PARMA CITY SCHOOL DISTRICT

FINANCE COMMITTEE MEETING

May 20, 2025

Finance Committee Meeting started at 11:00 a.m.

End of Month Financial Reports

- Sean talked about the end of month report for April 30, 2025. The General Fund ending balance was $74,373,139. The fund balance decreased compared to the March 2025.

Budget Bill

- We discussed the HB96 language and the possible issues that pertain to the Parma City School District.

Five-year Forecast

- The five-year forecast is positive through fiscal year 2027.
- The district will go into fiscal precaution next year if the November 2025 emergency levy fails.

Insurance Fund

- Report that Fund 024 balance at the end of each month for the last three fiscal years. We ended April 2025 with a $1,831,010 fund balance.
- Insurance Committee report – Report shows that in April 2025 revenue was $149,352 less than expenditures for the month.

Meeting adjourned at 11:28 a.m.

FY 2025 Insurance Claims

	MMO	Express Scripts	Total	Stop Loss Adjustment	
05/09/25	454,615.28	132,581.40	587,196.68	187,132.84	Posted in May
05/02/25	504,431.31	141,971.35	646,402.66	137,815.64	Posted in May
04/25/25	258,591.82	164,153.53	422,745.35	43,567.64	Posted in May
04/18/25	408,643.75	179,390.91	588,034.66	79,472.35	
04/11/25	407,920.33	225,363.94	633,284.27	143,245.65	
04/04/25	298,587.64	134,268.31	432,855.95	65,695.34	
03/28/25	260,597.47	185,059.51	445,656.98	47,626.28	
03/21/25	418,250.36	177,765.46	596,015.82	46,389.99	
03/14/25	433,776.52	265,372.50	699,149.02	89,819.60	
03/07/25	465,395.94	100,165.61	565,561.55	3,485.87	
02/28/25	154,892.69	169,700.09	324,592.78	162,490.55	
02/21/25	589,201.85	186,625.10	775,826.95	41,366.23	
02/14/25	356,745.16	151,533.06	508,278.22	36,209.94	
02/07/25	304,893.46	80,146.07	385,039.53	34,738.31	
01/31/25	468,803.79	123,933.66	592,737.45	103,684.29	
01/24/25	383,754.21	113,732.47	497,486.68	38,479.52	
01/17/25	241,271.02	215,107.33	456,378.35	128.61	
01/10/25	379,503.18	207,128.04	586,631.22	38,384.56	
01/03/25	364,346.35	112,991.40	477,337.75	329.04	
12/27/24	287,344.95	197,576.06	484,921.01		
12/20/24	233,971.38	229,899.79	463,871.17		
12/13/24	396,056.06	154,708.11	550,764.17		
12/06/24	447,966.69	154,951.59	602,918.28		
11/29/24	352,426.35	170,574.35	523,000.70		
11/22/24	382,980.52	96,066.21	479,046.73		
11/15/24	488,985.90	141,837.53	630,823.43		
11/08/24	360,814.46	157,418.04	518,232.50		
11/01/24	450,214.84	134,116.11	584,330.95		
10/25/24	247,182.05	225,600.90	472,782.95		
10/18/24	309,215.96	154,603.08	463,819.04		
10/11/24	402,199.91	227,432.96	629,632.87		
10/04/24	212,303.58	180,980.97	393,284.55		
09/27/24	406,883.59	186,209.25	593,092.84		
09/20/24	378,928.07	164,561.92	543,489.99		
09/13/24	352,071.54	128,670.67	480,742.21		
09/06/24	252,991.39	115,166.22	368,157.61		
08/30/24	546,125.72	102,626.43	648,752.15		
08/23/24	469,840.91	146,939.12	616,780.03		
08/16/24	396,373.91	177,403.73	573,777.64		
08/09/24	663,034.78	184,274.34	847,309.12		
08/02/24	446,186.05	131,102.08	577,288.13		
07/26/24	397,998.02	186,254.23	584,252.25		
07/19/24	356,959.02	192,167.46	549,126.48		
07/12/24	271,142.38	141,349.40	412,491.78		
07/05/24	246,375.22	248,530.08	494,905.30		

