

Northeastern Local School District

Popular Annual Financial Report

For Fiscal Year Ended June 30, 2021



KENTON RIDGE
COUGARS



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2021 Popular Annual Financial Report

We are proud to present the Popular Annual Financial Report for the Northeastern Local School District for the Fiscal Year ended June 30, 2021. This Popular Annual Financial Report (PAFR) is intended to present the financial status of Northeastern Local School District (NELSD) in an easy-to-read format. We hope this helps you understand the basic financial health and the operations of our district.

We also prepare a more detailed Comprehensive Annual Financial Report (CAFR) that reports all financial operations in accordance with General Accepted Accounting Principles (GAAP). The information presented on this page and the adjacent page are generated from the accrual statements presented in the CAFR and includes all Funds. The remainder of the report is reported on cash basis and includes information related to the Five-Year Forecast which includes the General Fund and related debt. The importance of presenting the forecasted period provides the reader of this report a look forward in considering the present financial position. Each report provides an additional level of detail, you may obtain a copy of the CAFR or Five-Year Forecast on the District's website, www.nelsd.org or by contacting the Treasurer's Office at 937-325-7615.



We appreciate the support of the Board of Education who encouraged us to create this document. The Administration of NELSD is responsible for the management of Federal, State, and Local Tax dollars in its care and to ensure that those dollars are used for their intended purpose of providing a first class education to its students. We sincerely hope that this report helps demonstrate that.

Link to 2021 Comprehensive Annual Financial Report - <https://bit.ly/3Kp7hVF>.

2021 Financial Position Statement

The Financial Position Statement below shows what the District owns compared to what the District owes. The difference between the two is the "Net Position" of the District.

Currently, our Net Position is \$17.25 million, an increase of \$13.78 million from FY 2020. The District experienced an increase in Net Position due to an increase in value of work in progress as our construction process started.

Statement of Net Position -All Funds As of June 30, 2021 and June 30, 2020		
Assets	2021	2020
Cash & Investments	\$ 90,680,217	\$ 98,739,861
Receivables	\$ 23,793,765	\$ 20,701,437
Capital Assets	\$ 39,380,332	\$ 17,728,271
Deferred Outflows of Resources	\$ 7,651,417	\$ 9,050,246
Total Assets	\$ 161,505,731	\$ 146,219,815
Liabilities		
Short-Term Liabilities	\$ 3,990,994	\$ 4,051,557
Long-Term Liabilities	\$ 122,892,071	\$ 120,118,066
Deferred Inflows of Resources	\$ 17,371,874	\$ 18,575,169
Total Liabilities	\$ 144,254,939	\$ 142,744,792
Total Net Position	\$ 17,250,792	\$ 3,475,023
Total Liabilities & Net Assets	\$ 161,505,731	\$ 146,219,815

