

**BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2023, 2024 and 2025 ACTUAL and
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2026 THROUGH JUNE 30, 2029**



Forecast Provided By:

**Beachwood City School District
Treasurer's Office
Matthew Brown, Treasurer/CFO
June 22, 2026**

**Beachwood City School District
Cuyahoga County, Ohio
Notes to the Four-Year Forecast
General Fund Only
June 22, 2026**

Introduction to the Four Year Forecast

A forecast is a snapshot of today. Based on historical trends, what we know and future assumptions. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. Various events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), new state mandates, tax levies, property reappraisals and updates, salary increases, health insurance increases, enrollment variances, or changes to property valuations due to businesses moving in or out of the district.

As noted below the current state budget approved in House Bill (HB) 96 changed the forecast based on what the state of Ohio and the Ohio Department of Workforce and Education will require. Our district leadership believes that the four-year forecast is a crucial management tool. A four-year planning horizon enables district management teams to examine future years' projections and identify when challenges will arise. This helps district management to be proactive in meeting those challenges.

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. It is recommended that the Treasurer/Chief Fiscal Officer be contacted with any questions you may have.

Here are three important purposes or objectives of the four-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 Workforce and Auditor of State to identify school districts with potential financial problems.

Ohio HB 96 was passed in June 2025 which amended O.R.C. 5705.391 and O.A.C. 3301-92.04 requiring a Board of Education (BOE) to file their current years budgeted revenue and expenses, and three additional years. This is essentially a four (4) year forecast. Beginning in fiscal year 2026 (July 1 to June 30), the financial forecast must be filed by October 15, and then again at the end of February. The filing deadlines will change in fiscal year 2027 to August 31, and the end of February each fiscal year thereafter. The four-year forecast includes three years of actual and four years of projected general fund revenues and expenditures. The first year of the financial forecast is considered the current year budget and is used as the base for future years projections. Our forecast is updated to reflect the most current economic data available for this update.

Forecast Risks and Uncertainty:

This financial forecast has risks and uncertainty due to economic changes and new property tax laws signed by Governor DeWine on December 19, 2025. Additionally, state legislative changes that will likely occur in the spring of 2027 and the spring of 2029 due to deliberation of the two (2) state biennium budgets for FY28-29 and FY30-31, all of which affect this forecast.

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. The items below give a short description of the current issues and how they may affect our forecast in the long term:

- 1) On December 19, 2025, Governor DeWine signed into law several pieces of legislation that are the most sweeping changes to Ohio property tax law since 1976 when HB 920 was passed. The legislation approved is HB 129, HB 186, HB 309 and HB 335. These laws became effective March 19, 2026, which was after the February filing deadline for this forecast. Of particular concern is HB 186, which implements new property tax caps retroactively for property reappraisal and triennial updates that occurred in tax years 2023, 2024 and 2025. Due to the complexity of these calculations, the Ohio Department of Taxation (ODT) has been charged with calculating the effects of this legislation and notifying Ohio's 88 county auditors as to the impact on property tax bills and subsequent tax settlements to local governments. The ODT has recently released the calculation mechanics and are working with County Auditors.

A brief summary of the impact of each piece of legislation is noted below with specific anticipated impacts to this forecast noted in Estimated Real Estate Tax Line 1.01 section of these assumptions below:

- HB 129 implements new requirements for and restores fixed sum levies. It will also include fixed sum levy millage in the 20-mill floor calculation beginning in the next reappraisal or triennial update cycle of any county that contains district territory, but no later than Tax Year 2028, collected in calendar 2029. For some districts, this will result in a loss due to a change in the 20-mill floor. Beachwood is not on the 20-mill floor and therefore not be impacted by this piece of legislation.
- HB 186 establishes Inflation Cap Credits, following reappraisals and triennial updates for school district property taxes, preventing increases beyond the Gross Domestic Product Deflation Factor (GDP DF). HB 186 also includes Temporary Tax Credits (claw back) provision that takes back tax revenue that has already been collected by school districts, beginning with reappraisals and triennial updates that occurred before the effective date of the law, retroactive back to tax year 2023, 2024 and 2025. These are funds that have already been realized and have been spent and/or included in future educational planning. While skyrocketing home values resulted in the need for property tax reform that limits tax growth for taxpayers, the retroactive claw back of taxes already paid is very detrimental to districts at the 20-mill floor. However, Beachwood is not on the 20-mill floor therefore, the negative impact of this legislation may be minimal.

Authoritative data concerning HB 186's official impact on our district is being finalized as of the filing of this forecast. We have estimated revenues and expenses based on the limited data available and understanding of this legislation. As authoritative data concerning HB 186 is made available to the district, changes may need to be made to the forecast that may or may not be significant.

- HB 309 allows County Budget Commissions (CBC's) to reduce any voter-approved levy (except debt) to bring taxes levied within levels the CBC finds reasonable and prudent, in order to avoid what the CBC determines is "unnecessary" collections. This law gives locally elected CBC officials the power to override voter-approved levies and local school board fiscal decisions. The impact of this new law is indeterminable and can be administered inconsistently in 88 counties across Ohio. Beachwood has

and will continue to work closely with the Cuyahoga County Budget Commission to maintain a close relationship and understanding of Beachwood's long term financial plans.

