

Berkshire Local Schools

October 2014 Forecast

Financial Overview

- ✓ The District ended fiscal year 2014 with \$152,073 more than anticipated in the May 2014 forecast.
- ✓ The District continues in a deficit spending situation due to flat revenues and increased costs.
- ✓ Revenues are forecasted to decrease in FY15 by \$65,507 from FY14 amounts.
- ✓ Expenditures are forecasted to increase in FY15 by \$385,048 from FY14 amounts.
- ✓ The District is forecasted to have a negative fund balance on June 30, 2017.

Revenue Assumptions

Property taxes are expected to have a slight decrease over FY14, this is due primarily to the large delinquency collection of \$121,239. Income taxes for FY14 showed a 6.8% increase over FY13. Based upon current collections a 1% increase over FY14 is forecasted for FY15 through FY19. Casino revenues will be received at \$50 per student.

The District has benefited from expanding the open enrollment to all grade levels for fiscal year 2015. For FY15, a total of 91 students have open enrolled to our district. 44 students are open-enrolled to Burton Elementary and 47 are enrolled to the High School. 52 students have enrolled in other school districts. Currently, the State provides \$5,700 for each open enrollee.

Expenditure Assumptions

The District continues to monitor expenditures closely. All expenditure categories with the exception of transfers out are all expected to increase in FY15.

Levy Plans

A ½ of one percent earned income tax is on the ballot for November 4, 2014. The results of an affirmative vote are included on the lower portion of the forecast.

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	3,826,228	3,868,183	3,904,610	3,923,486	3,942,644
1.020 - Public Utility Personal Property	273,027	291,967	321,947	337,505	337,505	337,505	337,505	337,505
1.030 - Income Tax	1,748,432	1,756,995	1,876,815	1,883,309	1,893,024	1,902,789	1,912,601	1,922,463
1.035 - Unrestricted Grants-in-Aid	2,879,392	2,868,614	2,821,229	2,832,661	2,832,624	2,832,624	2,832,624	2,832,624
1.040 - Restricted Grants-in-Aid	20,973	34,868	12,372	12,372	12,372	12,372	12,372	12,372
1.045 - Restricted Federal Grants-in-Aid - SFSF	4,339	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	1,282,481	1,057,561	1,067,871	1,074,809	1,067,842	1,060,879	1,054,090	1,047,541
1.060 - All Other Operating Revenues	590,498	689,634	886,068	888,700	698,900	693,200	687,500	659,000
1.070 - Total Revenue	10,506,300	10,507,432	10,872,587	10,855,584	10,710,451	10,743,978	10,760,178	10,754,150
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	100,000	100,000	100,000	100,000	100,000
2.060 - All Other Financing Sources	13,686	2,298	53,504	5,000	5,000	5,000	5,000	5,000
2.070 - Total Other Financing Sources	193,802	137,298	153,504	105,000	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	10,960,584	10,815,451	10,848,978	10,865,178	10,859,150
Expenditures:								
3.010 - Personnel Services	5,964,837	5,678,218	5,479,053	5,653,881	5,738,689	5,824,770	5,912,141	6,000,823
3.020 - Employees' Retirement/Insurance Benefits	1,775,324	1,793,207	1,815,711	1,923,671	1,928,968	1,989,083	2,051,694	2,116,919
3.030 - Purchased Services	2,098,266	2,089,043	2,302,099	2,312,445	2,247,825	2,249,552	2,252,601	1,535,010
3.040 - Supplies and Materials	261,858	281,561	238,202	376,518	289,000	289,000	289,000	289,000
3.050 - Capital Outlay	41,218	99,486	115,156	178,629	168,461	184,360	169,103	220,002
3.060 - Intergovernmental	-	-	-	-	-	-	-	-
Debt Service:								
4.010 - Principal-All Years	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
4.300 - Other Objects	490,854	499,715	502,273	504,800	511,340	534,551	564,566	1,096,321
4.500 - Total Expenditures	10,632,357	10,441,230	10,452,494	10,949,944	10,884,283	11,071,315	11,239,105	11,258,075
Other Financing Uses								
5.010 - Operating Transfers-Out	466,843	493,130	555,174	427,772	430,000	455,000	455,000	455,000
5.020 - Advances-Out	160,116	135,000	100,000	115,000	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	542,772	545,000	570,000	570,000	570,000
5.050 - Total Expenditures and Other Financing Uses	11,259,316	11,069,360	11,107,668	11,492,716	11,429,283	11,641,315	11,809,105	11,828,075
Excess of Rev & Other Financing Uses Over (Under)								
6.010 - Expenditures and Other Financing Uses	(559,214)	(424,630)	(81,577)	(532,133)	(613,832)	(792,337)	(943,927)	(968,925)
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	1,059,991	446,159	(346,178)	(1,290,104)
7.020 - Cash Balance June 30	2,098,330	1,673,700	1,592,123	1,059,991	446,159	(346,178)	(1,290,104)	(2,259,030)
Revenue from New Levies								
13.010 - Income Tax - New	-	-	-	54,187	685,369	912,455	917,161	921,890
13.020 - Property Tax - New	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	54,187	739,555	1,652,011	2,569,172	3,491,062
14.010 - Revenue from Future State Advancements	-	-	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	2,098,330	1,673,700	1,592,123	1,114,178	1,185,714	1,305,833	1,279,067	1,232,032
ADM Forecasts								
20.010 - Kindergarten	-	-	-	57	52	52	52	52
20.015 - Grades 1-12	-	-	-	850	813	790	766	732

