

Buckeye Local Schools Assumptions May 2016 Forecast

The following are the current assumptions with the Five-Year Forecast submission for May 2016 for Buckeye Local School District.

REVENUES

1.010 General Property: Property Taxes are the district's second highest revenue source. Property taxes are reflected in line 1.010 and 1.050. Line 1.01 is the locally paid portion. Line 1.050 is the State paid homestead/rollback portion. That portion can shift based on who is eligible for the reimbursement- both lines must be considered to get the actual property tax related funds the District received. When 1.010 and 1.050 are considered together, the property tax collection for FY 2016 was \$21,792 more than the collection for FY 2015. The District was adversely affected in FY 2015 by a large refund that was paid on a valuation adjustment. The County had a reappraisal in CY 2014 that resulted in a large reduction in values. An update will occur in CY 2017. Additionally, several commercial properties have been granted revisions affecting the collections. The forecast projection is for continued loss of commercial valuation and relatively flat valuation on all other property.

Buckeye's last new property tax levy was passed in 2005, 10 years ago, for 6.5 mills. When all school levies are considered, Buckeye has the second lowest effective tax rates in Ashtabula County among School Districts.

1.020 Tangible Personal Property Tax: This line reflects the public utility personal property taxes. Public utility values have dropped considerably since CY 2011 due to the closing of the First Energy power plant. However the District has seen increases in FY 2015 and FY 2016 collections. FY 2016 was \$60,431 more than FY 2015. Modest increases are projected for future years.

1.035 Unrestricted Grants in Aid: This line is the State foundation funding. The State budget is determined in two year cycles. The current cycle is July 1, 2015 through June 30, 2017. Buckeye received the maximum increase in FY 2014, FY 2015 and FY 2016. This total includes opportunity grant, targeted assistance, literacy, economic disadvantaged, LEP, gifted, special education additional per pupil, and regular transportation. Buckeye is currently funded on a per pupil basis, not on the guarantee. Due to declining population of school age students, the number of students Buckeye is funded on has been decreasing each year for several years. Additional amounts are received for preschool and special education transportation. Districts also may qualify for a graduation bonus and the third grade proficiency bonus. Buckeye received about \$41,000 for those two categories in FY 2016. The per pupil amount for FY 2016 is \$5,900 and FY 2017 is \$6,000. Each district receives a portion of that amount based on the District's 3 year average valuation per pupil and median income compared to statewide averages. Buckeye's state share index for FY 2016 is 47.4%, meaning Buckeye receives \$2,798 State core funding per pupil of the \$5,900 allocation. In 2009, Ohio voters approved the construction of four full-service casinos in the State of Ohio, this funding is included in this line. School districts receive a portion of the gross casino revenue based on student population for students who are residents of the county in which the School resides. This amounts to approximately \$90,000 to Buckeye each year.

1.040 Restricted Grants in Aide: These funds are received from the State to cover catastrophic costs (costs to educate special education students that are above a threshold based on the disability), Medicaid reimbursements (reimbursements for physical and occupational therapy, nursing and speech) for eligible students, Career Tech funds that are part of the State Foundation funding, and Economic disadvantaged funding from the State. Medicaid is submitted on a monthly basis with a “true up” at the end of the year. At this time, Buckeye anticipates over \$200,000 in “true up” funds for FY13 and FY14. There is no timeline for the receipt of these funds; therefore they are not included in this forecast. When they are received, they will be identified as a prior year refund.

1.045 Restricted Federal Grants in Aide: In FY 2010, the District received \$337,150 and in FY 2011 the District received \$347,540 identified as State Fiscal Stabilization Funds. Prior to FY 2010 these funds were part of line 1.035 above. Because federal stimulus funds were used by the State to cover a budget shortfall, they were “broken out” in FY 2010 and FY 2011 and reported on a separate line, but were actually part of the original Foundation funding dollars the District received. In FY 2012 the District also received \$316,118 in a "one time" payment from the State. These funds are accounted for in a separate fund, but are part of the forecast. For FY 2013 and beyond this line is zero indicating a State funding decline of over \$1,000,000 for FY 2013 and beyond.

1.050 Property Tax Allocation: This line is homestead and rollback from the State – the portion of resident’s local property tax the State pays to the District. HB 59 included a change to homestead and rollback rules. For any new or replacement levies passed, the State will no longer pay the 10% rollback portion for homeowners. This change may cause a lower number on this category and an increase in line 1.010 general property taxes if new levies are passed.

The reimbursements from the elimination of tangible personal property taxes are included in this line item. Revenue from the Commercial Activity Tax was to provide a dedicated revenue stream to offset the loss of the local TPP collection. Part of the current budget bill that will provide funding to schools for July 1, 2015 through June 30, 2017 reduced the amount of tangible personal property taxes that some Districts will receive. Under the current language, Buckeye will be reduced \$220,000 in FY 2017 and 5/8 of one mill or approximately \$143,000 in each fiscal year after until the funds are depleted. At the current reduction rate, the funds will be completely gone after 16 years.

1.060 Other Revenue: This category includes most other income the District receives. The largest category is open enrollment which is approximately \$1,500,000 for FY 2016. This is worth over 6 mills of taxes to each property owner, or \$235.00 in taxes on a \$100,000 home each year. In FY 2016 the District is receiving \$5,900 for each open enrolled student. Other categories that fall under "other" are tuition received for students that are court placed in the Buckeye School District. This revenue is estimated at \$255,000 in FY 2016. Excess costs for open enrolled and court placed students with special needs is another \$130,000 in this line. These amounts will fluctuate based on the actual students enrolled in the District. Activity fees that offset the cost of athletics, band and other elective activities are in this line also. The District implemented a reduction plan for 2016 which included increasing the student fee schedule. Interest income, bus rent, room rent and the taxes received for manufactured homes is a smaller portion of this line.

