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POPULAR ANNUAL FINANCIAL REPORT

For the Year Ending June 30, 2023

NORDONIA HILLS CITY SCHOOL DISTRICT

Inspiring Every Student to Value Learning, Community and Excellence



The picture on the front cover is of the Nordonia High School building serving grades 9-12.

*8006 South Bedford Road
Macedonia, OH 44056*

TO THE CITIZENS OF THE NORDONIA HILLS CITY SCHOOL DISTRICT:

We are pleased to present the Nordonia Hills City School District's (the "District") Popular Annual Financial Report for the fiscal year ending June 30, 2023. This report provides the communities of the District a general overview of how the District's funds are managed and spent.

The intended purpose of this report is to provide a basic understanding of the District's financial health and operations through a clear, concise and easily understandable platform. If there is interest to review a more detailed and complete financial report, please review the District's most recent audited Annual Comprehensive Financial Report that is available on the Auditor of State's website (www.ohioauditor.gov).

The Treasurer's office is committed to financial transparency and accountability while serving the best interests of all District stakeholders. We hope you find this document useful and informative. Please feel free to contact the Treasurer's office if you have any questions, comments or feedback.

Thank you for your continued support.

Matt Brown
Treasurer/CFO



NORDONIA HILLS CITY SCHOOL DISTRICT

9370 Olde Eight Road
Northfield, OH 44067

www.nordoniaschools.org

BOARD OF EDUCATION

Chad Lahrmer - *President*
Amy Vajdich - *Vice-President*
Matt Kearney - *Member*
Liz McKinley - *Member*
Jason Tidmore - *Member*

ADMINISTRATION

Dr. Joe Clark - *Superintendent*
Matt Brown - *Treasurer/CFO*
Casey Wright - *Director of Business*
Todd Stuart - *Director of Curriculum*
Dr. Shon Smith, *Director of Educational Services*
Mike Russ - *Director of Information Technology*
Carrie Hutchinson - *Director of Pupil Services*

AUDITOR OF STATE AWARD WITH DISTINCTION

In February 2023, the Auditor of State, Keith Faber, provided the District with the highest audit award available for school districts and local governments for its Fiscal Year 2021-2022 Audit Report. This award is presented to a school district that timely submits its Annual Comprehensive Financial Report and the annual audit does not contain any of the following:

- Findings for recovery;
- Material citations;
- material weaknesses;
- significant deficiencies and
- Uniform Guidance (Single Audit) findings or questioned costs.

COMPARATIVE ANALYSIS: RECEIPTS & DISBURSEMENTS

The Financial Activity Statement below is shown on a cash basis for the District's General Fund. This type of schedule, known in accounting terms as the income statement, provides a summary of the receipts received by the District compared to the disbursements paid by the District. Four years of financial activity is provided so that you can see the changes over time in the District's receipts and disbursements.

RECEIPTS	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20
Property Taxes	\$41,417,550	\$39,815,074	\$38,922,011	\$34,323,104
State Aid - Unrestricted Foundation	4,421,149	4,158,796	4,687,552	4,458,688
State Aid - Restricted Foundation	360,858	358,589	84,158	89,067
State Aid - Homestead & Rollback Reimb.	4,042,532	4,042,644	4,192,324	4,111,391
Revenue in Lieu of Taxes	4,845,323	6,425,696	1,931,237	2,331,129
Interest Income	798,538	81,478	598,721	288,286
Other Receipts	1,455,020	1,348,672	1,275,911	1,783,469
Advances & Transfers	7,695	0	26,210	0
TOTAL RECEIPTS	\$57,348,665	\$56,230,949	\$51,718,124	\$47,385,134
DISBURSEMENTS	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20
Salaries & Wages	\$30,703,367	\$28,179,054	\$27,587,483	\$26,181,649
Fringe Benefits	12,217,754	10,617,481	10,497,670	10,263,845
Purchased Services	9,164,347	9,766,113	10,091,160	8,977,337
Supplies & Materials	1,999,868	2,107,290	1,727,592	1,584,432
Capital Outlay	594,013	1,028,295	1,160,813	893,545
Other Disbursements	776,467	824,369	821,873	865,186
Advances & Transfers	1,500,000	780,272	327,528	177,554
TOTAL DISBURSEMENTS	\$56,955,816	\$53,302,874	\$52,214,119	\$48,943,548
RECEIPTS OVER (or UNDER) DISBURSEMENTS	\$392,849	\$2,928,075	-\$495,995	-\$1,558,414

