

Buckeye Local Schools - Ashtabula County

Five Year Forecast Financial Report

October 22nd, 2019

Jamie Davis, Treasurer

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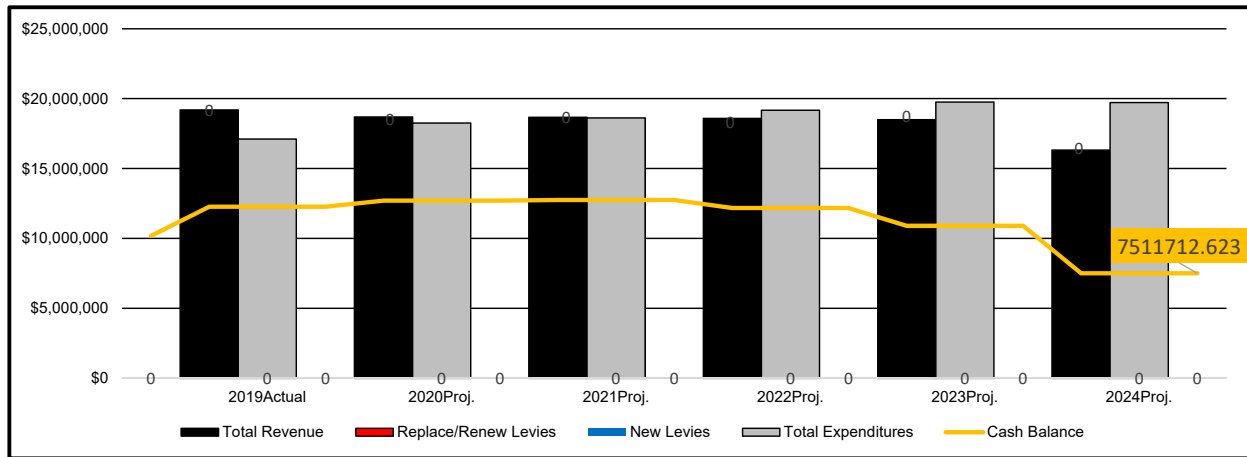
Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Forecast Summary



Note: Cash balance includes any existing levy modeled as renewed during the forecast.
Cash balance is not reduced for encumbrances.

Financial Forecast

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	12,587,271	13,694,713	14,433,585	14,578,431	14,136,166
+ Revenue	18,916,973	18,763,764	18,785,327	18,838,182	19,001,096
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(17,809,531)	(18,024,892)	(18,640,481)	(19,280,447)	(19,958,070)
= Revenue Surplus or Deficit	1,107,442	738,872	144,846	(442,265)	(956,974)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	13,694,713	14,433,585	14,578,431	14,136,166	13,179,192

Analysis Without Renewal Levies Included:

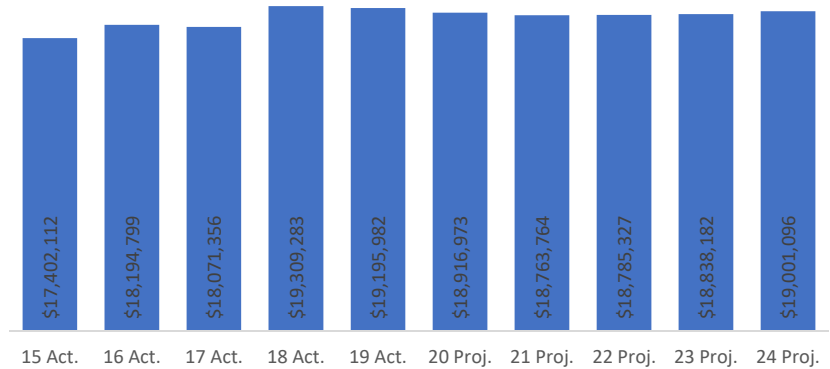
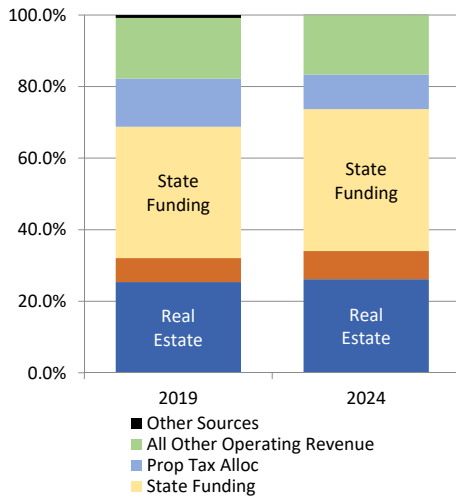
Revenue Surplus or Deficit w/o Levies	1,107,442	738,872	144,846	(442,265)	(956,974)
Ending Balance w/o Levies	13,694,713	14,433,585	14,578,431	14,136,166	13,179,192

In FY 2020 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$1,107,442 in FY 2020. By the last year of the forecast, FY 2024, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$956,974. The district would need to cut its FY 2024 projected expenses by 5.04% in order to balance its budget without additional revenue.

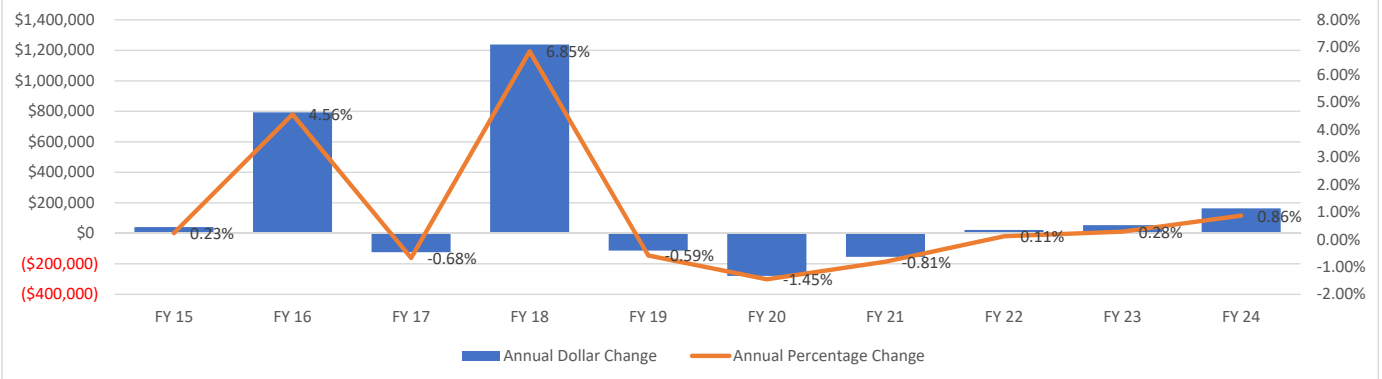
The district's cash balance is positive at year-end in FY 2020 and is projected to worsen by FY 2024. A worsening cash balance can erode the district's financial stability over time.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



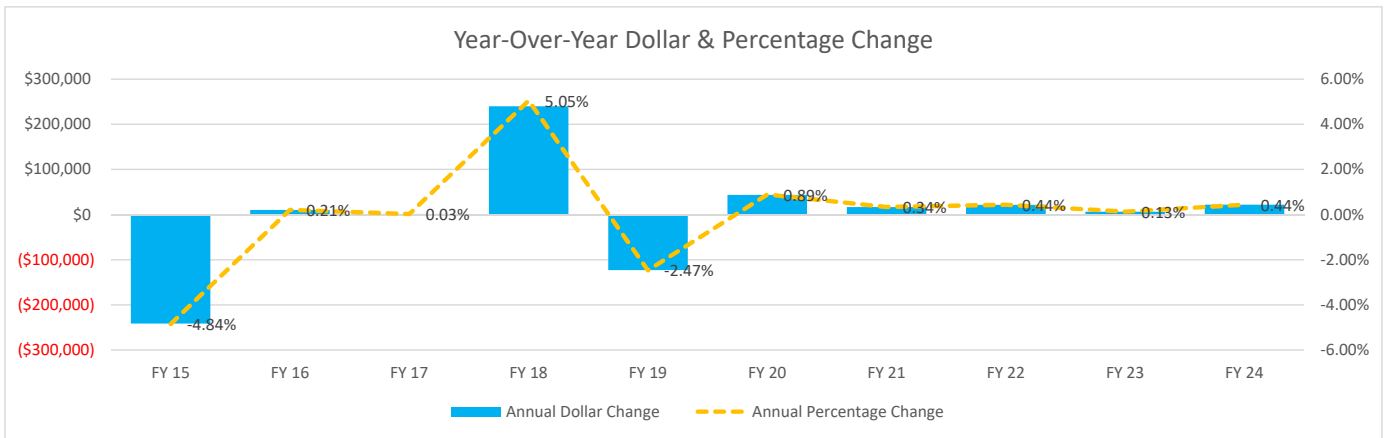
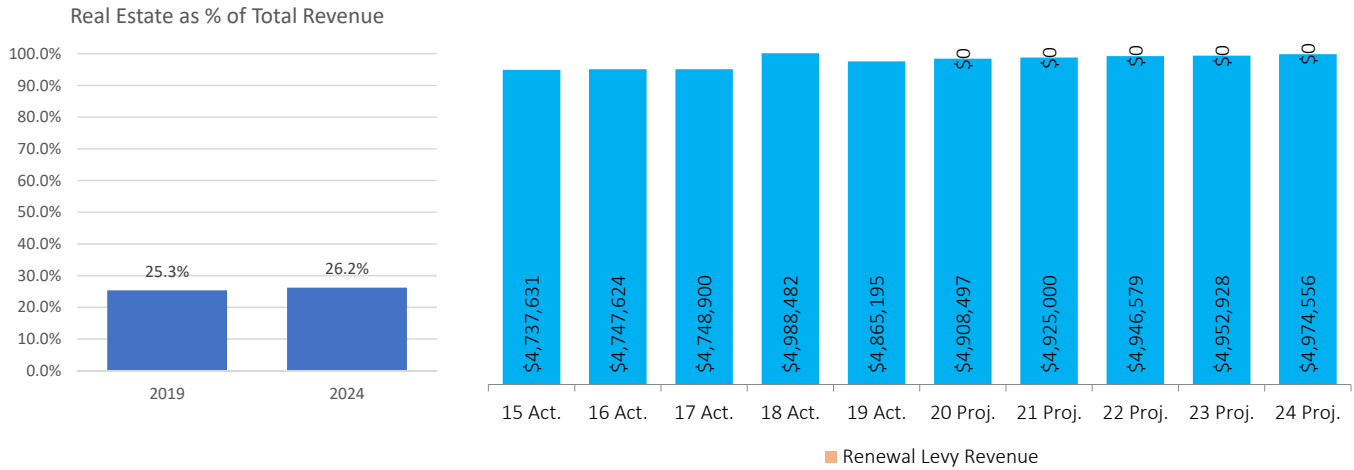
5-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Real Estate	(\$22,731)	\$21,872	\$44,603	Total revenue increased 2.07% or \$366,831 annually during the past five years and is projected to decrease -0.20% or -\$38,977 annually through FY2024. All Other Operating Revenue has the most projected average annual variance compared to the historical average at -\$377,291 Increases in tuition based revenue had large fluctuations in previous fiscal years, causing a higher historical average change. In addition, the district collected over \$478,000 in federal Medicaid reimbursements in FY 2019. This amount is expected to go down to \$213,000 in FY 2022. This decrease, along with decreased interest income cause the projected average annual change to be a negative amount.
Public Utility	\$99,796	\$41,050	(\$58,745)	
Income Tax	\$0	\$0	\$0	
State Funding	\$213,614	\$97,549	(\$116,065)	
Prop Tax Alloc	(\$148,684)	(\$150,491)	(\$1,806)	
All Other Operating Revenue	\$357,989	(\$19,303)	(\$377,291)	
Other Sources	(\$133,152)	(\$29,655)	\$103,497	
Total Average Annual Change	\$366,831 2.07%	(\$38,977) -0.20%	(\$405,808) -2.27%	

