

## **Five Year Forecast**

**May 20<sup>th</sup>, 2024**

**Kyle Kiffer**

## Information for the Forecast

- To engage the Board of Education and the community in long range planning and discussions of financial issues facing the school district.
- 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".
- To provide a method for the Ohio Department of Education and Auditor of State to identify school districts with potential financial problems.
- Committed to financial transparency to the Nordonia City School District community.

## Information for the Forecast (cont)

- A financial forecast is somewhat like a painting of the future based upon a snapshot of today.
- The five-year forecast is viewed as a key management tool and should be updated periodically.
- In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, one must review and consider the Notes and Assumptions before drawing conclusions or using the data as a basis for other calculations.
- The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise.
- This helps district management to be proactive in meeting those challenges.

## What is a Five Year Forecast?

- Filed with ODE twice a year
- Three years of historical data
- Five years of financial projections
- Summary of key assumptions
- Covers only the General Fund (001)
- Focusing on the present with a vision toward the future (Actual FY22-23, Forecasted FY24-28)

## Contents

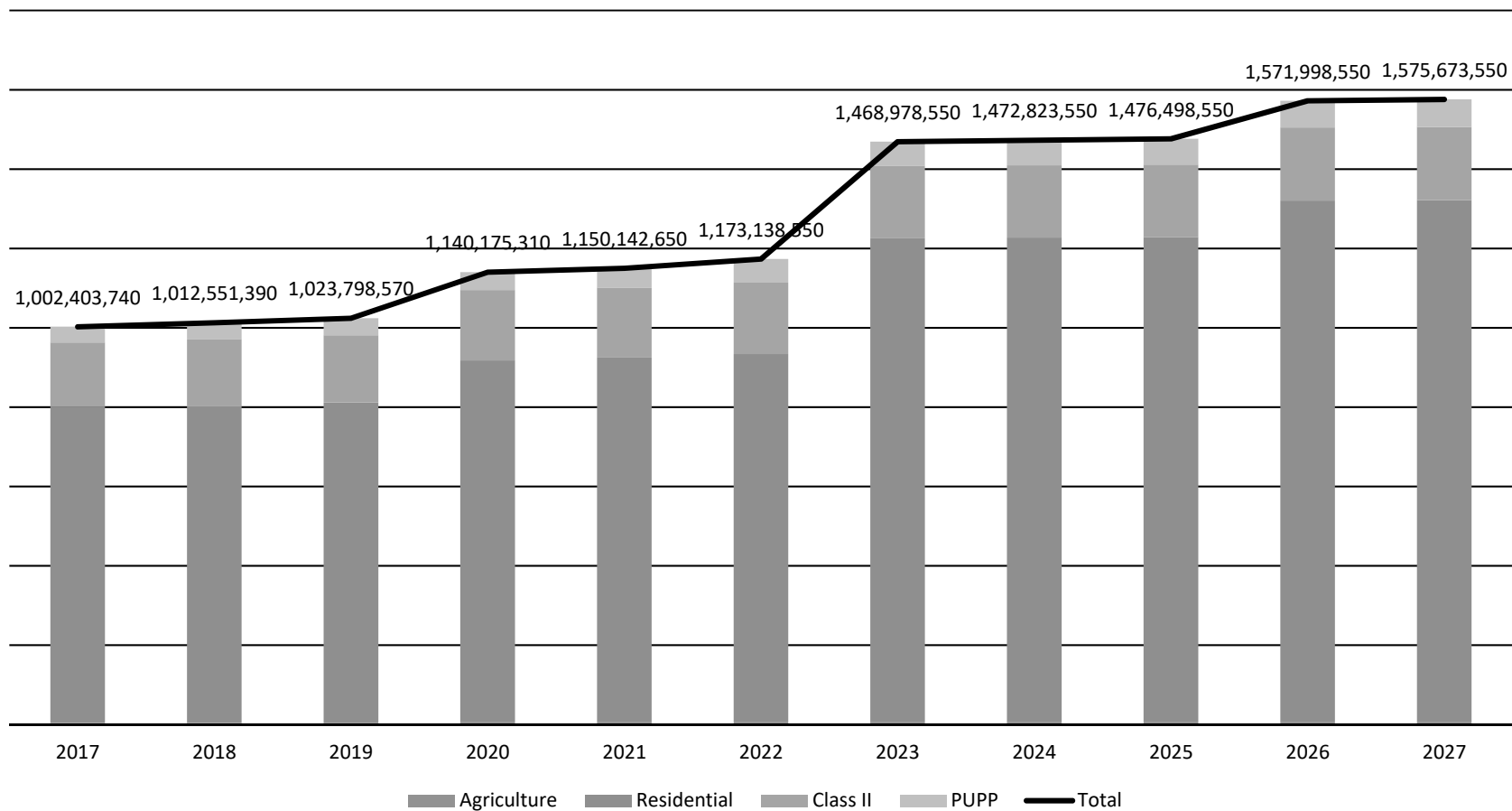
- Summit County Triennial Update
- Enrollment
- Local Capacity /State Funding
- Projected Analysis/Cash Balance
- Forecast Summary
- Cash on Hand
- The five-year forecast is divided into two sections:
  - Revenue.
    - Revenues consist of property taxes, state foundation, and all other rev.
  - Expenditures
    - The expenditures consist of wages, benefits, purchased services, supplies and capital outlay (equipment)

# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE

## Summit County Triennial Update

District's Property Values by Tax Year



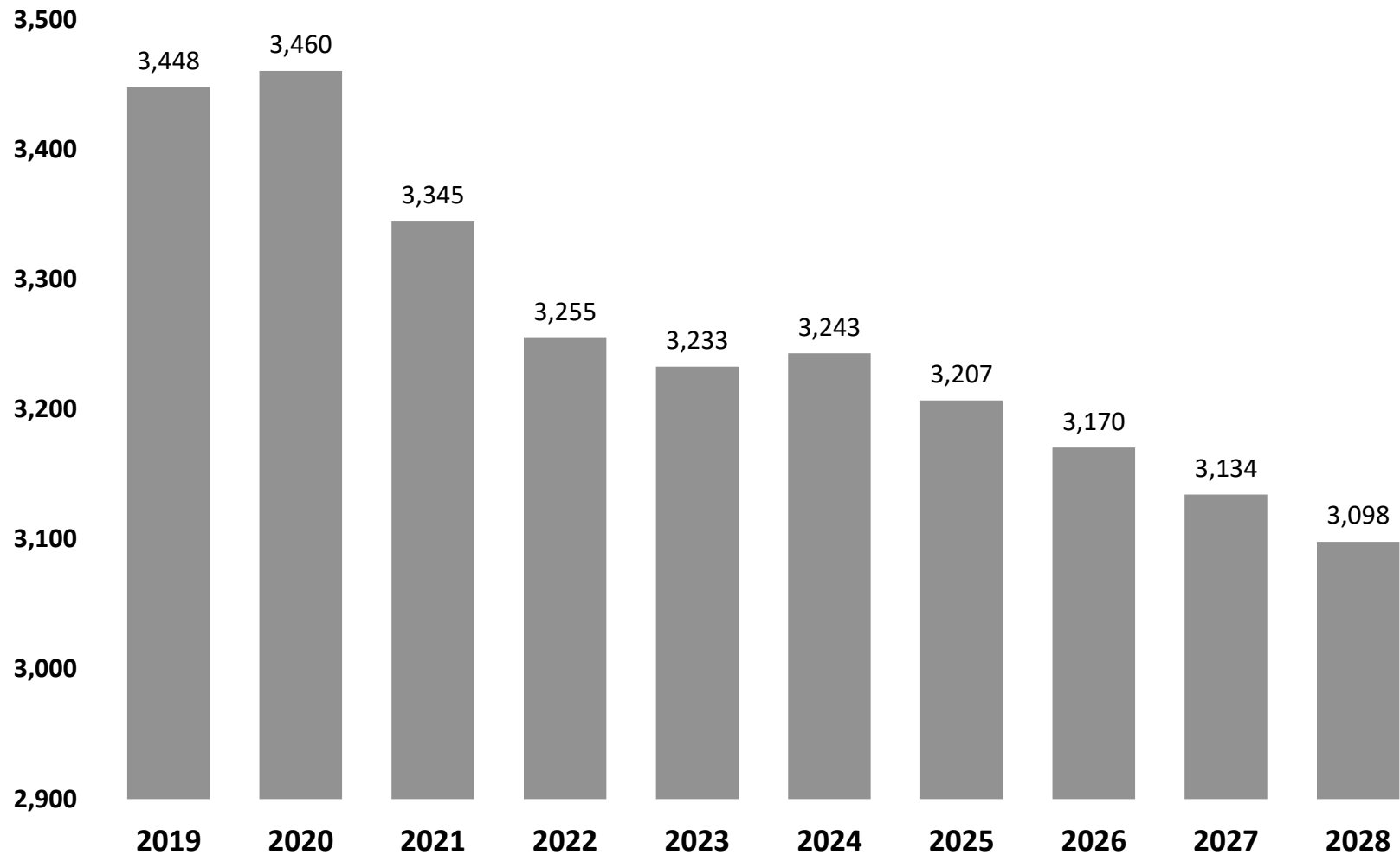
## Enrollment

- Enrollment (ADM) count is a statistic that EMIS tabulates and communicates with the Treasurer (K-12).
- HB110 in FY22 District ADM is included in the *Base Cost* report.
- From the May #2 FY24 State Foundation Payment, the District is reporting the following K-12 enrollment for FY24 along with three prior fiscal years.
- This is a trend throughout Northeast Ohio and most public schools throughout Ohio.

# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE

## Projected District Educated Enrollment



# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE


## Local Capacity

Name: Nordonia Hills City


County: Summit

IRN: 050047

### Property Valuation Information

V1	Capacity Amount Assessed Valuation [lesser of V2 and $((V2+V3+V4)/3)$ ]		\$1,154,485,503
V2	TY22 Assessed Valuation		\$1,173,138,550
V3	TY21 Assessed Valuation		\$1,150,142,650
V4	TY20 Assessed Valuation		\$1,140,175,310




### Income Information

I1	Capacity Amount Federal Adjusted Gross Income [lesser of I2 and $((I2+I3+I4)/3)$ ]		\$1,404,584,965
I2	TY21 Federal Adjusted Gross Income		\$1,491,049,114
I3	TY20 Federal Adjusted Gross Income		\$1,362,824,053
I4	TY19 Federal Adjusted Gross Income		\$1,359,881,728
I5	TY21 Federal Median Income		\$60,492.00
I6	TY21 Number of State Tax Returns		17,772
I7	TY21 Statewide Federal Median Income		\$45,460.50

