Berkshire Local Schools
May 2016 Forecast

Financial Overview

✓ Revenues are forecasted to total $16,783,568 which is a decrease from the January update of $39,478.

✓ Expenditures are forecasted to total $16,639,076. This is an increase of $272,480 over the January update and is attributed to additional costs in salaries, benefits and special education services.

✓ The District is forecasted to have a negative fund balance on June 30, 2020 of $1,221,534. This is an improvement from the January forecast when a negative fund balance was forecasted for 2019. This is due to reductions in personnel services.

Revenues:

Expenditures:
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual</th>
<th>Forecasted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-2014</td>
<td>3,807,793</td>
<td>3,806,285</td>
</tr>
<tr>
<td>2014-2015</td>
<td>3,899,763</td>
<td>3,906,573</td>
</tr>
<tr>
<td>2015-2016</td>
<td>5,038,191</td>
<td>5,096,573</td>
</tr>
<tr>
<td>2016-2017</td>
<td>5,955,539</td>
<td>6,135,094</td>
</tr>
<tr>
<td>2017-2018</td>
<td>6,075,215</td>
<td>6,075,215</td>
</tr>
<tr>
<td>2018-2019</td>
<td>6,075,215</td>
<td>6,075,215</td>
</tr>
</tbody>
</table>

### Revenues
1.010 - General Property Tax (Real Estate)
1.020 - Public Utility Personal Property
1.030 - Income Tax
1.035 - Restricted Grants-in-Aid
1.040 - Restricted Grants-in-Aid
1.045 - Restricted Federal Grants-in-Aid
1.050 - Property Tax Allocation
1.060 - All Other Operating Revenues

### 1.070 - Total Revenue
10,507,632

### Other Financing Sources:
2.010 - Proceeds from Sale of Notes
2.020 - State Emergency Loans and Advances
2.040 - Operating Transfers-In
2.050 - Advances-In
2.060 - All Other Financing Sources
2.070 - Total Other Financing Sources

### Total Revenue and Other Financing Sources
10,044,730

### Expenditures:
3.010 - Personnel Services
3.020 - Employers' Retirement/Benefits
3.030 - Purchased Services
3.040 - Supplies and Materials
3.050 - Capital Outlay
3.060 - Intergovernmental

### Debt Services:
4.010 - Principal-All Years
4.020 - Principal-Notes
4.030 - State Loans
4.040 - Principal-State Advances

### Total Expenditures
10,441,230

### 4.500 - Total Expenditures

### Other Financing Uses:
5.010 - Operating Transfers-Out
5.020 - Advances-Out
5.030 - All Other Financing Uses
5.040 - Total Other Financing Uses

### Excess of Rev & Other Financing Uses
6.010 - Expenditures and Other Financing Uses

### Cash Balance July 1

### Cash Balance June 30

### 7.010 - Replacement and New Levies

### 7.020 - Cash Balance June 30

### Fund Balance June 30 for Certification

### 10.000 - Reservations of Fund Balances:
10.010 - Educational and Instructional Materials
10.020 - Capital Improvements
10.030 - Budget Reserve
10.040 - Debt Service
10.050 - Property Tax Advances
10.060 - Non-Permanent

### Fund Balance June 30 for Certification

### Revenue from New Levies:
13.010 - Income Tax - New
13.020 - Property Tax - New
13.030 - Cumulative Balance of New Levies

### 14.010 - Revenue from Future State Advances

### 15.010 - Unreserved Fund Balance June 30

### ADM Forecasts
20.010 - Kindergarten
20.015 - Grades 1-12
BERKSHIRE LOCAL SCHOOL
ASSUMPTIONS – May 9, 2016
Five Year Forecast – FY16 – FY20

REVENUES

1.010: Real Property Tax
Real property tax is the largest source of revenue for The District. The auditor certifies 98% of the collection on real property.

The District’s FY16 revenue is based upon current tax rates and values. With the territory transfer occurring on July 1, 2015, the residents of Ledgemont will continue to pay their current tax rates related to the school district and JVS until January 1, 2017. This is due to the fact that real estate taxes are assessed in arrears and rates are always assessed for one complete year.

1.020: Personal Property/Public Utility Tax
This line item includes Personal Property tax and Public Utility tax. Personal property tax revenue has been eliminated for non-utility producing entities. As a reminder, this is the result of the Ohio General Assembly tax restructuring policy adopted via HB66. The only remaining revenue in Line 1.02 will be Public Utility personal property tax. As stated above, the Berkshire rate of taxation will not be assessed until January 1, 2017.

1.030: Income Tax
The District collects an earned income tax of 1%. The forecast reflect slight growth for FY17 through FY20.

Grants-In-Aid

1.035: Unrestricted Grants-in-Aid
Unrestricted grants-in-aid represent funds received through the State Foundation statement settlements from the Ohio Department of Education (ODE). The State funding for schools is based on several factors all of which are subject to deliberations and approval of the Ohio General Assembly.