Note: Expenditure average annual change is projected to be > \$568,664 On an annual average basis, expenditures are projected to grow faster than revenue.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2018	218,241,940	(1,013,410)	22.18	0.31	36.20	(0.58)	100.6%
2019	218,701,194	459,254	22.16	(0.01)	36.30	0.10	99.3%
2020	229,495,126	10,793,931	21.13	(1.03)	36.30	-	99.2%
2021	229,905,949	410,823	21.12	(0.01)	36.40	0.10	99.2%
2022	230,330,728	424,779	21.11	(0.01)	36.50	0.10	99.2%
2023	238,465,280	8,134,552	20.42	(0.69)	36.50	-	99.2%

Real estate property tax revenue accounts for 25.34% of total revenue. Class I or residential/agricultural taxes make up approximately 66.94% of the real estate property tax revenue. The Class I tax rate is 22.16 mills in tax year 2019. The projections reflect an average gross collection rate of 99.2% annually through tax year 2023. The revenue changed at an average annual historical rate of -0.41% and is projected to change at an average annual rate of 0.45% through FY 2024.

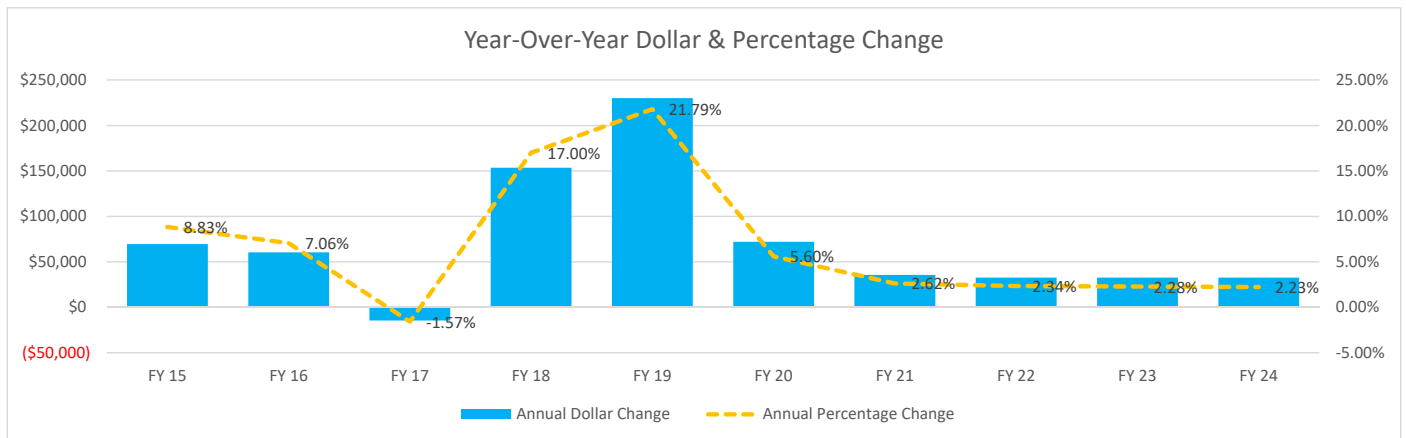
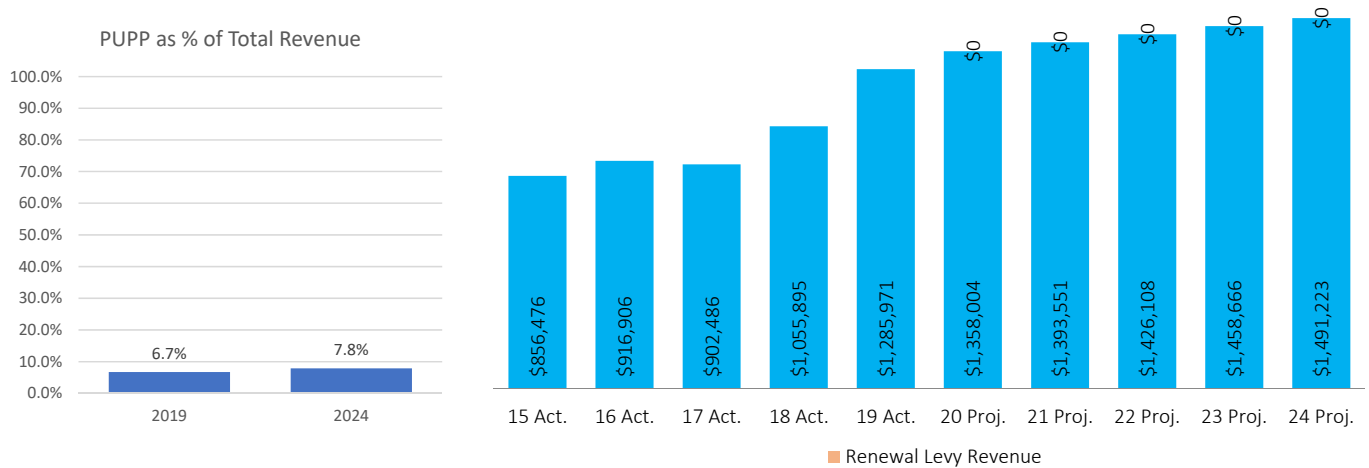
The district will go through property revaluation/triennial updates in tax year 2020 and 2023, which is expected to increase property values and reduce Class I - residential/agricultural taxes rates.

The gross collection rates is expected to remain at a rate close to 100% for the entire forecast period.

*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2018	30,964,320	2,692,510	43.41	(0.01)	100.0%	
2019	31,714,320	750,000	43.41	-	100.0%	
2020	32,464,320	750,000	43.41	-	100.0%	
2021	33,214,320	750,000	43.41	-	100.0%	
2022	33,964,320	750,000	43.41	-	100.0%	
2023	34,714,320	750,000	43.41	-	100.0%	

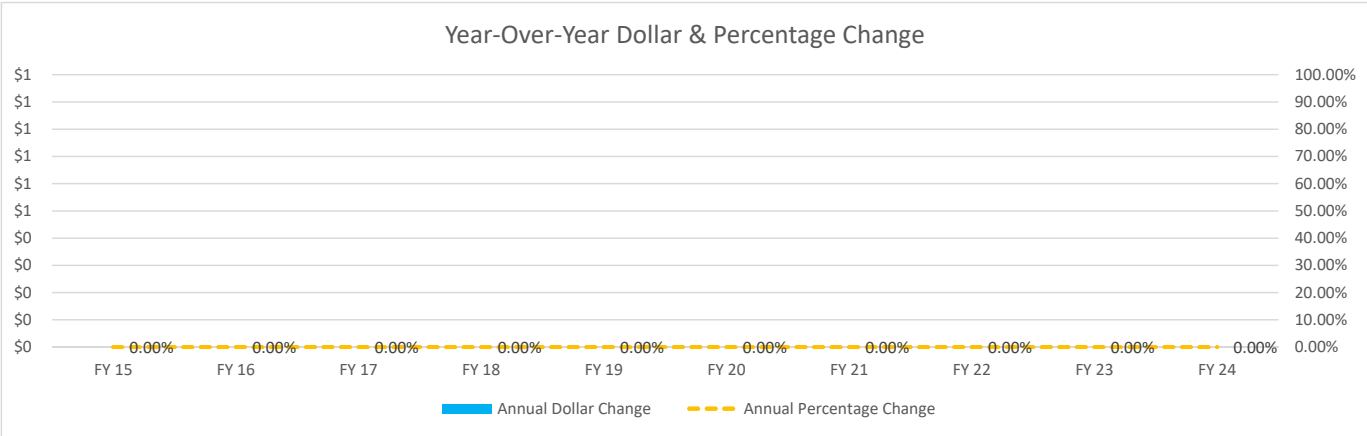
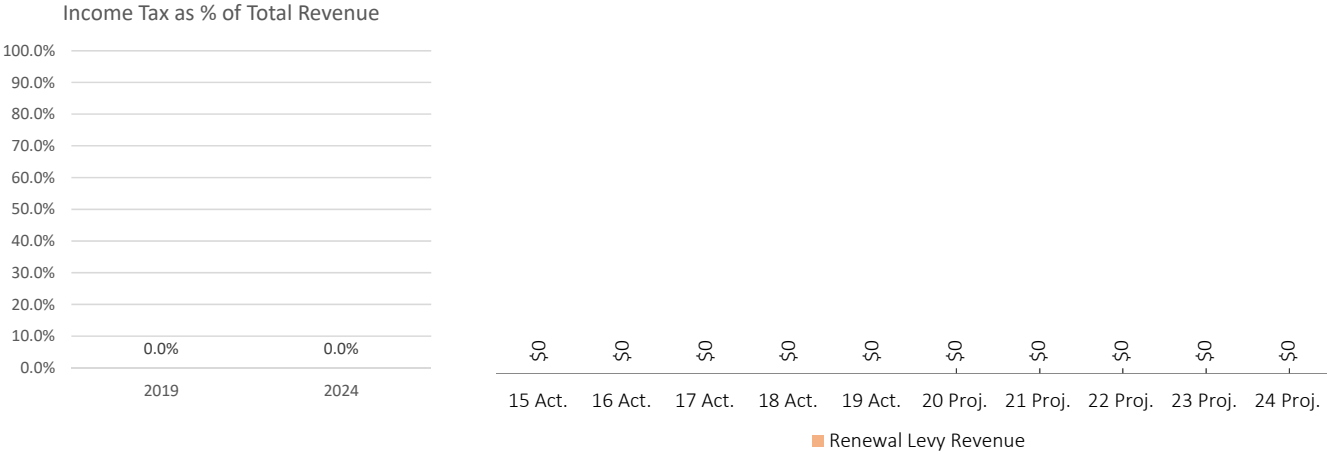
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 6.70% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2019 is 43.41 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$99,796 and is projected to change at an average annual dollar amount of \$41,050 through FY 2024.

