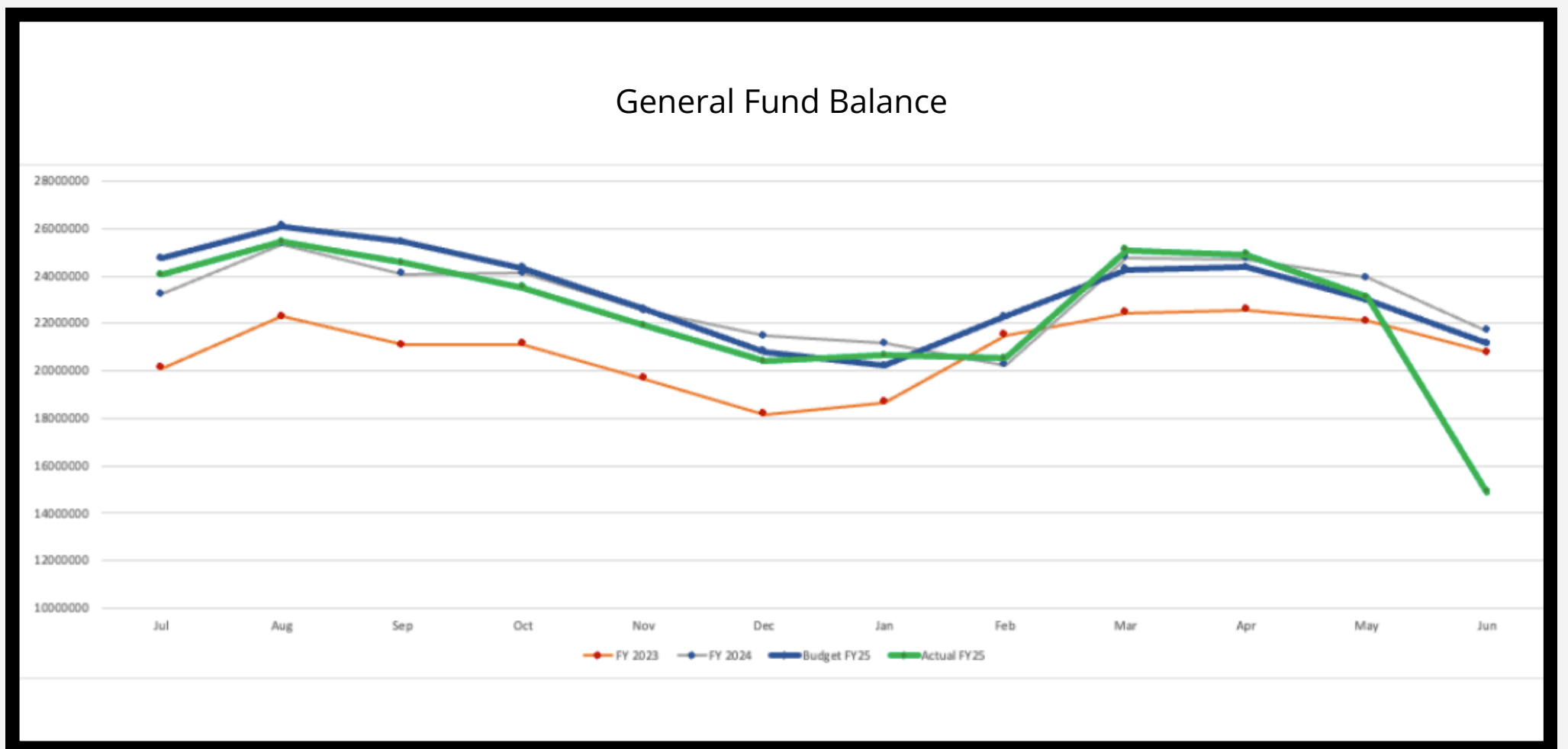


# NORTHEASTERN LOCAL SCHOOL DISTRICT

CASH BASIS FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30<sup>TH</sup>, 2025



