

**BRECKSVILLE-BROADVIEW HEIGHTS CITY SCHOOL DISTRICT -
CUYAHOGA COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2020, 2021 and 2022 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2023 THROUGH JUNE 30, 2027**



**Forecast Provided By
Brecksville-Broadview Heights City School District
Treasurer's Office
Craig Yaniglos, Treasurer/CFO
May 24, 2023**

Brecksville-Broadview Heights City School District – Cuyahoga County
Notes to the Five Year Forecast
General Fund Only
May 24, 2023

Introduction to the Five Year Forecast

The five-year forecast is viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise. This then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with Ohio Department of Education when events take place that will significantly change their forecast or, at a minimum, when required under statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Here are at least three purposes or objectives of the five-year forecast:

- (1) To engage the local board of education and the community in 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

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five (5) year financial forecast by the end of November and May each fiscal year. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2023 (July 1, 2022-June 30, 2023) is the first year of the five-year forecast and is considered the baseline year. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

May 2023 Updates:

Revenues FY23

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be \$54.5million or .92% lower than the November forecasted amount of \$53.9 million.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 73.2% and are estimated to be \$42.4 million, which is \$211 thousand lower for FY23 than the original November estimate of \$42.6 million.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be \$5.2 million, which is \$199 thousand higher than the original estimate for FY23. We are currently on the guarantee and are expected to remain as a guarantee district for FY24 through FY27.

Line 1.06 - Other revenues are up \$514 thousand over original estimates, primarily due to tuition payments and interest received by the district, which are somewhat unpredictable from year to year.

All areas of revenue are tracking as anticipated for FY23 based on our best information at this time.

Expenditures FY23

Total General Fund expenditures (line 4.5) are estimated to be \$53.1 million for FY23, which is \$153 thousand lower than the original estimate of \$53.3 million in the November forecast. The expenditure lines most significantly under projection are Personnel Services (line 3.010) and Benefits (line 3.020).

All other areas of expenses are expected to remain on target with original projections for the year.

Unreserved Ending Cash Balance

With revenues increasing from estimates and expenditures decreasing, our ending unreserved cash balance June 30, 2023, is anticipated to be roughly \$23.65 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2027 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

Forecast Risks and Uncertainty:

A five year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

- I. Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years, and new construction growth with modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, predominately local taxes, equate to 82.7% of the district's resources. Our tax collections in the March 2022 and August 2022 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.
- II. Cuyahoga County experienced a reappraisal update in the 2021 tax year to be collected in FY22. The 2021 update increased overall assessed values by \$153.7 million or an increase of 13.8%. A reappraisal will occur in tax year 2024 for collection in FY25. The values are estimated to increase for Class I and II property by \$118.5 million for an overall increase of 9.27%. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.
- III. The state budget represented 17.3% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls due to the record high inflation we are witnessing at this time or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. Two future State Biennium Budgets are covering the period from FY24-25, and FY26-27 in this forecast. Future uncertainty in the state foundation funding formula and the state's economy make this area an elevated risk to district funding long range through FY27. We have projected our state funding to be in line with the FY23 funding levels through FY27 which we feel is conservative and should be close to whatever the state approves for the FY24-FY27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

- IV. HB110, the current state budget implements that has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The full release of the new Fair School Funding Plan formula calculations were delayed until March 2022. The FSFP has many significant changes to the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. Beginning in FY22, a district's open enrollment payments will no longer be paid separately as those payments are included with basic aid. A change in expenditures beginning in FY22 will also occur, in that there will no longer be deductions for students that attend elsewhere for open enrollment, community schools, STEM schools, and scholarship recipients, as these payments will be paid directly to those districts from the state. The initial impact of these changes on the forecast will be noticed in that the actual historical costs for FY20 through FY21 reflect different trends on Lines 1.035, 1.04, 1.06, and 3.03 beginning in FY22. In June 2022, the legislature passed HB583 to resolve issues and possible unintended consequences in the new funding formula. Some of these changes impacted FY22 and future years' funding. Our state aid projections have been based on the best information on the new HB110 formula as amended by HB583 that are available as of this forecast.
- V. HB110 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.
- VI. The current proposed state budget for FY24-25, HB33 was introduced on February 15, 2023, and proposes to continue the implementation of the Fair School Funding Plan (FSFP). In the initial proposal of HB33, the base cost statewide factors are the area of most significance and remain at FY18 levels. Formula districts would benefit from the continued phase-in of the FSFP, while ensuring districts would receive at least FY21 foundation funding. Certainty surrounding these and other significant funding components will not likely be known until late June 2023, after the filing of this forecast. We will be closely monitoring the progress of HB33 as it works its way through the legislative process.
- VII. The legislature has introduced House Bill 1 (HB1), proposing to modify the property taxation law and Ohio income tax rates. Proposed changes to the existing law include applying a single income tax rate of 2.75%, eliminating the 10% property tax rollback reimbursement, revising the 2.5% owner-occupied property tax rollback to be a flat \$125 credit, indexing the homestead exemption amounts to inflation, and reducing the property tax assessment percentage for Class I and II property from 35% to 31.5% to offset the 10% rollback which would be paid by local taxpayers. HB1 as currently written, would increase the effective rates for local property owners through HB920 due to the reduction in the assessed valuation for Class I and II property. HB920, enacted in 1976, states that voted school district levies collect the amount of tax revenues stated on the ballot at the time of passage and no more. The "effective" millage rate on voted levies will decrease as property values grow. If HB1 causes the assessed property values to decrease by changing the taxable values from 35% to 31.5%, this would cause "effective" millage rates and increase local taxpayers' property tax liability in nearly all cases. Taxpayers would, however, see a reduction in their tax liability on inside millage, which local governments are granted by the Ohio Constitution, and would also be a direct loss of revenue for our district. The House Ways and Means Committee had its fifth hearing regarding HB1 on Mar. 28, 2023. As this bill is facing opposition from various entities due to the significant implications to the taxable

