



Berea City School District

Five Year Forecast Financial Report

November, 2022

Jill A. Rowe, Treasurer/CFO

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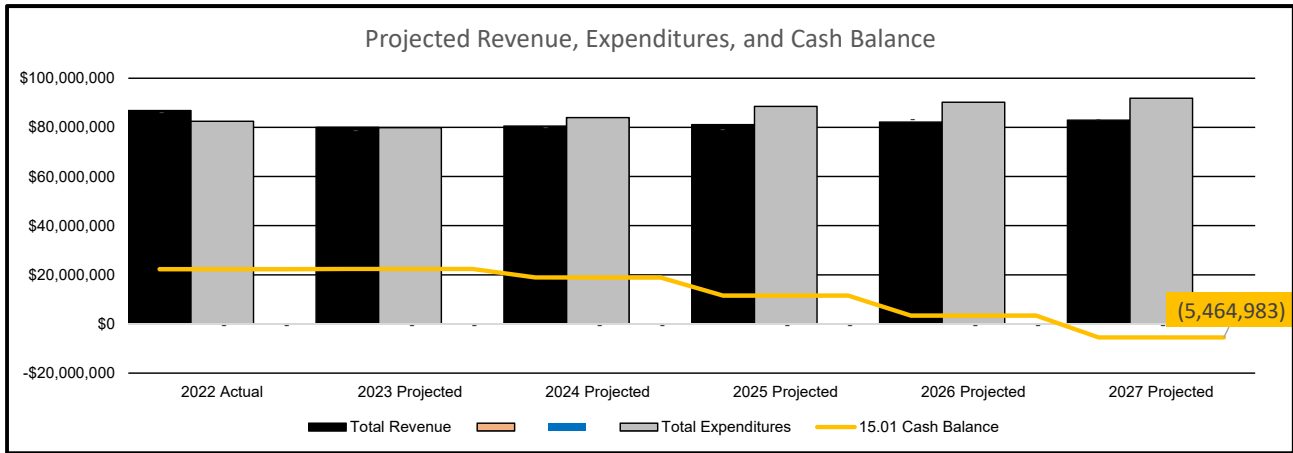
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Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	22,311,196	22,417,067	18,952,534	11,540,122	3,459,554
+ Revenue	79,978,671	80,548,084	81,134,524	82,141,852	82,945,465
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(79,872,800)	(84,012,618)	(88,546,936)	(90,222,419)	(91,870,002)
= Revenue Surplus or Deficit	105,871	(3,464,533)	(7,412,412)	(8,080,568)	(8,924,538)
Line 7.020 Ending Balance with renewal/new levies	22,417,067	18,952,534	11,540,122	3,459,554	(5,464,983)

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	105,871	(3,464,533)	(7,412,412)	(8,080,568)	(8,924,538)
Ending Balance w/o Levies	22,417,067	18,952,534	11,540,122	3,459,554	(5,464,983)

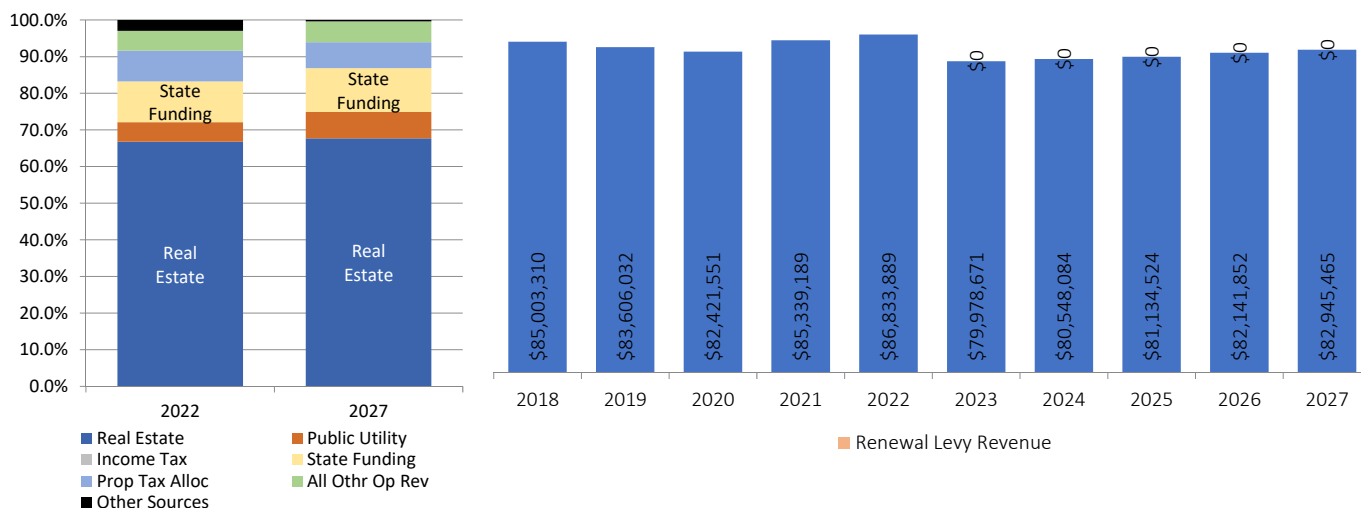
In FY 2023 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$105,871 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$8,924,538. The district would need to cut its FY 2027 projected expenses by 9.71% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2023 and is projected to worsen by FY 2027. A worsening cash balance can erode the district's financial stability over time.

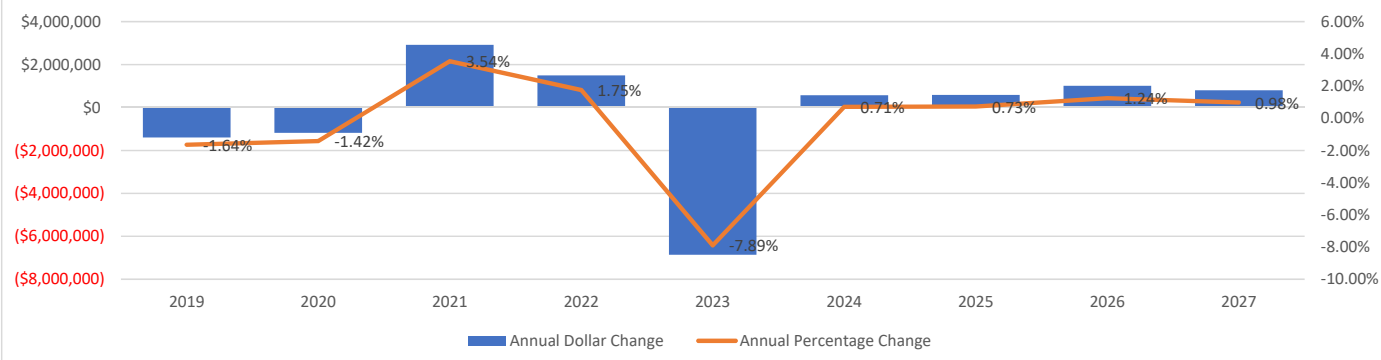
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$1,409,557 in FY 2023. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2023. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



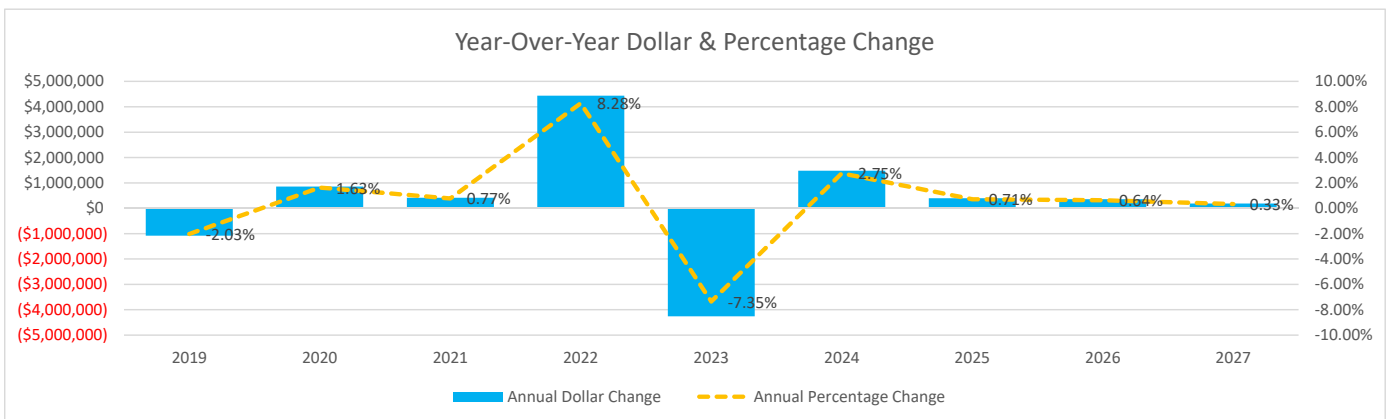
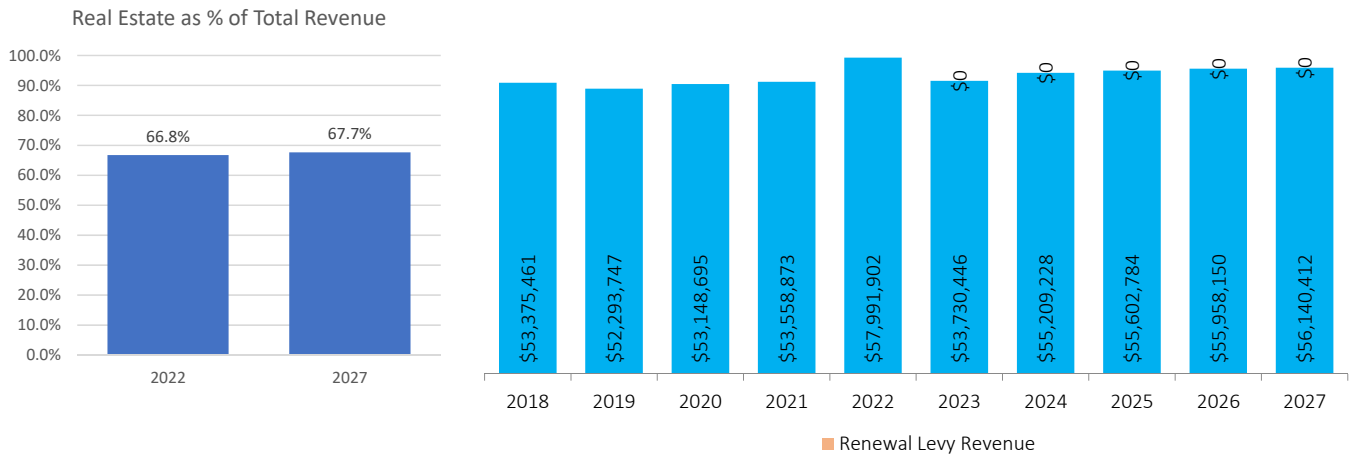
5-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 0.94% or \$794,391 annually during the past 5-Year period and is projected to decrease -0.96% or -\$777,685 annually through FY2027. Real Estate has the most projected average annual variance compared to the historical average at -\$1,472,317
Real Estate	1,102,019	(370,298)	(\$1,472,317)	
Public Utility	\$342,130	\$274,877	(\$67,254)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$516,084)	49,337	\$565,421	
Prop Tax Alloc	(\$876,916)	(\$283,302)	\$593,615	
All Othr Op Rev	\$255,505	\$2,051	(\$253,454)	
Other Sources	\$487,738	(\$450,349)	(\$938,086)	
Total Average Annual Change	794,391	(777,685)	(\$1,572,076)	
	0.94%	-0.96%	-1.89%	

