

Northeastern Local School District
October 15, 2015
Five Year Forecast
Line by Line Analysis for Forecasted Years 2016 thru 2020

REVENUES

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

- We experienced healthier collection rates and collection splits for FY '15. Our collection rate for the year was over 100% (which includes delinquent tax collections). This is consistent with other districts in our county for this year, however we cannot expect this large collection percentage in the future. Historically, we are below 100%. For FY'16, we are projecting 99%. The decrease shown for this current fiscal year is due to the decrease in the projected collection rate as well as historical trends.

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.

- As can be seen on the forecast, only a minimal amount is received in FY 16. A full year of collections will not take place until FY 18.

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 no additional state aid in FY16.

- 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. In August, we received \$89,061 in casino revenue.

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 large decrease shown this year because in FY 15 we received two catastrophic reimbursement payments (one was a late payment from FY 14). This year we should only receive one.

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 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.

- I do not anticipate any significant changes in this line item in FY 16 or in future years except for a slight decrease due to a reduction in Pay to Participate fees that started this year.

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

- In September 2015, we received another SERS refund. We also received a refund in FY’16. As noted last year, SERS has not been using my estimated calculations. However, even if they had, we would still have been issued a refund. It is very difficult to predict the SERS liability with so many changes in our staff, whether it is through reduction in force, not filling open positions, retirements, or a combination of all of those mentioned.

EXPENDITURES

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

- I have included an increase each year due to the step increases that occur each year. There is also a 2% increase on the base for FY 16 and FY 17 for negotiated raises.

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 16, there were no increases in any of the four insurance premiums.

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 also an increase in this line item for projected increases for the College Credit Plus program and a contract with the Clark County ESC for Speech services.

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.

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.

- This line item is used throughout the year for capital asset purchases, such as computers, vocational purchases, and other inventory items. However, it is more heavily relied upon in years where our Permanent Improvement Fund balance is low. So, there can be significant changes in the actual dollar amount spent in this line item. For budgeting purposes, I show an increase in this line item over the 5 year period. This is mainly due to the passage of the 5 Year Master Plan for Capital Improvements.

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. The increase for FY 16 is minimal and represents increases in auditor and treasurer fees and other dues and fees.

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 are currently implementing a Point of Sale system as a cost cutting measure.

- 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 30th 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 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

Revenues: As a district, we are continuing to examine other possible revenue streams. For example, the district contracted with Peak 12 again in FY 16 to offer 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 15. 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 or call the Board of Education office at 937-325-7615.