As part of the Territory Transfer, the District is guaranteed to receive the same amount in State Foundation monies for the next three years. The State funding for schools is based on several factors all of which are subject to deliberations and approval of the Ohio General Assembly. For FY19 and FY20, a three percent decrease in funding is forecasted.

In 2009, Ohio voters approved the construction of four full-service casinos in the State of Ohio. The Constitutional Amendment directs that school districts receive a portion of the gross casino revenue based on student populations for students who are residents of the county in which the School resides. The revenue is intended to supplement current State aid, not supplant. The estimates used are based on current enrollment and revenues.
supplementing, not supplanting. The amounts used are $50.50 per student for FY16 through FY20. FY16 casino revenues total $62,897.

1.040: Restricted Grants-in-Aid
Restricted Grants-in-Aid represents funding for monies that are restricted for a specific purpose such as: special education excess cost reimbursement, economically disadvantaged, bus purchases and career technology.

1.050: Property Tax Allocation
The property tax allocation represents the Homestead and Rollback reimbursement and the personal property replacement known as the Tangible Personal Property Replacement (TPP) and SB3 Electric Deregulation. Due to the House Bill 64, the biannual state budget bill, the District has experienced a loss in the TPP monies of $184,796 in FY16, $190,861 in FY17 and $404,456 in FY18. In FY19, TPP monies will be eliminated.

1.060: All Other Revenue
This revenue line item includes all other local revenue, open enrollment, manufactured home revenue, Medicaid reimbursements and interest earnings.

2.050: Advances In
Advances In represents temporary movement of monies between funds.

2.060: All Other Financing Sources
This revenue line item represents other revenue sources such as sale and loss of Assets and refund of prior year expenditures.

EXPENDITURES

3.010: Personal Services
Forecasted salary and benefit amounts are based on current negotiated contracts and non-negotiated employees. The current negotiated contract for Certified and Classified Employees expires at the end of FY18. FY17 reflects the non-renewal of one administrator and three certified employees.

Personnel Services include all salaries, substitutes, long term substitutes, certified extra classes, and overtime costs. The forecasted amounts assumes that approximately $275,000 will be available in Title I salaries.

3.020: Employees' Retirement/Insurance Benefits
Benefits include: retirement, Medicare, workers compensation, unemployment compensation, life insurance, health and dental insurance.
3.030: Purchased Services
This category represents amounts paid for personal services rendered by personnel who are not on the payroll of the school district along with tuition costs to other districts and utilities. The largest expenditure in this category is for special education services followed by open enrollment out.

It is important to note that any unanticipated spikes in these categories will require a reprioritization within and among the costs included.

3.040: Supplies & Materials
Supplies and materials are comprised of classroom supplies, textbooks, janitorial and transportation fuel and supplies costs.

3.050: Capital Outlay
Since no additional taxes from the permanent improvement levy will be generated until FY18, $100,000 has been allocated FY17 to account for upkeep of the buildings in Montville. In FY18, additional taxes from the permanent improvement levy will be collected. It is assured that these additional monies will be used to maintain the current elementary in Montville.

4.020 Principal Note
FY16 reflects a final payment on a tax anticipation note acquired by Ledgemont in 2011 for a boiler replacement. This debt does not qualify for debt forgiveness under HB487.

4.300: Other Objects
Other objects include expenditures such as County Auditor and Treasurer fees and costs associated with the County Educational Service Center and audit costs.

5.010: Transfers
The following represents the scheduled transfers from the general fund to various other funds:

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self Insurance Fund</td>
<td>325,000</td>
<td>325,000</td>
<td>325,000</td>
<td>325,000</td>
<td>325,000</td>
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<tr>
<td>Cafeteria Fund</td>
<td>70,000</td>
<td>60,000</td>
<td>40,000</td>
<td>30,000</td>
<td>30,000</td>
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<tr>
<td>Termination Benefits Fund</td>
<td>139,705</td>
<td>100,000</td>
<td>100,000</td>
<td>75,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Athletics</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Uniform Supply Account</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Miscellaneous Funds</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>574,705</strong></td>
<td><strong>525,000</strong></td>
<td><strong>505,000</strong></td>
<td><strong>470,000</strong></td>
<td><strong>470,000</strong></td>
</tr>
</tbody>
</table>

The transfer to the Termination Benefits Fund represents a set-aside for future severance payments for exiting employees upon their retirement. The amount is derived from the accrual calculation in the preparation of financial statements.

5/09/16
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5.020: Advances-Out
Advances-Out are typically approved prior to the fiscal year end for state and federal funds and these advances are anticipated to be returned to the general fund within the same fiscal year.

**NOTICE**
The district's five-year forecast is based on the above assumptions known at this point in time. As with all forecasting models, operating fiscal results of each fiscal year will change if the original assumptions are modified. The five-year forecast includes only the General Fund and SFSF monies.