

Northeastern Local School District  
October 19, 2017  
Five Year Forecast  
Line by Line Analysis for Forecasted Years 2018 thru 2022

**REVENUES**

1.010 "General Property Tax" represents the real estate taxes received in the district.

General Property Tax accounts for 33.2% of General Fund revenue. CY2016 was a reappraisal year for property taxes. The update was favorable for us. Also, our delinquent property tax collections were higher this year than in the previous year. Our total tax collection rate for FY 2017 was 100.1%, which is 1.4% higher than in FY 2016. Moving forward, I expect a slight decrease due to CAUV values expecting to drop, as well as our delinquent collection percentage.

1.020 "Public Utility Personal Property" represents all Tangible Personal Property and Public Utility Property Tax Revenue. Tangible personal property has been phased out locally. Public utility personal property values remain to be taxed so the revenue levels off at over \$400,000 moving forward.

- As shown on the five year forecast, there is a slight increase in this line item each year.

1.030 "Income Tax Revenue" represents the 1% Earned Income Tax levy passed in May 2015.

- Income Tax revenue accounted for less than one percent of total General Fund revenue last year. The estimate I used for income tax collections is simply a best guess until we have historical data to benchmark. I have increased each year due to estimated growth in income for the residents in the district.

1.035 "Unrestricted Grants-in-Aid" represents our State Foundation Funding. According to the new Biennium Budget, Northeastern LSD is to receive some additional state aid in FY18 (0.9%).

- As can be seen on the forecast, this line item is showing a slight decrease from last year. This line item includes all of our state funding, as well as casino monies. While our state funding was set to increase .9% this year, there is an anticipated decrease in casino funding.

1.040 "Restricted Grants in Aid" consists of catastrophic special education reimbursement, career tech weighted funds, as well as economic disadvantaged funds.

- There is a slight decrease shown this year for catastrophic reimbursement payments and a decrease in economic disadvantaged funding due to our decrease in overall enrollment.

1.050 "Property Tax Allocation" represents homestead/rollback reimbursements and the current personal tangible hold harmless allocation.

- This line will fluctuate with increases in homestead/rollback, however, it has decreased this year due to the complete phase out of the personal tangible property tax.

1.060 The "All Other Revenues" line item includes all school fees, pay to participate fees, and miscellaneous revenue received. Two examples of miscellaneous revenue would be revenue received for use of our buildings and all open enrollment revenue that comes into the district. The open enrollment dollars that leave the district are included as expenditures in the purchased services line item.

- Other revenues represent 8.4% of total General Fund revenues. There is a decrease in this line item mainly due to the decrease in pay to participate fees, as well as a decrease in excess cost revenue. Excess Costs revenue is revenue from other school districts for students that we educate that do not reside in the district (court placed, foster placed, etc.)

2.070 The "Other Financing Sources" line item includes revenues that do not qualify as operating revenues and do not occur every year.

- Other Financing Sources represents less than 1% of total General Fund revenues. The decrease reflected here is due to better projections of salary figures for SERS, which results in a lower refund. And there were no other unexpected refunds during the year.

## EXPENDITURES

3.010 "Personnel Services" consists of all general fund salaries.

- I have included an increase each year due to the step increases that occur each year. There were also negotiated raises given for FY 18 and FY 19. This accounts for the large increase in this line item for FY 18, and going forward.

3.020 The "Employees' Retirement/Insurance Benefits" line item represents retirement and benefits.

- The greatest impact on this line item occurs due to insurance premium increases. For FY 17, there were no increases in any of the four insurance premiums. The only increase was in dental insurance (6%). It is very uncommon to have three consecutive years with no increase in health insurance. For FY 18, health insurance premiums increased 5%. We negotiated with our dental and vision companies for a zero percent increase for FY 18.

3.030 The "Purchased Services" line item includes things such as open enrollment students leaving the district and expenditures for students living in our district that attend community/charter schools. Other examples include data processing services, maintenance and repair of equipment and buildings, employee travel allowances, postage, professional development, post-secondary enrollment options, tuition paid to other districts for students residing in our district, special education excess cost, outside supervisory services, and phone services.

- This line item can fluctuate significantly due to having so many components. However, for future fiscal years, I estimated a 5% increase each year over the year before for this line item. Also, I have added additional expenditures for repairs in our maintenance and transportation departments.
- There is a significant increase in this line item for projected increases for the College Credit Plus program and a contract with the Clark County ESC for Speech, an ED Special Education Unit, our Communications liaison, ELL Tutor, and Psychologists.
- Open Enrollment Out has increased \$215,115 from FY 16 to FY 17. (\$1,161,875 to \$1,376,990)
- Community School Deduction/STEM has increased \$279,336. (\$793,524 to \$1,072,860)
- Scholarship Deductions have increased \$85,301. (\$136,938 to \$222,239)
- Clark County ESC Services have increased \$411,948. (\$185,859 to \$597,807)
- CCP increased \$67,000 (semester credit only).
- Total: \$1,058,700 increase from FY 16 to FY17.

