

Berkshire Local Schools

October 2015 Forecast

Financial Overview

- ✓ The forecast reflects the consolidation of Ledgemont into Berkshire for FY16 through FY20.
- ✓ Total revenues are forecasted to increase over the May 2015 forecast by \$429,090.
- ✓ Total expenditures are forecasted to increase over the May 2015 forecast by \$298,106.
- ✓ The District is forecasted to have a negative fund balance on June 30, 2019 of \$869,718.

Revenue Assumptions

All classes of revenues with the exception of Property Tax Allocation, will experience increases due to the acquisition of Ledgemont Local Schools. As part of the Territory Transfer, the District is guaranteed to receive the same amount in State Foundation monies for the next three years. Due to the House Bill 64, the biannual state budget bill, the District has experienced a loss in the Tangible Personal Property Replacement (TPP) monies of \$203,029 in FY16, and \$406,057 in FY17.

The District has benefited from expanding the open enrollment to all grade levels for fiscal year 2016. A total of 116 students have open enrolled to our district. 50 students are open-enrolled to Burton Elementary, 15 are enrolled to Ledgemont Elementary and 51 are enrolled to the High School.

Expenditure Assumptions

The District continues to monitor expenditures closely. Due to the territory transfer, all expenditure categories will increase in FY16. Enrollment in Community Schools and Other School Districts continue to rise in the District. Currently, there are 198 open enrolled to other Districts and 55 enrolled in Community Type 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 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Revenue:								
1.010 - General Property Tax (Real Estate)	3,807,793	3,886,285	3,959,763	5,723,975	5,726,482	5,731,701	5,750,407	5,775,075
1.020 - Public Utility Personal Property	291,967	321,947	356,009	491,072	533,374	538,707	544,095	549,535
1.030 - Income Tax	1,756,995	1,876,815	1,839,804	2,789,804	2,794,404	2,778,821	2,813,287	2,822,800
1.035 - Unrestricted Grants-in-Aid	2,868,614	2,821,229	2,947,413	5,043,896	5,297,093	5,267,800	4,724,659	4,636,269
1.040 - Restricted Grants-in-Aid	34,868	12,372	11,542	33,397	33,397	33,397	33,397	33,397
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	1,057,561	1,067,871	1,079,639	1,294,708	952,344	854,216	856,862	861,011
1.060 - All Other Operating Revenues	689,634	886,068	988,262	1,312,344	1,254,260	1,229,260	1,219,260	1,209,260
1.070 - Total Revenue	10,507,432	10,872,587	11,182,432	16,689,196	16,591,353	16,433,902	15,941,966	15,887,347
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	135,000	100,000	103,300	120,000	120,000	120,000	120,000	120,000
2.060 - All Other Financing Sources	2,298	53,504	40,456	15,000	15,000	15,000	15,000	15,000
2.070 - Total Other Financing Sources	137,298	153,504	143,756	135,000	135,000	135,000	135,000	135,000
2.080 - Total Revenues and Other Financing Sources	10,644,730	11,026,091	11,326,188	16,824,196	16,726,353	16,568,902	16,076,966	16,022,347
Expenditures:								
3.010 - Personnel Services	5,678,218	5,479,053	5,710,714	7,546,696	7,811,630	8,081,863	8,357,500	8,638,650
3.020 - Employees' Retirement/Insurance Benefits	1,793,207	1,815,711	1,914,814	2,423,559	2,468,360	2,557,590	2,649,911	2,745,450
3.030 - Purchased Services	2,089,043	2,302,099	2,293,632	4,678,089	4,593,454	4,655,444	4,719,694	4,786,291
3.040 - Supplies and Materials	281,561	238,202	306,969	500,774	500,774	500,774	500,774	500,774
3.050 - Capital Outlay	99,486	115,156	173,741	319,393	374,466	426,466	427,799	445,399
3.060 - Intergovernmental	-	-	-	-	-	-	-	-
Debt Service:								
4.010 - Principal-All Years	-	-	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	43,000	-	-	-	-
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	-	-	-	2,000	-	-	-	-
4.300 - Other Objects	499,715	502,273	459,454	540,953	507,309	514,484	521,821	529,326
4.500 - Total Expenditures	10,441,230	10,452,494	10,859,324	16,054,465	16,255,993	16,736,621	17,177,500	17,645,890
Other Financing Uses								
5.010 - Operating Transfers-Out	493,130	555,174	355,000	560,000	510,000	510,000	510,000	510,000
5.020 - Advances-Out	135,000	100,000	201,072	135,000	135,000	135,000	135,000	135,000
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	628,130	655,174	556,072	695,000	645,000	645,000	645,000	645,000
5.050 - Total Expenditures and Other Financing Uses	11,069,360	11,107,668	11,415,396	16,749,465	16,900,993	17,381,621	17,822,500	18,290,890
Excess of Rev & Other Financing Uses Over (Under)								
6.010 - Expenditures and Other Financing Uses	(424,630)	(81,577)	(89,208)	74,731	(174,640)	(812,719)	(1,745,534)	(2,268,543)
Cash Balance July 1 - Excluding Proposed Renewal/								
7.010 - Replacement and New Levies	2,098,330	1,673,700	1,592,123	1,911,069	1,985,800	1,811,160	998,442	(747,092)
7.020 - Cash Balance June 30	1,673,700	1,592,123	1,502,915	1,985,800	1,811,160	998,442	(747,092)	(3,015,635)
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	1,673,700	1,592,123	1,502,915	1,985,800	1,811,160	998,442	(747,092)	(3,015,635)
Rev from Replacement/Renewal Levies								
11.010 - Income Tax - Renewal	-	-	-	-	-	-	-	-
11.020 - Property Tax - Renewal or Replacement	-	-	-	-	-	-	-	-
11.030 - Cumulative Balance of Replacement/Renewal Le	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
12.010 - of Contracts, Salary and Other Obligations	1,673,700	1,592,123	1,502,915	1,985,800	1,811,160	998,442	(747,092)	(3,015,635)
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	1,673,700	1,592,123	1,502,915	1,985,800	1,811,160	998,442	(747,092)	(3,015,635)
ADM Forecasts								
20.010 - Kindergarten	-	-	-	78	76	76	76	76
20.015 - Grades 1-12	-	-	-	1,123	1,116	1,095	1,070	1,056

