

Five Year Forecast

November 18th, 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 Workforce and Auditor of State to identify school districts with potential financial problems.
- Committed to financial transparency to the Nordonia Hills 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.

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Forecast Summary

Financial Forecast	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	17,488,607	16,176,212	11,763,346	5,050,767	(3,708,322)
+ Revenue	59,153,256	57,280,813	57,420,748	57,862,385	58,086,640
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(60,465,652)	(61,693,679)	(64,133,327)	(66,621,475)	(69,283,681)
= Revenue Surplus or Deficit	(1,312,396)	(4,412,866)	(6,712,578)	(8,759,089)	(11,197,041)
Line 7.020 Ending Balance with renewal/new levies	16,176,212	11,763,346	5,050,767	(3,708,322)	(14,905,363)

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 FY22-24, Forecasted FY25-29)

Contents

- Reappraisal
- Year-Over-Year Change History
- Enrollment
- 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
- Average Annual Change
- Projected Cash Balance
- Cash on Hand
- Projected Cost Per Pupil

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2023 Reappraisal.....

- Compared to the others, Summit's average value increase was middle-of-the-line.
- Clermont and Belmont counties in southwest Ohio went up 43% and 42%, respectively. Wayne County's values increased 38% while Ashtabula's went up 32%.



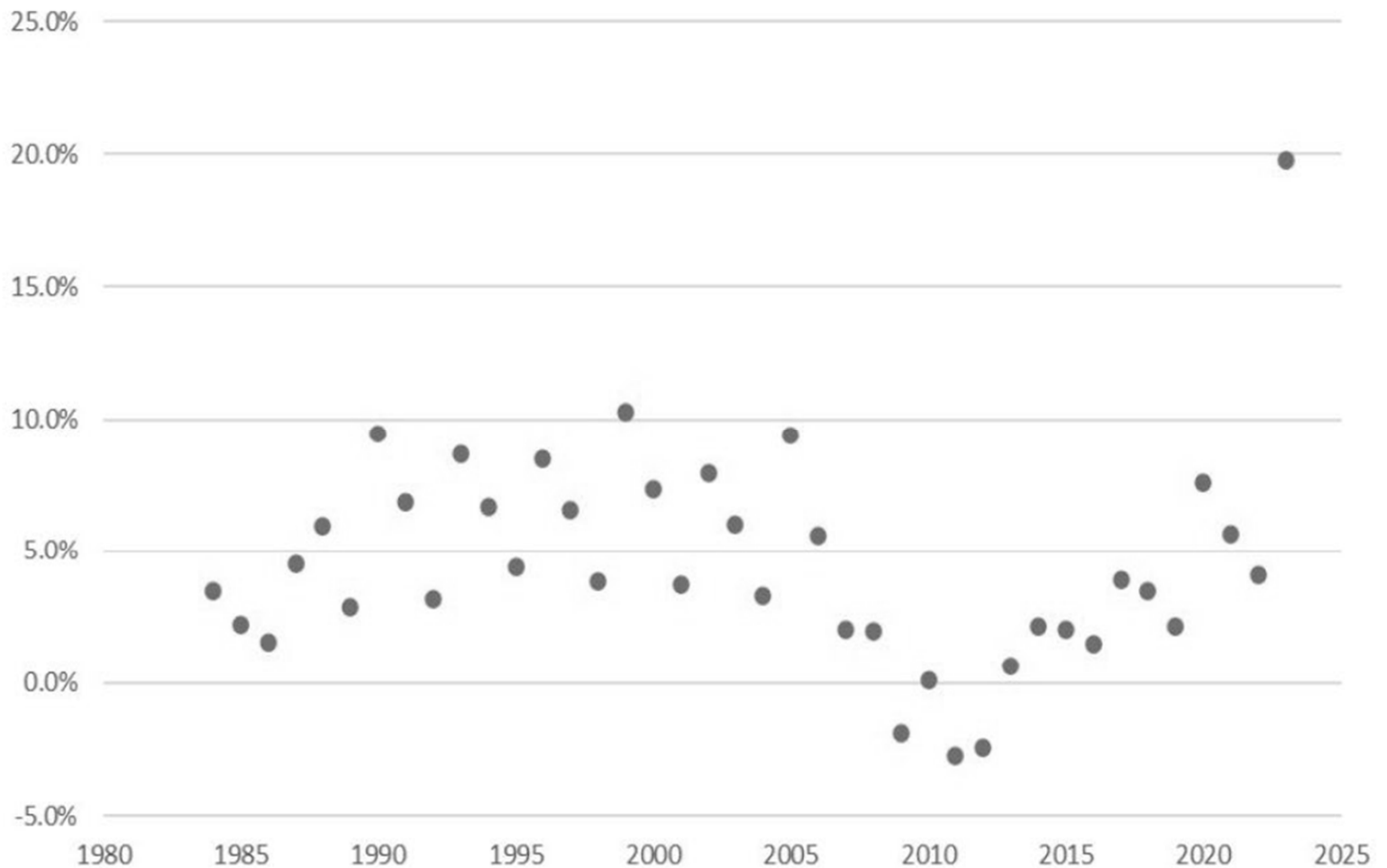
Source: Summit County Fiscal Office

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Public School Year-Over-Year Change in Residential/Agricultural Values

- Counties in Ohio
- Data suggests this current time is an outlier.

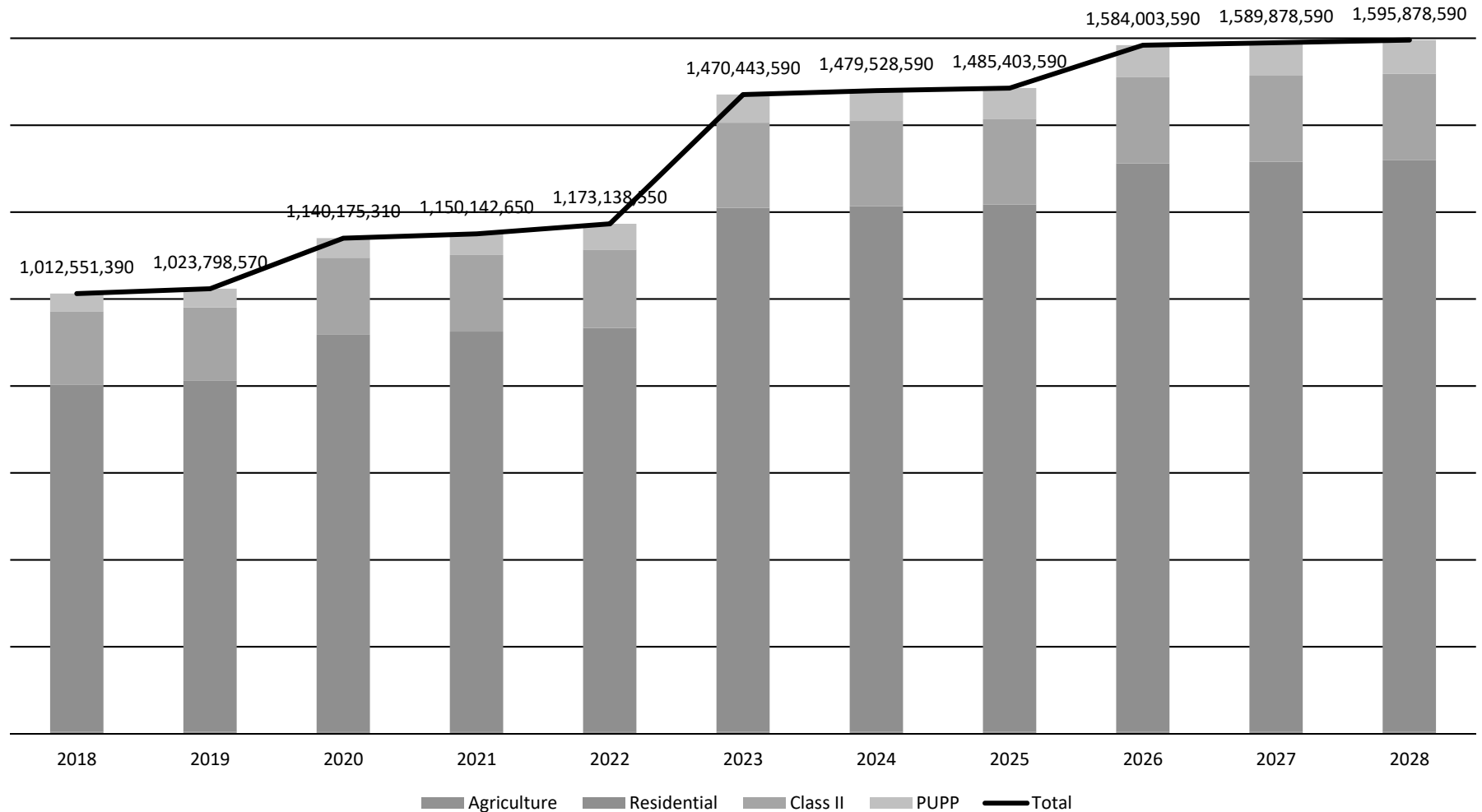


Source: OASBO

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District's Property Values by Tax Year



