



Financial Forecast February Update

Brecksville-Broadview Heights City School District · Cuyahoga County

A comparative analysis of the **October 2025** and **February 2026** General Fund Forecasts — highlighting key changes, legislative impacts, and the district's long-range financial outlook through FY2030.

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What Is a Five-Year Forecast?

Purpose, Law & Planning Framework

Ohio law — specifically **O.R.C. §5705.391** as amended by **HB96** — requires every Board of Education to file a financial forecast covering the current budgeted year plus three additional years (a four-year minimum). The district goes further, filing a **five-year forecast** as a best-practice planning tool.

Filing deadlines under HB96: October 15 and end of February each year (shifting to August 31 and end of February beginning in FY2027). The forecast covers actual FY23–FY25 and projected FY26–FY30.

- ❑ A forecast is a snapshot of today — built on historical trends and current assumptions. The further into the future it extends, the more likely projections will deviate from actual experience.

1

Community Engagement

Engages the board and community in long-range financial planning and discussion of fiscal challenges.

2

412 Certificate

Basis for signing the O.R.C. §5705.412 certificate — confirming the district can meet its financial obligations.

3

State Oversight

Enables ODEW and the Auditor of State to identify districts with potential financial problems early.

October 2025 vs. February 2026

What Changed Between Forecasts?

The February 2026 update reflects a dramatically shifted legislative landscape. Four sweeping new property tax laws signed by Governor DeWine on **December 19, 2025** — effective March 19, 2026 — materially altered key assumptions after the October filing.

HB186 — Inflation Cap & Claw Back

Establishes GDP Deflation Factor caps on property tax growth. Includes a retroactive "claw back" of taxes already collected in TY2023–2025. ODT must calculate impacts by April 20, 2026 — **after** this filing deadline.

No Impact on BBHCSD

HB129 — Fixed Sum Levies

Restores fixed sum levies and includes them in the 20-mill floor calculation. Effective at next reappraisal/update. **No impact** on this BBHCSD — no fixed sum or emergency levies exist.

HB309 — County Budget Commission

Grants County Budget Commissions authority to reduce voter-approved levies. Impact is indeterminable and may be applied inconsistently across Ohio's 88 counties. **No impact...yet.**

HB335 — Inside Millage Cap

Limits inside millage revenue growth to GDP Deflation Factor following reappraisals. District projects future growth in line with GDP DF — **no adverse impact yet!**

Revenue Comparison

General Fund Revenues: Oct 2025 vs. Feb 2026

1

Total projected revenues are **modestly higher** in the February 2026 filing, primarily reflecting updated real estate tax assumptions and revised state aid calculations. Local sources continue to dominate — representing over **81–83%** of all district revenues, with Real Estate Taxes alone accounting for approximately **71%**.

2

Key changes from October to February:

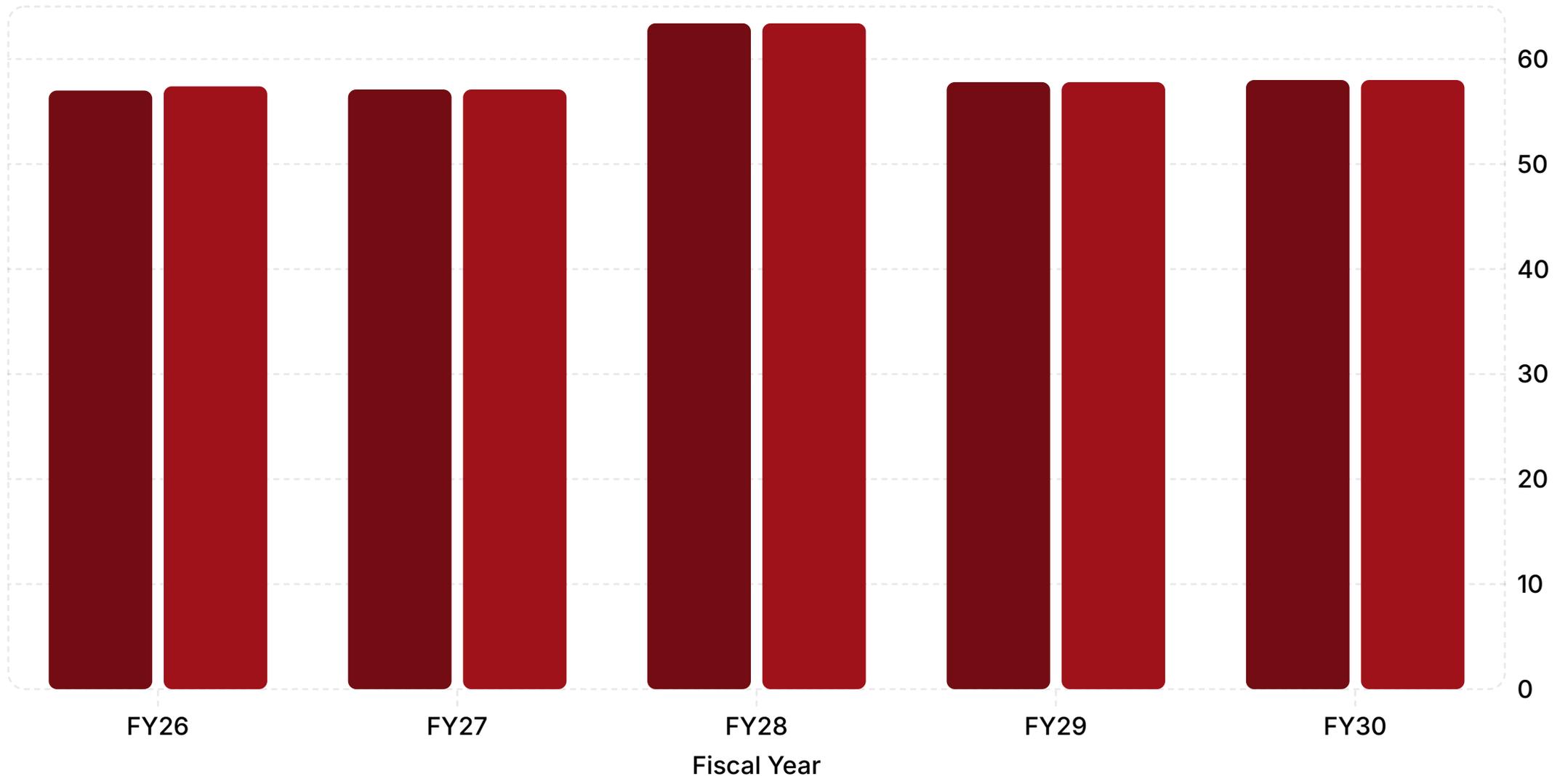
Real Estate (Line 1.010): Feb 2026 reflects slightly lower estimates in FY26–FY27.