Note: Expenditure average annual change is projected to be > \$1,882,693 On an annual average basis, expenditures are projected to grow faster than revenue.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2021	1,601,815,860	202,940,810	33.92	-	46.83	-	99.9%
2022	1,606,215,860	4,400,000	33.96	0.04	46.74	(0.08)	99.9%
2023	1,610,615,860	4,400,000	34.00	0.04	46.66	(0.08)	99.9%
2024	1,725,115,860	114,500,000	31.50	(2.50)	45.85	(0.81)	99.9%
2025	1,731,115,860	6,000,000	31.49	(0.01)	45.77	(0.08)	99.9%
2026	1,737,115,860	6,000,000	31.48	(0.01)	45.69	(0.08)	99.9%

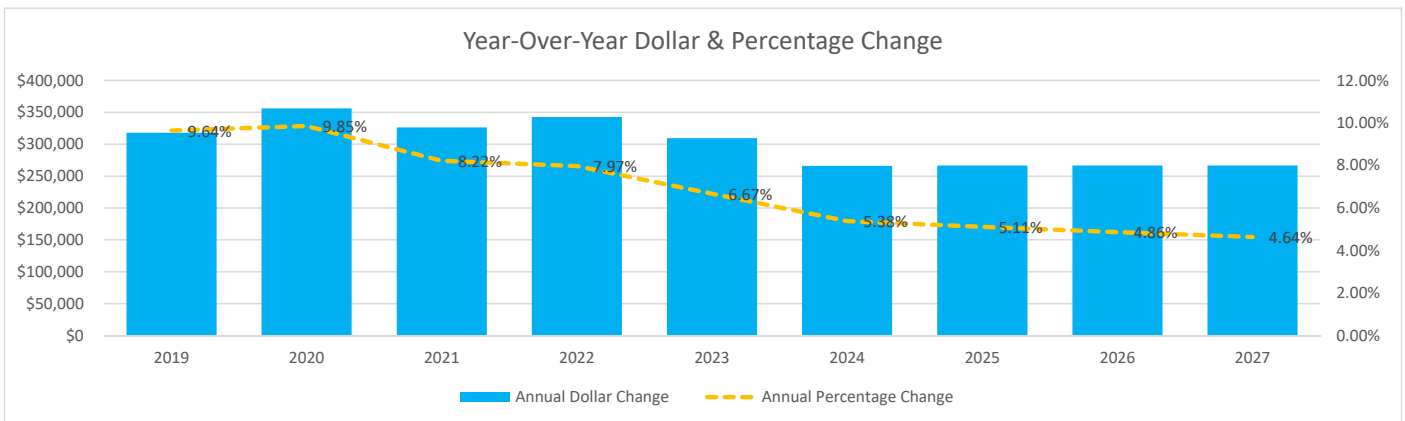
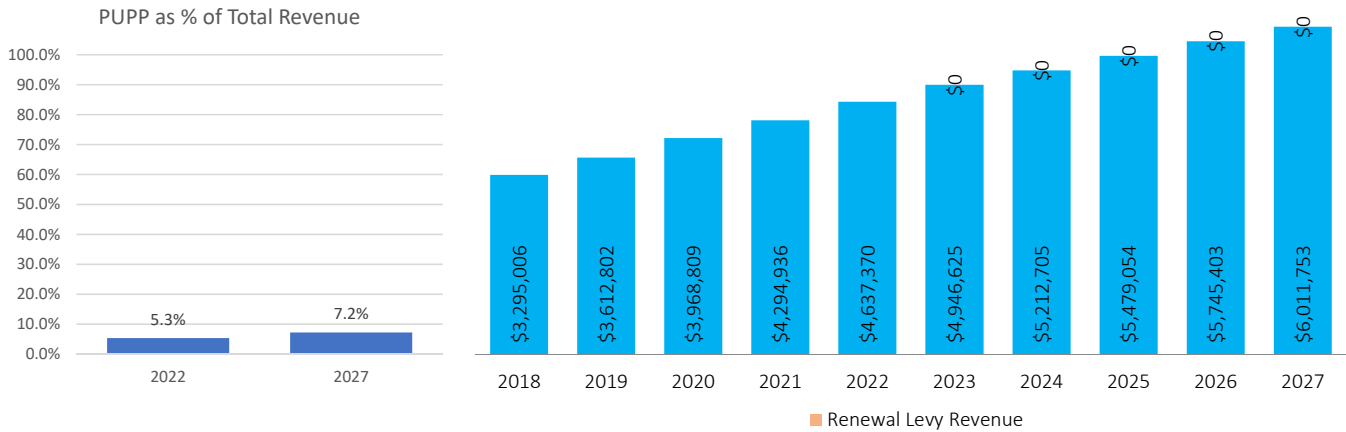
Real estate property tax revenue accounts for 66.78% of total revenue. Class I or residential/agricultural taxes make up approximately 56.94% of the real estate property tax revenue. The Class I tax rate is 33.96 mills in tax year 2022. The projections reflect an average gross collection rate of 99.9% annually through tax year 2026. The revenue changed at an average annual historical rate of 2.04% and is projected to change at an average annual rate of -0.67% through FY 2027.

Real estate property tax revenue increased significantly in FY 22. The increase can be attributed to a number of factors. The district received approximately \$1 million dollars additional in delinquency collections. Also the collection split between the spring and fall collections changed from historical trends, with more taxpayers paying early in the spring of 2022. Collection split percentages have been adjusted within this forecast to reflect this trend. Also the the County went through a triennial update in tax year 2021 (calendar year 2022), which increased the District's overall total valuation. The District saw increased on the inside millage (4.05 mills) only due to the effects of HB920.

*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



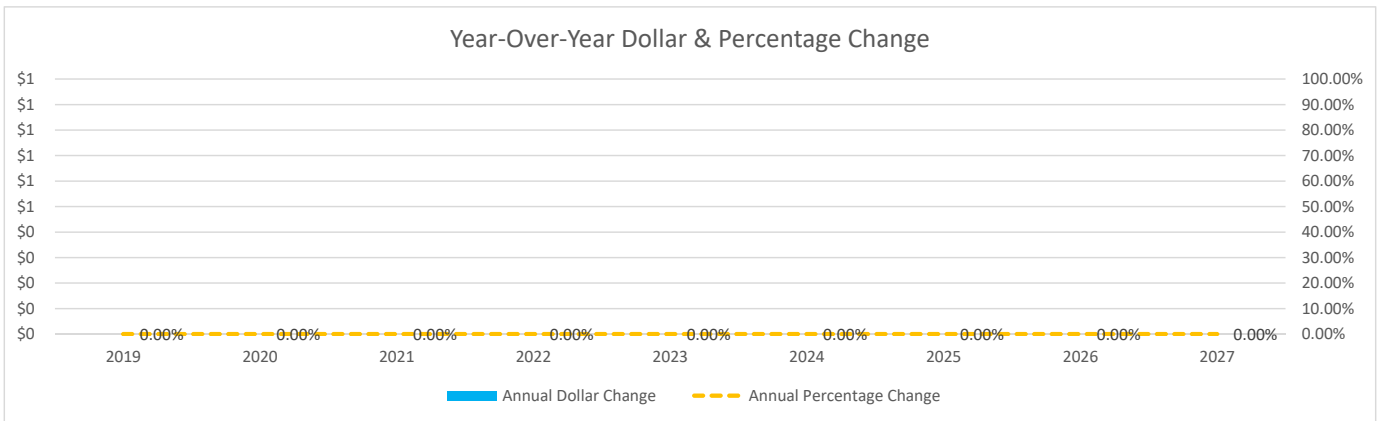
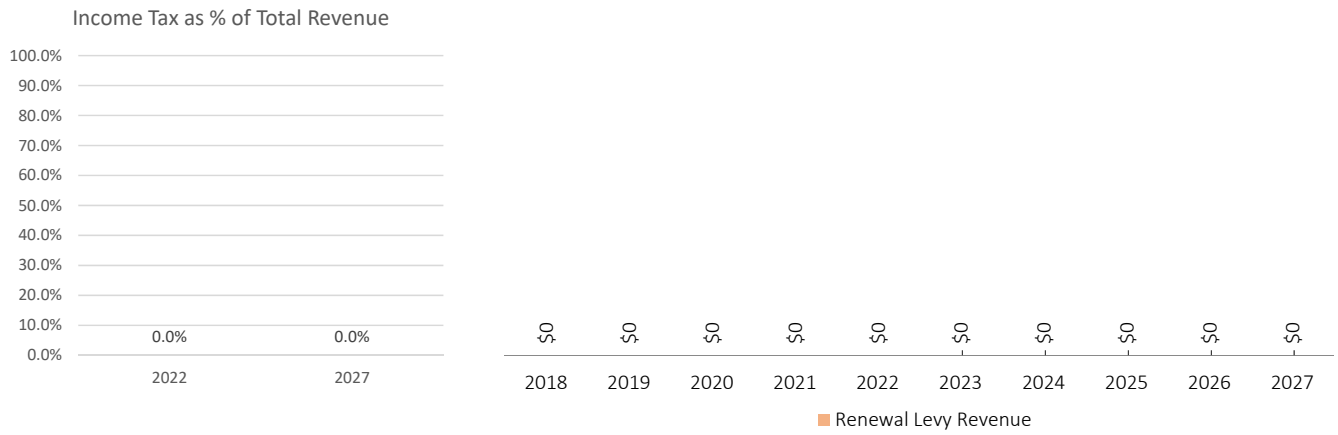
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2021	63,192,900	4,837,660	76.10	-	100.0%	
2022	66,692,900	3,500,000	76.10	-	100.0%	
2023	70,192,900	3,500,000	76.10	-	100.0%	
2024	73,692,900	3,500,000	76.10	-	100.0%	
2025	77,192,900	3,500,000	76.10	-	100.0%	
2026	80,692,900	3,500,000	76.10	-	100.0%	

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 5.34% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 76.1 mills. The forecast is modeling an average gross collection rate of 100.00%. The revenue changed historically at an average annual dollar amount of \$342,130 and is projected to change at an average annual dollar amount of \$274,877 through FY 2027.