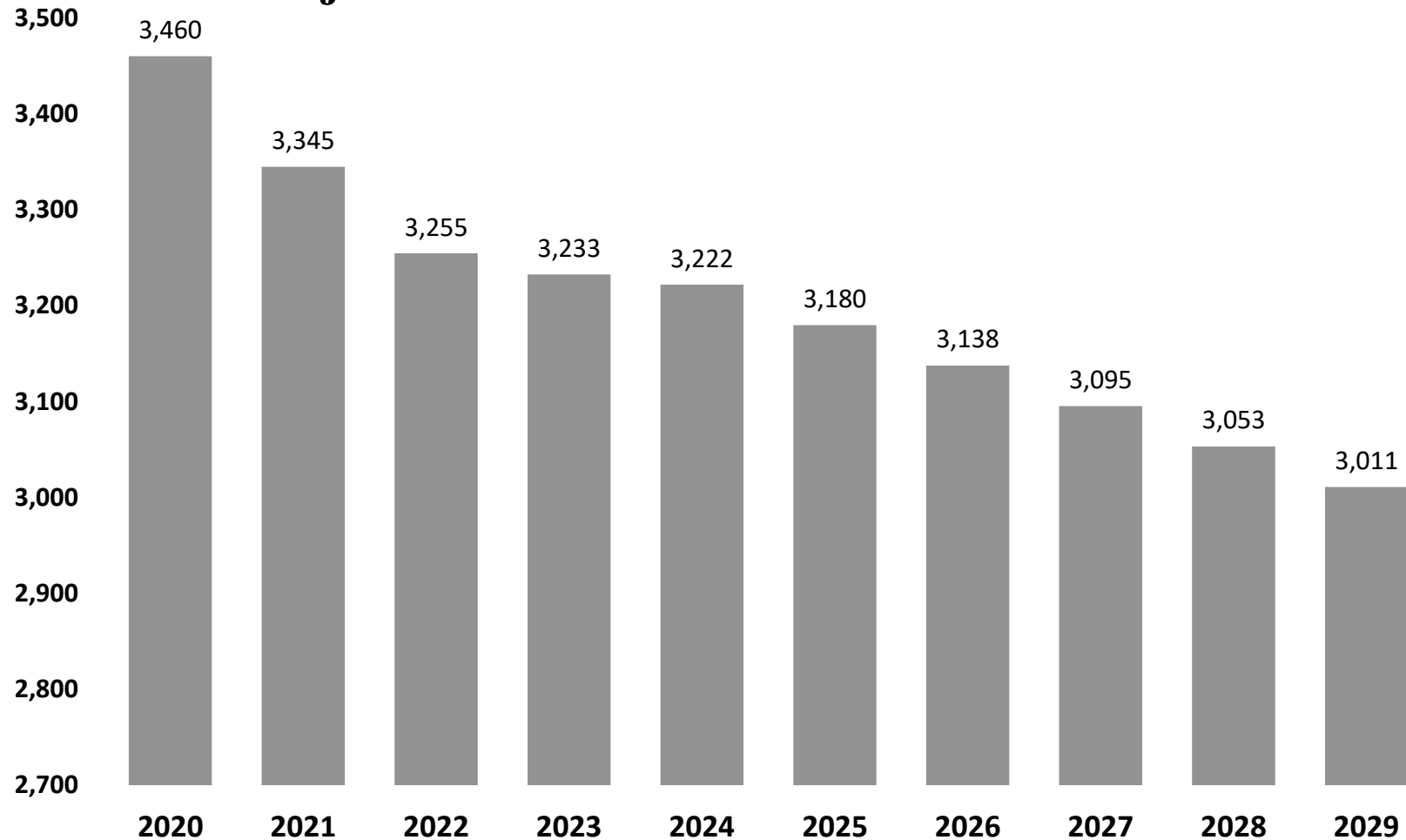
Enrollment

- 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 October #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.

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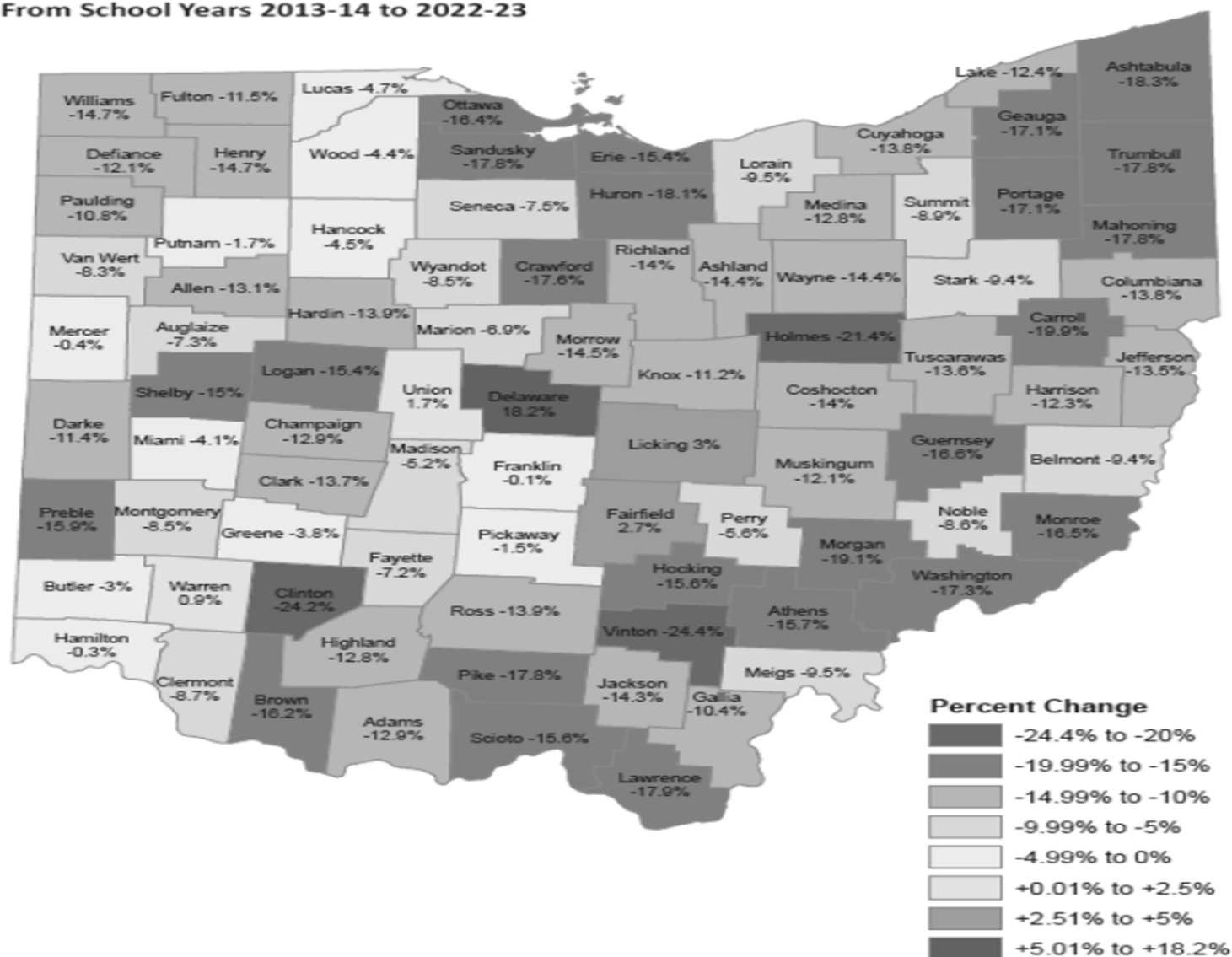
Projected District Educated Enrollment



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**Student Enrollment Growth/Loss
From School Years 2013-14 to 2022-23**



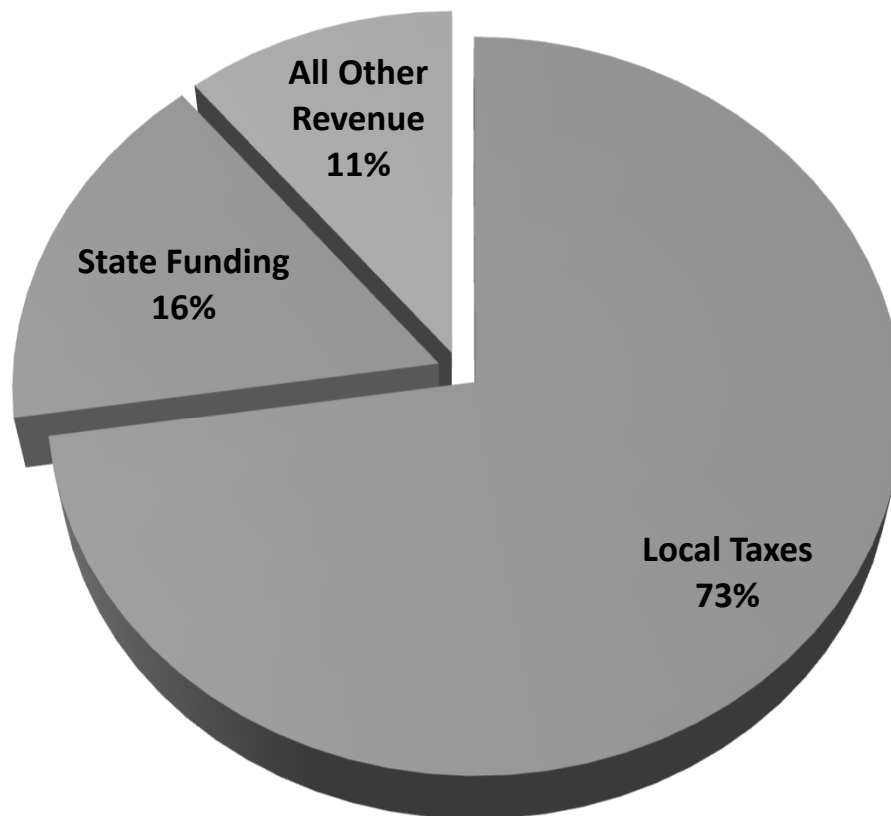
Source: OFCC / OASBO

General Revenues & Assumptions

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Current Fiscal Year Projected Revenue Analysis