In 2018 PUPP values increased by 9.5% or \$2.69 million, resulting in an additional \$73,500 in tax revenue annually due to American Transmission System, a subsidiary of First Energy Co. construction.

**Projected % trends include renewal levies*

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

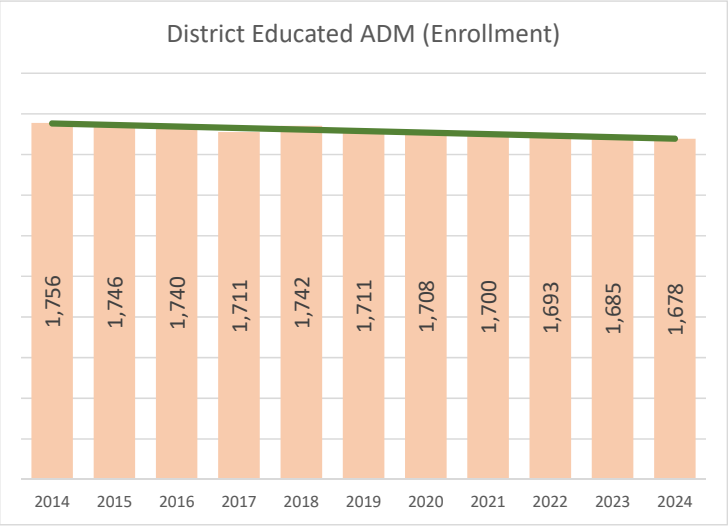
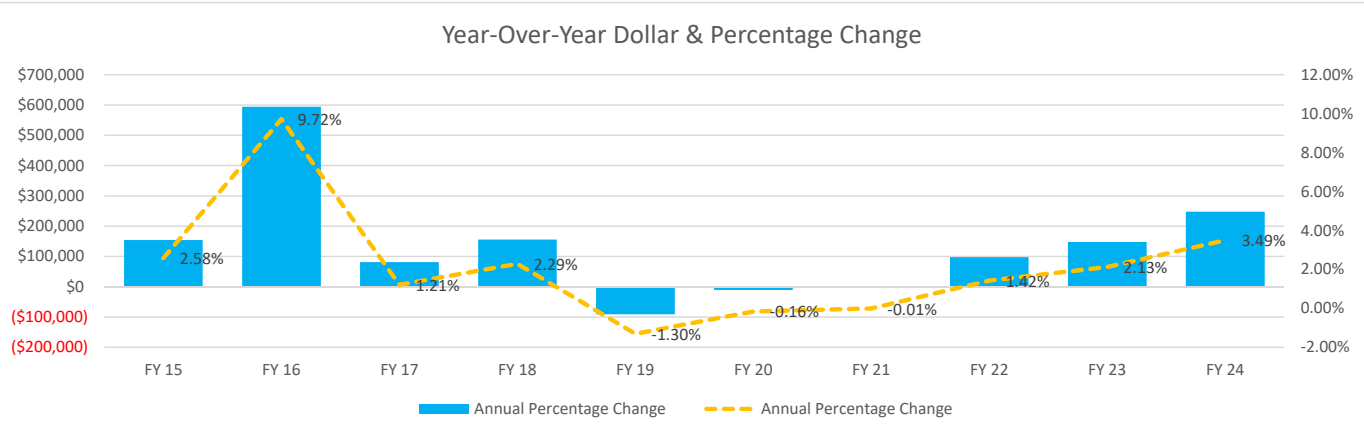
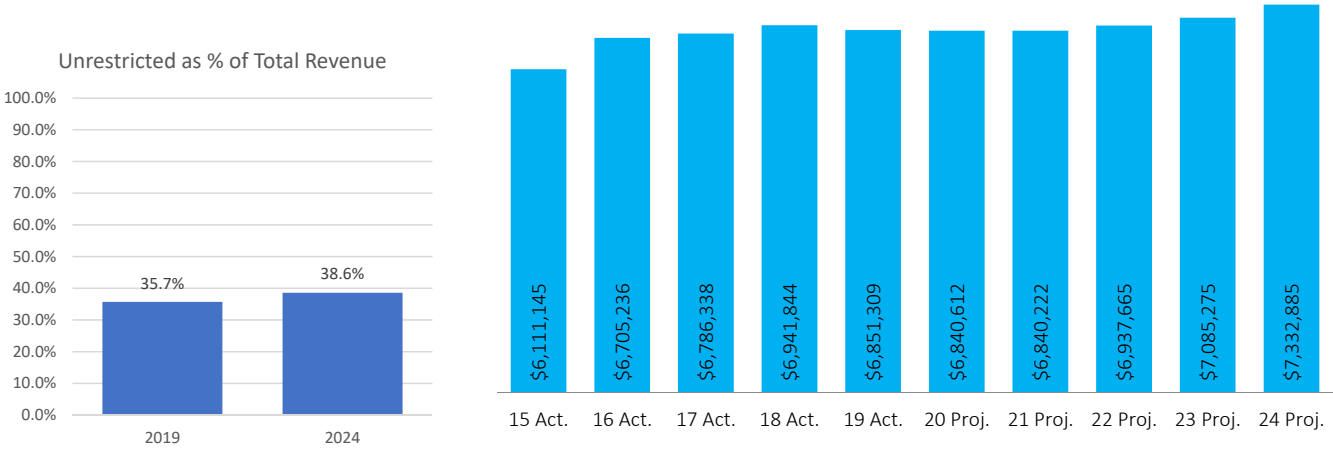


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

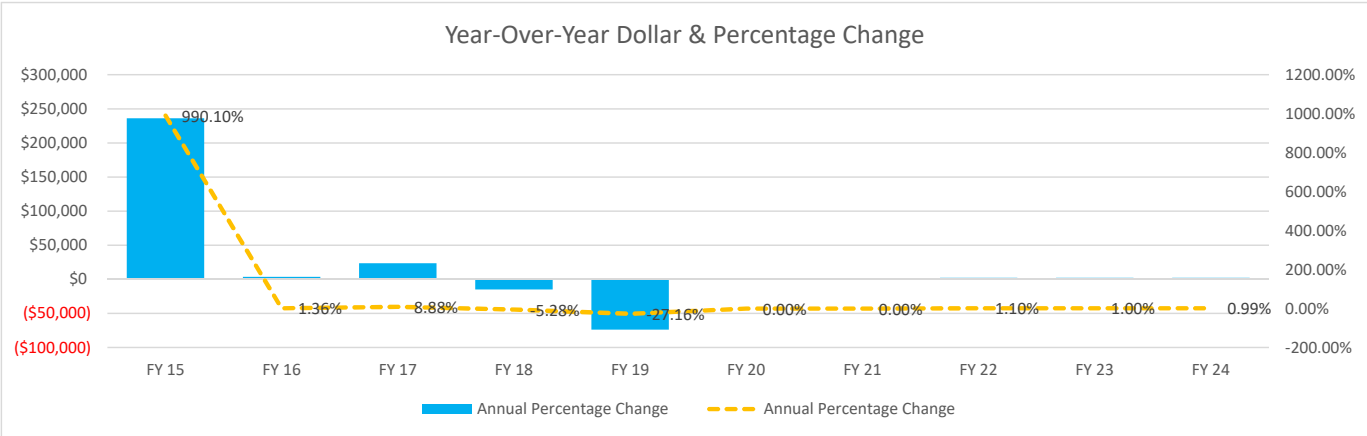
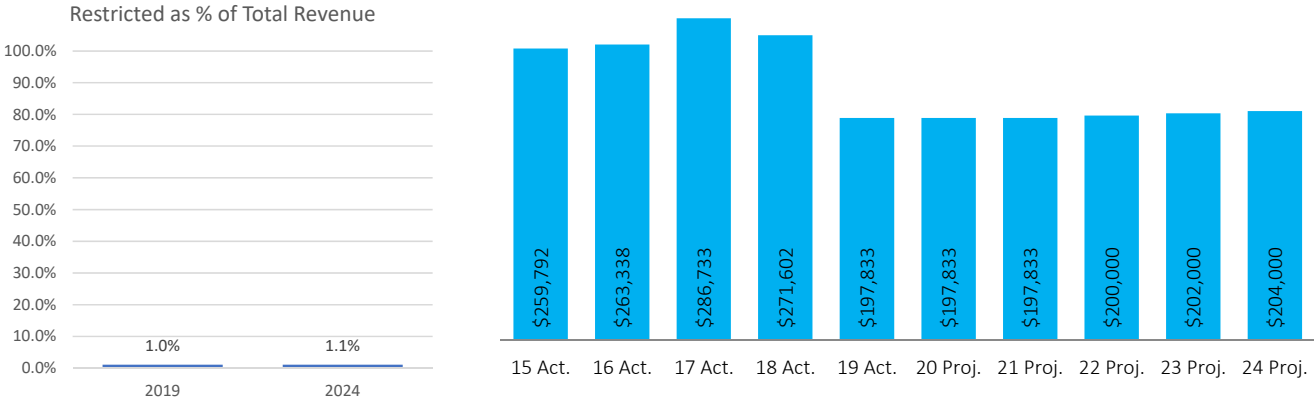
Funds received through the State Foundation Program with no restriction.