Fiscal Year	2025	2024	2023
FY Beg. Balance (cash)	**$ 5,996,606.30**	**$ 6,985,590.17**	**$ 6,795,523.85**
Premiums			
Employees - Med/Rx	$ 2,890,507.28	$ 3,078,436.35	$ 3,142,631.17
Vision - Emp	$ 992.59	$ 1,131.04	$ 130,611.53
Board of Education - Med/Rx	$ 18,629,541.21	$ 20,624,545.46	$ 21,320,951.37
Vision - BoE	$ 105,515.14	$ 123,338.26	$ 931.68
Misc	$ 86,789.14	$ 43,760.96	$ 140,010.50
Total Revenue	***$ 21,713,345.36***	***$ 23,871,212.07***	*$ 24,735,136.25*
Total Expense	***$ 25,878,941.71***	***$ 24,860,195.94***	*$ 24,545,069.93*
Reserve Gain/(Loss)	***$ (4,165,596.35)***	***$ (988,983.87)***	***$ 190,066.32***
Claims			
Medical	$ 16,143,250.99	$ 15,911,171.06	$ 16,726,665.33
Prescription	$ 6,561,582.03	$ 5,699,333.25	$ 4,864,063.60
Vision	$ 81,307.00	$ 96,190.00	$ 82,607.75
Fixed Costs & Other			
Administration Fee	$ 626,046.43	$ 612,044.86	$ 784,277.35
Stop Loss Premiums	$ 2,219,617.91	$ 2,250,725.34	$ 1,862,905.66
Grail	$ -	$ 2,547.00	
Consultant/Legal Fees	$ 206,362.29	$ 236,264.37	$ 199,687.79
Subrogation	$ 6,648.07	$ 6,548.94	$ 2,745.24
Health Fair/Wellness	$ 5,950.48	$ 11,709.66	$ 12,034.21
ACA Fees	$ 7,323.15	$ -	$ -
Misc	$ 20,853.36	$ 33,661.46	$ 10,083.00
FY Ending Balance (cash)	**$ 1,831,009.95**	**$ 5,996,606.30**	**$ 6,985,590.17**

FY 2025 Insurance Fund by Month

Total FYTD			July	August	September	October	November	December	January	February	March	April
	Premiums											
$ 2,890,507.28	Employees	(3)	$ 251,585.16	$ 356,767.04	$ 258,585.36	$ 268,525.27	$ 268,979.71	$ 403,555.04	$ 269,962.05	$ 269,064.33	$ 272,604.32	$ 270,879.00
$ 992.59	Vision - Emp	(5)	$ 82.29	$ 124.76	$ 82.53	$ 102.74	$ 93.62	$ 133.68	$ 92.66	$ 87.69	$ 99.96	$ 92.66
$ 18,629,541.21	Board of Education	(2)	$ 1,653,749.57	$ 1,634,594.86	$ 1,762,275.77	$ 1,918,585.71	$ 1,934,779.83	$ 1,943,397.44	$ 1,943,616.45	$ 1,942,283.02	$ 1,943,092.74	$ 1,953,165.82
$ 105,515.14	Vision - BOE	(4)	$ 9,927.18	$ 9,610.08	$ 9,890.49	$ 10,667.55	$ 10,822.21	$ 10,893.71	$ 10,896.76	$ 10,903.64	$ 10,928.04	$ 10,975.48
$ 86,789.14	Misc	(1)	$ 35,742.30	$ -	$ -	$ -	$ -	$ 49,392.36	$ 1,654.48			
$ 21,713,345.36	***Total Revenue***		*$ 1,951,086.50*	*$ 2,001,096.74*	*$ 2,030,834.15*	*$ 2,197,881.27*	*$ 2,214,675.37*	*$ 2,407,372.23*	*$ 2,226,222.40*	*$ 2,222,338.68*	*$ 2,226,725.06*	*$ 2,235,112.96*
$ 25,878,941.71	***Total Expense***		*$ 3,159,805.35*	*$ 3,002,281.93*	*$ 2,844,970.77*	*$ 2,271,826.04*	*$ 2,440,543.29*	*$ 2,436,020.44*	*$ 2,321,812.83*	*$ 2,281,686.85*	*$ 2,735,529.46*	*$ 2,384,464.75*
$ (4,165,596.35)	***Reserve Gain/(Loss)***		*$ (1,208,718.85)*	*$ (1,001,185.19)*	*$ (814,136.62)*	*$ (73,944.77)*	*$ (225,867.92)*	*$ (28,648.21)*	*$ (95,590.43)*	*$ (59,348.17)*	*$ (508,804.40)*	*$ (149,351.79)*
	Claims											
$ 16,143,250.99	Medical	(1)	$ 1,718,660.69	$ 2,059,783.12	$ 2,138,711.93	$ 1,159,992.59	$ 1,670,988.88	$ 1,230,429.73	$ 1,363,547.46	$ 1,716,243.78	$ 1,728,109.11	$ 1,356,783.70
$ 6,561,582.03	Prescription	(2)	$ 897,494.95	$ 630,277.54	$ 419,926.09	$ 822,033.10	$ 477,276.83	$ 918,901.30	$ 662,810.19	$ 540,408.79	$ 463,147.96	$ 729,305.28
$ 81,307.00	Vision	(5)	$ -	$ 15,592.20	$ 7,571.11	$ 10,908.91	$ 12,006.84	$ 4,736.45	$ 5,327.30	$ 3,400.48	$ 4,803.87	$ 16,959.84
	Fixed Costs & Other											
$ 626,046.43	Administration Fee	(4)	$ 148,603.01	$ 51,705.32	$ 52,963.76	$ 53,188.13	$ 53,213.65	$ 53,358.97	$ 52,900.77	$ 1,829.10	$ 104,740.33	$ 53,543.39
$ 2,219,617.91	Stop Loss Premiums	(3)	$ 364,408.60	$ 203,042.08	$ 202,617.10	$ 205,426.19	$ 207,424.57	$ 206,815.32	$ 206,753.20	$ -	$ 414,258.39	$ 208,872.46
$ -	Grail		$ -									
$ 206,362.29	Consultant/Legal Fees	(6)	$ 18,488.60	$ 34,430.30	$ 8,545.60	$ 18,181.00	$ 18,354.60	$ 19,673.99	$ 30,336.60	$ 19,479.00	$ 20,044.00	$ 18,828.60
$ 6,648.07	Subrogation	(7)	$ 330.02	$ 829.44	$ 868.58	$ 2,096.12	$ 1,277.92	$ 185.70	$ 137.31	$ 325.70	$ 425.80	$ 171.48
$ 5,950.48	Health Fair/Wellness	(9)	$ 5,950.48	$ -		$ -	$ -					
$ 7,323.15	ACA Fees	(8)	$ -	$ -	$ 7,323.15	$ -	$ -					
$ 20,853.36	Misc	(10)	$ 5,869.00	$ 6,621.93	$ 6,443.45	$ -	$ -	$ 1,918.98				

