

Northeastern Local School District  
1414 Bowman Rd.  
Springfield, Ohio 45502  
[www.nelsd.org](http://www.nelsd.org)

# Northeastern Local School District

**POPULAR ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2023**



**KENTON RIDGE  
COUGARS**





# 2023 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, 2023. 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 Annual Comprehensive Financial Report that reports all financial operations in accordance with General Accepted Accounting Principles (GAAP). The information presented on this page and the next page are generated from the accrual statements presented in the Annual Comprehensive Financial Report and include all Funds. The remainder of the report is reported on a 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 Annual Comprehensive Financial Report or Five-Year Forecast on the District's website, [www.nelsd.org](http://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.



## 2023 FINANCIAL POSITION STATEMENT



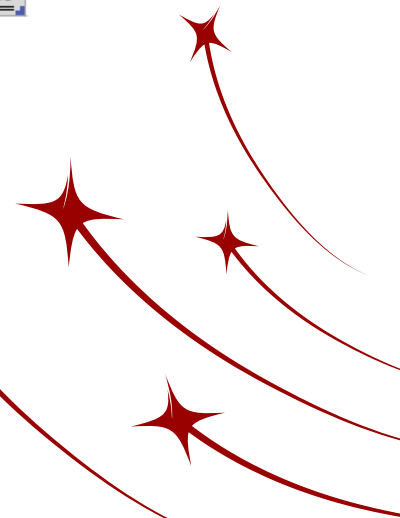
Statement of Net Position -All Funds As of June 30, 2023 and June 30, 2022			
Assets	2023		2022
Cash & Investments	\$ 42,363,473	\$	57,771,898
Receivables	\$ 78,609,017	\$	25,122,296
Capital Assets	\$ 64,521,943	\$	93,806,660
Deferred Outflows of Resources	\$ 9,153,808	\$	9,397,208
<b>Total Assets</b>	<b>\$ 194,648,241</b>	<b>\$</b>	<b>186,098,062</b>
Liabilities			
Short-Term Liabilities	\$ 6,279,773	\$	6,569,651
Long-Term Liabilities	\$ 115,865,480	\$	103,842,829
Deferred Inflows of Resources	\$ 22,704,576	\$	35,941,062
<b>Total Liabilities</b>	<b>\$ 144,849,829</b>	<b>\$</b>	<b>146,353,542</b>
<b>Total Net Position</b>	<b>\$ 49,798,412</b>	<b>\$</b>	<b>39,744,520</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 194,648,241</b>	<b>\$</b>	<b>186,098,062</b>

Currently, our Net Position is \$49.8 million, an increase of \$10.0 million from FY 2022. The District experienced an increase in Net Position due to an increase in the value of work in progress, as our construction process is an estimated 89% completed. The increase is related to the building reported as Construction In Progress and the related revenues from the State of Ohio.

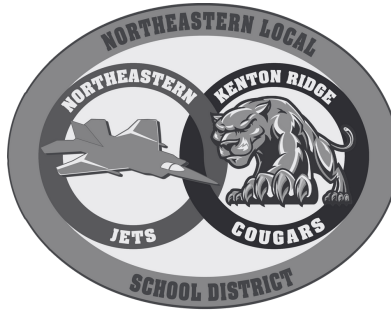


**Statement of Activities- All Funds As of June 30, 2023 and June 30, 2022**

	2023	2022
<b>Revenues</b>		
Property Tax	\$ 18,014,258	\$ 14,186,623
Income Tax	\$ 6,755,539	\$ 5,982,757
Basic Aid	\$ 14,450,699	\$ 14,369,171
Program & Capital Grants	\$ 11,028,420	\$ 23,636,731
Charges for Service	\$ 1,984,138	\$ 1,506,775
Miscellaneous	\$ 929,680	\$ 486,794
<b>Total Revenues</b>	<b>\$ 53,162,734</b>	<b>\$ 60,168,851</b>
<b>Expenses</b>		
Instruction	\$ 19,966,249	\$ 19,514,708
Pupil Support	\$ 2,983,374	\$ 2,361,032
Staff Support	\$ 1,497,785	\$ 1,394,568
Administration	\$ 2,649,141	\$ 2,552,508
Fiscal	\$ 971,103	\$ 1,027,224
Maintenance and Operations	\$ 2,689,820	\$ 2,666,793
Pupil Transportation	\$ 2,231,276	\$ 2,902,884
Central	\$ 33,111	\$ 88,684
Non Instructional Services	\$ 4,642,795	\$ 1,349,632
Extracurricular Activities	\$ 1,318,791	\$ 1,084,085
Unallocated Depreciation	\$ 764,607	\$ -
Interest and Finance Charges	\$ 3,360,790	\$ 3,123,375
<b>Total Expenses</b>	<b>\$ 43,108,842</b>	<b>\$ 38,065,493</b>
Change in Net Position	\$ 10,053,892	\$ 22,103,358
Net Position at Beginning (Restated)	\$ 39,744,520	\$ 17,641,162
<b>Net Position at End of the Year</b>	<b>\$ 49,798,412</b>	<b>\$ 39,744,520</b>