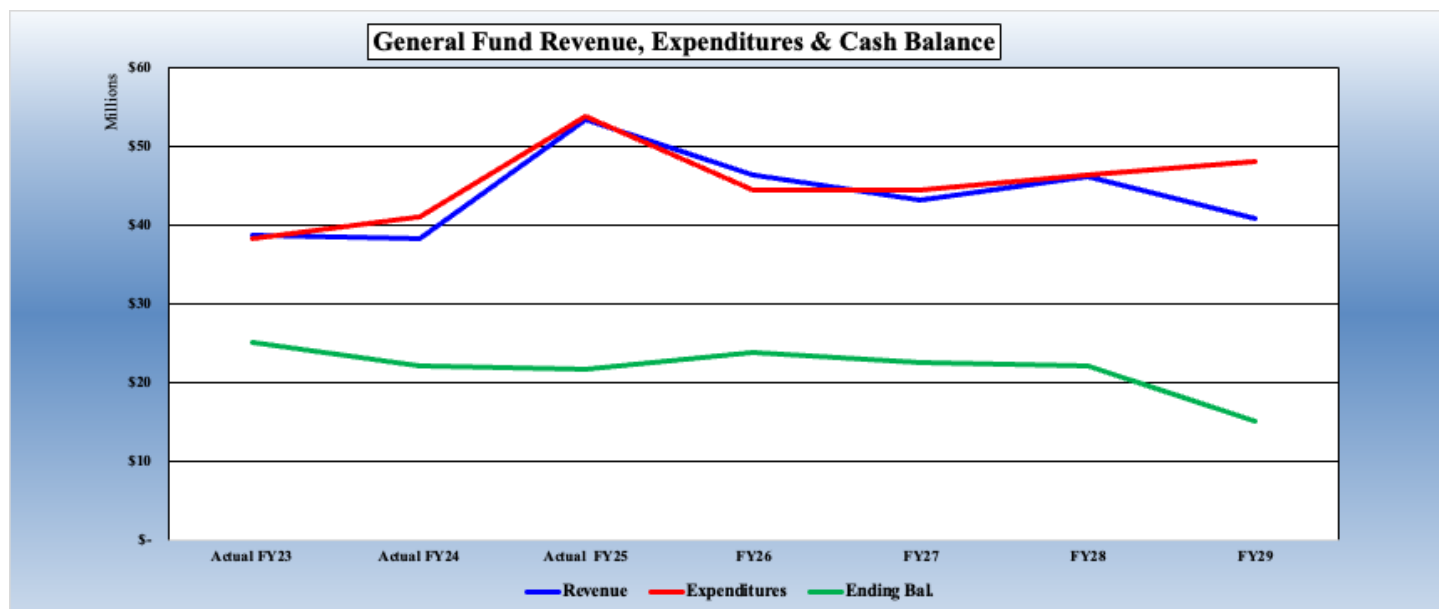
- HB 335 limits revenue growth from inside millage due to valuation reappraisals or triennial updates to no more than the Gross Domestic Product Deflation Factor (GDP DF). Our district plans to project at or below anticipated GDP DF to avoid inflation cap credits on inside millage collections.
- 2) Property tax collections are the largest single revenue source for the school system and a significant risk to the forecast. We project growth in appraised values every three (3) years that aligns with the new HB 186 Gross Domestic Product Deflation Factor (GDP DF) and new construction growth. The effects of HB 186 will be to limit property tax growth following reappraisals and updates. Total local revenues, predominately local taxes, equate to 89% of the district's resources. As noted above, HB 186 indicates any adjustment for prior year appraisals and updates that exceeded GDP DF in reappraisals and triennial updates that occurred in tax years 2023, 2024 and 2025 will result in possible significant reductions (claw back) in the second half property tax collections that typically occur in August to September 2026. If the Ohio Department of Taxation (ODT) determines adjustments are required due to HB 186, further reductions in Tax Year 2026 taxes, collected in calendar year 2027, will also result. We do not anticipate HB 186 to have a financial impact on Beachwood and therefore we have not estimated an adjustment for HB186 in Line 1.01 assumptions below. It is important to note that only the ODT will have actual authoritative data when it is released after this forecast filing deadline.
 - 3) Cuyahoga County will undergo an update to values in tax year 2027 for collection in calendar year 2028. We anticipate value increases for Class I (Residential/Agriculture) and Class II (Commercial/Industrial) property within the Gross Domestic Product Deflation Factor range of 7% to 9%. HB 335 inside millage cap will become effective for any reappraisal and update beginning in tax year 2026. Therefore, HB 129 will become effective for our district in the next reappraisal/update in tax year 2027. We have anticipated any 20-mill floor adjustment at that time in Line 1.01 assumptions below. We do not anticipate any impact of HB 335 on our tax projections due to our estimates for future growth in reappraisal being in line with anticipated GDP DF.
 - 4) HB 96 also enacted a new provision called "Piggyback Property Tax Exemptions". This provision allows county commissioners in each county in Ohio to double the current Homestead Exemption and owner occupied 2.5% tax credit. Current Homestead and 2.5% owner occupied credits are reimbursed to the district from the state of Ohio. These expanded "Piggyback Property Tax Exemptions" will NOT be reimbursed. Our County Council Members did not vote to approve further Piggyback Property Tax Exemptions for tax year 2025. HB 96 would allow this to occur every year and if they were to be approved, could result in reduced property tax collections for the school district of roughly \$499,768 from current operating levies. This new law creates a potential risk to our local tax collections every year. The County Council Members did not approve a "Piggyback Property Tax Exemption" for tax year 2025. County Council Members must vote to approve this additional exemption on or before June 30, 2026 for this tax credit to be applied to tax year 2026. We will adjust the forecast in the future accordingly.
 - 5) HB 96, the current state budget, continued to phase in the Fair School Funding Plan (FSFP) for FY26 and FY27. FY26 reflects 83.33% of the implementation cost at year five of a six-year phase-in plan, which increases by 16.66% each year. FY27 will result in 100% funding of (FSFP). HB 96 did not increase the base cost inputs (no increase from the state on formula funding) while allowing local capacity inputs to increase. This causes more districts to falsely appear to have greater local ability to fund their schools thus reducing the amount of State Aid they receive.

- 6) The revenues provided through the state budget represent 11% of the district's total revenues, which means it is a significant risk our overall revenue. The future risk comes in FY28 and beyond if the state economy stalls due to a possible recession and/or the Fair School Funding Plan is not continued and funded in the next state biennium budget. In this forecast, there is an unknown future State Biennium Budgets covering FY28-29. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY29. We have projected our state funding in FY26 based on recent formula calculations currently known and we used the Ohio Department of Education and Workforce (ODEW) funding simulator for FY27 projections. This forecast reflects state revenue to align with the FY27 funding levels through FY29, which we feel is conservative and should be close to what the state approves for the next biennium budgets. We will adjust the forecast in future years as we have data to make an informed decision.
- 7) On January 15, 2026, the Ohio Department of Taxation announced an updated state property tax reappraisal and triennial update schedule. Sixteen counties will have their reappraisal moved back by one year in accordance with the new schedule. Our county will be impacted by this change and our next reappraisal will occur in 2031. This change will defer a year of growth in values and consequently defer any additional revenues the district would receive from the reappraisal.

The major lines of reference are noted below in the headings to make it easier for the reader to relate the assumptions back to the forecast. If you would like further information, please feel free to contact Matthew Brown, Treasurer/CFO at 216-464-2600 Ext. 2211.