FY 2024 Insurance Fund by Month

Total FYTD			July	August	September	October	November	December	January	February	March	April
	Premiums											
$ 2,546,549.43	Employees	(3)	$ 120,560.46	$ 220,801.46	$ 253,998.70	$ 251,178.39	$ 251,733.36	$ 252,704.98	$ 397,236.20	$ 265,209.75	$ 267,491.33	$ 265,634.80
$ 923.53	Vision - Emp	(5)	$ 43.27	$ 71.27	$ 113.42	$ 82.08	$ 199.78	$ 79.76	$ 83.58	$ 81.80	$ 86.77	$ 81.80
$ 17,057,968.04	Board of Education	(2)	$ 1,569,487.28	$ 1,565,495.84	$ 1,393,079.19	$ 1,779,850.59	$ 1,786,478.03	$ 1,797,713.08	$ 1,791,944.19	$ 1,795,508.97	$ 1,794,766.67	$ 1,783,644.20
$ 101,877.21	Vision - BOE	(4)	$ 9,315.53	$ 9,343.94	$ 8,304.30	$ 10,552.52	$ 10,610.00	$ 10,687.26	$ 10,725.45	$ 10,776.33	$ 10,817.67	$ 10,744.21
$ 41,107.73	Misc	(1)	$ 27,500.00	$ -		$ 3,917.69	$ 3,380.23				$ 1,309.81	$ 5,000.00
$ 17,683,320.93	***Total Revenue***		*$ 1,726,906.54*	*$ 1,795,712.51*	*$ 1,655,495.61*	*$ 2,045,581.27*	*$ 2,052,401.40*	*$ 2,061,185.08*	*$ 2,199,989.42*	*$ 2,071,576.85*	*$ 2,074,472.25*	*$ 2,065,105.01*
$ 18,616,770.49	***Total Expense***		*$ 2,871,508.45*	*$ 1,722,770.95*	*$ 1,767,708.94*	*$ 1,857,717.15*	*$ 1,943,792.49*	*$ 2,133,002.68*	*$ 2,554,980.37*	*$ 1,716,536.11*	*$ 2,048,753.35*	*$ 2,732,223.70*
$ (933,449.56)	***Reserve Gain/(Loss)***		*$ (1,144,601.91)*	*$ 72,941.56*	*$ (112,213.33)*	*$ 187,864.12*	*$ 108,608.91*	*$ (71,817.60)*	*$ (354,990.95)*	*$ 355,040.74*	*$ 25,718.90*	*$ (667,118.69)*
	Claims											
$ 13,226,385.20	Medical	(1)	$ 1,647,810.33	$ 998,270.12	$ 1,497,817.15	$ 1,022,047.96	$ 1,155,474.23	$ 1,287,816.62	$ 1,494,808.93	$ 1,310,980.42	$ 1,357,817.18	$ 1,453,542.26
$ 5,159,571.02	Prescription	(2)	$ 679,501.89	$ 460,869.05	$ 1,828.70	$ 553,849.02	$ 500,151.51	$ 586,130.66	$ 784,810.01	$ 166,441.35	$ 667,907.75	$ 758,081.08
$ 86,615.40	Vision	(5)	$ 7,856.01	$ 8,508.26	$ 8,536.78	$ 7,431.80	$ 11,389.38	$ 6,791.03	$ 4,991.62	$ 8,737.82	$ 4,220.42	$ 18,152.28
	Fixed Costs & Other											
$ 547,785.92	Administration Fee	(4)	$ 101,228.17	$ 51,310.04	$ 52,011.73	$ 53,056.44	$ 52,901.31	$ 52,582.94	$ 53,027.88	$ 24,112.92	$ 3,904.60	$ 103,649.89
$ 2,061,952.23	Stop Loss Premiums	(3)	$ 374,946.17	$ 186,461.16	$ 184,988.14	$ 188,418.48	$ 188,034.34	$ 188,666.53	$ 188,199.13	$ 186,559.60	$ -	$ 375,678.68
$ -	Grail		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 217,297.33	Consultant/Legal Fees	(6)	$ 31,360.12	$ 12,915.66	$ 22,193.66	$ 31,726.46	$ 35,571.63	$ 8,724.80	$ 28,158.00	$ 18,461.00	$ 9,725.00	$ 18,461.00
$ 6,018.22	Subrogation	(7)	$ 319.30	$ 296.66	$ 332.78	$ 1,186.99	$ 270.09	$ 1,255.10	$ 984.80	$ 328.00	$ 1,044.50	$ -
$ 9,707.41	Health Fair/Wellness	(9)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 915.00	$ 4,133.90	$ 4,658.51
$ -	ACA Fees	(8)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 33,661.46	Misc	(10)	$ 28,486.46	$ 4,140.00	$ -	$ -	$ -	$ 1,035.00	$ -	$ -	$ -	$ -