Projected Local Taxes

\$42,969,415

Real Estate Property Taxes

\$38,095,138

Public Utility Property Taxes

\$4,874,277

Projected State Funding

\$9,681,746

Fair School Funding Plan

\$4,976,608

Restricted State Funding

\$548,735

State Share of Local Taxes

\$4,156,403

Projected All Other Revenue

\$6,502,095

Other Operating Revenue

\$6,385,321

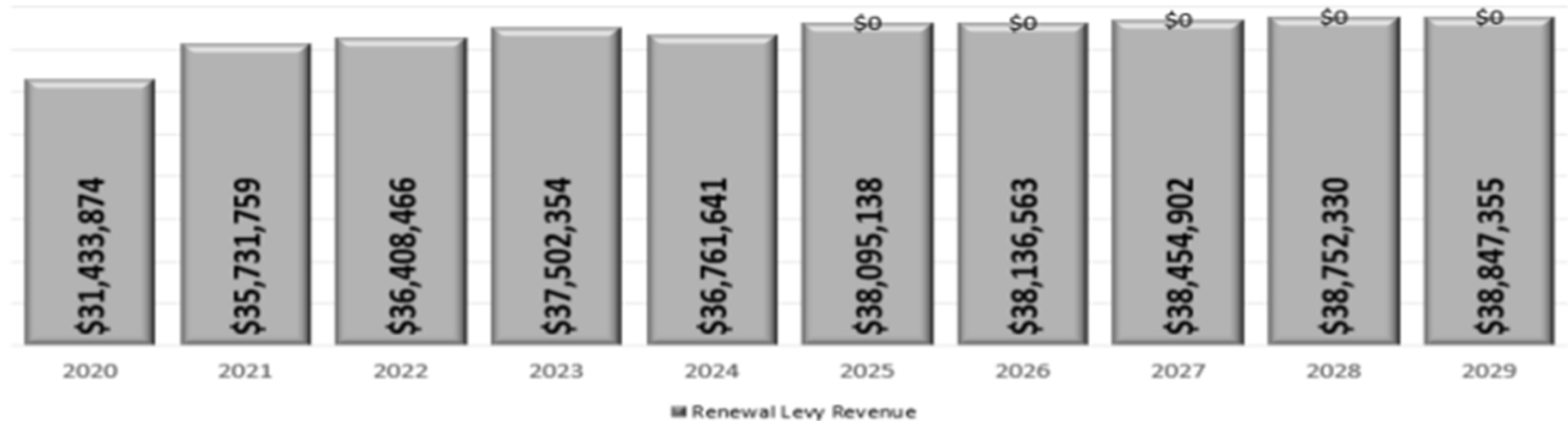
Other Sources

\$116,774

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Real Estate Property Tax

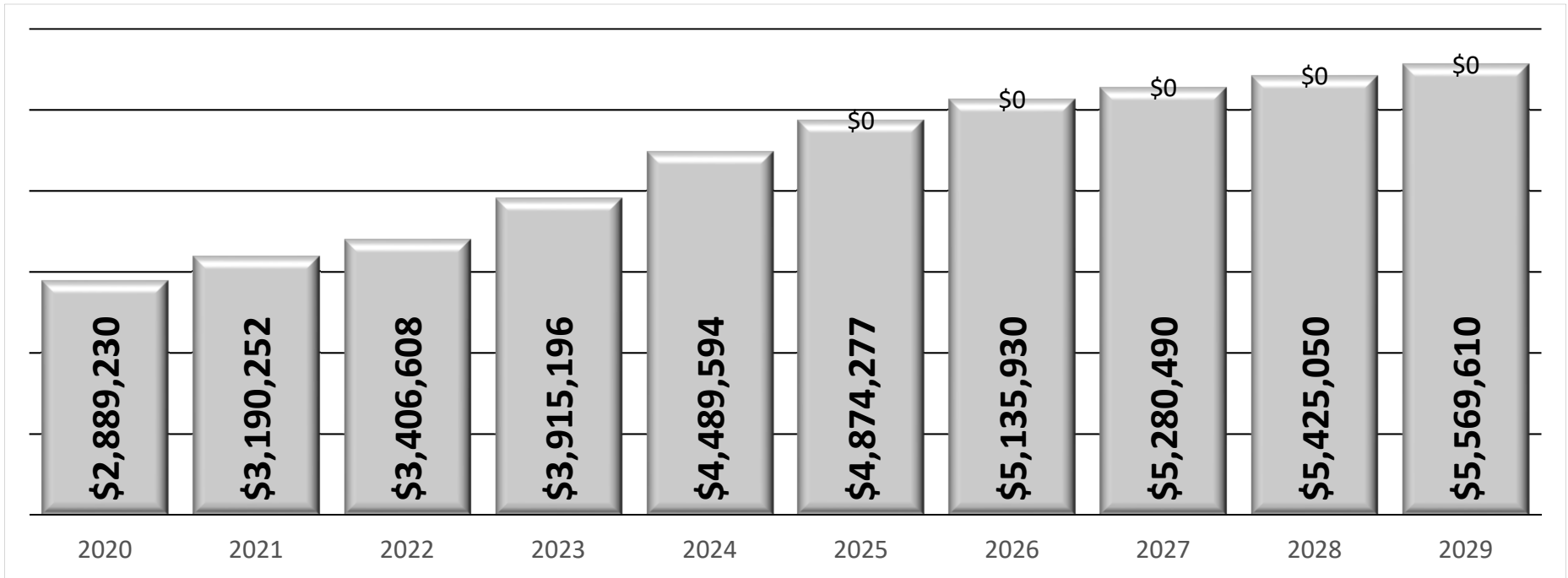


Key Assumptions & Notes

Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class 2 Rate	Change	
2023	1,405,627,560	291,900,960	28.67	-	37.90	-	100.3%
2024	1,409,472,560	3,845,000	28.68	0.00	37.90	(0.00)	100.0%
2025	1,413,347,560	3,875,000	28.68	0.00	37.90	(0.00)	100.0%
2026	1,509,947,560	96,600,000	27.04	(1.64)	37.65	(0.25)	100.0%
2027	1,513,822,560	3,875,000	27.04	0.00	37.65	(0.00)	100.0%
2028	1,517,822,560	4,000,000	27.04	(0.00)	37.65	(0.00)	100.0%

- 64.4% of General Fund Revenue
- 2023 to 2026 Appraisal
- The Class I tax rate is 28.68 mills in tax year 2023.
- 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 14 commercial and industrial properties

Public Utility Personal Property (PUPP)



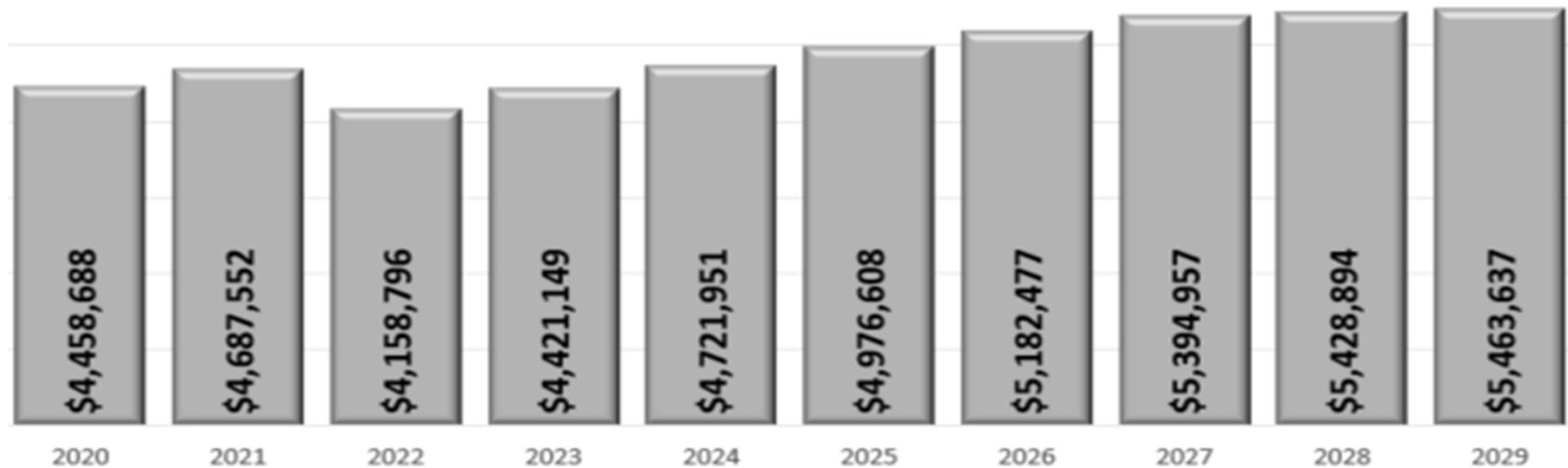
- 8.24% of General Fund Revenue
- Increase note in a First Energy of Ohio investment in smart grid technology
- Forecast factors a modest increase going forward
- Public Utility Lines – Not always publicly disclosed information
 - PUPP additions, and depreciation reported by the utility companies to increase valuation.