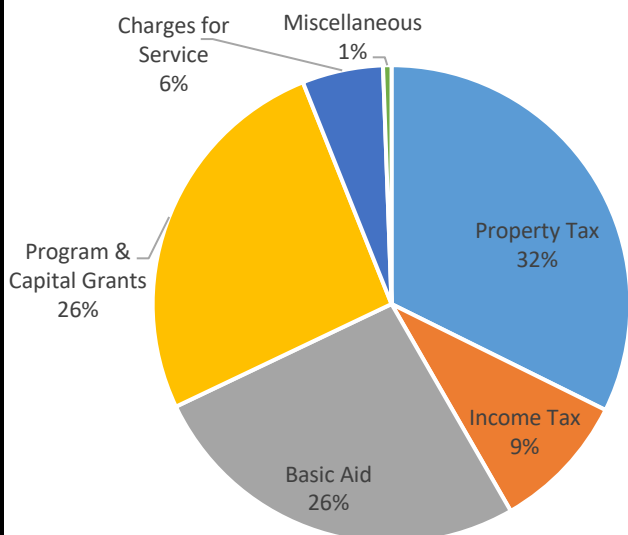


Statement of Activities- All Funds As of June 30, 2021 and June 30, 2020

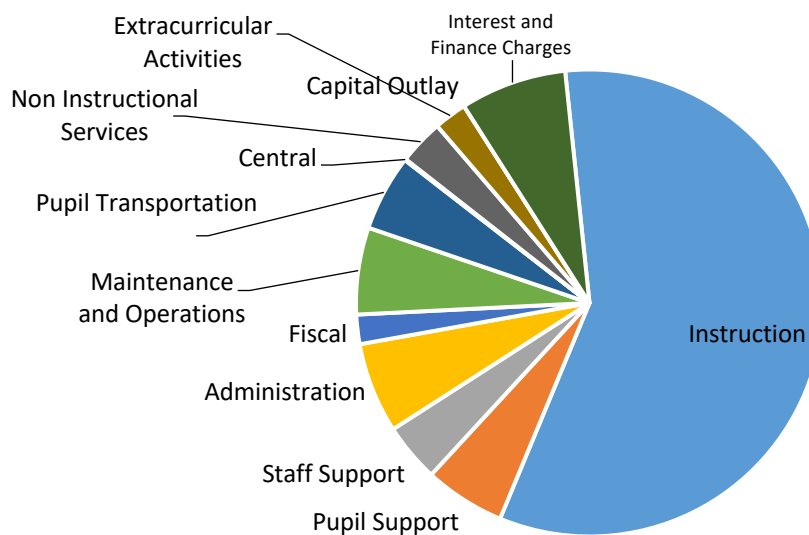
	2021	2020
Revenues		
Property Tax	\$ 18,325,752	\$ 18,399,275
Income Tax	\$ 5,307,410	\$ 5,395,851
Basic Aid	\$ 14,882,727	\$ 15,270,540
Program & Capital Grants	\$ 14,751,881	\$ 2,516,674
Charges for Service	\$ 3,169,154	\$ 3,490,019
Miscellaneous	\$ 323,529	\$ 2,722,963
Total Revenues	\$ 56,760,453	\$ 47,795,322
Expenses		
Instruction	\$ 24,856,525	\$ 23,524,073
Pupil Support	\$ 2,399,597	\$ 2,428,908
Staff Support	\$ 1,740,785	\$ 1,353,890
Administration	\$ 2,687,331	\$ 2,819,072
Fiscal	\$ 874,682	\$ 1,006,811
Maintenance and Operations	\$ 2,581,507	\$ 2,433,656
Pupil Transportation	\$ 2,257,954	\$ 2,204,768
Central	\$ 37,273	\$ 32,702
Non Instructional Services	\$ 1,338,153	\$ 1,467,005
Extracurricular Activities	\$ 1,050,902	\$ 1,045,963
Capital Outlay	\$ -	\$ -
Interest and Finance Charges	\$ 3,159,975	\$ 3,186,062
Total Expenses	\$ 42,984,684	\$ 41,502,910
Change in Net Position	\$ 13,775,769	\$ 6,292,412
Net Position at Beginning (Restated)	\$ 3,475,023	\$ (2,817,389)
Net Position at End of the Year	\$ 17,250,792	\$ 3,475,023



Revenue Distribution (GAAP Basis) FY 2021



Expenditures Distribution (GAAP Basis) FY 2021



Accounting and Reporting

Under State Law the District prepares the Annual Appropriation Budget, Annual Estimated Revenue Budget, the Five-Year Forecast, and monthly reporting on cash basis of accounting. Revenues are reported when received and expenditures are recorded when the expense occurs. The District uses the Five-Year Forecast as the building block for the Annual Appropriation Budget and documents the Budget to Actual variance to the Board of Education on a monthly basis.

State Law also requires the preparation of financial statement in compliance with Generally Accepted Accounting Principles, therefore we prepare the Comprehensive Annual Financial Report. The table below reflects the conversion from cash statements to accrual statements. Accrual statements recognizes revenues when measurable and earned, expenses are recorded at the time a liability can be measured. Accrual statements also record long term assets (assets with a life greater than or equal to five years of useful life) and long term debt.

The District provides financial reports in order to make the financial information as transparent and understandable to the user as possible. The experienced reader understands that the table below converts cash basis reports to accrual reports in and over simplified method and summarizes transactions posted to generate accrual statements. We prepared this report to link the documents because each report has value to management of the District and any user requiring financial information, including the residents of the Northeastern Local School District.

The remainder of this report looks at the cash basis report because the District believes the importance of presenting consistent data locally which we relate to the Five-Year Forecast and the need for local support.



