



Buckeye Local Schools - Ashtabula County

# Five Year Forecast Financial Report

May 23, 2019

*Jamie Davis, Treasurer*

# Table of Contents

	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.035 - Unrestricted Grants-in-Aid	7
1.040 & 1.045 - Restricted Grants-in-Aid	8
1.050 - Property Tax Allocation	9
1.060 - All Other Operating Revenues	10
2.070 - Total Other Financing Sources	11
Expenditures Overview	12
3.010 - Personnel Services	13
3.020 - Employee Benefits	14
3.030 - Purchased Services	15
3.040 - Supplies and Materials	16
3.050 - Capital Outlay	17
4.300 - Other Objects	18
5.040 - Total Other Financing Uses	19
Five Year Forecast	20
Fair School Funding Plan (FSFP) - Explanation and Illustration	21

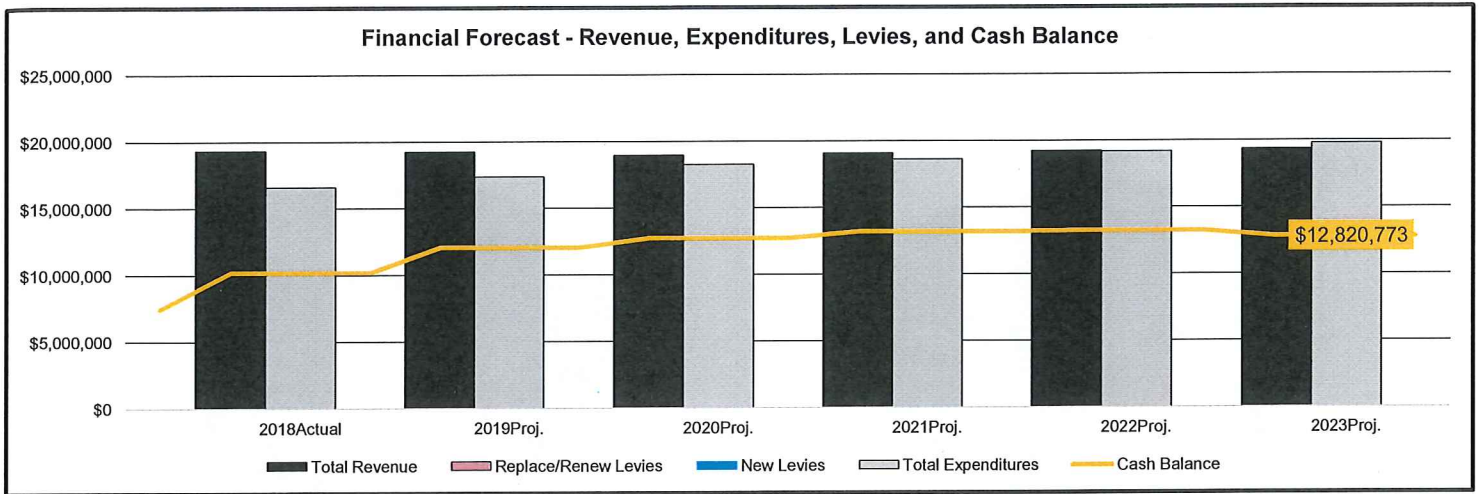
## Forecast Purpose/Objectives

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



## Buckeye Local Schools - Ashtabula County

### Financial Forecast

Financial Forecast	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Beginning Balance	10,506,040	12,387,518	13,068,122	13,521,846	13,558,919
+ Revenue	19,246,864	18,946,093	19,079,053	19,219,193	19,343,213
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(17,365,386)	(18,265,489)	(18,625,329)	(19,182,120)	(19,761,359)
= Revenue Surplus or Deficit	1,881,478	680,604	453,724	37,073	(418,146)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	12,387,518	13,068,122	13,521,846	13,558,919	13,140,773

### Analysis Without Renewal Levies Included:

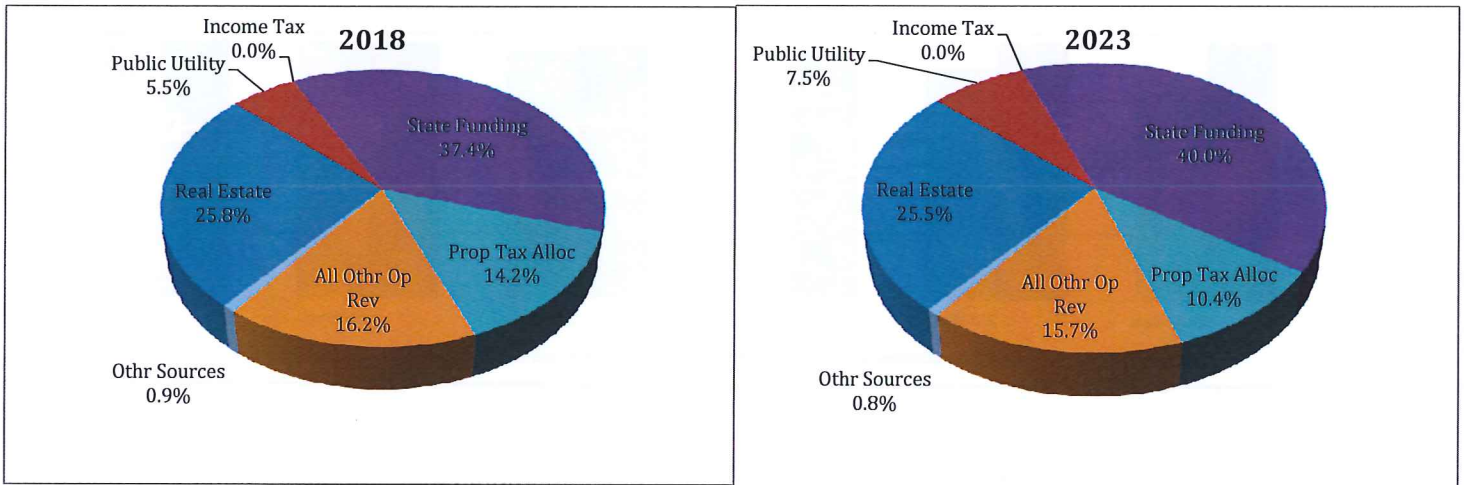
Revenue Surplus or Deficit w/o Levies	1,881,478	680,604	453,724	37,073	(418,146)
Ending Balance w/o Levies	12,387,518	13,068,122	13,521,846	13,558,919	13,140,773

In order to maintain fiscal stability in a school district, it is important for the district to avoid continuous deficit spending over multiple fiscal years and to ensure that there is an adequate cash balance to fund the day-to-day operations of the district. Deficit spending occurs when the district's annual expenditures exceed the annual revenue collections.

The Buckeye Local School District has been successful in meeting both of these items over the past few years, and based on the forecast projections provided in this document, their financial outlook will continue to stay positive for the next five years. Given the size of the district's overall budget, the cash balance throughout the forecast period will be sufficient to support the operations of the district. Current projections also indicate that the district will not incur an operating deficit for four of the next five years.

Due to the district's reliance on state funding, they will continue to monitor enrollment levels and model the possible impact that fluctuations in enrollment trends could have on state funding levels. Any significant drops resident students of the district, as well as students that are attending the district through open enrollment or other tuition based programs, could have a significant impact on the district's future financial outlook.