- Investments in infrastructure
- Forecasting the historical trend *before* the 2022, 2023, and 2024 increase, which is a value change of 2 Million going forward through the forecast.

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Unrestricted State Foundation Dollars

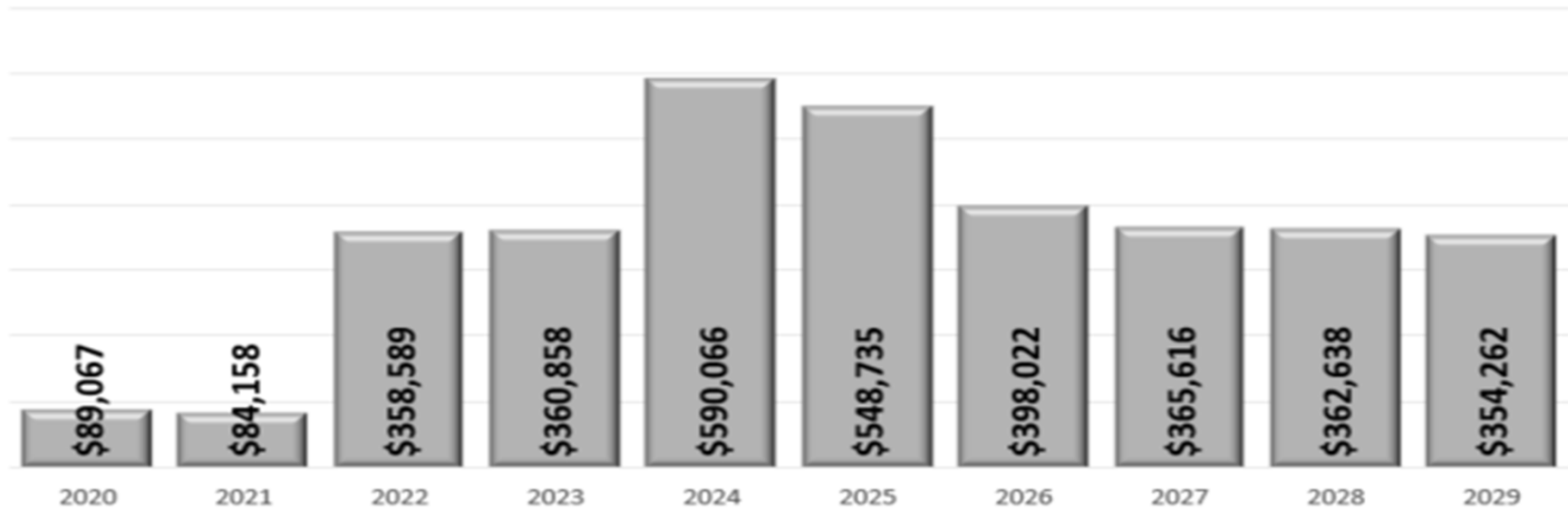


- 8.41% of General Fund Revenue
- Fair School Funding Plan (phase 2 of 3)
- Increases are estimated in transportation funding and special education

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Restricted State Foundation Dollars

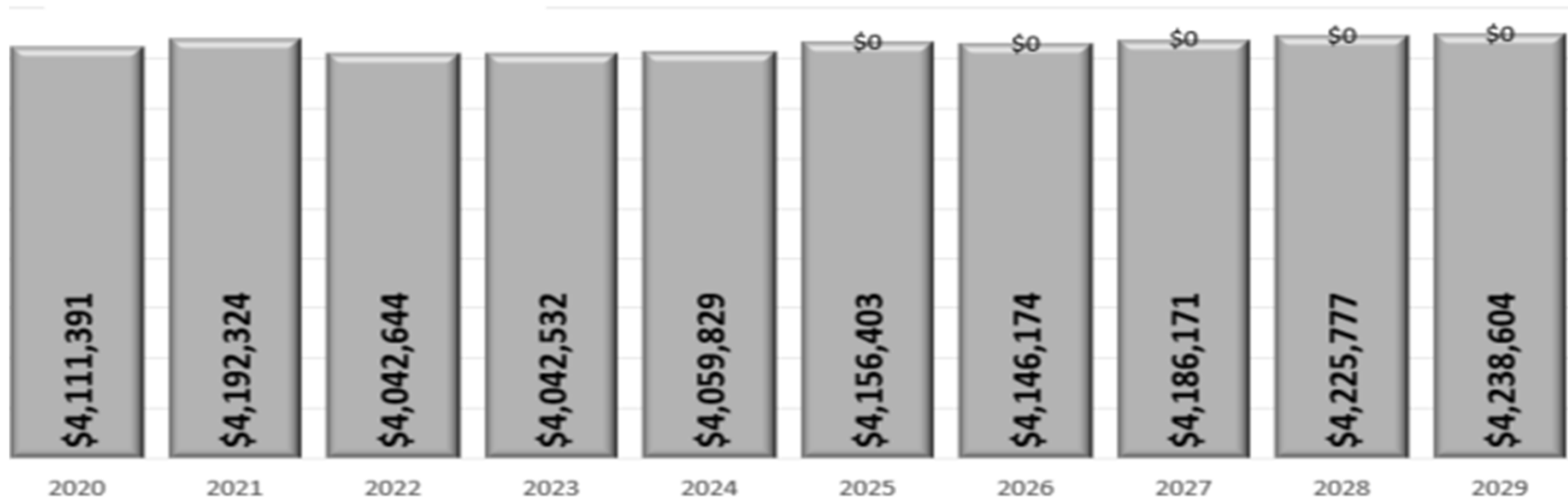


- .93% of General Fund Revenues
- 2021 to 2022 increase - Governor DeWine's Student Wellness and Success Funds
- 2024 to 2025 - Submitted increases for Threshold Funding

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State Share of Local Property Taxes

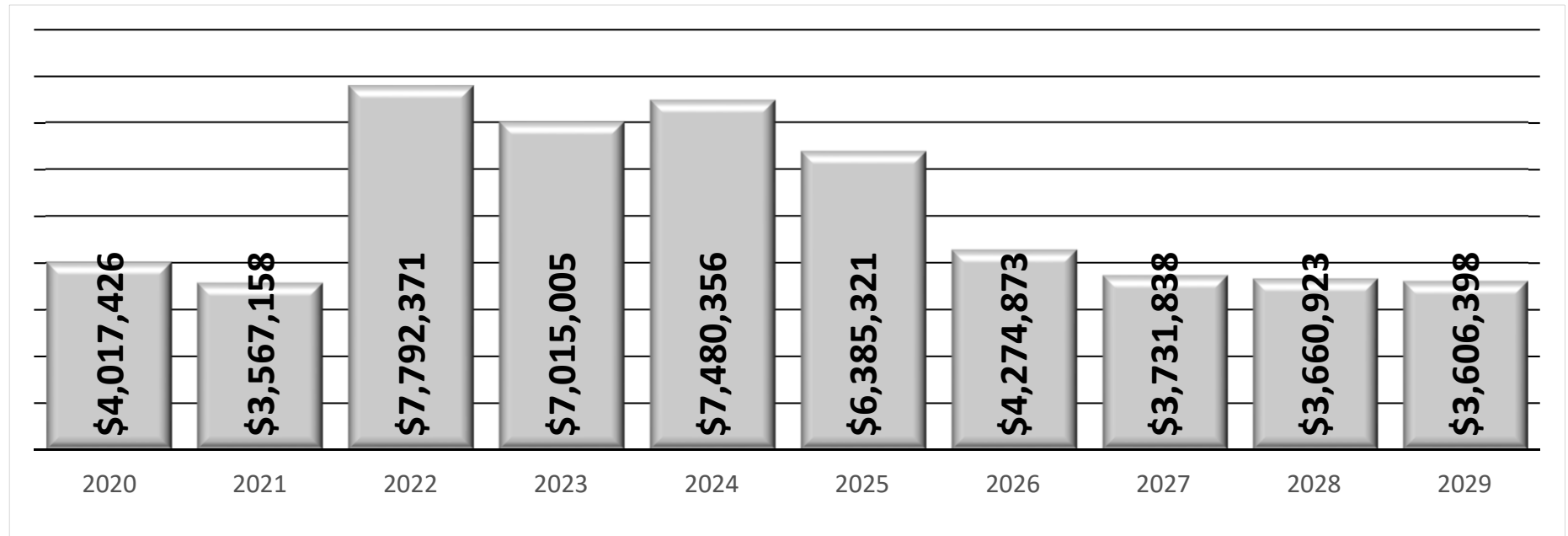


- 7.03% of General Fund Revenues
- Reimbursements by the State for 10% rollback credit and 2.5% owner occupancy credits for qualifying taxpayers exemption credits.

