

# Brecksville-Broadview Heights City School District: Five-Year Forecast Update

Welcome to the Brecksville-Broadview Heights City School District's financial forecast update. This presentation will compare our original November 2024 financial projections with our updated May 2025 forecast, highlighting key changes and financial trends that impact our district's fiscal health over the next five years.

Our forecast serves as a critical management tool that allows us to examine future projections, identify potential challenges, and proactively address financial concerns. This document reflects the most current economic data available and provides transparency to all district stakeholders regarding our financial position.



**by Craig Yaniglos**

# Understanding the Five-Year Forecast



## Financial Planning Tool

A forecast is a snapshot of today based on historical trends, current knowledge, and future assumptions. It helps engage the Board of Education and community in long-range financial planning.



## Compliance Requirement

Ohio law requires school districts to file five-year financial forecasts by November 30 and May 31 each fiscal year, serving as the basis for the district's ability to sign the "412 certificate."



## Early Warning System

The forecast helps the Ohio Department of Education and Workforce and the Auditor of State identify school districts with potential financial problems before they become critical.



## Living Document

The forecast is regularly updated as new information becomes available, with projections more likely to deviate from experience in later years as circumstances change.

# Key Forecast Components

## Revenue Sources

The forecast tracks all district revenue streams, including property taxes (our largest source at 76.3%), state funding (17.5%), and other local revenues like interest earnings, fees, and payments in lieu of taxes.

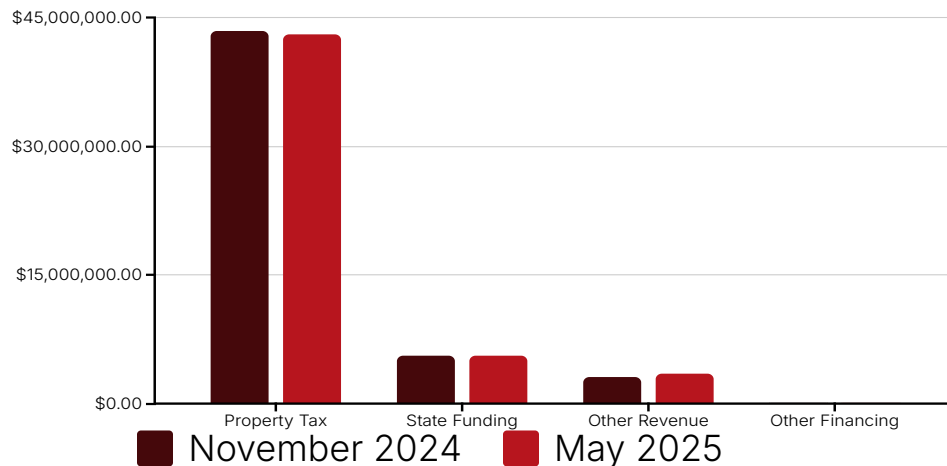
These revenue projections are based on historical collection trends, current state funding formulas, and reasonable assumptions about future economic conditions.

## Expenditure Categories

Major expenditure categories include personnel services (62.8%), employee benefits (23.2%), purchased services (9.6%), supplies and materials (2.7%), capital outlay (0.1%), and other objects (1.4%).

These projections incorporate contractual obligations, anticipated price increases, and strategic planning decisions made by district leadership.

# Revenue Comparison: November 2024 vs. May 2025



The May 2025 forecast shows total General Fund revenues of \$56.32 million, which is slightly lower than the November projection of \$56.38 million. Property tax collections are projected to be \$452,000 lower than originally estimated, while state funding decreased by \$83,000. These decreases were partially offset by a \$399,000 increase in other revenues, primarily from higher-than-expected interest earnings.

# Expenditure Comparison: November 2024 vs. May 2025

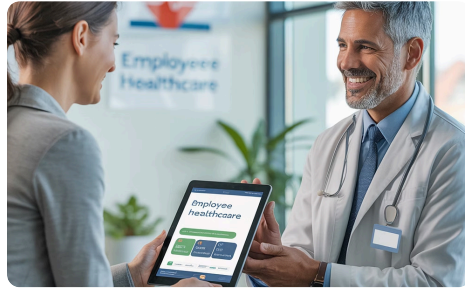


## Personnel Services

Nov 2024: \$35.94M

May 2025: \$35.61M

Difference: -\$330K



## Benefits

Nov 2024: \$13.22M

May 2025: \$13.12M

Difference: -\$103K



## Purchased Services

Nov 2024: \$5.75M

May 2025: \$5.46M

Difference: -\$289K



## Supplies & Other

Nov 2024: \$2.37M

May 2025: \$2.37M

Difference: \$0

Total General Fund expenditures in the May 2025 forecast are estimated at \$56.56 million, which is \$721,000 lower than the November projection of \$57.28 million. The decrease primarily comes from lower personnel costs, reduced benefit expenses, and savings in purchased services. Supplies, materials, and other expenditures remain largely unchanged from original estimates.

