NORDONIA HILLS CITY
SCHOOL DISTRICT

Inspiring every student to value learning, community and excellence

Financial Report
Five-Year Forecast

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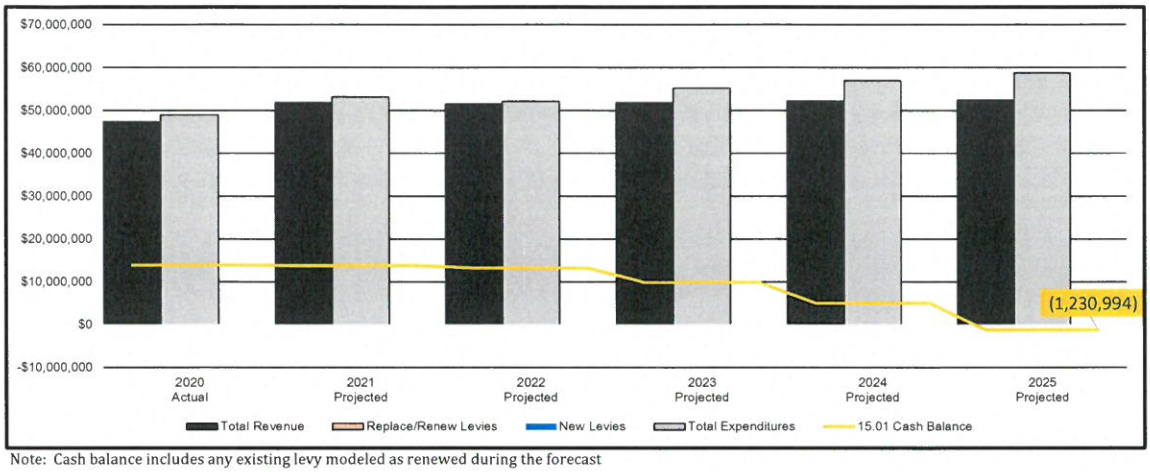
Forecast Purpose/Objectives

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**	**13,802,353**	**13,194,491**	**9,840,372**	**5,050,070**
+ Revenue	**51,882,247**	**51,540,110**	**51,849,220**	**52,166,331**	**52,465,433**
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	**(53,175,428)**	**(52,147,973)**	**(55,203,339)**	**(56,956,633)**	**(58,746,497)**
= Revenue Surplus or Deficit	**(1,293,181)**	**(607,863)**	**(3,354,119)**	**(4,790,302)**	**(6,281,064)**
Ending Balance with renewal levies	**13,802,353**	**13,194,491**	**9,840,372**	**5,050,070**	**(1,230,994)**
Note: Not Reduced for Encumbrances					

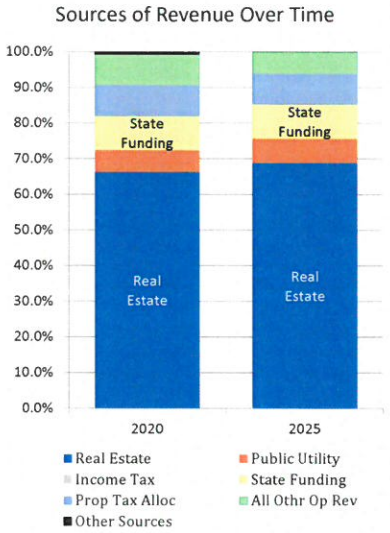
Analysis Without Renewal Levies Included:

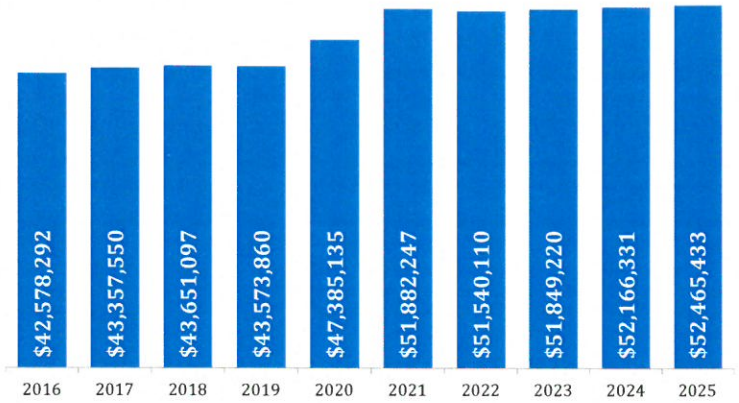
Revenue Surplus or Deficit w/o Levies	(1,293,181)	(607,863)	(3,354,119)	(4,790,302)	(6,281,064)
Ending Balance w/o Levies	13,802,353	13,194,491	9,840,372	5,050,070	(1,230,994)

