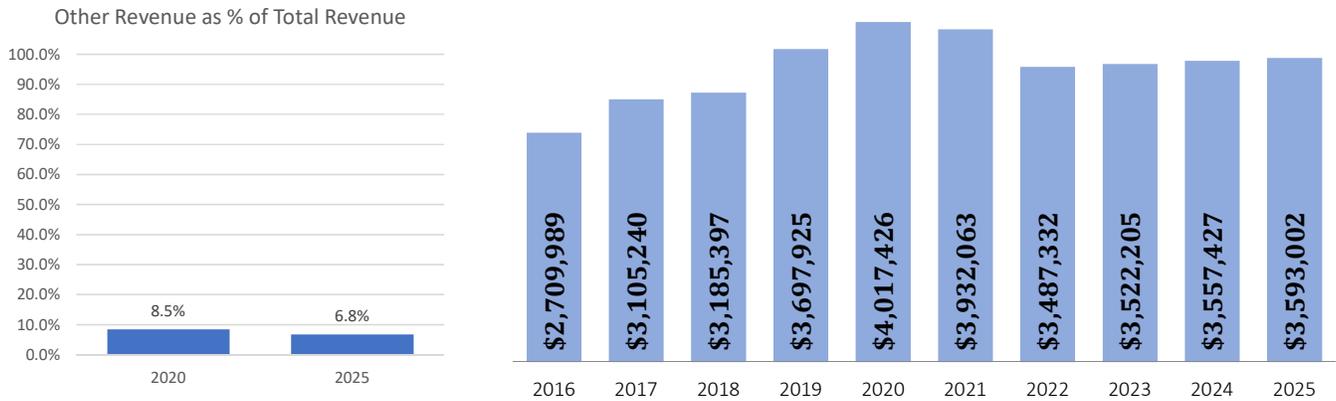
Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



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 11.0% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.6% will be reimbursed in the form of qualifying homestead exemption credits.

### 1.060 - All Other Operating Revenues

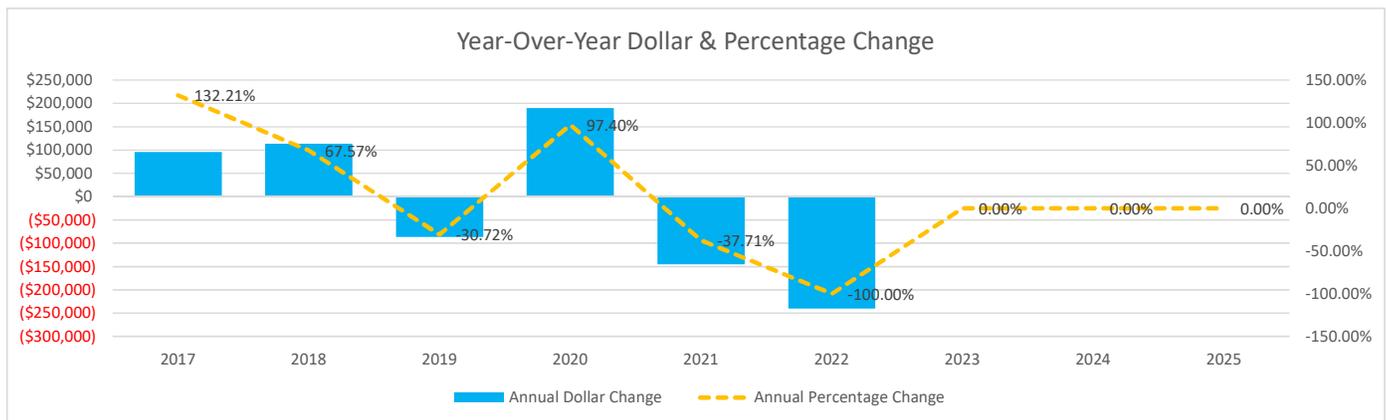
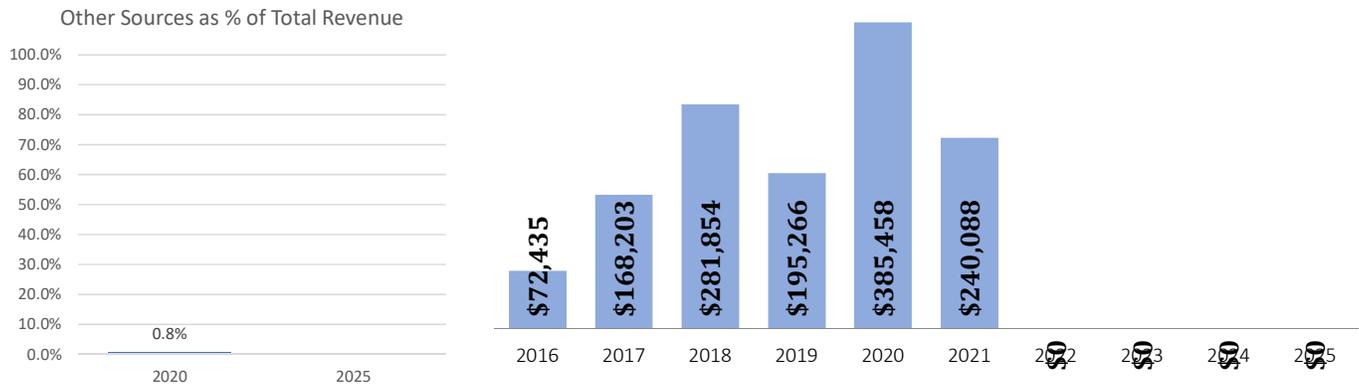
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$304,062. The projected average annual change is -\$84,885 through FY 2025.