## 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 statements in compliance with Generally Accepted Accounting Principles. Therefore, we prepare the Annual Comprehensive Financial Report. The table below reflects the conversion from cash statements to accrual statements. Accrual statements recognize revenues when measurable and earned, and 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 an oversimplified method and summarizes transactions posted to generate accrual statements. We prepared this report to link the documents because each report has value to the 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 in 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, 2023			
Assets	Cash	Conversion	GAAP
Cash & Investments	\$ 41,712,488	\$ 650,985	\$ 42,363,473
Receivables	\$ -	\$ 78,609,017	\$ 78,609,017
Capital Assets	\$ -	\$ 64,521,943	\$ 64,521,943
Deferred Outflows of Resources	\$ -	\$ 9,153,808	\$ 9,153,808
<b>Total Assets</b>	<b>\$ 41,712,488</b>	<b>\$ 152,935,753</b>	<b>\$ 194,648,241</b>
<b>Liabilities</b>			
Short-Term Liabilities	\$ -	\$ 6,279,773	\$ 6,279,773
Long-Term Liabilities	\$ -	\$ 115,865,480	\$ 115,865,480
Deferred Inflows of Resources	\$ -	\$ 22,704,576	\$ 22,704,576
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 144,849,829</b>	<b>\$ 144,849,829</b>
<b>Total Net Position</b>	<b>\$ 41,712,488</b>	<b>\$ 8,085,924</b>	<b>\$ 49,798,412</b>
Northeastern Local School District Balance Sheet - All Funds As of June 30, 2023			
	Cash	Conversion	GAAP
Beginning Equity	\$ 56,252,763	\$ (16,508,243)	\$ 39,744,520
Revenues	\$ 55,208,643	\$ (2,045,909)	\$ 53,162,734
Expenses/Expenditures	\$ 69,748,918	\$ (26,640,076)	\$ 43,108,842
Ending Equity	<b>\$ 41,712,488</b>	<b>\$ 8,085,924</b>	<b>\$ 49,798,412</b>

# CASH BASIS FIVE-YEAR FORECAST

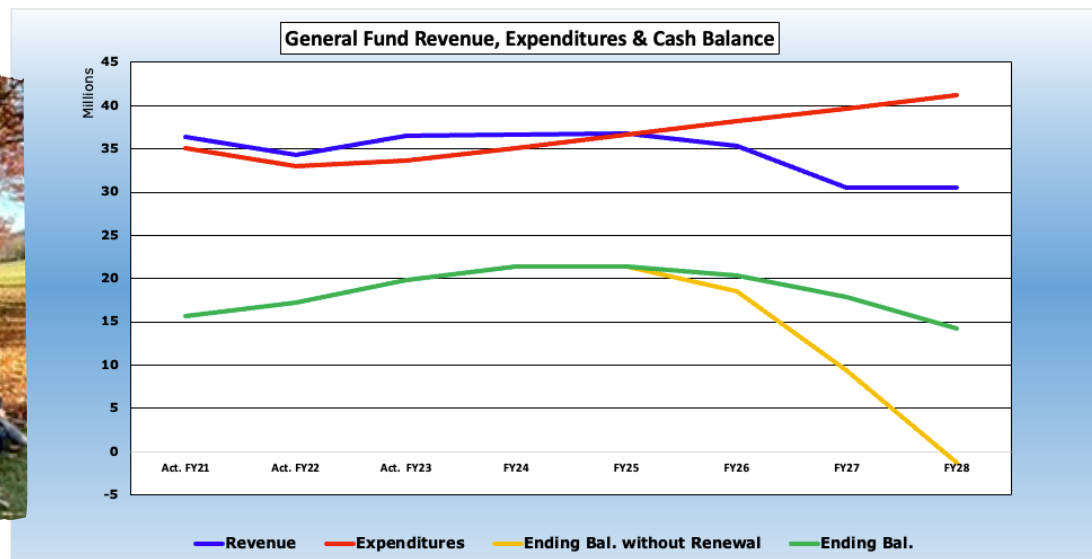
The Five-Year Forecast is the District's projection of cash available; noting the general direction in which the finances of the Northeastern School District are heading. This will help the user understand any levy issues facing the District. The forecast reflects funding component computations from House Bill 33 (State Biennium Budget) and the Fair Funding Formula that generates the amount of state funding. The new formula changed the reporting of some revenues and expenditures and does not project a favorable growth for the NELSD. 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. The District continues to use the Elementary and Secondary School Emergency Relief Fund (ESSER) to fund additional teaching staff and materials to work towards closing the educational gap caused by COVID-19. An important financial issue is reflected in the graph below; the District will need to renew the 1% earned income tax levy before December 2025. The Income Tax Revenue has become the backbone of the financial stability of the District and accounts for 17% of the General Fund revenues. The projected revenues in the table below do not reflect the income tax revenues in FY26 through FY28. The graph does reflect renewal and nonrenewal as required in the five-year forecast.