PARMA CITY SCHOOL DISTRICT-CUYAHOGA COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2022, 2023, and 2024 ACTUAL
FORECASTED FISCAL YEARS ENDING JUNE 30, 2025, THROUGH JUNE 30, 2029

PCSD

Parma City School District

Forecast Provided By
Parma City School District
Treasurer's Office
Mr. Sean Nuccio, CPA, Treasurer/CFO
May 27, 2025

Parma City School District – Cuyahoga County
Notes to the Five Year Forecast
General Fund Only
May 27, 2025

Introduction to the Five-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), tax levies (new/renewal), salary increases, enrollment variances, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education and Workforce (ODEW) when events materially change their forecast or, at a minimum when required under the 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 of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since the preparation of a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

Here are three essential 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 Ohio Department of Education and Workforce, and the 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-year financial forecast by November 30, and May 31, each fiscal year (July 1 to June 30). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The first year of the fiscal forecast is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the May 2025 filing.

May 2025 Updates:

Revenues FY25
The overview of revenues shows that we are well above estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $159.47 million, which is $11.1 million higher or 7.49% higher than the November forecasted amount of $148.36 million. Analysis of the forecast lines below explain the positive variance. This indicates that the November forecast was 92.51% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our most significant source of revenues at 67.5% and are estimated to be $107.64 million, which is $5.19 million higher for FY25 than the original November estimate of

$102.45 million. The reason for this increase is that the county auditor did not recognize the tax year 2024 reappraisal which increased our values by $696.3 million or 27.11% which should have reduced our emergency millage collections. The emergency millage rates were kept the same as tax year 2023. We have worked out a three-year emergency millage plan to get our millage rates back on course with where they should be. Our estimates are 94.93% accurate for FY25 and should mean future projections with the reduction plan just mentioned are also on target.

Line 1.035 and 1.04 – State Aid, represents 18.1% of revenue. We are estimating our state aid to be $28.78 million, which is $5.07 higher than the original estimate for FY25. This increase is a result of our district qualifying for the Community Eligibility Program (CEP) for food service that means all students can receive free breakfast and lunches. This also means the state of Ohio in late November began recognizing our student body as 100% economically disadvantaged. That then increased our Disadvantaged Pupil Impact Aid by $5.06 million a year starting this school year. We applied for the CEP program in the spring of 2024, we were unable to project this income in the November forecast without knowing we would be accepted in the program. We are pleased that we were accepted in this program for FY25. We are currently on the state foundation formula and are likely to move to a guarantee district for FY26 through FY29 due to the large reappraisal increase in tax year 2024.