## 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.

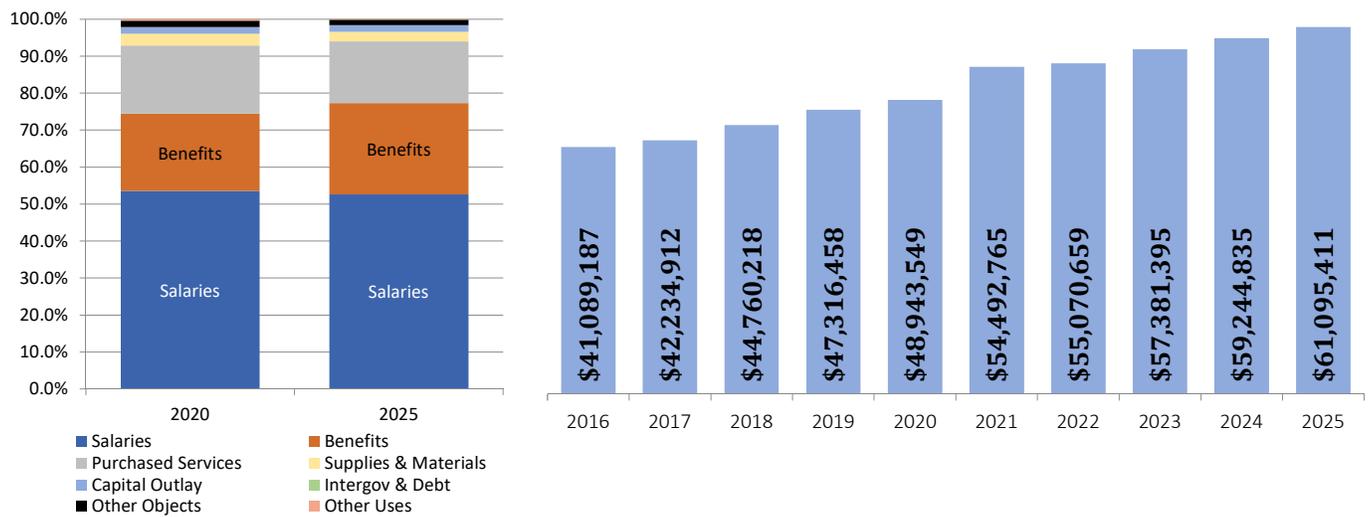


	2020	2021	2022	FORECASTED		
				2023	2024	2025
Transfers In	-	26,210	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	385,458	213,878	(0)	(0)	(0)	(0)

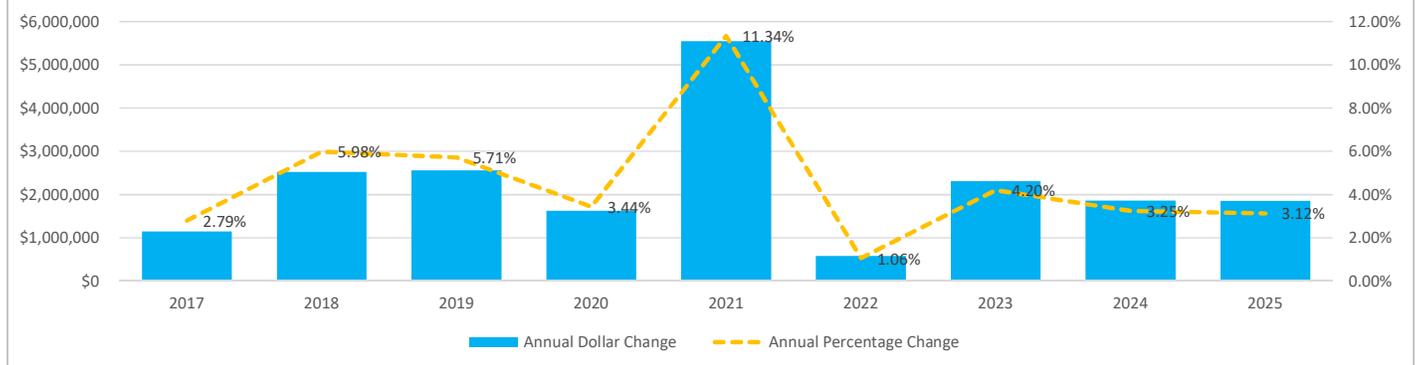
Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2020 the district received \$0 as advances-in and is projecting advances of \$0 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 \$213,878 in FY 2021 and average \$0 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	\$1,035,726	\$1,197,555	\$161,829	Total expenditures increased 5.04% or \$2,236,212 annually during the past five years and is projected to increase 4.97% or \$2,430,372 annually through FY2025. Benefits has the largest projected average annual variance compared to the historical average at \$301,586.
Benefits	\$657,616	\$959,202	\$301,586	
Purchased Services	\$484,944	\$243,011	(\$241,933)	
Supplies & Materials	\$51,197	\$2,533	(\$48,664)	
Capital Outlay	\$69,690	\$32,055	(\$37,635)	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$70,370	\$16,045	(\$54,325)	
Other Uses	(\$133,330)	(\$20,028)	\$113,302	
<b>Total Average Annual Change</b>	<b>\$2,236,212</b>	<b>\$2,430,372</b>	<b>\$194,160</b>	
	<b>5.04%</b>	<b>4.97%</b>	<b>-0.08%</b>	