Northeastern Local School District Balance Sheet - All Funds As of June 30, 2021

Assets	Cash	Conversion	GAAP
Cash & Investments	\$ 91,101,039	\$ (420,822)	\$ 90,680,217
Receivables	\$ -	\$ 23,793,765	\$ 23,793,765
Capital Assets	\$ -	\$ 39,380,332	\$ 39,380,332
Deferred Outflows of Resources	\$ -	\$ 7,651,417	\$ 7,651,417
Total Assets	\$ 91,101,039	\$ 70,404,692	\$ 161,505,731
Liabilities			
Short-Term Liabilities	\$ -	\$ 4,111,364	\$ 4,111,364
Long-Term Liabilities	\$ -	\$ 122,771,701	\$ 122,771,701
Deferred Inflows of Resources	\$ -	\$ 17,371,874	\$ 17,371,874
Total Liabilities	\$ -	\$ 144,254,939	\$ 144,254,939
Total Net Position	\$ 91,101,039	\$ (73,850,247)	\$ 17,250,792

Northeastern Local School District Balance Sheet - All Funds As of June 30, 2021

	Cash	Conversion	GAAP
Beginning Equity	\$ 98,952,977	\$ (95,477,954)	\$ 3,475,023
Revenues	\$ 57,002,910	\$ (242,457)	\$ 56,760,453
Expenses/Expenditures	\$ 64,854,848	\$ (21,870,164)	\$ 42,984,684
Ending Equity	\$ 91,101,039	\$ (73,850,247)	\$ 17,250,792



Cash Basis Five-Year Forecast

The Five-Year Forecast is the District's projection of cash available; noting the general direction that the finances of the Northeastern School District are heading. This will help the user understand any levy issues facing the District. The forecast reflects funding component computations from the most recent passage of House Bill 110 (State Biennium Budget) that generates the amount of state funding. COVID-19 impacted the State Aid money in FY20 and FY21 with a reduction of approximately \$650,000 in each year as the Governor order the cut. The Board of Education and Administration will continue to study the forecast and the educational needs with the resources the community provides. If you would like more detailed information you may obtain the complete Five-Year Forecast on the District's website.

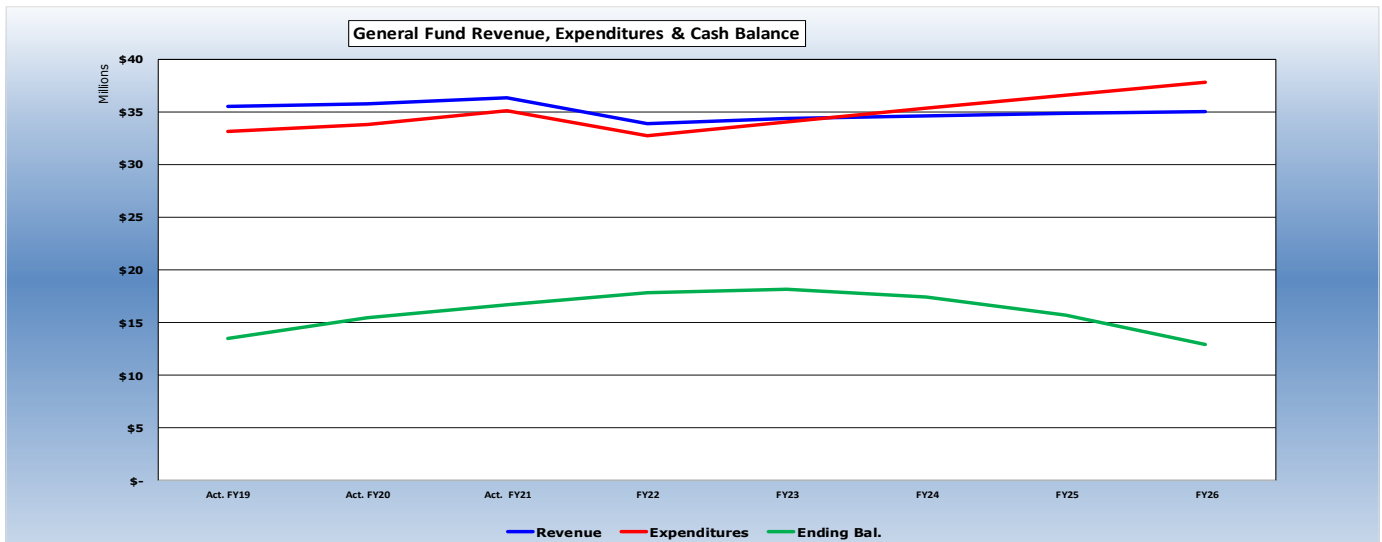


ACTUAL FOR FISCAL YEAR-GENERAL FUND

	<u>Act 19</u>	<u>Act 20</u>	<u>Act 21</u>
Revenue	\$ 35,498,274	\$ 35,765,479	\$ 36,346,600
Expenditures	\$ 33,109,826	\$ 33,817,540	\$ 35,113,765
Ending Cash Balance	\$ 13,465,167	\$ 15,413,106	\$ 16,645,941