## Revenue Sources and Forecast Year-Over-Year Projected Overview



	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	
<b>Revenue:</b>							
1.010-Real Estate	0.59%	-2.47%	-0.93%	1.68%	0.45%	0.14%	-0.23%
1.020-Public Utility	4.22%	21.78%	4.87%	3.32%	2.34%	2.28%	6.92%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	4.89%	-0.80%	0.95%	1.95%	3.07%	2.96%	1.63%
1.040-Restricted Aid	194.23%	-17.70%	0.44%	0.58%	-1.15%	0.83%	-3.40%
1.045-Restr Federal SF SF	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	-3.76%	-5.51%	-5.61%	-5.74%	-6.09%	-6.67%	-5.92%
1.060-All Other Operating	20.63%	3.36%	-7.42%	0.35%	0.36%	0.37%	-0.60%
<b>1.070-Total Revenue</b>	<b>3.88%</b>	<b>-0.22%</b>	<b>-1.58%</b>	<b>0.71%</b>	<b>0.74%</b>	<b>0.65%</b>	<b>0.06%</b>
2.070-Total Other Sources	2.59%	-11.64%	1.13%	0.00%	0.00%	0.00%	-2.10%
<b>2.080-Total w/Other Srcs</b>	<b>3.06%</b>	<b>-0.32%</b>	<b>-1.56%</b>	<b>0.70%</b>	<b>0.73%</b>	<b>0.65%</b>	<b>0.04%</b>

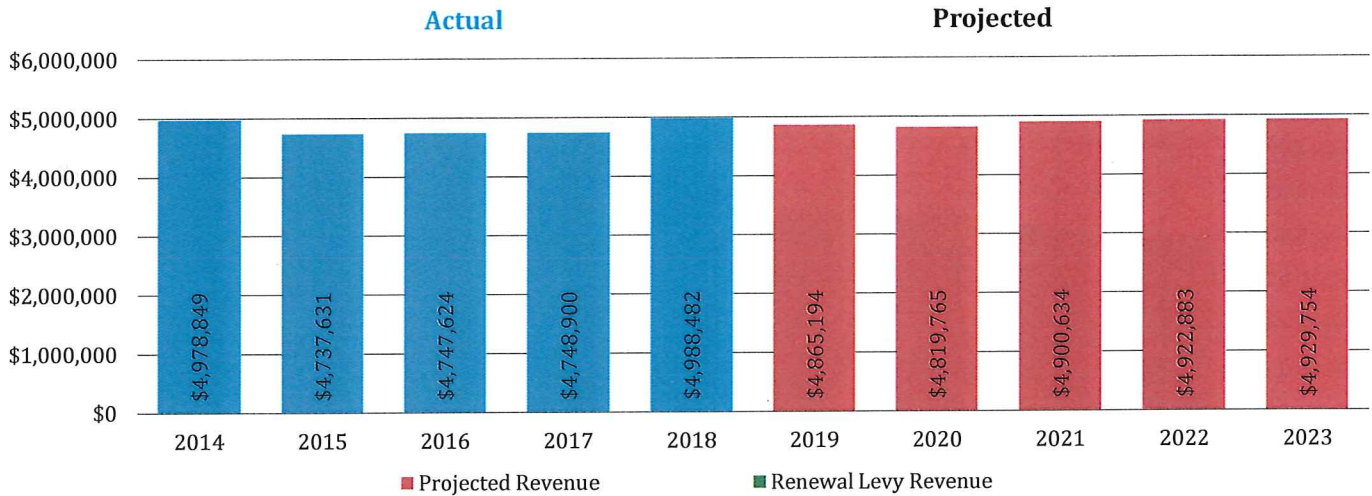
Over the past five years, the district has experienced an average annual increase in operating revenue of 3.88%. This high year-over-year increase in revenue was due to state funding (unrestricted and restricted) going from \$5.98 million in FY14 to \$7.2 million in FY18. In addition, the all other operating revenue line item of the forecast went from \$1.46 million in FY14 to \$3.13 million in FY18.

Over the next five years, operating revenue is expected to grow at an average rate of 0.06% per year. Smaller projected increases in state funding and other operating revenue cause the projected year-over-year increase to be less than the historic increases in overall revenue. Reductions in the tangible personal property tax reimbursement will cause the property tax allocation revenue line to decrease each year over the next five years.

The following forecast assumptions will outline the annual change in revenue for each line item noted above.

### 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).



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	4,988,482	4,865,194	4,819,765	4,900,634	4,922,883	4,929,754
YOY \$ Change	239,582	(123,288)	(45,429)	80,869	22,249	6,871
YOY % Change	5.0%	-2.5%	-0.9%	1.7%	0.5%	0.1%

Percentage of Total Revenue	25.8%	25.3%	25.4%	25.7%	25.6%	25.5%
-----------------------------	-------	-------	-------	-------	-------	-------

Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2017	219,255,350	13,009,310	21.86	(1.32)	36.78	(0.62)	98.6%
2018	218,241,940	(1,013,410)	22.17	0.31	36.20	(0.58)	100.1%
2019	218,715,586	473,646	22.16	(0.01)	36.30	0.10	99.0%
2020	229,525,134	10,809,548	21.13	(1.03)	36.30	-	98.9%
2021	229,952,438	427,304	21.12	(0.01)	36.40	0.10	98.9%
2022	230,392,438	440,000	21.11	(0.01)	36.50	0.10	98.9%

Real estate tax revenue represented 25.8% of the district's general fund revenue in FY18, and is the district's second highest revenue source.

The district's Class I property values are made up of residential property (80%) and agricultural property (20%). During the county-wide triennial update that occurred in tax year 2017, the district experienced one of the largest increases in residential property values (8.9%) in the past ten years. Furthermore, even with changes in State law that recalculate how the Current Agricultural Use Value (CAUV) portion of this land is calculated, the district experienced an increase in these values of 2.2% during the 2017 tax year.

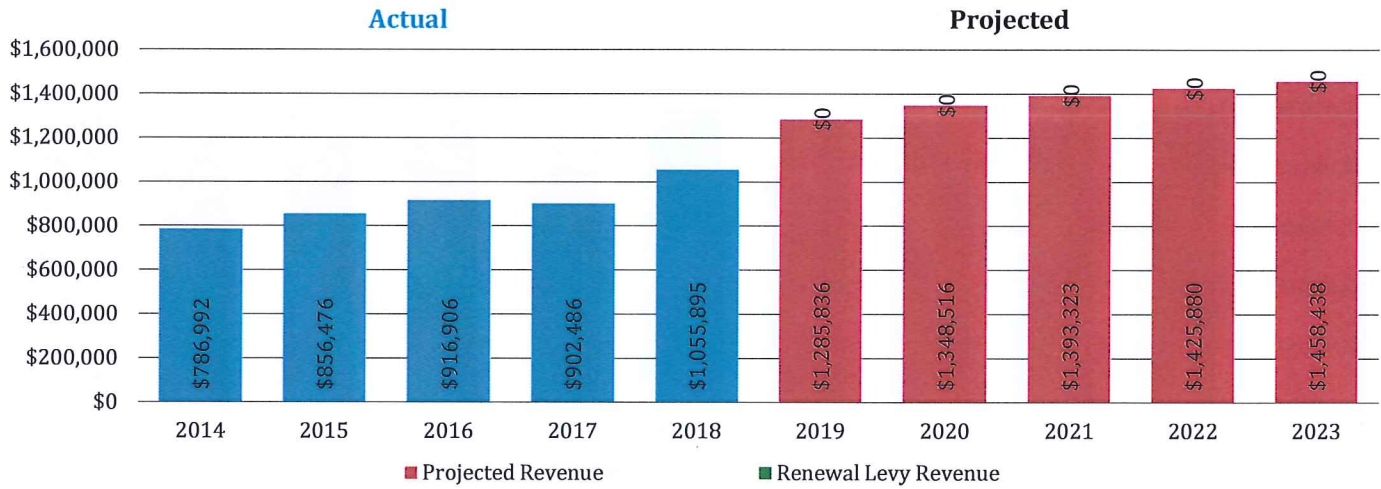
For tax year 2018, agricultural values decreased 1% and residential values decreased by 1.9% due to tax complaints and Board of Revisions cases. The district's class II property increased by \$1.4 million due to a combination of new construction and the district being successful in matters with property tax complaints and Board of Revision matters.

In recent years, the district has experienced an average annual gross collection rate of approximately 99% - current plus delinquent taxes. The district anticipates that this rate will remain consistent to the historical average in subsequent fiscal years.

*\*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.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	1,055,895	1,285,836	1,348,516	1,393,323	1,425,880	1,458,438
YOY \$ Change	153,409	229,941	62,680	44,807	32,557	32,558
YOY % Change	17.0%	21.8%	4.9%	3.3%	2.3%	2.3%

Percentage of Total Revenue	5.5%	6.7%	7.1%	7.3%	7.4%	7.5%
-----------------------------	------	------	------	------	------	------

Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2017	28,271,810	8,166,560	43.41	-	100.0%
2018	30,964,320	2,692,510	43.41	-	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%

This line reflects the public utility personal property taxes.

Since 2013, the district has experienced consistent increases in public utility personal property values, with the exception of 2016, where these values dropped by 6.2%.