BERKSHIRE LOCAL SCHOOL DISTRICT ASSUMPTIONS
Five Year Forecast – FY15 - FY19

REVENUES

1.010: Real Property Tax

Real property tax is the largest source of revenue for the Berkshire Local School District. The district does not include delinquent taxes in the revenue forecast and the auditor certifies 98% of the collection on real property.

The District's FY15 revenue is based upon the auditor's certificate of resources. Comparing FY14 to FY15, the forecast is reflecting a decrease of \$60,057 in property tax revenue. This is due to the \$121,239 in delinquent real estate collected in FY14. Current outstanding delinquencies of real property total \$149,111. It is assumed that approximately 51% of this delinquency will be collected in FY15. FY15 includes tax revenues totaling \$44,608 for tax abatement on Saint Gobain due to expire in tax year 2014.

1.020: Personal Property 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. Current outstanding delinquencies for personal property total \$1,023.

1.030: Income Tax

The District added ¼ % in 2008 along with a change from a traditional tax to an earned income tax. The total tax is 1%. FY14 saw a 6.82% growth over prior year. The growth can be contributed to a stronger economy. The forecast reflects FY15 through FY18 revenue based upon 1% growth each year. This line item will need to be revisited quarterly as it is an unpredictable revenue source due to the economy.

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 FY15 is based upon the current simulations by the ODE under the state's funding guarantee. Under the guarantee, drops in enrollment will not result in less funding unless the state lowers its 100% guaranteed funding threshold. State Foundation revenues for fiscal years 2016 through FY19 are presented at the same funding level as FY15. 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 FY15 and beyond.

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, bus purchases and career technology.

1.045: Restricted Federal Grants-in-Aid

Restricted Federal Grants-in-Aid represents funding for Budget Stabilization (SFSF) through the federal stimulus monies and Education Jobs federal monies. These monies have been eliminated beginning FY12.

The following represents Grants-In-Aid past and future payments for the District:

	Actual				
	2010	2011	2012	2013	2014
Unrestricted	3,014,121	2,887,601	2,879,392	2,847,744	2,771,460
Casino Revenue	-	-	-	20,870	49,769
Restricted State	14,149	14,548	20,973	34,868	12,372
Restricted Federal - SFSF	203,005	245,692	-	-	-
Education Jobs		161,648	4,339	-	-
	<u>3,231,275</u>	<u>3,309,489</u>	<u>2,904,704</u>	<u>2,903,482</u>	<u>2,833,601</u>
	Estimated				
	2015	2016	2017	2018	2019
Unrestricted	2,785,460	2,789,374	2,790,524	2,791,724	2,793,424
Casino Revenue	47,164	43,250	42,100	40,900	39,200
Restricted State	12,372	12,372	12,372	12,372	12,372
Restricted Federal - SFSF	-	-	-	-	-
Education Jobs	-	-	-	-	-
	<u>2,844,996</u>	<u>2,844,996</u>	<u>2,844,996</u>	<u>2,844,996</u>	<u>2,844,996</u>

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 the TVLR replacement to continue through FY19 with a reduction of 2% per year. 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.