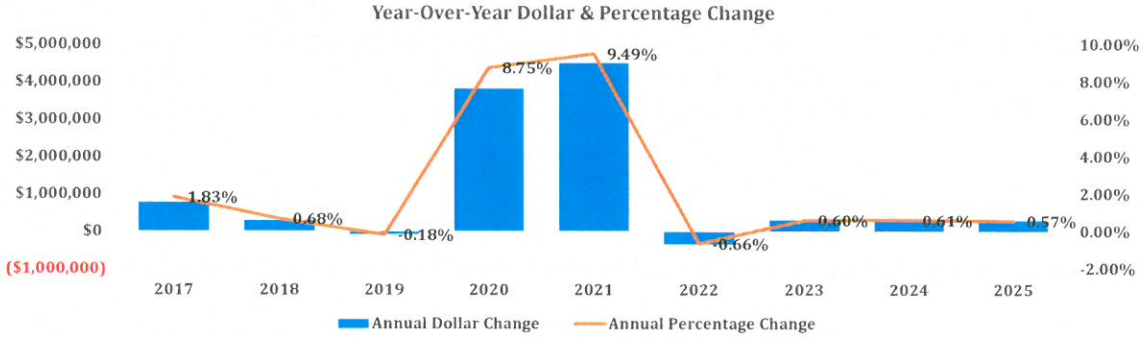
In FY 2021 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by $1,293,181 in FY 2021. By the last year of the forecast, FY 2025, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by $6,281,064 The district would need to cut its FY 2025 projected expenses by 10.69% 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 Overview







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	$936,656	($476,265)
Public Utility	$129,194	$138,686	$9,492
Income Tax	$0	$0	$0
State Funding	($586,313)	$103,573	$689,886
Prop Tax Allocation	$10,245	$79,490	$69,244
All Othr Op Rev	$304,062	($168,563)	($472,625)
Other Sources	$72,418	($73,782)	($146,201)
Total Average Annual Change	$1,342,528	$1,016,060	($326,469)
	3.08%	2.12%	-0.96%

Total revenue increased 3.08% or $1,342,528 annually during the past five years and is projected to increase 2.12% or $1,016,060 annually through FY2025. State Funding has the most projected average annual variance compared to the historical average at $689,886

Note: Expenditure average annual change is projected to be > $1,960,590 On an annual average basis, expenditures are projected to grow faster than revenue.

Revenue Notes

REAL ESTATE REVENUE

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 35.67 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 2.95% through FY 2025.

PUBLIC UTILITY - PERSONAL PROPERTY REVENUE

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 $138,686 through FY 2025.

INCOME TAX REVENUE

The district does not have an income tax levy.

UNRESTRICTED STATE AID REVENUE

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 $338,792. 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 1.37% Note: Wellness funding is not included in these calculations.

RESTRICTED STATE AID REVENUE

Restricted aid is the portion of state per pupil funding that must be classifed 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%

PROPERTY TAX ALLOCATION REVENUE

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.

OTHER REVENUE

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 -$168,563 through FY 2025.

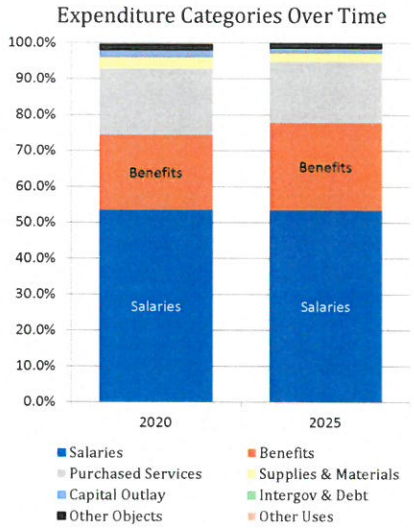
This category was reduced due to COVID-19 because tuition and fees were not collected from students who were educated remotely.

