



KIRTLAND LOCAL SCHOOLS

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KIRTLAND LOCAL SCHOOL DISTRICT

GENERAL FUND FIVE YEAR FORECAST

MAY 26, 2015 UPDATE

Daniel L. Wilson

Treasurer

**Kirtland Local School District – Lake County
Assumptions for the Five-Year Forecast
Fiscal Years Ending June 30, 2012 through 2019**

**October 21, 2014
Updated May 26, 2015**

The May update to the October 2014 Board adopted forecast focuses on the ten month actual and two month expected income and expenses for the current fiscal year (2014-2015) only. All forecasted future years remain as approved in October. Several minor technical adjustments were made to the 2011-2012; 2012-2013; and 2013-2014 fiscal years to balance the forecast to our audited district records. A complete new forecast will be developed and presented to the Finance Committee in October.

REVENUE ASSUMPTIONS:

Line 1.010, 1.020, 1.050 – Taxes and Homestead/Rollback Reimbursements
Current year

This line reflects actual real estate taxes, public utility personal property taxes and the property tax allocation (state rollbacks of 10%, 2.5% and homestead) from both Lake and Geauga County residents in the Kirtland School District. A combination of current year billed taxes paid and prior year delinquent taxes collected resulted in a combined \$126,690 positive variance.

Future Years

Future total collections are assumed to equal 100% of current billed. This includes current and delinquent collections. The current total assessed valuation of \$314 million is assumed to remain at that level throughout the forecasted years.

The next expiring operating levy will be in tax year 17(collection 18). This is reflected in the fy18 column, including a renewal on line 11.02

Line 1.035 – State Funding (Foundation funding)

Current Year

The state foundation payment is based upon the May #1 2015 Foundation district payment report from the Ohio Department of Education. Basically, the funding level is flat relative to previous years. The Opportunity grant, preschool special education funding, and special education transportation funding is included. Deductions for special education scholarships have been netted out of the income (\$235,322.80).

Future Years

The biennial budget which will begin in July, 2015. The House adopted their version of H.B. 64 and it is now being considered in the Senate. The House adopted version would provide a \$210,772 increase in 2015-2016 and an additional \$222,766 increase in 2016-2017. Once the final budget is adopted we will update the future years. Expansion of the State's school voucher program is assume to continue and will cause continued reductions in State funding. These funds are deducted from the District's state foundation payments, and increased from \$76,238 in FY13 to \$89,970 in FY15. There has also been an increase in post-secondary option deductions from \$90,300 in FY14 to \$132,205 in FY15.

Line 1.060 – Other Revenue

Current Year

All other revenue sources are estimated by the Treasurer based upon historical and current trend data. Other revenue includes items that are, by themselves, immaterial. These items include student fees (\$50,595), rental income (\$14,595), interest income (\$40,764) and reimbursement from other districts that have shared services agreements with us (94,925). The 2013-2014 catastrophic cost reimbursement was not received until the 2014-2015 fiscal year. We are anticipating the 2014-2015 payment will be received during the current fiscal year in the amount of \$68,530.

Future Years

Revenues in this category are anticipated to remain flat each year.

EXPENDITURE ASSUMPTIONS:

Line 3.010 – Salaries

Any and all assumptions relative to wage and benefits are for planning purposes and do not necessarily represent the board's bargaining positions.

Current Year

Salaries are based on the new contracts in place and the July through April actual expenses. The May and June expenses are forecasted based upon the second pay in April.

Future Years

The future years forecasted have been updated based upon the December calculations of the new collective bargaining agreements.

Line 3.020 - Benefits

Current Year

Current year appropriations reflect current health insurance rates, STRS, SERS, Medicare, Workers' Compensation and unemployment costs. The May updated forecast is based upon July through April actual expenses and estimated expenses for May and June.

Future Years

The future years forecasted have been updated based upon the December calculations of the new collective bargaining agreements. In the October forecast benefits were expected to increase annually at about 5.4% on average. Health care premiums are assumed to increase by 8% annually, and other benefit costs (i.e. retirement, Medicare, workers' compensation and unemployment) will increase by the same percentage as salaries. The recent employee insurance issues with the Lake County Health Care Consortium will require an extensive review and update of the 2015-2016 through 2018-2019 budget and forecast. Based upon the most current information from the Lake County Health Care Consortium we have been advised to forecast a net 9% increase (19% and a one month premium holiday) for 2015-2016; a 21% increase in 2016-2017 and an 11% increase in 2016-2017; 2017-2018; and 2018-2019. The Superintendent and Treasure have begun investigating options to reduce the 2016-2017 potential increase.