## ACTUAL FOR FISCAL YEAR-GENERAL FUND

	<u>Act 21</u>	<u>Act 22</u>	<u>Act 23</u>
Revenue	\$ 36,346,600	\$ 34,266,586	\$ 36,495,368
Expenditures	\$ 35,113,765	\$ 32,948,087	\$ 33,676,453
Ending Cash Balance	\$ 16,645,941	\$ 17,964,440	\$ 20,783,355

## PROJECTED FIVE YEAR FORECAST BY FISCAL YEAR - GENERAL FUND

	<u>Est 24</u>	<u>Est 25</u>	<u>Est 26</u>	<u>Est 27</u>	<u>Est 28</u>
Revenue	\$ 36,713,521	\$ 36,732,260	\$ 35,298,889	\$ 30,529,641	\$ 30,583,926
Expenditures	\$ 35,128,789	\$ 36,707,597	\$ 38,170,764	\$ 39,686,318	\$ 41,275,416
Ending Cash Balance	\$ 22,368,087	\$ 22,392,750	\$ 19,520,875	\$ 10,364,198	\$ (327,292)

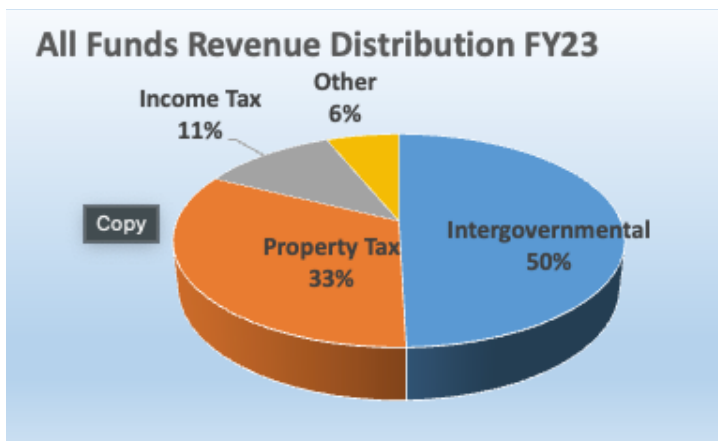




## WHERE DOES THE MONEY COME FROM?

Our District receives 49.6% of our revenues from State and Federal grant dollars, higher than normal from the COVID-19 federal money and state money for the building project. The largest operating revenue source for the Northeastern Local School District is the local taxes, which equals 34% of revenues. The second largest source is the basic aid, 27% of which we receive based on a per-student formula from the State of Ohio. Again, for FY23 and FY24, all school districts in the State of Ohio received at least the same amount as FY22.