The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2020. In addition to its FY 2019 base funding amount of \$6,825,366 the district is projected to receive FY 2020 categorical funding of \$369,675. These funds will be recorded in a special revenue fund and are not included in this forecast. The district has the option to move some expenditures from the general fund forecast to the special revenue fund receiving these dollars. For fiscal year 2022 - 2024, the district is projecting an average annual increase of 2.3%

1.040 & 1.045 - Restricted Grants-in-Aid

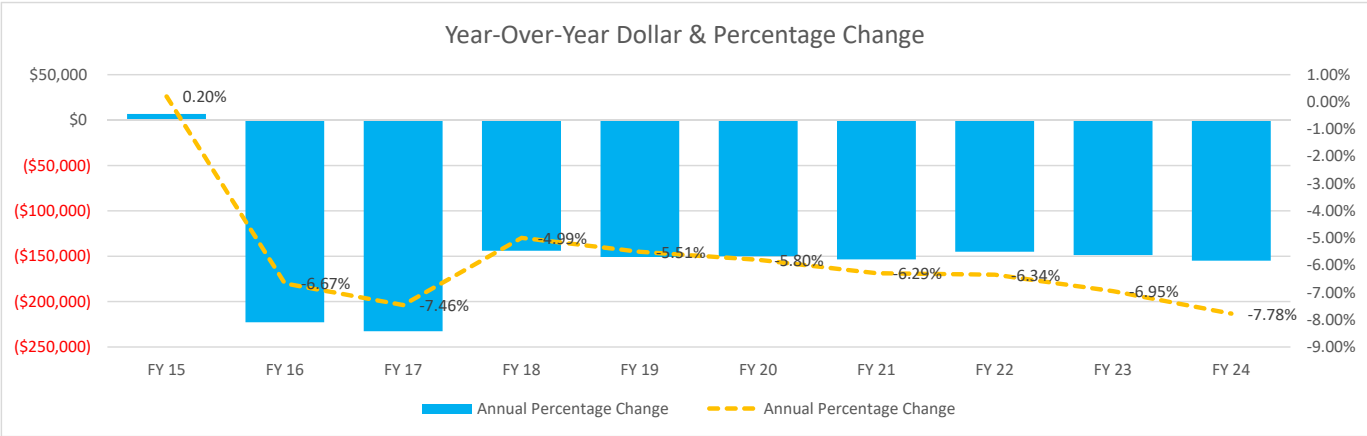
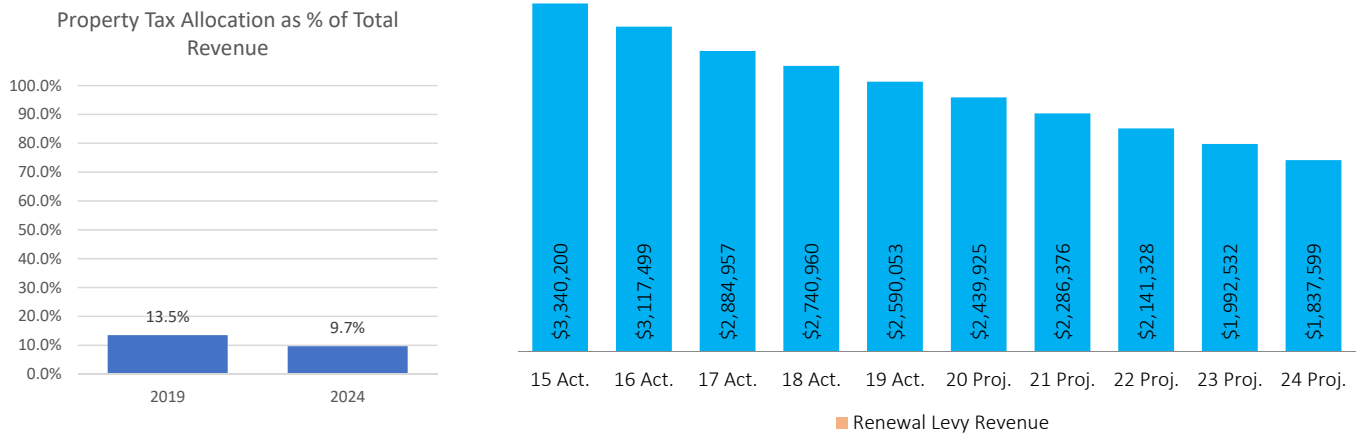
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



<p>Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$22,021 and is projected to change annually on average by \$1,233. Restricted funds represent 1.03% of total revenue.</p>	<p>Restricted aid is frozen for the next two fiscal year. For FY 2022 - FY 2024, the district is predicting minimal increases in this revenue line item.</p>
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1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



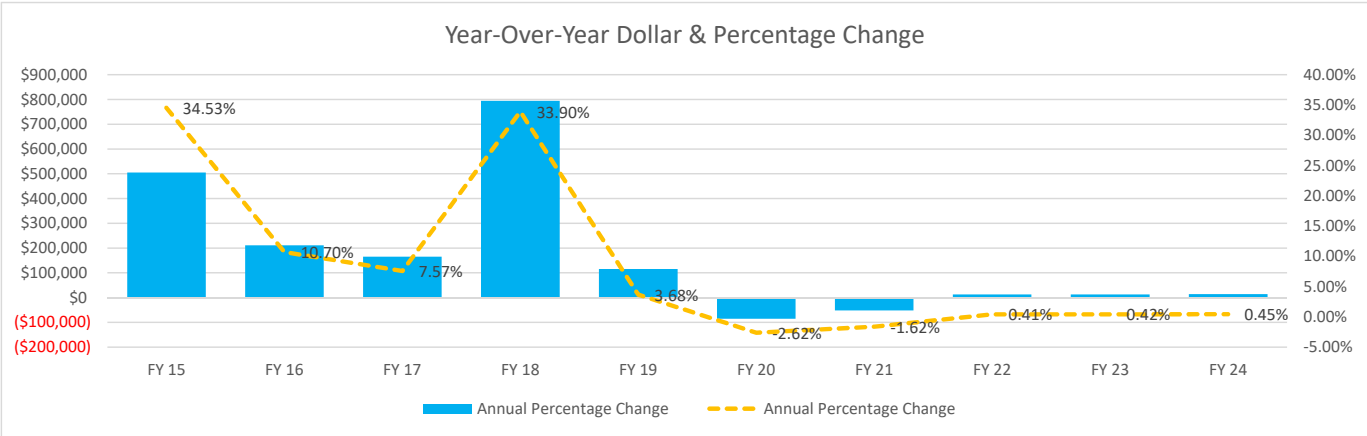
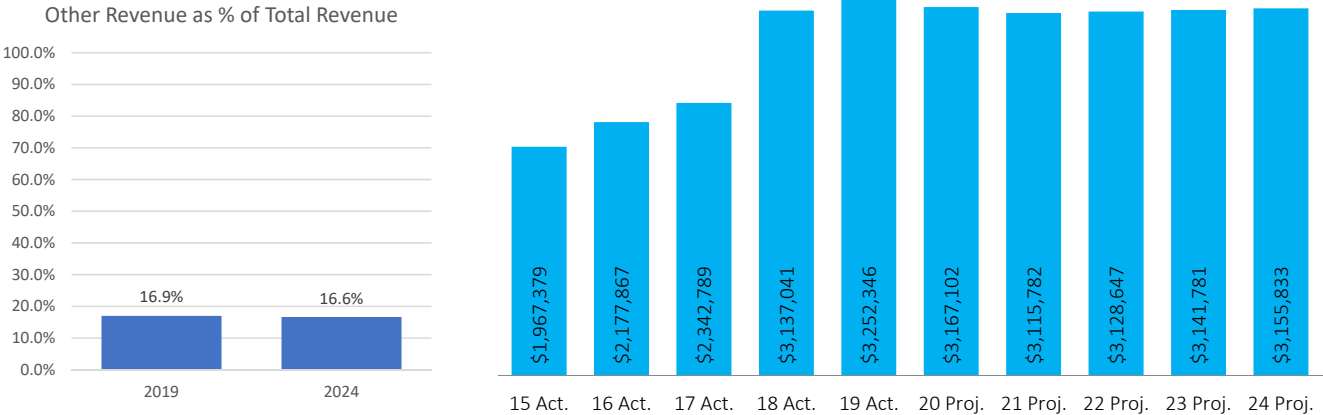
Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2020, approximately 11.3% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 5.4% will be reimbursed in the form of qualifying homestead exemption credits.

The district's tangible personal property tax reimbursement, that totaled \$1,949,641 in FY 2019, will continue to be phased out at a rate of \$150,643 per fiscal year until it is completely eliminated.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



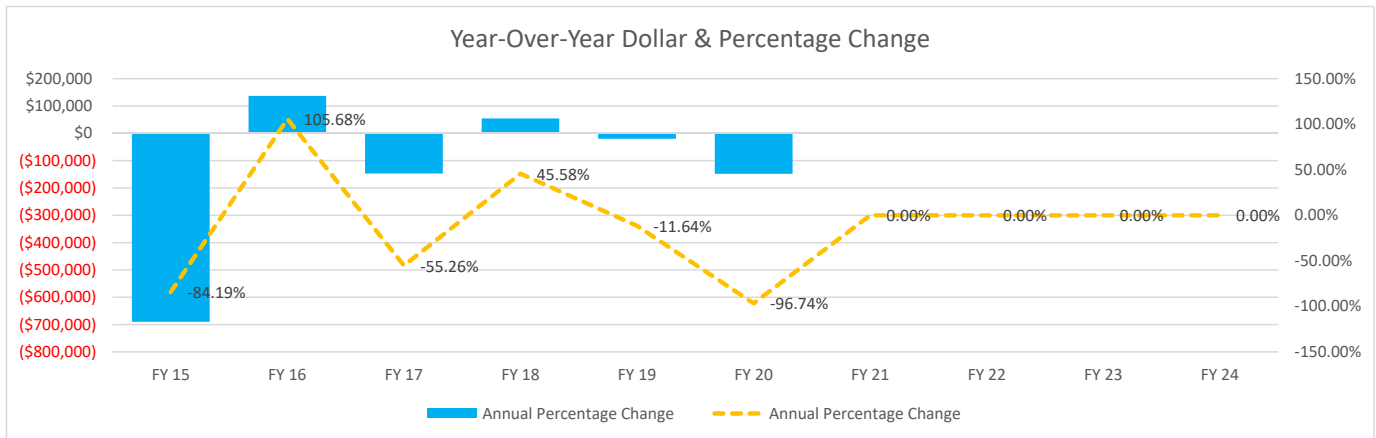
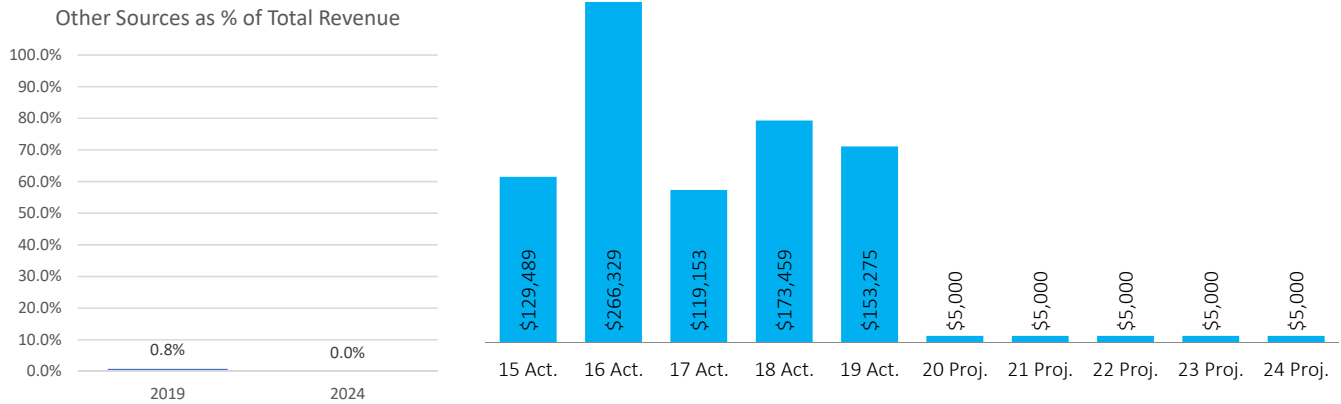
	2018	2019	2020	2021	2022	2023	2024
Federal Medicaid Reimbursement	195,632	478,085	213,000	213,000	213,000	213,000	213,000

Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$357,989. The projected average annual change is -\$19,303 through FY 2024.

As noted in the table above, federal Medicaid funds increased significantly in 2019 due to the district receiving a large previous year settlement. For FY 2022 - FY 2024, these reimbursements are expected to go down to an annual level of \$213,000. Tuition revenue is expected to increase for the current fiscal year, while interest income is expected to decrease.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

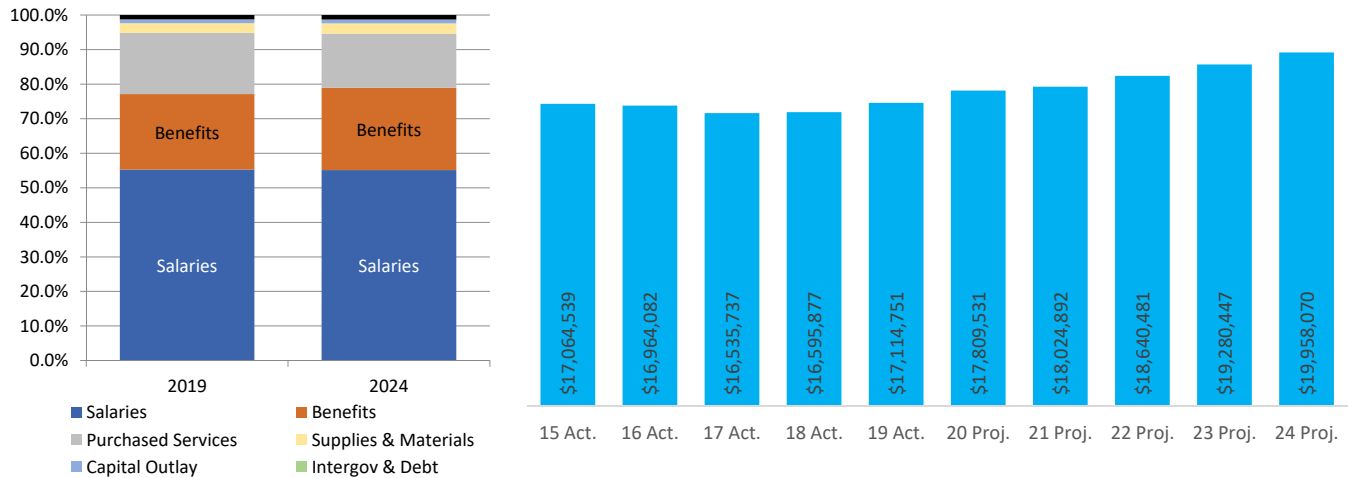


	FORECASTED					
	2019	2020	2021	2022	2023	2024
Transfers In	-	-	-	-	-	-
Advances In	97,000	-	-	-	-	-
All Other Financing Sources	56,275	5,000	5,000	5,000	5,000	5,000

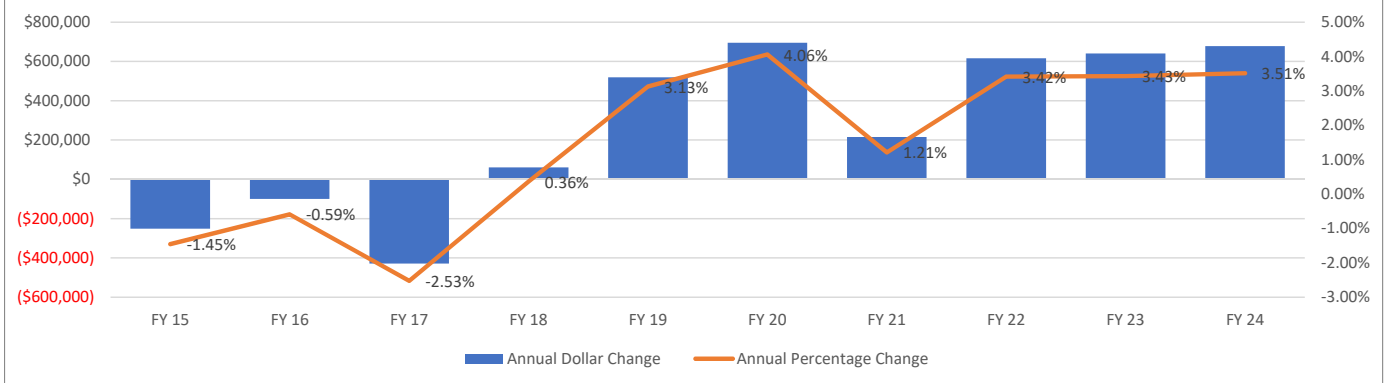
Other sources includes revenue that is generally classified as non-operating. It is typically in the form of advances-in which are the repayment of temporary loans made from the general fund to other district funds. In FY 2019 the district received \$97,000 as advances-in and is projecting advances of \$0 in FY 2020. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$5,000 in FY 2020 and average \$5,000 annually through FY 2024.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



5-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

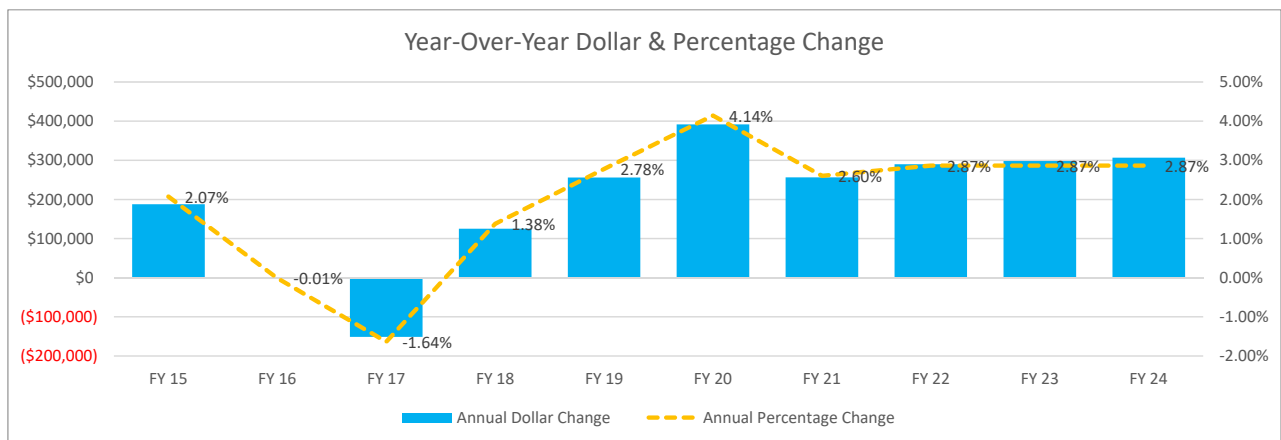
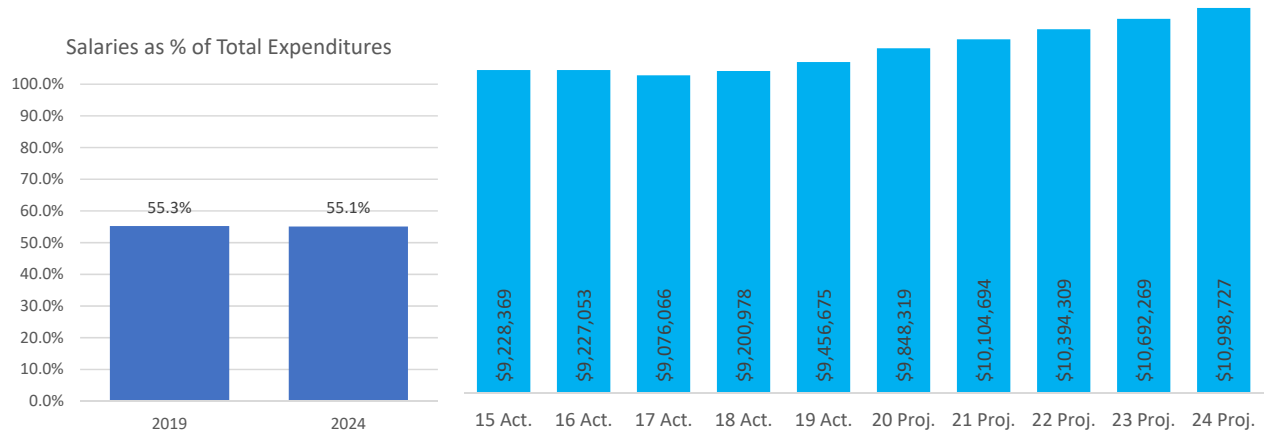
	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Salaries	\$83,137	\$308,410	\$225,273	Total expenditures decreased -0.22% or -\$40,329 annually during the past five years and is projected to increase 3.32% or \$568,664 annually through FY2024. Benefits has the most projected average annual variance compared to the historical average at \$225,589.
Benefits	(\$22,054)	\$203,535	\$225,589	
Purchased Services	\$41,772	\$18,066	(\$23,706)	
Supplies & Materials	(\$1,832)	\$23,128	\$24,960	
Capital Outlay	\$7,554	\$6,964	(\$590)	The district has had a little to no increase in health insurance premiums over the past couple of years. For FY 2021 - FY2024, an average increase in premiums has been estimated at 8% annually, which is inline with the industry standard.
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$5,788	\$8,560	\$2,773	
Other Uses	(\$154,693)	\$0	\$154,693	
Total Average Annual Change	(\$40,329)	\$568,664	\$608,993	
	-0.22%	3.32%	3.54%	