SB3 deregulation, enacted in June 1999, made both regulatory and tax changes for electric and gas utilities. The changes resulted in reduced property tax revenues for schools. Losses were guaranteed to be reimbursed for five years. This reimbursement was discontinued in FY12

The following is a schedule of past and future reimbursements.

Property Tax Reimbursements

	Actual				
	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Personal Property	18,261.99	-	-	-	-
Homestead	113,915.33	77,706.27	97,914.64	81,839.00	121,877.00
2 1/2 % Rollback	443,359.47	489,960.26	469,704.22	468,983.00	439,255.00
TVLR	900,443.91	910,725.29	710,655.00	506,739.00	506,739.00
SB3 Electric Dereg	72,135.60	72,221.07	4,208.00		
Total for Year	1,548,116.30	1,550,612.89	1,282,481.86	1,057,561.00	1,067,871.00
	Estimated				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2018
Personal Property	-	-	-	-	-
Homestead	120,000.00	120,000.00	120,000.00	120,000.00	120,000.00
2 1/2 % Rollback	448,070.00	451,238.00	454,207.00	457,151.00	460,141.00
TVLR	506,739.00	496,604.00	486,672.00	476,939.00	467,400.00
SB3 Electric Dereg					
Total for Year	1,074,809.00	1,067,842.00	1,060,879.00	1,054,090.00	1,047,541.00

1.060: All Other Revenue

This revenue line item includes all other local revenue, Medicaid reimbursements and interest earnings. The largest category is open enrollment income, currently estimated at \$518,700 for FY15. Currently the District receives \$5,700 per student. For FY16 through FY19, it is assumed that current open enrollment levels will decline.

FY15-FY18 revenue includes \$175,000 to be received from Mental Retardation and Developmental Disabilities (MRDD) Agency. These monies are calculated based upon the number of special needs children that are categorized under MRDD guidelines. These monies are not guaranteed funding and are subject to enrollment numbers.

Also included in this category are fees collected for participation in extra-curricular activities. No dollars have been included for FY16 through FY19 in anticipation of the Board rescinding the fees associated with extra-curricular activities.

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.

Personnel Services include all salaries, substitutes, long term substitutes, certified extra classes, and overtime costs. The forecasted amount for FY15 assumes that \$204,946 will be available in Title I salaries. Increases in the category are due to the increase in the base salaries, the addition of a part time guidance counselor at Burton Elementary and the general fund assuming payment of the special education secretary's salary, previously paid from grant revenues.

3.020: Employees' Retirement/Insurance Benefits

Benefits include: retirement, Medicare, workers compensation, unemployment compensation, life insurance, health and dental insurance. Projected increases reflect increases in health insurance premiums of nine percent and associated costs with step increases. FY15 includes the cost of health, life and dental costs for employees, whose salaries are covered by grant monies. These costs were previously paid from grant monies. Calculations for FY16 through FY19 are calculated based upon historical cost percentage of salaries.

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 textbooks, janitorial and transportation fuel and supplies costs.

3.050: Capital Outlay

FY15 through FY19 includes the lease payments on previous years bus purchases. FY15 includes the cost for the lease of two buses and purchase of one eight passenger van.

4.300: Other Objects

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

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 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Self Insurance Fund	275,000	275,000	275,000	275,000	275,000
Cafeteria Fund	40,000	40,000	40,000	40,000	40,000
Termination Benefits Fund	67,772	75,000	100,000	100,000	100,000
Athletics	25,000	25,000	25,000	25,000	25,000
Miscellaneous Funds	20,000	15,000	15,000	15,000	15,000
	<u>427,772</u>	<u>430,000</u>	<u>455,000</u>	<u>455,000</u>	<u>455,000</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.

13.01: Revenue from New Levies

Revenues from new levies represents the passage of a ½ of one percent earned income tax in November 2014.