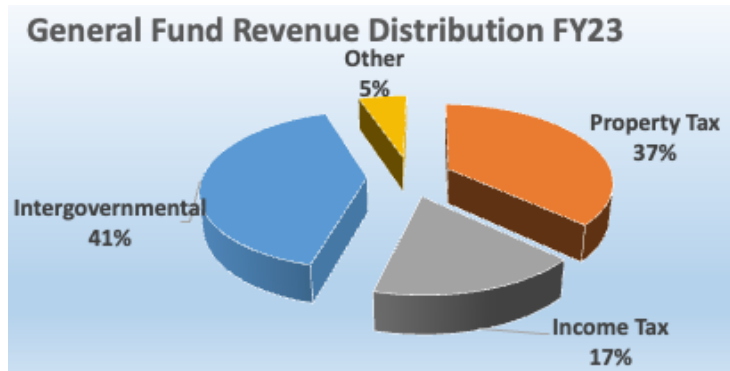
The following pie chart illustrates the revenue distribution for all funds for FY23.



## UNDERSTANDING PROPERTY TAXES

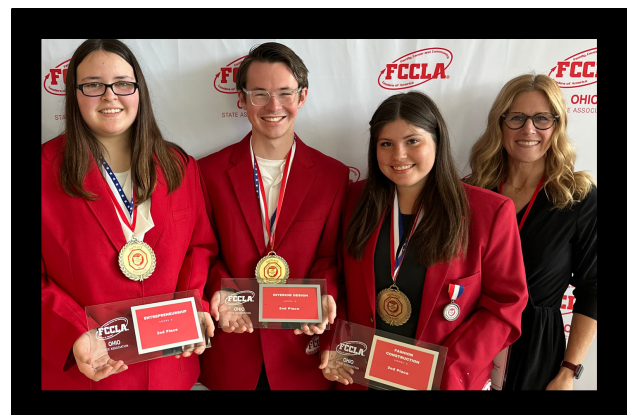
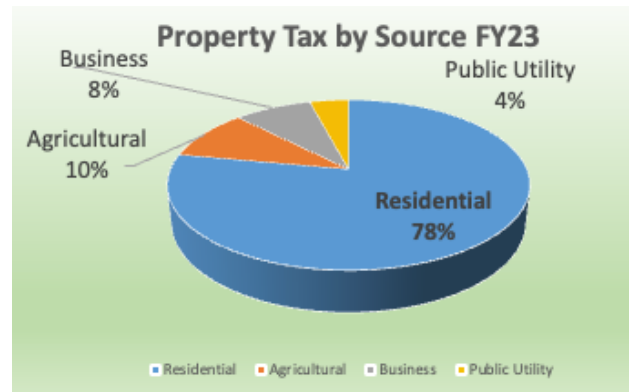
Owners of residential or business real estate pay taxes to fund many services and agencies within their community. In the Northeastern Local School District, property taxes are collected to fund public education, social services, the career technical school, the city government, the county government,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



## GENERAL FUNDS AND RELATED FUNDS

The District's General Fund, which supports most of our operations, is made up of monies from the Local 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 54% of our General Fund in FY 2023; these revenues totaled \$19.6 million. The State revenue made up 40.7% of our General Fund; these revenues totaled \$14.8 million in FY 2023. 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 in the chart below. Income Tax has become the backbone of the district General Fund revenues.



# UNDERSTANDING PROPERTY TAXES CONT.

Understanding property taxes requires that you understand a few terms:

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

**Effective Millage (Millage Rate):** The effective millage is the actual tax rate collected after HB920 reduces the tax rates for inflation. (See HB 920). The example on the next page details how to apply the variables.

**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. No levies passed after December 2013 will not receive rollback credits from the state.

## 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.

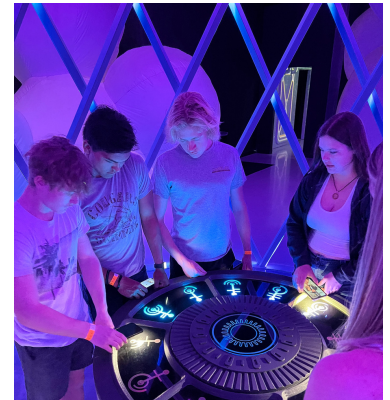
**Instructional Staff:** includes library, technology integration, mentoring, and teacher aides.

**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 82.9 % of expenditures

**Purchased Services:** are contracts with the Clark County Education Services Center (ESC) for instructional services, tuition to other districts, utilities, and contracts for services.