THE JUNE 30<sup>TH</sup>, 2025 STATEMENTS AND SCHEDULES CONTAINED IN THIS REPORT ARE UNAUDITED

PREPARED BY:  
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# NORTHEASTERN LOCAL SCHOOL DISTRICT

## CASH BASIS FINANCIAL REPORT

JUNE 30<sup>TH</sup>, 2025

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# EXPLAIN ACCOUNT STRUCTURE

## REVENUE CODE

Fund – Receipt Code ###-#### (Page 33-34 and 35)

## EXPENDITURES

Fund – Function- Object – Special Cost Center- Subject-OPU-IL-Job

Fund ### – each separate stand-alone account - 27 Funds (page 8)

SCC #### – Special Cost Center divides funds into smaller groups or activities (page 18)

Object ### – the definition of the expenditure (page 36)

Function #### – the purpose of the expenditure – Instruction, Maintenance... (page 42)

Subject ##### – High School and Middle School Subject Area

OPU ### – Operating Unit – Building or Department

IL ## – Instructional Level PreK-12

Job ### – Used to separate accounts by job or department for budget



# FOR FISCAL YEAR, ENDED JUNE 30<sup>TH</sup>, 2025

In Fiscal Year 2025 (FY25), the Northeastern Local School District (NELSD) had to renew the 1% Earned Income Tax to maintain fiscal stability. With the help of an outstanding levy committee and a strong effort on May 6, 2025, the community supported the district in its renewal. THANK YOU to our community and everyone who was a part of the committee!!! For FY25, we added expenditures for the English Language Arts curriculum, and expenditures increased in the continuation of the one-to-one laptop program. As a result, expenditures exceeded revenues in FY25. The Administration is working hard to balance the FY2026 budget. NELSD has fully used its Federal Elementary and Secondary School Emergency Relief Funds (ESSER), which were provided for instruction to help close the learning gaps caused by COVID-19. As a result, three positions previously funded through ESSER Funds have been moved to the General Fund to meet the new State of Ohio requirement in the Science of Reading and to support the addition of reading specialists. Our main funding source for our students' needs is the one percent (1%) School District Income Tax, which we rely heavily on. In FY25, income tax revenue increased by \$546,818 (9.2%) and accounts for 17.3 percent of revenues, highlighting the importance of this tax to our District's operations. The State biennium budget for FY25, known as House Bill 33 (H.B. 33), continued the "Fair Funding Formula" for school districts. FY26 and FY27 House Bill 96 (H.B. 96) maintained the formula with no increase in the base cost. The State Foundation accounts for 34.4 percent of the total revenue. NELSD's state revenues are expected to remain flat and are at risk of decreasing in future years.

Property taxes are another major revenue source for the district, being 36.6 percent of our General Fund revenues. The complexity of property taxes, combined with the effects of House Bill 920 (H.B. 920) and House Bill 126 (H.B. 126), has affected the district's revenue streams. H.B. 920 places limitations on property taxes, meaning when a property's assessed value (35 percent of market value, which the County Auditor determines) goes up, the millage rate (1/1000 of the assessed value) is adjusted down proportionately so that there is no increase in cost to the taxpayer with two exceptions—new construction and reaching the 20-mill floor, NELSD will reach the floor in the next county re-evaluation in January. H.B. 126 went into effect in July 2022 and severely limits a district's ability to challenge a valuation reduction, which impacts the property values and taxes, making it more difficult to protect our tax base and taxpayers. In FY25, the total revenue from General Fund Property and Other Local Taxes was \$13,790,939, which is an increase of \$419,102 more than the previous year. Since 2015, there has been a steady increase of \$262,424 per year in General Fund Property Tax revenues, resulting in a total increase of \$2,624,241 over the past 10 years. A majority of this increase was a result of the state discontinuing the Tangible Property Tax and placing the growth on the Northeastern Taxpayer. The district's property tax collections for FY25 reached \$18.3 million, with \$3.8 million generated by the building levy. In FY25, the District's General Fund saw an increase of \$222,555 or 8/10 percent in revenue from property taxes and state aid, which are two of the biggest sources of income. It is important to note, however, that State support has decreased in these revenue sources over the past ten years at a rate of -1.1 percent per year when adjusted for the loss on tangible personal property taxes. These factors force the District to rely heavily on our local taxpayers for financial support, making the income tax the backbone of the District's finances.