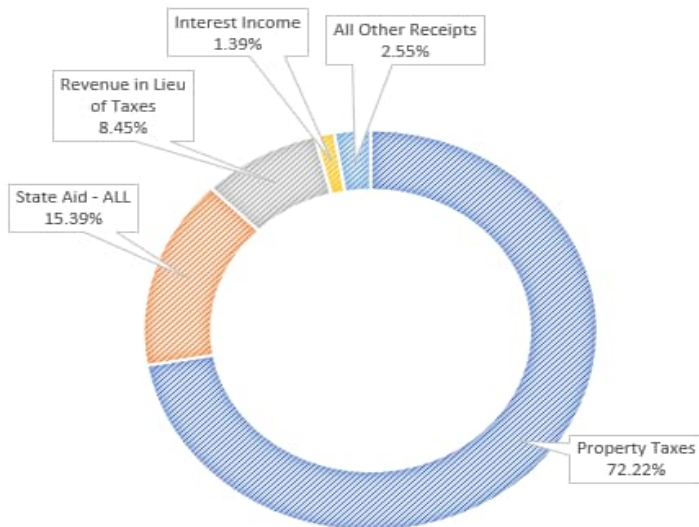
COMPARATIVE ANALYSIS: OUTSTANDING DEBT AT YEAR END – ALL FUNDS

The chart below captures all of the District's long-term debt obligations and reflects the final pay-off dates. The chart is broken down between Bonded Debt and All Other Debt. Bonded Debt is paid for from dedicated tax levies that have been approved by the voters in prior years. All Other Debt is paid for by other resources of the District's General Fund.

OUTSTANDING DEBT	MATURITY DATE	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20
BONDED DEBT					
Series 2000 School Building Improvements	December 1, 2025	\$6,445,000	\$9,055,000	\$11,480,000	\$13,805,000
Series 2008 Athletic Facilities	December 1, 2030	2,845,000	3,140,000	3,425,000	3,695,000
TOTAL BONDED DEBT OUTSTANDING		\$9,290,000	\$12,195,000	\$14,905,000	\$17,500,000
ALL OTHER DEBT					
H.B. 264 Energy Conservation	December 1, 2028	\$338,645	\$388,789	\$437,288	\$484,197
Lease - Copiers	June 1, 2028	80,246	0	0	0
Lease - Teacher Laptops	June 1, 2026	265,850	0	0	0
TOTAL ALL OTHER DEBT OUTSTANDING		\$684,741	\$388,789	\$437,288	\$484,197
TOTAL ALL DEBT OUTSTANDING		\$9,974,741	\$12,583,789	\$15,342,288	\$17,984,197

GENERAL FUND RECEIPTS

The graph below displays the General Fund's cash basis receipts for Fiscal Year 2022-2023.