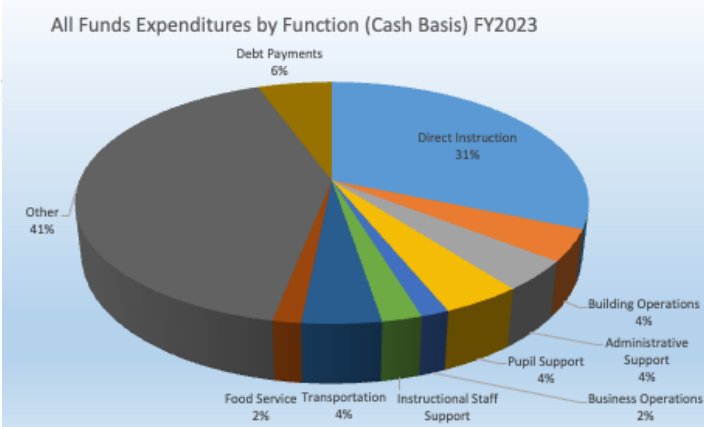
**Debt:** interest and principal on outstanding debt.

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

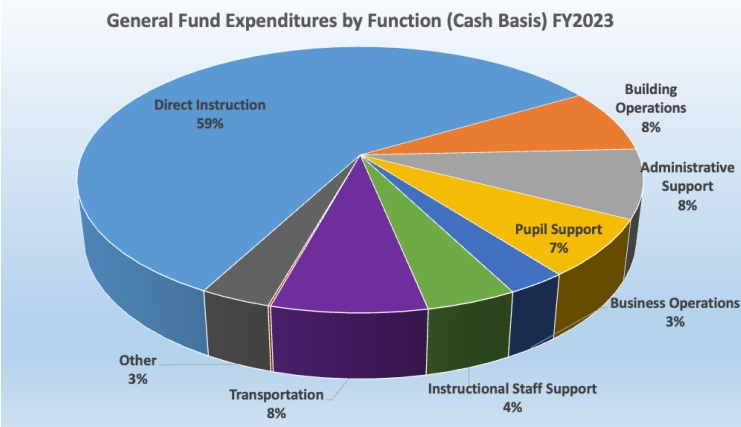
**Other:** includes County Auditor and Treasurer Fees, property insurance and other expenditures.