In 2015, taxpayers approved a one percent (1%) earned income tax levy, which the district began collecting in 2016. This levy has had a positive impact on the district's finances, notably and thankfully has been renewed in May 2025 for an additional ten years. In FY25, the district received \$6,513,836, which is a 9.2 percent increase from the previous fiscal year, FY24. However, in FY24, the income tax dropped 5%. We are grateful for the support of our taxpayers and would like to express our sincere gratitude to the local community on behalf of the Board of Education and the Administrative Team. The income tax is one of the major factors that has the District's May 2025 Five-Year Forecast showing a projection of a positive fund balance at the end of fiscal year 2029, with the renewed income tax.

# FOR FISCAL YEAR, ENDED JUNE 30<sup>TH</sup>, 2025

In August 2018, the District issued \$79,335,000 of bonds for the construction of two new PK-12 facilities. These bonds are supported by our community's passage of the 7.96-mill bond levy, with an effective rate of 5.68-mills now. The Ohio Facilities Construction Commission (OFCC) will contribute approximately \$41,000,000 to these projects. The bonds were issued over a 37-year term at an average interest rate of 3.96 percent (see debt schedule on page 47). The new Northeastern PK-12 School Building opened in August 2022, and the new Kenton Ridge PK-12 School Building opened in August 2023. We thank the community for their support and passage of this levy, which has allowed us to provide exciting new learning environments for the students in our District.

Overall, District Total Revenues, excluding other financing sources and the building project, were \$70,000 (1.5%) more than the prior year. The total expenditures, excluding other financing uses and the building project, were \$1.3 million more than the prior year. The District's General Fund, which accounts for most of the district's financial activity, had similar results. General Fund Revenues, excluding other financing sources, were \$483,253 (1.3%) more than the prior year, which was mainly due to the increase in local income taxes. Total expenditures, excluding other financing uses, were \$1,716,584 (4.7%) more than in the prior year. The net result of these changes was a total decrease in the General Fund balance of \$799,992. Factors contributing to the increase in revenues and expenditures for the General Fund are as follows:

- Property Taxes increased by \$17,032 (.1%), Income Tax decreased by \$546,818 (9.2%)
- The combined salary and benefits total increased \$1,756,954. The district absorbed five ESSER positions into the General Fund to continue work on closing the COVID learning gap and to fund a new reading position required by the Ohio Department of Education.
- The General Fund Cash Balance on June 30, 2025, was \$14,898,745 (33.5% of expenditures) after adjusting for a fund balance policy vetoed in the budget. If NELSD returns the advance, the fund balance would be \$20,898,745 (47% of expenditures).

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## SUMMARY

The State biennium budget process has several detrimental items included by the State House and Senate. Fortunately, Governor DeWine vetoed many of these items, recognizing the risk to management of school districts. The State continues to shift more funding onto the local taxpayers. DeWine's veto does address the need for property tax reform, which is necessary. The Fair Funding Formula remains unchanged, with no additional money or increase in expenditures that drive the formula. The Budget BH 96 does not include any increase in funding for FY26 or FY27. The district continues to manage spending carefully while maintaining the student one-to-one (1:1) technology program, improving the curriculum, and supporting operations in the District's new buildings. Again, we would like to express our gratitude to our taxpayers for their support of the income tax and the 7.96-mill bond levy, which is crucial for the district's facilities' needs and future plans. TAXPAYERS OF NORTHEASTERN LOCAL SCHOOL DISTRICT – THANK YOU FOR YOUR SUPPORT!!!