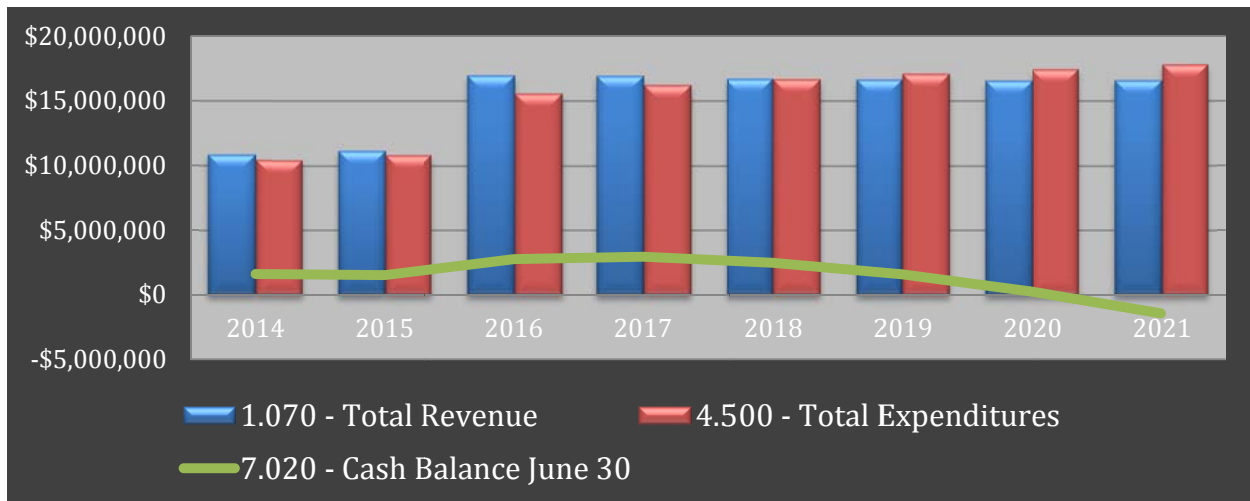


Berkshire Local Schools

October 2016 Forecast

Financial Overview

- ✓ The District ended fiscal year 2016 with \$690,741 more than anticipated in the May 2016 forecast.
- ✓ Revenues are forecasted to decrease by \$27,407 from FY 2016 amounts.
- ✓ Expenditures are forecasted to increase by \$621,119 from FY 2016 amounts.
- ✓ The District is forecasted to have a negative fund balance on June 30, 2021



Revenue Assumptions

Revenues are forecasted to remain relatively flat for FY17. The District has benefited from expanding the open enrollment to all grade levels for fiscal year 2016. A total of 133 students have open enrolled to our district. \$6,000 is received for each open enrolled student. 56 students are open-enrolled to Burton Elementary, 21 are enrolled to Ledgemont Elementary and 56 are enrolled to the High School.

Expenditure Assumptions

The District continues to monitor expenditures closely. Expenditures are forecasted to increase by \$621,119 over FY16 and between 2% and 2.5% throughout the forecast. This is primarily due to costs associated with Purchase Services and Personnel Costs. Enrollment in Community Schools and Other School Districts continue to rise in the District. Currently, there are 223 open enrolled to other Districts and 75 enrolled in Community Schools (Online and ISTEM).