# Cash Balance Projections

## \$25.84M

### FY25 Ending Balance

Represents 165 days of operating cash

## \$24.45M

### FY26 Projection

Represents 154 days of operating cash

## \$21.27M

### FY27 Projection

Represents 129 days of operating cash

## \$16.66M

### FY28 Projection

Represents 99 days of operating cash

The district's cash balance remains strong in the short term but is projected to decline over the five-year period without additional revenue sources. Our policy requires maintaining at least 90 days of operating cash to ensure financial stability. By FY29, our balance is projected to fall to \$10.72 million (62 days) without new funding sources, highlighting the need for future planning.

# Key Changes in Property Valuation

## November 2024 Estimate

The original forecast anticipated a property value increase of 20.04% for the 2024 tax year (collection in FY25).

- Residential/Agricultural: 22.00% increase
- Commercial/Industrial: 8.00% increase
- Total increase: \$255.4 million

## May 2025 Actual

The final reappraisal for tax year 2024 showed stronger growth than initially projected, with values increasing by 21.46% overall.

- Residential/Agricultural: 23.85% increase
- Commercial/Industrial: 6.02% increase
- Total increase: \$273.59 million

Despite the higher property valuation increase, tax revenue is projected to be lower than originally estimated due to changes in effective tax rates and collection rates. The collection rate assumption was adjusted from 96% to 95%, reflecting current economic conditions.

# Emerging Legislative Challenges

## Property Tax Reform

The Joint Committee on Property Taxation and Reform has released 21 recommendations that could restrict local tax growth. Currently, 14 pieces of legislation are pending that could significantly impact school district funding.

## HB96 Concerns

The most concerning legislation, HB96, would limit district cash balances to 30% of prior year expenditures and allow county budget commissions to suspend voter-approved property tax levies to reduce reserves.

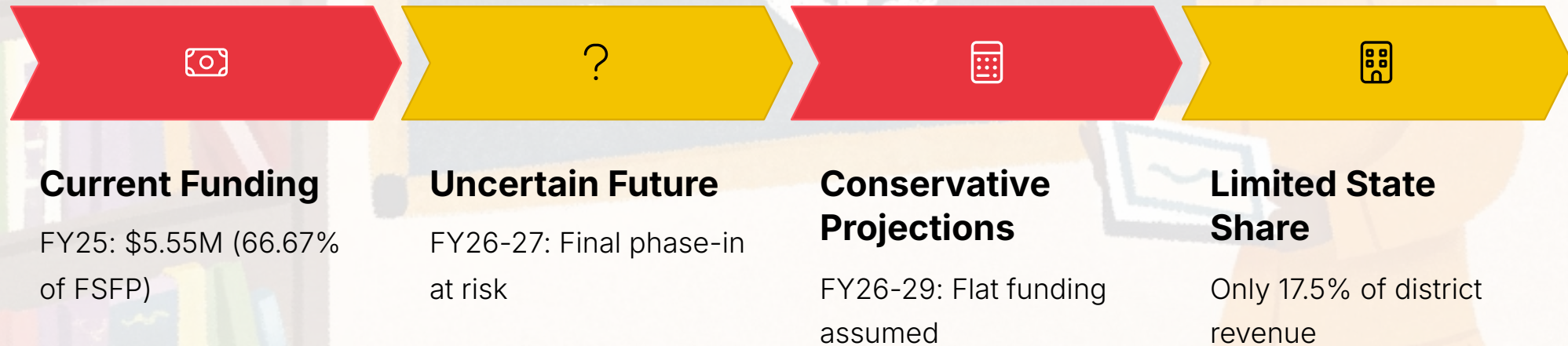
## State Budget Uncertainty

The governor's proposed budget for FY26-27 reduced funding for public schools by \$103.5 million, creating uncertainty about the final two years of the Fair School Funding Plan phase-in.

These legislative developments represent significant risks to our district's future financial stability. The administration is closely monitoring these proposals and will update financial projections as more information becomes available through the legislative process, which continues through June 30, 2025.

# State Funding Outlook

While the current Fair School Funding Plan (FSFP) was designed as a six-year phase-in, only the first four years have been funded. The final two years depend on the upcoming state budget process, which appears unfavorable based on current proposals. Our forecast conservatively assumes flat state funding from FY26-29, which helps insulate our district from potential state funding volatility compared to districts with higher state funding dependence.



