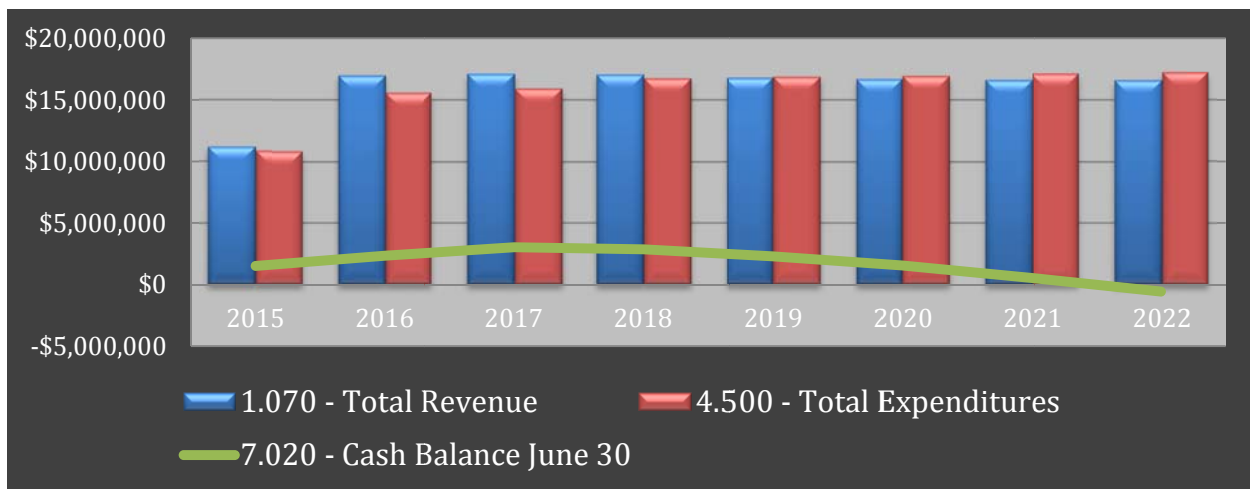


Berkshire Local Schools

October 2017 Forecast

Financial Overview

- ✓ The District ended fiscal year 2017 with \$401,514 more than anticipated in the May 2017 forecast.
- ✓ FY18 Revenues are forecasted to decrease by \$69,530 from FY17 amounts.
- ✓ FY18 Expenditures are forecasted to increase by \$960,401 from FY17 amounts.
- ✓ The District is forecasted to have a negative fund balance on June 30, 2022



Revenue Assumptions

Revenues are forecasted to remain relatively flat for FY18. While we will see slight increases in Real Estate Taxes and Income Taxes, the loss of TTP dollars will offset these increases. The District has benefited from expanding the open enrollment to all grade levels. For FY18, a total of 164 students have open enrolled to our district, this is an increase of 19 students over FY17. 77 students are open-enrolled to Burton Elementary, 24 are enrolled to Ledgemont Elementary and 63 are enrolled to the High School.

Expenditure Assumptions

The District continues to monitor expenditures closely. Expenditures are forecasted to increase by \$796,279 over FY17. \$314,969 is attributed to carryover expenditures from FY17 that will be paid in FY18. Additional staff positions, increases to healthcare premiums, increased special education costs and the acceleration of student device implementation has contributed to this increase. These increases have been offset in future years of the forecast. Enrollment in Community Schools and Other School Districts has declined by 32 students in FY18. Currently, there are 198 open enrolled to other Districts, 22 to ISTEM and 39 enrolled in Community Schools.