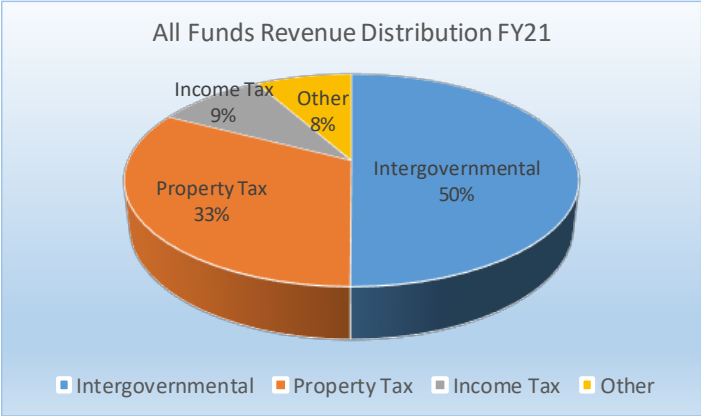
PROJECTED FIVE YEAR FORECAST BY FISCAL YEAR - GENERAL FUND

	<u>Est 22</u>	<u>Est 23</u>	<u>Est 24</u>	<u>Est 25</u>	<u>Est 26</u>
Revenue	\$ 33,879,403	\$ 34,330,592	\$ 34,594,702	\$ 34,823,328	\$ 35,057,293
Expenditures	\$ 32,719,358	\$ 34,002,598	\$ 35,330,851	\$ 36,559,990	\$ 37,806,664
Ending Cash Balance	\$ 17,805,986	\$ 18,133,980	\$ 17,397,832	\$ 15,661,170	\$ 12,911,799



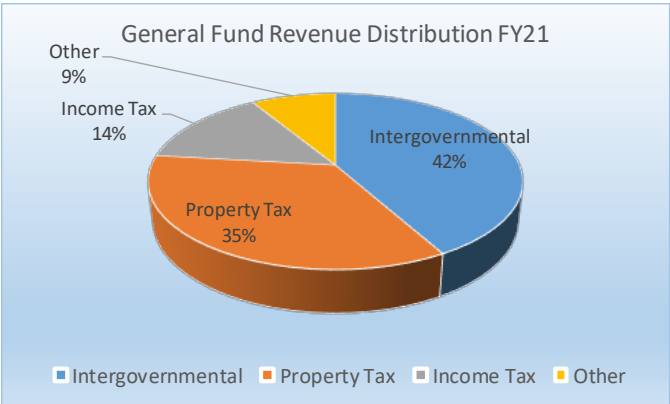
Where Does the Money Come From?

Our District receives 50% of our revenues from State and Federal grant dollars, higher than in the past because of Covid funds. The largest revenue source for the Northeastern Local School District is the local taxes which equals 33% of revenues. The second largest source is the basic aid, 31% that we receive based on a per student formulas from the State of Ohio. Again, for FY20 and FY21 all school districts in the State of Ohio received less than budgeted for the year.



General Fund and Related Funds

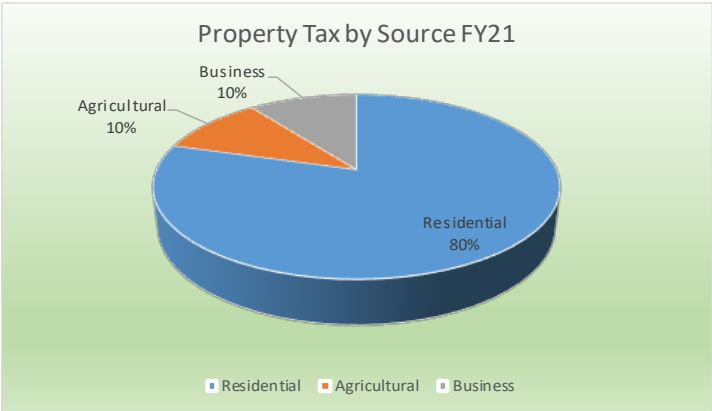
The District’s General Fund, which supports most of our operations, is made up of monies from the Federal and State government, Northeastern property tax revenues, income tax, and other sources like tuition, fees, and interest. Northeastern property taxes and income taxes made up 49% of our General Fund in FY 2021; these revenues totaled \$17.96 million. The State and Federal revenue made up 42% of our General Fund; these revenues totaled \$14.6 million in FY 2020. The largest portion of this was in the “State Basic Aid” which is \$12.7 million. The relative contributions of each funding source is shown the chart below. Income Tax has become the backbone of the district General Fund revenues.



