

Northeastern Local School District
May 15, 2014
Five Year Forecast
Line by Line Analysis for Forecasted Years 2014 thru 2018

REVENUES

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

- We experienced an increase this year due to monies being recouped from the Navistar payment last year. We also experienced healthier collection rates and collection splits for FY '14. Our collection rate for the year was 103% (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%.

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.

1.035 "Unrestricted Grants-in-Aid" represents our State Foundation Funding. It reflects the "Core Funding" model that was passed in House Bill 59 and became effective September 29th, 2013. According to the most recent Ohio Department of Education projections, Northeastern LSD is to receive \$474,921 in additional state aid in FY 14 and \$210,184 in additional state aid in FY15.

- As can be seen on the forecast, this line item has increased significantly from last year. This line item includes all of our state funding, as well as casino monies. For FY '14, we received \$184,787 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.

- This line item remains fairly consistent on the five year.

1.050 "Property Tax Allocation" represents homestead/rollback reimbursements and the current personal tangible hold harmless allocation. Since FY'11, we have lost over \$1,000,000 in personal tangible.

- This line will fluctuate with increases in homestead/rollback, however, it will eventually decrease due to the phase out of personal tangible property. The phase out was slated to start in August of 2011 and to go on for the following six years. Amended Substitute House Bill 1 of the 128th General Assembly however, postponed the starting of the phase-out period to August 2013.

1.060 The “All Other Revenues” line item includes all school 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 increased in FY '14 due to a full year of Pay to Participate (PTP) fees being collected. I do not see any significant changes in this line item in the future unless we raise school fees and/or PTP fees.

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

- During FY 14, the district received a one-time Worker’s Compensation refund in the amount of \$89,343 for the general fund. This refund was given to all school districts in the State of Ohio based on past payments and due to the surplus in the State Workers’ Compensation Fund. Also during the fiscal year, the district received an \$112,057 general fund refund for overpayment in SERS contributions. Each year the district is required to submit an estimate of salaries for the next fiscal year. According to my records, SERS did not use the calculation I sent to them, rather they used the prior year estimate, resulting in this overpayment.

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. Also, with our federal funds being reduced through sequestration, this line item will continue to increase.

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. We had a 6.5% increase in health premiums for FY 14, which is still lower than industry standard. For FY 15, the increase is 5.5%. This includes a 2% adjustment for the new Health Care Reform changes that began January 1, 2014.

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.

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 budgeted a 5% increase each year over the year before 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.
- 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. This increased for FY 14 due to the special election costs, and I have estimated these fees will increase each year due to special election costs and increases in auditor and treasurer fees.
- 5.040 The “Other Financing Uses” line item consists of advances 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 looking at ways to cut costs such as increasing breakfast and lunch prices, as well as not filling open positions.
- 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, we have pushed back our negative ending balance to the end of fiscal year 2016. I do not want this to mislead anyone. The District Wellness Plan, coupled with the increase in state funding that we are “supposed” to receive, has pushed back our red balance. 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 has contracted with Peak 12 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 and FY 13. 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.

Due to the need for new operating money for the district, the Board has placed a 1% earned income tax on the August 5th, 2014 ballot. With the passage of a 1% earned income tax, the district would realize a significant black balance for every year in the five year forecast.

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@nelsd.org or call the Board of Education office at 937-325-7615.