Line 1.06 – Other revenues are up $284,453 over FY25 original estimates of $8.3 million due to increases in Medicaid reimbursements and tuition revenues. Our original estimates were 97% on target for the year.

All other areas of revenue are tracking slightly upward for FY25 based on our best information at this time.

Expenditures FY25

Total General Fund expenditures (line 4.5) are estimated to be $156.49 million for FY25, which is lower by $1.33 million, which means expenses are 99.16% on target for FY25.

Unreserved Ending Cash Balance

With revenues slightly higher and expenditures on target with estimates, our ending unreserved cash balance June 30, 2025, is anticipated to be roughly $45.8 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.

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.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect our forecast in the long term:

1) The Legislature in 2024 created a Joint Committee on Property Taxation and Reform. This action was in response to the historic property valuation increases. The committee's mission was to review Ohio's property tax system and to make recommendations to the General Assembly on property taxation. The committee released their report to the General Assembly on January 2, 2025. The report outlined twenty-one (21) recommendations on actions that could be taken to restrict local tax growth for Ohio school districts.

As a result of the numerous recommendations in the report there are currently 14 pending pieces of legislation in the Ohio Legislature that seeks to limit growth of local property taxes in several different ways. The most egregious is HB96 which could impact every district in the state of Ohio.

HB96 seeks to limit school district ending carry over cash balances to 30% of their prior years expenditures and to allow county budget commissions to suspend voter approved property tax levies and the 20-mill floor in order to reduce district reserves to the 30% target. HB96 has several severe consequences for school districts in terms of financial stability, and loss of local control which will likely result in increased levy requests to district taxpayers. It is unclear at the time of this forecast whether HB96 will continue on through the Ohio Senate and be signed into law July 1, 2025. The district will be watching carefully for the final outcome of HB96 and several other legislative proposals that would limit property tax growth. Several of these proposals in addition in HB96 could be a very significant risk to future local tax growth for our district. We will update the forecast when factual data is available.

2) Property tax collections are the largest revenue source for the school system. The housing market in our district is stable and growing moderately. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes. Total local revenues, predominately local taxes, equating to 72.89% of the district's resources. Our tax collections in the second half 2024 and first half 2025 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

3) Cuyahoga County experienced a reappraisal update in the 2021 tax year to be collected in FY22. The 2021 update increased assessed values by $402.4 million, or 22.9%. Overall values rose $420.98 million or 19.65%, including reappraisal and new construction for all property classes. A reappraisal occurred in the tax year 2024 for collection in FY25. Based on preliminary numbers from the county auditor value increases for Class I and II property by $696.33 million for an overall increase of 27.11%. However, there is always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that now.

4) The state budget represented 27.11% of district revenues, which means it is a risk to revenue. The future risk comes in FY26 and beyond if the state does not fund the last two (2) years of the Fair School Funding Plan in the FY26-27 biennium budget. In this forecast, there are two unknown future State Biennium Budgets covering FY26-27 and FY28-29.

The state legislature has shown little interest in fully funding the current formula. The governors proposed budget recommendation in HB96 dated February 3, 2025, reduced funding for public school by $103.5 million over FY26-27. The legislative process will continue with uncertainty through June 30, 2025, which is after the forecast must be approved. This is an area of elevated risk to district funding long-range through FY29. We have projected our state funding in FY25 based on HB33 of our current state budget which expires June 30, 2025. We will adjust the forecast for state aide in future years as we have reliable data to make an informed decision.

5) HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY25 reflects 66.67% of the implementation cost at year four of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.67% funding of (FSFP), however, the final two years of the phase-in are not guaranteed and are dependent on legislative actions for the FY26 and FY27 state biennium budget, which as of this forecast do not appear favorable. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY25.

6) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid.