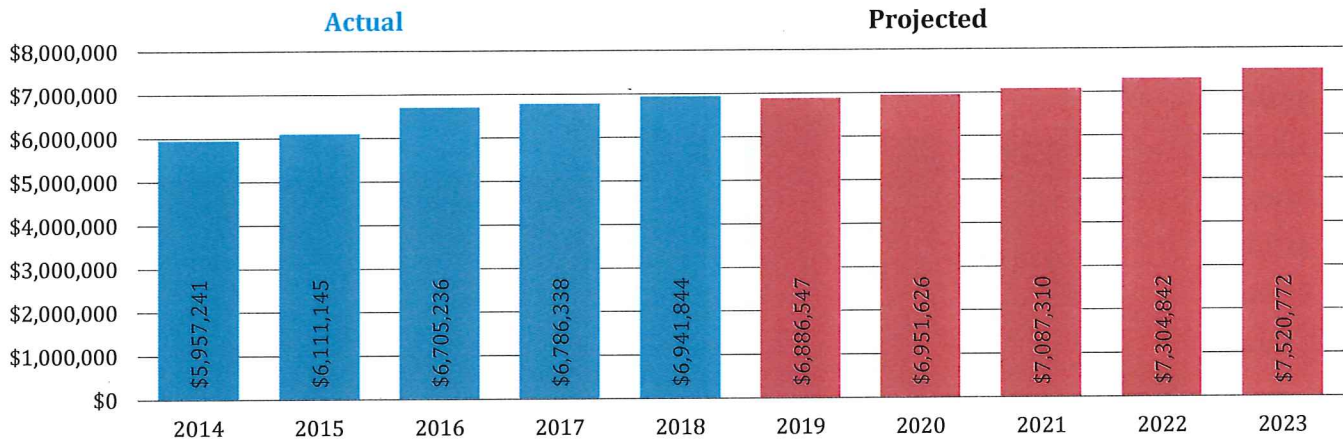
In tax year 2017, a substantial increase was experienced by the district for this property category which increased values by 40.6%. This increase was due to the American Transmission Sys, a subsidiary of First Energy Company, constructing additional facilities/buildings/station. This increase in values resulted in additional tax revenue for the district in the previous fiscal year of \$230,000, and will increase the current and future fiscal years by approximately \$460,000 annually. Tax year 2018 public utility personal property values increased by an additional 9.5%, or \$2.69 million, resulting in additional \$73,500 in tax revenue annually.

It is not known at this time if the large increase in values due to the American Transmission Sys upgrading their facilities and related property is complete or will carryover into the next tax year. The current forecast projections include year-over-year increases that are slightly lower than the historical average.

\*Projected % trends include renewal levies

### 1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	6,941,844	6,886,547	6,951,626	7,087,310	7,304,842	7,520,772
YOY \$ Change	155,506	(55,297)	65,079	135,684	217,532	215,930
YOY % Change	2.3%	-0.8%	0.9%	2.0%	3.1%	3.0%
Percentage of Total Revenue	36.0%	35.8%	36.7%	37.1%	38.0%	38.9%
Core Funding Per Pupil	6,010	6,020	6,030	6,040	6,050	6,060
State Share Index (SSI)	47.8%	47.8%	47.5%	47.5%	49.1%	49.1%
State Core Funding Per Pupil	2,870	2,875	2,864	2,869	2,972	2,977
Formula ADM (Funded Student Count)	1,541	1,512	1,521	1,532	1,548	1,570
Funding Status	Formula	Formula	Formula	Formula	Capped	Capped

The revenue collected from the state funding formula is the district's largest source of revenue and generates 36% of the district's revenue.

The State budget is determined in two year cycles. The current cycle is July 1, 2017 through June 30, 2019. Regardless of how much money the state funding formula calculates a district should receive, the funding formula places a limit on how much of an increase a district can receive in state funding in one year.

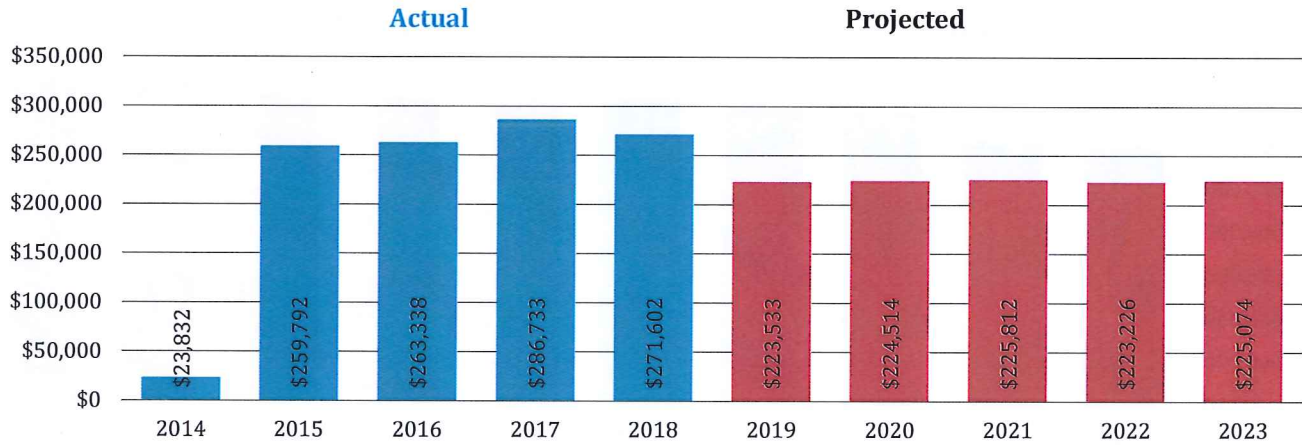
The funding formula for this biennium also sets the maximum increase a district can receive in one year at 103% of the state funding received in the previous year. The district has also included this same funding cap in state funding revenue projections for FY20 - FY23. The current funding formula is used to calculate FY20-FY23 funding levels, due to the fact that the funding formulas for these years have not been developed by the legislature yet. The district is projecting that it will meet the funding cap threshold in two of the next five years. The district will need to closely monitor fluctuations in enrollment to determine what effect they may have on these revenue calculations in future years.

A group of legislatures has proposed a Fair School Funding Plan (FSFP) that could go into effect on July 1, 2019. The results of the proposed plan, as provided to the district in simulations, show growth in revenue levels from that which is projected above. If the FSFP is adopted, as introduced, and is fully funded the forecast will be updated to reflect the change. More information can be found on page #21.

Unrestricted grants-in-aid also includes revenue generated from casino funding, special education transportation and special education preschool funding. These revenue sources are expected to remain relatively consistent throughout the forecast period.

### 1.040 & 1.045 - Restricted Grants-in-Aid

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	271,602	223,533	224,514	225,812	223,226	225,074
YOY \$ Change	(15,131)	(48,069)	981	1,298	(2,586)	1,848
YOY % Change	-5.3%	-17.7%	0.4%	0.6%	-1.1%	0.8%
Percentage of Total Revenue	1.4%	1.2%	1.2%	1.2%	1.2%	1.2%
Economic Disadvantaged Funding	251,166	176,677	177,658	178,956	176,371	178,218
Percentage of Disadvantaged Students	51.9%	46.0%	46.0%	46.0%	46.0%	46.0%

The Ohio Department of Education requires that the district classify a portion of the per pupil formula funding received as restricted. This is funding for economic disadvantaged and career technical programs, and catastrophic special education cost reimbursement (costs to educate special education students that are above a threshold based on the disability).