Berkshire Local School District - Geauga County
Schedule Of Revenue, Expenditures and Changes In Fund Balances
Actual and Forecasted Operating Fund

	ACTUAL			FORECASTED				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Revenue:								
1.010 - General Property Tax (Real Estate)	3,959,763	5,838,192	5,839,992	5,873,884	5,932,184	5,941,614	5,951,065	5,960,498
1.020 - Public Utility Personal Property	356,009	543,859	563,608	565,428	567,790	569,372	570,958	637,499
1.030 - Income Tax	1,839,804	2,954,737	2,890,169	2,893,059	2,900,292	2,907,543	2,914,811	2,922,098
1.035 - Unrestricted Grants-in-Aid	2,947,413	5,124,771	4,888,730	4,991,589	4,830,622	4,737,614	4,646,636	4,557,369
1.040 - Restricted Grants-in-Aid	11,542	29,879	146,280	124,167	123,523	123,395	123,338	123,239
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	1,079,639	1,176,025	1,253,853	1,060,068	901,101	866,215	867,667	869,116
1.060 - All Other Operating Revenues	988,262	1,312,105	1,519,604	1,541,792	1,537,332	1,537,332	1,537,332	1,537,332
1.070 - Total Revenue	11,182,432	16,979,566	17,102,236	17,049,987	16,792,844	16,683,084	16,611,807	16,607,152
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Advancements	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-	-	-
2.050 - Advances-In	103,300	124,939	120,000	125,000	125,000	125,000	125,000	125,000
2.060 - All Other Financing Sources	40,456	13,150	32,281	10,000	10,000	10,000	10,000	10,000
2.070 - Total Other Financing Sources	143,756	138,089	152,281	135,000	135,000	135,000	135,000	135,000
2.080 - Total Revenues and Other Financing Sources	11,326,188	17,117,655	17,254,517	17,184,987	16,927,844	16,818,084	16,746,807	16,742,152
Expenditures:								
3.010 - Personnel Services	5,710,714	7,207,298	7,553,231	7,728,524	7,883,094	8,040,756	8,201,571	8,365,603
3.020 - Employees' Retirement/Insurance Benefits	1,914,814	2,536,321	2,508,592	2,762,174	2,817,418	2,873,766	2,931,241	2,989,867
3.030 - Purchased Services	2,293,632	4,482,829	4,581,938	4,957,852	4,972,862	4,826,338	4,804,884	4,808,500
3.040 - Supplies and Materials	306,969	421,053	375,162	432,916	385,310	385,310	385,310	385,310
3.050 - Capital Outlay	173,741	271,335	319,186	437,416	335,799	326,897	311,855	219,500
3.060 - Intergovernmental	-	-	-	-	-	-	-	-
Debt Service:								
4.010 - Principal-All Years	-	43,000	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-	-	-
4.055 - Principal - Other	-	1,668	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	-	1,668	-	-	-	-	-	-
4.300 - Other Objects	459,454	624,275	587,998	584,901	604,015	614,134	624,258	588,978
4.500 - Total Expenditures	10,859,324	15,587,779	15,926,107	16,903,783	16,998,498	17,067,201	17,259,119	17,357,757
Other Financing Uses								
5.010 - Operating Transfers-Out	355,000	569,705	507,275	495,000	495,000	495,000	495,000	495,000
5.020 - Advances-Out	201,072	124,939	130,000	125,000	125,000	125,000	125,000	125,000
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	556,072	694,644	637,275	620,000	620,000	620,000	620,000	620,000
5.050 - Total Expenditures and Other Financing Uses	11,415,396	16,282,423	16,563,382	17,523,783	17,618,498	17,687,201	17,879,119	17,977,757
Excess of Rev & Other Financing Uses Over (Under)								
6.010 - Expenditures and Other Financing Uses	(89,208)	835,232	691,135	(338,796)	(690,654)	(869,117)	(1,132,312)	(1,235,605)
Cash Balance July 1 - Excluding Proposed Renewal/ Replacement and New Levies	1,592,123	1,911,069	2,746,302	3,437,437	3,098,641	2,407,987	1,538,870	406,559
7.020 - Cash Balance June 30	1,502,915	2,746,302	3,437,437	3,098,641	2,407,987	1,538,870	406,559	(829,047)
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-	-	-
Reservations of Fund Balance:								
9.010 - Textbooks and Instructional Materials	-	-	-	-	-	-	-	-
9.020 - Capital Improvements	-	-	-	-	-	-	-	-
9.030 - Budget Reserve	-	-	-	-	-	-	-	-
9.040 - DPIA	-	-	-	-	-	-	-	-
9.050 - Debt Service	-	-	-	-	-	-	-	-
9.060 - Property Tax Advances	-	-	-	-	-	-	-	-
9.070 - Bus Purchases	-	-	-	-	-	-	-	-
9.080 - Subtotal	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
10.010 - of Appropriations	1,502,915	2,746,302	3,437,437	3,098,641	2,407,987	1,538,870	406,559	(829,047)
Rev from Replacement/Renewal Levies								
11.010 - Income Tax - Renewal	-	-	-	-	-	-	-	-
11.020 - Property Tax - Renewal or Replacement	-	-	-	-	-	-	-	-
11.030 - Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
12.010 - of Contracts, Salary and Other Obligations	1,502,915	2,746,302	3,437,437	3,098,641	2,407,987	1,538,870	406,559	(829,047)
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 Advancements	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	1,502,915	2,746,302	3,437,437	3,098,641	2,407,987	1,538,870	406,559	(829,047)
ADM Forecasts								
20.010 - Kindergarten	-	-	-	92	92	92	92	92
20.015 - Grades 1-12	-	-	-	1,162	1,154	1,140	1,131	1,113