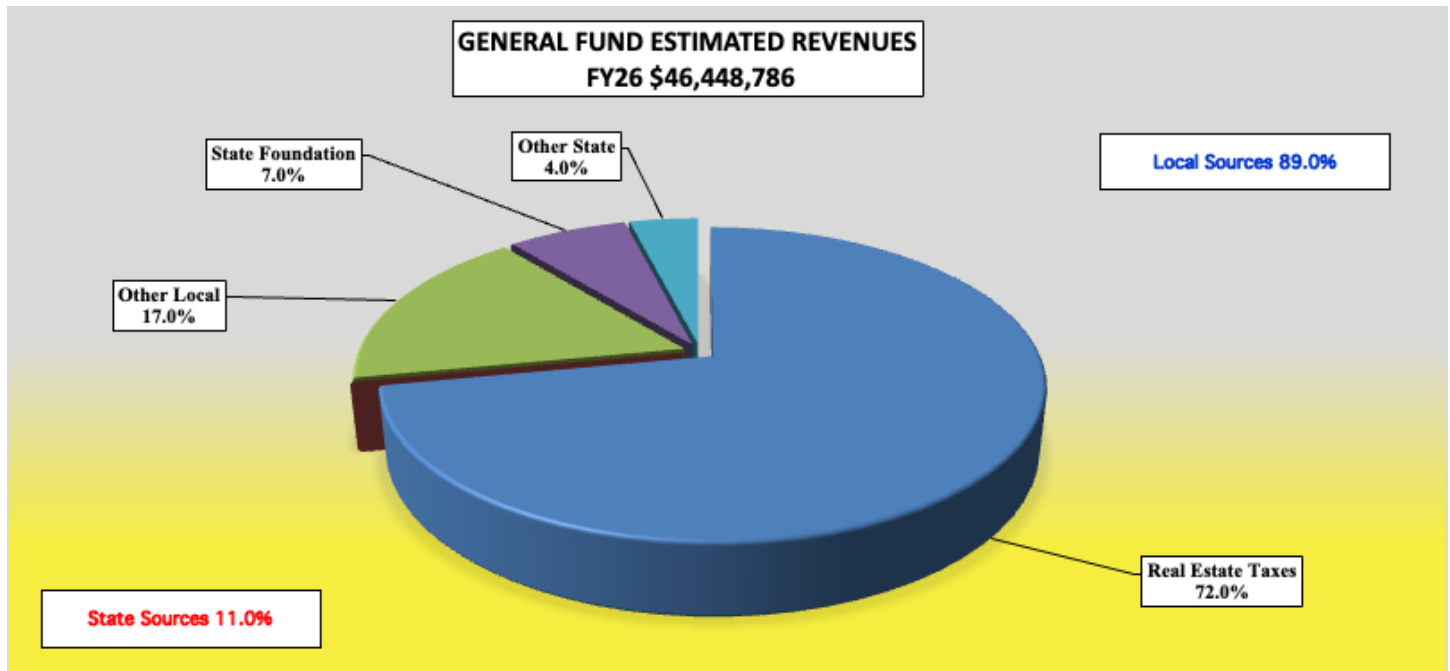
General Fund Revenue, Expenditures and Ending Cash Balance Actual FY23-25 and Estimated FY26-29

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



Revenue Assumptions

Estimated Operating Revenue Sources - General Fund FY26



General Property Tax and Property Value Assumptions (Real Estate) – Line # 1.010

Property Values, established each year by the County Fiscal Officer, are based on new construction, demolitions, Board of Revision/Board of Tax Appeals activity, and completed reappraisals/updates. Residential/Agricultural value increases are led by inflationary increases in property values and a steady housing market. Commercial/Industrial values increase due to new construction and previously abated property returning to the tax rolls.

Cuyahoga County will undergo an update to values in Tax Year 2027. We are conservatively estimating an increase of 5% in Class I property and 1% increase in Class II. We believe these estimates will be below whatever the GDP DF is for Tax Year 2027. HB186 allows new construction growth in property taxes irrespective of GDP DF. The next full reappraisal will take place in tax year 2031, one year later than previously scheduled, due to a recent change in the triennial schedule.

Public Utility Personal Property (PUPP) values are expected to continue to grow by \$750,000 in each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Actual	Estimated	Estimated	Estimated
	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027	TAX YEAR 2028
	<u>COLLECT 2026</u>	<u>COLLECT 2027</u>	<u>COLLECT 2028</u>	<u>COLLECT 2029</u>
Res./Ag.	\$553,616,920	\$552,916,920	\$580,912,766	\$581,262,766
Comm./Ind.	447,749,480	417,137,480	422,108,855	411,524,115
Public Utility Personal Property (PUPP)	<u>19,477,640</u>	<u>20,227,640</u>	<u>20,977,640</u>	<u>21,727,640</u>
Total Assessed Value	<u>\$1,020,844,040</u>	<u>\$990,282,040</u>	<u>\$1,023,999,261</u>	<u>\$1,014,514,521</u>

Tax Rate Assumptions

The County Fiscal Officer sets the tax rates for each levy to provide tax revenues for the school district. Ohio law provides for “reduction factors” on all voted property tax levies, which adjusts the millage rates lower than the voted rate. This is to keep levies from growing with increases in property values. Thus, the tax revenue received by a district is the same as the actual amount of the levy at the time of the election.

The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The district-voted rate for all General Fund levies is 85.20 mills. Our Class I effective rate is 29.40 mill and Class II effective rate is 41.78 mills. Ohio law has a provision that the reduction factors cannot lower the total effective millage rate for each class to less than 20 mills (excluding emergency and substitute emergency levies). This is inclusive of both the voted and the non-voted millage rates and is called the “20-Mill Floor”.

HB 129 is a new law that restores fixed sum levies and now includes them in the 20-mill floor calculation. HB 129 will be in effect following the tax year 2027 triennial update. Our district does not have fixed sum, or emergency, levies, therefore this will not impact our forecast. Additionally, this forecast does not assume that the district will be at 20-mill floor.

Estimated Real Estate Tax Collection Assumptions & New Tax Laws

As noted above, HB 96 enacted a new provision called “Piggyback Property Tax Exemptions”. This provision allows county commissioners/council members in each county in Ohio to double the current Homestead Exemption and owner occupied 2.5% tax credit. Our county council members did not vote to approve further Piggyback Property Tax Exemptions for tax year 2025. County commissioners/council members have until June 30, 2026 to approve this tax credit for tax year 2026. We will adjust the forecast in the future accordingly.

HB 186 is a new law that establishes an Inflation Cap Credit for school district property taxes, preventing increases beyond the Gross Domestic Product Deflation Factor (GDP DF) in reappraisal and triennial updates. HB 186 also includes Temporary Tax Credits (claw back) provision that retroactively takes back property tax revenue that has already been collected. For impacted districts this starts with their reappraisal or triennial updates in tax years 2023, 2024 and 2025. These funds have already been realized and have been spent and/or included in future educational planning. Beachwood is not at the 20-mill floor and all operating levies are affected by HB920 reduction factors, which prevents inflationary spikes in current expense levies. We do not anticipate any claw back of previously paid taxes.

HB 335 is a new law that limits revenue growth on inside millage, due to valuation reappraisals or triennial updates, to the Gross Domestic Product Deflation Factor (GDP DF). We have not forecasted any increases for future reappraisals/triennial updates above anticipated GDP DF, thus no adverse impact to the forecasted property tax revenue is anticipated.