Note: Expenditure average annual change is projected to be > \$568,664

On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



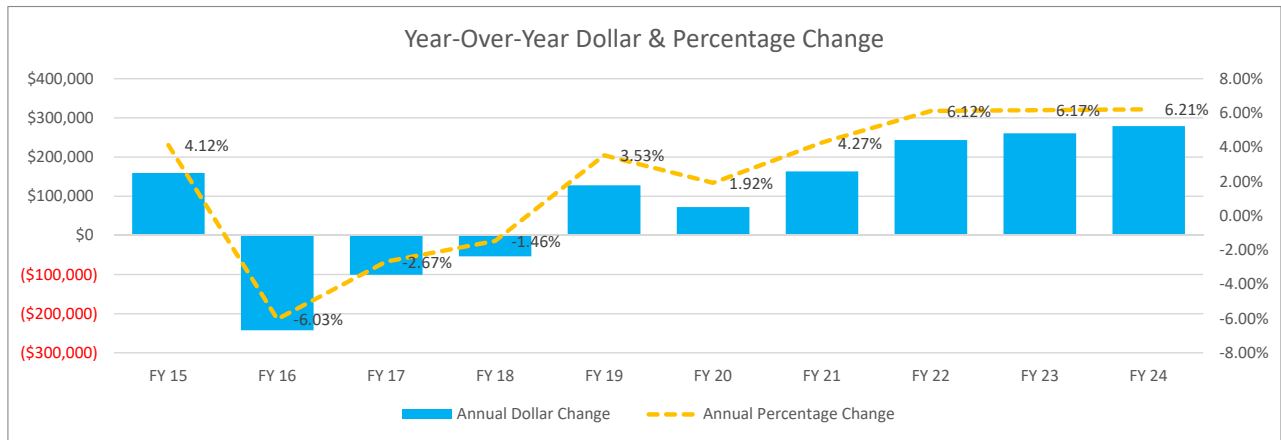
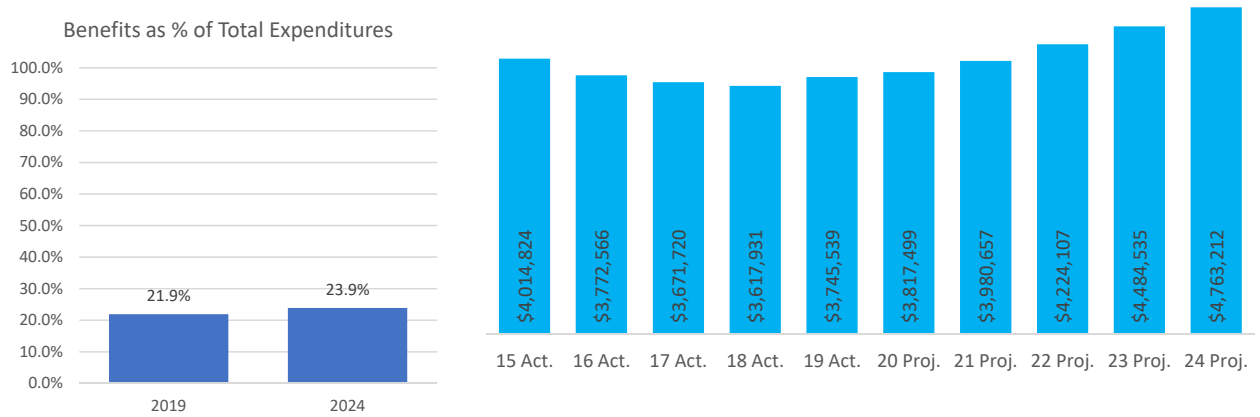
Salaries represent 55.25% of total expenditures and increased at a historical average annual rate of 0.92% or \$83,137. This category of expenditure is projected to grow at an average annual rate of 3.07% or \$308,410 through FY 2024. The projected average annual rate of change is 2.15% more than the five year historical annual average.

The current and subsequent fiscal years' salary projections include changes to salaries due to longevity step increases and base salary increases. In addition, the current fiscal year's salary projections include additional increases due to higher than normal severance payout and the addition of several new positions that increased salaries by \$113,347.

Severance payments for future fiscal years are expected to be reduced by \$40,000 compared to the current fiscal year.

3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.

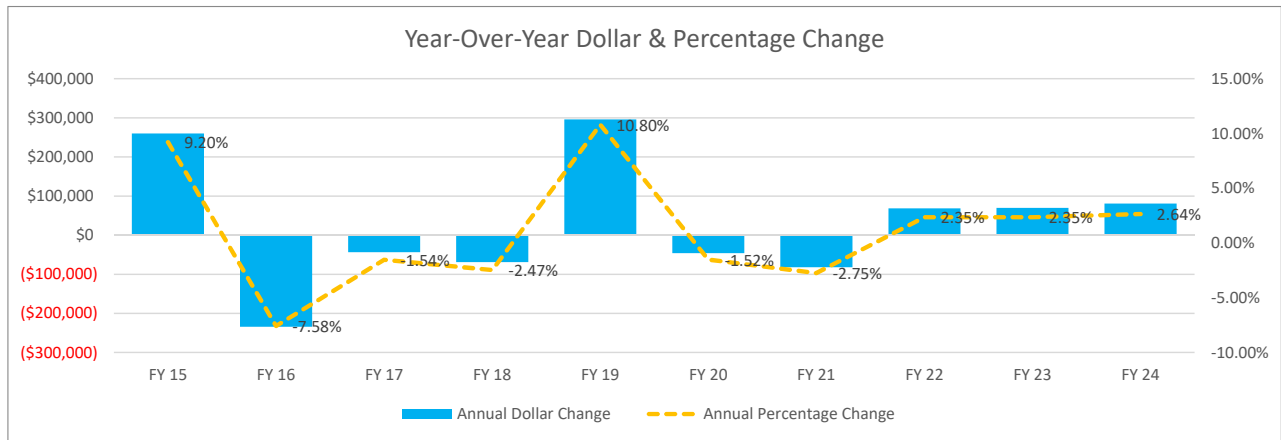
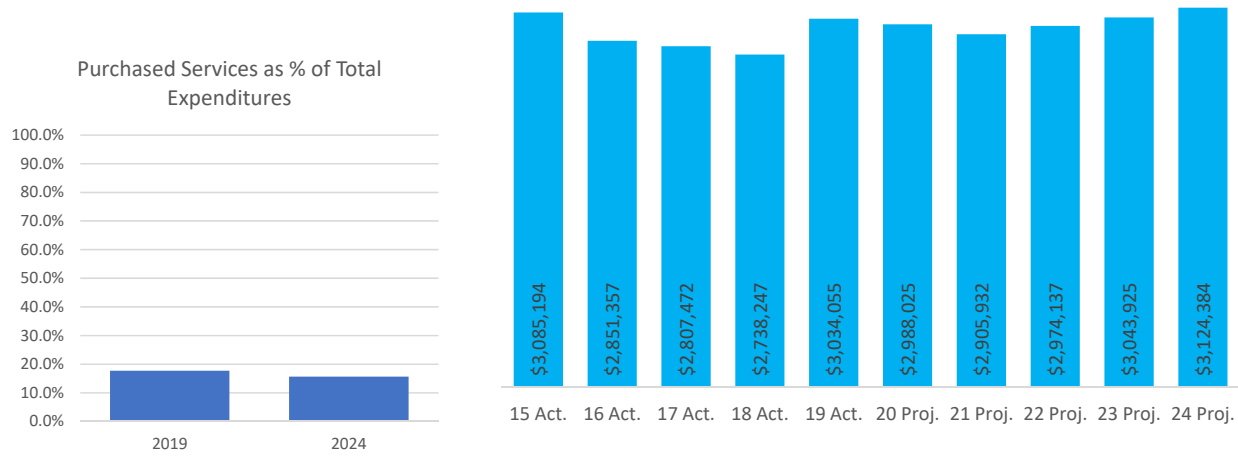


Benefits represent 21.88% of total expenditures and decreased at a historical average annual rate of -0.50% in the previous five years. This category of expenditure is projected to grow at an annual average rate of 4.94% through FY 2024. The projected average annual rate of change is 5.44% more than the five year historical annual average.

As noted on page 15, the district has had little to no increase in health insurance over the past couple of years. For FY 2021 - FY2024, these premiums are expected to increase by a rate that is consistent with industry trends.