# Local Revenue Growth Factors



## Property Reappraisal

21.46% increase in property values in 2024 (FY25), though actual revenue is limited by state reduction factors



## Public Utility Growth

\$3.4M increase in assessed value, contributing to the district's tax base expansion



## TIF Agreement Revenue

Expected to grow from \$330K to \$900K by FY29, providing an important revenue stream



## Interest Income Decline

Projected to decrease from \$1.45M to \$500K by FY29 as Federal Reserve rate cuts impact returns

While property values have shown strong growth, multiple factors affect our actual revenue collection. Interest income is projected to decline significantly as Federal Reserve rate cuts impact returns. This is partially offset by increasing TIF agreement revenues. Our effective tax rates continue to be reduced by state-mandated "reduction factors" that prevent inflation-based revenue increases on existing levies.

# Expenditure Trends and Challenges



## Personnel Costs

62.8% of our operating budget with negotiated base increases of 2.75% in FY25, 2.85% in FY26, and 3.25% in FY27 for certified staff, with similar increases for classified employees.



## Healthcare Inflation

Healthcare costs continue to be a significant challenge with 10-11% annual premium increases projected for the foreseeable future, despite adjustments to employee contribution rates.



## Facility Operations

Utilities and maintenance costs are rising with inflation, impacting our overall facilities budget and requiring careful management of resources.

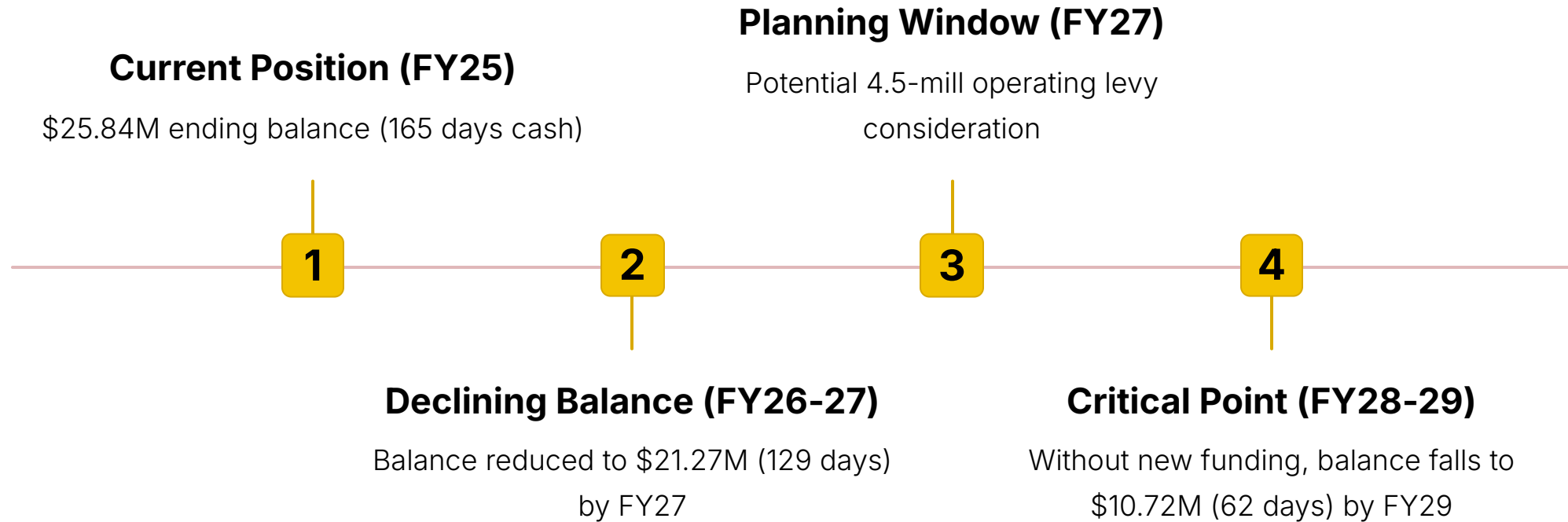


## Educational Services

Special education and specialized program costs are increasing, reflecting our commitment to serving all students while managing fiscal responsibilities.

Personnel and benefit costs together represent approximately 86% of our operating budget. While we maintain our commitment to competitive compensation and quality services, these rising costs present ongoing challenges for long-term fiscal planning.

# Future Planning and Levy Considerations



The district is evaluating the need for a new operating levy, potentially a 4.5-mill issue on the ballot in 2027 with collections beginning in 2028. However, ongoing discussions about property tax reform and state funding changes are creating uncertainty about timing and millage requirements. Alternative scenarios being considered include a levy ranging from 3.5 to 4.9 mills that could begin collections a year earlier, depending on economic conditions and legislative developments.

# Questions & Additional Information

The complete five-year forecast is available on our district website at **[www.bbhcsc.org](http://www.bbhcsc.org)** and will be filed with the Ohio Department of Education.

## Questions Welcome

We encourage community members to reach out with questions about our district's financial outlook.

## Forecast Details

Access full forecast documentation, including assumptions and methodology notes, on our website.

## Contact Information

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