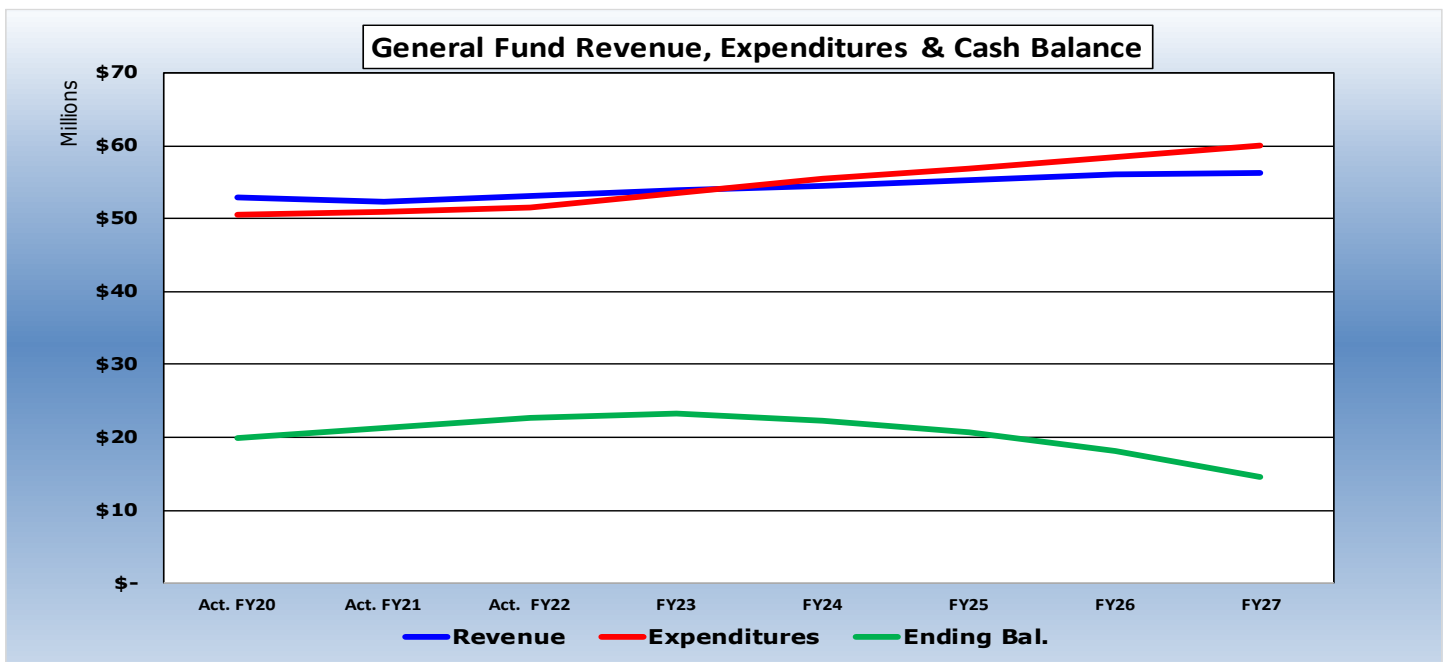
valuation of property statewide, it will remain an area of increased risk and uncertainty and will be closely monitored to determine who the outcome will be.

- VIII. Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

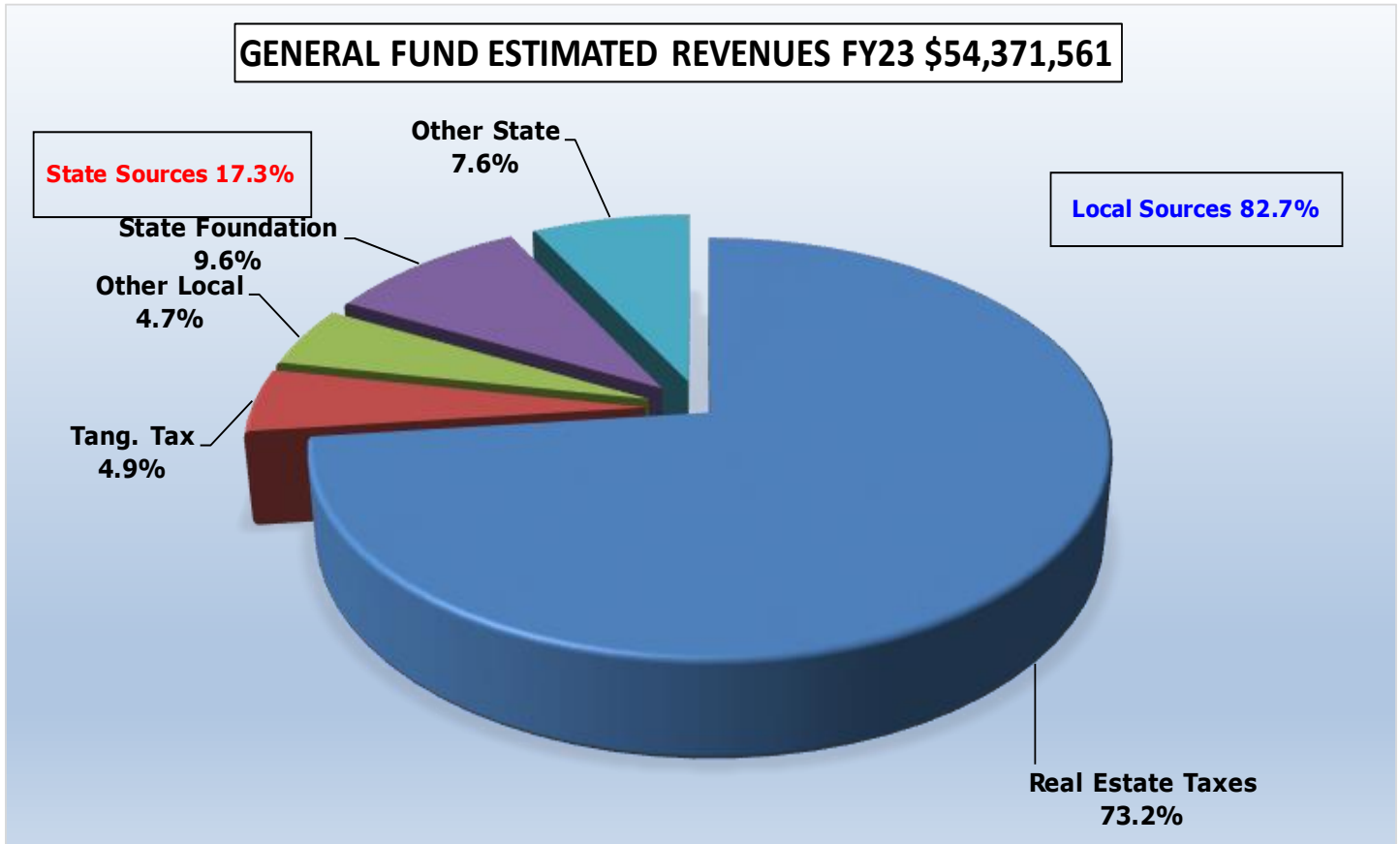
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Mrs. Craig Yaniglos, Treasurer of Brecksville-Broadview Heights City School District.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY20-22 and Estimated FY23-27

The graph captures in one snapshot the operating scenario facing the District over the next few years.



