



YOUR MONEY MATTER\$

Published quarterly by the Financial Advisory Panel

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- Mary Markle
Treasurer

Online

Each issue of "Your Money Matter\$" is posted on our District web site at highlandschools.org, click on the "Administration" link then click on the "Treasurer" tab.

Feedback

If you have comments to share, questions about Highland's finances or inquiries about District operations, please contact Dawn Marzano, Director of Communications, via email at marzano@highlandschools.org, or 330-239-1901, ext. 1261. You can also contact any Financial Advisory Panel member. We will try to address all questions in the next edition.

DISTRICT DEFICIT ON THE HORIZON

Our responsibility as the Financial Advisory Panel is to relay all pertinent financial information to the residents of the Highland Local School District. Despite the failure of the school levy in November, our message remains the same. Our District has consistently performed at the highest attainable levels at a very reasonable cost to residents.

With the levy defeat, the District is now faced with several budgetary cuts in order to keep the District fiscally sound. The levy co-chairs, committee members and administrators did their best communicating the information about the vital need for new operating money, yet the levy was defeated by 60% of the voters. Unfortunately, in 2012, we will be faced with a \$5.7 million deficit since our cash surplus will be exhausted.

On November 30, 2009, the District received a letter from the State Department of Education regarding our projected deficit in fiscal year 2012. Please see below:

RE: Forecasted FY12 Deficit

Dear Superintendent Aukerman,

Your district's current five-year forecast projects a negative unreserved fund balance (line 15.01 on the forecast) exceeding 2% of revenue in Fiscal Year 2012. The Ohio Department of Education (ODE) is required, under Section 5705.391 of the Ohio Revised Code, to immediately notify the district and the Auditor of the State of the potential deficit. This letter serves as that notification.

In the past, a district was required to submit a written proposal outlining plans to eliminate the projected deficit. We are not requesting a written proposal at this time; however, we encourage you to continue to monitor the district's financial condition, enter into appropriate discussion with Board members and stakeholders and take the necessary financial actions that will eliminate the projected deficit.

ODE will also continue to monitor the district's financial status and may request a written proposal if the projected deficit continues. Our regional fiscal consultants and area coordinators are ready and willing to assist your district by providing a variety of services. Please contact my office or any of the regional personnel to request assistance.

Sincerely,
Roger W. Hardin, Assistant Director
Office of School Funding and Fiscal Support Service

This failure emphasizes the need for school funding reform in the State of Ohio. The funding system in Ohio is predicated on a partnership between the state and local community. In Highland, 70% of our general fund revenue comes from local sources and 30% comes from the state. With the exception of new construction, Highland is literally operating on 1998 dollars for a lion's share of our operating funds.

School districts in Ohio continue to feel the pinch of reduced state funding and Highland is no exception. This year, our state funding was cut by 1% totaling \$42,000 and next year, we will experience a 2% reduction totaling \$88,000. Since a state budget lasts only two years, it is difficult to predict what state funding will be in 2012 and beyond. In addition, House Bill I requires all districts to implement an all-day, every-day kindergarten program within the next several years. That is an added cost of approximately \$700,000 per year for Highland, while revenue from the state continues to decline. As you can see, the school District cannot continue to operate without additional revenue from our communities.

Investment income, which at one time was considered a major source of our school revenue, has also taken a hard hit during this difficult economy. Highland has experienced a reduction of 55% totaling \$434,000.

We encourage all Highland voters to contact their state legislature and urge them to consider additional avenues to fund school districts throughout Ohio.

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