

Northeastern Local School District
May 21, 2015
Five Year Forecast
Line by Line Analysis for Forecasted Years 2015 thru 2019

REVENUES

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

- We have experienced healthy collection rates and collection splits since FY 12. 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%. The decrease shown for the next fiscal years 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 stay level or increase slightly moving forward.

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

1.030 "Income Tax" represents the 1% Earned Income Tax the district passed on May 5, 2015. Collections begin in FY 2016, with a full year not being collected until FY 18.

1.035 "Unrestricted Grants-in-Aid" represents our State Foundation Funding. According to the most recent Ohio Department of Education projections based on the funding passed by the House, Northeastern LSD is to receive \$699,061 in additional state aid in FY16 and \$253,407 in FY 17. This dollar amount can be found in this line item, as well as in the "restricted grants in aid" line item. I have used these figures in the five year forecast so I must caution the district that if the Senate passes a different version, this line item may change significantly.

- This line item includes all of our state funding, as well as casino monies. In January 2015, we received \$87,971 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 increase shown this year because we were late receiving last year's catastrophic reimbursement, which means we will be receiving two payments this fiscal year if the state goes back to the original reimbursement schedule. Also, the catastrophic reimbursement we received this year was much larger due to additional funds set aside in the state budget last year.

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.

- This line item shows a decrease beginning next year due to the anticipated reduction in Pay to Participate fees that the district promised if the levy passed.

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 2014, we received another SERS refund. We also received a refund in FY’14. 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.
- In October, the District received a refund from the Clark County Auditor’s office in the amount of \$94,236 for the general fund. This refund was issued due to a surplus in the “Real Estate Assessment Fund” of the Clark County Auditor. That figure is included on the five year forecast for this fiscal year.
- In November, the district received another Bureau of Worker’s Compensation refund as part of their “Another Billion Back” program. We received \$78,011 for the general fund.

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. I have not included any negotiated increases in this line item.

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 15, the increase in health insurance premiums is 5.5%. This includes a 2% adjustment for the new Health Care Reform changes that began January 1, 2014. For FY 16, there will be no increase in Health Care Costs. A zero percent increase from one year to another is highly uncommon.

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.
- For FY 15, we had several increased costs over FY 14 such as: Progress Book, Professional Development for PB, SLO, RTI, back-up for email, increases in purchases for maintenance/transportation.
- Increase in STEM School and Open Enrollment Out of approximately \$200,000 from FY 14 to FY 15.
- Increase in LFP insurance from FY 15 to FY 16 of about 2%.
- Increase in CC+ for FY 16 of \$150,000
- Increase in Nurse Services (or Salary/Benefits) for two new Special Ed students for FY '16 est. \$180,000.
- Increase in MVECA fees of \$13,000 from FY 15.

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 a 10% increase each year for this line item. I also increased this line item to account for extra monies needed for tires and tubes in the transportation department, as well as other materials needed above and beyond the expenditures made in the prior year.
- Large decrease this year in diesel fuel is reflected in the five year of almost \$100,000 due to lower prices.

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.
- FY '16 and beyond includes an additional \$500,000 in capital improvements that the Board passed in November 2014 (to be implemented upon passage of the levy). (I only included ½ of the approved expenditures). The PI Fund can only fund \$230,000 in expenditures per year from the \$430,000 yearly collection.

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.

5.040 The “Other Financing Uses” line item consists of advances/transfers made each year to the food service fund. We are looking at ways to cut costs and have a proposal for the Board to consider. Due to that proposal, I have phased out the transfer to the food service fund over the next couple of fiscal years.

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, with the continued good stewardship of district funds, the new funding we are projected to receive from the Governor’s budget, and with the passage of the new levy, we no longer have a projected deficit on this five year forecast. I do not want this to mislead anyone however. As I stated before, the district will not know for sure about the amount of funds that we will receive under the new budget until approximately June 30th. The new budget amounts significantly impact FY 16 and every fiscal year after that.

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.

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, FY 13, and FY 14. 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.