Revenue Assumptions
Estimated General Fund Operating Revenues FY23



Real Estate Value Assumptions – Line #1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Our district has assessed property value in Cuyahoga County. Cuyahoga County experienced a reappraisal update in Tax Year 2021 for collection in 2022. We realized an overall increase in our total tax base of 13.8% due to inflation and new construction.

A full reappraisal will occur in 2024 in Cuyahoga County and we estimate a 10.15% increase in residential and 4.85% in commercial property values. Residential/Agricultural and Commercial/Industrial values are estimated to increase by \$118.4 million or 9.27% overall.

Public Utility Personal Property (PUPP) values increased by \$1.37 million in Tax Year 2022. We expect our values to continue to grow by \$500,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEAR

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025	TAX YEAR 2026
Classification	COLLECT 2023	COLLECT 2024	COLLECT 2025	COLLECT 2026	COLLECT 2027
Res./Ag.	\$1,063,411,790	\$1,065,061,790	\$1,173,217,969	\$1,174,867,969	\$1,176,517,969
Comm./Ind.	210,478,780	212,278,780	222,569,931	224,369,931	226,169,931
Public Utility Personal Property (PUPP)	34,553,380	35,053,380	35,553,380	36,053,380	36,553,380
Total Assessed Value	<u>\$1,308,443,950</u>	<u>\$1,312,393,950</u>	<u>\$1,431,341,280</u>	<u>\$1,435,291,280</u>	<u>\$1,439,241,280</u>

ESTIMATED REAL ESTATE TAX (Line #1.010)

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Est. Real Estate Taxes	<u>\$39,776,854</u>	<u>\$39,937,305</u>	<u>\$40,348,736</u>	<u>\$40,715,154</u>	<u>\$40,865,531</u>
Total Line #1.01 Real Estate Taxes	<u>\$39,776,854</u>	<u>\$39,937,305</u>	<u>\$40,348,736</u>	<u>\$40,715,154</u>	<u>\$40,865,531</u>

Property tax levies are estimated to be collected at 98.50% of the annual amount. This allows 1.50% delinquency factor. In general, 52.88% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 47.12% collected in the August tax settlement.

Public Utility tax settlements (PUPP taxes) are estimated to be received 50% in March and 50% in August settlement from the County Auditor and are noted in Line #1.02 totals below.

The district has entered into a Tax Increment Financing (TIF) Agreement. There is an estimated \$300,000 in revenue expected from the land value. Due to the timing of the land purchase, construction and other factors related to the agreement, we are holding off on reflecting this in the forecast until the actual impact becomes clear.

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast.

Estimated Public Utility Personal Property Tax (PUPP) – Line #1.020

As noted earlier, the phase out of TPP taxes began in FY06 with HB66 that was adopted in June 2005. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010. Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. Collections are typically 50% in March and 50% in August along with the real estate settlements from the county auditor. The values are expected to grow by \$40,000 each year of the forecast.

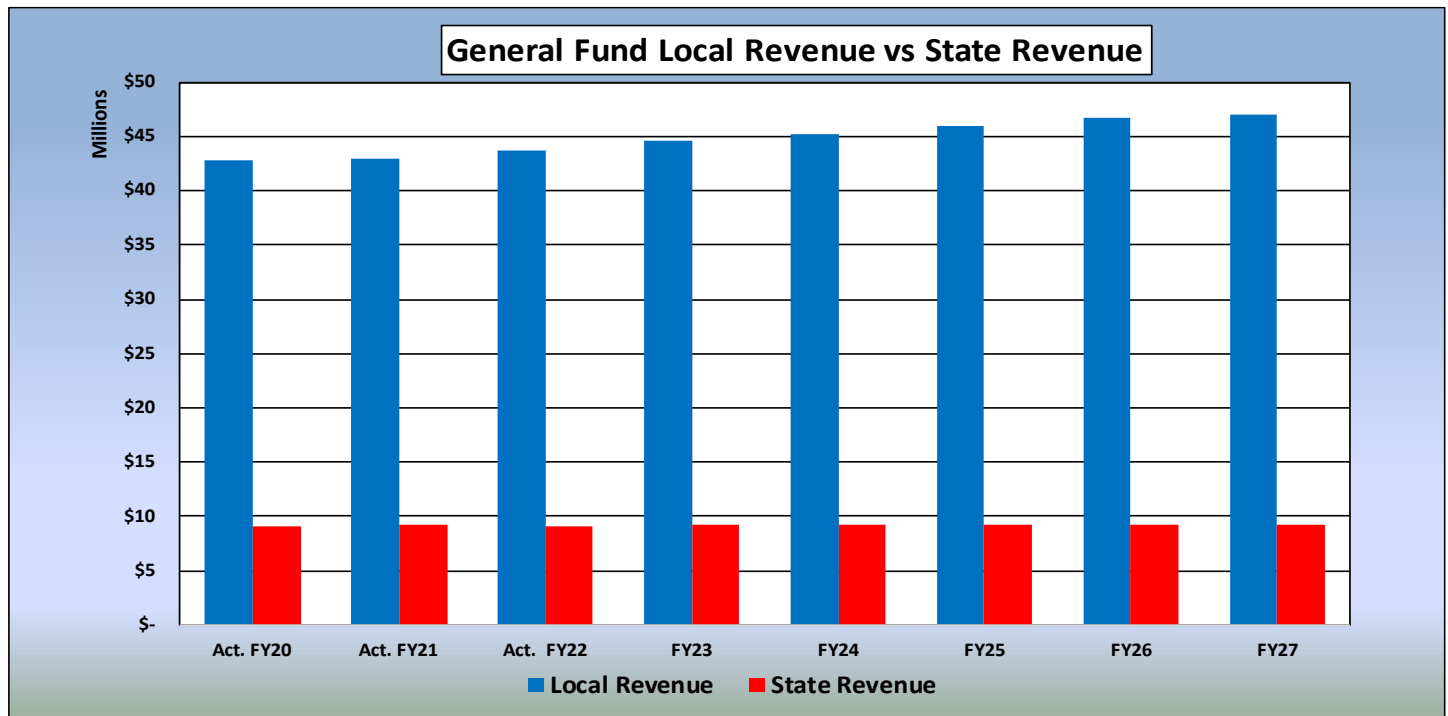
<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Public Utility Personal Property	<u>\$2,650,383</u>	<u>\$2,731,982</u>	<u>\$2,771,197</u>	<u>\$2,810,412</u>	<u>\$2,849,627</u>
Total PUPP Tax Line #1.020	<u>\$2,650,383</u>	<u>\$2,731,982</u>	<u>\$2,771,197</u>	<u>\$2,810,412</u>	<u>\$2,849,627</u>

New Tax Levies – Line #13.030

No new levies are modeled in the forecast at this time.