*Projected % trends include renewal levies

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

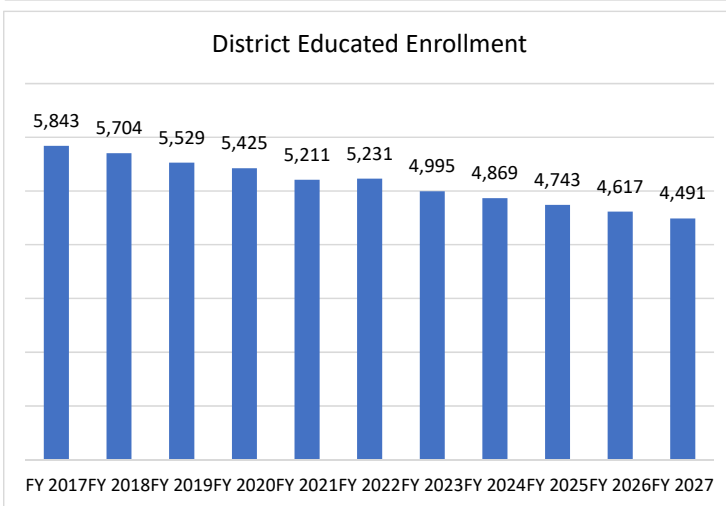
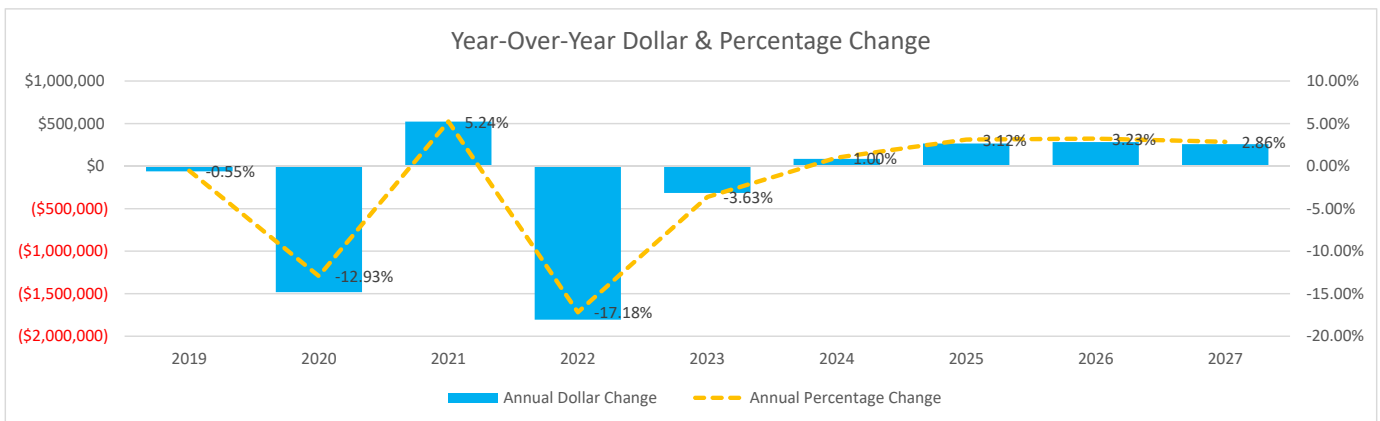
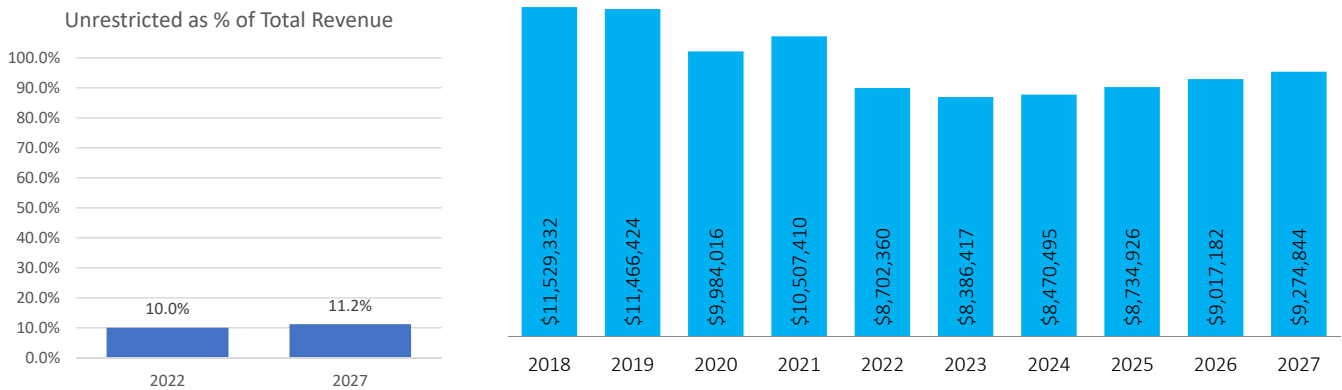


The district does not have an income tax levy.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



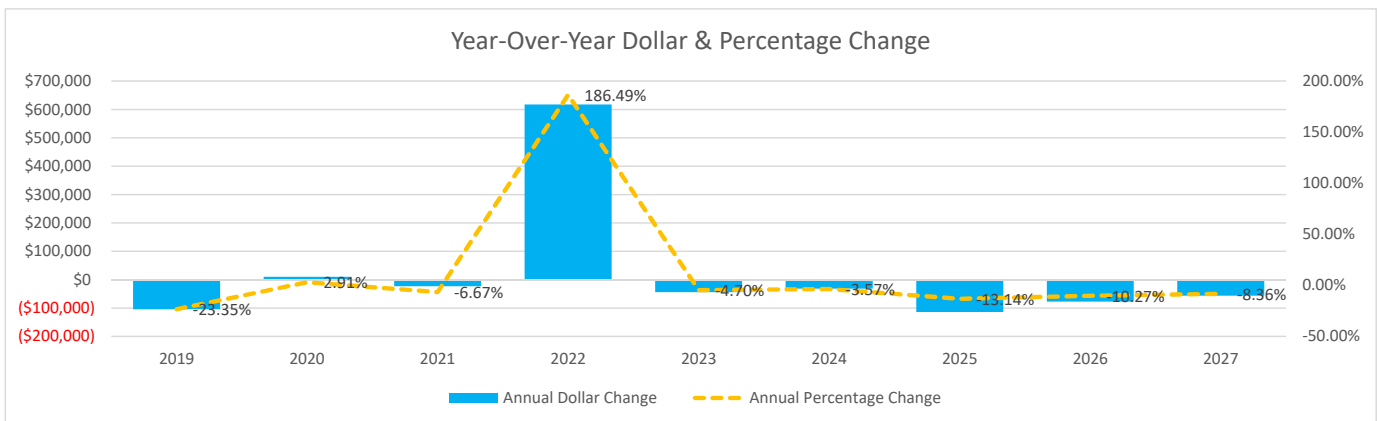
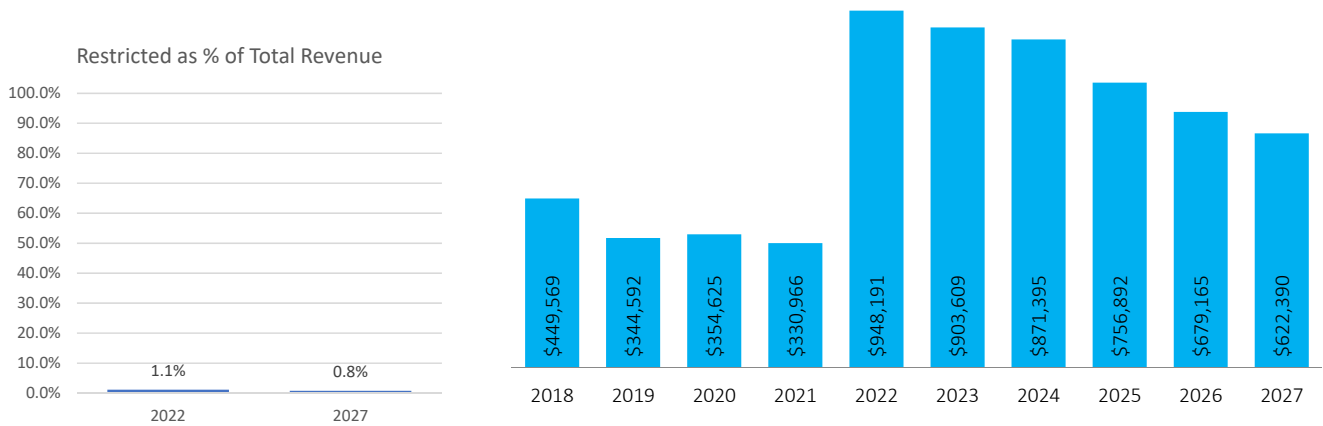
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Berea City School District the calculated Base Cost total is \$38,601,340 in FY 2023. The state's share of the calculated Base Cost total is \$5,165,987 or \$1,034 per pupil.