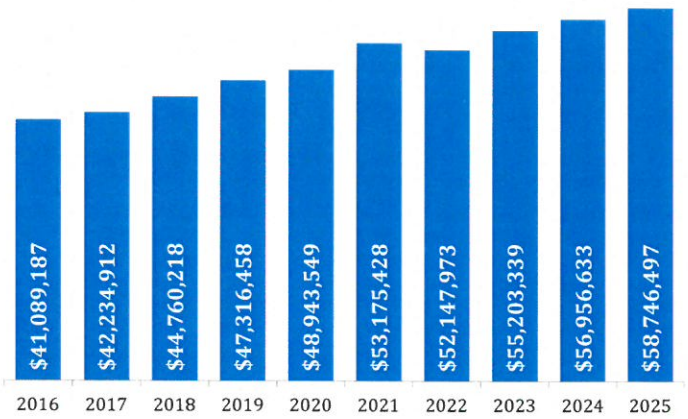
OTHER FINANCING SOURCES

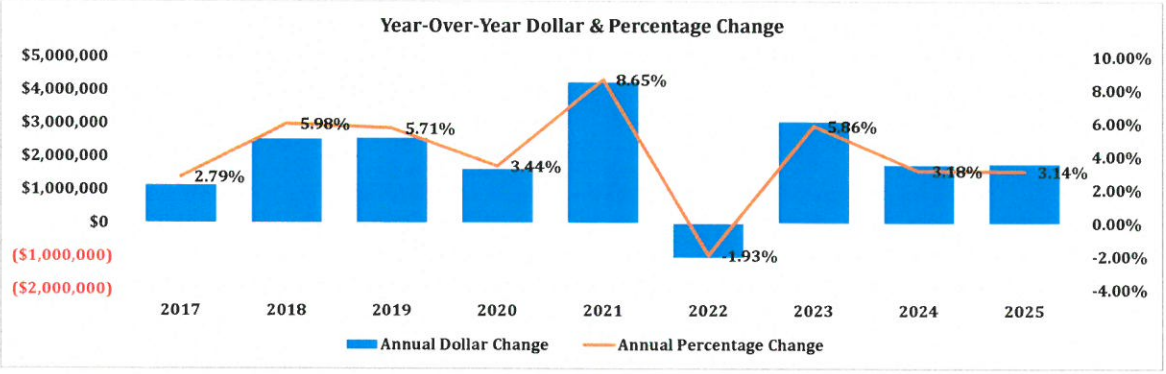
Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2020 the district receipted $0 as advances-in and is projecting advances of $0 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 $230,424 in FY 2021 and average $16,546 annually through FY 2025.

ADDITIONAL REVENUE NOTES

Expenditure Overview







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	$1,038,399	$2,673
Benefits	$657,616	$808,491	$150,876
Purchased Services	$484,944	$198,781	($286,163)
Supplies & Materials	$51,197	($31,879)	($83,076)
Capital Outlay	$69,690	($33,235)	($102,925)
Intergov & Debt	$0	$0	$0
Other Objects	$70,370	$60	($70,310)
Other Uses	($133,330)	($20,028)	$113,302
Total Average Annual Change	$2,236,212	$1,960,590	($275,623)
	5.04%	4.01%	-1.04%

Total expenditures increased 5.04% or $2,236,212 annually during the past five years and is projected to increase 4.01% or $1,960,590 annually through FY2025. Purchased Services has the largest projected average annual variance compared to the historical average at -$286,163.

Expenditures for FY21 have been reduced due to grants for COVID-19 relief (Coronavirus Relief Act - $181,465.42, Broadband Ohio Connectivity - $10,000, Summit County Re-Opening grant - $367,952, and Elementary and Secondary School Relief grant - $252,098.)

Note: Expenditure average annual change is projected to be > $1,960,590

On an annual average basis, revenues are projected to grow slower than expenditures.

Expenditure Notes

SALARY EXPENSE

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 3.69% or $1,038,399 through FY 2025. The projected average annual rate of change is -0.62% less than the five year historical annual average.

The forecast includes a three percent base salary increase for employees in FY22 and a two percent base salary increase in FY23. The subsequent fiscal years have a one percent increase projected.

BENEFIT EXPENSE

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 6.97% through FY 2025. The projected average annual rate of change is -0.45% less than the five year historical annual average.

In FY21, the district's medical insurance premium increased 3.85% with two premium holidays taken in August and September. Stark County COG has indicated the district's medical insurance premiums will increase 3.9% with two premium holidays for FY22. This is included in the forecast. However, there is an eight percent premium increase and no premium holidays included in the subsequent years.

PURCHASED SERVICES EXPENSE

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 2.73% through FY 2025. The projected average annual rate of change is -3.53% less than the five year historical annual average.

Due to COVID-19, the amount expended for teacher substitutes was down by approximately $200,000.

SUPPLIES & MATERIALS EXPENSE

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 decrease at an annual average rate of -0.94% through FY 2025. The projected average annual rate of change is -4.72% less than the five year historical annual average.

CAPITAL OUTLAY EXPENSE

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 decrease at an annual average amount of -$33,235 through FY 2025. The projected average annual change is less than the five year historical annual average.

INTERGOVERNMENTAL & DEBT EXPENSE

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

OTHER OBJECTS EXPENSE

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 0.02% through FY 2025. The projected average annual rate of change is -10.63% less than the five year historical annual average.