We have been conservative with any future value increases for reappraisal or updates due to implementation uncertainty over the new legislative changes.

Estimated Real Estate and PUPP Tax - Line #1.010

	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Total Line #1.01 Real Estate Taxes + PUPP	<u>\$33,446,165</u>	<u>\$33,319,484</u>	<u>\$31,516,051</u>	<u>\$33,402,743</u>

Property tax levies are estimated to be collected at 95% of the annual amount in FY26. In general, 51% of the current Res/Ag and Comm/Ind property taxes are expected to be collected in the March tax settlement and 49% collected in the August tax settlement. TY25 delinquency collection rates were higher than the previous year.

The district recently settled with a property owner to increase the property value from \$25,650,500 to \$41,000,000 for tax year 2024. We anticipate the TY24 and TY25 payments to be included in the second half TY25 payment. Alternatively, a medical facility was recently sold to University Hospitals. As a result, this property will be considered exempt and will not generate further property taxes. Due to an agreement with this property, the change in exemption cannot be made until TY28. The impact of this change in exempt status has been reflected in FY29 and is estimated to reduce collections in the general fund by \$500,000 annually. Additionally, the district was notified in early January 2026 of a county error in recording Comm/Ind (Class II) assessed valuations. This error removed approximately \$37.5 million in assessed valuation from the district's total tax valuation. This unexpected error negatively impacted the district's forecast by an estimated \$5.3 million cumulative loss in forecasted property tax revenue starting in FY26 through FY29.

To make matters more complicated, the District received notice that a number of commercial property owners filed valuation challenges for tax year 2025. The largest commercial property owner, Beachwood Mall, submitted a challenge to reduce its valuation by almost 50%. Between residential property challenges and commercial property challenges, the forecast is assuming a reduction in valuation of approximately \$33 million in assessed values for TY26. To be prudent, this is the worst-case scenario.

Due to the delays in when the County is hearing tax challenges and ultimately making decisions, the property owners will be billed at the full amount which reflects the current values established by the County. This forecast assumes the County will make their decision on these challenges in early 2027 and will adjust tax bills accordingly for the second half payment for Tax Year 2026 payable in August 2027. Consequently, the forecast is estimating these payments will be paid back to the challenged properties at approximately \$2,150,000.

PUPP Taxes are public utility tangible personal property tax payments from public utilities. The values for PUPP are noted in the table above, which was \$19.5 million in assessed values in Tax Year 2025 and is collected at the district's full voted millage rate. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county fiscal officer. There has been some legislation seeking to reduce the rate at which PUPP is taxed for all values going forward. We will continue to monitor this legislation.

Tangible Personal Tax– Line # 1.020

The phase out of TPP taxes began in FY06 with HB66, adopted in June 2005. We do not receive any tangible taxes.

School District Income Tax –Line #1.030

We do not have a school district income tax

Renewal and Replacement Levies – Line # 11.020

No renewal or replacement levies are modeled in this forecast.

New Tax Levies – Line # 13.030

No new levies are modeled in this forecast.

State Foundation Revenue Estimates – Lines # 1.035, 1.040 & 1.045**Current State Funding Model per HB 96 through June 30, 2027****A) Unrestricted State Foundation Revenue– Line # 1.035**

HB 96, the current state budget, continued the Fair School Funding Plan for FY26 and FY27, which funds students where they are educated rather than where they live. We have projected FY26 funding based on the most current foundation settlement (June #2) and funding factors. Our District is currently a formula district and is expected to continue as such.

A detailed overview of how foundation funding is calculated including all of the HB 96 changes on the Ohio Department of Education and Workforce is now available. Please visit the Ohio Department of Education and Workforce at: <https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding>.

State Funding FY26-FY27

The Fair School Funding Plan was originally presented as a six (6) year phase-in plan, the state legislature approved the final two (2) years of the funding plan in HB 96 by phasing in funding at 83.33% in FY26 and then 100% in FY27. However, the legislature did not increase the funding base inputs, which have remained the same since 2022. In other words, the legislature did not increase base funding in the foundation formula. However, they did increase transportation funding's state share percentage to 45.83% in FY26, and 50% in FY27, which should increase overall state funding, and they added three (3) Supplemental Payments outside the formula: a Base Funding Supplement, Enrollment Growth Supplement and Performance Supplement.

The Base Funding Supplement will be paid to all districts. The funding supplement per pupil is \$27 in FY26 and \$40 in FY27.

The Enrollment Growth Supplement is paid to eligible districts based on the current FY26 enrolled ADM multiplied by \$225 per student, and in FY27 based on FY27 enrolled ADM multiplied by \$250. To be eligible enrolled ADM growth between FY22 and FY25 must equal or exceed 5% growth, and FY27 enrolled ADM growth between FY23 and FY26 must equal or exceed 3%. Our district does not qualify for this payment.

The Performance Supplement was included in HB 96. The eligibility for the supplement payment uses data from the state report card for the 2024-2025 school year for FY26 and 2025-2026 school year for FY27; the payment will be a separate payment of \$13 per pupil in FY26 and FY27. We are anticipated to receive \$92,068 in FY26.

The funding formula eliminated the Supplemental Targeted Assistance guarantee beginning in FY26 but still includes two (2) primary guarantees: 1) Formula Transition Aid, and 2) Formula Transition Supplement. The

two (2) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY26 and FY27 than they received in FY21.

Future State Budget Projections beyond FY27

Our funding status for FY28 and FY29 will depend on one (1) new state budget. There is no guarantee that the current Fair School Funding Plan will be continued in future biennial budget process. For this reason, funding is held constant in the forecast for FY28 and FY29.

Casino Revenue

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

In FY25, the state-wide funding totaled \$114 million or \$64.05 per pupil. In FY26, we received \$97,646. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Basic Aid-Unrestricted	\$2,056,636	\$2,435,719	\$2,435,719	\$2,435,719
Additional Aid Items	<u>447,021</u>	<u>510,011</u>	<u>510,011</u>	<u>510,011</u>
Basic Aid-Unrestricted Subtotal	\$2,503,657	\$2,945,730	\$2,945,730	\$2,945,730
Ohio Casino Commission ODT	<u>97,646</u>	<u>99,113</u>	<u>100,599</u>	<u>102,108</u>
Total Unrestricted State Aid Line #1.035	<u><u>\$2,601,303</u></u>	<u><u>\$3,044,843</u></u>	<u><u>\$3,046,329</u></u>	<u><u>\$3,047,838</u></u>

B) Restricted State Revenues – Line # 1.040

HB 96 has continued Disadvantaged Pupil Impact Aid, Career Technical, Gifted, English Learners (ESL), and Student Wellness funding. For fiscal years 2026 and 2027, HB 96 modifies how DPIA is calculated by factoring in both directly certified and economically disadvantaged students. The new formula modified the weight given to these student groups over the biennium. On another note, we were notified in January that the state of Ohio overspent their Science of Reading appropriation and consequently the district was not reimbursed at 100% as previously promised. We were also notified that Threshold reimbursements in FY26, and future years, are likely to be reduced by 30% from FY25 levels due to fixed state appropriations. These are changes from the October 2025 forecast submission.