Comparison of Local Revenue and State Revenue:

The following graph clearly shows that local taxpayers are the chief source of district operating dollars as the state funding formula is not attempting to help fund districts considered wealthy by the state. It is also apparent that revenue growth from the state has been and is projected to be mostly flat.



State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045 Current State Funding Model per HB110 through June 30, 2023

A) Unrestricted State Foundation Revenue– Line #1.035

The full release of the new Fair School Funding Plan formula occurred in March 2022 and was amended in HB583, passed in June 2022. We have projected FY23 funding based on the April #1 2023 foundation settlement and funding factors.

Our district is currently a guarantee district in FY23 and is expected to continue as a guarantee district in FY24-FY27 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110, as amended by HB583, implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five-year forecast look different with estimates FY23 through FY27 compared to actual data FY20 through FY21 on Lines 1.035, 1.04, 1.06 and 3.03 of the forecast.

Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan

- A. Student Population and Demographics
- B. Property Valuation
- C. Personal Income of District Residents
- D. Historical Funding- CAPS and Guarantees from prior funding formulas

Base Cost Approach- Unrestricted Basic Aid Foundation Funding

The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district that includes base funding for five (5) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)
4. Building Leadership & Operations (3 subcomponents)
5. Athletic Co-curricular (contingent on participation)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is estimated to be as high as \$7,351.71 per pupil in FY23, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

1. 60% based on most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
2. 20% based on most recent three (3) year average federal adjusted gross income of district residents or the most recent year, whichever is lower divided by base students enrolled
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled
4. When the weighted values are calculated and Items 1 through 3 above added together, the total is then multiplied by a Local Share Multiplier Index from ranging from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open enrolled students being educated in each district), and finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity amount of the base per pupil funding amount. The balance of this amount is the state share to pay.

Categorical State Aid

In addition to the base state foundation funding calculated above, the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). Also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all districts' calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA)- Formerly Economically Disadvantaged Funding, DPIA is based on number and concentration of economically disadvantaged students compared to state average and multiplied by \$422 per pupil. Phase in increases are limited to 0% for FY22 and 33.34% in FY23. There is no legislation indicating the percentage increase for FY24 and beyond for DPIA.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds –Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness & Success Funding – These funds in FY20 and FY21 were accounted for in Fund 467, but are now restricted funds to be accounted for in the General Fund as part of the foundation formula.

State Funding Phase-In FY22 and FY23 and Guarantees

While the FSFP was presented as a six (6) year phase-in plan, the state legislature only approved the first two (2) years of the funding plan in HB110, which was amended by HB583 in June 2022. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 33.33% in FY23. Transportation categorical funds will not be subject to a phase in.

HB110 includes three (3) guarantees: 1) “Formula Transition Aid”; 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY22 and FY23 than they received in FY21. The guarantee level of funding for FY22 is a calculated funding guarantee level based on total state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items. It is estimated that nearly 420 districts are on one form of guarantee in FY22. In general, the same number will occur in FY23 since state average costs were frozen at FY18 in the Base Cost calculations. In contrast, property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, pushing districts toward one of the three (3) guarantees.

Student Wellness and Success Funds (SWSF) - (Restricted Fund 467)

In FY20 and FY21, HB166 provided Student Wellness and Success Funds (SWSF) to be deposited in Special Revenue Fund 467. HB110, the new state budget, essentially eliminated these funds by merging them into state aid and wrapped them into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below, with only a smaller portion devoted to SWSF. Any remaining funds in Special Revenue Fund 467 from FY20 and FY21 will be required to be used for the restricted purposes governing these funds until entirely spent.

Future State Budgets:

Our funding status for FY24-27 will depend on two new state budgets. The current proposed state budget for FY24-25, HB33, was introduced on February 15, 2023, and continues the implementation of the FSFP, with the following changes.

Unrestricted Basic Aid Foundation Funding

- a) The statewide average base cost per pupil will remain at FY18 levels in FY24-25.
- b) Increases the general phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- c) Extends payment of the temporary transitional aid and the formula transition supplement to ensure districts are guaranteed to be funded at FY21 levels, at a minimum, through FY25.

Unrestricted Categorical State Aid

- a) Transportation Aid - Increases the minimum state share percentage from 33.33% in FY23 to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

- a) Disadvantage Pupil Impact Aid (DPIA) - Increases phase-in percentage from 33.33% in FY23 to 50% in FY24 and 67% in FY25.
- b) Gifted Funds - Increases per pupil funding for the gifted professional development component from \$14 in FY23 to \$21 in FY24 and \$28 in FY25.
- c) Student Wellness and Success Funds
 - a. Expenditures for physical or mental health-based initiatives, or a combination of both, must comprise at least 50% of these funds.
 - b. Any SWSF funds received between FY20-23 must be expended by June 30, 2025, or the funds must be returned to the ODE.
 - c. School resource officer funding will be allocated on a per building basis. Funds can support existing SROs.

Additionally, there are two other funding components in HB33 which provide additional support for districts. The first is the sports gaming profits education fund, which is projected to appropriate \$30 million each year of the biennium, of which \$15 million is targeted toward eliminating or reducing pay to participate fees. The second component is information technology support for schools and districts, which is projected to appropriate \$14.3 million over the biennium for cybersecurity and building connectivity. We are still awaiting concrete information on how the funds will be allocated to schools.

With these still unknown changes to the state funding for FY24-25, we will continue to project our unrestricted and categorical state funding to align with the FY23 funding levels through the remainder of the forecast. The state budget for FY26-27 is unknown; however, we believe that our state funding estimates are reasonable, and we will adjust the forecast in the future when we have authoritative data to work with.