OTHER USES EXPENSES

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, the district has transfers forecasted through FY 2025. The district can also have other uses of funds

ADDITIONAL EXPENDITURE NOTES

Some expenditures were reimbursed from grants which significantly reduced the expenditures in the general fund.

Nordonia Hills City School District

Five Year Forecast

May, 2021

	Actual			FORECASTED				
Fiscal Year:	2018	2019	2020	2021	2022	2023	2024	2025
Revenue:								
1.010 - General Property Tax (Real Estat	28,168,177	27,724,357	31,433,874	35,731,759	35,684,528	35,777,914	35,951,903	36,117,155
1.020 - Public Utility Personal Property	2,686,509	2,934,850	2,889,230	3,190,252	3,322,360	3,409,126	3,495,893	3,582,659
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	5,421,125	5,071,733	4,458,688	4,710,094	4,899,869	4,984,641	4,984,476	4,971,124
1.040 - Restricted Grants-in-Aid	18,863	67,313	89,067	71,805	89,498	89,498	89,498	94,498
1.050 - Property Tax Allocation	3,889,171	3,882,416	4,111,391	4,391,704	4,446,062	4,459,435	4,484,835	4,508,839
1.060 - All Other Operating Revenues	3,185,397	3,697,925	4,017,426	3,529,999	3,081,247	3,112,060	3,143,181	3,174,612
1.070 - Total Revenue	43,369,243	43,378,594	46,999,677	51,625,613	51,523,564	51,832,674	52,149,786	52,448,887
Other Financing Sources:								
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	281,854	195,266	385,458	230,424	16,546	16,546	16,546	16,546
2.070 - Total Other Financing Sources	281,854	195,266	385,458	256,634	16,546	16,546	16,546	16,546
2.080 - Total Rev & Other Sources	43,651,097	43,573,860	47,385,135	51,882,247	51,540,110	51,849,220	52,166,331	52,465,433
Expenditures:								
3.010 - Personnel Services	24,260,299	25,653,978	26,181,649	27,740,014	29,025,159	29,982,962	30,690,009	31,373,646
3.020 - Employee Benefits	9,131,745	9,448,204	10,263,845	10,640,043	11,031,188	12,819,744	13,541,345	14,306,303
3.030 - Purchased Services	8,092,124	9,151,568	8,977,337	10,725,000	9,081,155	9,362,512	9,658,884	9,971,240
3.040 - Supplies and Materials	1,654,280	1,624,547	1,584,432	1,907,342	1,412,760	1,416,812	1,420,905	1,425,039
3.050 - Capital Outlay	943,096	660,020	893,545	1,045,001	673,555	690,965	708,898	727,369
Intergovernmental & Debt Service	-	-	-	-	-	-	-	-
4.300 - Other Objects	601,069	700,561	865,186	840,500	846,654	852,869	859,146	865,486
4.500 - Total Expenditures	44,682,614	47,238,878	48,765,995	52,897,900	52,070,472	55,125,864	56,879,188	58,669,082
Other Financing Uses								
5.010 - Operating Transfers-Out	77,604	77,580	177,554	277,528	77,501	77,474	77,445	77,415
5.020 - Advances-Out	-	-	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	77,604	77,580	177,554	277,528	77,501	77,474	77,445	77,415
5.050 - Total Exp and Other Financing Uses	44,760,218	47,316,458	48,943,549	53,175,428	52,147,973	55,203,339	56,956,633	58,746,497
6.010 - Excess of Rev Over/(Under) Exp	(1,109,121)	(3,742,598)	(1,558,414)	(1,293,181)	(607,863)	(3,354,119)	(4,790,302)	(6,281,064)
7.010 - Cash Balance July 1 (No Levies)	21,505,668	20,396,547	16,653,949	15,095,534	13,802,353	13,194,491	9,840,372	5,050,070
7.020 - Cash Balance June 30 (No Levies)	20,396,547	16,653,949	15,095,534	13,802,353	13,194,491	9,840,372	5,050,070	(1,230,994)
				Reservations				
8.010 - Estimated Encumbrances June 3(	821,420	1,024,568	1,205,548	750,000	750,000	750,000	750,000	750,000
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	19,575,127	15,629,381	13,889,986	13,052,353	12,444,491	9,090,372	4,300,070	(1,980,994)
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 Obliga	19,575,127	15,629,381	13,889,986	13,052,353	12,444,491	9,090,372	4,300,070	(1,980,994)
Revenue from New Levies								
13.010 & 13.020 - New Levies				-	-	-	-	-
13.030 - Cumulative Balance of New Lev	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	19,575,127	15,629,381	13,889,986	13,052,353	12,444,491	9,090,372	4,300,070	(1,980,994)