

Berkshire Local Schools

May 2015 Forecast

Financial Overview

- ✓ The forecast reflects the consolidation of Ledgemont into Berkshire for FY16 through FY19.
- ✓ Total revenues are forecasted to increase over the October 2014 forecast by \$220,494.
- ✓ Total expenditures are forecasted to increase over the October 2014 forecast by \$68,811.
- ✓ The District is forecasted to have a negative fund balance on June 30, 2019 of \$704,214.

Revenue Assumptions

The District saw a 1.4% or \$154,986 increase in revenues between FY14 and FY15. Property taxes increased in FY15 by \$107,540. This increase is a result of the collection of \$100,878 in delinquent taxes. Other increases were seen in unrestricted aid and property tax allocation. Income taxes for FY15 reflect a 1.97% decrease over FY14 amounts. Based upon current collections no growth is forecasted for FY16, with slight growth in FY17 through FY19. Casino revenues are estimated at \$50 per student.

The District has benefited from expanding the open enrollment to all grade levels. For fiscal year 2015, a total of 101 students have open enrolled to our district. 49 students are open-enrolled to Burton Elementary and 52 are enrolled to the High School. 59 students have enrolled in other school districts. Currently, the State of Ohio provides \$5,800 for each open enrollee.

Expenditure Assumptions

The District saw a 4.08% or \$453,859 increase to expenditures between FY14 and FY15. Increases were seen in all expenditure categories except Other Objects and Transfers. The District continues to monitor expenditures closely. FY16 will be a year of transition as we consolidate Ledgemont and Berkshire together. Many cost savings will be realized however some unexpected costs may arise.

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

	ACTUAL			FORECASTED				
	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Revenue:								
1.010 - General Property Tax (Real Estate)	3,707,158	3,807,793	3,886,285	3,959,763	5,738,752	5,790,784	5,752,321	5,809,844
1.020 - Public Utility Personal Property	273,027	291,967	321,947	356,009	533,701	539,038	563,841	569,479
1.030 - Income Tax	1,748,432	1,756,995	1,876,815	1,839,804	2,758,424	2,786,008	2,813,868	2,842,007
1.035 - Unrestricted Grants-in-Aid	2,879,392	2,868,614	2,821,229	2,904,172	4,961,679	4,959,629	4,957,329	4,859,540
1.040 - Restricted Grants-in-Aid	20,973	34,868	12,372	18,423	29,913	29,913	29,913	29,913
1.045 - Restricted Federal Grants-in-Aid - SFSF	4,339	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	1,282,481	1,057,561	1,067,871	1,079,216	1,441,621	1,378,210	1,321,141	1,269,779
1.060 - All Other Operating Revenues	590,498	689,634	886,068	879,933	830,900	815,200	809,500	781,000
1.070 - Total Revenue	10,506,300	10,507,432	10,872,587	11,037,320	16,294,992	16,298,782	16,247,914	16,161,563
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	180,116	135,000	100,000	103,300	100,000	100,000	100,000	100,000
2.060 - All Other Financing Sources	13,686	2,298	53,504	40,457	5,000	5,000	5,000	5,000
2.070 - Total Other Financing Sources	193,802	137,298	153,504	143,757	105,000	105,000	105,000	105,000
2.080 - Total Revenues and Other Financing Sources	10,700,102	10,644,730	11,026,091	11,181,077	16,399,992	16,403,782	16,352,914	16,266,563
Expenditures:								
3.010 - Personnel Services	5,964,837	5,678,218	5,479,053	5,672,162	6,895,088	6,998,515	7,103,492	7,210,045
3.020 - Employees' Retirement/Insurance Benefits	1,775,324	1,793,207	1,815,711	1,940,079	2,344,330	2,407,378	2,472,967	2,541,213
3.030 - Purchased Services	2,098,266	2,089,043	2,302,099	2,423,142	4,957,375	5,039,052	5,124,450	5,209,270
3.040 - Supplies and Materials	261,858	281,561	238,202	337,014	618,000	543,000	543,000	543,000
3.050 - Capital Outlay	41,218	99,486	115,156	174,836	282,668	416,567	419,310	488,209
3.060 - Intergovernmental	-	-	-	-	-	-	-	-
Debt Service:								
4.010 - Principal-All Years	-	-	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	40,000	-	-	-
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	-	-	-	-	-	-	-	-
4.300 - Other Objects	490,854	499,715	502,273	458,223	633,898	639,920	646,063	652,328
4.500 - Total Expenditures	10,632,357	10,441,230	10,452,494	11,005,455	15,771,359	16,044,432	16,309,282	16,644,065
Other Financing Uses								
5.010 - Operating Transfers-Out	466,843	493,130	555,174	452,772	565,000	515,000	515,000	515,000
5.020 - Advances-Out	160,116	135,000	100,000	103,300	115,000	115,000	115,000	115,000
5.030 - All Other Financing Uses	-	-	-	-	-	-	-	-
5.040 - Total Other Financing Uses	626,959	628,130	655,174	556,072	680,000	630,000	630,000	630,000
5.050 - Total Expenditures and Other Financing Uses	11,259,316	11,069,360	11,107,668	11,561,527	16,451,359	16,674,432	16,939,282	17,274,065
Excess of Rev & Other Financing Uses Over (Under)								
6.010 - Expenditures and Other Financing Uses	(559,214)	(424,630)	(81,577)	(380,449)	(51,368)	(270,650)	(586,368)	(1,007,502)
Cash Balance July 1 - Excluding Proposed Renewal/ 7.010 - Replacement and New Levies	2,657,544	2,098,330	1,673,700	1,592,123	1,211,674	1,160,306	889,657	303,288
7.020 - Cash Balance June 30	2,098,330	1,673,700	1,592,123	1,211,674	1,160,306	889,657	303,288	(704,214)
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	2,098,330	1,673,700	1,592,123	1,211,674	1,160,306	889,657	303,288	(704,214)
ADM Forecasts								
20.010 - Kindergarten	-	-	-	57	72	67	72	72
20.015 - Grades 1-12	-	-	-	849	1,147	1,106	1,060	1,013