### ADM Data

A1	Base Cost Enrolled ADM		3 277.49
----	------------------------	---	----------

### Detailed Calculation

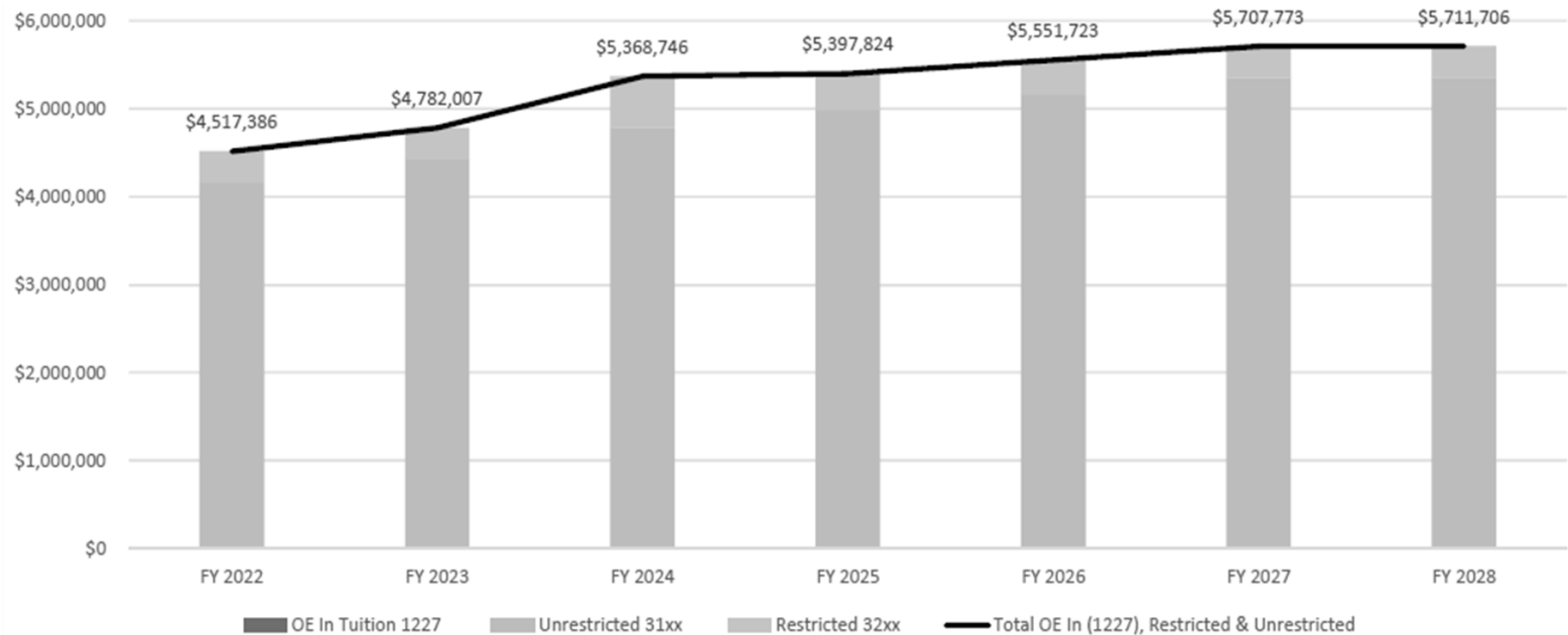
C1	Assessed Valuation Per-Pupil $[V1/A1]$		\$352,246.84
C2	Gross Income Per-Pupil $[I1/A1]$		\$428,555.07
C3	Median Income Per-Pupil $[(I5*I6)/A1]$		\$328,014.37
C4	Ratio of TY21 District Federal Median Income to State $[I5/I7]$		1.33064968
C5	Ratio Calculated in C4 for the 40th Highest District		1.53454098
C6	Local Capacity Percentage [if $C4 \geq C5$ then 0.025] [if $C4 > 1$ but $C4 < C5$ then $((C4-1)*0.0025)/(C5-1)+0.0225]$ [if $C4 \leq 1$ then $C4*0.0225]$		2.404642%
C7	Local Capacity Per-Pupil Amount $[((C1*0.6)+(C2*0.2)+(C3*0.2))*C6]$	  	\$8,720.72



# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE

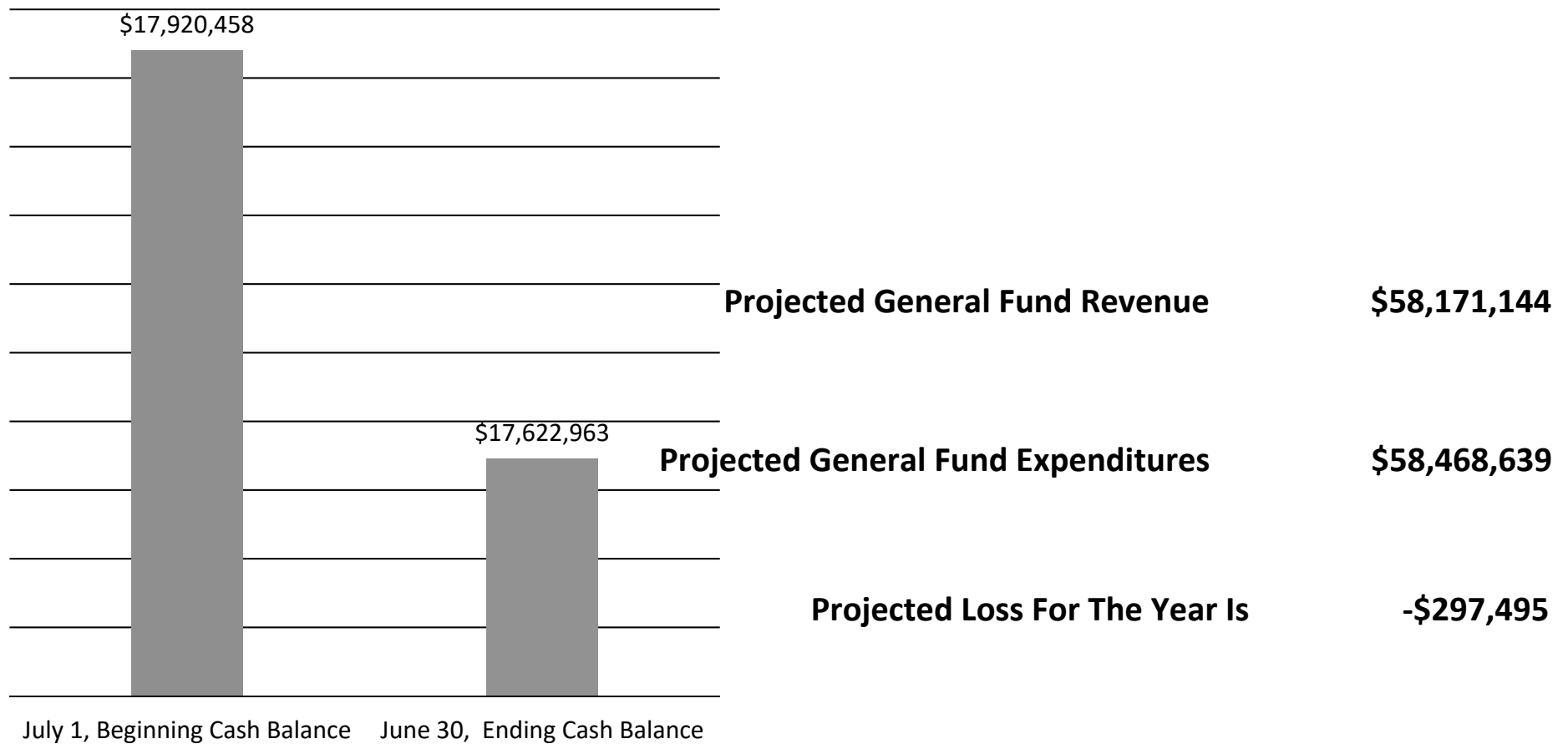
## FSFP Analysis of State Revenue from Forecast



# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE

## Current Fiscal Year Projected Financial Analysis



# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE

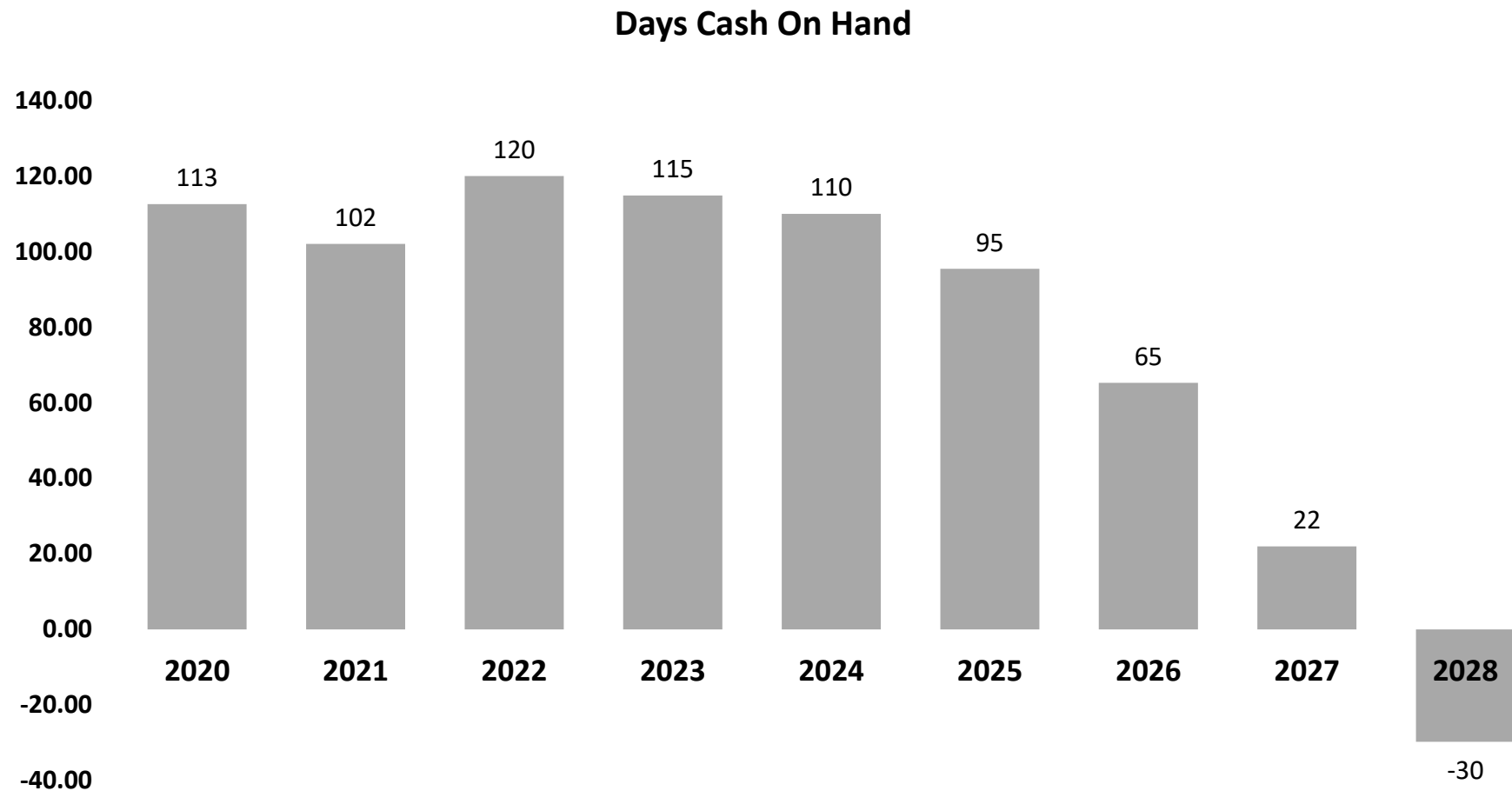
## Forecast Summary

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	17,920,463	17,622,968	15,843,000	11,046,466	3,865,495
+ Revenue	58,171,144	58,796,199	56,968,361	57,022,305	57,388,879
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(58,468,639)	(60,576,167)	(61,764,895)	(64,203,276)	(66,693,011)
= Revenue Surplus or Deficit	(297,495)	(1,779,968)	(4,796,534)	(7,180,971)	(9,304,132)
Line 7.020 Ending Balance with renewal/new levies	17,622,968	15,843,000	11,046,466	3,865,495	(5,438,637)

### Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(297,495)	(1,779,968)	(4,796,534)	(7,180,971)	(9,304,132)
Ending Balance w/o Levies	17,622,968	15,843,000	11,046,466	3,865,495	(5,438,637)