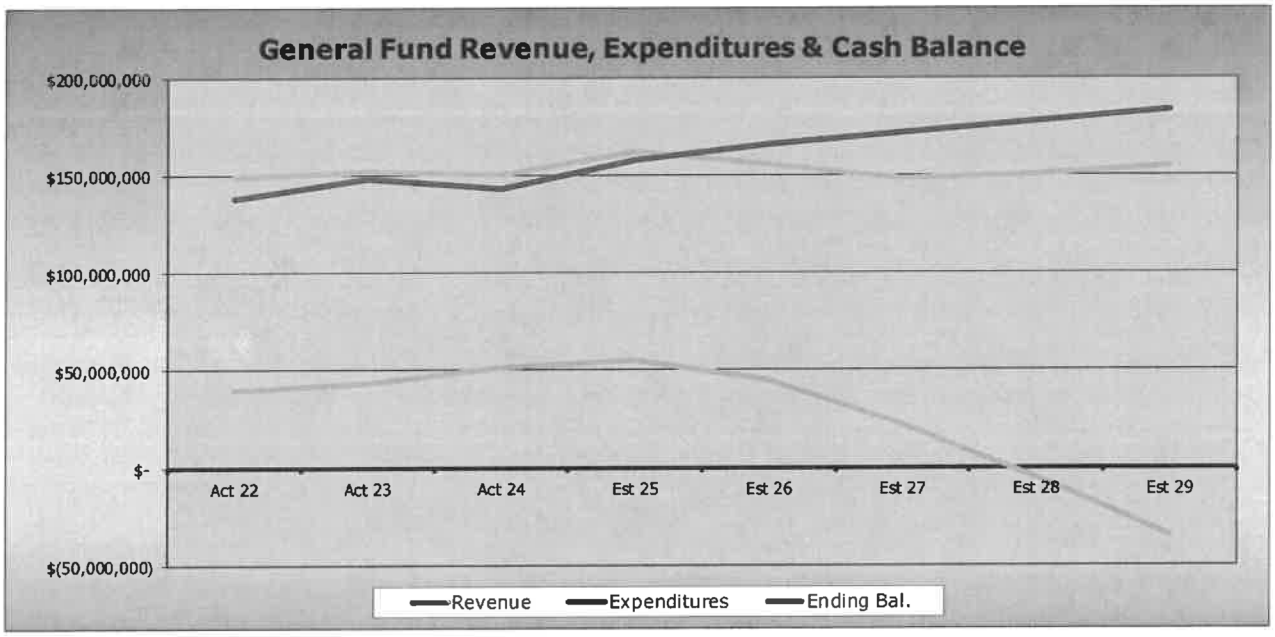
However, education option programs such as College Credit Plus, Excess Costs and various tuitions continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

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. Our positive working relationship will continue and grow stronger as we move forward.

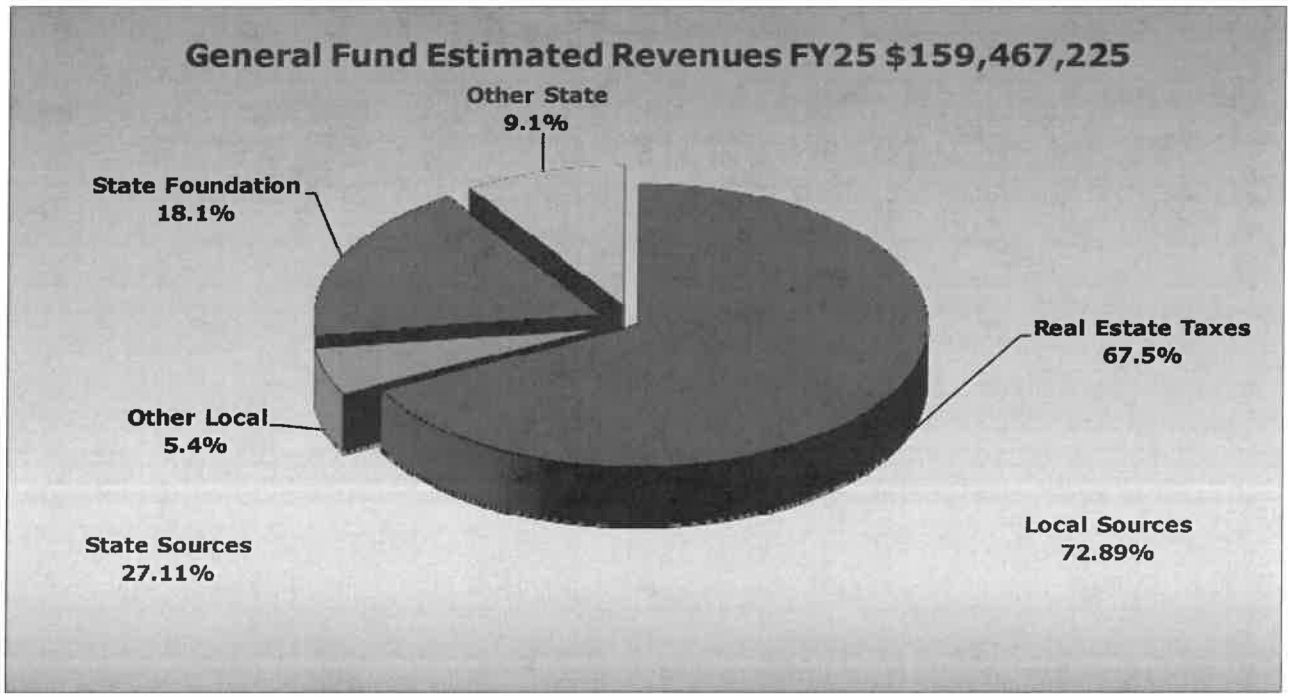
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below to understand the overall financial forecast for our district. If you want further information, please contact Sean Nuccio, CPA, Parma CSD Treasurer/CFO at 440.885.2324.