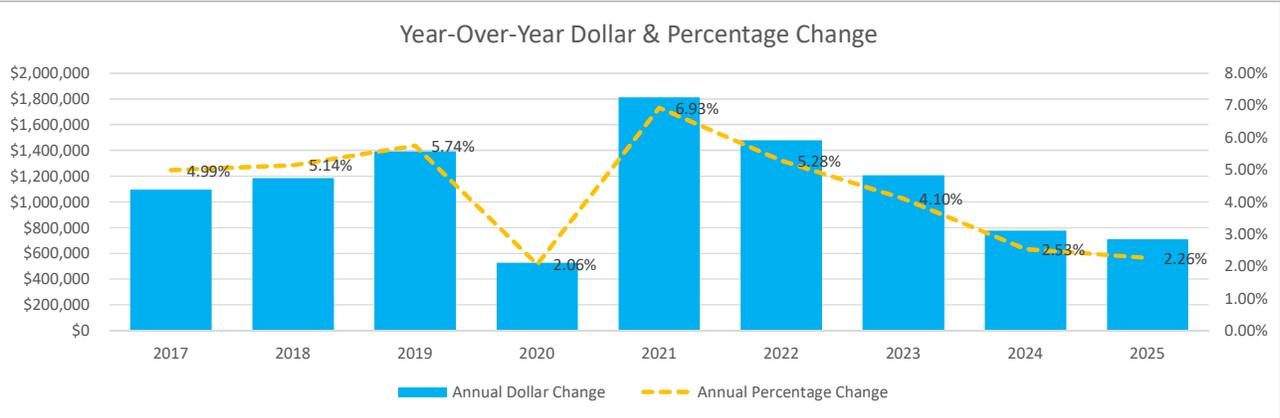
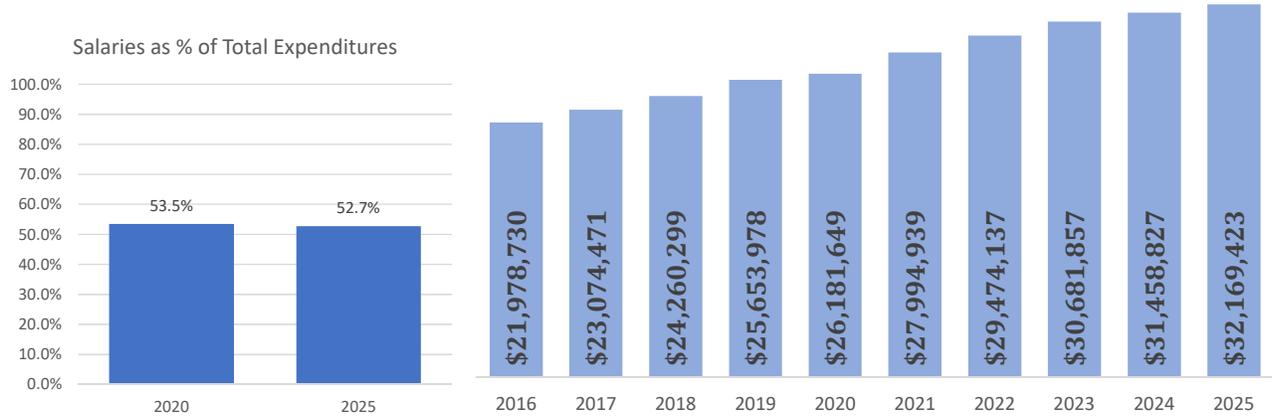
Note: Expenditure average annual change is projected

to be > \$2,430,372

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.