3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



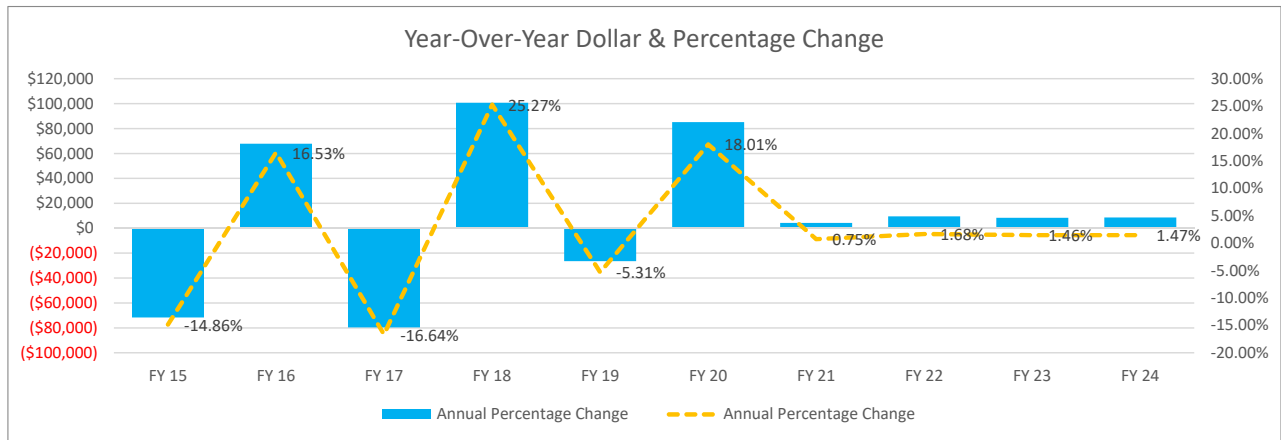
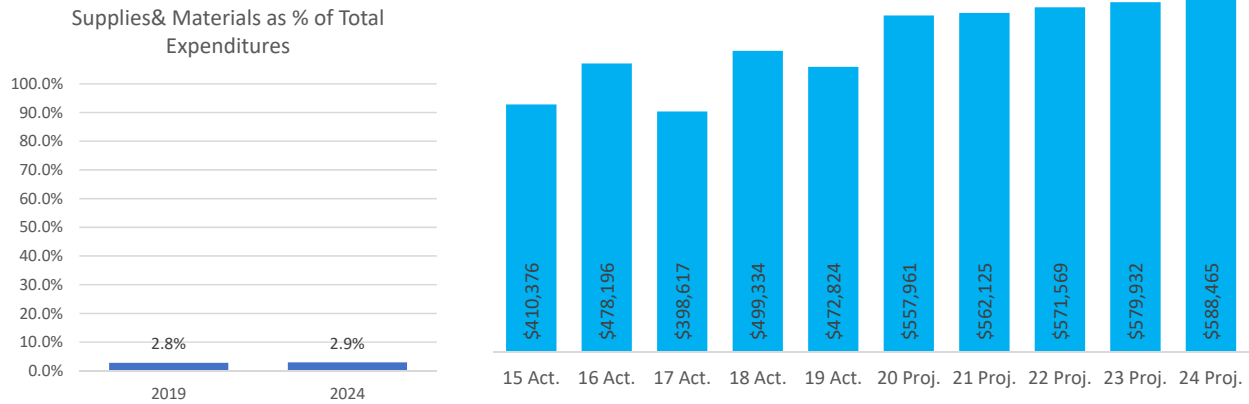
Purchased Services represent 17.73% of total expenditures and increased at a historical average annual rate of 1.68%. This category of expenditure is projected to grow at an annual average rate of 0.61% through FY 2024. The projected average annual rate of change is -1.07% less than the five year historical annual average.

There are two primary factors that causing overall purchased service expenses to decline for the next two fiscal years. The first factor is that the district intends to use the newly created student wellness funds that are accounted for outside of the forecast to pay for \$102,000 in qualifying contracted services, annually for the forecast period.

In addition, the district is anticipating to receive reimbursement for special education contracted services from MRDD for FY2020 that is expected to double for FY 2021 and continue for the forecast period.

3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.

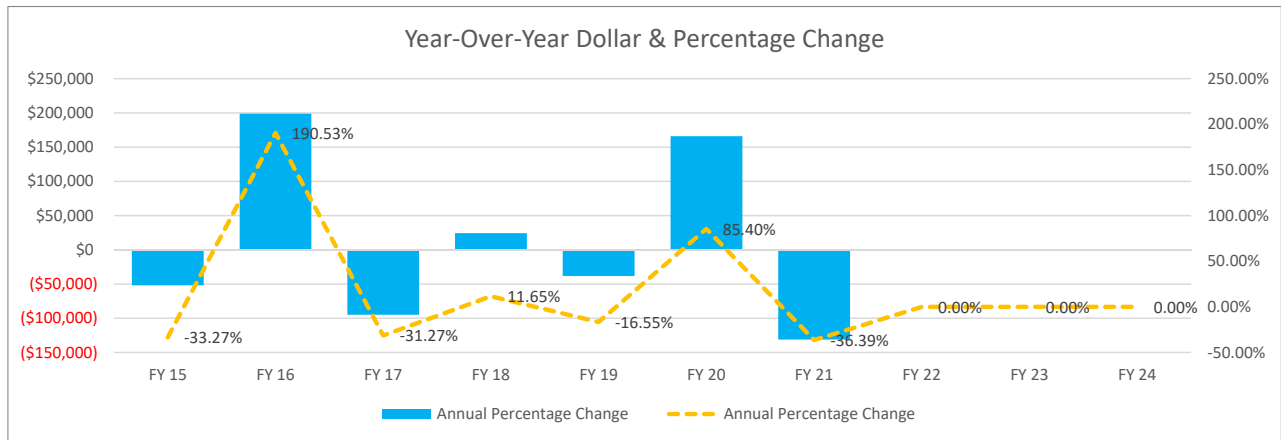
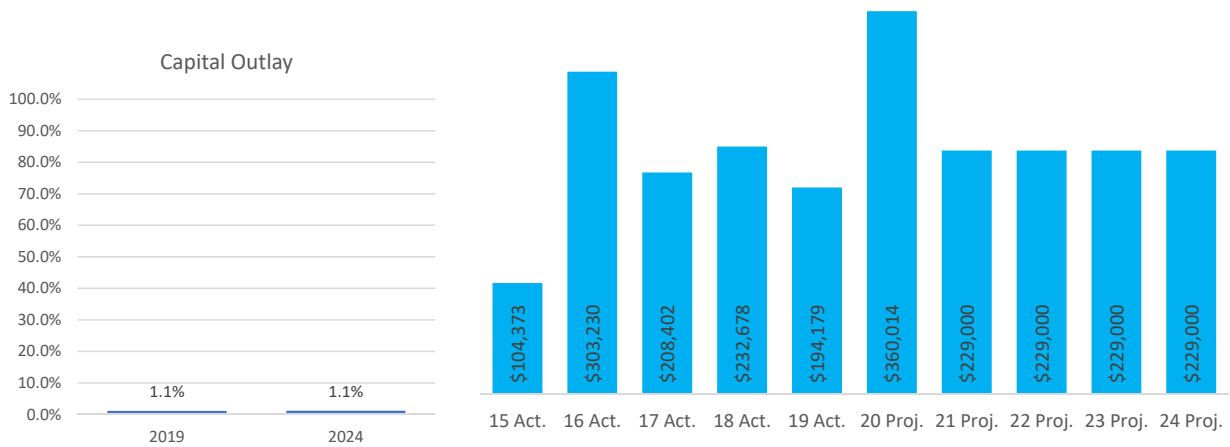


Supplies & Materials represent 2.76% of total expenditures and increased at a historical average annual rate of 1.00%. This category of expenditure is projected to grow at an annual average rate of 4.67% through FY 2024. The projected average annual rate of change is 3.68% more than the five year historical annual average.

Textbook related expenses are anticipated to increase from \$48,099 (FY 2019) to \$100,000 for the current and subsequent fiscal years. Textbook costs, along with increases in instructional supplies represent the majority of the increase in FY 2020 in overall supplies.

3.050 - Capital Outlay

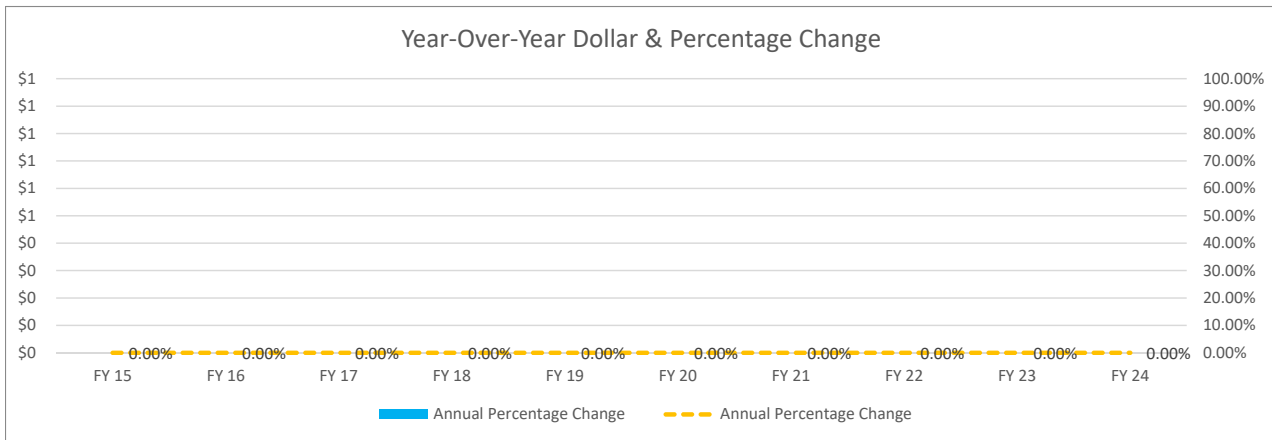
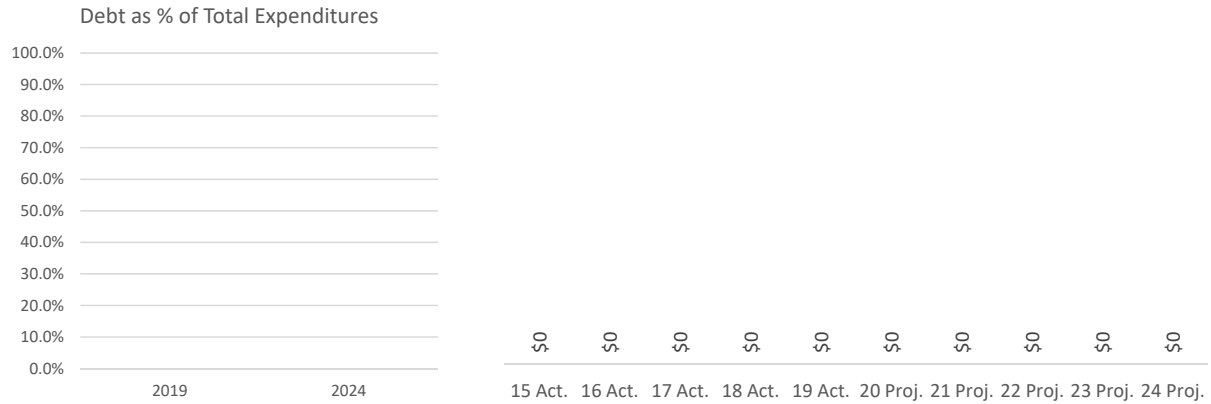
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 1.13% of total expenditures and increased at a historical average annual amount of \$7,554. This category of expenditure is projected to grow at an annual average amount of \$6,964 through FY 2024. The projected average annual change is less than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