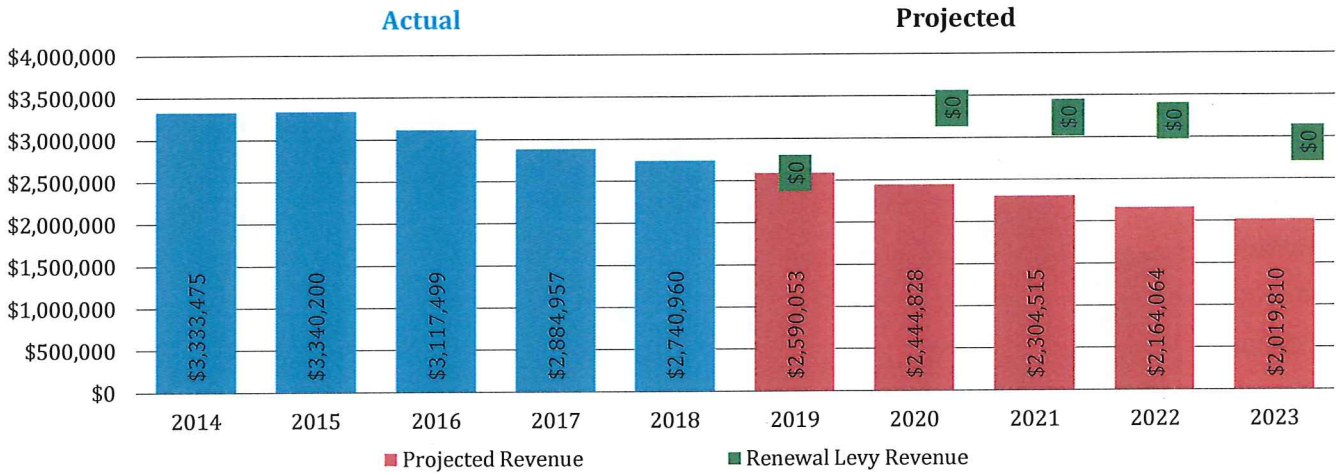
During the current fiscal year, the district had a significant drop in the percent of students that are classified as economically disadvantaged in the district, dropping from 51.87% (FY18) to 45.99% (FY19). The district is researching the cause of this drop in economically disadvantaged students. Economic disadvantaged funding is projected to remain at the FY19 level for the rest of the forecast period.

Career Tech funding is projected to remain consistent with the 2018 levels (\$16,850) for the forecast period and catastrophic special education costs reimbursements are expected to remain at the FY18 level of \$30,000 annually.



### 1.050 - Property Tax Allocation

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total With Renewal Levies	2,740,960	2,590,053	2,444,828	2,304,515	2,164,064	2,019,810
YOY \$ Change	(143,997)	(150,907)	(145,225)	(140,313)	(140,451)	(144,254)
YOY % Change	-5.0%	-5.5%	-5.6%	-5.7%	-6.1%	-6.7%
Percentage of Total Revenue	14.2%	13.5%	12.9%	12.1%	11.3%	10.4%
% of Residential Real Estate 10% Rollback	9.98%	9.98%	9.98%	9.98%	9.98%	9.98%
% of Residential Real Estate 2.5% Rollback	1.57%	1.57%	1.57%	1.57%	1.57%	1.57%
% of Residential Real Estate Homestead	5.44%	5.44%	5.44%	5.44%	5.44%	5.44%

Property tax allocation (PTA) represents 14.2% of the district's overall general fund revenue and is comprised of three types of revenue - homestead and rollback reimbursements, and the remaining tangible personal property tax reimbursements.

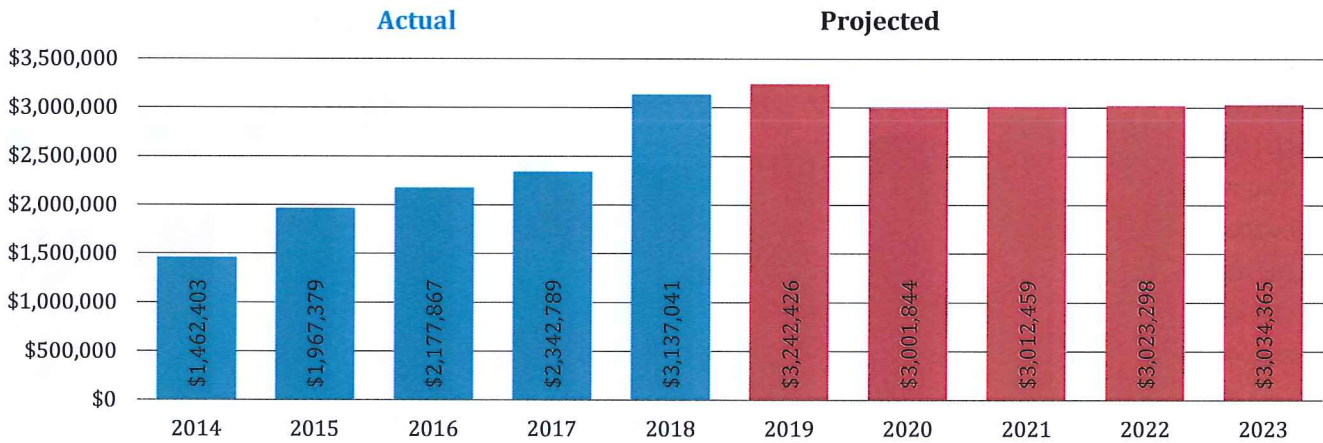
Homestead and rollback reimbursements are state reimbursements for local real estate tax credits (deductions). Local residential real estate taxes are reduced by rollback (12.5% for owner-occupied houses) and also for homestead (disabled, senior citizens, etc.). This revenue reimbursement is about \$640,000 of the PTA total for the current fiscal year.

The reimbursements from the elimination of tangible personal property taxes are included in this line item. Under current law, the amount of tangible personal property taxes that the district will receive is reduced each year. In FY18, this reimbursement totaled \$2,095,769 and will be reduced by \$146,127 (5/8 of one mill) annually until it is completely phased out. At the current reduction rate, the funds will be completely gone after 14 years.

*\*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.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	3,137,041	3,242,426	3,001,844	3,012,459	3,023,298	3,034,365
YOY \$ Change	794,252	105,385	(240,582)	10,615	10,839	11,067
YOY % Change	33.9%	3.4%	-7.4%	0.4%	0.4%	0.4%
Percentage of Total Revenue	16.2%	16.8%	15.8%	15.8%	15.7%	15.7%

For FY18, Other Operating Revenue represented 16.2% of the district's overall general fund revenue.

The majority (75% in FY19) of the district's other operating revenue is generated from tuition related revenue. For the current fiscal year, the district's largest tuition revenue source, open enrollment, is projected to increase by 0.3%, based on the most current data released by the O.D.E.

During FY18, the district experienced a significant increase in tuition revenue for court placed/foster placed (SF14 and SF14H Tuition) students, increasing from \$321,000 (FY17) to \$790,000 (FY18). A portion of this increase was only temporary and due to the timing of when the O.D.E. made prior year tuition payments. For FY19 these tuition levels will drop to \$487,000, and grow about 2% annually thereafter.

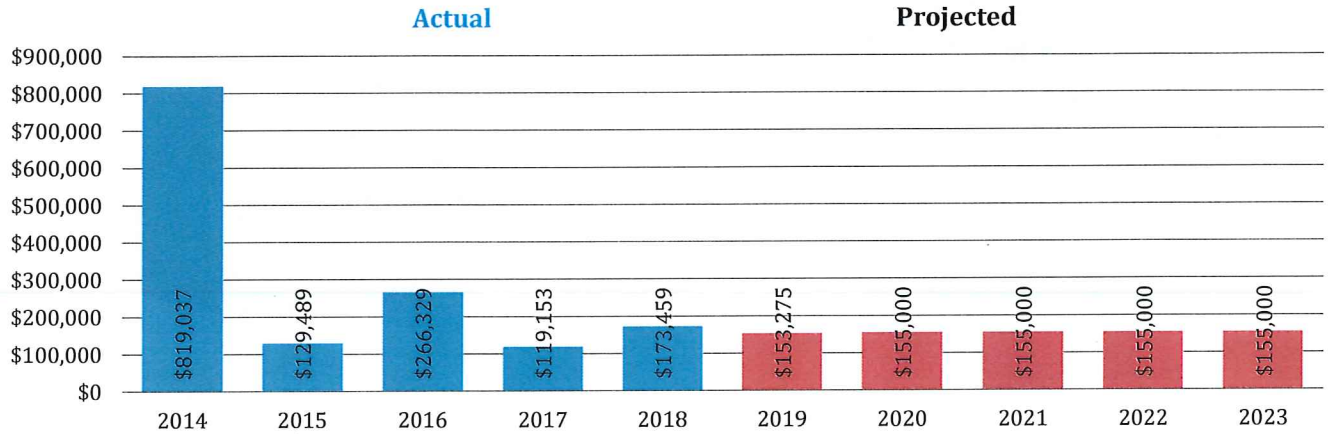
During FY17, the district received a large reimbursement for prior year federal Medicaid claims totaling \$116,000, in addition to \$60,000 in current year claims. For FY18, this revenue source increased by an additional \$27,000. For FY19, the district received a large settlement of \$178,632 from the FY16 settlement and is expecting an additional settlement of \$206,799 prior to the fiscal year end. An additional \$87,000 has been estimated in current year claims. For subsequent fiscal years \$213,000 in federal Medicaid revenue collections is expected.