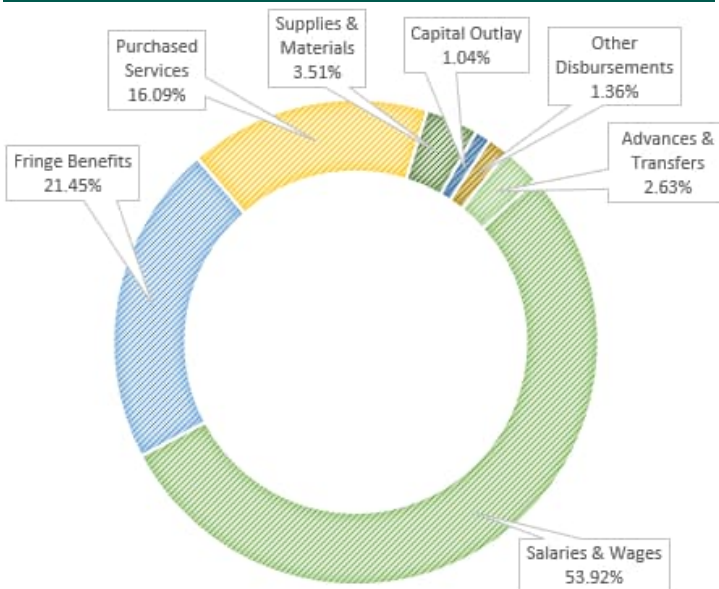
\$57,348,665
TOTAL RECEIPTS

OUR RECEIPTS are cash received from various sources. Below is a brief overview of the different types of receipts:

- *Property tax* receipts are comprised of residential payers, commercial and business payers, and public utility payers. This is by far the District's largest receipt category.
- *State Aid* receipts are comprised of funds provided from the State's biennial budget, Casino taxes and Homestead & Rollback reimbursements. This is our 2nd largest receipt category.
- *Revenue in Lieu of Taxes* is currently our 3rd largest receipt category and this is provided through tax arrangements the District enters into with property taxpayers and also specific agreements with other local governments such as cities, villages and townships.
- *All Other Receipts* is our 4th largest receipt category and only represents 2.55% of total receipts. This category is where student fees, rental fees, kindergarten tuition and other tuition receipts are all recorded here.
- *Interest Income* receipts fluctuate annually and are mainly dependent on current interest rates and cash balances.

GENERAL FUND DISBURSEMENTS

The graph below displays the General Fund's cash basis disbursements for Fiscal Year 2022-2023.



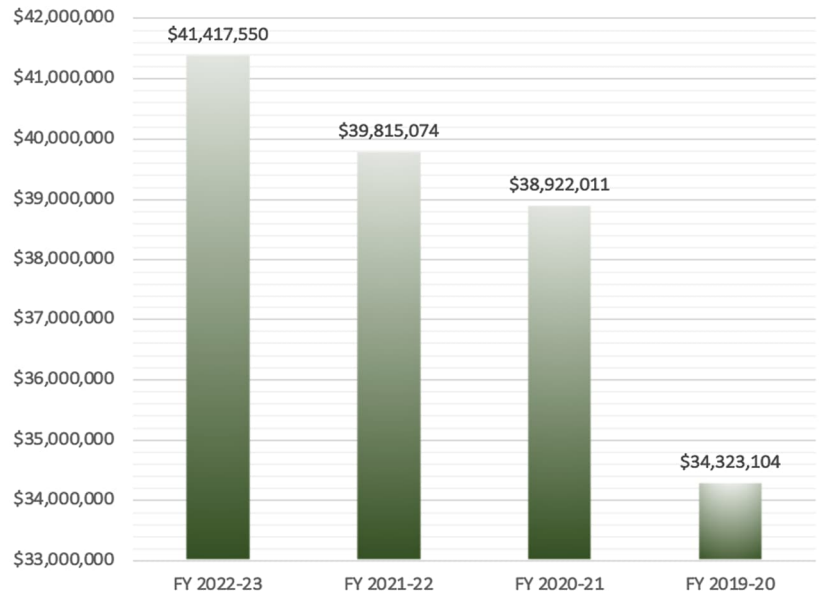
\$56,955,816
TOTAL DISBURSEMENTS

OUR DISBURSEMENTS are cash paid out to different persons, businesses and other governmental entities. Below is a brief overview of the different types of disbursements:

- *Salaries & Wages* are payments made to our staff, coaches and other advisors. This is by far the largest disbursement category of the District.
- *Fringe Benefits* is the 2nd largest disbursement category of the District. This category pays the employee's healthcare insurance, required pension contributions, Medicare contributions and workers compensation. All employees that receive insurance are required to contribute a percentage of their pay to help cover the cost of healthcare insurance.
- *Purchased Services* is the 3rd largest receipt category of the District. This category covers disbursements for a number of contractual services. Most notably student busing for regular and special education, nursing, counseling, special education pre-K and contracts for the upkeep and maintenance of the District's facilities. Utilities are also paid from this category.
- *Supplies & Materials* is our 4th largest receipt category but only represents 3.51% of total disbursements. This category is where classroom items, such as software materials, are purchased from. Additionally, bus/fleet gasoline and diesel, office supplies and maintenance supplies are included here.
- The other disbursement categories are significantly minor to the overall disbursement total and do not fluctuate significantly.

