

Northeastern Local School District  
May 17, 2017  
Five Year Forecast  
Line by Line Analysis for Forecasted Years 2017 thru 2021

**REVENUES**

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

General Property Tax accounts for 35.8% 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 is 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. I had originally estimated \$3,126,455 to be received in FY 17, however actual collections were only \$2,815,410, creating a difference of \$311,045. Per the Ohio Department of Education, tax revenues, which were below estimate by \$411.6 million through February, fell even further to \$614.6 million below estimate through March. So, it seems in line with the fact that our collections fell short of my estimation also.

1.035 "Unrestricted Grants-in-Aid" represents our State Foundation Funding. According to the most recent Ohio Department of Education projections, Northeastern LSD is to receive some additional state aid in FY17.

- As can be seen on the forecast, this line item is showing a slight increase from last year. This line item includes all of our state funding, as well as casino monies.

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 increase shown this year for catastrophic reimbursement payments and an increase in Career Tech Funding.

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 personal tangible property.

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 8.5% of total General Fund revenues. There is a increase in this line item mainly due to the fact that FY 15 Excess Costs weren't received until July 2016 (FY 17). Then we also received FY 16 reimbursement in March 2017 (FY17). So, two years of excess costs were received in one fiscal year, causing the large fluctuation in revenue from one year to the next. Excess Costs 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 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 significant negotiated raises given for FY 16 and FY 17 as compared to previous years. This accounts for the large increase in this line item for FY 17, 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. For FY 17, the only increase was in dental insurance (6%). It is very uncommon to have three consecutive years with no increase in health insurance. Next year medical insurance is increasing 5%.

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, Communications liaison, a Curriculum Administrator, ELL Tutor, and Psychologist.
- Open Enrollment Out has increased in the amount of \$235,624 from this time last school year.
- Community School Deduction has increased \$62,000 from last school year.
- STEM School deductions have increased \$271,500 since last school year.
- Scholarship Deductions have increased \$109,425 since last school year.
- Clark County ESC Services have increased \$500,000 since last school year.
- CCP increased \$123,000 (semester credit only).
- PD increased \$50,000.
- Total: \$1,351,549 increase since last year at this time.

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 increases due to price increases in supplies and fuel. I have estimated an increase each year for this line item.
- Supplies expense represents 2.5% 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. In FY 17 we spent \$218,000 for the ELA Curriculum out of this line item also. As of May 1st, we have spent \$18,856 for College Credit Plus (CCP) Textbooks. Also, our old equipment is constantly needing 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 represented less than 1% 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 more heavily on this line item when the balance is low in our Permanent Improvement Fund. The District currently has \$246,000 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. This year that was an additional \$42,000.
- 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 will be the first full year that this has been in place. I have anticipated half of the previous years’ transfer amounts this year, in hopes that we can make positive strides this year in our Food Service Fund. I will not know if this amount is enough until all purchase orders are paid in full in June.
- 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 upcoming state budget bill that will likely be passed a few days before FY 18 begins. With that being said, it is difficult to predict future state funding levels. Northeastern LSD's State Funding makes up 44% of our general fund revenue. That is a significant amount of revenue to be uncertain about for the next four years of this five year forecast.

Revenues: As a district, we are continuing to examine other possible revenue streams. For example, the district contracted with Edmentum in FY 17 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 are also looking at a reduction in force with our certified staff for next year. 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@nelso.org](mailto:deniserobinson@nelso.org) or call the Board of Education office at 937-325-7615.