Understanding Property Taxes

Owners of residential or business real estate pay taxes to fund many services and agencies within their community. In the Northeastern Local School District, property taxes are collected to fund public education, social services, the career technical school, the city government, the county government, and in some cases township expenses.

The amount collected must be approved by the local voters. Most levies are approved for a certain period of time, and then put before the voters for renewal or replacement. For Northeastern, our school levies are “fixed sum” levies, which means when the voters approve a levy, they approve the total amount of money that the levy will provide. That total amount does not change over time. There is no inflation or cost-of-living increase in a fixed sum property tax. Furthermore, when this type of levy is renewed, the amount originally voted remains in effect for the length of the renewal levy.



Understanding property taxes requires that you understand a few terms:

Mill: 1/10 of a cent per \$1,000 of assessed value.

Effective Millage: The effective millage is the actual tax rate collected after HB920 reduces the tax rates for inflation. (See HB 920)

HB 920: Common name of the Ohio Law that requires the reduction of the property owner’s millage and limits tax dollars paid to the original levy. (No inflation)

Rollback & Homestead: Roughly a 12.5% tax credit to



homeowners where the state pays 12.5% of the tax bills to the district, instead of having the homeowners pay that portion of their tax bill.

Where Does the Money Go? By Function

Direct Instruction: the largest expenditure includes all service dealing with teaching students.

Building Operations: involves heating, cooling, custodial services, and keeping buildings and grounds safe and in good working condition.

Administrative Support: includes the overall administration of the building and the District as a whole. These include centralized department heads, building principals and secretarial support.

Pupil Support: are activities designed to assist and improve the well-being of the student and supplement the teaching process. These include guidance, nursing, speech, hearing, social, and psychological services.

Business Operations: includes fiscal services such as payroll, accounts payable, budgeting, and auditing as well as warehousing, purchasing, and insurance.

Instructional Staff: includes library, technology integration, mentoring, and teacher aides.

Transportation: transportation of students in accordance with the Board of Education policies and Ohio law.

Food Service: includes expenditures to provide breakfast and lunch to students.

Other: extracurricular activities, capital outlays, and miscellaneous expenditures that do not fit in the other categories.

Interest and Fiscal Charges: Principal debt and interest payments.



Where Does the Money Go? By Object

Salary and Benefits: are 77 % of expenditures

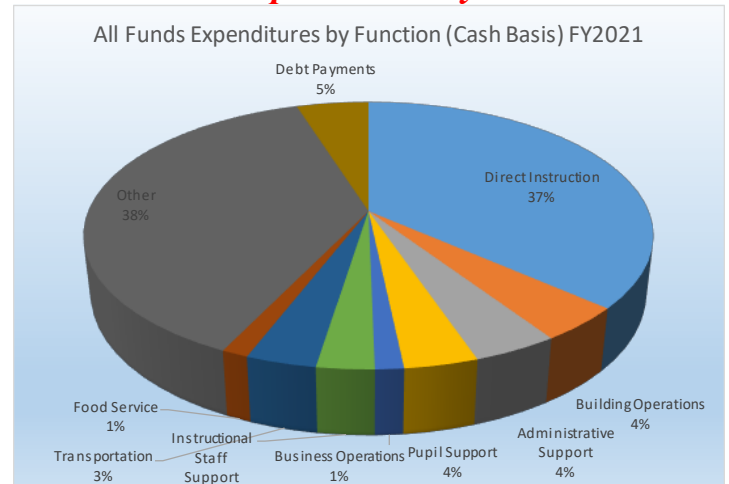
Purchased Services: include in excess of \$3.5 million going to other schools in Ed Choice vouchers, community (charter) schools, utilities, and contracts for services

Debt: interest and principal on outstanding debt.

Supplies and Materials: office supplies, diesel fuel, instructional supplies, and computer software.

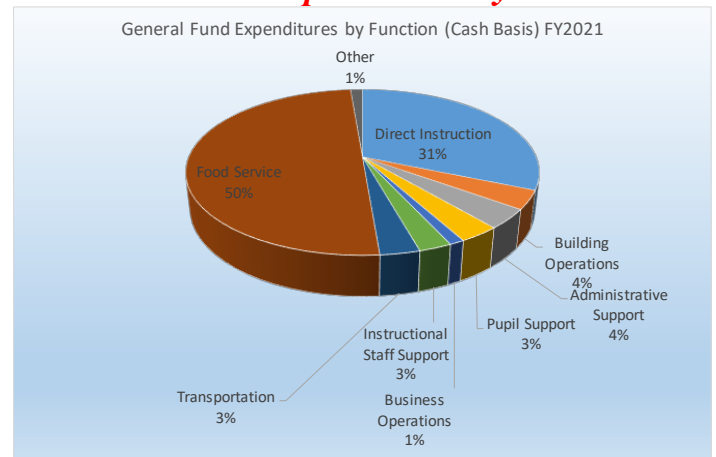
Other: includes County Auditor and Treasurer Fees, property insurance and other expenditures.

