

LEVIES

The main source of revenue for the school is collection of Property Taxes. In order to understand collection of Property taxes, one must understand how taxes are levied. A property tax is levied in the year it is approved for a set amount of mills. As Property values change (generally increases), imposed, collected millage (generally decreases) resulting in the District receiving the same dollars as were first voted and approved removing inflationary growth to collections.

Voted mills is what the property tax was first passed at. **Effective** Mills is what the property tax is currently being collected at.

VAN BUREN HAS 3 DIFFERENT TYPES OF LEVIES WITH SOME HAVING A SPECIFIC PURPOSE:

Operating Levy: Is used to fund the general operations of the taxing jurisdiction for a specified period.

Bond Levy: Levy offered for construction activities with a specified term and amount. Proceeds are used to pay off principle and interest on the bond issuance. Mills are adjusted annually to meet debt service requirements. When debt is retired, the levy that created the tax terminates. A new bond levy will increase your tax.

Permanent Improvement Levy: Raises funds for specific permanent improvement(s) (e.g. construction and repair of buildings, sidewalks, parking garages, etc.), with no interest paid on the funds. A permanent improvement levy is limited to 5 years.

LEVIES CAN BE PUT ON THE BALLOT IN 2 DIFFERENT WAYS:

RENEWAL LEVY: Voter approved levy to extend the term and purpose of an expiring levy while considering original property valuations at the time of passage. Renewal mills have a reduction factor annually applied in order to raise the same amount of funding as in the original year of passage.

REPLACEMENT LEVY: Voter approved levy to extend the term and conditions of an expiring levy, but unlike renewal levies, takes the present day property valuation into consideration. Therefore, replacement levies may benefit from an increase in value from the passage of the original replaced levy.

Van Buren Schools Operating Levies

General Fund Levies Currently being collected:

1. Continuing Property Tax passed in 1976 voted in for 14 mills currently collecting at 7.28 mills.
2. Continuing Property Tax passed in 1989 voted in for 7.5 mills currently collecting at 3.9 mills.
3. Limited Term Property Tax passed in 1999 voted in for 4.5 mills currently collecting at 3.64 mills. Renewed in 2014.
4. Emergency Levy Property Tax passed in 2012 voted in for 4.1 mills currently collecting at 3.94 mills. Renewed in 2016.
5. The District also collects on 5.3 inside mills that are not a voted tax levy but the result of legislation.

Recently, there was an article in the Findlay Courier from the Hancock County Auditor listing the rate of taxation in Hancock County for 2015. It showed that VB schools collects 39.29 mills total. Those mills listed include the VOTED rates for the Levies listed above #1, #2, and #3, thus not reflecting the effective mills that the District is actually collecting on. It also included the mills for Bond levy and Permanent Improvement levy which cannot be used for the day-to-day operations of the District.

For the General Fund, the District collects on 20.12 mills for Traditional Property levies (not including the Emergency Levy). The MINIMUM amount of levied taxes a school can operate by law is 20 mills. So, Van Buren is operating on close to the minimum amount of collections allowed by law.



Van Buren Local School Financial Information

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Strategic Plan Members ??

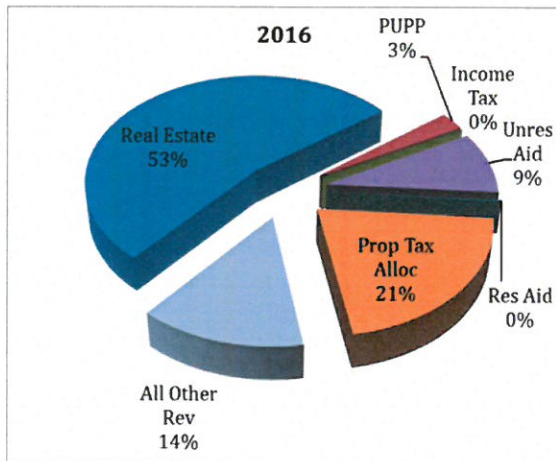
Or visit our website at
www.vbschools.net

How Much Does the School Spend and Receive to Operate and Where Does it Come From?

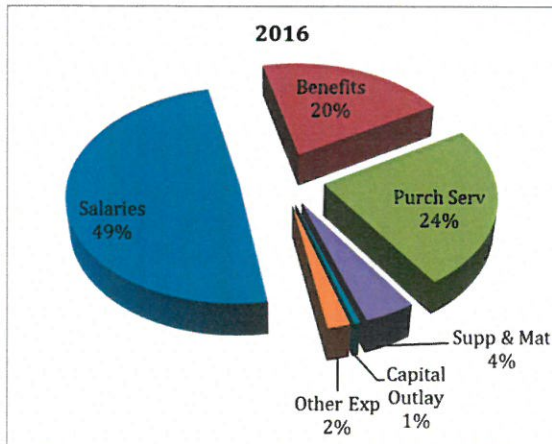
2016 Est. General Fund Revenue:
\$11,037,244

2016 Est. General Fund Expenses :
\$11,756,738

Sources of General Fund Revenue:



Sources of General Fund Expenditures:



In 2015, the District deficit spent, but had a positive ending balance because of carryover.

2016 Estimated Deficit Spending:
\$719,494

Deficit Spending:

When Expenses Exceed Revenue in the Same Year

Deficit Balance:

When Deficit Spending, combined with Carryover balance Results in a combined Negative Balance.

Why is the District Deficit Spending?

➤ Unfunded Mandates from the State on Academic Programs:

- The State places mandates on programs that the school must implement and there is no additional funding for them. (insert example)

➤ Inflation:

- Increases in expenses that outweigh any increase (or decrease) in revenue.
- Costs increases usually are between 3% and 6% in the following areas:
 - Special Education Costs
 - Contract (Purchase Services)
 - Supplies (shipping cost increases)
 - Insurance Benefits

➤ Decrease in Revenue:

- The State has lowered funding to the District in the form of:
 - Reduced Tangible Personal Property Payment (loss of over \$300,000 over the last 5 years).
 - Cap on funding which means no increases for new students which may increase staffing costs.

➤ Tax Collections:

- Board of Revision claims have lowered valuations for area businesses resulting in less taxes collected.
- Property Valuation increases are minimal and do not offset increases in expenses.

Future Financial Outlook:

- In order to reduce expenses, the District would need to cut services or staff since that makes up over 93% of its operating budget.
- Every year for the next 5 years, the District is Deficit Spending because Revenue increases do not outweigh Expense increases.
- The Forecast for the next five years includes minimal increases in expenses 1%-6% and includes replacement of staff only through attritions (retirements).
- Forecast includes no new programs or growth in staffing.
- Tax collections are forecasted in increase 1%-3% but the District still faces challenges with Board of Revision Submissions (tax payers - mainly businesses - asking for a reduced tax value).
- At the end of 5 years the District (with renewal of all current levies) will have a negative cash balance of appx. \$350,000.

Van Buren's Financial Outlook for the Next Five Years:

