

Notes to the Buckeye Central Five Year Forecast

(2016-2020)

Significant Areas to Monitor:

- *State Budget
- *Income Tax Collections
- *Open Enroll Numbers
- *Staffing needs
- *Health Insurance

Total Revenue:

This forecast provides us with a very positive revenue increase that we have not seen in many years. There are two main areas of focus. First, we are seeing increased CAUV growth in both Crawford and Seneca counties. Those increased values are allowing growth in our real estate collections mostly generated through the inside millage. Secondly, the new biennium budget has projected a substantial increase in state funding for our district.

1.010 General Property Tax (Real Estate):

Seneca County had a triennial update in 2014 which was put on the tax duplicate and collected in 2015. In FY15 we recognized the increase in the March collection and should see an increase in both settlements in FY16. Values have risen in Seneca County and we have received some growth mostly due to CAUV increases.

Crawford County had their triennial update in 2015 which will be put on the tax duplicate and collected in 2016. We will see a portion of that in this fiscal year with our March collection. After talking to the county auditor we should see an increase due to the CAUV increases as we did in Seneca County.

There has been discussion in our area about the Rover Pipeline. It is currently in the planning phase and no construction has begun. If permits are secured and planning approved by November 2015 it is possible for construction to begin in 2016. If the project is approved and completed it would be several years until the district would see any revenue from this project. I am staying in contact with the county auditor and will update when information becomes available to us.

1.020 Tangible Personal Property Tax

The district does not receive any personal property tax.

1.030 Income Tax

After drops in FY09 and FY10 the income tax has started to grow again. The Ohio Department of Taxation anticipates continued slow recovery. We have seen quite a fluctuation in settlements. The 14% increase in FY14 was unexpected and is not expected to repeat. I have anticipated a 2% increase in each year of the forecast.

1.035 Unrestricted State Grants

I am using the estimates that have been provided by the state for the new biennium budget. We receive a sizeable increase in state funding through this new formula. We will track the settlements and verify our EMIS numbers for accuracy and update as needed.

After the initial two years of the budget I am showing a slight decrease assuming the new property values will be used in the state funding formula lowering the amount of dollars generated through the formula.

1.040 Restricted Grants

This line item includes the Career-Tech Education Allocation and Economic Disadvantaged.

These estimates are based on projected numbers from the state.

1.050 Property Tax Allocation

The property tax allocation includes receipts for rollback and homestead exemptions. This line item is pretty steady and should not fluctuate much.

1.060 All Other Revenues

This category includes interest, fees, donations, miscellaneous, Medicare reimbursements and open enrollment in. This category will fluctuate with open enroll numbers. The total amount of this category remains pretty steady but the jump in revenue in FY14, and FY15 was due to the Medicaid payment due to the district on old cost reports.

Total Expenditures:

FY12 was the first time in many years that the district overspent revenue. (\$98,538) The Board made several reductions in April of 2012 to help control spending and keep expenditures as close as possible to revenues received. Even at the close of FY15 the district had not reached the spending level of FY12. Because of this the district has been able to end the fiscal year with a positive cash balance.

3.010 Personal Services

The Board and BCEA agreed to a three year wage contract from July 1, 2015 through June 30, 2018. The negotiated raises for teachers and support staff are built into this forecast along with normal step increases.

However, there are no staff changes built into the life of this forecast at this time.

3.020 Employee Retirement/Insurance Benefits

Obviously this category is a major item in the budget. It is definitely a line item that we will continue to monitor closely and try to manage. We have been hit with some large insurance increases over the years.

October 1, 2011 = 5%

January 1, 2012 = 10%

June 1, 2012 = 20%

November 1, 2012 = 14.7%

October 1, 2013 = 1%

October 1, 2014 = 6%

October 1, 2015 = 5%

New plans were implemented in negotiations and plans will begin January 1, 2016. Because the Board and BCEA were able to negotiate new plan changes we were able to avoid a surcharge that would have been assessed to our current plan. This will save the Board and employees a great deal of money.

The forecast projects the following health insurance increases: 15% (FY17) 10% (FY18) 15% (FY19) and 10% in (FY20).

We will continue to monitor, hold insurance committee meetings, and provide education to the staff. Plan design changes will need to be considered to keep the cost manageable.

STRS/SERS is increased in proportion to salary increase.

Workers Compensation, MDCR and Life insurance are based on historical data.

3.030 Purchased Services

Purchased services are based on the most current information available. Open enrollment, community school enrollment and special education student services are a large portion of this line item. The utilities have continued to be very stable. I will continue to monitor the activity.

3.040 Supplies and Materials

Supplies and materials are based on historical information. The large increase in FY16 is due to \$100,000 expenditure for textbooks.

3.050 Capital Outlay

This category is based on historical data and budgets set for the purchase of equipment. We will purchase two new buses over the next five years and we have increased our technology budget.

4.300 Other Objects

Expenses for this category are based on historical information.

5.010 Operating Transfers-Out

From FY15 through FY20 we are showing transfers to Fund 034 to help build the amount for future costs and also include dollars to be transferred into the 003-9085 fund to help cover technology purchases.

**The forecast assumes that all set aside amounts will be met as required by HB 412 and no reservation of Fund Balance on the forecast.

Other Considerations:

After making some tough financial decisions in FY12 we have definitely had good news at the close of FY13, FY14 and FY15. We saw an unexpected rise in income tax revenue, increase in CAUV values, and a settlement from the state for prior Medicaid expenses. These positive results along with expenditures that have stayed within budget have produced a positive cash balance. With this new forecast (FY16 – FY20) we are very fortunate to be showing an increase in revenue that we have not seen in the past. It is very early in the fiscal year and all revenue and expenditures will be constantly monitored. If the increases hold true to the estimates, it will allow us as a district to consider some options that we have not had in the past. This forecast may and will be updated throughout the fiscal year as more information becomes available.

Nancy J. Ackerman

Treasurer

Buckeye Central Local School