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All Other Revenue



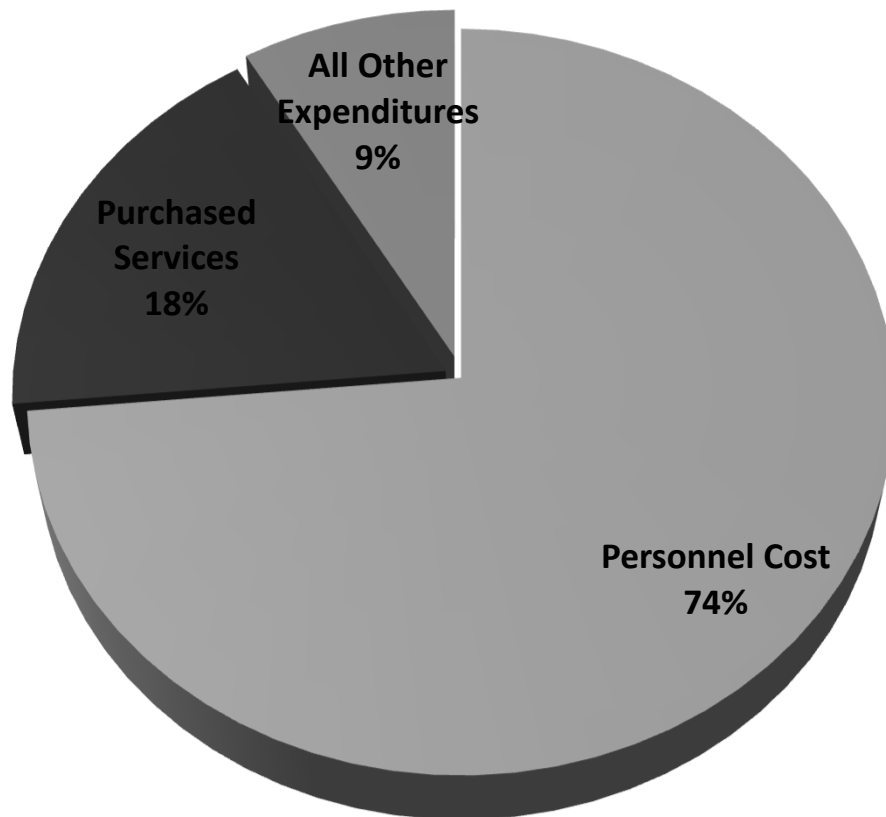
- 10.79% of General Fund Revenues
- Taxes
 - MGM Settlement Agreement
 - TIF's/PILOT
 - City of Macedonia
 - Northfield Village – Racino
 - Sagamore Hills
- Will *decrease* over time
- Tuition
 - Kindergarten
- Earnings on Investment – Idol District dollars
- Extracurricular Athletic - pay to participate fees
- Classroom Fees for Materials and Supplies – Also defined as consumables

General Expenditures & Assumptions

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Current Fiscal Year Projected Expenditure Analysis



Projected Personnel Costs	\$44,500,855
Salaries	\$31,618,996
Benefits	\$12,881,859

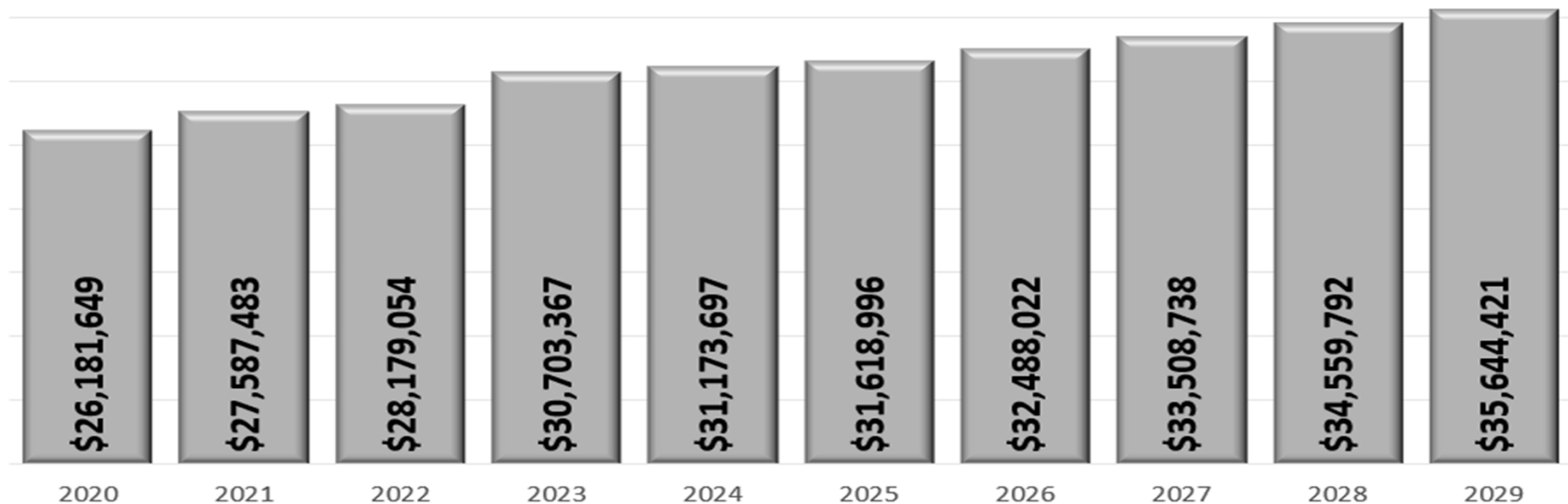
Projected Purchased Services	\$10,799,644
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Projected All Other Expenditures	\$5,165,153
Supplies, Capital, Debt, Other Operating	\$3,565,153
Advances, Transfer, Other Uses	\$1,600,000

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Salaries / Wages

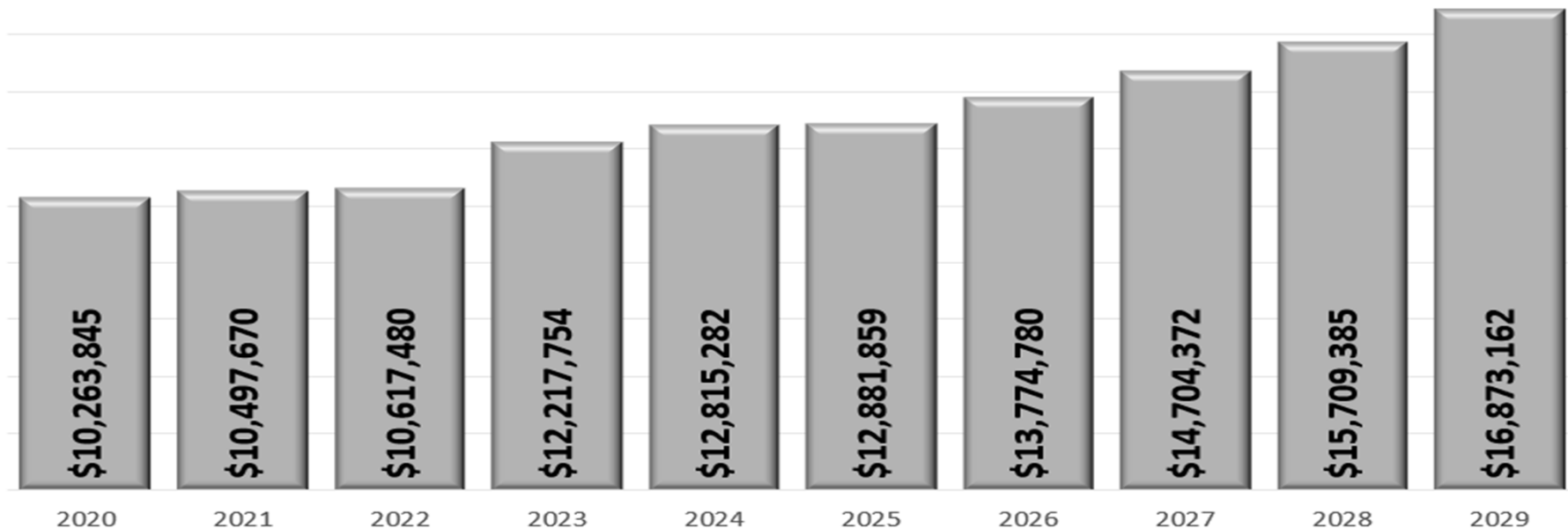


- 52.29 % of General Fund Expenditures
- This category of expenditure is projected to grow at an annual average rate of 2.72% through FY 2029.
- Modest base increase and contract step increases are factored.
- This includes the 11.5 teaching positions that were not replaced in FY24 and FY25
- The projected average annual rate of change is - 1.29% less than the five year historical annual average.