All Funds Expenditures by Function

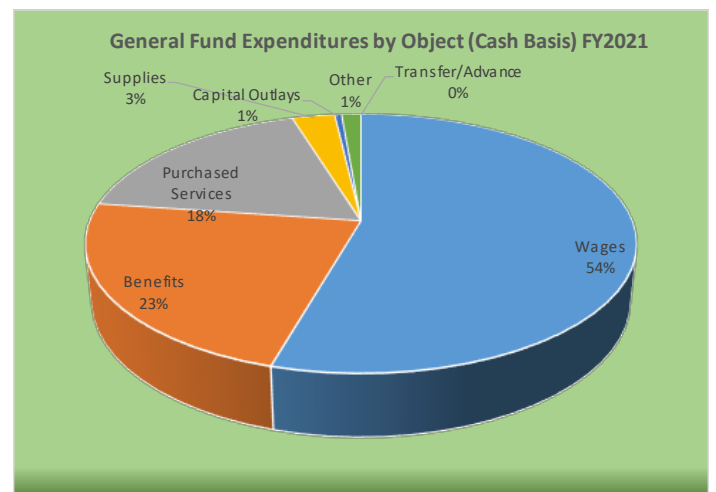


NELSD

General Fund Expenditures by Function

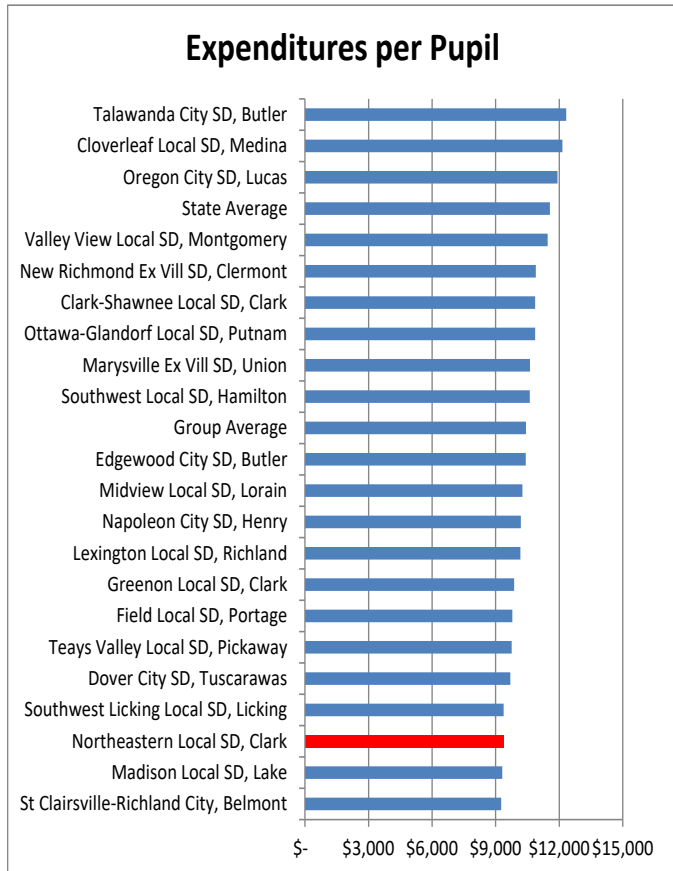


General Expenditures by Object



Expenditures Per Pupil

The chart below shows how the Northeastern Local School Districts' FY 2020 expenditures per pupil compared to other districts which the Ohio Department of Education has computed and has determined are similar districts. Comparing NELSD to the group, we are in the lower third of the cost per pupil, which reflects cost control in the education of the students. The top goal of the Board of Education and Administration is to increase student performance and opportunities within the means provided by the community.



Major Initiatives and Projects

Like most school districts across the country, Northeastern Local School District (NELSD) saw the impact that COVID-19 had on both academic and social-emotional learning for our students. Therefore, identifying and closing the learning gaps created by the pandemic is one of our top priorities. In an effort to close the gaps left by the COVID-19 protocols and student time out of school, the District provided extended learning summer opportunities to our students. In addition, we hired extra staff to concentrate on literacy and mathematics in our buildings. Finally, we continue to monitor and analyze our district data to identify areas of focus to improve our scores in tested areas and the performance index on the Ohio School Report Card.