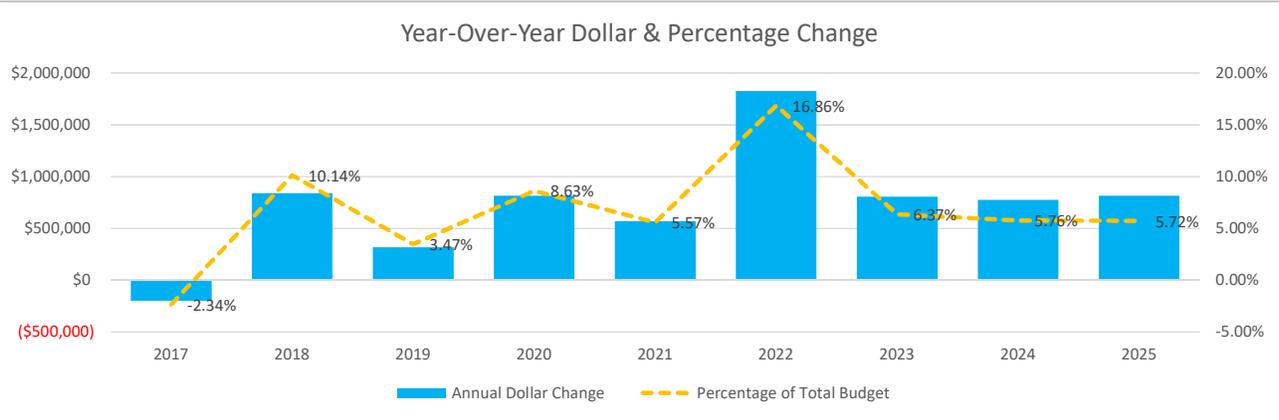
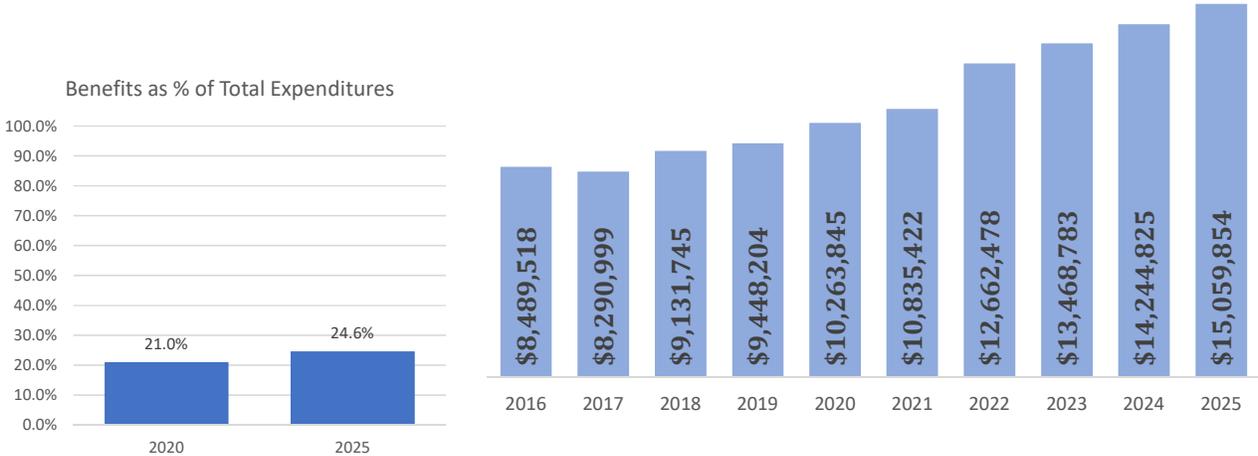


Salaries represent 53.49% of total expenditures and increased at a historical average annual rate of 4.31% or \$1,035,726. This category of expenditure is projected to grow at an average annual rate of 4.22% or \$1,197,555 through FY 2025. The projected average annual rate of change is -0.09% less than the five year historical annual average.

Base salary for all employees increased 3% in FY21 and will increase 3% in FY22 and 2% in FY23 based on the negotiated agreements. Salaries are projected to increase 1% in FY24 and FY25. Education and step increases are also included in the forecast estimates.

### 3.020 - Employees' Benefits

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

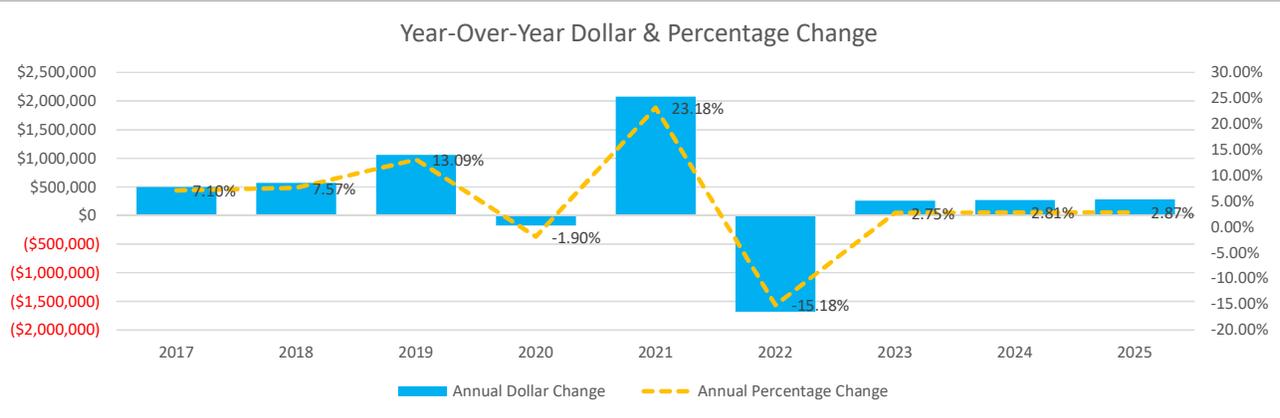
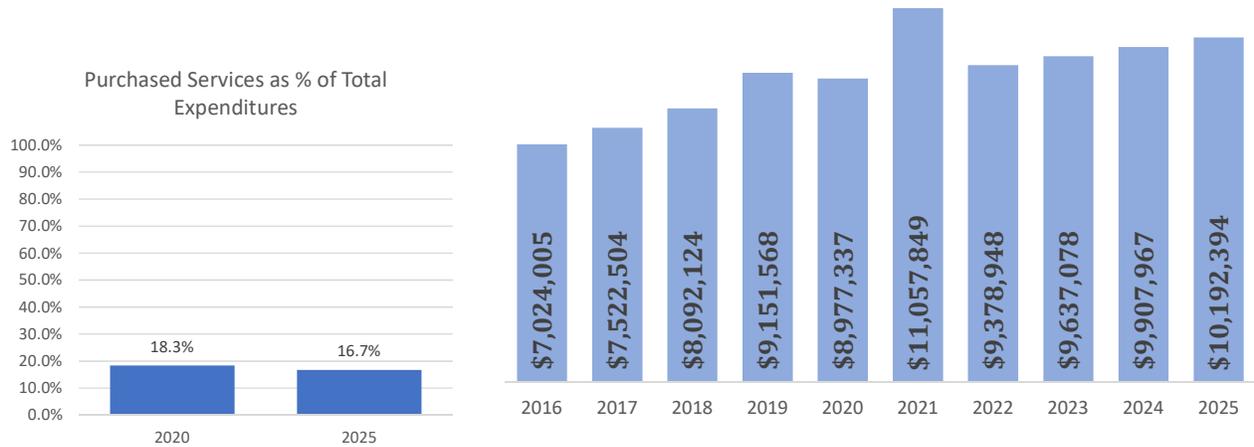