***BERKSHIRE LOCAL SCHOOL
ASSUMPTIONS – MAY 11, 2015
Five Year Forecast – FY15 – FY19***

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% growth is forecasted for FY16 through FY19.

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% growth is forecasted for FY16 through FY19.

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 FY19.

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.

School funding for FY16 is based upon the current amount received by both Districts under the state guarantee. Under HB487, the legislation that will forgive Ledgemont's liability to the State Solvency fund, foundation monies accruing to an acquiring district shall not be less, in any year during the next succeeding three years following the transfer, than the sum of the amounts received by the districts separately in the year in which the transfer was consummated. 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 per student for FY16 through FY19.

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 Value Loss Replacement (TVLR) and SB3 Electric Deregulation. The forecast reflects a 4% reduction in TVLR replacement to each year FY17 through FY19. It should be noted that this reimbursement is under much debate by the legislature and has the potential for elimination in future budget bills. Current funding is legislated through HB59 which expires at the end of FY15.

1.060: All Other Revenue

This revenue line item includes all other local revenue, open enrollment, manufactured home revenue, Medicaid reimbursements and interest earnings. No fees will be charged for participation in organized sports.

	2015	2016	2017	2018	2019
Open enrollment	500,414	410,400	404,700	399,000	370,500
Interest	5,000	5,000	5,000	5,000	5,000
Room rent	1,500	1,500	1,500	1,500	1,500
Other	8,500	20,000	20,000	20,000	20,000
Metz payment(MRDD)	175,000	175,000	175,000	175,000	175,000
Metz payment(MRDD) - Ledgemont	0	102,000	102,000	102,000	102,000
Medicaid	10,650	10,000	10,000	10,000	10,000
Medicaid - Ledgemont	0	10,000	10,000	10,000	10,000
Donations	2,400	500	500	500	500
Athletic fees in	98,289	0	0	0	0
Manuf. Home tax/rollback	78,180	76,500	76,500	76,500	76,500
Manuf. Home tax/rollback - Ledgemont	0	10,000	10,000	10,000	10,000
Sale of Ledgemont High School	\$0	10,000	\$0	\$0	\$0
Total	\$879,933	\$830,900	\$815,200	\$809,500	\$781,000

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 FY15. Steps are included along with the salary differential that would occur when the Ledgemont teachers are placed upon Berkshire's salary schedule.

Personnel Services include all salaries, substitutes, long term substitutes, certified extra classes, and overtime costs. The forecasted amounts assumes that approximately \$250,000 will be available in Title I salaries and that Ledgemont will have available cash to pay all contract accruals as of June 30, 2015.

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. It is assumed that Ledgemont will have cash balances available to cover unemployment for those positions eliminated in the merger.

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. Currently, Ledgemont utilizes a company to provide transportation services. This forecast assumes that this practice will continue. An additional \$100,000 has been included for additional costs that will be incurred to transport high school children to Burton.

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 textbooks, janitorial and transportation fuel and supplies costs. Expenditures totaling \$120,000 has been included to account for additional textbook purchases and curriculum alignment.

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 and Thompson. 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 Ledgemont.

4.020 Principal Note

FY16 reflects 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. No adjustments have been made to the individual forecast numbers.