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

	ACTUAL			FORECASTED				
	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Revenue:								
1.010 - General Property Tax (Real Estate)	3,886,285	3,959,763	5,838,192	5,866,018	5,885,026	5,908,865	5,929,558	5,951,506
1.020 - Public Utility Personal Property	321,947	356,009	543,859	551,642	558,642	563,642	568,642	573,642
1.030 - Income Tax	1,876,815	1,839,804	2,954,737	2,962,123	2,977,178	2,992,309	3,007,516	3,022,800
1.035 - Unrestricted Grants-in-Aid	2,821,229	2,947,413	5,124,771	5,022,752	5,042,375	5,041,853	5,041,503	5,041,298
1.040 - Restricted Grants-in-Aid	12,372	11,542	29,879	31,904	31,666	31,281	31,009	30,851
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	1,067,871	1,079,639	1,176,025	1,163,074	953,756	855,622	859,717	864,016
1.060 - All Other Operating Revenues	886,068	988,262	1,312,105	1,352,736	1,277,736	1,275,236	1,150,560	1,130,560
1.070 - Total Revenue	10,872,587	11,182,432	16,979,566	16,950,248	16,726,378	16,668,807	16,588,504	16,614,672
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	100,000	103,300	124,939	125,000	125,000	125,000	125,000	125,000
2.060 - All Other Financing Sources	53,504	40,456	13,150	15,000	15,000	15,000	15,000	15,000
2.070 - Total Other Financing Sources	153,504	143,756	138,089	140,000	140,000	140,000	140,000	140,000
2.080 - Total Revenues and Other Financing Sources	11,026,091	11,326,188	17,117,655	17,090,248	16,866,378	16,808,807	16,728,504	16,754,672
Expenditures:								
3.010 - Personnel Services	5,479,053	5,710,714	7,207,298	7,386,641	7,558,240	7,734,987	7,917,037	8,104,548
3.020 - Employees' Retirement/Insurance Benefits	1,815,711	1,914,814	2,536,321	2,535,325	2,595,384	2,735,595	2,800,133	2,867,637
3.030 - Purchased Services	2,302,099	2,293,632	4,482,829	4,956,809	5,055,945	5,157,064	5,260,205	5,365,409
3.040 - Supplies and Materials	238,202	306,969	421,053	448,040	448,040	448,040	448,040	448,040
3.050 - Capital Outlay	115,156	173,741	271,335	358,172	473,410	472,743	473,343	488,944
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	-	-	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	-	-	1,668	-	-	-	-	-
4.300 - Other Objects	502,273	459,454	624,275	561,280	555,376	555,642	555,912	556,189
4.500 - Total Expenditures	10,452,494	10,859,324	15,587,779	16,246,267	16,686,396	17,104,071	17,454,671	17,830,767
Other Financing Uses								
5.010 - Operating Transfers-Out	555,174	355,000	569,705	532,275	525,000	480,000	480,000	480,000
5.020 - Advances-Out	100,000	201,072	124,939	125,000	125,000	125,000	125,000	125,000
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	655,174	556,072	694,644	657,275	650,000	605,000	605,000	605,000
5.050 - Total Expenditures and Other Financing Uses	11,107,668	11,415,396	16,282,423	16,903,542	17,336,396	17,709,071	18,059,671	18,435,767
Excess of Rev & Other Financing Uses Over (Under)								
6.010 - Expenditures and Other Financing Uses	(81,577)	(89,208)	835,232	186,706	(470,017)	(900,264)	(1,331,166)	(1,681,096)
Cash Balance July 1 - Excluding Proposed Renewal/ Replacement and New Levies	1,673,700	1,592,123	1,911,069	2,746,302	2,933,008	2,462,991	1,562,727	231,561
7.020 - Cash Balance June 30	1,592,123	1,502,915	2,746,302	2,933,008	2,462,991	1,562,727	231,561	(1,449,535)
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	1,592,123	1,502,915	2,746,302	2,933,008	2,462,991	1,562,727	231,561	(1,449,535)
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	1,592,123	1,502,915	2,746,302	2,933,008	2,462,991	1,562,727	231,561	(1,449,535)
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	1,592,123	1,502,915	2,746,302	2,933,008	2,462,991	1,562,727	231,561	(1,449,535)
ADM Forecasts								
20.010 - Kindergarten	-	-	-	93	93	93	93	93
20.015 - Grades 1-12	-	-	-	1,145	1,137	1,120	1,108	1,101

***BERKSHIRE LOCAL SCHOOL
ASSUMPTIONS – October 10, 2016
Five Year Forecast – FY17 – FY21***

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 FY17 revenue is based upon current tax rates and values. With the territory transfer occurring on July 1, 2015, the residents of Ledgemont will pay Berkshire's tax rates effective 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, Ledgemont residents will not pay Berkshire's rate of taxation until January 1, 2017.

1.030: Income Tax

The District collects an earned income tax of 1%. The forecast reflects slight growth for FY17 through FY21.

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 State funding for schools is based on several factors all of which are subject to deliberations and approval of the Ohio General Assembly.

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 \$51.85 per student for FY17 through FY21. FY17 casino revenues are forecasted at \$70,065.

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. TPP funding is expected to be \$315,878, in FY17 and \$102,384 for FY18. Based upon current legislation, TPP funding will end in FY19.

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. Personnel Services include all salaries, substitutes, long term substitutes, certified extra classes, and overtime costs. The forecast reflects \$261,000 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.

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 in FY17 to account for upkeep of the buildings in Montville. It is assumed that these additional monies will be used to maintain the current elementary in Montville. In FY18, additional taxes from the permanent improvement levy will be collected, however due to the repairs needed at Ledgemont Elementary, additional monies of \$75,000 has been set aside in FY18 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:

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Self Insurance Fund	325,000	325,000	325,000	325,000	325,000
Cafeteria Fund	70,000	60,000	40,000	40,000	40,000
Termination Benefits Fund	97,275	100,000	75,000	75,000	75,000
Athletics	25,000	25,000	25,000	25,000	25,000
Uniform Supply Account	10,000	10,000	10,000	10,000	10,000
Miscellaneous Funds	5,000	5,000	5,000	5,000	5,000
	<u>532,275</u>	<u>525,000</u>	<u>480,000</u>	<u>480,000</u>	<u>480,000</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.