We have estimated revenues for restricted funding lines using the most current funding factors available. For fiscal years 2026 and 2027, HB96 modifies how DPIA is calculated by factoring in both directly certified and economically disadvantaged students. The new DPIA formula modified the weight given to these student groups over the biennium, which has resulted in calculated DPIA state funding in FY26 being \$86.6 million less than in FY25.

The district has opted to account for threshold (previously known as catastrophic cost) reimbursements as restricted revenue. These reimbursements come from a pool established by the State, in which all districts contribute funds. The pool is divided among districts each year, based on expenses related to the education of special needs students.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
DPIA	\$9,282	\$11,891	\$11,891	\$11,891
Career Tech - Restricted	6,288	4,634	4,634	4,634
Gifted	42,765	34,695	34,695	34,695
ESL	11,661	12,764	12,764	12,764
Student Wellness	45,920	54,726	54,726	54,726
Threshold Reimb/Other Restricted State Fund:	<u>519,675</u>	<u>484,675</u>	<u>484,675</u>	<u>484,675</u>
Total Restricted State Revenues Line #1.040	<u>\$635,591</u>	<u>\$603,385</u>	<u>\$603,385</u>	<u>\$603,385</u>

C) Restricted Federal Grants in Aid – Line # 1.045

There are no federal restricted grants projected during this forecast.

<u>SUMMARY</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Unrestricted Line #1.035	\$2,601,303	\$3,044,843	\$3,046,329	\$3,047,838
Restricted Line #1.040	635,591	603,385	603,385	603,385
Rest. Federal Funds #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$3,236,894</u>	<u>\$3,648,228</u>	<u>\$3,649,714</u>	<u>\$3,651,223</u>

State Reimbursement for Property Tax Credits – Line # 1.050

A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed before September 29, 2013. HB 59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013. And Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled.

HB 96 also enacted a new provision that provides for “Piggyback Property Tax Exemptions”. This provision allows county commissioners/council members in each county in Ohio to double the current Homestead Exemption and owner occupied 2.5% tax credit. The extended tax credits for qualifying taxpayers would result in reduced property tax collections for the District of roughly \$499,350 from current operating levies, if the Cuyahoga County Council Members choose to implement this.

HB186 contains some changes to the 10% and 2.5% rollback credits for residential property. From TY2026 through TY29, the 10% rollback on non-owner-occupied residential property will be eliminated, while the 2.5% rollback on owner-occupied residential property will increase to 15.38%. There is not enough information available to model the effect of this change, at this time. It is expected to be revenue neutral for our district.

Partial HB 186 Guarantee

HB 186 authorizes payments to school districts and joint vocational school districts that are located in a county that underwent a reappraisal or triennial update in Tax Years 2023 and 2024 and that, due to the temporary tax credit, would otherwise receive less property tax revenue in Tax Year 2025 than in Tax Year 2024. The revenue is guaranteed to be no less than TY24 revenue and applies to Tax Year 2025, in the case of 2023 reappraisal or update counties, and to Tax Years 2025 and 2026, in the case of 2024 reappraisal and update counties. Under this legislation, the Tax Commissioner will calculate the difference between a district's real property tax revenue in Tax Year 2024 and its revenue in 2025 and, if applicable, 2026. We do not anticipate a hold harmless payment for HB 186 but are waiting for the HB 186 calculations. We will adjust the forecast as data from the ODT becomes available.

Summary of State Reimbursement for Property Tax Credits – Line #1.050

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Rollback and Homestead	<u>\$1,859,374</u>	<u>\$1,899,289</u>	<u>\$1,912,886</u>	<u>\$1,926,928</u>
HB186 Partial Reimbursement	0	0	0	0
Total Tax Reimbursements #1.050	<u>\$1,859,374</u>	<u>\$1,899,289</u>	<u>\$1,912,886</u>	<u>\$1,926,928</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 include tuition for court placed students, interest income, and the Chagrin-Highlands settlement.

Interest income is generated from the district's cash balances. Increased interest rates, due to the Federal Reserve raising rates to curb inflation, have brought additional revenue into the district over the past several fiscal years. Recently, there has been pressure on the Federal Reserve to lower interest rates which will decrease the opportunity for significant interest income for the district in future years. We will continue to monitor the investments for the district. It is important to note that the district's investments that are currently maturing are being re-invested at higher interest rates and will help offset any near-term rate reductions.

The Beachwood City School District and Warrensville Heights City School District reached a settlement regarding the Chagrin Highlands development project. The issue dates back to 1997 when an agreement was originally approved by the two districts regarding tax revenue sharing from the portion of the Chagrin Highlands located within the city of Beachwood and related issues.

Under terms of the settlement, Beachwood City Schools received \$12 million in FY25, to be followed by three annual payments of \$5 million scheduled for June 2026, 2027, and 2028. These funds will be strategically utilized to deliver both immediate and long-term benefits to Beachwood Schools and the community.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Tuition Related Payments	\$245,092	\$210,092	\$210,092	\$210,092
Interest Earnings	2,143,000	1,815,000	1,865,000	1,750,000
Payments In Lieu of Taxes	5,000,000	5,000,000	5,000,000	0
Rental Related Fees	10,645	10,645	10,645	10,645
Services Provided To Others	50,491	50,491	50,491	50,491
Donations	916	916	916	916
Miscellaneous	<u>456,209</u>	<u>11,594</u>	<u>11,594</u>	<u>11,594</u>
Total Other Local Revenue Line #1.060	<u>\$7,906,353</u>	<u>\$7,098,738</u>	<u>\$7,148,738</u>	<u>\$2,033,738</u>

Short-Term Borrowing – Lines # 2.010 & 2.020

There is no short-term borrowing projected in this forecast.

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

Transfers are one-time payments from other funds. Advances are the repayment of short-term loans to other funds in previous fiscal years. The forecast does project the repayment of an advance originally provided from the General Fund to the Permanent Improvement Fund to commence in FY28. These repayments will continue until the original advance is fully repaid.