For reference: The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces tuition cost. In FY 2021, the district had approximately \$3,410,351 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

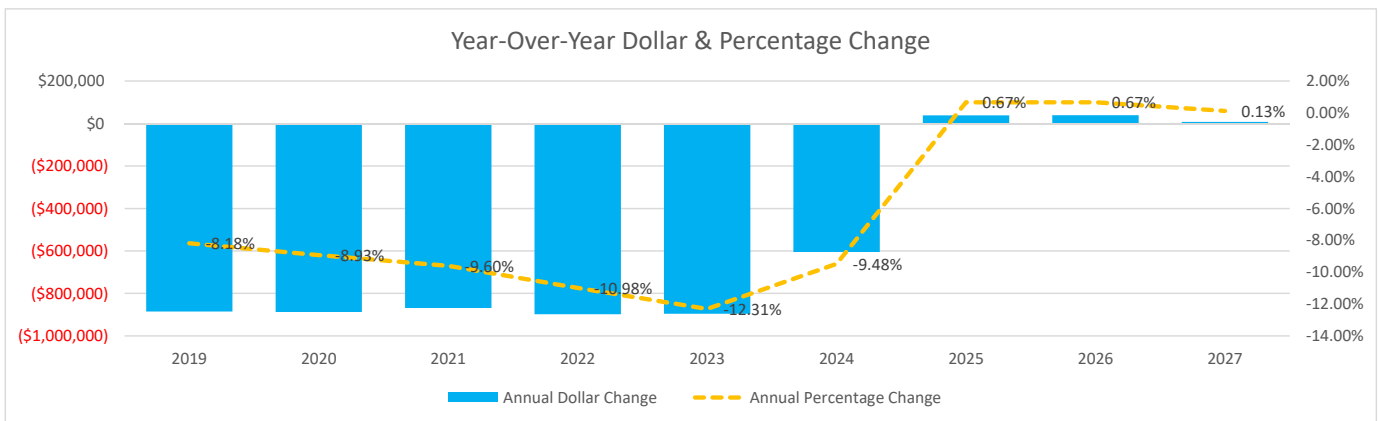
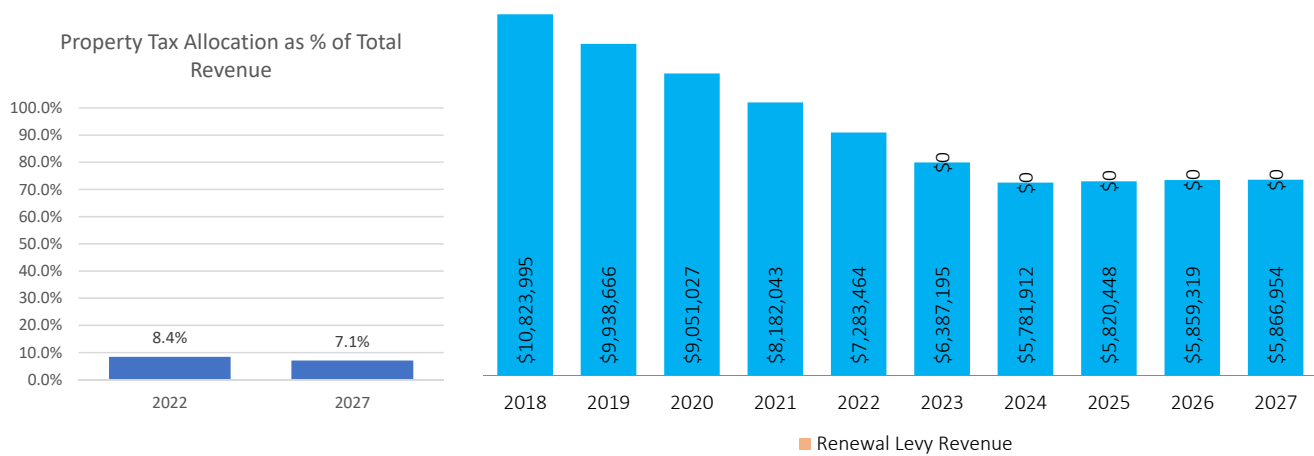
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$201,200 and is projected to change annually on average by -\$65,160. Restricted funds represent 1.09% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$212,456. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



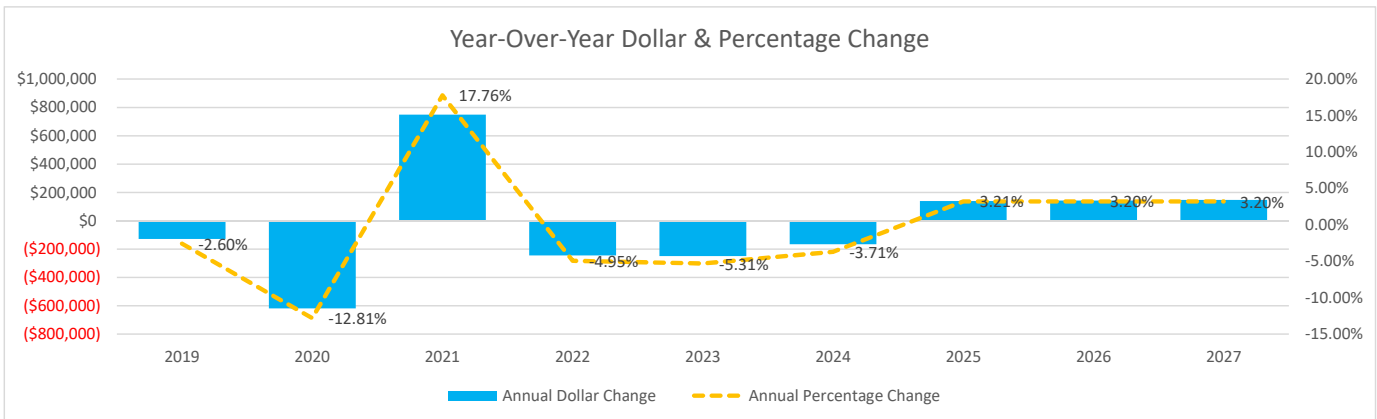
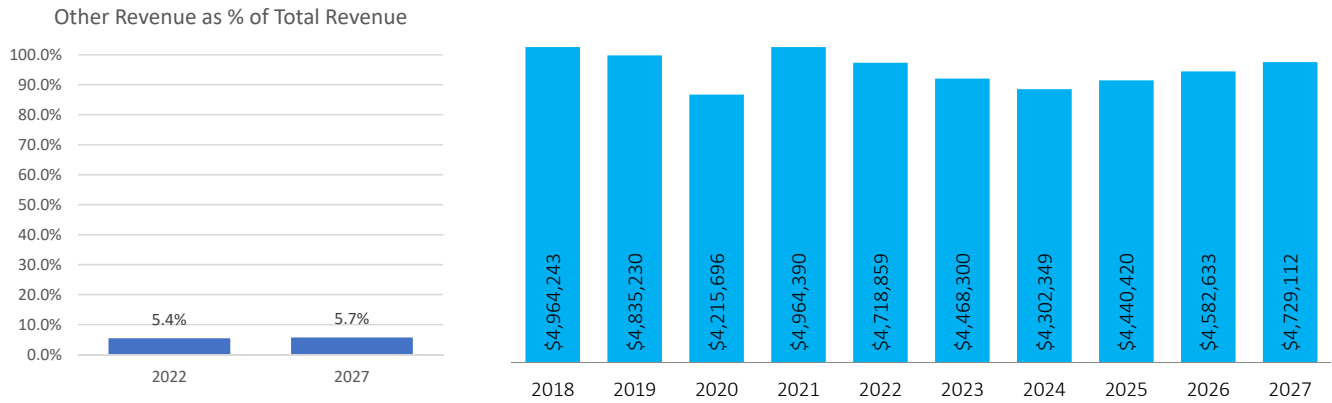
Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 12.1% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 3.4% will be reimbursed in the form of qualifying homestead exemption credits.

This line has been decreasing over the past years due to the Tangible Personal Property Reimbursement received from the state that is being phased out. FY 2023 will be the last year the District will receive this reimbursement in the amount of \$609,429. The forecast reflects the loss of this revenue beginning in FY 2024.

**Projected % trends include renewal levies*

1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.

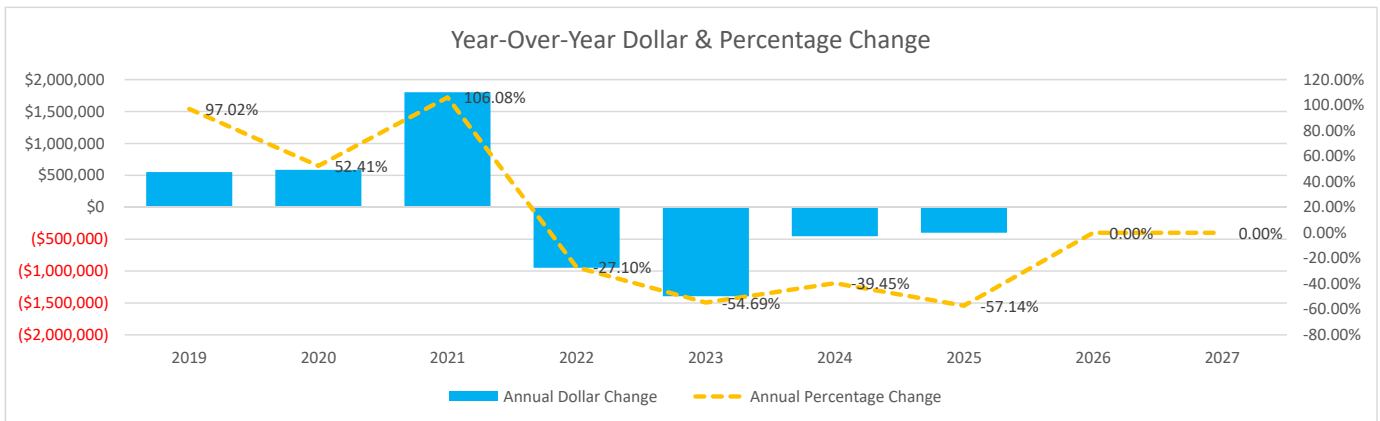
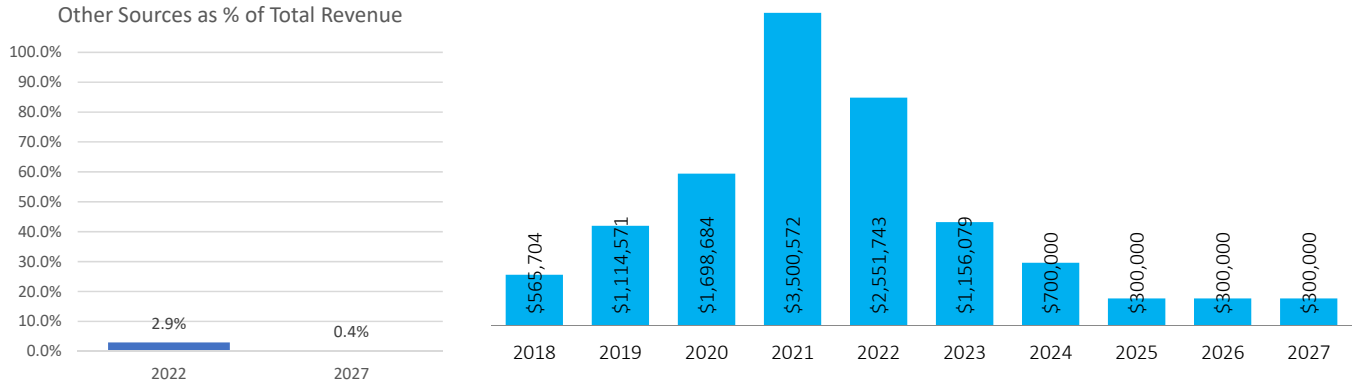


Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$255,505. The projected average annual change is \$2,051 through FY 2027.