Benefits represent 20.97% of total expenditures and increased at a historical average annual rate of 7.41%. This category of expenditure is projected to grow at an annual average rate of 8.06% through FY 2025. The projected average annual rate of change is 0.64% more than the five year historical annual average.

Employee premium share increased .5% in FY21 and will increase .5% in FY22. In FY21, insurance premiums increased 3.85% with two premium holidays taken in August and September. In subsequent fiscal years, the insurance premiums are estimated at 8% with no premium holidays.

### 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.

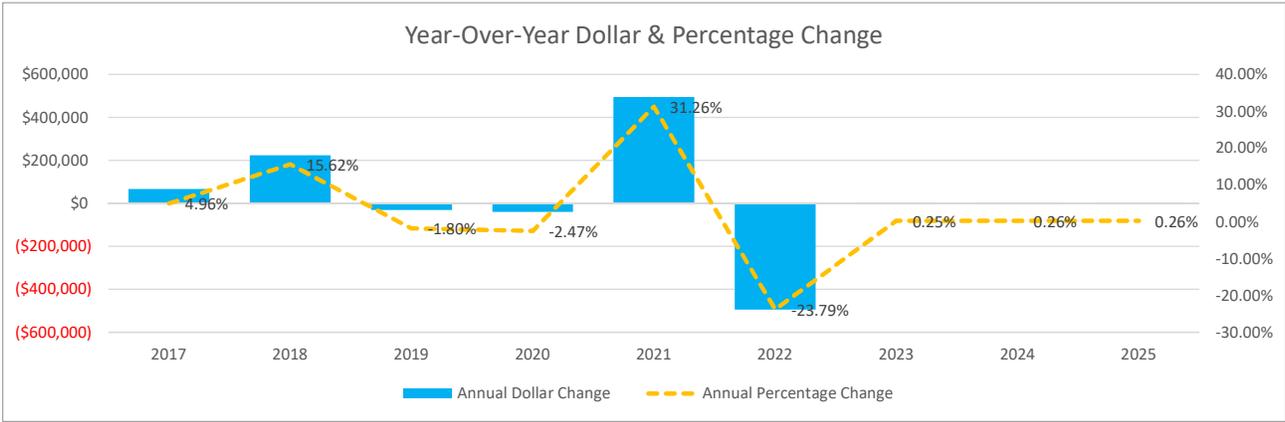
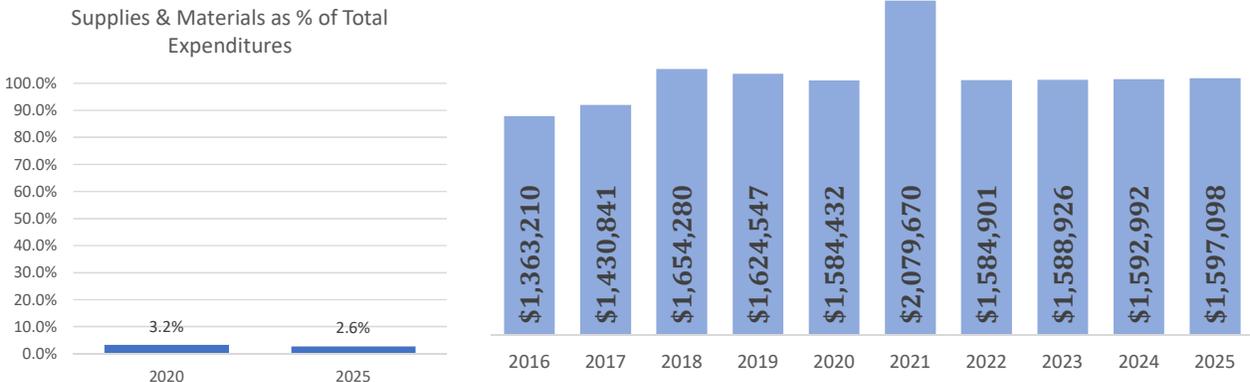


Purchased Services represent 18.34% of total expenditures and increased at a historical average annual rate of 6.25%. This category of expenditure is projected to grow at an annual average rate of 3.29% through FY 2025. The projected average annual rate of change is -2.97% less than the five year historical annual average.