NOTICE

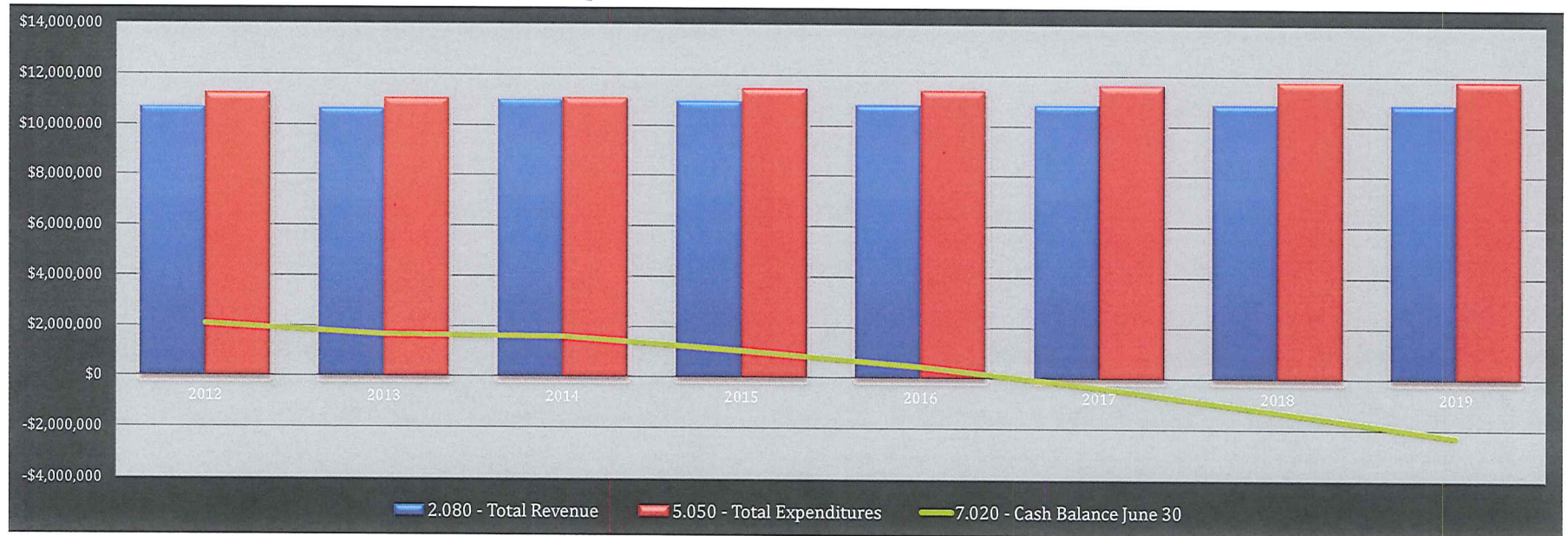
The district's five-year forecast is based on the above assumptions known at this point in time. As with all forecasting models, operating fiscal results of each fiscal year will change if the original assumptions are modified. The five-year forecast includes only the General Fund and SFSF monies.

Berkshire Local Schools
Total Enrollment - October 2014 Forecast

	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
FY14	63	63	62	66	53	65	72	78	75	70	83	98	90	938
FY15	57	63	56	63	66	50	71	75	75	86	76	75	94	907
FY16	52	57	63	56	63	66	50	71	75	75	86	76	75	865
FY17	52	52	57	63	56	63	66	50	71	75	75	86	76	842
FY18	52	52	52	57	63	56	63	66	50	71	75	75	86	818
FY19	52	52	52	52	57	63	56	63	66	50	71	75	75	784