Unrestricted State Aid (Line 1.035): Feb 2026 is higher — updated HB96 formula factors including Base Funding Supplement.

Other Financing Sources: A \$6M capital fund transfer remains in FY28 in both forecasts.

■ Oct 2025 Forecast (\$M)

■ Feb 2026 Forecast (\$M)



The Bottom Line: Revenue, Expenditures & Cash Balance

Both forecasts tell the same fundamental story: **expenditures are growing faster than revenues**, and the ending cash balance trends toward zero by FY30 *without* a new operating levy. The February 2026 update sharpens this picture with updated expenditure data.

FY23–FY24 Actual

Revenues and expenditures balanced; ending cash grew to ~\$27M peak in FY24.

FY25 Actual

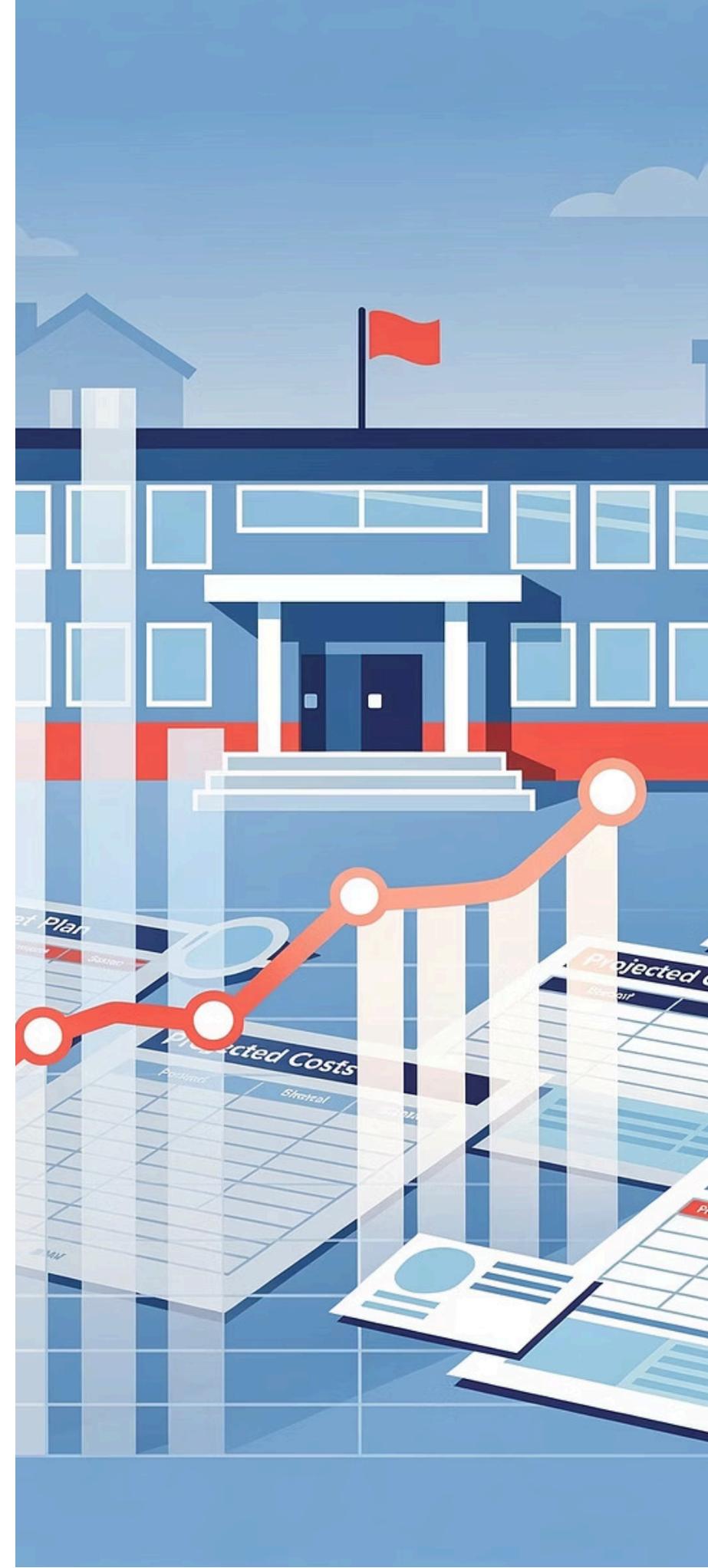
Large transfer out drove cash balance down sharply to ~\$19–20M — a single-year swing of ~\$8M.