5.010: Transfers

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

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Self Insurance Fund	275,000	325,000	325,000	325,000	325,000
Cafeteria Fund	70,000	70,000	70,000	70,000	70,000
Termination Benefits Fund	67,772	125,000	75,000	75,000	75,000
Athletics	25,000	25,000	25,000	25,000	25,000
Uniform Supply Account	15,000	15,000	15,000	15,000	15,000
Miscellaneous Funds	-	5,000	5,000	5,000	5,000
	<u>452,772</u>	<u>565,000</u>	<u>515,000</u>	<u>515,000</u>	<u>515,000</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: 2015

Berkshire Local School District - Geauga County

Forecasted as of: 10/22/2014 5/8/2015

	10/22/2014	5/8/2015			
	Fiscal Year	Fiscal Year	Dollar	Percentage	
Revenue:	2015	2015	Difference	Variance	
1.010 - General Property Tax (Real Estate)	3,826,228	3,959,763	133,535	3.49%	Revenue Variance Notes:
1.020 - Public Utility Personal Property	337,505	356,009	18,504	5.48%	
1.030 - Income Tax	1,883,309	1,839,804	(43,505)	-2.31%	
1.035 - Unrestricted Grants-in-Aid	2,832,661	2,904,172	71,511	2.52%	
1.040 - Restricted Grants-in-Aid	12,372	18,423	6,051	48.91%	
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	0	
1.050 - Property Tax Allocation	1,074,809	1,079,216	4,408	0.41%	
1.060 - All Other Operating Revenues	888,700	879,933	(8,767)	-0.99%	
1.070 - Total Revenue	10,855,584	11,037,320	181,737	1.67%	
2.070 - Total Other Financing Sources	105,000	143,757	38,757	36.91%	
2.080 - Total Revenues and Other Financing Sources	10,960,584	11,181,077	220,494	2.01%	
Expenditures:					
3.010 - Personnel Services	5,653,881	5,672,162	18,281	0.32%	Expenditure Variance Notes:
3.020 - Employees' Retirement/Insurance Benefits	1,923,671	1,940,079	16,407	0.85%	
3.030 - Purchased Services	2,312,445	2,423,142	110,697	4.79%	
3.040 - Supplies and Materials	376,518	337,014	(39,504)	-10.49%	
3.050 - Capital Outlay	178,629	174,836	(3,793)	-2.12%	
3.060 - Intergovernmental	-	-	-	0	
4.010 - 4.060 - Principal, Interest & Fiscal Charges	-	-	-	0	
4.300 - Other Objects	504,800	458,223	(46,577)	-9.23%	
4.500 - Total Expenditures	10,949,944	11,005,455	55,511	0.51%	
5.040 - Total Other Financing Uses	542,772	556,072	13,300	2.45%	
5.050 - Total Expenditures and Other Financing Uses	11,492,716	11,561,527	68,811	0.60%	
				0	
6.010 - Revenue Surplus/(Shortfall) - Line 2.080, Less 5.050	(532,133)	(380,449)	151,683	-28.50%	
7.010 - Cash Balance at Beginning of Year	1,592,123	1,592,123	-	0.00%	
7.020 - Cash Balance at End of Year [Line 7.010 +/- Line 6.010]	1,059,991	1,211,674	151,683	14.31%	
Levies:					
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]	54,187	-	(54,187)	-100.00%	
11.030 - Cumulative Projected Renewal/Replacement Levies	-	-	-	0	
13.030 - Cumulative Projected New Levies	54,187	-	(54,187)	-100.00%	
8.010 - End of Year Outstanding Purchase Orders	-	-	-	0	

Berkshire Local School District
Income Tax Receipts

	Actual Amounts										% of Change 2014 vs 2015
	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015				
July	750,828.50	685,494.89	654,012.17	704,692.08	694,160.45	718,271.83	709,141.07	-1.27%			
October	327,346.28	275,885.47	296,260.53	302,172.42	332,135.53	357,218.42	329,109.48	-7.87%			
January	264,374.50	263,629.97	282,848.74	289,794.40	300,772.02	329,569.12	330,524.56	0.29%			
April	405,195.18	352,021.67	393,535.40	451,773.83	429,927.09	471,756.00	471,029.00	-0.15%			
Total for Year	1,747,744.46	1,577,032.00	1,626,656.84	1,748,432.73	1,756,995.09	1,876,815.37	1,839,804.11	-1.97%			

% of change 2009 vs 2010	-9.77%
% of change 2010 vs 2011	3.15%
% of change 2011 vs 2012	7.49%
% of change 2012 vs 2013	0.49%
% of change 2013 vs 2014	6.82%