Line 3.030 – Purchased Services

Current Year

The July through April actual expenses and estimated May and June expenses we used to update the October 2014-2015 forecast. The current year numbers reflects utility costs, (natural gas, water and electricity). Professional services and outside contractor repairs are also budgeted in this line item. The costs for currently enrolled special education students attending schools out of district are in this line-item along with special education services supplied by the Lake County Education Service Center to the district. A new assessment for storm sewers and for a sewer tie-in has added \$58,000 to annual expenditures for purchased services. Several non-recurring expenditures equaling about \$100,000 occurred in fy13/14 and have been netted out in the assumed inflationary increases moving forward.

Future Years

An assumption of annual increases of 2 percent is made in this forecast. Purchased services are typically more volatile than other District expenditures. The volatile nature of utility costs, the increased cost of special needs tuition and unpredictability of special needs students enrolling in the district all factor into this volatility. To mitigate the year to year uncertainty of these costs, the Board has opted to move annual general operating fund surpluses to the District's Budget Reserve (line 9.030). These funds will be used during years when purchase service costs significantly exceed a 2 percent increase.

Line 3.040 - Materials and Supplies

Current Year

Current year numbers reflects needed classroom, maintenance, transportation and office supplies. July through April actual expenses and estimated expenses for May and June were used to update the October 2014-2015 forecast.

Future Years

A 1.0% increase in supply costs is forecasted for 2016, 2017, and 2018 and 2019.

Line 3.050 – Capital Outlay

Current Year

An allocation of \$80,000 is made for the purchase of a replacement school bus. Additionally, pursuant to the District's newly adopted five-year facilities plan, an allocation of \$100,000 has been set aside for capital maintenance and improvement. The balance is set aside for replacement equipment. [July through April actual expenses and estimated expenses for May and June were used to update the October 2014-2015 forecast.](#)

Future Years

Budgeted amounts for 2016, 2017, 2018 and 2019 are assumed to increase by an average factor of 1.0%

Line 4.30 Other Objects

Current Year

The majority of this line item covers tax collection fees from: the County Auditor, County Treasurer, Ohio Department of Taxation; and election expenses. [July through April actual expenses and estimated expenses for May and June were used to update the October 2014-2015 forecast.](#)

Future Years

A 2% increase is assumed for 2016, 2017, 2018 and 2019 as the District has limited discretion over these costs.

Line 5.010 – Transfers Out

Current Year

[In October a transfer out of \\$25,000 was assumed in FY15 for support of the Food Service program. The May update has increased the transfer out to \\$80,000. An additional \\$16,563 has been included for cleaning up old local fund deficits. Subsequent Years' transfers are assumed to be reduced each year as the program works toward self-sufficiency.](#)

Prepared by Daniel L. Wilson
Treasurer

May 26, 2015

LAKE COUNTY -- May 26, 2015
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEARS ENDED JUNE 30, 2012, 2013 AND 2014 ACTUAL;
 FORECASTED FISCAL YEARS ENDING JUNE 30, 2015 THROUGH 2019

