

Northeastern Local School District
October 24, 2013
Five Year Forecast
Line by Line Analysis for Forecasted Years 2014 thru 2018

REVENUES

1. "General Property Tax" represents the real estate taxes received in the district. We experienced an increase during the first collection period due to some monies being recouped from the Navistar revaluation last year. Overall projections from the county auditor's office are that our district will see a slight increase in real estate values for calendar year 2013.
2. "Tangible Personal Property" represents all Tangible Personal Property and Public Utility Property Tax Revenue. Tangible personal property has been phased out locally. Due to the economy and the state's decreased funding to schools, the phase out was accelerated. The phase out is slated to last six years. Public utility personal property values remain to be taxed so the revenue levels off at over \$400,000 moving forward.
3. "Unrestricted Grants in Aid" represents our State Foundation Funding. It reflects the "Bridge Formula" that we began using two years ago. The "Bridge Formula" is will be replaced in October 2013 with the new "core funding" model that was passed in House Bill 59 and became effective September 29th, 2013. There are still many questions to be answered regarding the new funding model and what restrictions will be placed on the state funds. 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. I have included a Summary of HB 59 (as enacted) in your packet, as well as the State Aid Estimates by district. Those estimates have been included in the five year forecast under this line item.
4. "Restricted Grants in Aid" consists of catastrophic special education reimbursement and career tech weighted funds (that are now moved from general revenue funds to a restricted line so that it appears we are receiving weighted funds).
5. "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 property – see note 2 above.
6. 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.

EXPENDITURES

7. "Personal Services" consists of all general fund salaries. I have included a slight increase from last year's actual figures. This is due to the negotiated increases for both collaborative bargaining units for FY'14, as well as the step increases that were reinstated for this fiscal year. Also, with our federal funds being reduced through sequestration, this line item will continue to increase.
8. 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 for FY 14, which is still lower than industry standard. This 6.5% increase includes a 2% adjustment for the new Health Care Reform changes that begin January 1, 2014.
9. 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. 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 are other examples of things included in this line item.
10. 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. Also, bus fuel is contained in this line item, so a major fluctuation in fuel cost can easily have a negative impact here.
11. 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. Since the passage of the districts permanent improvement levy, this line item has been minimal and fairly consistent. We are continuing to try to spend more money out of the Permanent Improvement fund and maintain a larger General Fund balance.
12. 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.
13. The "Other Objects" line item consists mostly of Auditor and Treasurer Fees imposed by Clark County for their tax collection and distribution services. This is expected to increase for FY 14 due to the special election costs.
14. The "Excess of Revenue & Other Financing Sources Over (Under) Expenditures and Other Financing Uses" displays the districts deficit spending due mostly to declining revenues. Efforts are constantly being made to contain costs. However, we strive to continue doing what's best for the students.
15. 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 from the end of fiscal year 2015 to the end of fiscal year 2017. 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.
16. 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 November 5th, 2013 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@nelso.org or call the Board of Education office at 937-325-7615.