As the current period of inflation and increased interest rates is occurring the district will need to continually monitor its interest income and investments to ensure maximum revenue is being collected.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.

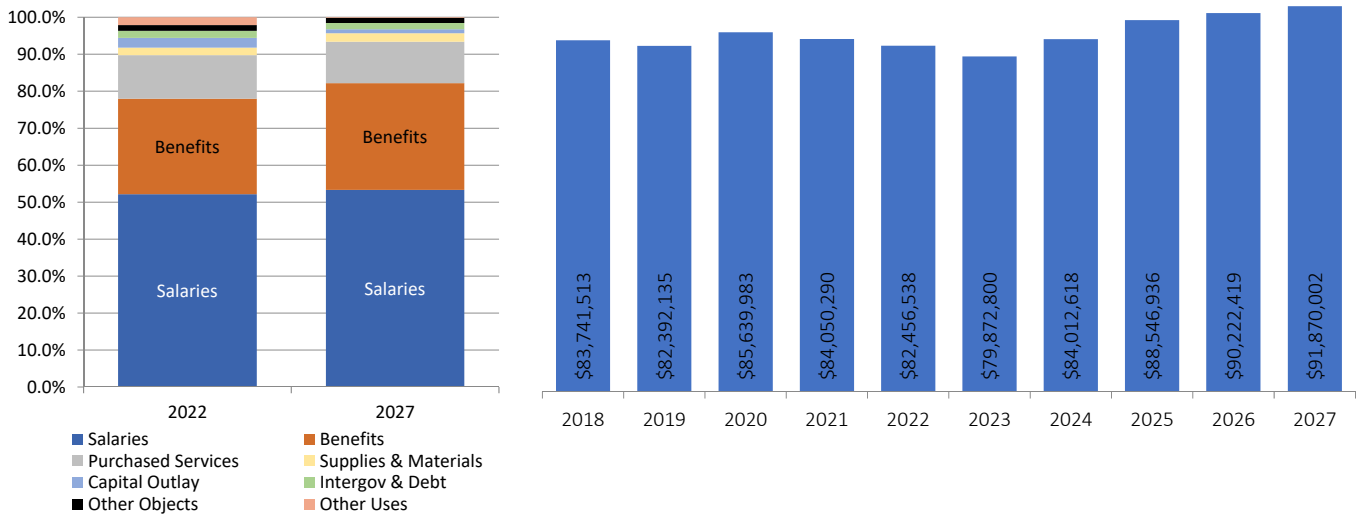


	FORECASTED					
	2022	2023	2024	2025	2026	2027
Transfers In	-	-	-	-	-	-
Advances In	2,353,758	956,079	500,000	100,000	100,000	100,000
All Other Financing Sources	197,984	200,000	200,000	200,000	200,000	200,000

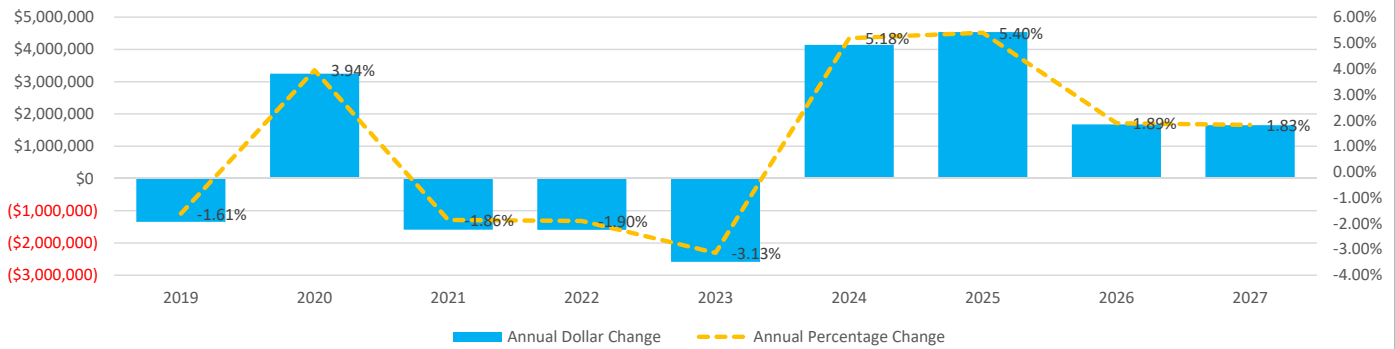
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2022 the district receipted \$2,353,758 as advances-in and is projecting advances of \$956,079 in FY 2023. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$200,000 in FY 2023 and average \$200,000 annually through FY 2027.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change

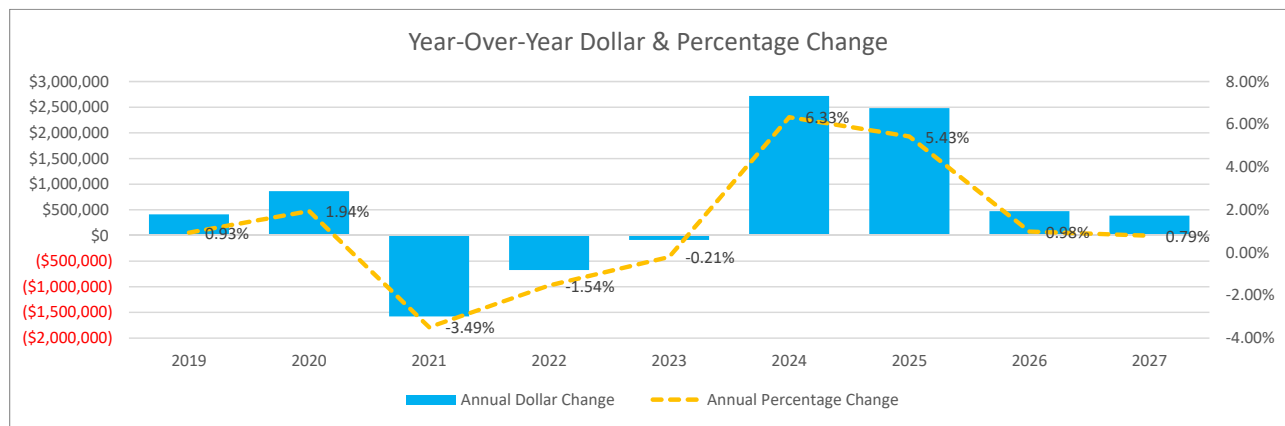
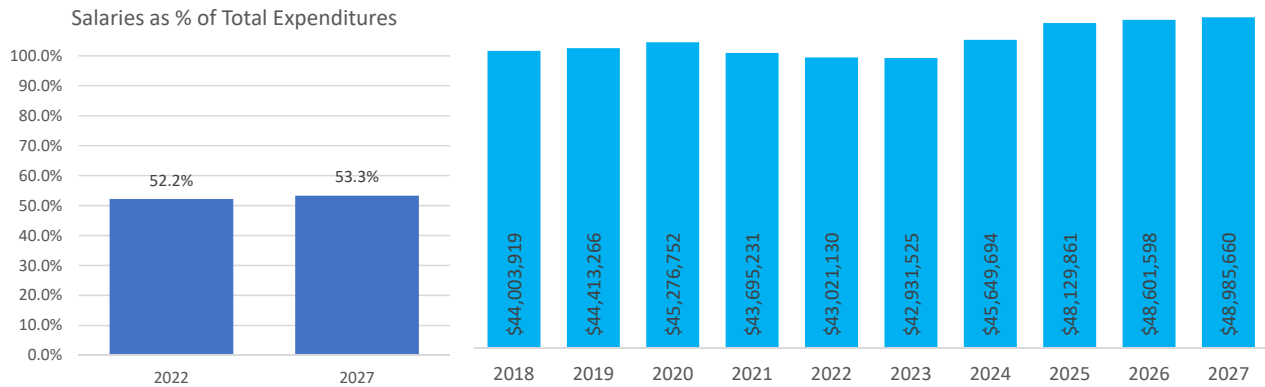


5-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 0.65% or \$542,385 annually during the past 5-Year period and is projected to increase 2.28% or \$1,882,693 annually through FY2027. Salaries has the largest projected average annual variance compared to the historical average at \$1,341,585.
Salaries	(148,679)	1,192,906	\$1,341,585	
Benefits	\$439,495	\$1,045,989	\$606,494	
Purchased Services	(\$150,048)	\$118,461	\$268,510	
Supplies & Materials	\$16,656	\$90,780	\$74,124	
Capital Outlay	\$249,239	(\$244,794)	(\$494,033)	
Intergov & Debt	\$316,928	(\$1,498)	(\$318,426)	
Other Objects	\$12,858	(\$2,574)	(\$15,432)	
Other Uses	\$149,872	(\$316,577)	(\$466,449)	
Total Average Annual Change	\$542,385	\$1,882,693	\$1,340,308	
	0.65%	2.28%	1.63%	

3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.

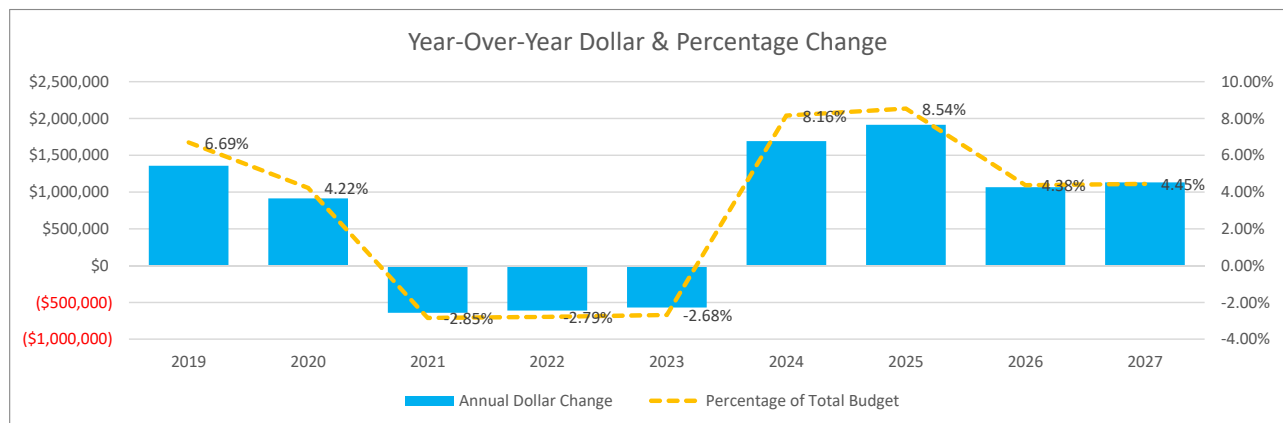
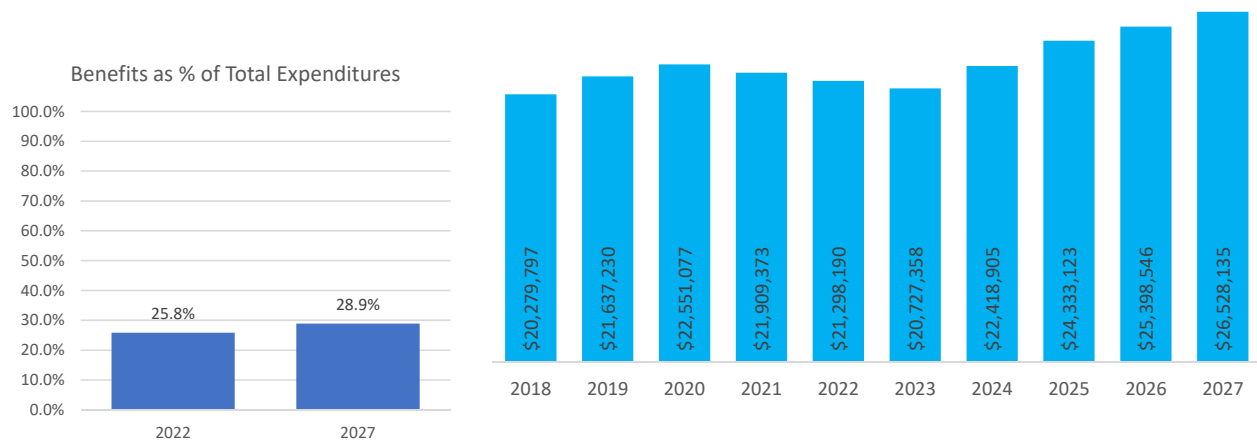