There is a spike in services in FY21 due to the COVID-19 pandemic (Coronavirus) and the closing of schools from March 16 through the end of the school year. Transportation services from this period were not paid until FY21. In FY22, the assumption is the resumption of normal activities in the buildings.

### 3.040 - Supplies & Materials

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

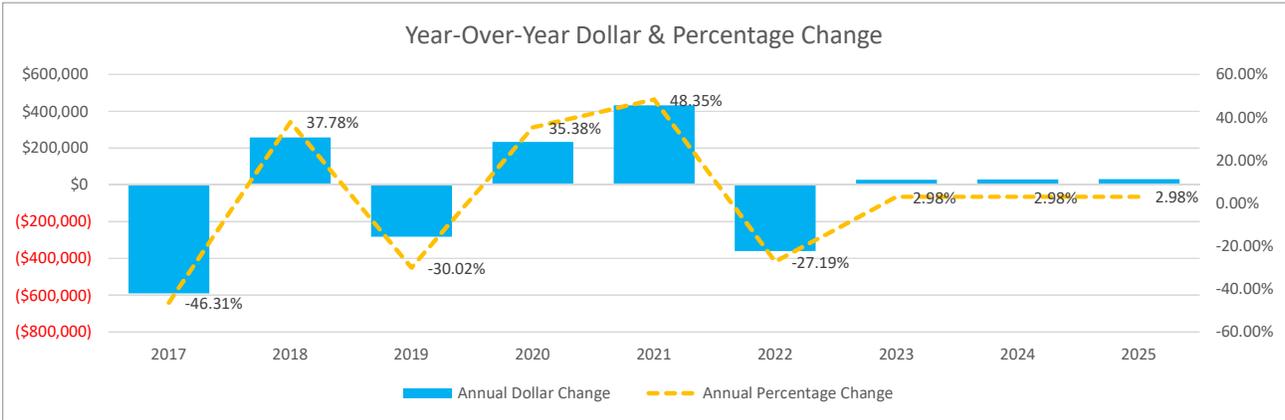
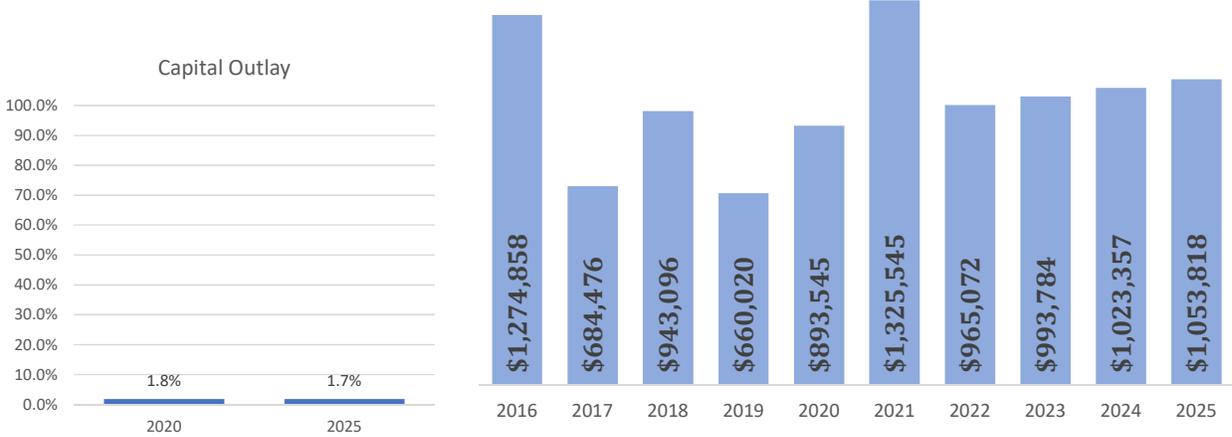


Supplies & Materials represent 3.24% of total expenditures and increased at a historical average annual rate of 3.78%. This category of expenditure is projected to grow at an annual average rate of 1.65% through FY 2025. The projected average annual rate of change is -2.14% less than the five year historical annual average.

There is a spike in FY21 due to the purchasing of COVID-19 materials and supplies for cleaning the facilities as well as providing a safe environment in the classrooms for the students to socially distance.