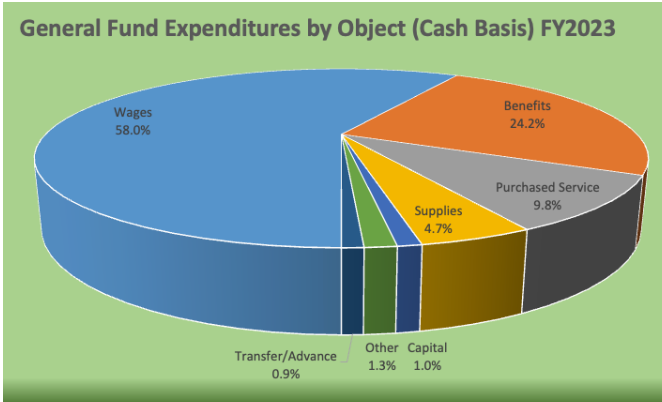




**ALL FUNDS EXPENDITURES BY FUNCTION**



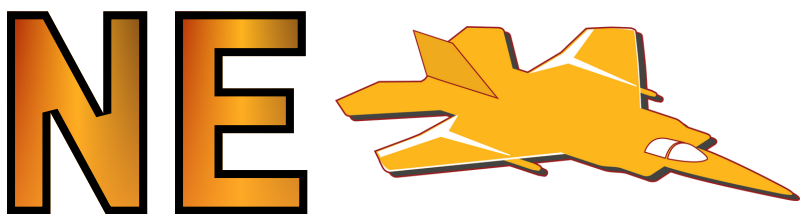
**GENERAL FUND EXPENDITURES BY FUNCTION**



**GENERAL FUND EXPENDITURES BY OBJECT**



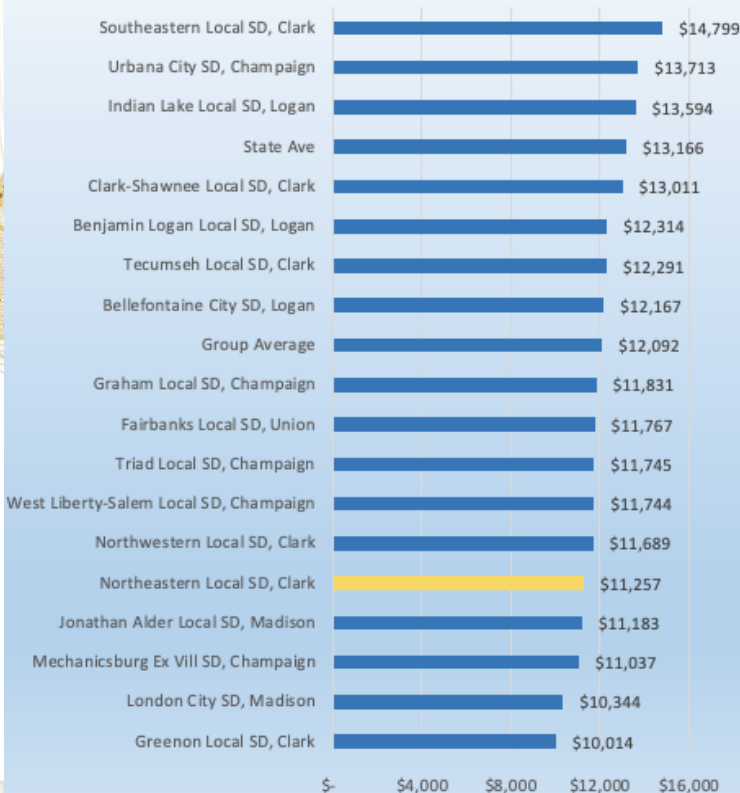




## EXPENDITURES PER PUPIL

The chart below shows how the Northeastern Local School Districts' FY 2023, most current available, expenditures per pupil compared to other districts, which the Ohio Department of Education (ODE) has computed; we have selected districts in the area. 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.

### District Total Expenditure Per Pupil FY23

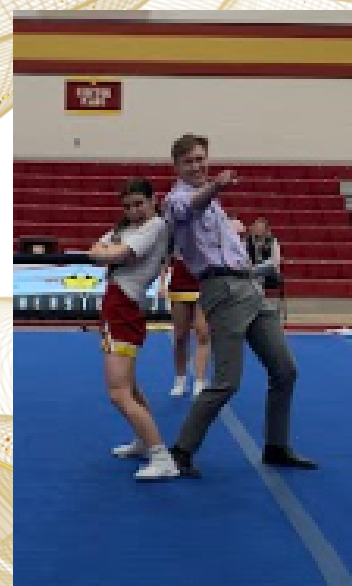


## MAJOR INITIATIVES AND PROJECTS

The Northeastern Local School District was a hive of activity during the 2022-23 school year, marked by the opening of our new Northeastern PK-12 building and the continued development of our educational excellence initiatives.

In August of 2022, we proudly welcomed students, staff, and families to our new Northeastern PK-12 building, a state-of-the-art facility designed to foster collaboration, innovation, and academic success across all grade levels. The building's dedication and ribbon-cutting ceremony on August 20th marked a significant milestone in our district's history.

The excitement continued as we eagerly awaited the opening of our new Kenton Ridge PK-12 building in August of 2023. Teachers and support staff worked tirelessly to prepare for this momentous occasion, and the entire district collaborated to ensure a smooth transition. The new building will provide our students with an even more enriching and supportive learning environment.





Recognizing the challenges posed by the COVID-19 pandemic, we utilized Elementary and Secondary School Emergency Relief (ESSER) funds to hire additional staff to provide individualized and group tutoring and support to students. This initiative aimed to help bridge any learning gaps and ensure that all students had the opportunity to thrive academically.

Committed to keeping our community informed and engaged, we partnered with Finalsite to design, create, and launch a newly designed website in January of 2023. The website serves as a "digital front porch" for our district, providing a user-friendly platform for news, announcements, and essential information. Additionally, we established an intranet to facilitate internal communications and streamline access to district-wide resources.

Involving our stakeholders in shaping our communication strategy, we formed a Key Communicators Committee composed of students, parents, alumni, staff and community members. This group provided valuable insights and feedback, helping us to better understand the needs of our community. We continue to work with this committee to strengthen our district's culture and promote open communication.

Recognizing the importance of financial transparency, we are considering establishing a dedicated group like our Key Communicators Committee to help us communicate the complexities of school finance to our parents and community members. This initiative aims to foster a deeper understanding of our financial operations and ensure that our community is well-informed about how we allocate resources.