Salaries represent 52.17% of total expenditures and decreased at a historical average annual rate of -0.34% or -\$148,679. This category of expenditure is projected to grow at an annual average rate of 2.55% or \$1,192,906 through FY 2027. The projected average annual rate of change is 2.88% more than the five year historical annual average.

For FY 23 through FY 25 the negotiated salary increases represented a 3% increase in FY 23, a 2% increase in FY 24 and a 1% increase in FY 25. The decrease in FY 23 salaries can be attributed to retirements. At the time of this forecast, eight known teacher retirees are figured in for FY 24 and beyond. The district will need to continually monitor student enrollment decreases with staffing levels.

3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.

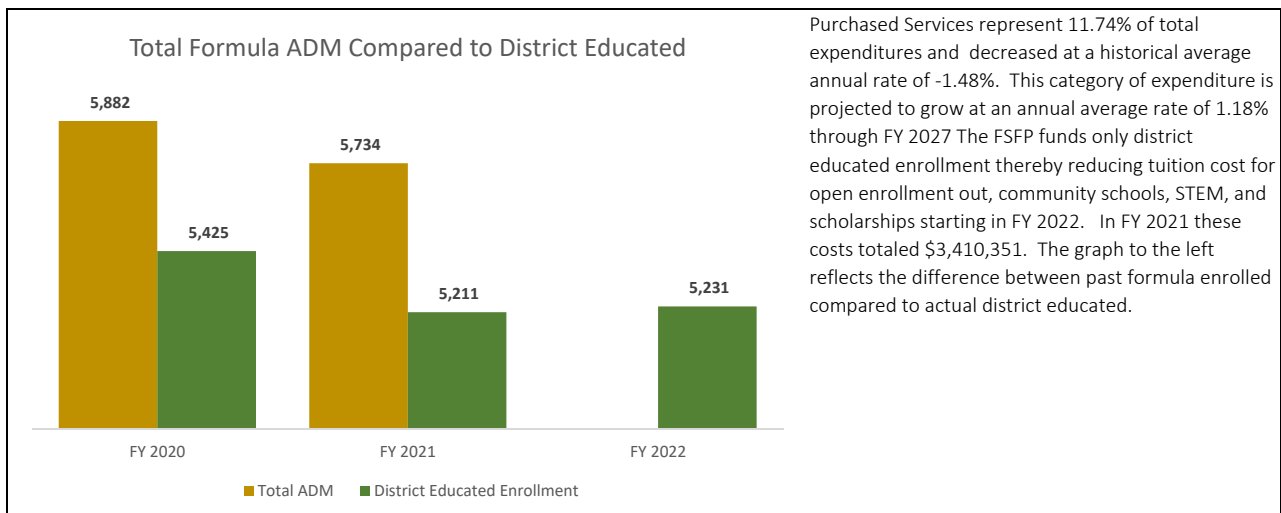
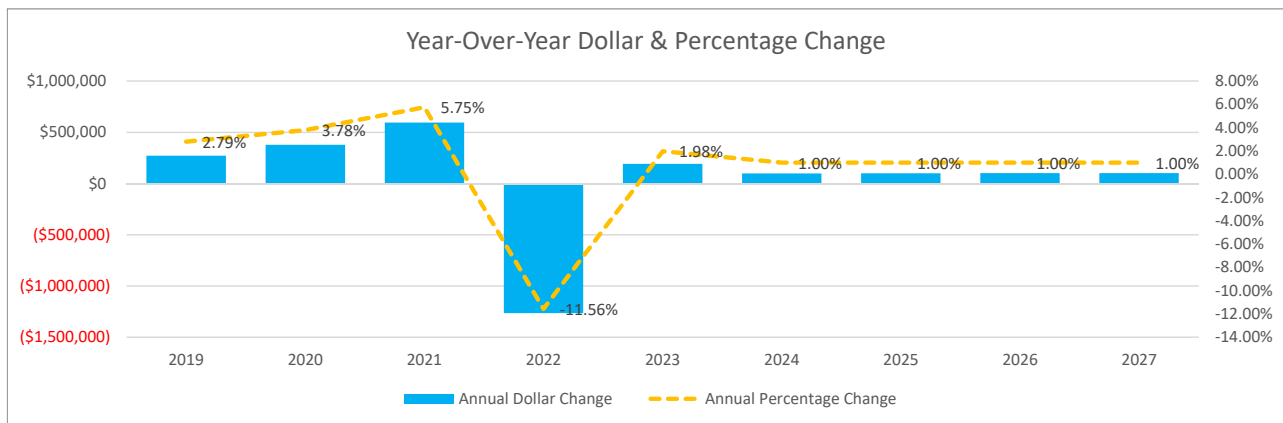
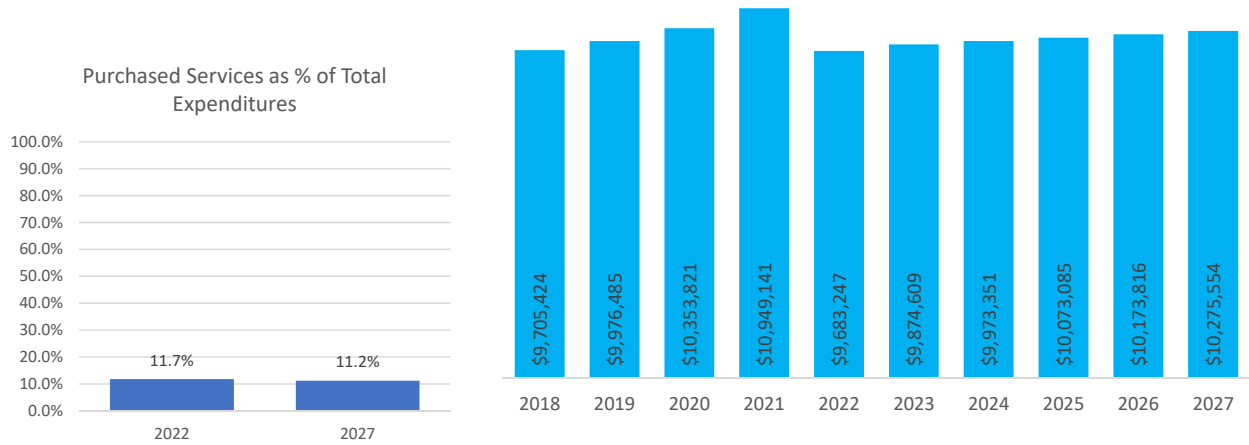


Benefits represent 25.83% of total expenditures and increased at a historical average annual rate of 2.04%. This category of expenditure is projected to grow at an annual average rate of 4.38% through FY 2027. The projected average annual rate of change is 2.34% more than the five year historical annual average.

The district negotiated a health insurance plan design change that is reflected in FY 23 through FY 27. The plan design change, which included deductible and out of pocket increases, resulted in approximately \$500,000 of savings. The forecast assumes a 10% increase in health insurance premiums for future years. Also included in this line is retirement, workers compensation and medicare that the district is responsible for.

3.030 - Purchased Services

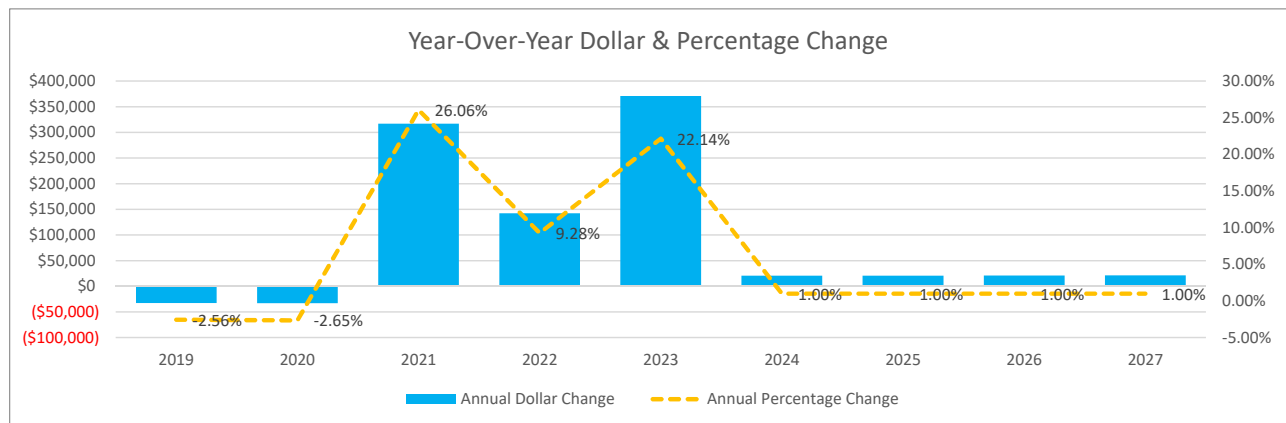
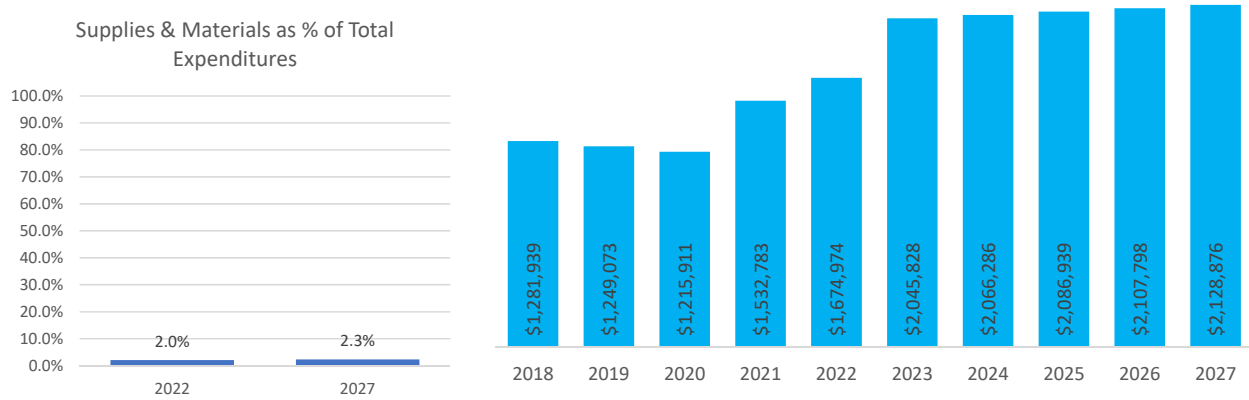
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 11.74% of total expenditures and decreased at a historical average annual rate of -1.48%. This category of expenditure is projected to grow at an annual average rate of 1.18% through FY 2027. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$3,410,351. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.