Casino Revenue

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% GCR that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY23-27 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to \$106.35 million or \$59.80 per pupil, actual payments in FY22 were \$62.71 per pupil. FY23 Casino revenues have resumed their historical growth rate and assume a 2% annual growth rate for the forecast period.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Basic Aid-Unrestricted	\$3,705,603	\$3,705,603	\$3,705,603	\$3,705,603	\$3,705,603
Additional Aid Items	<u>450,013</u>	<u>450,013</u>	<u>450,013</u>	<u>450,013</u>	<u>450,013</u>
Basic Aid-Unrestricted Subtotal	4,155,616	4,155,616	4,155,616	4,155,616	4,155,616
Ohio Casino Commission ODT	<u>231,632</u>	<u>237,449</u>	<u>243,392</u>	<u>249,498</u>	<u>255,770</u>
Total Unrestricted State Aid Line #1.035	<u>\$4,387,248</u>	<u>\$4,393,065</u>	<u>\$4,399,008</u>	<u>\$4,405,114</u>	<u>\$4,411,386</u>

B) Restricted State Foundation Revenue – Line #1.035

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added, as noted above under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. Using current April funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22, and 33.34% in FY23. We have flat lined funding at FY23 levels for FY24-27 due to uncertainty on continued funding of the current funding formula. The district has elected also to post Catastrophic Aid for special education as restrict revenues.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Economically Disadvantaged Aid	\$5,856	\$5,856	\$5,856	\$5,856	\$5,856
ESL	4,881	4,881	4,881	4,881	4,881
Gifted	134,385	134,385	134,385	134,385	134,385
Career Tech - Restricted	0	0	0	0	0
Student Wellness	119,924	119,924	119,924	119,924	119,924
Catastrophic Aid	<u>375,000</u>	<u>375,000</u>	<u>375,000</u>	<u>375,000</u>	<u>375,000</u>
Total Restricted State Revenues Line #1.040	<u>\$640,046</u>	<u>\$640,046</u>	<u>\$640,046</u>	<u>\$640,046</u>	<u>\$640,046</u>

C) Restricted Federal Grants in Aid – Line #1.045

No federal unrestricted grants are projected FY23-27.

<u>SUMMARY</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Unrestricted Line #1.035	\$4,387,248	\$4,393,065	\$4,399,008	\$4,405,114	\$4,411,386
Restricted Line #1.040	640,046	640,046	640,046	640,046	640,046
Rest. Federal Funds #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$5,027,294</u>	<u>\$5,033,111</u>	<u>\$5,039,054</u>	<u>\$5,045,160</u>	<u>\$5,051,432</u>

State Taxes Reimbursement/Property Tax Allocation

a) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income

qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Rollback and Homestead	<u>\$4,155,231</u>	<u>\$4,191,481</u>	<u>\$4,235,541</u>	<u>\$4,279,196</u>	<u>\$4,288,518</u>
b) TPP Reimbursement - Fixed Rate	0	0	0	0	0
c) TPP Reimbursement - Fixed Sum	0	0	0	0	0
Total Tax Reimbursements #1.050	<u>\$4,155,231</u>	<u>\$4,191,481</u>	<u>\$4,235,541</u>	<u>\$4,279,196</u>	<u>\$4,288,518</u>

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area have been open enrollment, tuition for court placed students, interest, student fees, Medicaid payments and general rental fees.

HB110, the current state budget, stopped paying open enrollment as an increase to other revenue for the district. This is projected below as zeroes to help show the difference between projected FY23-27 Line 1.06 revenues and historical FY20 through FY22 revenues on the five-year forecast.

In FY21 and FY22 interest income fell due to the pandemic; however, in FY23, rates began to rise quickly due to the Federal Reserve's strategy to combat inflation. We will closely monitor our investments to capitalize on these increased rates while they continue. Although increasing interest rates place risk on our local economy, we are able to benefit from the interest rates revenue due to our firm cash reserves. Rentals are expected to return to pre-pandemic levels over time.

The district is expected to begin collecting TIF revenue from the recent TIF agreement. We are reflecting this revenue the forecast.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Tuition Related Payments	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
Medicaid	100,000	100,000	100,000	100,000	100,000
Class & Sports Oriented Fees	275,000	275,000	275,000	275,000	275,000
Interest Earnings	600,000	600,000	540,000	432,000	345,600
Payments In Lieu of Taxes (TIF)	0	16,139	376,685	810,909	947,676
Rental Related Fees	30,000	30,000	30,000	30,000	30,000
Erate	90,000	0	0	0	0
Miscellaneous	<u>267,392</u>	<u>267,392</u>	<u>267,392</u>	<u>267,392</u>	<u>267,392</u>
Total Other Local Revenue Line #1.060	<u>\$2,562,392</u>	<u>\$2,488,531</u>	<u>\$2,789,077</u>	<u>\$3,115,301</u>	<u>\$3,165,668</u>

Transfers In / Return of Advances – Line #2.040 & Line #2.050

The district does not have any projected revenue in these lines.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Transfers In - Line #2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line #2.050	0	0	0	0	0
Total Transfer & Advances In	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

All Other Financial Sources – Line #2.060 & Line #14.010

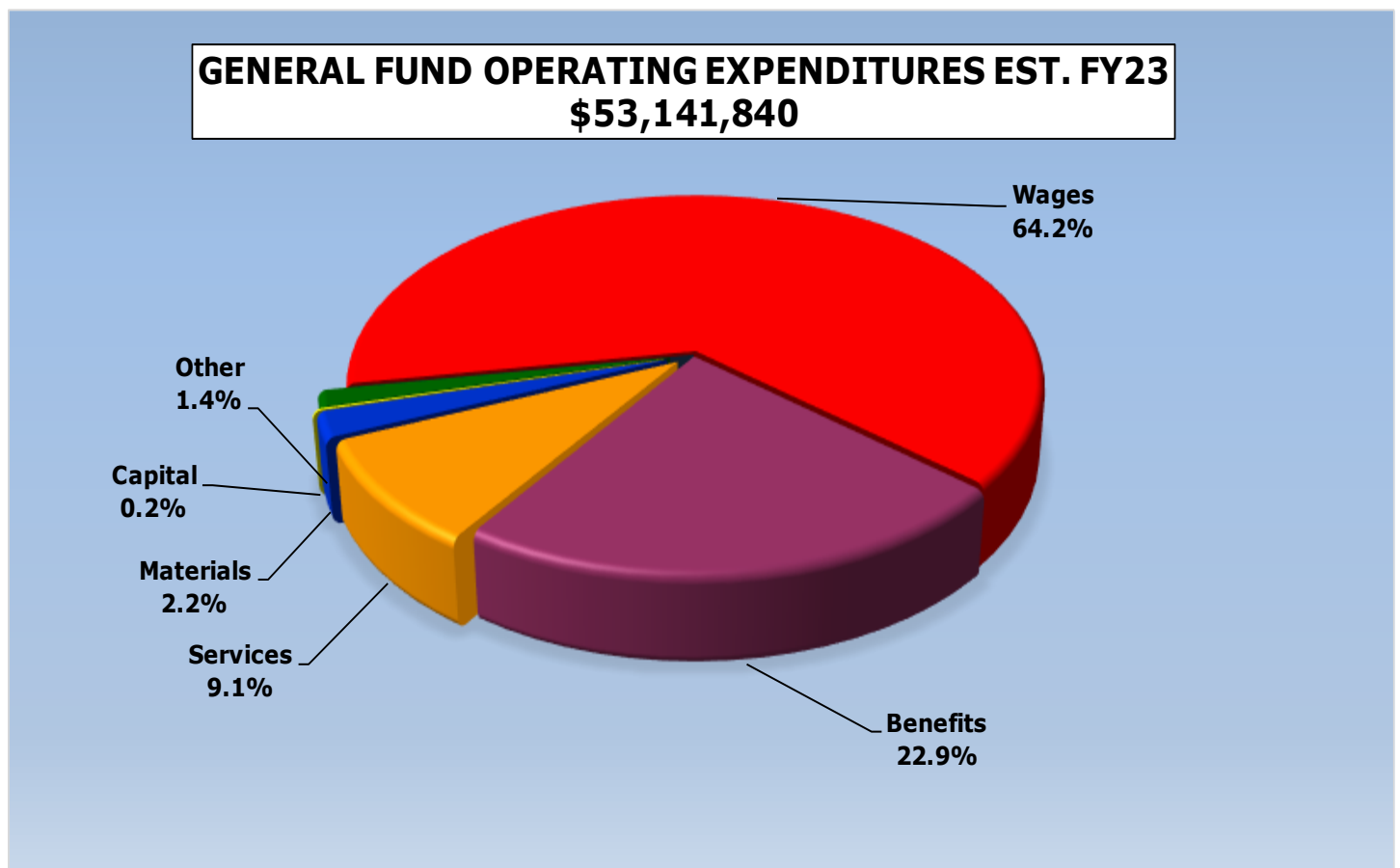
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years we are estimating an amount of refunds that align with historical collections. Due to the nature of these collections, this forecast does not assume future collections in this section.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Refund of prior years expenditures	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