2.050 Advances In: This amount is repayment of advances from the prior year. It will net to zero from the previous year advances out.

2.060 All Other: This line is refund of prior year expenses. This category typically is E-rate reimbursements and w/c reimbursements. In July 2013 (FY 14) the District received a \$30,000 rebate from the State Bureau of Workers Compensation inflating this category for FY 2014. In fiscal year FY 2015 the District received another Workers Compensation rebate for \$28,000. No workers compensation rebate has been received this fiscal year. In the current fiscal year, 2016, the District did receive \$107,000 for the Medicaid "true up" for FY 2012 which is reflected in this line.

EXPENSES

3.010 Personal Services: This is the largest expenditure category. All salaries, severance payments, supplemental salaries, substitutes are included in this line. Salaries for 2015 and 2016 were negotiated with a .5% increase for certificated staff both years. Non teaching staff increased 1% for 2015 and 1.5% for 2016. The District implemented a reduction in force for FY 2016. The personal services portion of this reduction reduces salaries by \$240,000 in FY 2016 and an additional \$68,000 in FY 2017. A much smaller reduction was made for FY 2017. The certificated association has extended their contract through FY 2017 with a 1.25% base increase and the classified association has extended their contract through FY 2017 with a 1.5% increase. The Board and employee associations have been cognizant of the District's fiscal abilities and have kept salary increases within a reasonable range throughout the years. From 2006 through 2016 Buckeye Education Association increases have varied with the average over a ten year period at 1.36%. A 2% overall increase is built in for FY 2018, FY 2019, and FY 2020. This figure includes increases for steps.

- 3.020 Employee Benefits:** This category includes the Board share of employees' retirement (14% on all salaries). Also included are workers compensation, medicare tax, potential unemployment, health, dental, and life insurance. Health insurance, being the largest of the benefits that are not tied to salary increased 3% for 2015 and 0% increase for 2016. The negotiated agreement increased the employee paid portion of health insurance premiums by 1% for certificated employees for FY 2015 and an additional 1% for FY 2016. Classified employees increased .5% for FY 2015 and an additional .5% for FY 2016. Figures are based on current enrollments in the plans. The Board approved reduction plan for FY 2016 had a large affect on this line accounting for over \$82,000 per year in savings in health benefits. Future years include an 8% increase in health premiums with other benefits tied to the increased salary projections.
- 3.030 Purchased Services:** This is a very difficult category to project. Special Education, gas and electric heat, repairs, excess costs and tuition costs are all included. These can vary greatly depending on the student population. Additionally, the previous accounting procedure for excess cost and catastrophic revenue (FY 2014 and prior) was treated as a "reduction of expenditure" to this category. These revenues are now accounted for as revenue, thus this category expenses have increased based on this change. The reduction plan implemented for FY 2016 included a reduction of an administrative position that is purchased from the Ashtabula County ESC. Future years are increased 5%. This category is monitored closely during the year for fluctuations
- 3.040 Supplies:** Bus fuel is one of the largest expenditures in this category. Textbooks are also a part of this line. The forecast includes \$150,000 each year for textbooks. Textbook expenses for FY 2015 were lower than anticipated and the \$100,000 not expended was added to the FY 2016 supply budget line in anticipation of additional needs associated with the change in schedule at Edgewood High School. Texts were obtained at a much reduced price, and the decision to purchase chromebooks in a District wide initiative was made. For FY 2016, \$150,000 was moved from this line to equipment to facilitate that project. The reduction plan implemented for FY 2016 included reducing the operations budget by 5% and building budgets by 10% which affects this category. Other expenditures in this area are copy paper, printer ink and general educational and building supplies. Future years include a 2% increase.
- 3.050 Capital Outlay:** The District receives 1.9 mills of permanent improvement money each year that are not part of the forecast. This amounts to approximately \$ 425,000 per year and is stretched very thin with the upkeep required for older buildings. A portion of those funds have been used for capital purchases. Unfortunately with the decline of the permanent improvement funds (including the complete loss of tangible personal property reimbursements to this fund), the District is now using general fund dollars to purchase items previously purchased with permanent improvement funds. For FY 2016 this line was increased by \$150,000 for the above mentioned chromebook initiative. The District had budgeted \$30,000 for technology purchases in this line each year. Due to the decline of permanent improvement funds, an additional \$20,000 has been budgeted in this line for technology equipment starting in FY 2017. FY 2018 and FY 2019 include an additional \$40,000 for technology for an expected wireless upgrade at Braden and

Edgewood. Bus purchases, which were previously paid out of the permanent improvement fund, are now budgeted out of general fund. For FY 2016 and beyond \$100,000 has been added for the purchase of transportation vehicles. Future years include a 2% increase.

4.300 Other: This line includes dues and fees including County Auditor fees, District financial audits, and election expenses. County Auditor fees accounted for 67% of this category in FY 2016. The District is required to have a yearly financial audit which falls in this category also. Future years include a 2% increase.

5.020 Advances Out: Money advanced to cover negative balances on June 30. This money is returned to the District in July and shows as a revenue in line 2.050 in the following fiscal year