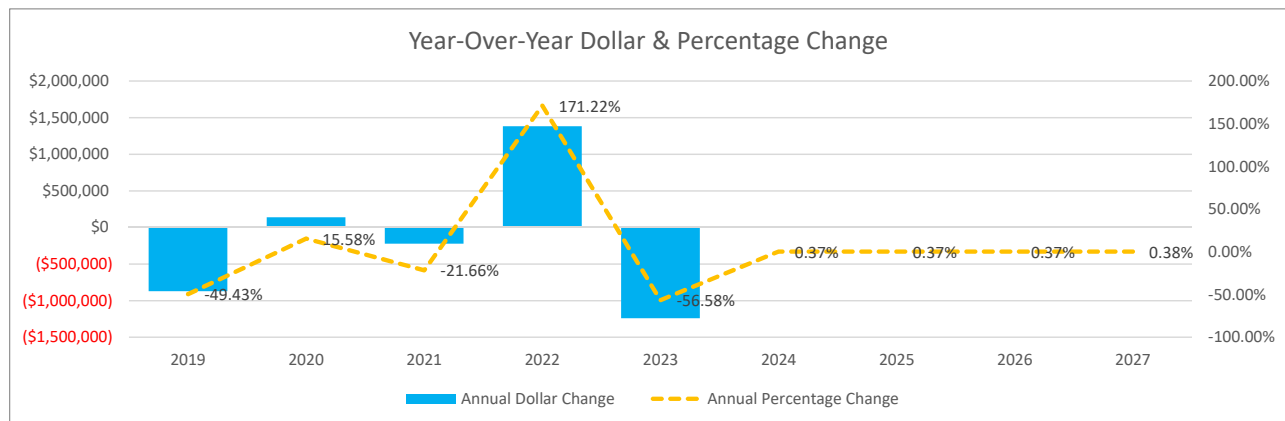
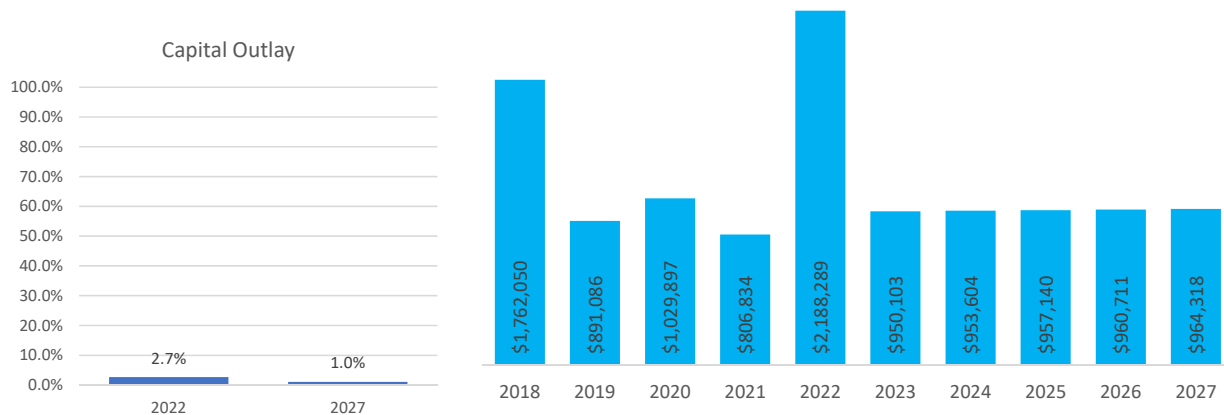


Supplies & Materials represent 2.03% of total expenditures and increased at a historical average annual rate of 1.20%. This category of expenditure is projected to grow at an annual average rate of 4.35% through FY 2027. The projected average annual rate of change is 3.15% more than the five year historical annual average.

With the current state of inflation, the district will need to continually monitor the Purchased Service and Supplies & Materials lines. While the district is receiving more revenue based on its interest income, these lines are experiencing the most growth due to the inflation.

3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.

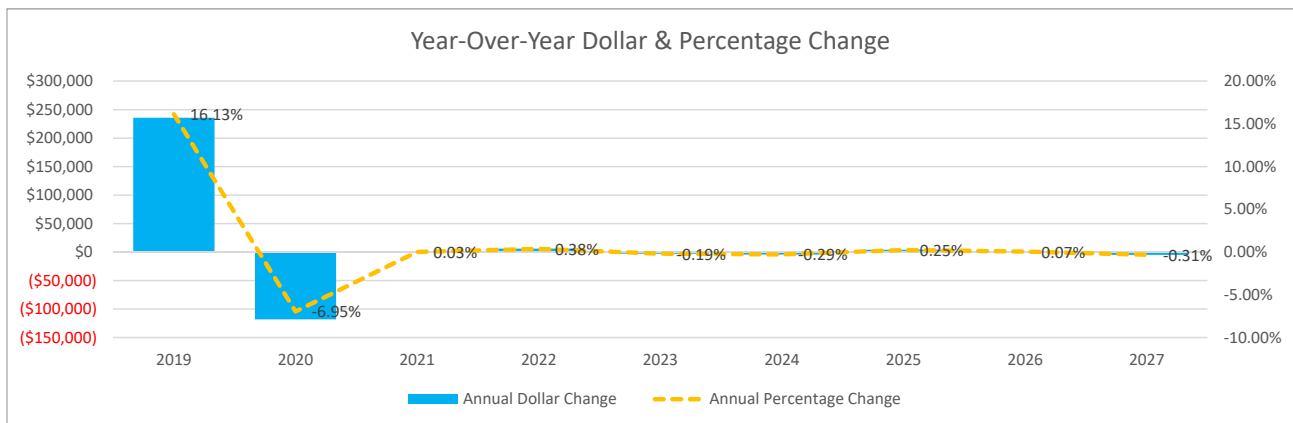
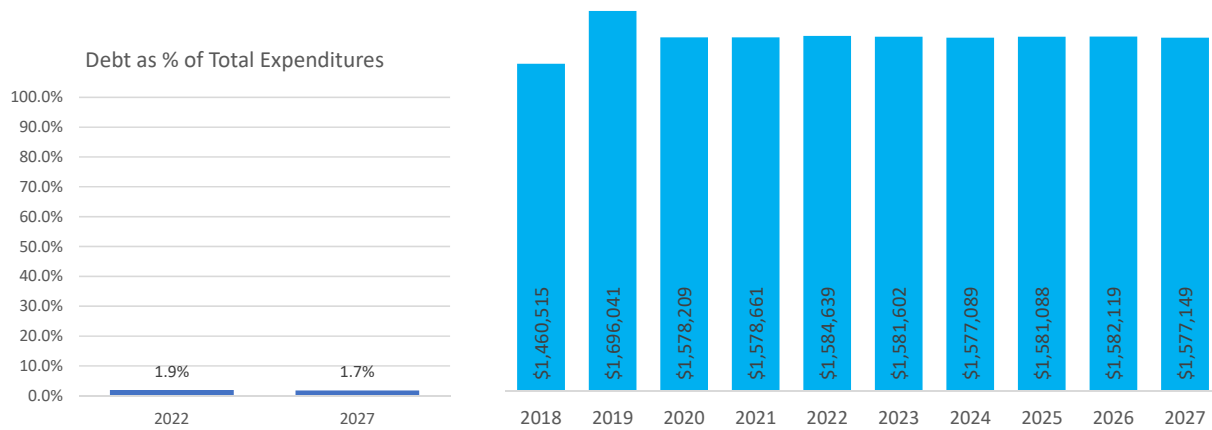


Capital Outlay represent 2.65% of total expenditures and increased at a historical average annual amount of \$249,239. This category of expenditure is projected to decrease at an annual average rate of -\$244,794 through FY 2027. The projected average annual change is less than the five year historical annual average.

The capital outlay line saw a large increase in FY 22. This increase was attributed to replacing roofs and repairing parking lots. The district received a refund from the Bureau of Workers compensation in FY 21 of approximately \$1 million dollars. This money was utilized for roof replacements at Big Creek Elementary, Berea-Midpark Middle School, and the Board of Education. It was also utilized for parking lot repairs at Big Creek Elementary, Berea-Midpark Middle School, the Board of Education and the Transportation Building. The payment for these projects was made during FY 22.

3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.