COMPARATIVE ANALYSIS: PROPERTY TAXES

To the right is a graph depicting the amount of cash collections received by the District from residential, commercial/business, and public utilities property taxpayers. Property taxes provide a majority of the local revenue needed to operate and maintain our schools. Property tax rates are calculated in mills. One mill is 1/1000th of assessed property value determined by the Summit County Fiscal Officer. Simply put, one mill is \$1.00 for every \$1,000 of assessed value.



UNDERSTANDING PROPERTY TAXES...*At Least an Attempt to...*

Unfortunately, digging into how your property taxes are calculated can be a confusing and frustrating task. An overwhelming amount of your property taxes have been established through a vote of the citizens. This vote accomplishes two things: 1) the length of the tax levy and 2) the tax amount or rate. This on its surface is simple, however the tax amount or rate is calculated off of your property's value. This is where things get messy. If all things stayed the same, when your property value increases so would your taxes. The opposite would be true if your property value decreases. Understandably, your tax burden could become burdensome if your property's value increases significantly. Alternatively, your tax burden would be relieved if your property values decreased significantly. This decrease could cause financial stress and uncertainty on the District that was expecting a certain amount of revenue to provide for its educational programs.

To remedy this challenge, the State passed H.B. 920 back in the 1970s. This law controls the amount of taxes from a property taxpayer independent of what happens to that taxpayer's property value. During reappraisals, the County will appraise the value of your property. The voted tax rate will need to be adjusted up or down dependent on what happens to the value of your property. This rate adjustment is commonly referred to as the *Effective Rate*. Therefore, if your property value increases the Effective Rate will decrease to the level at which you will pay no more in taxes than you did when the tax levy was originally passed by the voters.

There are a few instances in which H.B. 920 does not apply so if you see your property taxes increase year over year then that could be one reason for those increases. Inside unvoted millage is the lead contributor to this and is governed by State law.

Gross Rate vs. Effective Rate

The chart below reflects the difference between the original voted tax rate and the current effective tax rate for the most recent tax year (2022).

	GROSS RATE	EFFECTIVE RATE	LENGTH APPROVED
Unvoted (Inside) - Operating	4.97	4.97	Continuous
Voted (Outside) - Operating	67.31	30.61	Continuous
Voted - Bond Retirement	2.81	2.81	Adjusted Annually
TOTAL RATE	75.09	38.39	