General Fund Revenue, Expenditures, and Ending Cash Balance FY22-24 and Estimated FY25-29

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



Revenue Assumptions
Operating Revenue Sources General Fund FY25



General Property Tax and Property Value Assumptions (Real Estate) – Line #1.010
Property Values are established annually by the County Auditor based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. Cuyahoga County experienced a reappraisal update for the 2021 tax year to be collected in 2022. Due to the reappraisal led by an improving housing market, residential/agricultural values increased 19.65% or $420.98 million including new construction for all property classes.

A reappraisal occurred in 2024 for collection in 2025, for which resulted in a 29.66% increase in residential and a 9.22% increase for commercial/industrial property. Overall values increased by $696.33 million or 27.11%.

Public Utility Personal Property (PUPP) values increased by $8.6 million in Tax Year 2024. We expect our values to continue to grow by $2.5 million each year of the forecast.

We have been conservative with any future value increases for reappraisal or updates due to uncertainty over legislative actions that may take place in the spring of 2025 that limits property tax growth.

Tax Rate Assumptions
The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for "reduction factors" of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of 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 68.2 mills while the Class I effective millage rate is 36.6 mills and the Class II effective millage rate is 45.21 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills (excluding emergency and substitute emergency levies), which includes both the voted and the non-voted millage rates; this is called the "20-Mill Floor". Currently, our district is on the floor

for Class I property. Any emergency or substitute emergency levy that is voted on is not included in the 20-mill floor, the district in Tax Year 2024 has four (4) emergency levies totaling 16.60 mills that was voted on for an annual amount of $40.488 million of taxes.

NOTE: The districts 16.60 mills of emergency millage was left unchanged following the $696.33 million increase in values in Tax Year 2024, which caused actual tax collections to be much higher than what we estimated. We have worked out and agreement with the county auditor to gradually reduce emergency millage over three years to get back to the correct millage rates.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual TAX YEAR2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028	Estimated TAX YEAR 2028 COLLECT 2029
Res./Ag.	$2,797,935,560	$2,797,835,560	$2,797,735,560	$2,993,477,049	$2,993,377,049
Comm./Ind.	466,689,660	466,589,660	466,489,660	480,384,350	480,284,350
Public Utility Personal Property (PUPP)	87,829,770	90,329,770	92,829,770	95,329,770	97,829,770
Total Assessed Value	$3,352,454,990	$3,354,754,990	$3,357,054,990	$3,569,191,169	$3,571,491,169

Estimated Real Estate Tax (Line #1.010)

Source	FY25	FY26	FY27	FY28	FY29
General Property Taxes	$102,045,148	$102,048,527	$96,038,436	$97,945,979	$101,311,700

Property tax levies are estimated to be collected at 97.5% of the annual amount. This allows a 2.5% delinquency factor. In general, 53.75% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 46.25% in the August tax settlement.

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

The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the table above, which was $87.83 million in assessed values in 2024 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 auditor. The values in 2024 rose by 10.83% or $8.58 million and are expected to grow by $2.5 million each year of the forecast.

Source	FY25	FY26	FY27	FY28	FY29
Public Utility Personal Property (Line #1.020)	$5,594,645	$5,862,436	$5,821,925	$5,947,219	$6,126,127

Levy Renewal –Line #11.020

The district renewed the $7.6 million emergency levy and the $8.1 million emergency levy November 7, 2024, merging them into a 10 year $15,665,500 levy that will expire December 31, 2034. The renewal of these levies merged into one is no new tax increase to the district or to the taxpayers.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

Current State Funding Model per HB33 through June 30, 2025

A) Unrestricted State Foundation Revenue– Line #1.035
HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25, which funds students where they are educated rather than where they live. We have projected FY25 funding based on the most recent foundation settlement and funding factors.