As we move forward, we remain committed to providing our students with the best possible educational experience, fostering a supportive and inclusive school community, and maintaining open and transparent communication with our stakeholders.

## DISTRICT GOALS

In the fiscal year 2023, the Board approved goals for the District to ensure that the quality of educational opportunities for our students are the best available. The goals identified are as follows:

**Goal 1:** Continue to close learning gaps created by the pandemic. Work with teachers and principals to lessen student learning gaps in English Language Arts and Mathematics. Continue implementation of strategies to close learning gaps.

**Goal 2:** Transparent reporting of how our ESSER funds have been spent. Spreadsheet identifying expenditures of ESSER funds Specific identification of allocations of the expenditures Specific identification of dollars spent on staffing.



**Goal 3:** Cultivate and strengthen relationships with District stakeholders and staff. Continue working with our Key Communicators Committee to foster internal and external community advocates. Redesign and launch a new website, creating a digital front porch that visually conveys the spirit and essence of our NELSD community and enhances our digital communications with our stakeholders. Work with the Grade Band Liaison Committees and the District Liaison Committee to identify climate issues.

**Goal 4:** Meet State test score indicators to strengthen our State Report Card rating. Analysis of our State test scores by individual teachers Target resources in the buildings to enhance instruction of the standards we are not meeting Principals provide guidance for teachers to target improvement of scores.

**Goal 5:** Advise the Community on the progress of building and facilities projects and prepare for transitions to the new Kenton Ridge PK-12 campus. Share data with stakeholders, and pertinent information about the building project. Work with staff to plan for the transition to the new KR building. Follow procedures and processes with the State on grade level bands and IRN numbering for KR building.



**The Popular Annual Financial Report was designed by NELSD  
Communications Intern Lilly Sagraves (NEHS '24).**

Lilly Sagraves is a senior at Northeastern High School who aspires to become a journalist and author. She is gaining hands-on experience in her field of interest through an internship in the NELSD Communications Department. Lilly is also a Varsity Football, Basketball, and Competition cheerleader, President of the Northeastern FFA Chapter, Student Government Secretary, and a member of the National Honor Society, Spanish Club, Prom-Planning Committee, and 4-H.

Beyond her academic and extracurricular achievements, Lilly is a kind and compassionate individual who is always willing to help others.

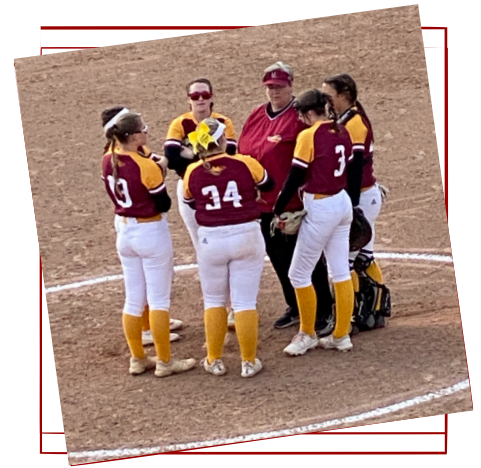


# HOW YOUR SCHOOL PROPERTY TAXES ARE COLLECTED

The effective residential property tax rate for the Northeastern Local School District for 2023 was 27.26 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.

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.