Estimated General Fund Operating Expenditures for FY23



Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement to include base increases of 2.75% for FY22 through FY24. For planning purposes a 1.5% base increase is planned FY25 through FY27. The district estimated \$400,000 in FY23 through FY24 and 1.1% increases for FY25 through FY27 for steps and column changes.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Base Wages	\$32,527,821	\$32,913,699	\$33,914,644	\$34,767,115	\$35,661,683
Based Pay Increase	894,515	905,127	508,720	521,507	534,925
Steps & Academic Training	250,000	300,000	362,051	373,061	382,438
Growth Staff	0	0	0	0	0
New Building Staff	44,525	54,654	9,150	0	0
Substitutes	275,000	275,000	275,000	275,000	275,000
Supplementals	575,000	590,813	599,675	608,670	617,800
Severance	375,000	400,000	200,000	200,000	200,000
SWSF & CARES Adjustments	0	0	0	0	0
Other Adjustments/Reductions	(803,163)	(258,836)	(27,450)	0	0
Total Wages Line #3.010	<u>\$34,138,699</u>	<u>\$35,180,457</u>	<u>\$35,841,790</u>	<u>\$36,745,353</u>	<u>\$37,671,846</u>

Fringe Benefits Estimates Line 3.02

This area of the forecast captures all costs associated with benefits and retirement costs, all of which are directly related to the wages paid with the exception of health and life insurance benefits.

A) STRS/SERS

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district must pay SERS Surcharge, which is an additional employer charge based on the salaries of lower-paid members.

B) Insurance

The district has a 6.6% increase in premiums estimated for FY23 and 11% increases estimated for FY24. FY25 through FY27 we are estimating 10% increases.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to remain at about 0.56% of wages in fiscal year FY23. FY24 through FY27 we are showing a slight decrease. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D) Medicare

Medicare will continue to increase at the rate of increases in wages and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

E) Other/Tuition

The district reimburses employees for the tuition to further their education to maintain licensure for teaching. The district does not anticipate any increase during the forecast.

Summary of Fringe Benefits – Line #3.02

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
A) STRS/SERS	\$5,327,278	\$5,399,207	\$5,502,414	\$5,637,857	\$5,780,984
B) Insurance's	6,094,837	6,705,912	7,371,013	8,108,114	8,918,925
C) Workers Comp/Unemployment	189,345	184,345	161,169	165,145	169,221
D) Medicare	495,011	510,116	519,706	532,808	546,242
Other/Tuition/Annuities	64,458	64,458	64,458	64,458	64,458
Total Fringe Benefits Line #3.020	<u>\$12,170,929</u>	<u>\$12,864,038</u>	<u>\$13,618,760</u>	<u>\$14,508,382</u>	<u>\$15,479,830</u>

Purchased Services – Line #3.030

HB110, the new state budget, has impacted Purchased Services as the Ohio Department of Education will began to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding. We have continued to show these amounts below as zeros to help reflect the difference between projected FY23-FY27 Line 3.03 costs and previous years. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

Utilities are down from taking several less efficient buildings offline. In a heavy inflation environment, the district has been able to manage cost very effectively.

Source	FY23	FY24	FY25	FY26	FY27
Professional & Technical Services, ESC	\$2,400,000	\$2,424,000	\$2,448,240	\$2,472,722	\$2,497,449
Maintenance, Insurance & Garbage Removal	550,000	555,500	561,055	566,666	572,333
Professional Development	55,000	55,550	56,106	56,667	57,234
Communications, Postage, & Telephone	94,360	95,304	96,257	97,220	98,192
Utilities	975,000	984,750	994,598	1,004,544	1,014,589
Contracted Trades & Services	94,000	94,940	95,889	96,848	97,816
Tuition, Excess Costs & Scholarship Costs	450,000	450,000	450,000	450,000	450,000
Open Enrollment & Community School Costs	0	0	0	0	0
College Credit Plus	100,000	100,000	100,000	100,000	100,000
Contract Transportation	115,000	115,000	115,000	115,000	115,000
Other Adjustments SWSF, CARES, Etc.	0	0	0	0	0
Miscellaneous Purchased Services	0	0	0	0	0
Total Purchased Services Line #3.030	<u>\$4,833,360</u>	<u>\$4,875,044</u>	<u>\$4,917,145</u>	<u>\$4,959,667</u>	<u>\$5,002,613</u>

Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel.

Source	FY23	FY24	FY25	FY26	FY27
General Office Supplies & Materials	\$450,000	\$454,500	\$459,045	\$463,635	\$468,271
Textbooks & Instructional Supplies	35,000	35,350	35,704	36,061	36,422
Facility Supplies & Materials	275,000	277,750	280,528	283,333	286,166
Transportation Fuel & Supplies	404,019	408,059	412,140	416,261	420,424
Other adjustments SWSF, CARES, Etc.	0	0	0	0	0
Total Supplies Line #3.040	<u>\$1,164,019</u>	<u>\$1,175,659</u>	<u>\$1,187,417</u>	<u>\$1,199,290</u>	<u>\$1,211,283</u>

Equipment – Line #3.050

The District does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund.