Due to an increasing cash balance in the general fund and increasing interest rates, the district's interest income has gone from \$26,000 in FY16 to an expected \$242,000 by the end of the FY19. FY20 investment income is expected to grow by an additional 4% and then decrease by 1% each year thereafter.

Other revenue also includes all fee based revenue (extracurricular, classroom, rental, and miscellaneous other), and manufactured home taxes, which are all expected to remain stable for FY19 and future fiscal years.

## 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					
	2018	2019	2020	2021	2022	2023
Total	173,459	153,275	155,000	155,000	155,000	155,000
YOY \$ Change	54,306	(20,184)	1,725	-	-	-
YOY % Change	45.6%	-11.6%	1.1%	0.0%	0.0%	0.0%
Percentage of Total Revenue	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%
Transfers In	-	-	-	-	-	-
Advances In	161,500	97,000	150,000	150,000	150,000	150,000

Other sources include refunds, the repayment of advances and transfers, as well as refunds of prior year expenses.

Refunds are typically from E-rate reimbursements and Workers Compensation reimbursements.

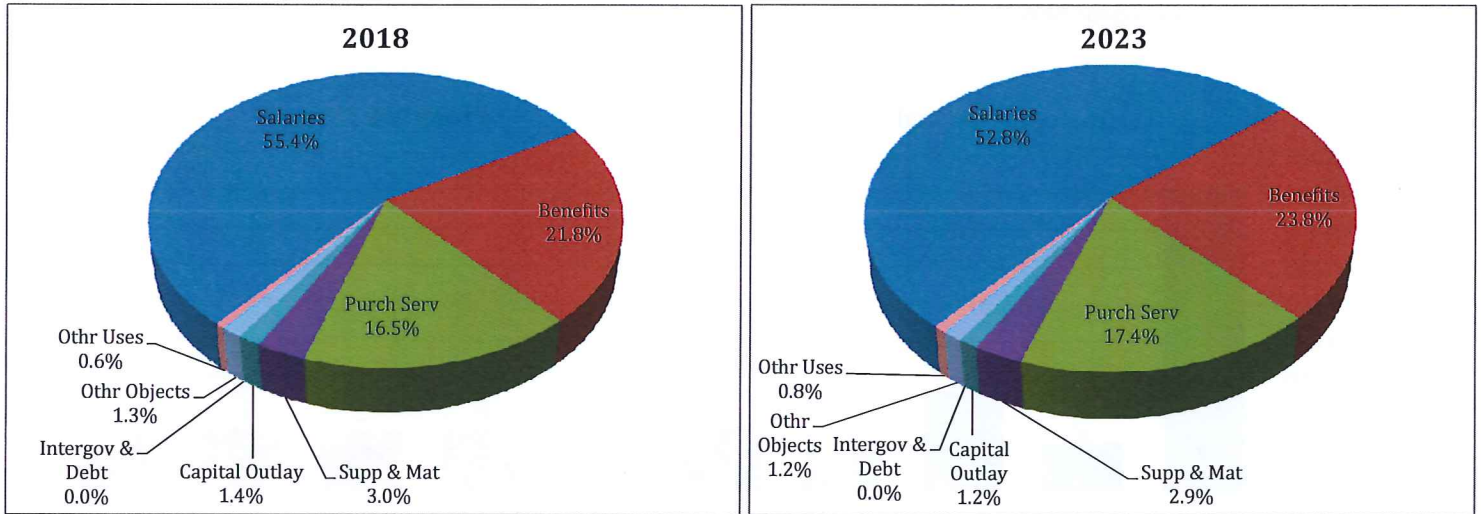
In FY16, the District received a \$107,000 refund for the Medicaid "true up" for FY12. In addition, \$51,000 was received for a repayment of an advance to a non-general fund account.

For FY17, a return of a non-general fund advance was received in the amount of \$112,000. Minimal refunds are expected in future fiscal years.

In FY18, \$161,500 was receipted to this revenue line from a return of a prior year advance. In addition, \$11,959 was receipted for refunds of prior year expenses. For FY19, \$97,000 will be receipted for returns of advances and \$56,275 in refunds are expected to be receipted.

For subsequent fiscal years, the district is anticipating the majority of this revenue to come from returns of advances, which are expected to total \$150,000 annually.

### Expenditure Categories and Forecast Year-Over-Year Projected Overview



	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	
<b>Expenditures:</b>							
3.010-Salaries	0.82%	2.48%	4.07%	1.91%	2.19%	2.19%	2.57%
3.020-Benefits	-0.03%	4.16%	5.69%	5.13%	5.85%	5.97%	5.36%
3.030-Purchased Services	-2.81%	12.69%	3.75%	2.56%	2.42%	2.40%	4.76%
3.040-Supplies & Materials	-1.86%	-1.90%	12.06%	0.73%	1.67%	1.36%	2.78%
3.050-Capital Outlay	31.36%	-0.84%	52.27%	-34.82%	0.00%	0.00%	3.32%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.300-Other Objects	3.42%	1.02%	2.95%	1.89%	1.90%	1.22%	1.80%
4.500-Total Expenditures	-0.10%	4.34%	5.23%	1.99%	3.01%	3.04%	3.52%
5.040-Total Other Uses	6.25%	54.64%	0.00%	0.00%	0.00%	0.00%	10.93%
5.050-Total w/Other Uses	-0.90%	4.64%	5.18%	1.97%	2.99%	3.02%	3.56%

Over the past five years, total operating expenditures decreased by 0.10% on average annually. This reduction in overall expenditures is attributable to the district reducing the three main expenditure categories (salaries, benefits and purchased services) by \$772,000 from FY15 to FY17.

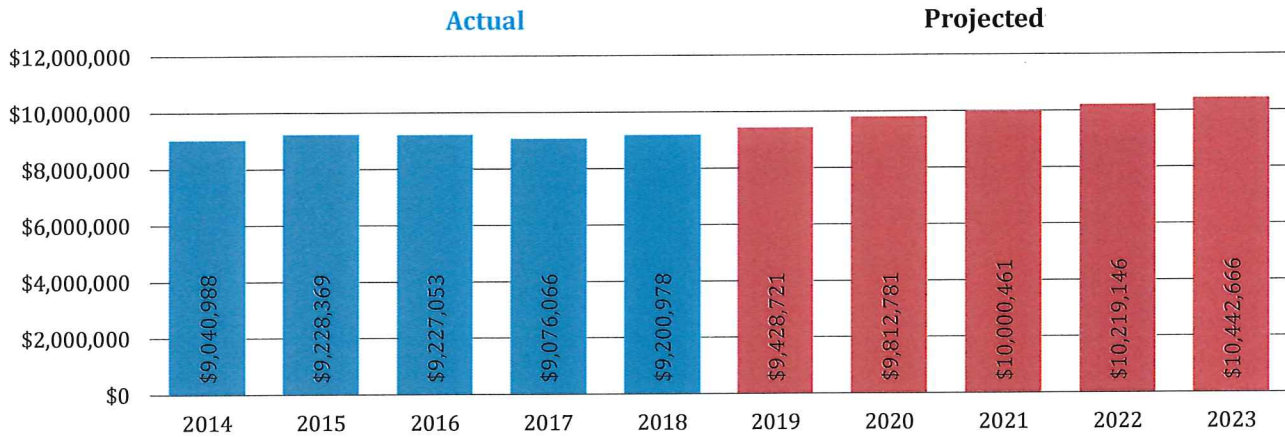
Over the next 5 years, the overall operating expenditures are projected to increase by an average annual rate of 3.52%. The primary factors affecting this increase in annual expenses are salaries, benefits and purchased service expenses.

Salary expenses are anticipated to increase by an annual average of 2.51% over the next five years due to changes in base salaries and longevity steps. Benefits are projected to increase by an average annual rate of 5.43% over the next five years due to the increasing costs of medical premiums. Purchased service expenses will rise due to projected increases in tuition, instructional services and other professional/technical services.

The following assumptions detail these increases for each expenditure line of the forecast.

### 3.010 - Personnel Services

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	9,200,978	9,428,721	9,812,781	10,000,461	10,219,146	10,442,666
YOY \$ Change	124,912	227,743	384,060	187,680	218,685	223,520
YOY % Change	1.4%	2.5%	4.1%	1.9%	2.2%	2.2%
Percentage of Total Budget	55.4%	54.3%	53.7%	53.7%	53.3%	52.8%

Salaries are the district's largest expense, totaling 55.4% of the overall budget in FY18.