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Employee Benefits

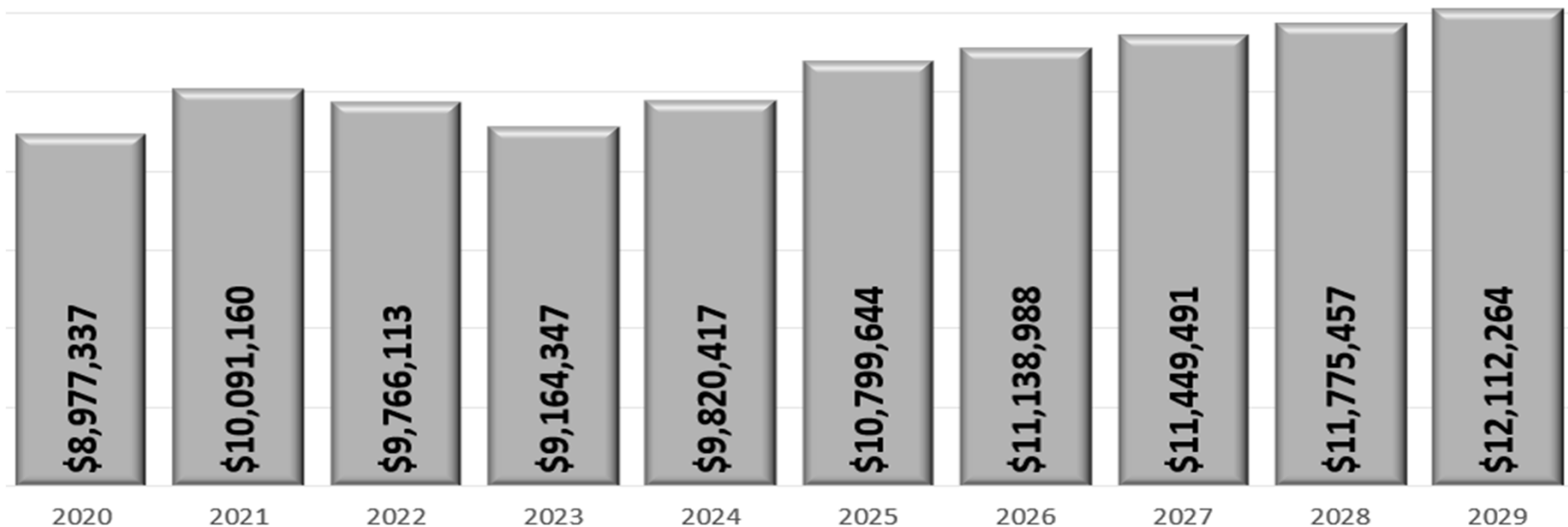


- 21.30% of General Fund Expenditures
- This category of expenditure is projected to grow at an annual average rate 6.40% through FY 2029.
- Projecting a 10% increase in premiums going forward.
 - Reviewing increases in surrounding consortiums and the trends in the health insurance sector
- Forecast accounts for one premium holiday each fiscal year.
 - This conclusion is supported by 28 years of data from the Consortium history of rates and premiums.
 - If changes or differences in this trend are communicated, future forecasts will be adjusted accordingly.

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Purchased Services

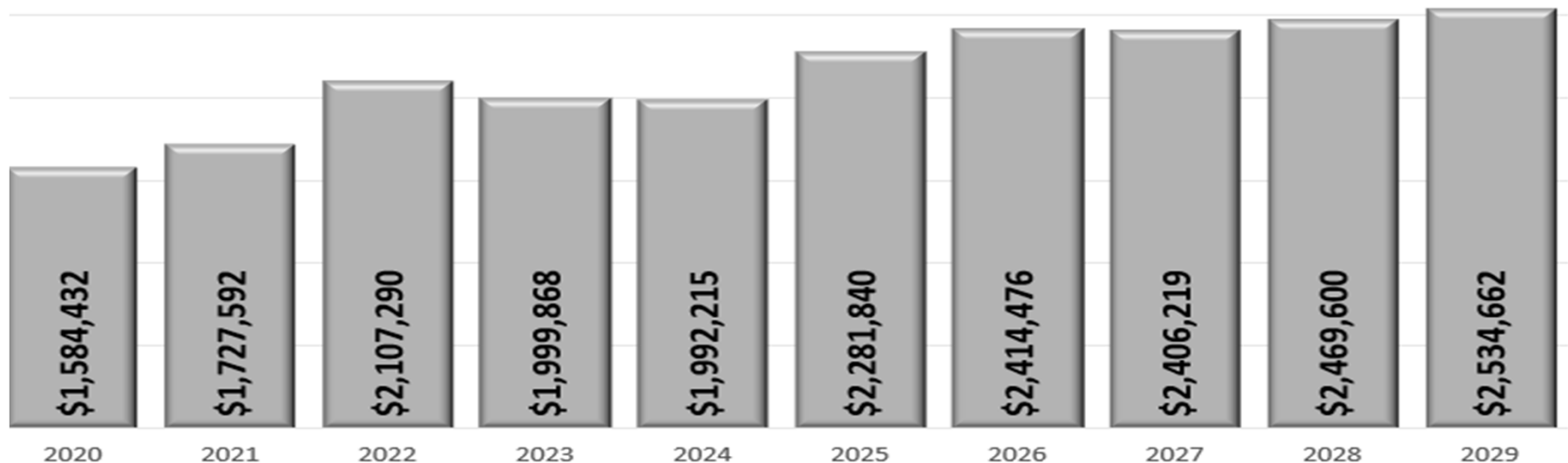


- 17.86% of General Fund Expenditures
- This category of expenditure is projected to grow at an annual average rate 4.32% through FY 2029.
- This includes 3 support staff positions that were eliminated in FY24 and FY25
- Increases are due to various vendors:
 - Main Transportation vendor
 - Special Education Transportation vendor
 - School Resource Officers
 - Electrical Utility costs
 - Nursing Services
 - SPED Services
 - Pre-School payments

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Supplies and Materials

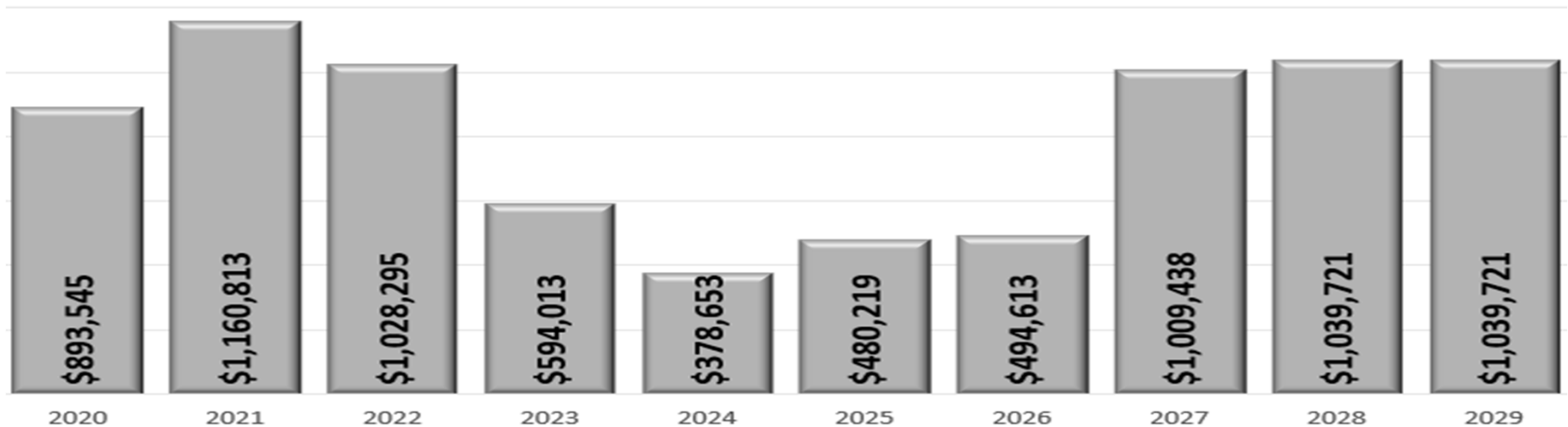


- 3.77% of General Fund Expenditures
- This includes the District's English Language Arts (ELA) in July of 2024
 - Comprehensive effort to align ELA instruction with Science of Reading Standards and mandated by HB33.
 - District received \$139,322 in April of 2024 (FY24).
 - Utilized a ESC credit to lessen the burden of the General Fund.
- This category of expenditure is projected to grow at an annual average rate of 5.06% through FY 2029.