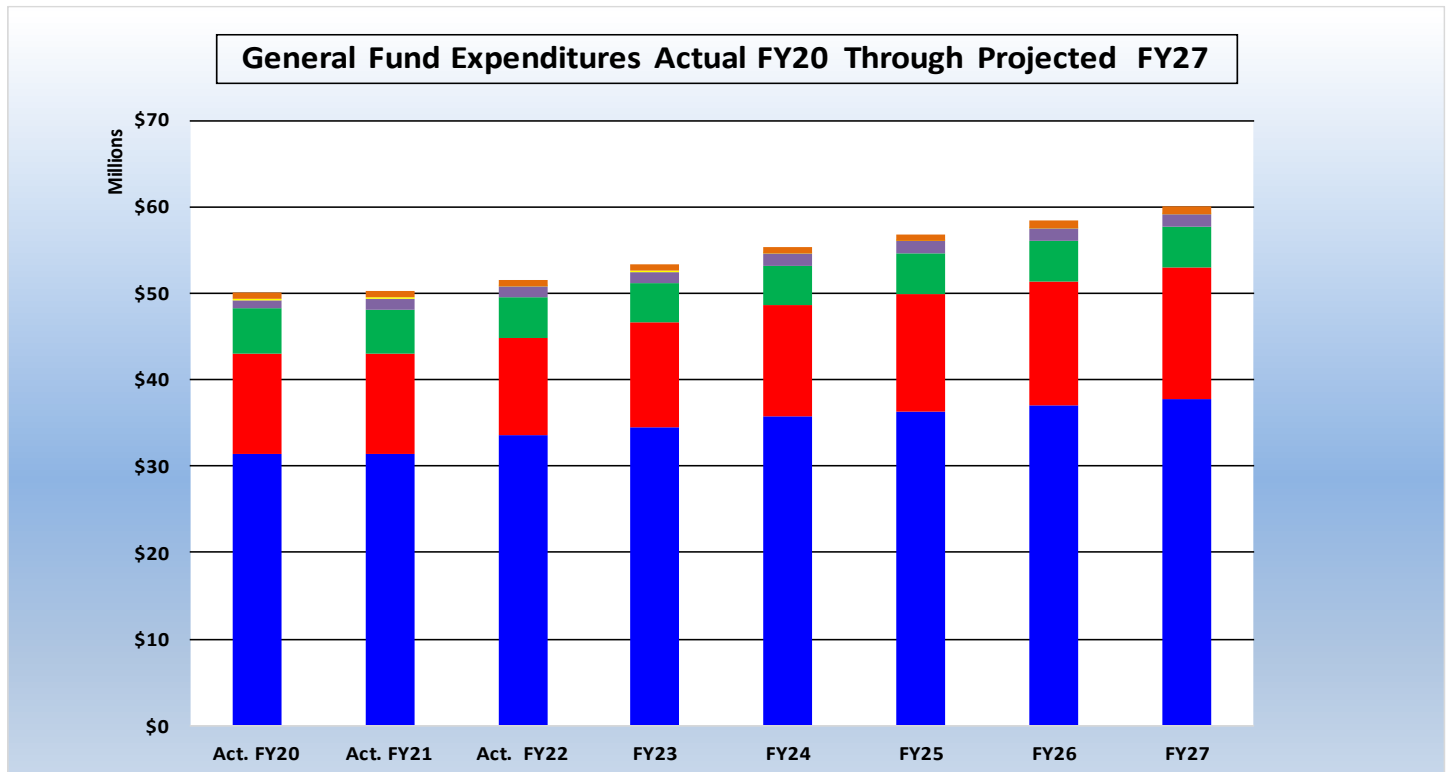
<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Capital Outlay & Maintenance	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Technology/Curriculum Purchases	30,000	30,000	30,000	30,000	30,000
Busses & Other Vehicles	0	0	0	0	0
Other adjustments SWSF, CARES, Etc.	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Equipment Line #3.050	<u>\$80,000</u>	<u>\$80,000</u>	<u>\$80,000</u>	<u>\$80,000</u>	<u>\$80,000</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses. We are projecting no increase in this area.

<u>Source</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
County Auditor & Treasurer Fees	\$525,000	\$525,000	\$525,000	\$525,000	\$525,000
ESC Deduction	23,348	23,348	23,348	23,348	23,348
Increased A&T Fees for New Levies	0	0	0	0	0
Dues, Fees & other Expenses	<u>206,485</u>	<u>206,485</u>	<u>206,485</u>	<u>206,485</u>	<u>206,485</u>
Total Other Expenses Line #4.300	<u>\$754,833</u>	<u>\$754,833</u>	<u>\$754,833</u>	<u>\$754,833</u>	<u>\$754,833</u>

Total Expenditure Categories Actual Fiscal Year 2020 through Fiscal Year 2022 and Estimated Fiscal Year 2023 through Fiscal Year 2027



Transfers Out/Advances Out – Line #5.010

This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements to repay the General Fund.

Source	FY23	FY24	FY25	FY26	FY27
Operating Transfers Out Line #5.010	\$210,000	\$60,000	\$60,000	\$60,000	\$60,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances Out	<u>\$210,000</u>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$60,000</u>

Encumbrances – Line #8.010

These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY23	FY24	FY25	FY26	FY27
Estimated Encumbrances Line #8.010	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