Salaries for 2015 - 2017 were negotiated with an annual 0.5% increase for 2015 and 2016, and a 1.25% base increase in 2017 for certificated staff. Non-teaching staff increased 1% for 2015, 1.5% for 2016, and 1.5% for 2017. The certified and classified associations have renewed their contract through FY20 with a 1% annual base increase.

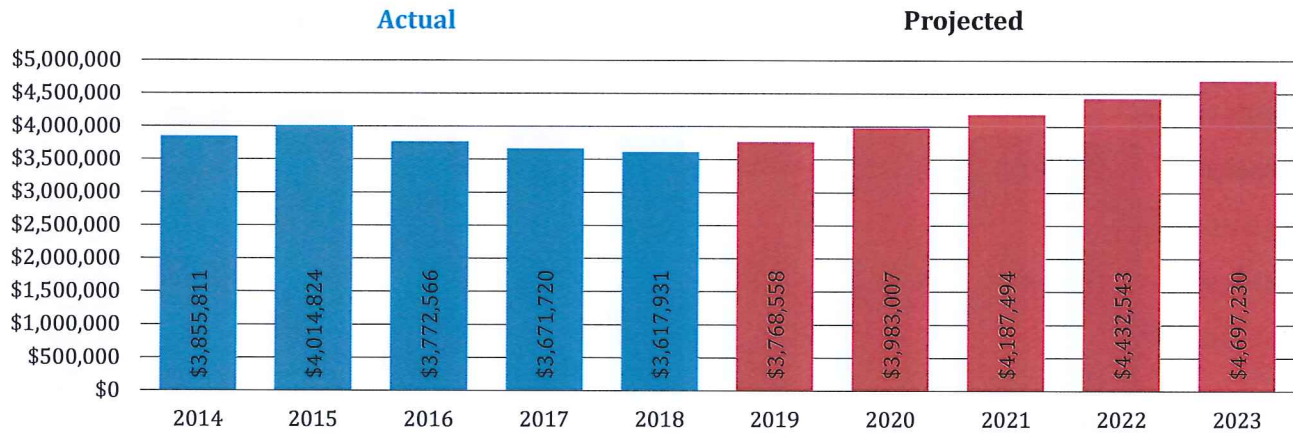
During 2018, the district replaced several contracted services by bringing the staff in house and paying them as employees. In addition, a number of certified and administrative positions that were vacated at the end of FY17 were replaced with employees that were lower on the salary schedule, producing additional savings.

For FY19, higher severance costs and increases in sub costs caused additional increases in this expense line.

Salary related expenses are expected to continue to increase through the next five years due to the negotiated base salary increases noted above and longevity steps. Additional increases are expected in FY20 due to higher severance payments and the addition of staff.

### 3.020 - Employees' Benefits

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	3,617,931	3,768,558	3,983,007	4,187,494	4,432,543	4,697,230
YOY \$ Change	(53,789)	150,627	214,449	204,487	245,049	264,687
YOY % Change	-1.5%	4.2%	5.7%	5.1%	5.9%	6.0%
Percentage of Total Budget	21.8%	21.7%	21.8%	22.5%	23.1%	23.8%

Employee benefits were the district's second largest expenditure category in FY18, representing 21.8% of the operating budget. This category includes the district's share of employees' retirement, workers compensation expenses, Medicare taxes, unemployment, health, dental, and life insurance.

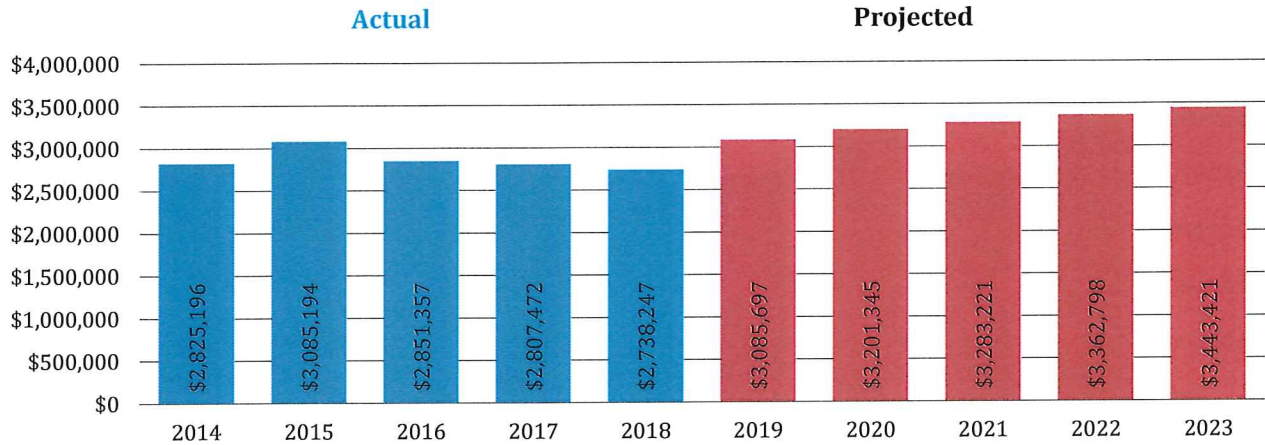
Salary driven benefits are projected to align with the historical ratios as a percent of overall salaries (16.85%) for future fiscal years.

The district's health insurance premiums have not changed since FY16 to the current year; however, the prior negotiated agreement increased the employee paid portion of health insurance premiums by 1% for certificated employees and 0.5% for classified employees in FY16. During FY17 health insurance expenses declined due to the change in participant enrollment in the medical plans and FY18 health insurance costs were consistent with the amount expended in FY17.

Current year medical expense projections are based on enrollment levels in the plans as of August and future year projections include an 8% increase in the Board portion of health care premiums.

### 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.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	2,738,247	3,085,697	3,201,345	3,283,221	3,362,798	3,443,421
YOY \$ Change	(69,225)	347,450	115,648	81,876	79,577	80,623
YOY % Change	-2.5%	12.7%	3.7%	2.6%	2.4%	2.4%
Percentage of Total Budget	16.5%	17.8%	17.5%	17.6%	17.5%	17.4%

Purchased service expenses, such as costs for contracted transportation, utilities, tuition paid to other districts, etc., represents about 16.5% of the district's budget.

Due to the timing of when the O.D.E. charged the district for the FY17 SF14 and SF14H tuition related expenses, there was a one-time increase of \$50,000 to the purchased service expense line in FY18. For FY19, excess cost tuition expenses increased by just over \$100,000 while SF14 and SF14H tuition levels decreased by \$123,000. For subsequent fiscal years, SF14 and SF14H tuition costs are expected to increase by \$24,000 in FY20 and then grow by 2% each year thereafter.

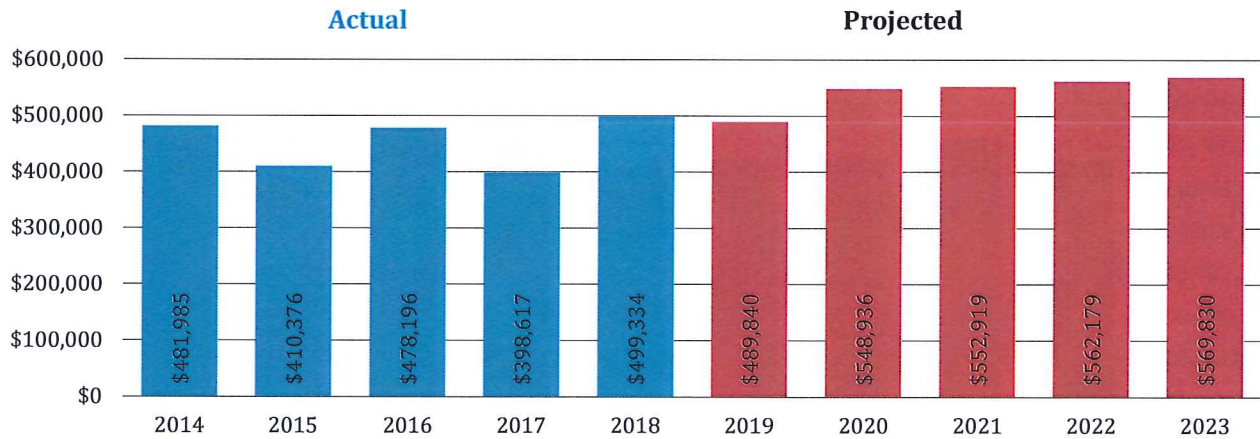
As a result of a major electronic school closing in the State and some of the students that attended that school returning to the district, expenses declined by approximately \$136,000 in Charter School expenses. For FY19, charter school expenses increased by 12.7% or \$20,000 while open enrollment expenses decreased by 9% or \$46,000.