All Other Financial Sources – Line # 2.060

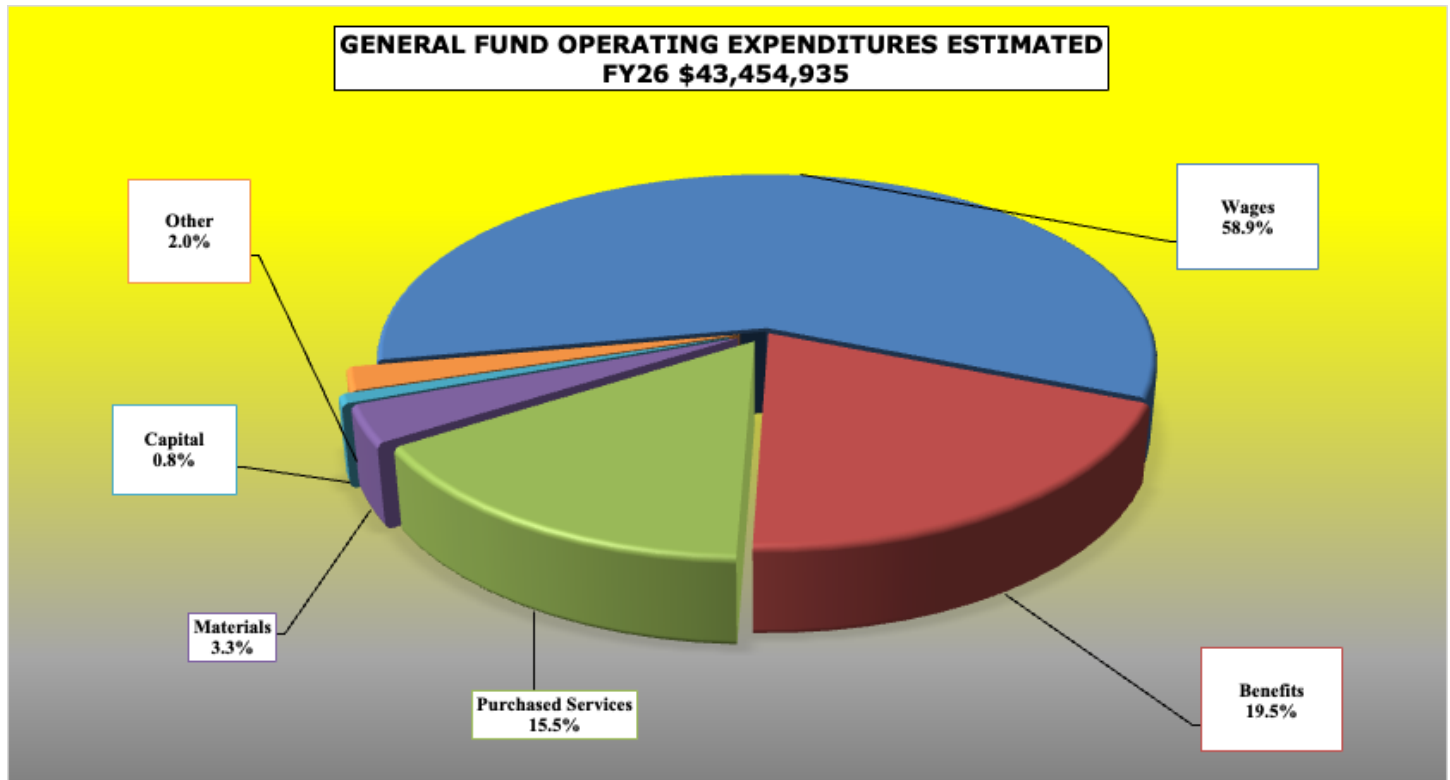
This funding source is typically a refund of prior year expenditures that is very unpredictable and rather immaterial to the overall revenues received by the district.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Refund of prior years expenditures	<u>\$7,397</u>	<u>\$2,500</u>	<u>\$2,500</u>	<u>\$2,500</u>

Expenditure 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 FY26



Personal Services – Wages – Line # 3.010

The district has two bargaining units: Beachwood Federation of Teachers (BFT) and Beachwood Union of Support Staff (BUSS). Other employee groups include our non-bargaining staff, which are Administrative/Supervisor and Confidential staff.

The most current 3-year BFT contract, which runs from September 1, 2025 through August 31, 2028, includes base wages increases of 2.50%, 2.75% and 3.00%, respectively. A new salary schedule was adopted September 1, 2019, and all new staff hired after that date are placed on this alternative schedule. This reduces starting salaries as well as the pace at which salaries grow annually. This will help the district to control costs yet remain competitive with surrounding school districts.

The current BUSS agreement is effective for FY24-FY26 and has base salaries increasing annually by flat rate increases. The BUSS union and the district recently adopted a new 3- year agreement, which runs from July 1, 2026 to June 30, 2029. The agreement provides for a \$0.75 increase to the base pay for each of the three years. There is an additional \$0.50 step increase provided. This agreement contains a secondary salary schedule as well, implemented in 2012, and the majority of staff are currently on this schedule. While the

intent of this alternative schedule was to contain costs, the district is cognizant of market wages and works to remain competitive to attract and retain staff.

Other staff increases generally are 1.27%-2.05% of the base for each contract year. Estimates for step increases coupled with the projected base increases, mentioned above, bring the total wage increase to an average of 3.12% annually for FY26 through FY29. For any group that does not have current agreement in place for FY29, we have estimated a 2.00% base wage increase. This assumption is strictly used for long-term financial planning and is not intended to be a bargaining position of the district.

The district has incurred additional costs for more overtime pay than is usual due to the harsh winter and related snow removal needs as well as long-term secretarial staff absences. Further, the district utilized BUSS staff to help move three school buildings (Bryden, Hilltop, and Preschool) into the new buildings. This was a significant task and the BUSS staff handled the moves efficiently and timely.

Certificated staff have until March 15th to provide notice of retirement to receive a dedicated service award. Eleven certificated staff elected to retire at the end of the 25-26 school year. Additionally, two Confidential staff will retire and three BUSS staff will retire. Since all contracts will be paid out in June as opposed to being spread through July and August pays, there will be an increase to the wages and benefit lines of the forecast.

The changes from the October 2025 submission and February 2026 submission versus this updated forecast can be associated with the aforementioned items.

	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Total Wages Line #3.010	<u>\$25,557,096</u>	<u>\$25,453,506</u>	<u>\$26,636,856</u>	<u>\$27,563,823</u>

Employees’ Retirement & Insurance Benefits – Line # 3.020

This area of the forecast captures all costs associated with benefits and retirement costs. These payments are included in the table below.

A) STRS/SERS and Medicare will increase as Wages Increase

As required by law, the Board of Education pays 14% of all employee wages to STRS or SERS. The district is also required to pay a SERS Surcharge, an additional employer charge based on the salaries of lower-paid members. It is used exclusively to fund health care. Additionally, the Board of Education pays Medicare tax of 1.45% for all employee wages.