FY26–FY27 Est.

Expenditures begin to outpace revenues. Cash balance erodes from ~\$18M toward ~\$15M.

FY30 Without Levy

Line 7.020 (no new levies) approaches **~\$134K** in Feb 2030 — effectively zero operating reserve.



Expenditure Comparison

Where the Money Goes: Spending Assumptions

Personnel costs — wages and benefits — represent over **86%** of all general fund expenditures in both forecasts.

Key expenditure changes Oct → Feb 2026:

- **Wages (Line 3.010):** FY26 essentially flat (\$35.5M to \$35.9M); slightly higher in Feb due to updated step/increment assumptions. Bargained increases: 2.85% (certified FY26), 3.0% (classified FY26), 3.25%/3.0% in FY27; 1.75% planned FY28–FY30.
- **Benefits (Line 3.020):** Feb 2026 reflects — a favorable revision and updated to healthcare enrollment. District share drops from 85% to 83.5% by FY27.
- **Total Expenditures FY30:** Feb 2026 projected update ~\$65.9M vs. Oct 2025 ~\$66.1M — essentially aligned. (In FY30)

61.8%

Wages

Largest single cost driver in
FY26

24.2%

Benefits

STRS/SERS, health insurance,
Medicare

10.1%

Services

Purchased services, utilities,
ESC fees

3.8%

Other

Materials, capital outlay, other
objects

Cash Reserves & Levy Planning

Ending Cash Balance

The forecast maintains solvency and keeps the district within our Cash Balance Board Policy. Both forecasts assumed a levy at the same cadence (CY27 - collection CY28).

- ❑ Board Policy requires a minimum 90-day cash reserve. At FY30, Line 7.020 is well below the safe threshold without a new levy.

Line 7.020 — Confirmed Reality

Ending cash based **only on voter-approved levies**. By FY30, this falls to approximately **\$134,000** — nearly exhausted. This is where the district stands *today*, without future levy action.

Line 15.010 — The Plan

Includes a projected **5.9-mill operating levy** on the ballot in 2027, with collections beginning FY28. Under this plan, the unreserved balance reaches ~\$25.7M by FY30. The Feb 2026 filing shows this line must not fall below zero — a legal requirement under O.R.C. §5705.412.

Key Takeaways & Looking Ahead



Levy Decision Pending

A **5.9-mill operating levy** (range: 3.5–6 mills) is under consideration for the 2027 ballot with FY28 collections. Both forecasts confirm the district cannot remain solvent through FY30 on current revenues alone. Levy timing and size will be refined as legislative clarity emerges.



State Funding Uncertainty

Fair School Funding Plan phases to 100% in FY27, then faces two unknown biennial budgets (FY28–31). State aid is held constant at FY27 levels through FY30 as a conservative planning assumption — representing 18.1% of district revenues.



Stable Operations

Labor agreements are in place through FY27. No debt service planned. Capital outlay funded primarily by the Permanent Improvement Fund. The district's positive labor relations and fiscal discipline provide a strong foundation for navigating challenges ahead.

For questions, contact **Craig Yaniglos, Treasurer/CFO**, Brecksville-Broadview Heights City School District.