| Line Number | | Fiscal Year 2012 Actual | Fiscal Year 2013 Actual | Fiscal Year 2014 Actual | Fiscal Year 2015 October | Fiscal Year 2015 May Update | Fiscal Year 2016 Forecasted | Fiscal Year 2017 Forecasted | Fiscal Year 2018 Forecasted | Fiscal Year 2019 Forecasted |
|--|--|-------------------------|-------------------------|-------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Revenues | | | | | | | | | | |
| 1.01 | General Property Tax (Real Estate) | \$9,183,815 | \$9,995,600 | \$10,740,050 | \$10,714,630 | \$10,723,409 | \$10,714,630 | \$10,714,630 | \$9,751,330 | \$8,524,630 |
| 1.02 | Public Utility Personal Property Tax | 657,746 | 761,565 | 843,991 | 850,807 | 937,524 | 850,807 | 850,807 | 850,807 | 850,807 |
| 1.03 | Income Tax | 0 | 0 | 0 | - | 0 | 0 | 0 | 0 | 0 |
| 1.035 | Unrestricted State Grants-in-Aid (All 3100's except 3130) | 1,022,798 | 911,292 | 886,572 | 900,000 | 869,755 | 900,000 | 900,000 | 900,000 | 900,000 |
| 1.04 | Restrictd State Grants-in-Aid (All 3200's) | 23,798 | 0 | 0 | - | 0 | 0 | 0 | 0 | 0 |
| 1.045 | Restrictd Federal Grants-in-Aid - SFSF (4220) | 0 | 0 | 0 | - | 0 | 0 | 0 | 0 | 0 |
| 1.05 | Property Tax Allocation (3130) | 1,362,377 | 1,476,134 | 1,544,026 | 1,461,086 | 1,492,280 | 1,461,086 | 1,461,086 | 1,329,686 | 1,198,086 |
| 1.06 | All Other Revenues except 1931,1933,1940,1950,5100, 5200 | 218,720 | 204,324 | 245,464 | 225,000 | 448,832 | 225,000 | 225,000 | 225,000 | 225,000 |
| 1.07 | Total Revenues | 12,469,253 | 13,348,916 | 14,260,103 | \$14,151,523 | 14,471,800 | 14,151,523 | 14,151,523 | 13,056,823 | 11,698,523 |
| Other Financing Sources | | | | | | | | | | |
| 2.04 | Operating Transfers-In (5100) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.05 | Advances-In (5200) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.06 | All Other Financing Sources (Including 1931 and 1933) | 0 | 23,677 | 101,757 | 25,000 | 94,638 | 25,000 | 25,000 | 25,000 | 25,000 |
| 2.07 | Total Other Financing Sources | 0 | 23,677 | 101,757 | 25,000 | 94,638 | 25,000 | 25,000 | 25,000 | 25,000 |
| 2.08 | Total Revenues and Other Financing Sources | 12,469,253 | 13,372,593 | 14,361,860 | \$14,176,523 | 14,566,438 | 14,176,523 | 14,176,523 | 13,081,823 | 11,723,523 |
| Expenditures | | | | | | | | | | |
| 3.01 | Personal Services | 8,323,789 | 7,980,926 | 8,054,428 | 8,412,731 | 8,439,387 | 8,777,152 | 9,063,355 | 9,359,541 | 9,666,071 |
| 3.02 | Employees' Retirement/Insurance Benefits | 2,992,540 | 2,889,496 | 2,829,091 | 2,877,194 | 2,836,424 | 2,912,812 | 3,041,484 | 3,182,554 | 3,336,554 |
| 3.03 | Purchased Services | 1,608,273 | 1,464,228 | 1,838,162 | 1,686,000 | 1,723,226 | 1,702,860 | 1,736,917 | 1,771,655 | 1,807,088 |
| 3.04 | Supplies and Materials | 418,040 | 444,316 | 430,567 | 529,000 | 507,106 | 534,290 | 539,633 | 545,029 | 550,479 |
| 3.05 | Capital Outlay | 104,821 | 50,319 | 219,946 | 174,300 | 144,842 | 176,043 | 177,803 | 179,581 | 181,377 |
| 3.06 | Intergovernmental (7600 and 7700 functions) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.06 | Interest and Fiscal Charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.3 | Other Objects | 243,063 | 248,615 | 234,195 | 223,000 | 207,619 | 227,460 | 232,009 | 236,649 | 241,382 |
| 4.5 | Total Expenditures | 13,690,526 | 13,077,900 | 13,606,389 | 13,902,225 | 13,858,604 | 14,330,617 | 14,791,201 | 15,275,009 | 15,782,951 |
| Other Financing Uses | | | | | | | | | | |
| 5.01 | Operating Transfers-Out | 228,634 | 80,410 | 50,000 | 25,000 | 96,563 | 20,000 | 15,000 | 10,000 | 5,000 |
| 5.02 | Advances-Out | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5.03 | All Other Financing Uses | 0 | 8,869 | 0 | 0 | 8213 | 0 | 0 | 0 | 0 |
| 5.04 | Total Other Financing Uses | 228,634 | 89,279 | 50,000 | 25,000 | 104,776 | 20,000 | 15,000 | 10,000 | 5,000 |
| 5.05 | Total Expenditures and Other Financing Uses | 13,919,160 | 13,167,176 | 13,656,389 | 13,927,225 | 13,963,380 | 14,350,617 | 14,806,201 | 15,285,009 | 15,787,951 |
| Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses | | | | | | | | | | |
| 6.01 | | -1,449,907 | 205,417 | 705,471 | 249,298 | 603,058 | -174,094 | -629,678 | -2,203,186 | -4,064,428 |
| Cash Balance July 1 - Excluding Proposed Renewal/ Replacement and New Levies | | | | | | | | | | |
| 7.01 | | 6,925,289 | 5,475,382 | 5,680,797 | 6,386,269 | 6,386,269 | 6,989,327 | 6,815,233 | 6,185,555 | 3,982,369 |
| 7.02 | Cash Balance June 30 | 5,475,382 | 5,680,797 | 6,386,269 | 6,635,567 | 6,989,327 | 6,815,233 | 6,185,555 | 3,982,369 | (82,059) |
| 8.01 | Estimated Encumbrances June 30 | 123,907 | 146,446 | 205,162 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Reservation of Fund Balance | | | | | | | | | | |
| 9.02 | Capital Improvements | 0 | 0 | 0 | 800,000 | 800,000 | 640,000 | 480,000 | 320,000 | 160,000 |
| 9.03 | Budget Reserve | 215,400 | 215,400 | 420,815 | 420,815 | 907,400 | 778,789 | 778,789 | 778,789 | 778,789 |
| 9.08 | Subtotal | 215,400 | 215,400 | 420,815 | 1,220,815 | 1,707,400 | 1,418,789 | 1,258,789 | 1,098,789 | 938,789 |
| 10.01 | Fund Balance June 30 for Certification of Appropriations | 5,136,075 | 5,318,951 | 5,760,292 | 5,264,752 | 5,131,927 | 5,246,444 | 4,776,766 | 2,733,580 | (1,170,848) |
| Revenue from Replacement/Renewal Levies | | | | | | | | | | |
| 11.02 | Property Tax - Renewal or Replacement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,095,000 | 2,190,000 |
| 11.3 | Cumulative Balance of Replacement/Renewal Levies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,095,000 | 3,285,000 |
| 12.01 | Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations | 5,136,075 | 5,318,951 | 5,760,292 | 5,264,752 | 5,131,927 | 5,246,444 | 4,776,766 | 3,828,580 | 2,114,152 |
| 15.01 | Unreserved Fund Balance June 30 | \$5,136,075 | \$5,318,951 | \$5,760,292 | \$ 5,264,752 | \$ 5,131,927 | \$ 5,246,444 | \$ 4,776,766 | \$3,828,580 | \$ 2,114,152 |