B) Insurance

The district is self-insured for all health-related insurance benefits. Due to better-than-expected claim experience coupled with the contribution to the self-insurance fund from a portion of the Chagrin-Highlands settlement, the district did not increase premium rates in calendar year 2026 for health insurance and 10% for dental insurance. The health care committee is examining options to contain costs and a change in the prescription drug plan was implemented with agreement from all bargaining units. For planning purposes, we are estimating a 0% in FY26 and 7.5% increase for FY27-FY29 across all insurance plans.

It is important to note that this forecast assumes any new hire will take family benefits. The forecast could realize cost savings if the new employee elects single coverage or elects the medical waiver stipend. Alternatively, any current employee could switch from single coverage to family coverage due to a qualifying life event and/or open enrollment. The February 2027 forecast update will fully reflect these elections made during FY27.

C) Workers' Compensation & Unemployment Compensation

No workers' compensation estimate is included due to a healthy current reserve balance. Unemployment is estimated to remain at a very low level for the foreseeable future as no significant staff reductions are projected.

Summary of Retirement/Insurance Benefits – Line # 3.020

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
A) STRS/SERS and Medicare	\$4,401,453	\$4,388,501	\$4,587,613	\$4,738,735
B) Insurance's	3,908,529	4,247,537	4,566,102	4,908,560
C) Workers Comp/Unemployment	8,968	10,000	10,000	10,000
Other/Tuition/Annuities/Medical Waiver	<u>165,500</u>	<u>183,876</u>	<u>183,876</u>	<u>183,876</u>
Total Fringe Benefits Line #3.020	<u>\$8,484,450</u>	<u>\$8,829,914</u>	<u>\$9,347,591</u>	<u>\$9,841,171</u>

Purchased Services – Line # 3.030

This area of expense captures all those services that are procured to run the district's day-to-day operations on both the business side and the educational side. Generally, items in this area are forecasted to increase 2.00% or follow the general inflation rate with the exception of utilities which are assumed to increase 4.00%.

The major expenses in the area are building maintenance services, contracted sub costs, College Credit Plus, vocational education, out-of-district tuition, special education transportation, insurance coverage, legal fees, and utilities. In FY26 there will be a new electric Capacity Charge that will be assessed on all electric bills to help expand Ohio's electric generating ability. This charge will begin June 2025. It is anticipated it will increase electric costs by 20% annually and this additional cost may continue into the future.

Significant changes in this area compared to the October 2025 and February 2026 forecasts include increased utility costs due to bringing on two new elementary buildings while continuing the operations of and the anticipated closure of the current elementary buildings, legal fees for two due process filings, a federal lawsuit and numerous public records requests as well as increased transportation and tuition costs for a growing special education student population.

	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Total Purchased Services Line #3.030	<u>\$6,721,501</u>	<u>\$6,693,691</u>	<u>\$6,852,063</u>	<u>\$7,014,583</u>

Supplies and Materials – Line # 3.040

Expenses include curricular supplies, office supplies, maintenance and custodial supplies, and bus fleet fuel and supplies. The district has been proactive on its updates to curriculum and that approach is expected to continue through this forecast. FY26 includes the one-time cost of new instructional materials mandated by DEW for the Science of Reading and the annual purchase of Go Guardian software. The Curriculum purchases span multiple years and full payment was required in the first year of implementation. As a result of this payment structure, the forecast is showing a decrease in this line for subsequent fiscal years. We will assume a 3% increase in fuel costs and 2% for all other expenses annually.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
General Office Supplies & Materials	\$384,500	\$311,091	\$344,813	\$324,209
Textbooks & Instructional Supplies	405,587	414,715	423,009	431,469
Facility Supplies & Materials	294,250	291,750	297,585	303,537
Transportation Fuel & Supplies	<u>355,604</u>	<u>367,750</u>	<u>378,783</u>	<u>390,146</u>
Total Supplies Line #3.040	<u>\$1,439,941</u>	<u>\$1,385,306</u>	<u>\$1,444,190</u>	<u>\$1,449,361</u>

Capital Outlay – Line # 3.050

The district has invested heavily in technology, sustaining a 1:1 Chromebook and enhancing connectivity. The forecast includes the purchase of Chromebooks for each school year as well as the replacement of staff laptops and desktops. The district will utilize the funding available in the Permanent Improvement Fund to cover the cost of vehicles and buses. If funding is not sufficient to cover these costs from the Permanent Improvement Fund, those costs will be brought back into the General Fund.

	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Total Equipment Line #3.050	<u>\$361,668</u>	<u>\$276,597</u>	<u>\$251,597</u>	<u>\$281,597</u>

Principal and Interest Payment – Lines # 4.01 thru 4.06

There are no borrowings planned in the forecast period.

Other Expenses – Line # 4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit, various bank fees tied to charges from third party processing of online credit card payments and other miscellaneous expenses. A rate of 2% increase is projected in this area.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
County Auditor & Treasurer Fees	\$566,993	\$575,000	\$592,250	\$610,018
ESC Deduction	9,913	10,000	10,000	10,000
Annual Audit Costs	38,223	40,000	40,400	40,804
Increased A&T Fees for New Levies	0	0	0	0
Dues, Fees & other Expenses	<u>275,150</u>	<u>320,070</u>	<u>323,271</u>	<u>326,504</u>
Total Other Expenses Line #4.300	<u>\$890,279</u>	<u>\$945,070</u>	<u>\$965,921</u>	<u>\$987,326</u>

Transfers Out/Advances Out – Lines # 5.010 & 5.020

This account group covers fund-to-fund transfers and end of year short-term advances (loans) to other funds until they have received reimbursements and can repay the General Fund. Transfers of \$968,571 is planned for FY26 and \$950,000 for future fiscal years. These transfers are allocated between the Athletic Fund (300), the Natatorium Fund (013), the Food Service Funds (006), the Preschool/Summer Camp Fund (020) and various other student related funds.