3.040 The "Supplies and Materials" line item includes items such as instructional supplies, first aid supplies, educational software, textbooks, newspapers/periodicals, library books, fuel and tires for busses.

- This line item is consistently increasing due to price increases in supplies and fuel.
- Supplies expense represents 3% of total General Fund expenditures. We are currently experiencing an increase in fuel costs over last year, as well as an increase in custodial supply cost. Also, our old equipment is constantly in need of repair/additional supplies to keep them useful.

- 3.050 The "Capital Outlay" line item is expenditures for items that have a useful life of 5 years or more and are not purchased from the permanent improvement fund.
- Capital Outlay expenses represent 1.4% of total General Fund expenditures last year. However, I expect that amount to increase over the next five years, mainly due to our Capital Improvement Plan. We spent capital outlay dollars in FY 17 on one bus, chrome books, paving, striping, and roof repairs. We rely heavily on this line item when the balance is low in our Permanent Improvement Fund. The District currently has \$180,761 in the Permanent Improvement Fund.
- 4.010 The "Debt Service" line item represents principal and interest for our 10 year energy conservation bonds. The revenue was used for installation of energy efficient items in the district. The final payment was in FY 12.
- 4.300 The "Other Objects" line item consists mostly of Auditor and Treasurer Fees imposed by Clark County for their tax collection and distribution services. Other expenditures represent a little more than 1% of total General Fund expenditures. There was an increase in auditor and treasurer fees, as well as audit costs this year. We also have to pay fees related to the income tax collection.
- 5.040 The "Other Financing Uses" line item consists of advances/transfers made each year to the food service fund. Unfortunately, with the new requirements for serving sizes and items served, our food service account continues to struggle financially. We implemented a Point of Sale system as a cost cutting measure. FY 17 was the first full year that this has been in place.
- 6.010 The "Excess of Revenue & Other Financing Sources Over (Under) Expenditures and Other Financing Uses" displays the districts efforts to eliminate deficit spending. Efforts are constantly being made to contain costs. However, we strive to continue doing what's best for the students.
- 7.020 The "Cash Balance June 30" line item represents the actual cash balance as of June 30<sup>th</sup> in any given fiscal year. As you can see, due to the passage of the 1% Earned Income Tax, and according to our assumptions in the five year forecast, we have eliminated our negative fund balance within the first three years of this five year forecast. We continue to be good stewards of tax dollars and do what is best for students.
- 10.010 The "Fund Balance June 30 for Certification of Appropriations" line item represents the balance after end of year encumbrances are taken into consideration.

## OTHER NOTATIONS

Ohio operates on a two year biennial budget. It is approved by the state legislature and the governor. Because these are political bodies, the state budget can change focus every two years. According to the Ohio Association of School Business Officials (OASBO), the first three years of every five year forecast are the most relevant. For this forecasting period, however, two years of the three are dependent upon the new state budget bill that was passed in June 2017. With that being said, it is difficult to predict future state funding levels. Northeastern LSD's State Funding makes up 40% of our general fund revenue.

**Revenues:** As a district, we are continuing to examine other possible revenue streams. For example, the district contracted with Edmentum in FY 17 and FY 18 to offer additional online courses to not only give extra options to our current students, but also bring back revenue we lose from students attending other virtual schools.

**Expenditures:** As in the past, when employees retire/resign, their positions are being looked at to see if they require being filled. If not, this will allow us to save more money. Several positions were eliminated this way for FY 12 to FY 17. We also had a reduction in force with our certified staff at the end of FY 17. However, as other necessities arise; savings sometimes get eliminated. The superintendent has and will continue to recommend a number of cost containment measures for the district.

For further clarification, the 5-year forecast represents only the general operating funds of the district.

There are no other special state grants, federal grants, student activities, food service or latchkey monies included in this document. These items are accounted for in other reports of the school district. However, all district funds are included in the appropriations that were adopted in September and are adjusted monthly as more up to date information becomes available.

For questions about the five year forecast, please contact Denise L. Robinson at [deniserobinson@nelisd.org](mailto:deniserobinson@nelisd.org) or call the Board of Education office at 937-325-7615.