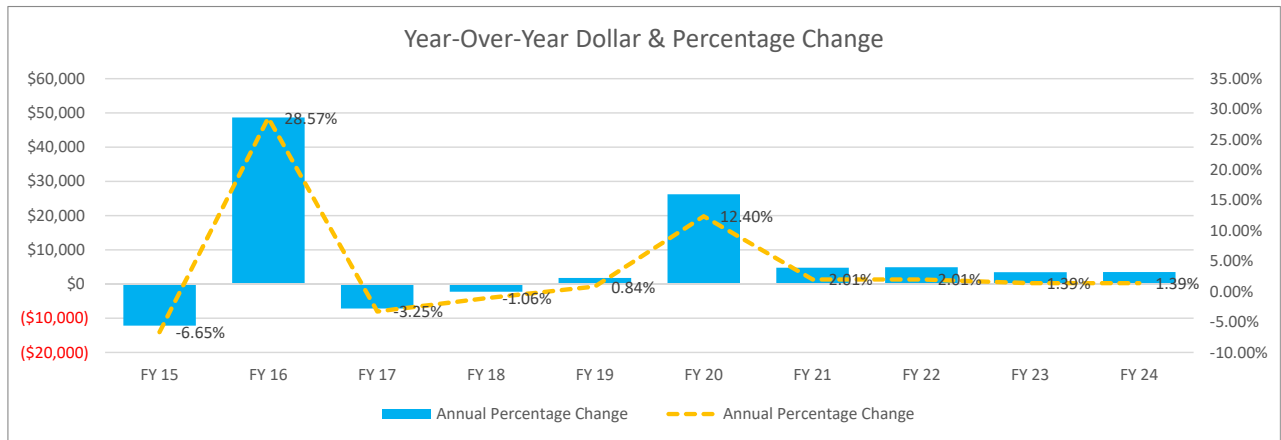
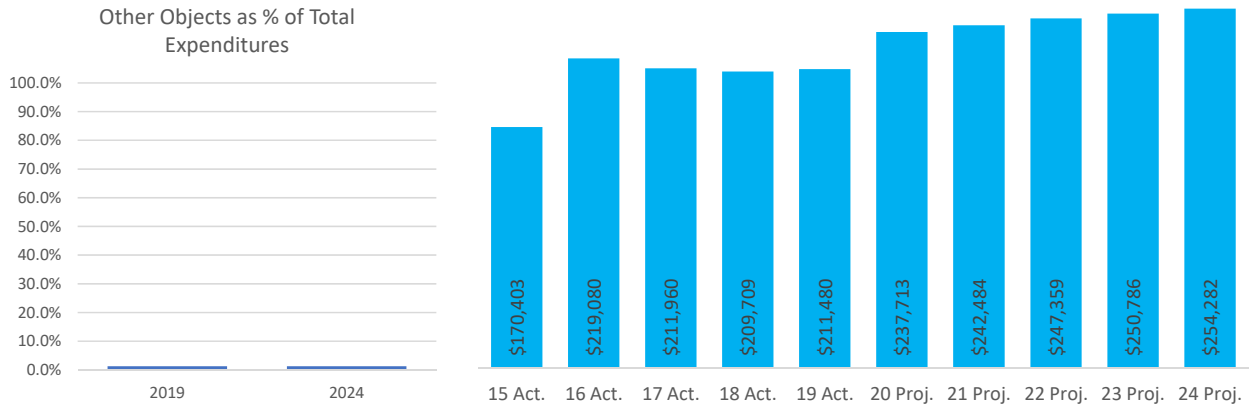
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



The district does not have any debt related expenses that are paid from the General Fund.

4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.

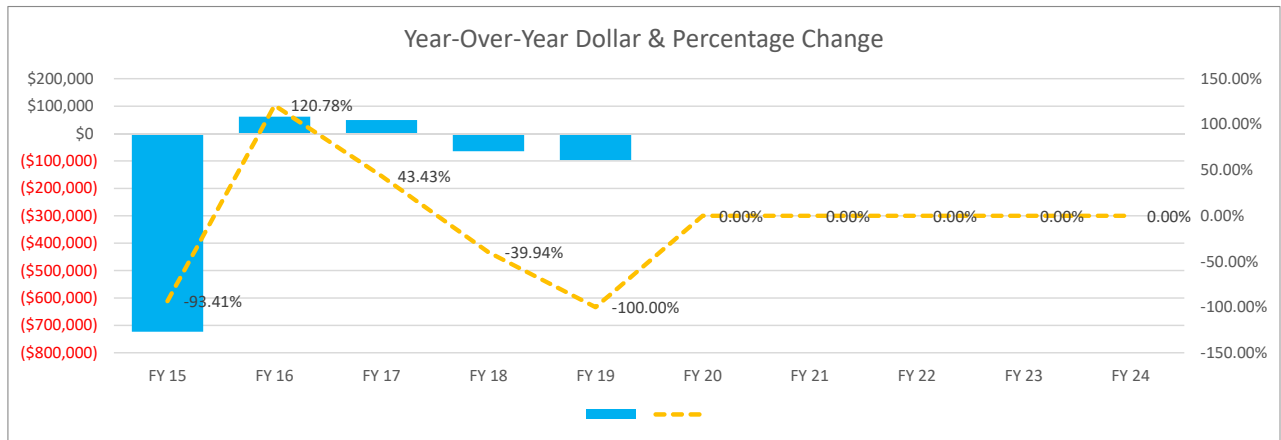
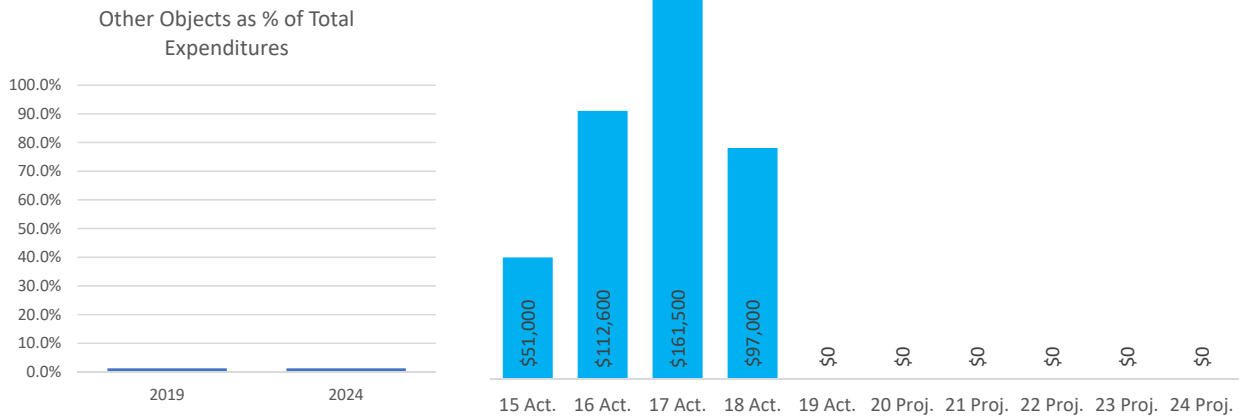


Other Objects represent 1.24% of total expenditures and increased at a historical average annual rate of 3.69%. This category of expenditure is projected to grow at an annual average rate of 3.84% through FY 2024. The projected average annual rate of change is 0.15% more than the five year historical annual average.

The district is projecting a larger increase than it has historically in this expense line item due to increases in liability insurance costs.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	FORECASTED					
	2019	2020	2021	2022	2023	2024
Transfers Out	-	-	-	-	-	-
Advances Out	-	-	-	-	-	-
Other Financing Uses	-	-	-	-	-	-

Other uses includes revenue that is generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2019 the district had no advances-out and has no advances-out forecasted through FY 2024. The district can also move general funds permanently to other funds and as the schedule above presents, the district has no transfers forecasted through FY 2024. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Buckeye Local Schools - Ashtabula County

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2019	2020	2021	2022	2023	2024
Revenue:						
1.010 - General Property Tax (Real Estate)	4,865,195	4,908,497	4,925,000	4,946,579	4,952,928	4,974,556
1.020 - Public Utility Personal Property	1,285,971	1,358,004	1,393,551	1,426,108	1,458,666	1,491,223
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	6,851,309	6,840,612	6,840,222	6,937,665	7,085,275	7,332,885
1.040 - Restricted Grants-in-Aid	197,833	197,833	197,833	200,000	202,000	204,000
1.050 - Property Tax Allocation	2,590,053	2,439,925	2,286,376	2,141,328	1,992,532	1,837,599
1.060 - All Other Operating Revenues	3,252,346	3,167,102	3,115,782	3,128,647	3,141,781	3,155,833
1.070 - Total Revenue	19,042,706	18,911,973	18,758,764	18,780,327	18,833,182	18,996,096
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	97,000	-	-	-	-	-
2.060 - All Other Financing Sources	56,275	5,000	5,000	5,000	5,000	5,000
2.070 - Total Other Financing Sources	153,275	5,000	5,000	5,000	5,000	5,000
2.080 - Total Rev & Other Sources	19,195,982	18,916,973	18,763,764	18,785,327	18,838,182	19,001,096
Expenditures:						
3.010 - Personnel Services	9,456,675	9,848,319	10,104,694	10,394,309	10,692,269	10,998,727
3.020 - Employee Benefits	3,745,539	3,817,499	3,980,657	4,224,107	4,484,535	4,763,212
3.030 - Purchased Services	3,034,055	2,988,025	2,905,932	2,974,137	3,043,925	3,124,384
3.040 - Supplies and Materials	472,824	557,961	562,125	571,569	579,932	588,465
3.050 - Capital Outlay	194,179	360,014	229,000	229,000	229,000	229,000
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	211,480	237,713	242,484	247,359	250,786	254,282
4.500 - Total Expenditures	17,114,751	17,809,531	18,024,892	18,640,481	19,280,447	19,958,070
Other Financing Uses						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	-	-	-	-	-	-
5.050 - Total Exp and Other Financing Uses	17,114,751	17,809,531	18,024,892	18,640,481	19,280,447	19,958,070
6.010 - Excess of Rev Over/(Under) Exp	2,081,231	1,107,442	738,872	144,846	(442,265)	(956,974)
7.010 - Cash Balance July 1 (No Levies)	10,506,040	12,587,271	13,694,713	14,433,585	14,578,431	14,136,166
7.020 - Cash Balance June 30 (No Levies)	12,587,271	13,694,713	14,433,585	14,578,431	14,136,166	13,179,192
		Reservations				
8.010 - Estimated Encumbrances June 30	320,000	320,000	320,000	320,000	320,000	320,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	12,267,271	13,374,713	14,113,585	14,258,431	13,816,166	12,859,192
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	12,267,271	13,374,713	14,113,585	14,258,431	13,816,166	12,859,192
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	12,267,271	13,374,713	14,113,585	14,258,431	13,816,166	12,859,192