There are no advances planned in this forecast.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Operating Transfers Out Line #5.010	\$968,571	\$950,000	\$950,000	\$950,000
Advances Out Line #5.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfer & Advances Out	<u>\$968,571</u>	<u>\$950,000</u>	<u>\$950,000</u>	<u>\$950,000</u>

Encumbrances – Line # 8.010

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

	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Estimated Encumbrances Line #8.010	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>

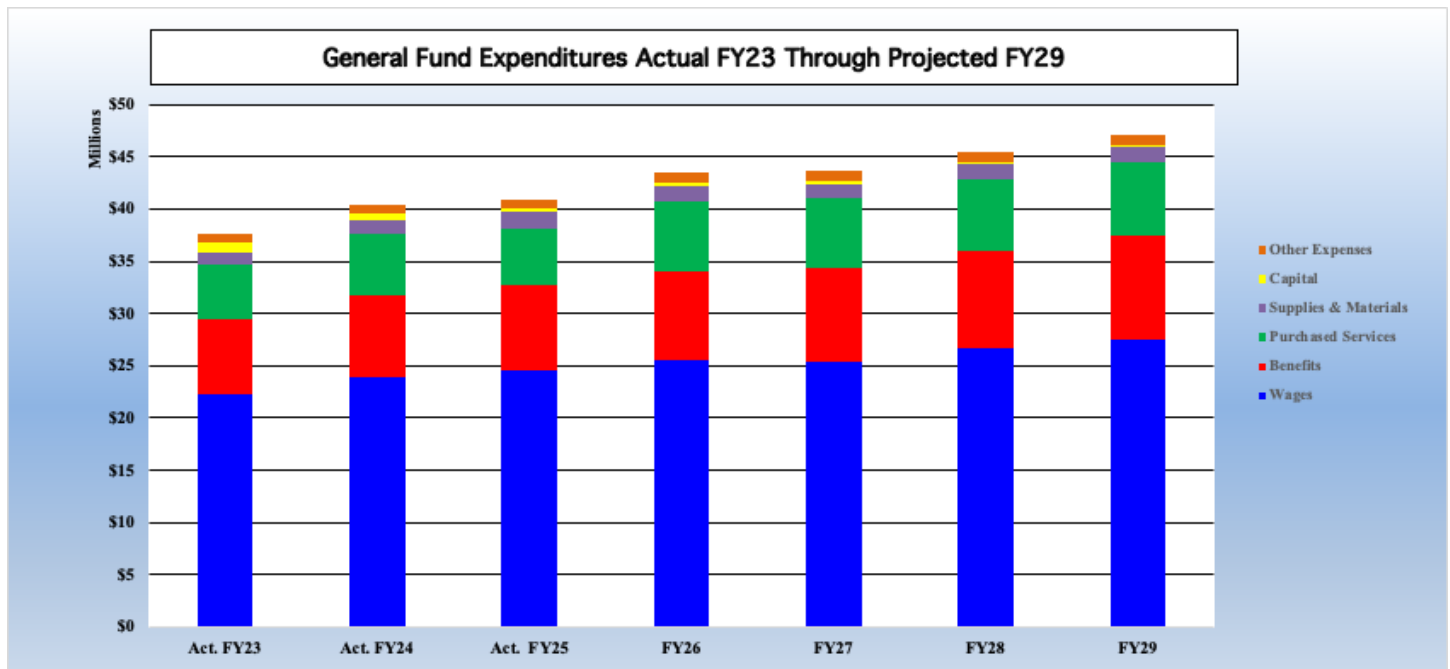
Budget Reserve – Line # 9.080

The requirement for this set-aside has been eliminated; however, these funds can only be used under specific circumstances. At this time, the Board does not contemplate reducing this reserve.

	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Total Reservations of Balance- Line #9.08	<u>\$134,873</u>	<u>\$134,873</u>	<u>\$134,873</u>	<u>\$134,873</u>

Operating Expenditures Actual FY23 through FY25 and Estimated FY26 through FY29

As the graph indicates, costs are increasing. We must maintain control over our expenses while balancing student academic needs. Note that transfers out and advances out are not included in the graph below.



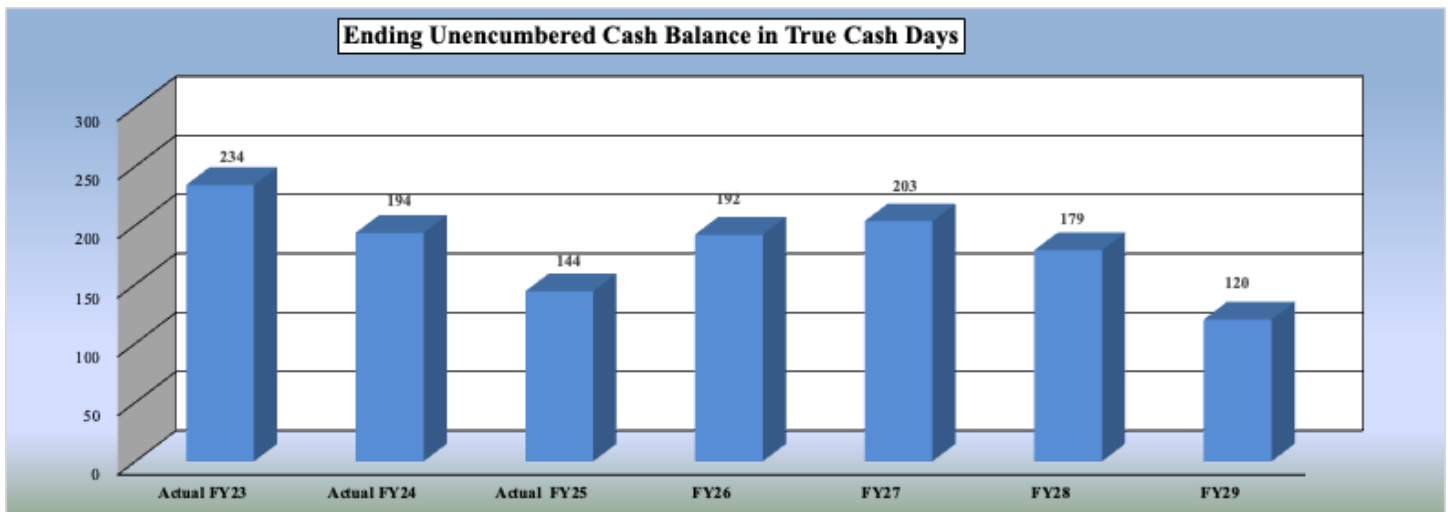
Ending Unencumbered Cash Balance “The Bottom-line”– Line # 15.010

This amount must not go below \$-0- or the district’s General Fund will violate Ohio Budgetary Laws. Any multi-year contract which is knowingly signed, and results in a negative unencumbered cash balance is a violation of Ohio Revised Code section 5705.412, punishable by personal liability of \$10,000, unless an alternative “412” certificate can be issued pursuant to House Bill 153 effective September 30, 2011.

	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Ending Unreserved Cash Balance Line #15.010	<u>\$23,389,864</u>	<u>\$24,824,019</u>	<u>\$22,755,690</u>	<u>\$15,834,961</u>

True Cash Days Ending Balance

Another way to look at ending cash is to state it in “True Cash Days”. 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. The district has established a more conservative 90 days of cash policy. The calculation includes transfers, as this is a predictable funding source for other funds such as capital, athletics, food service programming, and preschool operations.



As you read the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.