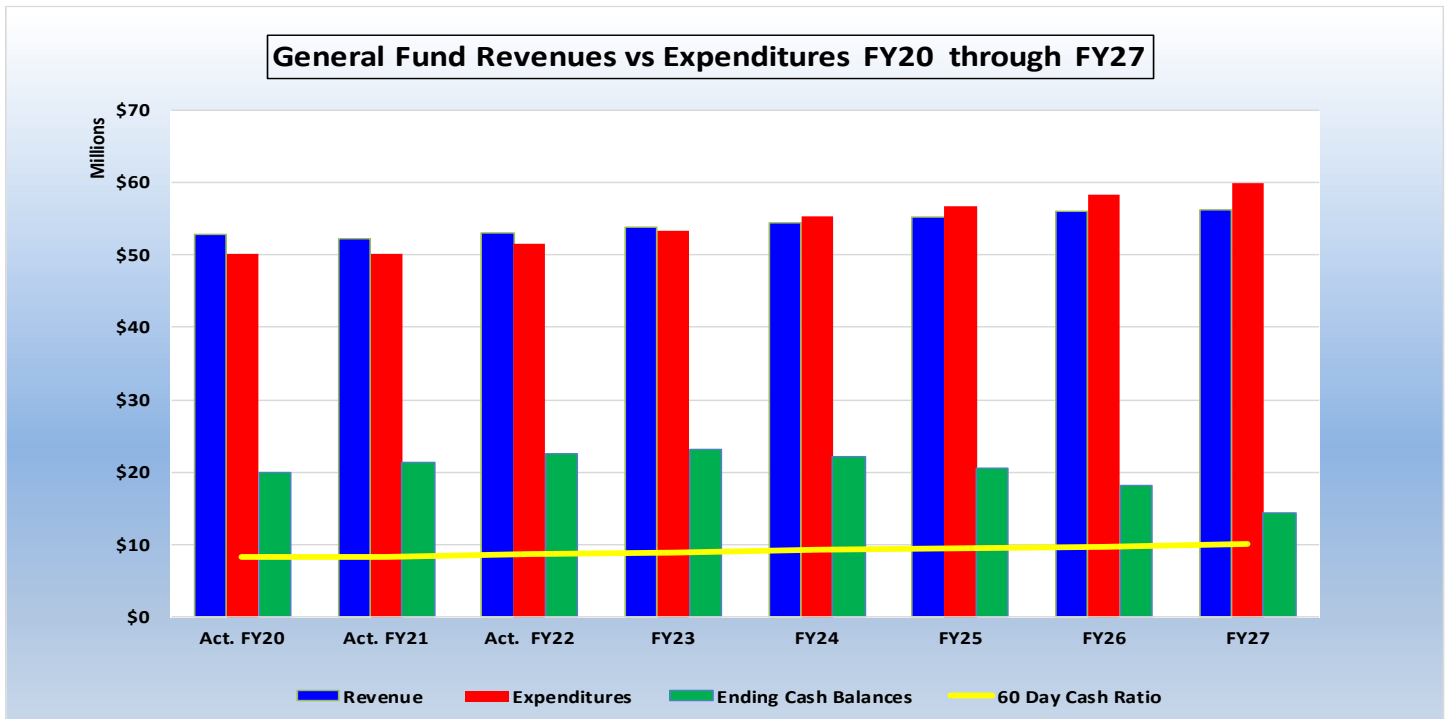
Ending Unencumbered Cash Balance “The Bottom-line” – Line #15.010

This amount must not go below \$0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000. It is recommended by the GFOA and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance.

	FY23	FY24	FY25	FY26	FY27
Ending Unreserved Cash Balance Line #15.01	<u>\$23,650,421</u>	<u>\$23,267,332</u>	<u>\$22,215,653</u>	<u>\$20,098,145</u>	<u>\$16,283,446</u>

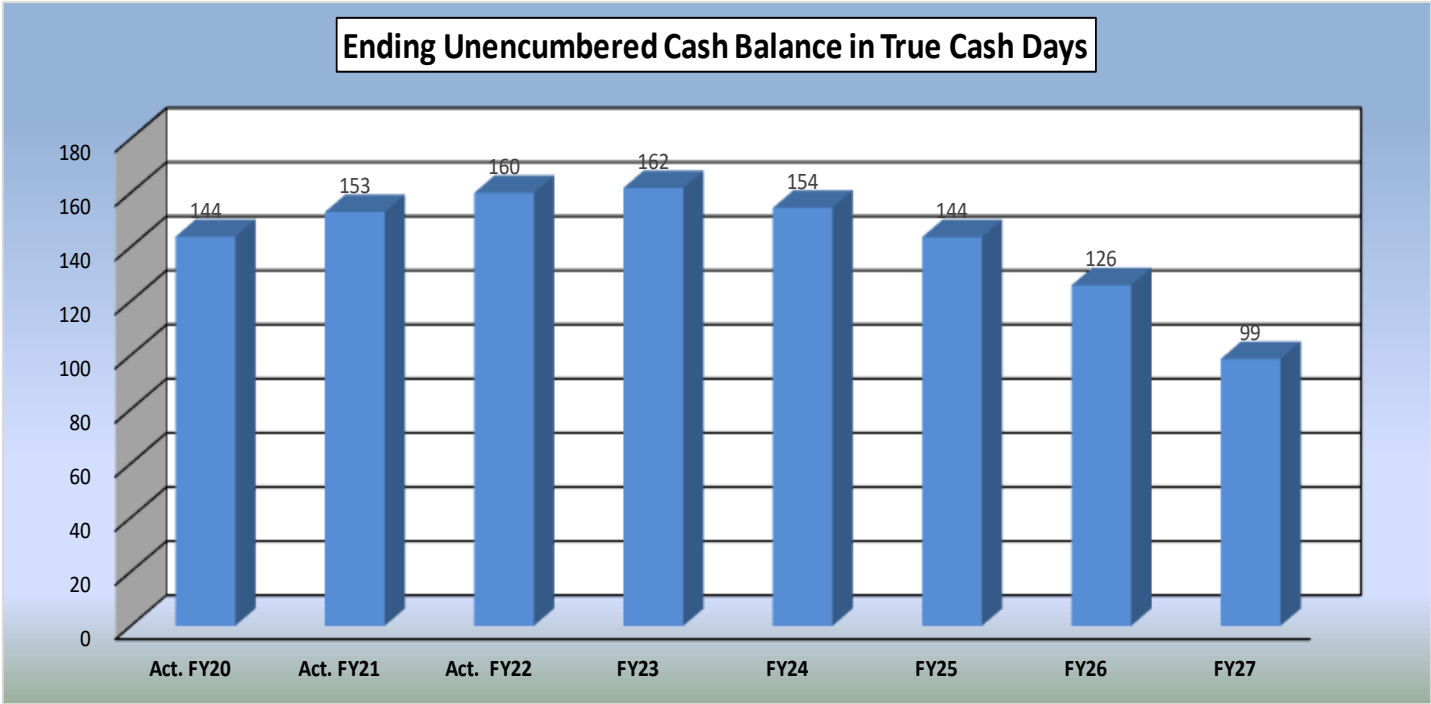
Operating Expenditures Actual FY20 through FY22 and Estimated FY23-FY27

As the graph on the following page indicates, we have been diligent at managing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year-end if no additional revenues were received? This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = the number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends that no less than two (2) months or 60 days of cash is on hand at year-end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated, including transfers, as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



CONCLUSION

Brecksville-Broadview Heights City School District receives 17.3% of it’s funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The district administration is grateful for the changes in the current state budget HB110 as it has reduced the amount that was deducted for programs that were not within the district’s control. However, future state budgets funding will need to be watched since, the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY24-FY27.

District administrations appreciates the supportive Brecksville-Broadview Heights community and are actively planning for the future needs of our students while keeping an eye on the financial stability of the district. The administration is mindful that there are many risks and uncertainties that will need to be considered in future planning.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.