### 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.

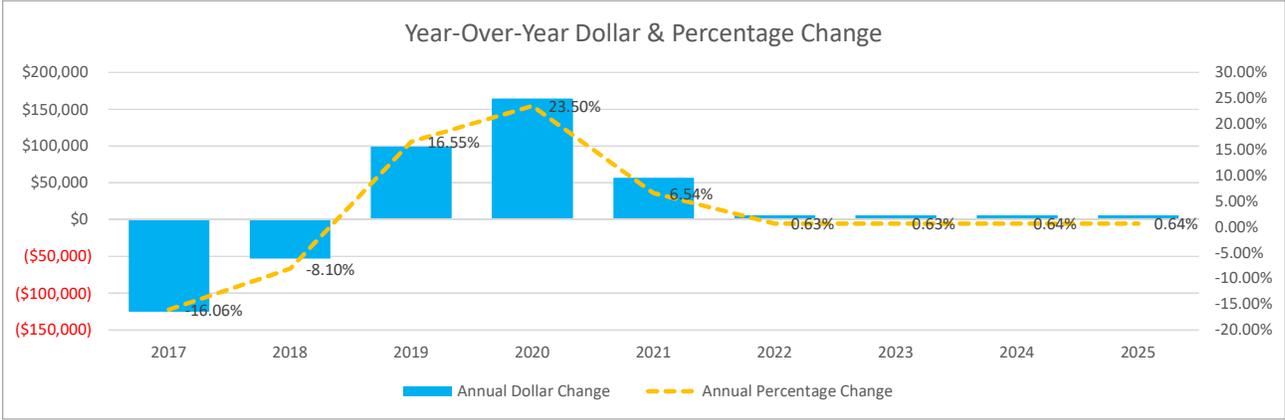
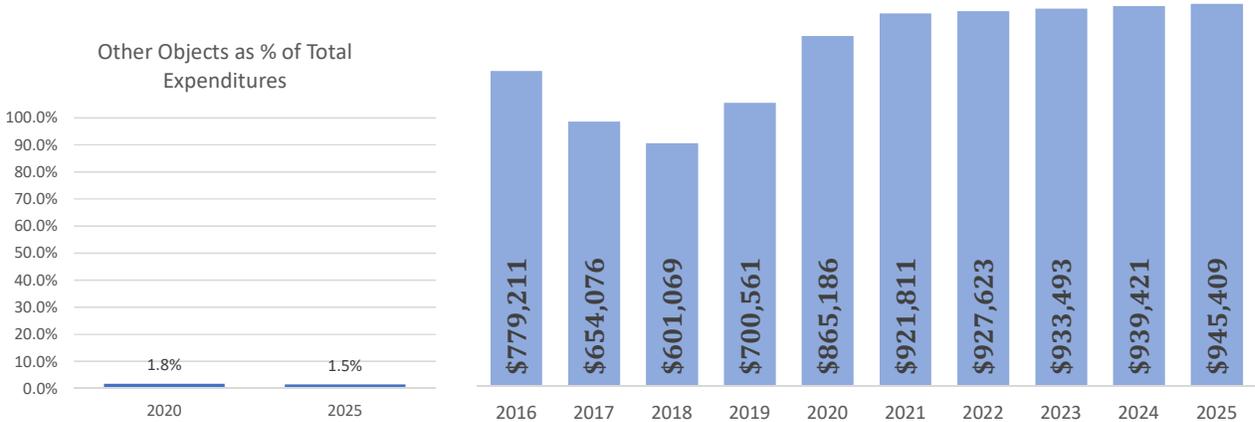


Capital Outlay represent 1.83% of total expenditures and increased at a historical average annual amount of \$69,690. This category of expenditure is projected to grow at an annual average amount of \$32,055 through FY 2025. The projected average annual change is less than the five year historical annual average.

There is a spike in FY21 due to the purchasing of COVID-19 equipment and furnishings to ensure a safe and healthy environment for students and staff.

**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.

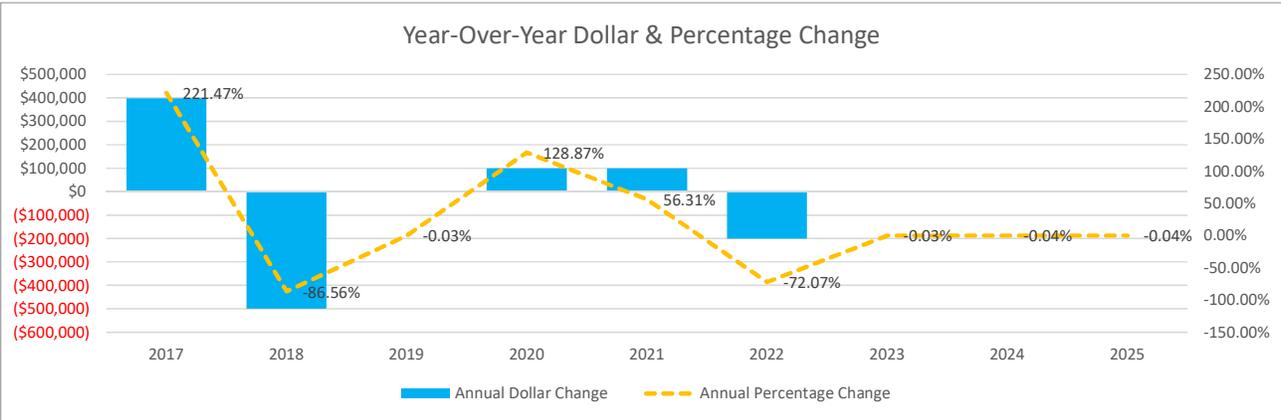
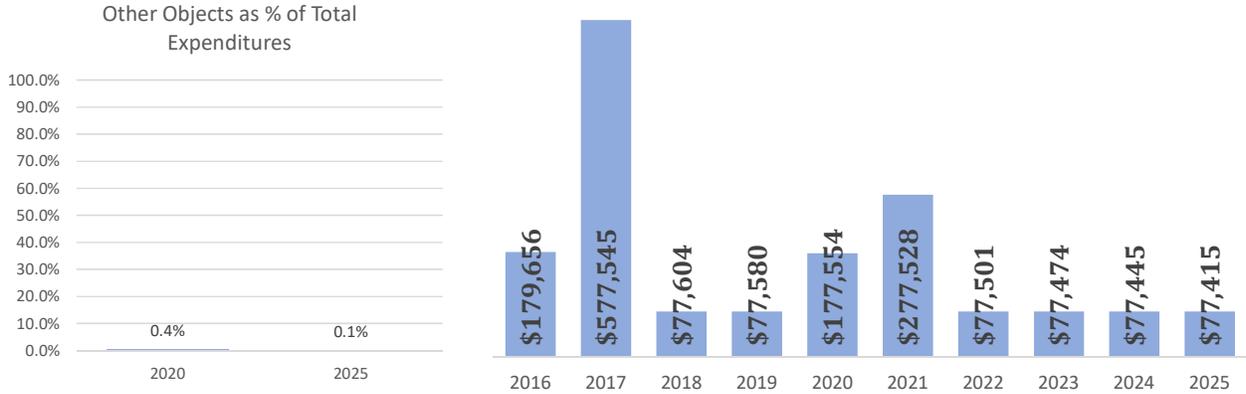