Repair/maintenance costs over the past four years have decreased, going from a high of \$262,425 in FY15 to \$133,653 in FY18. For FY19, these expenses are expected to total \$192,000 by the end of the fiscal year. Future year repair/maintenance costs are only expected to increase by 2% annually.

Contracted instructional service expense are expected to increase \$300,000 by the end of FY19. This increase is due to the district providing educational services to students that were serviced at the County MRDD in previous fiscal years, as well as, paying for additional services that were provided by salaried employees in previous fiscal years.

### 3.040 - Supplies & Materials

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	499,334	489,840	548,936	552,919	562,179	569,830
YOY \$ Change	100,717	(9,494)	59,096	3,983	9,260	7,651
YOY % Change	25.3%	-1.9%	12.1%	0.7%	1.7%	1.4%
Percentage of Total Budget	3.0%	2.8%	3.0%	3.0%	2.9%	2.9%

Supply and material related expenses make up just 3% of overall expenses. These expenses include instructional supplies, textbooks, bus fuel, and maintenance and custodial supplies.

Instructional supplies, which represent 23% of overall supply and material costs, totaled \$113,262 in FY18 and are expected to increase by 3.1% in FY19. For FY20, these expenses are expected to increase to \$123,000 with 1% inflationary growth thereafter.

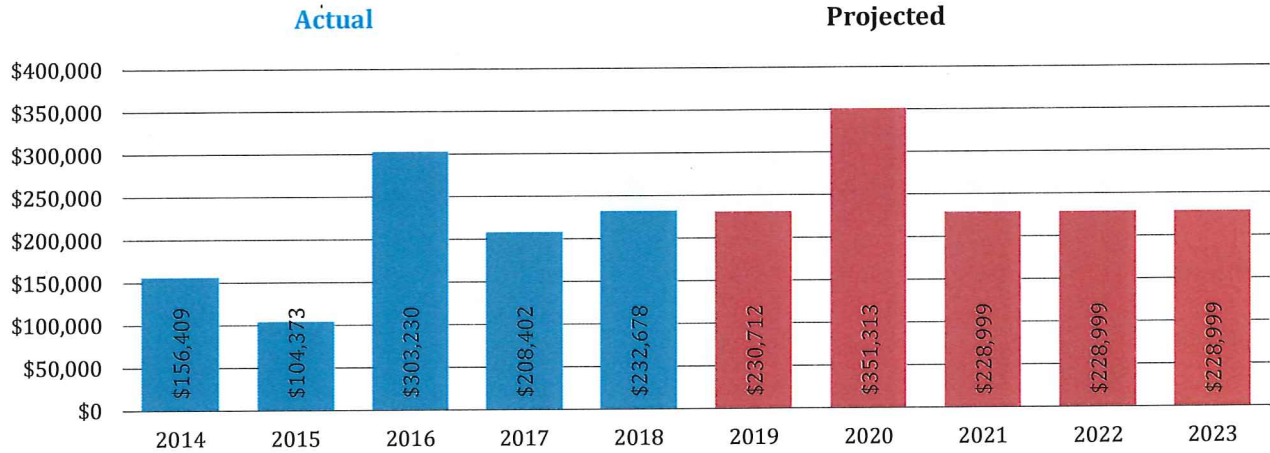
During FY18, textbook purchases totaled \$90,028 followed by an expected decrease of \$40,000 in FY19 due to the purchase of Boardworks digital resources. FY20 - FY23 planned textbook adoptions are expected to increase the annual budget to \$100,000.

Transportation supply costs, including bus fuel, is the largest category of supply/material expenditures at 39%. Due to the rising cost of fuel and additional repairs being needed to maintain the bus fleet, these expenditures increased 20.9% or \$32,000 in FY18. An additional increase of 4.9% is expected by the end of FY19 with 2% inflationary growth projected annually in each subsequent year.



### 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.



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	232,678	230,712	351,313	228,999	228,999	228,999
YOY \$ Change	24,276	(1,966)	120,601	(122,314)	-	-
YOY % Change	11.6%	-0.8%	52.3%	-34.8%	0.0%	0.0%
Percentage of Total Budget	1.4%	1.3%	1.9%	1.2%	1.2%	1.2%

Capital outlay is 1.4% of the district's budget.

Due to the decline of the permanent improvement funds (including the complete loss of tangible personal property reimbursements to this fund), the District has budgeted \$104,000 annually for equipment replacement and other permanent improvement needs.

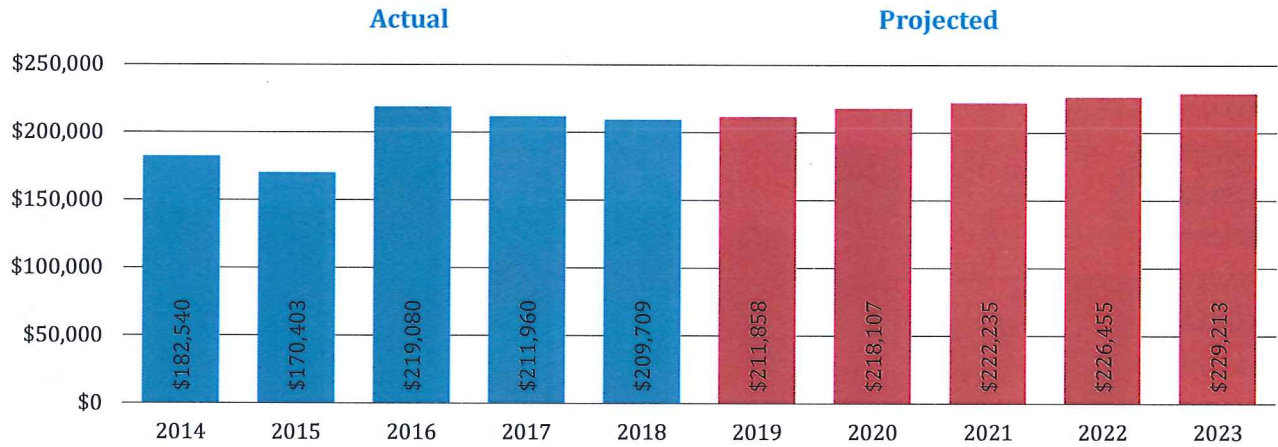
In addition, \$20,000 was been budgeted for Chromebook purchases and an additional \$10,000 for E-Rate equipment upgrades for FY19. For FY20, \$58,500 has been budgeted for Chromebook purchases due to an increase in incoming freshman and the E-rate related purchases are expected to decrease to \$15,000.

Bus purchases, which were previously paid out of the permanent improvement fund, started to be paid out of the general fund beginning in FY17. The district anticipates that it will continue to expend \$85,000 for bus replacement purchases annually.

The district has also allocated \$40,000 in FY20 to the capital outlay expense line for architect planning services.