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Capital Outlay

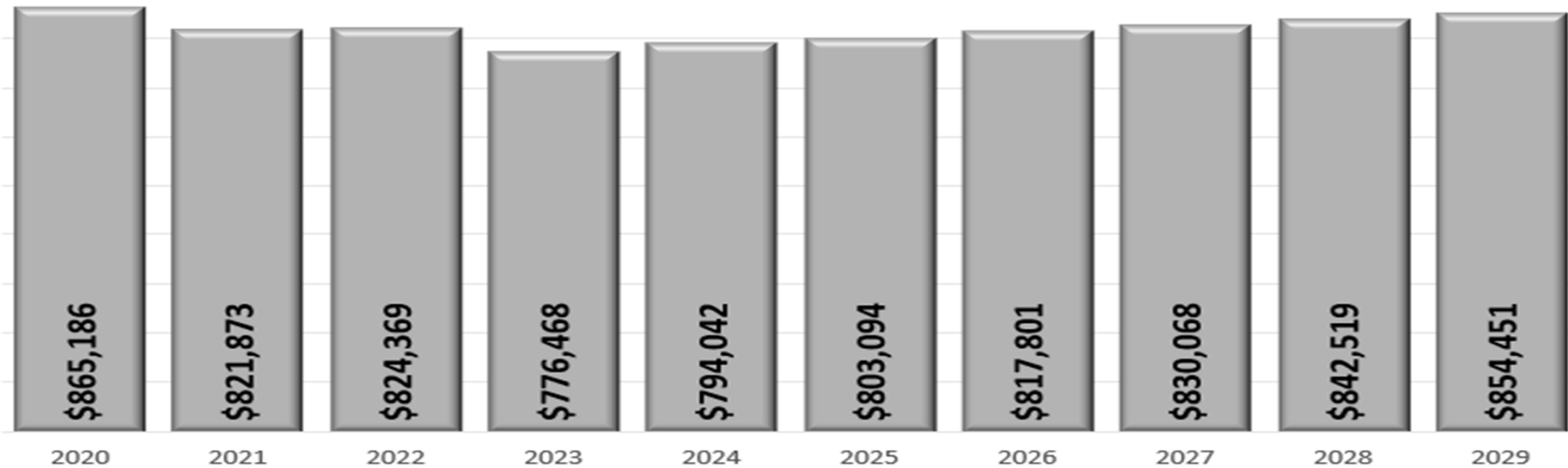


- .79% of General Fund Expenditures
- Reduction in FY23 to FY26 due to the focus on the Permanent Improvement Fund through the District MGM settlement dollars
- Factoring an increase in spend, by looking at FY20 to FY22 data, for FY27 to FY29, after the settlement is completely fulfilled.

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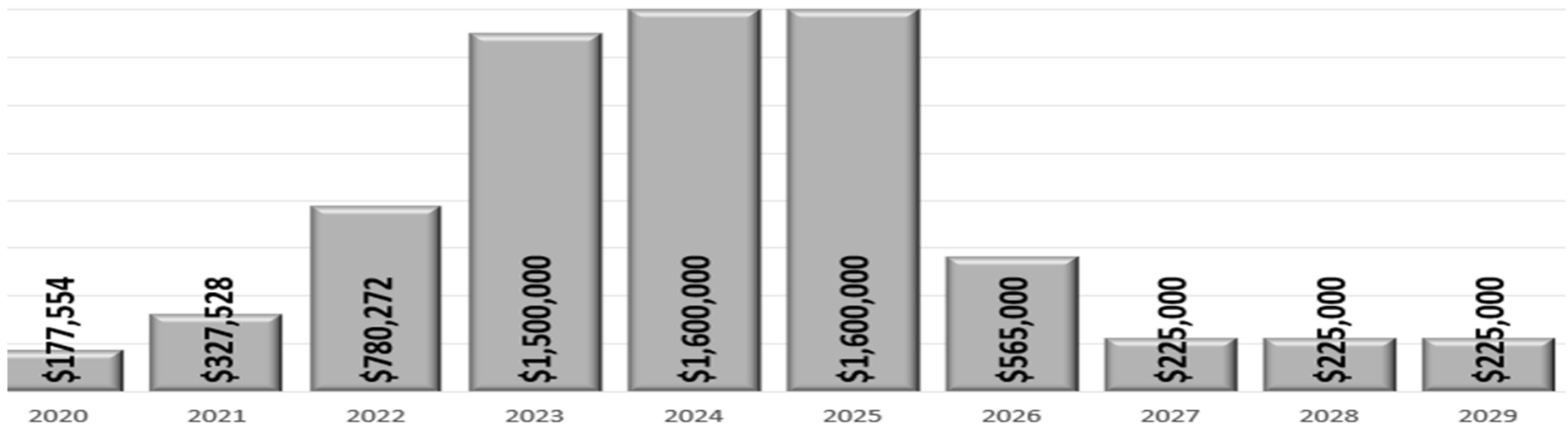
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Other Objects



- 1.33% of General Fund Expenditures
- Expenditures pertaining to:
 - Contract deductions,
 - Summit County auditor fees (per ORC)
 - Audit Fees
- Factoring in a growth of 1.48% through FY29

Other Financing Uses

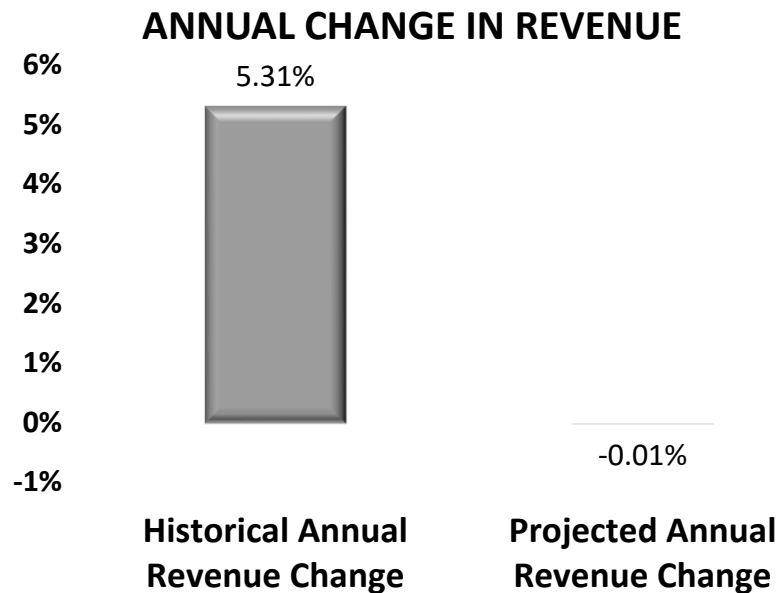


- 2.65% of General Fund Expenditures
- MGM Settlement Dollars
 - Last larger transfer expected in FY25
 - Last MGM settlement transfer (smaller) in FY26
- Other Transfers can include, funds that are in a negative position at 6/30
 - Could be:
 - Athletics
 - Energy Conservation Bond Debt
 - Food Service
 - Foundation Matching Grants

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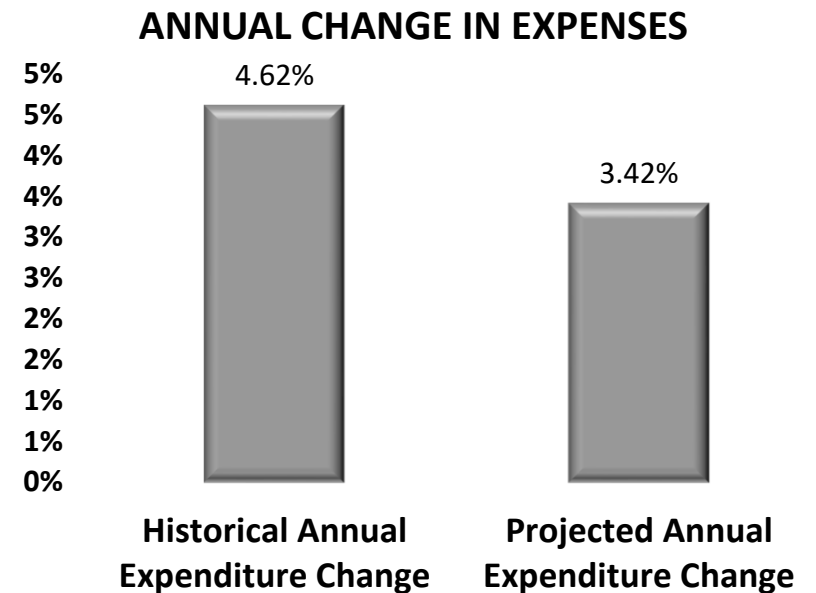
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Average Annual Change in Revenue and Expenses