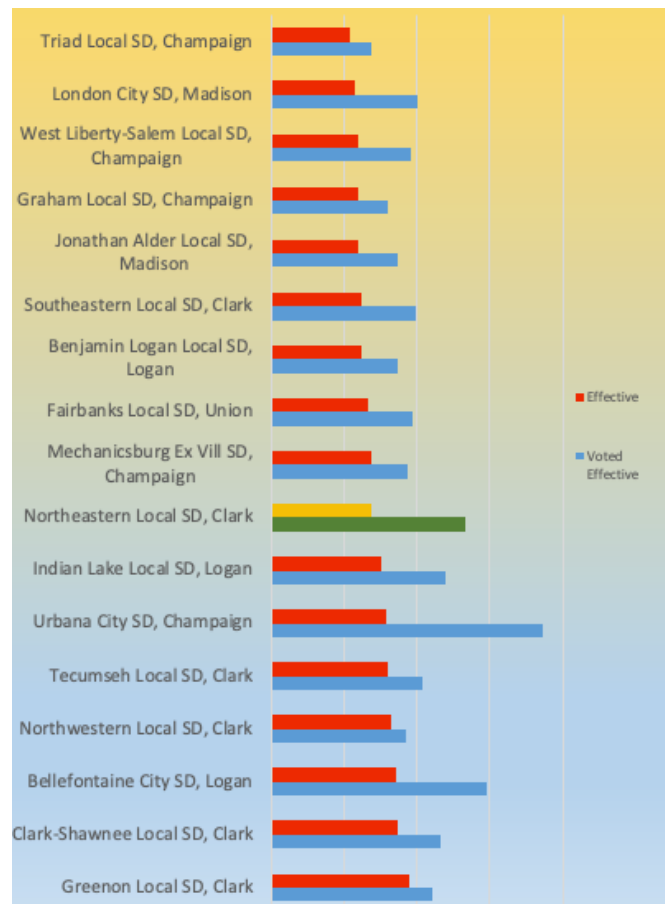
Example	Taxes 2023	Taxes 2022
Fair Market Value	\$ 100,000	\$ 100,000
Multiply Assess Value	35%	35%
Equals Taxable Value	\$ 35,000	\$ 35,000
Multiple Millage Rate	0.027260199	0.032013229
Equals Total Tax	\$ 954	\$ 1,120
Less State Credits 12.5%	87.5%	87.5%
Total School Tax Bill to Taxpayer	\$ 835	\$ 980

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. The Northeastern PreK-12 building opened on August 20, 2022. The Kenton Ridge PreK-12 building opened August 19, 2023.

OUTSTANDING DEBT AT FISCAL YEAR ENDED JUNE 30, 2023 AND JUNE 30, 2022		
	Outstanding 6/30/22	Outstanding 6/30/23
2018 GO Bonds Building Project \$79.3 million issued 8/23/18	\$ 77,075,000	\$ 76,270,000
Total	\$ 77,845,000	\$ 76,270,000

## 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 27.26 mills on 53.41 voted mills.

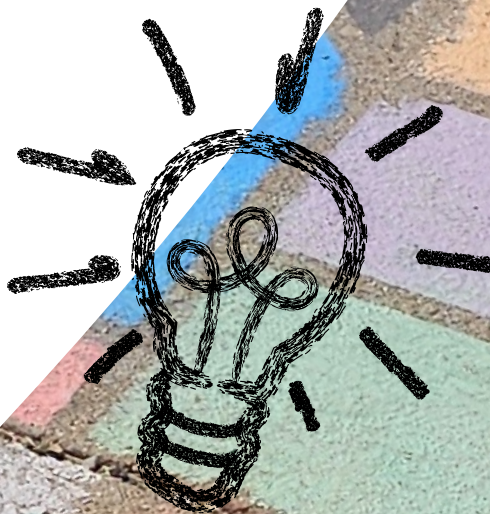




# A TRUE COMPARISON OF PROPERTY TAXES

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
Tecumseh Local SD, Clark	\$ 147.69
Mechanicsburg Ex Vill SD, Champaign	\$ 167.73
West Liberty-Salem Local SD, Champaign	\$ 167.78
Bellefontaine City SD, Logan	\$ 179.17
London City SD, Madison	\$ 204.67
Northwestern Local SD, Clark	\$ 205.66
Urbana City SD, Champaign	\$ 213.41
Triad Local SD, Champaign	\$ 231.22
Northeastern Local SD, Clark	\$ 234.91
Greenon Local SD, Clark	\$ 237.05
Southeastern Local SD, Clark	\$ 238.79
Jonathan Alder Local SD, Madison	\$ 250.79
Graham Local SD, Champaign	\$ 253.25
Clark-Shawnee Local SD, Clark	\$ 277.52
Benjamin Logan Local SD, Logan	\$ 303.38
Fairbanks Local SD, Union	\$ 348.36
Indian Lake Local SD, Logan	\$ 454.55





# **NORTHEASTERN BOARD OF EDUCATION**



**Mrs. Parker  
PRESIDENT**



**Mr. Yinger  
VICE PRESIDENT**



**Mr. Augustus**



**Mr. Thompson**



**Mr. Collins**

**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 Operations: Mr. John Parrish**

**Treasurer/CFO: Mr. Dale R Miller**