We are excited about the construction progress made on our two new PreK-12 school buildings. Our Northeastern PreK-12 building has been moving along nicely and we are looking forward to showing our staff, students, and community their new educational spaces. We are planning ahead for the 2022-2023 school year when our students and staff will be in their new building.

While most of the construction is inside the building now at Northeastern, our live links are still up for people to check what is happening in real-time.

Northeastern PreK-12 site,

<http://construction.northeastern.k12.oh.us/#view>

Kenton Ridge PreK-12 site,

<http://krconstruction.northeastern.k12.oh.us/#view>

The Kenton Ridge PreK-12 building has the structural framing up, fire-proofing happening, and interior metal studs have been installed. The exterior stud walls on the second and third floors as well as over-head electric rough-ins are going in throughout the building. Additionally, the interior masonry walls are completed on the first floor and in process on the third floor; and plumbing water supply piping and vent piping are going in on the first floor elementary side. You can also see the exterior wall brick veneer being installed in the area by the gymnasiums.

Communications are more critical than ever to disseminate information quickly to our constituents and build trust within our school community. Therefore, NELSD is currently in the process of creating a strategic communications plan that will help the district become more focused on reaching and engaging key target audiences and telling the District's story that aligns with our goals and communication priorities.

The final product will be our measuring stick, an overarching guide for our District to improve internal and external communications. Additionally, this plan will serve as a framework for future resources and budgetary consideration. The final plan will be reviewed annually by the District's Communications.

Like most school districts across the country, we continue to fight the roadblocks caused by a global pandemic. As a result, we continue to deal with staffing shortages in substitutes across the board, from teachers and aides to bus drivers and kitchen staff. Despite the shortage, staff members across our District have been ready, willing, and able to jump in to help when, and where, it is needed. As a District, we are proud of how hard our team has worked to get the job done with pride and integrity.

OUTSTANDING DEBT AT FISCAL YEAR ENDED JUNE 30, 2021 AND JUNE 30, 2020

	Outstanding 6/30/2020	Outstanding 6/30/2021
2018 GO Bonds Building Project \$79.3 million issued 8/23/18	\$ 78,535,000	\$ 77,845,000
Total	\$ 78,535,000	\$ 77,845,000



On May 8, 2018 the Northeastern Local School District passed a \$79.3 million, 7.96 mil bond levy, in conjunction with the Ohio Facility Commission, \$41 million to construction of two new pre-k-12 buildings. On August 23, 2018 the District sold bonds to mature with an average rate of 3.96% for 37 years.

How Your School Property Taxes Are Collected

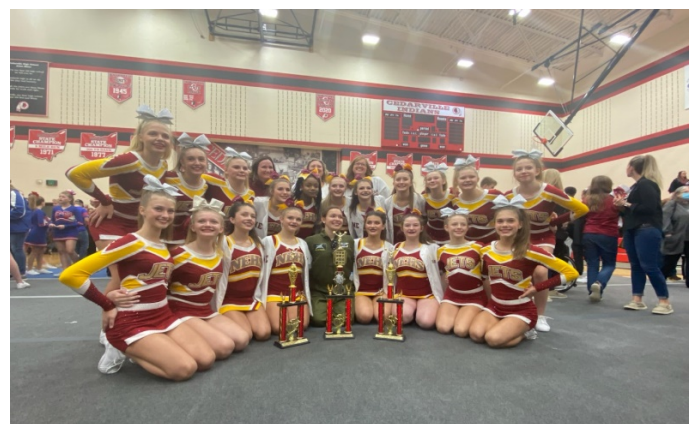
The effective residential property tax rate for the Northeastern Local School District for 2021 was 30.3203 mills.

Residential taxes are calculated by applying the effective rate to the assessed valuation of your property. The assessed valuation is only 35% of the fair market value of your property. The example shown here illustrates the tax bill calculation for a property that has a fair market value of \$100,000.