## Calendar Days Cash on Hand – Forecast Analysis



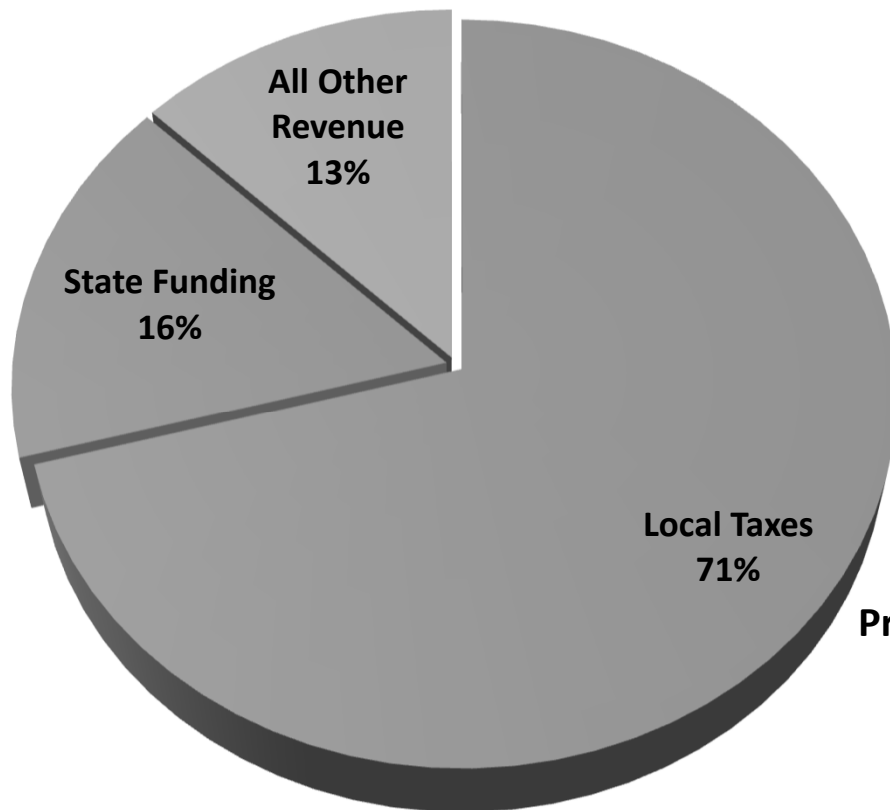
Note: Calculated on 365 Day Calendar Year

## **General Revenues & Assumptions**

# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE

## Current Fiscal Year Projected Revenue Analysis



### Projected Local Taxes

**\$41,251,235**

Real Estate Property Taxes

\$36,761,642

Public Utility Property Taxes

\$4,489,593

### Projected State Funding

**\$9,426,847**

Fair School Funding Plan

\$4,784,358

Restricted State Funding

\$584,388

State Share of Local Taxes

\$4,058,101

### Projected All Other Revenue

**\$7,493,062**

Other Operating Revenue

\$7,450,288

Other Sources

\$42,774

## Revenue Assumptions

### 1.010 - General Property Tax (Real Estate)

- 65.39% of total revenue - Real estate property tax revenue accounts
  - Class I or residential/agricultural taxes make up approximately 79.46% of the real estate state property tax revenue.
  - The Class I tax rate is 28.68 mills in tax year 2023.
- Projections reflect an average gross collection rate of 100% through 2027.

### Important Definitions to note:

- Real estate taxes in Ohio are classified into Class I and Class II
    - Class I – Real Estate that includes residential and agricultural properties.
    - Class II – Real Estate that includes commercial and industrial properties
      - Business properties and factories
- \*\*\*Mines as well, but does not apply to Nordonia Hills\*\*\*

# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE

## Revenue Assumptions

Spring Real Estate Settlement Input						First Half
First Half	Jan - Jun	Jan - Jun	Jan - Jun	Jan - Jun	Jan - Jun	Jan - Jun
Collection/Calendar Year	2019	2020	2021	2022	2023	2024
Class I Current	\$11,259,...	\$13,919...	\$14,537...	\$14,237,...	\$14,285,...	\$15,049,...
Class II Current	\$3,081,...	\$3,528,...	\$3,71...	\$3,721,5...	\$4,679,130	\$3,905,5...
Class I Delinquent	\$0	\$0	\$0	\$548,649	\$531,651	\$606,108
Class II Delinquent	\$0	\$0	\$0	\$239,216	\$322,120	\$308,489
Public Utility Current	\$1,337,...	\$1,551,...	\$1,639,...	\$1,768,0...	\$2,147,165	\$2,342,4...
Public Utility Delinquent	\$0	\$0	\$0	\$0	\$0	\$0
Homestead	\$344,975	\$414,336	\$366,648	\$358,188	\$340,451	\$280,715
2.5% Rollback	\$289,724	\$319,645	\$299,502	\$300,713	\$301,906	\$316,203
10% Rollback	\$1,303,...	\$1,436,...	\$1,351,...	\$1,363,1...	\$1,371,616	\$1,442,211

### 1.010 - General Property Tax (Real Estate)

- The forecasted percentage collection was higher from First Half 2023.
- Moved the collection rate to 51.50%
- Confident that the District will originally receive due to collection history (next slide).
  - Note: Anything not collected during the current collection year is considered delinquent. The forecast calculates the taxes in the gross collection year.



# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE

## Revenue Assumptions

5A - Real Estate Revenue - History	Actual	Actual	Actual	Estimated/Actual	.	3-Yr Hist. Avg.
Collection/Calendar Year	2020	2021	2022	2023	.	.
Class I & II Billed	\$34,925,413	\$36,031,594	\$36,296,106	\$36,533,607	.	.
Class I & II Collected	\$34,922,120	\$35,844,969	\$35,561,957	\$35,795,267	.	.
Class I & II Collection Rate of Current Billed	99.99%	99.48%	97.98%	97.98%	.	98.48%
Delinquent Collections as a % of Current Billed	0.00%	0.21%	2.41%	2.50%	.	1.71%
Gross Collection Rate (% of Current Billed)	99.99%	99.69%	100.38%	100.48%	.	100.18%
1st Half Collection Split	49.96%	50.83%	51.45%	53.99%	.	.

Do not know the full story right now.