KIRTLAND LOCAL SCHOOL DISTRICT

MAY 26, 2015

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 2012, 2013 AND 2014 ACTUAL
FORECASTED FISCAL YEARS ENDING JUNE 30, 2015 THROUGH 2019

GENERAL FUND SUMMARY

| | 2011-2012 ACTUAL | 2012-2013 ACTUAL | 2013-2014 ACTUAL | 2014-2015 OCT. FORECAST | 2014-2015 MAY FORECAST | 2014-2015 FORECAST | 2015-2016 FORECAST | 2016-2017 FORECAST | 2017-2018 FORECAST | 2018-2019 FORECAST |
|--------------------------|---------------------|---------------------|---------------------|----------------------------|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| BEGINNING BALANCE | \$ 6,925,289 | \$ 5,475,382 | \$ 5,680,797 | \$ 6,386,269 | \$ 6,386,269 | \$ 6,386,269 | \$ 6,989,327 | \$ 6,815,233 | \$ 6,185,555 | \$ 5,077,369 |
| INCOME | \$ 12,469,253 | \$ 13,372,592 | \$ 14,361,861 | \$ 14,176,523 | \$ 14,566,438 | \$ 14,566,438 | \$ 14,176,523 | \$ 14,176,523 | \$ 14,176,823 | \$ 13,913,523 |
| EXPENSES | \$ 13,919,160 | \$ 13,167,177 | \$ 13,656,389 | \$ 13,927,225 | \$ 13,963,380 | \$ 13,963,380 | \$ 14,350,617 | \$ 14,806,201 | \$ 15,285,009 | \$ 15,787,951 |
| ENDING BALANCE | \$ 5,475,382 | \$ 5,680,797 | \$ 6,386,269 | \$ 6,635,567 | \$ 6,989,327 | \$ 6,989,327 | \$ 6,815,233 | \$ 6,185,555 | \$ 5,077,369 | \$ 3,202,941 |
| RESERVE FOR ENCUMBRANCES | \$ 123,907 | \$ 146,446 | \$ 205,162 | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 150,000 |
| CAPITAL RESERVE | \$ - | \$ - | \$ - | \$ 800,000 | \$ 800,000 | \$ 800,000 | \$ 640,000 | \$ 480,000 | \$ 320,000 | \$ 160,000 |
| OPERATING RESERVE | \$ 215,400 | \$ 215,400 | \$ 420,815 | \$ 420,815 | \$ 907,400 | \$ 907,400 | \$ 778,789 | \$ 778,789 | \$ 778,789 | \$ 778,789 |
| NET ENDING BALANCE | \$ 5,136,075 | \$ 5,318,951 | \$ 5,760,292 | \$ 5,264,752 | \$ 5,131,927 | \$ 5,131,927 | \$ 5,246,444 | \$ 4,776,766 | \$ 3,828,580 | \$ 2,114,152 |