### 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.



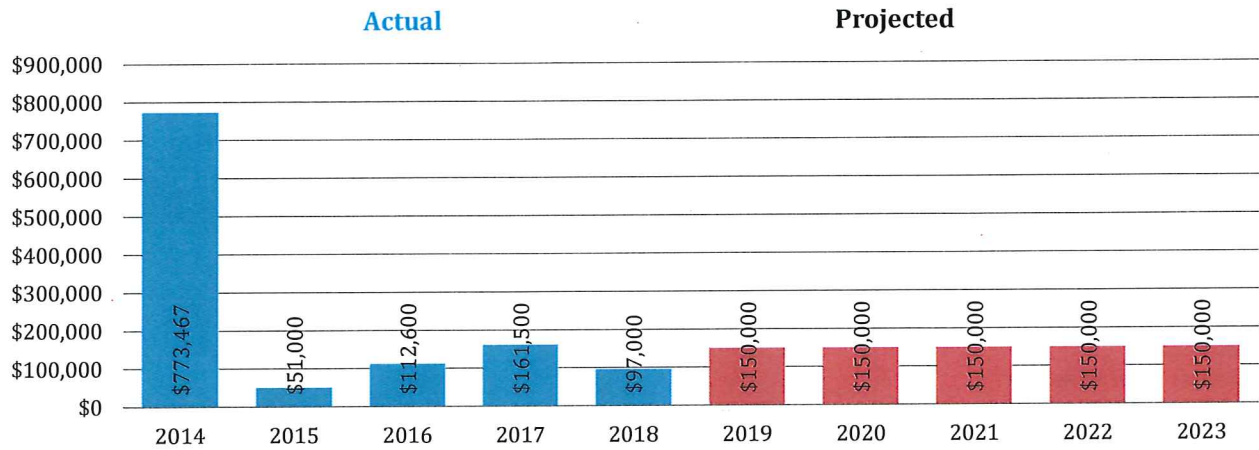
	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	209,709	211,858	218,107	222,235	226,455	229,213
YOY \$ Change	(2,251)	2,149	6,249	4,128	4,220	2,758
YOY % Change	-1.1%	1.0%	2.9%	1.9%	1.9%	1.2%
Percentage of Total Budget	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%

Other object expenditures include services purchased through the County Educational Service Center, County Auditor and Treasurer fees, bank charges, and dues/fees.

County Auditor and Treasurer fees represent the largest component of this expenditure line item at 57%, and are expected to total \$121,549 in FY19. This 2019 level serves as the basis for FY20 and beyond with 2% annual growth.

### 5.040 - Total Other Financing Uses

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



	FORECASTED					
	2018	2019	2020	2021	2022	2023
Total	97,000	150,000	150,000	150,000	150,000	150,000
YOY \$ Change	(64,500)	53,000	-	-	-	-
YOY % Change	-39.9%	54.6%	0.0%	0.0%	0.0%	0.0%
<b>Percentage of Total Budget</b>	<b>0.6%</b>	<b>0.9%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>0.8%</b>
Transfers Out	-	-	-	-	-	-
Advances Out	97,000	150,000	150,000	150,000	150,000	150,000

Other uses includes items such as transfers and advances to other funds. FY17 included a temporary advance of \$165,000 to the other funds and FY18 included a temporary advance of \$97,000. For FY19 through FY23, advances are modeled at \$150,000 annually.

## Buckeye Local Schools - Ashtabula County

### Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2018	2019	2020	2021	2022	2023
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	4,988,482	4,865,194	4,819,765	4,900,634	4,922,883	4,929,754
1.020 - Public Utility Personal Property	1,055,895	1,285,836	1,348,516	1,393,323	1,425,880	1,458,438
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	6,941,844	6,886,547	6,951,626	7,087,310	7,304,842	7,520,772
1.040 - Restricted Grants-in-Aid	271,602	223,533	224,514	225,812	223,226	225,074
1.050 - Property Tax Allocation	2,740,960	2,590,053	2,444,828	2,304,515	2,164,064	2,019,810
1.060 - All Other Operating Revenues	3,137,041	3,242,426	3,001,844	3,012,459	3,023,298	3,034,365
<b>1.070 - Total Revenue</b>	<b>19,135,825</b>	<b>19,093,589</b>	<b>18,791,093</b>	<b>18,924,053</b>	<b>19,064,193</b>	<b>19,188,213</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	161,500	97,000	150,000	150,000	150,000	150,000
2.060 - All Other Financing Sources	11,959	56,275	5,000	5,000	5,000	5,000
<b>2.070 - Total Other Financing Sources</b>	<b>173,459</b>	<b>153,275</b>	<b>155,000</b>	<b>155,000</b>	<b>155,000</b>	<b>155,000</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>19,309,283</b>	<b>19,246,864</b>	<b>18,946,093</b>	<b>19,079,053</b>	<b>19,219,193</b>	<b>19,343,213</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	9,200,978	9,428,721	9,812,781	10,000,461	10,219,146	10,442,666
3.020 - Employee Benefits	3,617,931	3,768,558	3,983,007	4,187,494	4,432,543	4,697,230
3.030 - Purchased Services	2,738,247	3,085,697	3,201,345	3,283,221	3,362,798	3,443,421
3.040 - Supplies and Materials	499,334	489,840	548,936	552,919	562,179	569,830
3.050 - Capital Outlay	232,678	230,712	351,313	228,999	228,999	228,999
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	209,709	211,858	218,107	222,235	226,455	229,213
<b>4.500 - Total Expenditures</b>	<b>16,498,877</b>	<b>17,215,386</b>	<b>18,115,489</b>	<b>18,475,329</b>	<b>19,032,120</b>	<b>19,611,359</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	97,000	150,000	150,000	150,000	150,000	150,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>97,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>16,595,877</b>	<b>17,365,386</b>	<b>18,265,489</b>	<b>18,625,329</b>	<b>19,182,120</b>	<b>19,761,359</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>2,713,406</b>	<b>1,881,478</b>	<b>680,604</b>	<b>453,724</b>	<b>37,073</b>	<b>(418,146)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>7,792,634</b>	<b>10,506,040</b>	<b>12,387,518</b>	<b>13,068,122</b>	<b>13,521,846</b>	<b>13,558,919</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>10,506,040</b>	<b>12,387,518</b>	<b>13,068,122</b>	<b>13,521,846</b>	<b>13,558,919</b>	<b>13,140,773</b>
		Reservations				
8.010 - Estimated Encumbrances June 30	320,000	320,000	320,000	320,000	320,000	320,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>10,186,040</b>	<b>12,067,518</b>	<b>12,748,122</b>	<b>13,201,846</b>	<b>13,238,919</b>	<b>12,820,773</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>10,186,040</b>	<b>12,067,518</b>	<b>12,748,122</b>	<b>13,201,846</b>	<b>13,238,919</b>	<b>12,820,773</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>10,186,040</b>	<b>12,067,518</b>	<b>12,748,122</b>	<b>13,201,846</b>	<b>13,238,919</b>	<b>12,820,773</b>

Enrollment

District	SFPR Jan #2 Formula ADM	Less Community School, Open Enrollment Out, Other Tuition, and ADM/FTE Factor	Plus Open Enrollment "IN" January #2 SFPR	Per FSFP Simulations Enrollment FTE Educated at District FY19
Buckeye Local SD	1,501.4	(112.1)	336.7	1,726.0

FY 2019 SFPR Funding Recalculated to the FSFP Methodology

Column A	Illustration B	Illustration C	Illustration D	Illustration E	Illustration F	Illustration G	Column H
Jan #2 SFPR Line N Funding	Less Line M Career Tech	Less Community School, STEM, Scholarship Transfers	Net Transfer Open Enrollment Net Transfer Jan #2 SFPR Memo Only	Less Open Enrollment Out Transfer (Calculated) Note: CTE Variance Can Exist	Plus Open Enrollment In February #2 O/E In x \$6,020	Other Adjustments to Reconcile to FSFP Simulations, Likely FSFP Enrollment Averaging, and other	Per FSFP Simulations Estimated Foundation Aid After Transfers Less CTE Weighted Funding FY19
\$6,825,366	(\$16,856)	(\$194,683)	\$1,487,662	(\$539,272)	\$2,026,934	\$16,135	\$8,117,624

FSFP Simulations - Potential Impact on FY 2020 and 2021

Column I	Column J	Column K	Column L
PER FSFP Simulations Proposed Foundation Aid Excluding CTE Weighted Funding FY20	PER FSFP Simulations Proposed Potential YOY Change FY20	PER FSFP Simulations Proposed Foundation Aid Excluding CTE Weighted Funding FY20	PER FSFP Simulations Proposed Potential YOY Change FY21
\$8,926,837	\$809,213	\$9,460,707	\$533,870

Ohio is considering a proposal called The Fair School Funding Plan (FSFP) which funds students where they are educated (District Educated Enrollment). The plan, if it is adopted by the Ohio legislature and Governor, would go into effect on July 1, 2019.

The district's enrollment FTE in the top table will be less or more than the current formula ADM methodology. The direction will depend upon whether the district has more students choosing to attend compared to students choosing to be educated elsewhere. For the district fewer students choose to enter the district than choose to go elsewhere. Over time this count of students will worsen the state's share of the district's per pupil funding.

The middle table recalculates the district's FY 2019 state funding to the proposed FSFP methodology in column H. The recalculated FY 2019 revenue in column H is then used for the year-over-year analysis in the bottom table.

As the table shows the FSFP will generate additional revenue.

—

|