Example

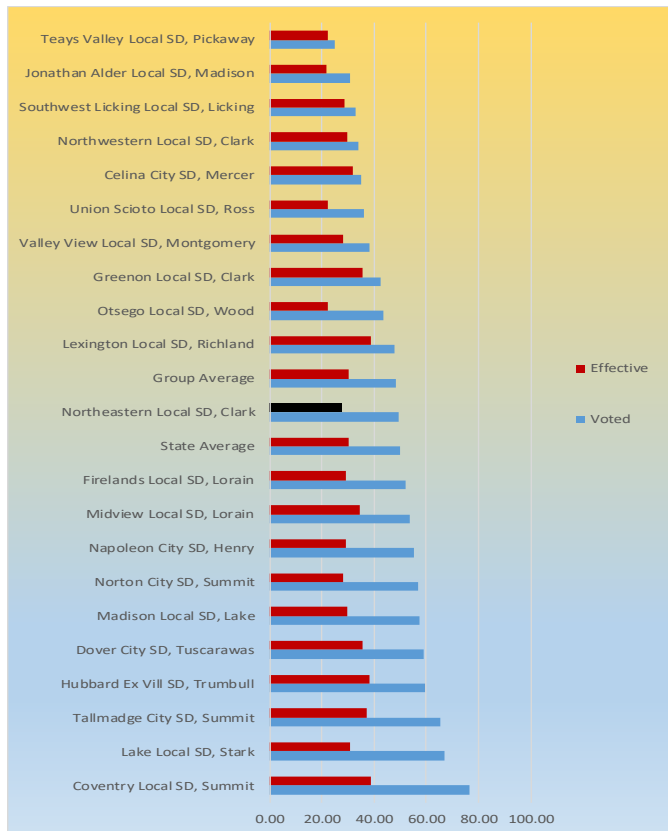
Fair Market Value	\$ 100,000
Multiply Assess Value	35%
Equals Taxable Value	\$ 35,000
Multiple Millage Rate	0.030320334
Equals Total Tax	\$ 1,061
Less State Credits 12.5%	87.5%
Total School Tax Bill to Taxpayer	\$ 929

Note that any levies, new or replaced after December 2013, will not have the 12.5% State Credit reimbursed. The local taxpayers fund the entire levy.



Compared Voted and Effective Millage Rates

Because of HB 920, school districts do not collect taxes at the voter approved rates. Instead, school districts collect taxes based on the effective tax rates. Northeastern collects 34.25 mills on 55.5 voted mills.



When comparing school district property taxes, the only way to do this is to compare what a 1-mill raise per student in local revenue would be. A wealthier tax base will raise more per mill per student. Northeastern falls in the middle of the group.

District	Value1 Mil
Hubbard Ex Vill SD, Trumbull	\$ 123.97
Union Scioto Local SD, Ross	\$ 132.29
Valley View Local SD, Montgomery	\$ 136.40
Dover City SD, Tuscarawas	\$ 138.21
Lexington Local SD, Richland	\$ 140.73
Northwestern Local SD, Clark	\$ 144.88
Madison Local SD, Lake	\$ 144.98
Lake Local SD, Stark	\$ 146.74
Northeastern Local SD, Clark	\$ 153.98
Teays Valley Local SD, Pickaway	\$ 154.92
Norton City SD, Summit	\$ 155.20
Celina City SD, Mercer	\$ 156.85
Greenon Local SD, Clark	\$ 158.43
Group Average	\$ 161.32
Southwest Licking Local SD, Licking	\$ 162.82
Napoleon City SD, Henry	\$ 166.40
Tallmadge City SD, Summit	\$ 169.20
Otsego Local SD, Wood	\$ 173.08
State Average	\$ 174.61
Jonathan Alder Local SD, Madison	\$ 181.75
Midview Local SD, Lorain	\$ 206.08
Coventry Local SD, Summit	\$ 210.50
Firelands Local SD, Lorain	\$ 230.39

A True Comparison of Property Taxes

Northeastern Board of Education



Mrs. Parker

President



Mr. Augustus

Board Member



Dr. Crankshaw

Board Member



Mr. Collins

Board Member



Mr. Yinger

Vice President

Superintendent

Dr. John P. Kronour

Assistant Superintendent

Mr. Shawn Blazer

Director of Pupil Personnel

Mr. Steve Linson

Director of Technology

Mr. John Schmid

Director of Transportation

Mr. John Parrish

Treasurer/CFO

Mr. Dale R Miller

Assistant Treasurer

Ms. Hannah Songer

The Popular Annual Financial Report for the fiscal year ending in June 2021 was designed by Northeastern High School Senior Bailey Bradenburg and Kenton Ridge Junior Caitlin Arnold in collaboration with Northeastern Local School District Communications Representative Steffanie Stratton. Photos are courtesy of the Kenton Ridge Yearbook Staff, Northeastern Yearbook Staff, and NELDS Teachers and Staff.