EXCESS INCOME OVER (UNDER) EXPENSES \$ (1,449,907) \$ 205,415 \$ 705,472 \$ 249,298 \$ 603,058 \$ (174,094) \$ (629,678) \$ (1,108,186) \$ (1,874,428)

KIRTLAND LOCAL SCHOOL DISTRICT
OPERATING AND CAPITAL RESERVE FUND SUMMARY
2007-2008 THROUGH 2018-2019

| FISCAL YEAR | BUDGET RESERVE | | | CAPITAL RESERVE | | |
|-------------|----------------|-------------|------------|-----------------|-------------|------------|
| | DEPOSITS | WITHDRAWALS | BALANCE | DEPOSITS | WITHDRAWALS | BALANCE |
| 2006-2007 | \$ 180,000 | - | \$ 180,000 | \$ - | - | \$ - |
| 2007-2008 | \$ - | - | \$ 180,000 | \$ - | - | \$ - |
| 2008-2009 | \$ - | - | \$ 180,000 | \$ - | - | \$ - |
| 2009-2010 | \$ 35,400 | - | \$ 215,400 | \$ - | - | \$ - |
| 2010-2011 | \$ - | - | \$ 215,400 | \$ - | - | \$ - |
| 2011-2012 | \$ - | - | \$ 215,400 | \$ - | - | \$ - |
| 2012-2013 | \$ - | - | \$ 215,400 | \$ - | - | \$ - |
| 2013-2014 | \$ 205,415 | - | \$ 420,815 | \$ - | - | \$ - |
| 2014-2015 | \$ 486,585 | - | \$ 907,400 | \$ 1,000,000 | 200,000 | \$ 800,000 |
| 2015-2016 | \$ - | - | \$ 907,400 | \$ - | 160,000 | \$ 640,000 |
| 2016-2017 | \$ - | - | \$ 907,400 | \$ - | 160,000 | \$ 480,000 |
| 2017-2018 | \$ - | - | \$ 907,400 | \$ - | 160,000 | \$ 320,000 |
| 2018-2019 | \$ - | - | \$ 907,400 | \$ - | 160,000 | \$ 160,000 |

The first part of the paper discusses the importance of maintaining accurate records in a laboratory setting. It highlights the various methods used to collect and analyze data, and the challenges associated with ensuring the reliability and validity of the results. The authors emphasize the need for a systematic approach to data management, including the use of standardized protocols and the implementation of quality control measures.

In the second section, the authors explore the role of technology in modern laboratory research. They discuss the advantages of using computerized systems for data collection and analysis, and the potential for automation to improve efficiency and reduce human error. However, they also note the importance of maintaining a balance between technological advancement and the need for manual oversight and validation.

The third part of the paper focuses on the ethical considerations surrounding laboratory research. It addresses issues such as the treatment of research subjects, the use of animals, and the potential for misuse of research findings. The authors argue that a strong ethical framework is essential for ensuring the integrity and trustworthiness of scientific research.

Finally, the paper concludes by discussing the future of laboratory research. It highlights the ongoing challenges and opportunities in the field, and the need for continued collaboration and innovation. The authors express their confidence in the ability of the scientific community to address these challenges and advance our understanding of the natural world.