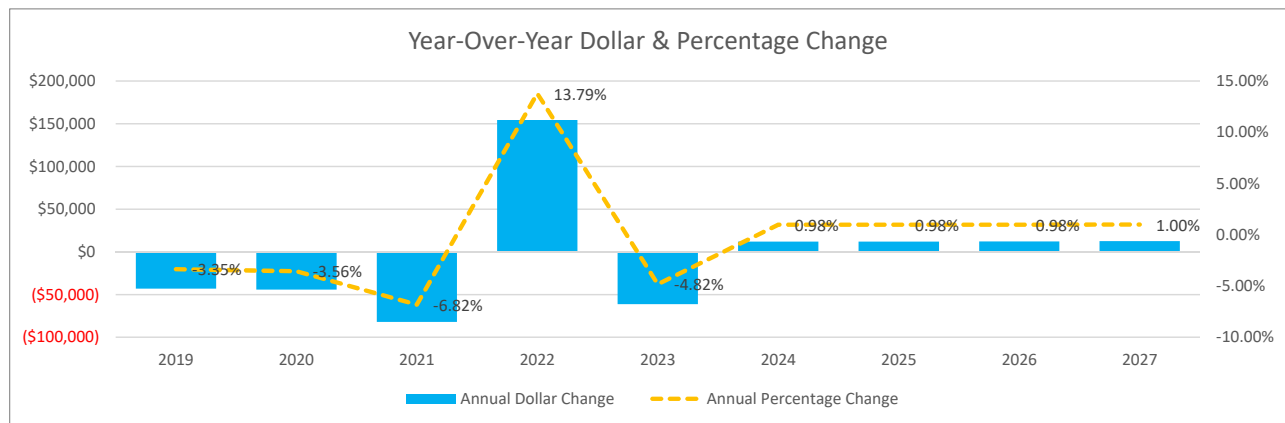
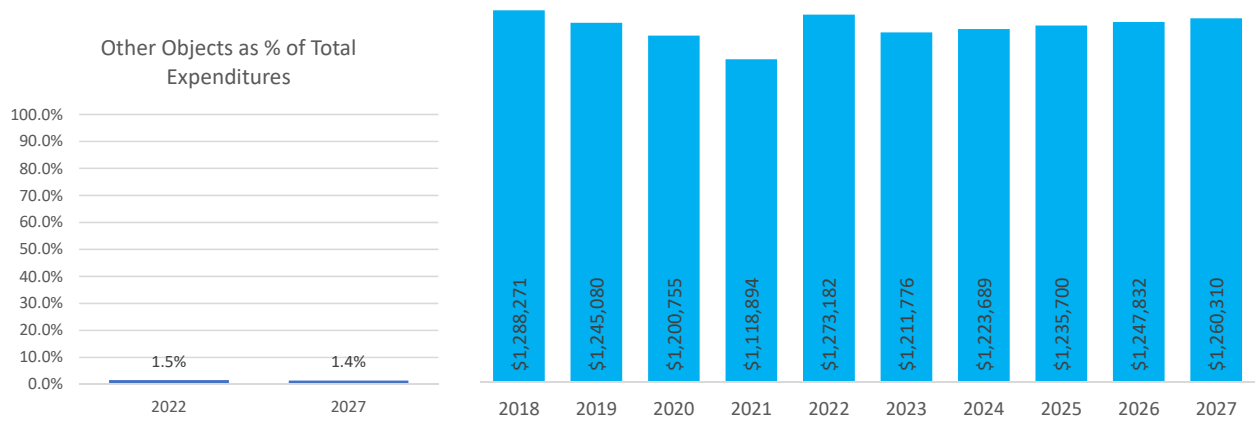


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

The debt issued represents Grindstone Elementary. Approximately \$1.6 million dollars is paid out of the general fund each year for the construction of this building. This debt will be paid off in 2039.

4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.

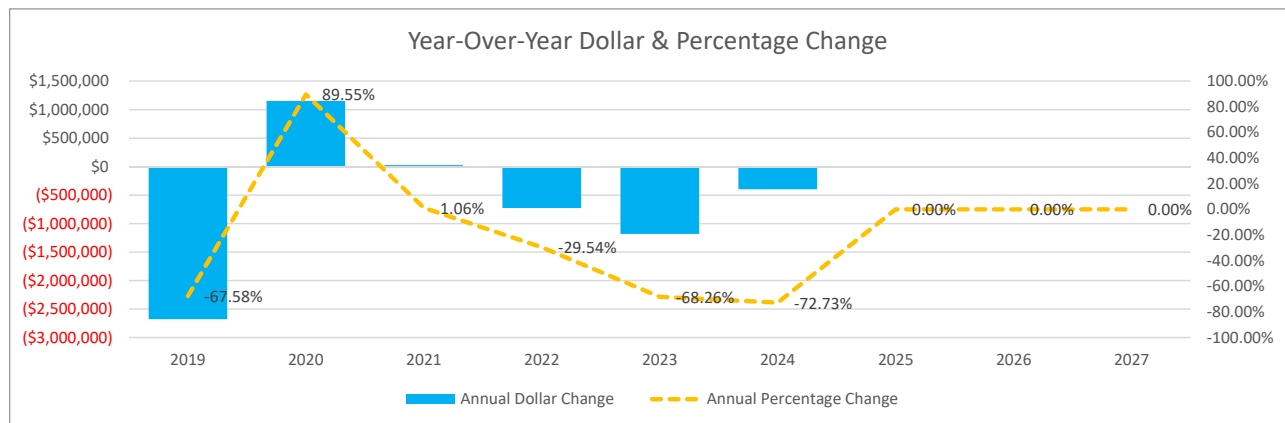
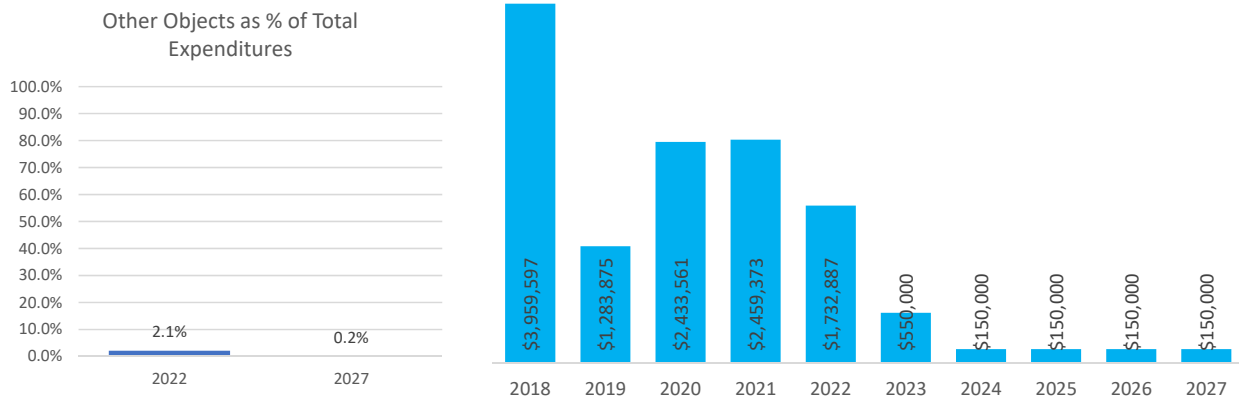


Other Objects represent 1.54% of total expenditures and increased at a historical average annual rate of 1.05%. This category of expenditure is projected to decrease at an annual average rate of -0.21% through FY 2027. The projected average annual rate of change is -1.26% less than the five year historical annual average.

The largest expenditure in this category is the fees assessed by Cuyahoga County to collect the district's taxes. Approximately \$880,000 of this line represents these fees.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



	2022	2023	2024	2025	2026	2027
Transfers Out	776,808	50,000	50,000	50,000	50,000	50,000
Advances Out	956,079	500,000	100,000	100,000	100,000	100,000
Other Financing Uses	-	-	-	-	-	-

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2022 the district had advances-out and has advances-out forecasted through FY 2027. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2027. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Berea City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2022	2023	2024	2025	2026	2027
Revenue:						
1.010 - General Property Tax (Real Estate)	57,991,902	53,730,446	55,209,228	55,602,784	55,958,150	56,140,412
1.020 - Public Utility Personal Property	4,637,370	4,946,625	5,212,705	5,479,054	5,745,403	6,011,753
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	8,702,360	8,386,417	8,470,495	8,734,926	9,017,182	9,274,844
1.040 - Restricted Grants-in-Aid	948,191	903,609	871,395	756,892	679,165	622,390
1.050 - Property Tax Allocation	7,283,464	6,387,195	5,781,912	5,820,448	5,859,319	5,866,954
1.060 - All Other Operating Revenues	4,718,859	4,468,300	4,302,349	4,440,420	4,582,633	4,729,112
1.070 - Total Revenue	84,282,146	78,822,592	79,848,084	80,834,524	81,841,852	82,645,465
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	2,353,758	956,079	500,000	100,000	100,000	100,000
2.060 - All Other Financing Sources	197,984	200,000	200,000	200,000	200,000	200,000
2.070 - Total Other Financing Sources	2,551,743	1,156,079	700,000	300,000	300,000	300,000
2.080 - Total Rev & Other Sources	86,833,889	79,978,671	80,548,084	81,134,524	82,141,852	82,945,465
Expenditures:						
3.010 - Personnel Services	43,021,130	42,931,525	45,649,694	48,129,861	48,601,598	48,985,660
3.020 - Employee Benefits	21,298,190	20,727,358	22,418,905	24,333,123	25,398,546	26,528,135
3.030 - Purchased Services	9,683,247	9,874,609	9,973,351	10,073,085	10,173,816	10,275,554
3.040 - Supplies and Materials	1,674,974	2,045,828	2,066,286	2,086,939	2,107,798	2,128,876
3.050 - Capital Outlay	2,188,289	950,103	953,604	957,140	960,711	964,318
Intergovernmental & Debt Service	1,584,639	1,581,602	1,577,089	1,581,088	1,582,119	1,577,149
4.300 - Other Objects	1,273,182	1,211,776	1,223,689	1,235,700	1,247,832	1,260,310
4.500 - Total Expenditures	80,723,651	79,322,800	83,862,618	88,396,936	90,072,419	91,720,002
Other Financing Uses						
5.010 - Operating Transfers-Out	776,808	50,000	50,000	50,000	50,000	50,000
5.020 - Advances-Out	956,079	500,000	100,000	100,000	100,000	100,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	1,732,887	550,000	150,000	150,000	150,000	150,000
5.050 - Total Exp and Other Financing Uses	82,456,538	79,872,800	84,012,618	88,546,936	90,222,419	91,870,002
6.010 - Excess of Rev Over/(Under) Exp	4,377,351	105,871	(3,464,533)	(7,412,412)	(8,080,568)	(8,924,538)
7.010 - Cash Balance July 1 (No Levies)	17,933,845	22,311,196	22,417,067	18,952,534	11,540,122	3,459,554
7.020 - Cash Balance June 30 (No Levies)	22,311,196	22,417,067	18,952,534	11,540,122	3,459,554	(5,464,983)
		Reservations				
8.010 - Estimated Encumbrances June 30	1,147,170	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	21,164,026	22,417,067	18,952,534	11,540,122	3,459,554	(5,464,983)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	21,164,026	22,417,067	18,952,534	11,540,122	3,459,554	(5,464,983)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	21,164,026	22,417,067	18,952,534	11,540,122	3,459,554	(5,464,983)