Historically Revenue Change Averaged 5.31% Annually From FY 2021-2024

Revenue is Projected to Change an Average of -0.01% Annually From FY 2025-2029



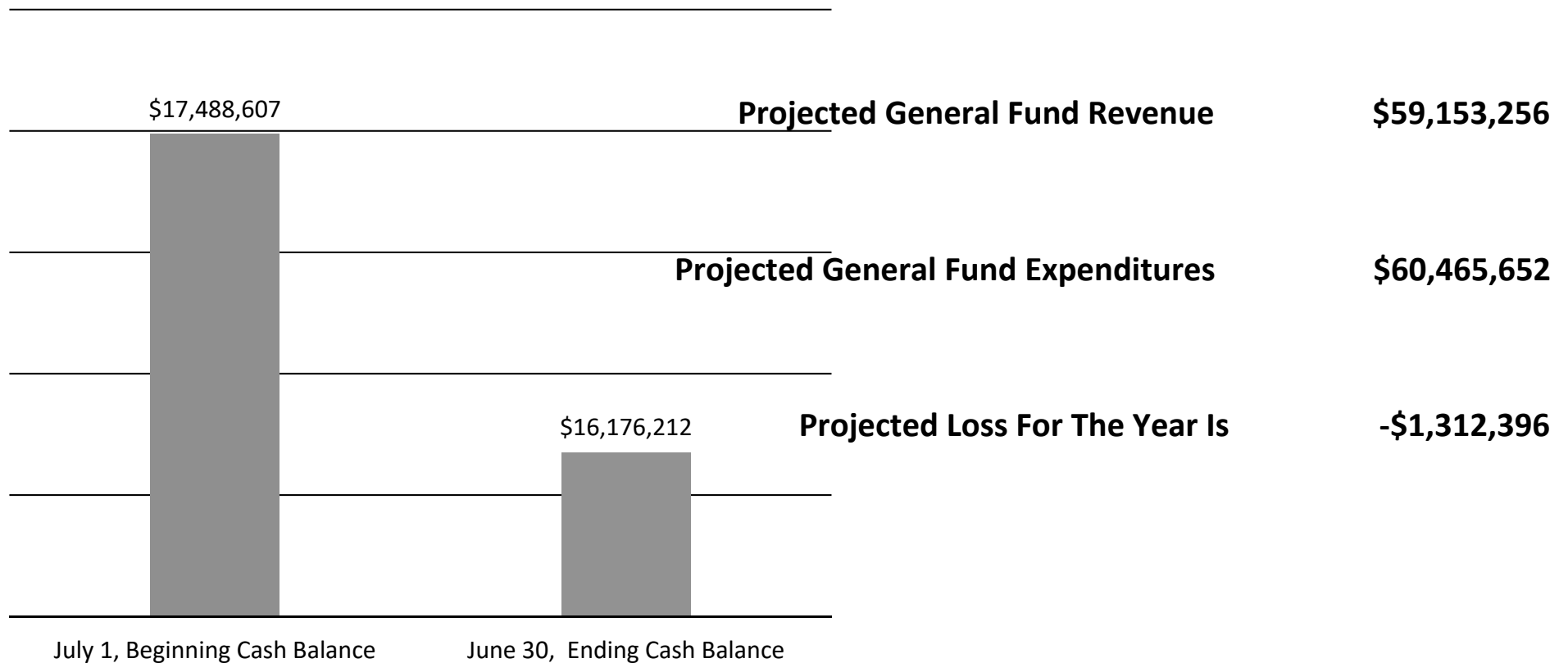
Historically Expenditure Change Averaged 4.62% Annually From FY 2021-2024

Expenditures are Projected to Change at an Average of 3.42% Annually From FY 2025-2029

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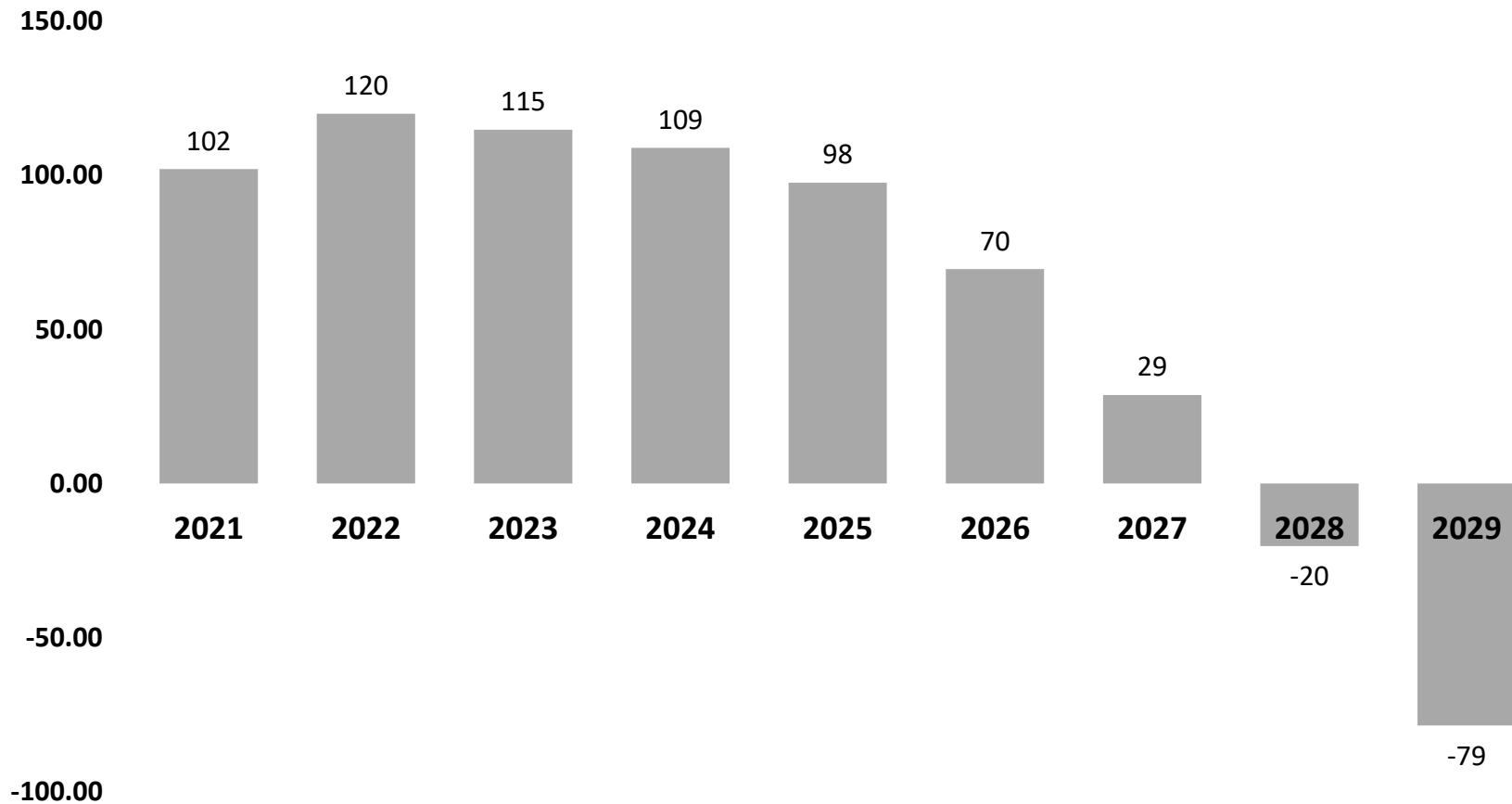
Current Fiscal Year Projected Financial Analysis



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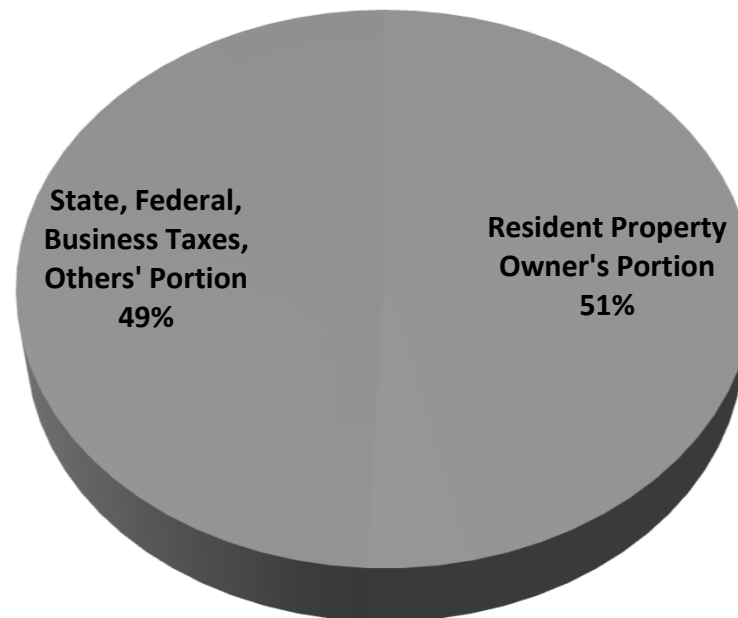
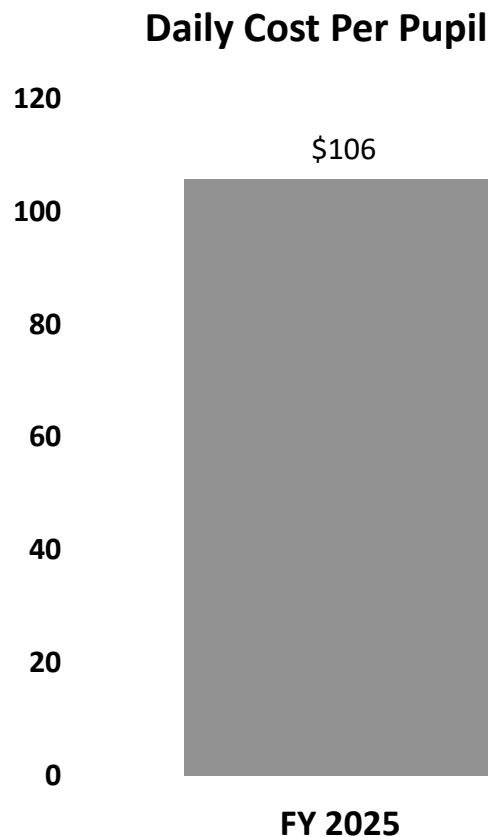
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Calendar Days Cash on Hand – Forecast Analysis



Note: Calculated on 365 Day Calendar Year

FY25 Projected Daily Cost Per Pupil



Note: Local share is calculated using a ratio of Class I property value, effective tax rate relative to total calculated property tax revenue.

Questions

Kyle Kiffer
Treasurer/CFO

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