***BERKSHIRE LOCAL SCHOOL
ASSUMPTIONS – OCTOBER 12, 2015
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 no growth for FY16 and 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.

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.

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 \$203,029 in FY16, and \$406,057 in FY17.

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 forecasted amounts assumes that approximately \$288,000 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. Ledgemont employees will be placed upon Berkshires healthcare plan.

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.

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 for FY16 and FY17 to account for upkeep of the buildings in Montville. In FY18, additional taxes from the permanent improvement levy will amount to \$112,066. It is assumed 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:

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Self Insurance Fund	325,000	325,000	325,000	325,000	325,000
Cafeteria Fund	70,000	70,000	70,000	70,000	70,000
Termination Benefits Fund	125,000	75,000	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>560,000</u>	<u>510,000</u>	<u>510,000</u>	<u>510,000</u>	<u>510,000</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.

Forecast Compare - Compares Previous Forecast to Current Forecast
For Fiscal Year: 2016

Berkshire Local School District - Geauga County

Forecasted as of: 5/14/2015 10/9/2015

Revenue:	Fiscal Year 2016	Fiscal Year 2016	Dollar Difference	Percentage Variance	
1.010 - General Property Tax (Real Estate)	5,738,752	5,723,975	(14,777)	-0.26%	Revenue Variance Notes:
1.020 - Public Utility Personal Property	533,701	491,072	(42,629)	-7.99%	
1.030 - Income Tax	2,758,424	2,789,804	31,380	1.14%	
1.035 - Unrestricted Grants-in-Aid	4,961,679	5,043,896	82,217	1.66%	
1.040 - Restricted Grants-in-Aid	29,913	33,397	3,484	11.65%	
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	0	
1.050 - Property Tax Allocation	1,441,621	1,294,708	(146,913)	-10.19%	
1.060 - All Other Operating Revenues	830,900	1,312,344	481,444	57.94%	
1.070 - Total Revenue	16,294,990	16,689,196	394,206	2.42%	
2.070 - Total Other Financing Sources	105,000	135,000	30,000	28.57%	
2.080 - Total Revenues and Other Financing Sources	16,399,990	16,824,196	424,206	2.59%	
Expenditures:					
3.010 - Personnel Services	6,895,088	7,546,696	651,608	9.45%	Expenditure Variance Notes:
3.020 - Employees' Retirement/Insurance Benefits	2,344,330	2,423,559	79,230	3.38%	
3.030 - Purchased Services	4,957,375	4,678,089	(279,286)	-5.63%	
3.040 - Supplies and Materials	618,000	500,774	(117,226)	-18.97%	
3.050 - Capital Outlay	282,668	319,393	36,725	12.99%	
3.060 - Intergovernmental	-	-	-	0	
4.010 - 4.060 - Principal, Interest & Fiscal Charges	40,000	45,000	5,000	12.50%	
4.300 - Other Objects	633,898	540,953	(92,945)	-14.66%	
4.500 - Total Expenditures	15,771,359	16,054,465	283,106	1.80%	
5.040 - Total Other Financing Uses	680,000	695,000	15,000	2.21%	
5.050 - Total Expenditures and Other Financing Uses	16,451,359	16,749,465	298,106	1.81%	
				0	
6.010 - Revenue Surplus/(Shortfall) - Line 2.080, Less 5.050	(51,369)	74,731	126,100	-245.48%	
7.010 - Cash Balance at Beginning of Year	1,211,675	1,911,069	699,394	57.72%	
7.020 - Cash Balance at End of Year [Line 7.010 +/- Line 6.010]	1,160,306	1,985,800	825,494	71.14%	
11.010 + 11.020 - Projected Renewal & Replacement Levies [Lines 1.010, 1.020, 1.030, 1.050, 1.070, 2.080]	-	-	-	0	
13.010 + 13.020 - Projected New Levies [Lines 1.010, 1.020, 1.030, 1.050, 1.070, 2.080]	-	-	-	0	
11.030 - Cumulative Projected Renewal/Replacement Levies	-	-	-	0	
13.030 - Cumulative Projected New Levies	-	-	-	0	
8.010 - End of Year Outstanding Purchase Orders	-	-	-	0	