Estimates

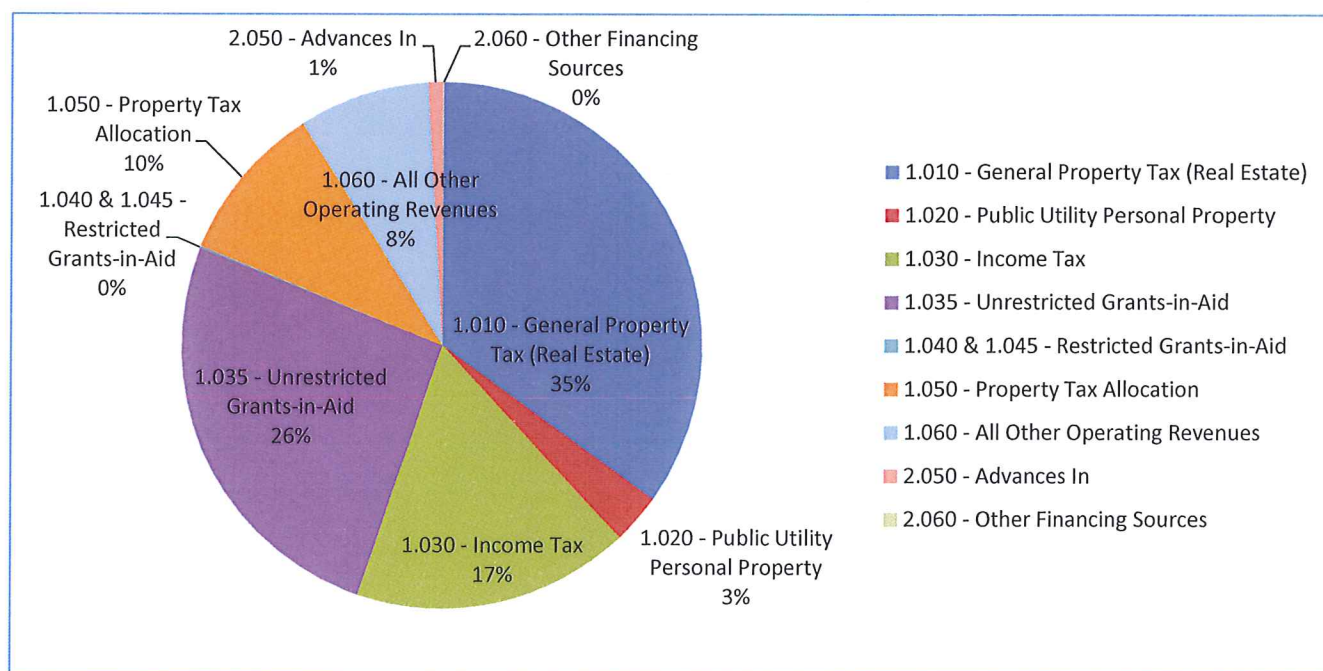
Berkshire Local Schools
Operating Revenue and Expenditures & Year End Fund Balance
Fiscal Year 2015 October Forecast



	ACTUAL			FORECASTED				
	2012	2013	2014	2015	2016	2017	2018	2019
2.080 - Total Revenue	10,700,102	10,644,730	11,026,091	10,960,584	10,815,451	10,848,978	10,865,178	10,859,150
5.050 - Total Expenditures	11,259,316	11,069,360	11,107,668	11,492,716	11,429,283	11,641,315	11,809,105	11,828,075
7.020 - Cash Balance June 30	2,098,330	1,673,700	1,592,123	1,059,991	446,159	(346,178)	(1,290,104)	(2,259,030)

Berkshire Local Schools Operating Revenue Summary Fiscal Year 2015 October Forecast

	2015
1.010 - General Property Tax (Real Estate)	\$3,826,228
1.020 - Public Utility Personal Property	337,505
1.030 - Income Tax	1,883,309
1.035 - Unrestricted Grants-in-Aid	2,832,661
1.040 & 1.045 - Restricted Grants-in-Aid	12,372
1.050 - Property Tax Allocation	1,074,809
1.060 - All Other Operating Revenues	888,700
2.050 - Advances In	100,000
2.060 - Other Financing Sources	5,000
2.080 - Total Revenue	\$10,960,584



Berkshire Local Schools
Operating Expenditure Summary
Fiscal Year 2015 October Forecast

	2015
3.010 - Personnel Services	\$5,653,881
3.020 - Employee Retirement/Insurance Benefits	1,923,671
3.030 - Purchase Services	2,312,445
3.040 - Supplies and Materials	376,518
3.050 - Capital Outlay	178,629
4.300 - Other Objects	504,800
5.010 - Operating Transfers	427,772
5.020 - Advances Out	115,000
5.050 - Total Expenditures	\$11,492,716