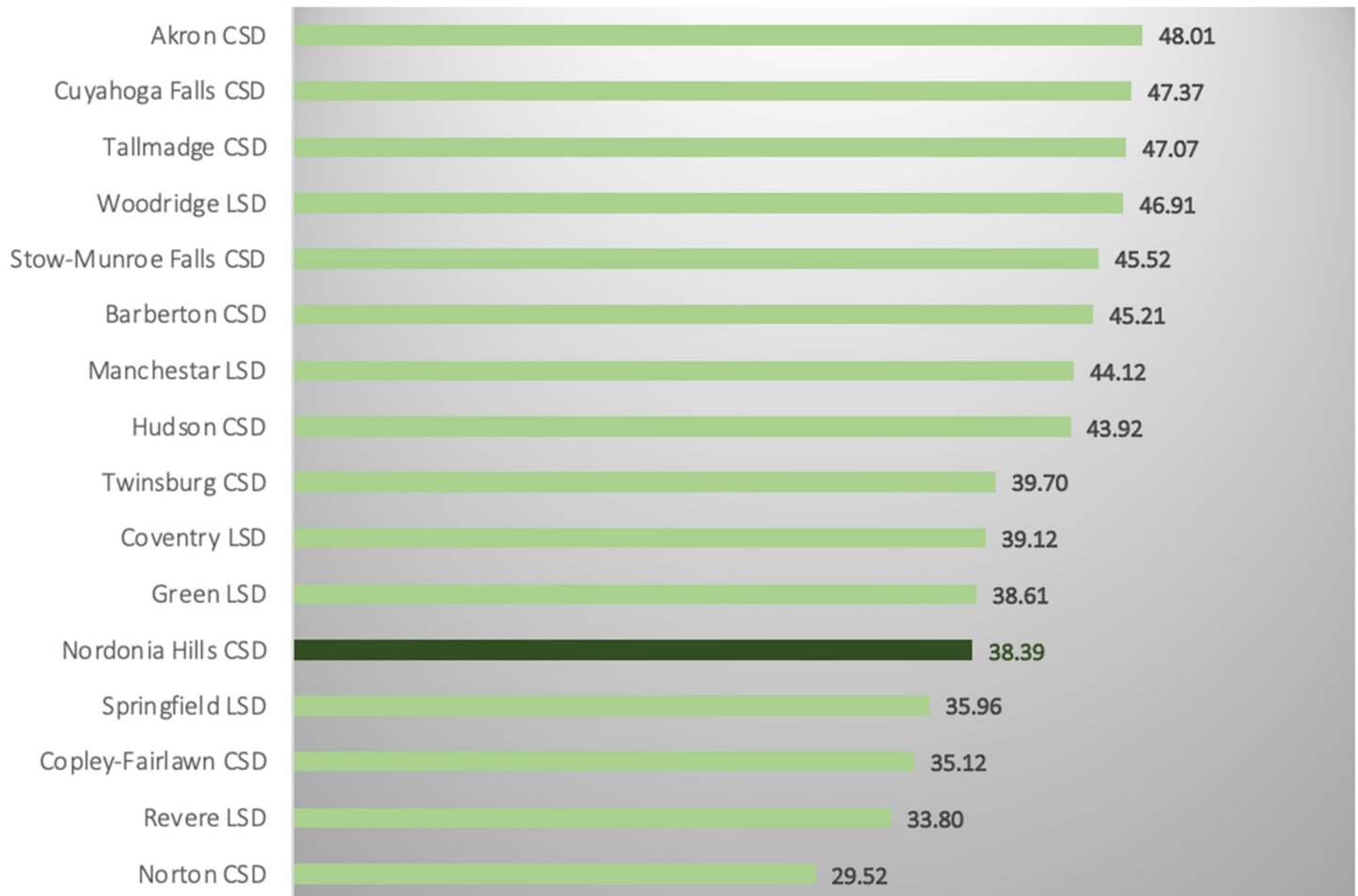
Assessed Values of Property

The chart below reflects the actual value of all the property within the District. Assessed value is established by State law at 35% of the respective property's appraised fair value.

TAX YEAR	GENERAL REAL ESTATE	PUBLIC UTILITY TANGIBLE	TOTAL
2022	\$1,113,726,600	\$59,411,950	\$1,173,138,550
2021	1,101,220,360	48,922,290	1,150,142,650
2020	1,094,826,470	45,348,840	1,140,175,310

VALUE FOR THE LOCAL TAXPAYER: LOW EFFECTIVE TAX RATE & HIGH STUDENT ACHIEVEMENT

Despite funding challenges, including continued limitations on state funding levels, Nardon Hills City School District's tax rate remains among the lowest in Summit County. In fact, Nardon Hills City School District was one of only 5% of all the school districts across Ohio that received a calculated 5 Star rating from the Ohio Department of Education for the 2022 School Year. The chart below reflects all the school districts in Summit County ranked by their effective tax rate for Tax Year 2022 (highest to lowest).



KNIGHT

NORDONIA HILLS CITY SCHOOL DISTRICT

Inspiring every student to value learning, community and excellence



Resilience - a commitment to overcoming setbacks and adapting to change

Communication - a commitment to conveying information effectively in diverse environments

Ownership - a commitment to being responsible for one's actions and their outcomes

Collaboration - a commitment to working cooperatively with others to achieve a goal

Caring - a commitment to help others and be kind to oneself

Critical Thinking - a commitment to objectively evaluate information to create viable solutions

Creativity/Innovation - a commitment to turning new and imaginative ideas into reality