- The forecasted percentage collection rate was higher from First Half 2023.
- Moved the collection rate to 51.50% to reflect Actual in 2022
- Confident that the District will originally receive due to collection history.
  - Note: To be considered delinquent it is two full collection years due to the gross collection history

## Revenue Assumptions

### 1.020 – Public Utility Personal Property

- 6.83% of total District Revenue
- Public Utility Lines – Not publicly disclosed information
  - The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies.
- Infrastructure was added
- Going with the historical trend before the 2022 and 2023 increase.
- Forecasting for a value change of \$ 2,000,000 going forward
  - Next slide for rationale

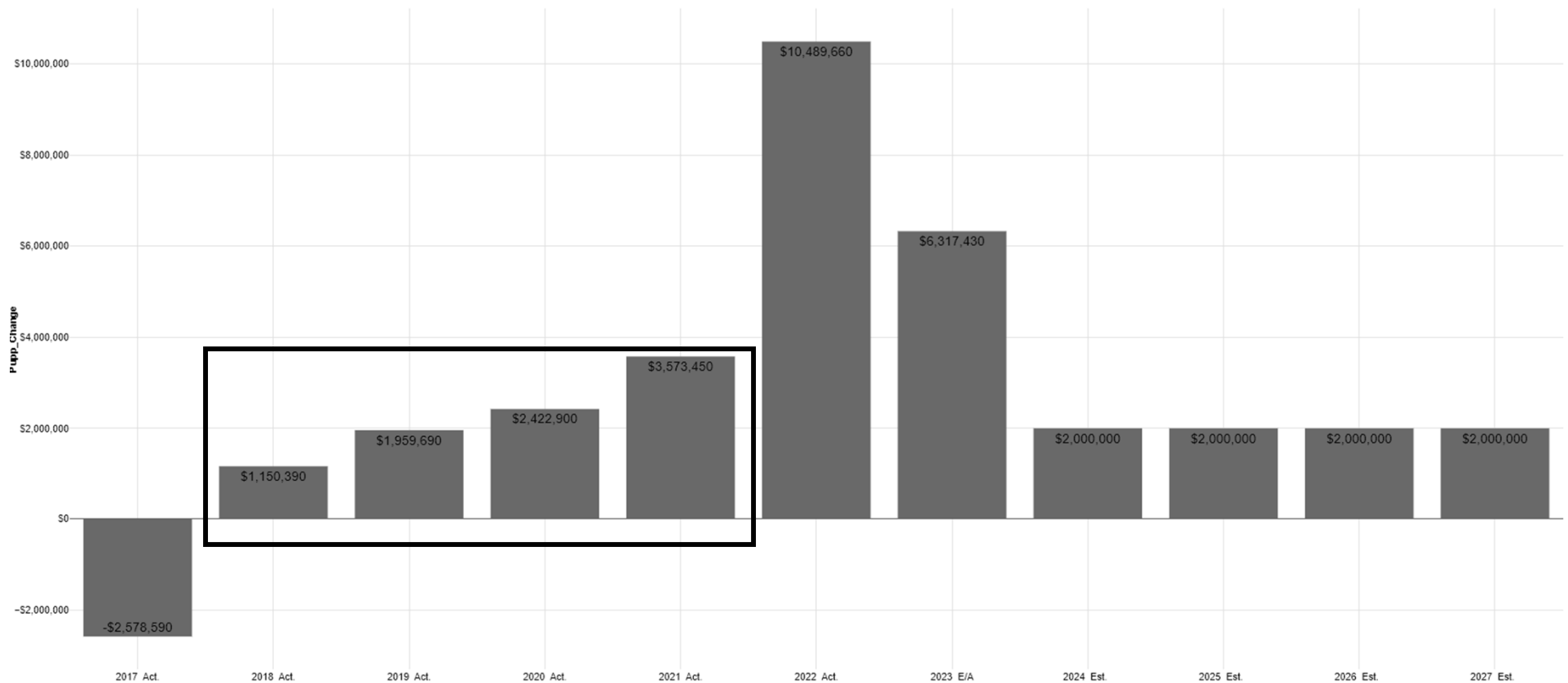
# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE

## Revenue Assumptions

### 1.020 – Public Utility Personal Property (continued)

Actual/Projected Changes in PUPP Values

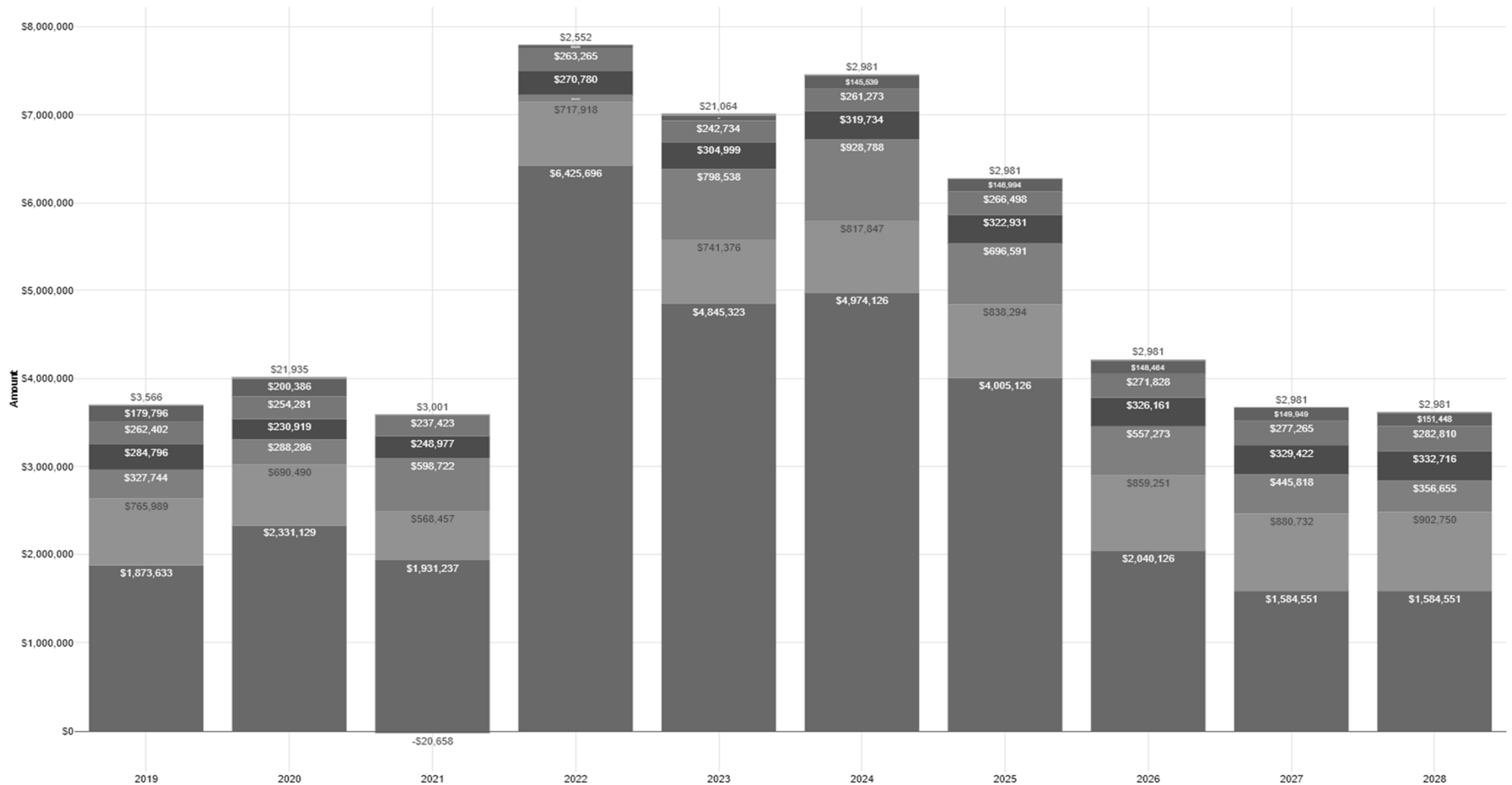


# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE

## 1.060 –All Other Revenues – 12.2%

- Will decrease over time



## Revenue Assumptions

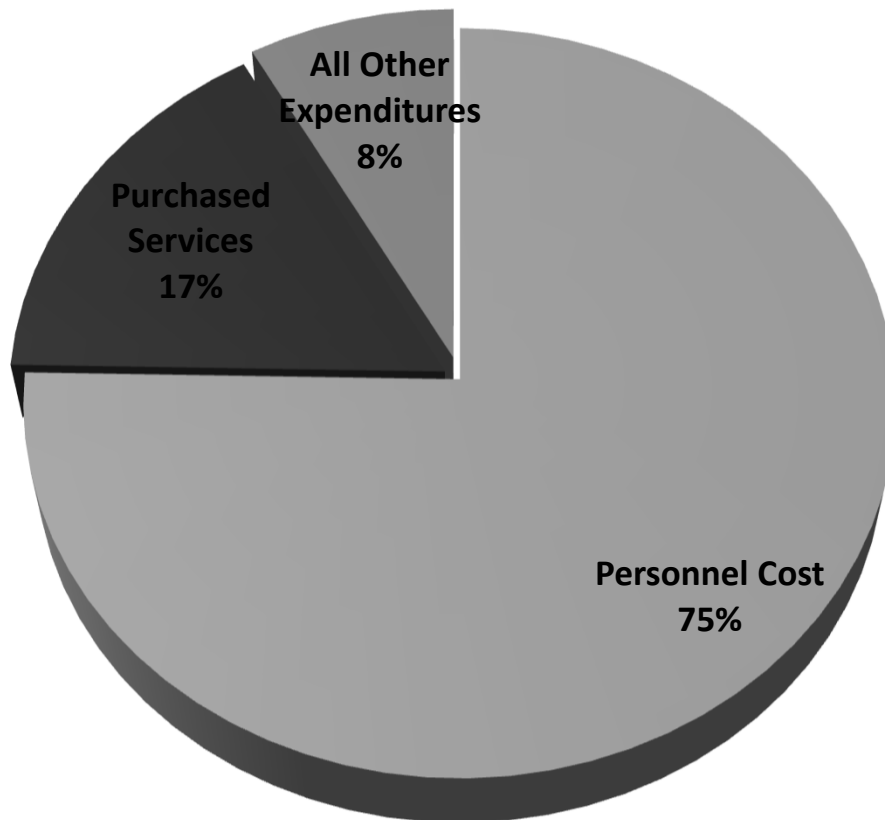
- 1.060 –All Other Revenue
  - Taxes –
    - MGM Settlement Agreement
    - TIF's/PILOT
      - City of Macedonia
      - Northfield Village – Racino
      - Sagamore Hills
  - Tuition
    - Kindergarten
    - Other Districts – regular (though State Foundation)
    - Other Districts – SPED (though State Foundation)
  - Earnings on Investment – Idol District dollars
  - Extracurricular Athletic pay to play fees
    - FACT analysis soon
  - Classroom Fees for Materials and Supplies – Also defined as consumables
  - Miscellaneous from local sources – Rentals, Threshold Costs

## **General Expenditures & Assumptions**

# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE

## Current Fiscal Year Projected Expenditure Analysis



<b>Projected Personnel Costs</b>	<b>\$44,021,944</b>
Salaries	\$31,198,670
Benefits	\$12,823,274

<b>Projected Purchased Services</b>	<b>\$9,666,111</b>
-------------------------------------	--------------------

<b>Projected All Other Expenditures</b>	<b>\$4,780,584</b>
Supplies, Capital, Debt, Other Operating	\$3,180,584
Advances, Transfer, Other Uses	\$1,600,000

## Expenditure Assumptions

- 3.010 – Salaries/Wages – 53.91%
- This category of expenditure is projected to grow at an annual average rate of 2.53% or through FY 2028. The projected average annual rate of change is -2.10% less than the five year historical annual average.
- FY23 – Personnel savings due to retirement (severances paid out)
- FY23 – ESSER additions to Fund 001
- Known contractual increases/steps are factored
- Staff decreases focused on during reductions in March FY24
- 3.020 – Employee Benefits 21.45%
- There will be a 6.48% medical insurance increase in FY25 with one premium holiday.
- Dental increases will also be 3.98%.
- This forecast does account for one premium holiday each fiscal year. This is because of 28 years of data for the Consortium.



# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE

## Expenditure Assumptions

### 3.030 – Purchased Services - 16.09%

- Personal services for team members who are not on the payroll of the school district.
- Transportation contracts
  - Main Transportation Vendor
  - Increased Special Education transportation
- School Resource Officer's
- Utility costs +
  - Electricity
  - Gas
  - Sewer/Water
- Tuition payments (SPED)
- Legal services
- Projected to grow annually at 4.76% through FY2028
- Focus during budget reductions in March

### 3.040 – Supplies and Material – 3.51%

- Projected to grow at an annual average rate of 1.46% through FY 2028. The projected average rate of change is -4.40% less than the five-year historical annual average.
  - This change reflects District expenditure reductions from March of 2024.
- Focus during budget reductions in March

# NORDONIA HILLS CITY SCHOOL DISTRICT

INSPIRING EVERY STUDENT TO VALUE LEARNING, COMMUNITY AND EXCELLENCE

## Expenditure Assumptions

- \*3.050 Capital Outlay \*
  - 1.04% of total expenditures
  - Expected to grow, but uncertain after the MGM Settlement is through.
  - Starting in FY27 the amount projected to expend is double than the District's average. This amount is likely low pending the balance within Fund 003.
- 4.300 Other Objects – 1.36%
  - These are expenditures pertaining to the ESC Contract deductions, Summit County auditor fees and annual audits
- \*5.040 – Total Other Financing uses \*
  - Operating Transfers-Out, advances to other funds

## Comparison Analysis

### REV - 1.060 –All Other Operating remaining

- FY24 - \$ 2,465,575
- FY25 - \$ 2,465,575
- FY26 - \$ 465,575

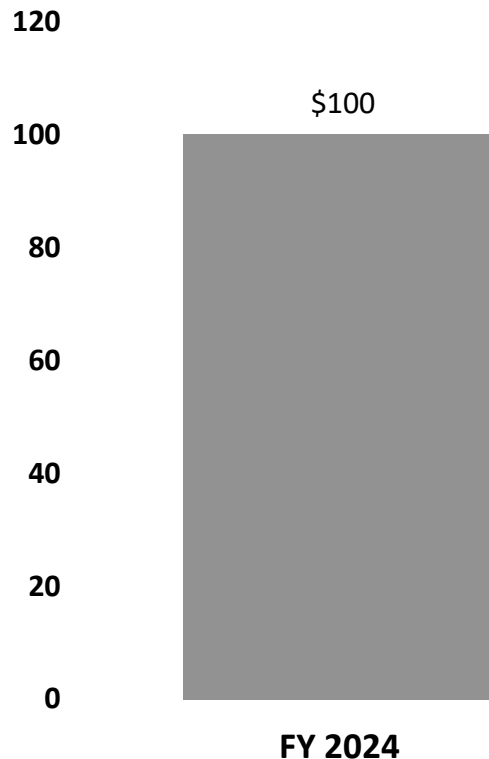
### EXP – 5.040 – Transfers-Out to 003

- FY24 - \$ 1,500,000
- FY25 - \$ 1,500,000
- FY26 - \$ 465,575

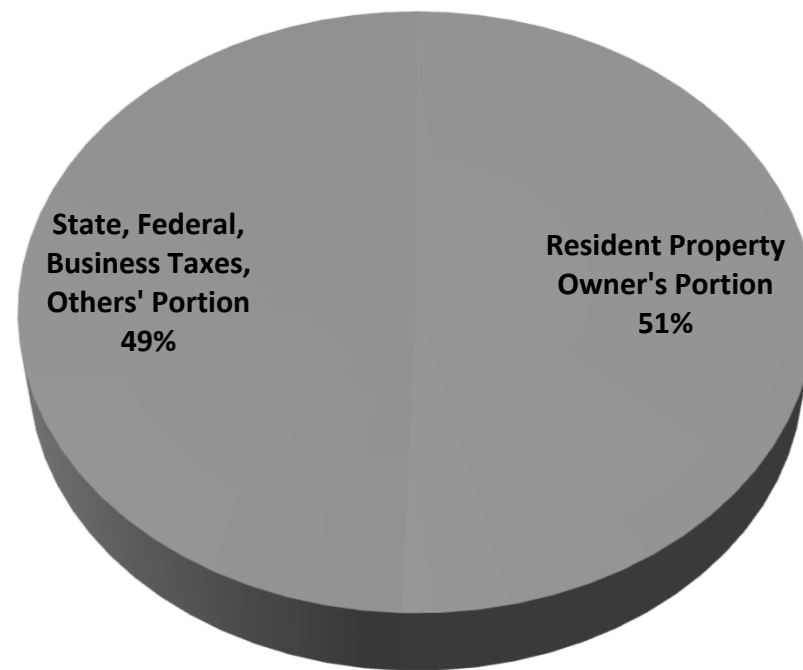
**\*Amounts transferred to the Permanent Improvement Fund may change per Board discussions\*\***

## FY24 Projected Daily Cost Per Pupil and Resident Share

Daily Cost Per Pupil



Note: Assumes 180 Day School Year



Note: Local share is calculated using a ratio of Class I property value, effective tax rate relative to total calculated property tax revenue. It also includes income tax levies if applicable.

## Questions

Kyle Kiffer  
Treasurer/CFO

[Kyle.Kiffer@nordoniaschools.org](mailto:Kyle.Kiffer@nordoniaschools.org)

<https://www.nordoniaschools.org/Treasurer.aspx>