Other Objects represent 1.77% of total expenditures and increased at a historical average annual rate of 10.65%. This category of expenditure is projected to grow at an annual average rate of 1.82% through FY 2025. The projected average annual rate of change is -8.83% less than the five year historical annual average.

In FY21, the district will receive a full year of tax collections from the operating levy that was approved by the voters in May 2019, resulting in an increase in the Summit County auditor and treasurer fees.

### 5.040 - Total Other Financing Uses

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



	2020	2021	2022	FORECASTED		
				2023	2024	2025
Transfers Out	177,554	277,528	77,501	77,474	77,445	77,415
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 2020 the district had no advances-out and has no 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 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.

Nordonia Hills City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2020	2021	2022	2023	2024	2025
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	31,433,874	35,132,448	35,399,984	35,496,736	35,673,346	35,840,825
1.020 - Public Utility Personal Property	2,889,230	3,147,533	3,235,750	3,322,517	3,409,283	3,496,050
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	4,458,688	4,370,853	4,931,938	4,956,751	4,956,598	4,957,008
1.040 - Restricted Grants-in-Aid	89,067	89,499	94,499	94,499	94,499	94,499
1.050 - Property Tax Allocation	4,111,391	4,374,014	4,410,951	4,424,820	4,450,589	4,474,901
1.060 - All Other Operating Revenues	4,017,426	3,932,063	3,487,332	3,522,205	3,557,427	3,593,002
<b>1.070 - Total Revenue</b>	<b>46,999,677</b>	<b>51,046,410</b>	<b>51,560,454</b>	<b>51,817,528</b>	<b>52,141,742</b>	<b>52,456,285</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	26,210	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	385,458	213,878	(0)	(0)	(0)	(0)
<b>2.070 - Total Other Financing Sources</b>	<b>385,458</b>	<b>240,088</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>47,385,135</b>	<b>51,286,498</b>	<b>51,560,454</b>	<b>51,817,528</b>	<b>52,141,742</b>	<b>52,456,285</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	26,181,649	27,994,939	29,474,137	30,681,857	31,458,827	32,169,423
3.020 - Employee Benefits	10,263,845	10,835,422	12,662,478	13,468,783	14,244,825	15,059,854
3.030 - Purchased Services	8,977,337	11,057,849	9,378,948	9,637,078	9,907,967	10,192,394
3.040 - Supplies and Materials	1,584,432	2,079,670	1,584,901	1,588,926	1,592,992	1,597,098
3.050 - Capital Outlay	893,545	1,325,545	965,072	993,784	1,023,357	1,053,818
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	865,186	921,811	927,623	933,493	939,421	945,409
<b>4.500 - Total Expenditures</b>	<b>48,765,995</b>	<b>54,215,236</b>	<b>54,993,158</b>	<b>57,303,921</b>	<b>59,167,390</b>	<b>61,017,996</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	177,554	277,528	77,501	77,474	77,445	77,415
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>177,554</b>	<b>277,528</b>	<b>77,501</b>	<b>77,474</b>	<b>77,445</b>	<b>77,415</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>48,943,549</b>	<b>54,492,765</b>	<b>55,070,659</b>	<b>57,381,395</b>	<b>59,244,835</b>	<b>61,095,411</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>(1,558,414)</b>	<b>(3,206,266)</b>	<b>(3,510,205)</b>	<b>(5,563,867)</b>	<b>(7,103,093)</b>	<b>(8,639,127)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>16,653,949</b>	<b>15,095,534</b>	<b>11,889,268</b>	<b>8,379,063</b>	<b>2,815,195</b>	<b>(4,287,897)</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>15,095,534</b>	<b>11,889,268</b>	<b>8,379,063</b>	<b>2,815,195</b>	<b>(4,287,897)</b>	<b>(12,927,024)</b>
		<b>Reservations</b>				
8.010 - Estimated Encumbrances June 30	1,205,548	750,000	750,000	750,000	750,000	750,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>13,889,986</b>	<b>11,139,268</b>	<b>7,629,063</b>	<b>2,065,195</b>	<b>(5,037,897)</b>	<b>(13,677,024)</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>13,889,986</b>	<b>11,139,268</b>	<b>7,629,063</b>	<b>2,065,195</b>	<b>(5,037,897)</b>	<b>(13,677,024)</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>13,889,986</b>	<b>11,139,268</b>	<b>7,629,063</b>	<b>2,065,195</b>	<b>(5,037,897)</b>	<b>(13,677,024)</b>