***BERKSHIRE LOCAL SCHOOL
ASSUMPTIONS – October 9, 2017
Five Year Forecast – FY18 – FY22***

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 FY18 revenue is based upon current tax rates and values with slight increases estimated for the County's sexennial reevaluation. FY17 collections include \$205,495 in delinquencies. Current outstanding delinquencies in Real Estate taxes are \$344,932; of this amount \$135,000 is forecasted to be collected in FY18.

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.

1.030: Income Tax

The District collects an earned income tax of 1%. Collections for FY17 fell below projected values, therefore, growth for FY18 through FY22 projections have been adjusted for slower growth.

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, that occurred on July 1, 2015, the District is guaranteed to receive the same amount in State Foundation monies for the next three years. The District has one more year remaining under this agreement. FY19 reflects a 3.22% reduction in state funding.

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 \$49.50 per student for FY18 through FY22. FY18 casino revenues are estimated at \$60,242.

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 catastrophic 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. Actual TPP funding received in FY17 was \$375,160. Based upon current legislation, TPP funding will be \$205,747 in FY18.

1.060: All Other Revenue

This revenue line item includes all other local revenue, open enrollment, manufactured home revenue, Medicaid reimbursements and interest earnings. It should be noted that the pass through associated with MRDD, classed as other local revenue, has been reduced to \$75,000 each year FY18 through FY22.

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. Personnel Services include all salaries, substitutes, long term substitutes, certified extra classes, and overtime costs. The forecast reflects \$225,000 to be allocated to Title I salaries.

3.020: Employees' Retirement/Insurance Benefits

Benefits include: retirement, Medicare, workers compensation, unemployment compensation, life insurance, health and dental insurance. The District is coming off a two year contract with its' current healthcare carrier. On August 1, 2018, the District switched health carriers to Anthem Blue Cross and Blue Shield. An increase to healthcare premiums of nearly 15% is reflected in the forecast for FY18.

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

In FY18, additional taxes from the permanent improvement levy will be collected due to the addition of Ledgemont values however due to the repairs needed at Ledgemont Elementary, additional monies of \$100,000 has been set aside in FY18 and \$75,000 in FY19 through FY21.

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:

	FY 2018	FY 2019	FY 2020	FY2021	FY2022
Self Insurance Fund	335,000	335,000	335,000	335,000	335,000
Cafeteria Fund	70,000	60,000	55,000	55,000	55,000
Termination Benefits Fund	60,000	70,000	75,000	75,000	75,000
Athletics	25,000	25,000	25,000	25,000	25,000
Miscellaneous Funds	5,000	5,000	5,000	5,000	5,000
	<u>495,000</u>	<u>495,000</u>	<u>495,000</u>	<u>495,000</u>	<u>495,000</u>

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.

5.020: 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.