Our district is currently a formula district in FY25 and is expected to continue to be on the guarantee in FY26-FY29 on the new Fair School Funding Plan (FSFP) due to the large tax year 2024 increase in property value. This is expected to increase the Local Capacity and swing the district to the guarantee.

For a detailed overview of how foundation funding is calculated please visit the Ohio Department of Education and Workforce at: https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding.

State Funding Phase-In FY25 and Guarantees
The Fair School Funding Plan was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110 and extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it consists of a general phase-in percentage for most components of 66.67% in FY25.

The funding formula 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 FY24 and FY25 than they received in FY21.

Future State Budget Projections beyond FY25
Our funding status for FY26-29 will depend on unknown two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast for FY26 through FY29.

Casino Revenue
On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed four (4) casinos to open 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% of Gross Casino Revenue 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, beginning for the first time on January 31, 2013.

The casino revenue has recovered from the pandemic and closing the casinos in 2020. Total funding in FY24 was $114.18 million or $65.44 per pupil. In FY25, the funding totaled $114.30 million or $65.99 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.0% annual growth rate for the remainder of the forecast.

Source	FY25	FY26	FY27	FY28	FY29
Basic Aid-Unrestricted	$15,882,377	$11,312,704	$9,780,881	$9,780,881	$9,780,881
Additional Aid Items	2,352,900	2,447,016	2,544,897	2,544,897	2,544,897
Basic Aid-Unrestricted Subtotal	$18,235,277	$13,759,720	$12,325,778	$12,325,778	$12,325,778
Credential	129,880	129,880	129,880	129,880	129,880
Ohio Casino Commission ODT	582,616	585,139	587,636	590,125	592,605
Total Unrestricted State Aid - Line #1.035	$18,817,893	$14,344,859	$12,913,414	$12,915,903	$12,918,383

B) Restricted State Revenues – Line #1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, new restricted funds have been added under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. The district has elected to also post Catastrophic (Threshold) Aid for special education as restricted revenues. We have estimated revenues for these new restricted funding lines using current October funding factors. The amount of DPIA is limited to a 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY29 due to uncertainty on continued funding of the current funding formula.

HB33 set aside funds state-wide to subsidize the Science of Reading initiative. The district will be reimbursed for teacher in-service and associated fringe benefits upon proof of training and certified reimbursement request. It is estimated that the district will receive $77,670 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent.

Source	FY25	FY26	FY27	FY28	FY29
DPIA	$6,722,569	$8,290,000	$9,648,742	$9,648,742	$9,648,742
Career Tech	503,511	327,125	227,525	227,525	227,525
Gifted	261,849	160,323	90,821	90,821	331,436
ESL	165,243	134,724	144,988	152,237	159,849
Student Wellness	588,266	588,266	588,266	588,266	588,266
Other Restricted State Funds	864,531	0	0	0	0
Catastrophic	860,401	860,401	860,401	860,401	860,401
Total Restricted State Revenues - Line #1.040	$9,966,370	$10,360,839	$11,560,743	$11,567,992	$11,816,219

C) Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenues	FY25	FY26	FY27	FY28	FY29
Unrestricted Line #1.035	$18,817,893	$14,344,859	$12,913,414	$12,915,903	$12,918,383
Restricted Line #1.040	9,966,370	10,360,839	11,560,743	11,567,992	11,816,219
Restricted Fed. Grants Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$28,784,263	$24,705,698	$24,474,157	$24,483,895	$24,734,602

State Share of Local Property Tax – 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. 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 or older or disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who still need to get their Homestead Exemption approved or those who did not get a new application approved for the tax year 2013 and who become eligible after that 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 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.

b) Tangible Personal Property Reimbursements – Fixed Rate
The district does not receive TPP Fixed Rate reimbursements. A cut in state funding from the state.

c) Tangible Personal Property Reimbursements – Fixed Sum
The district does not receive TPP Fixed Sum reimbursements any longer. A cut in funding from the state.

Summary of State Tax Reimbursement – Line #1.050

Source	FY25	FY26	FY27	FY28	FY29
Rollback and Homestead	$14,450,723	$14,518,305	$13,537,633	$13,853,725	$14,410,311
Total Tax Reimb/Prop Tax Allocations - Line #1.05	$14,450,723	$14,518,305	$13,537,633	$13,853,725	$14,410,311

Other Local Revenues – Line #1.060
All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

Interest income is based on the district's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 50 basis point in September 2024. While interest income in FY25 should remain steady due to laddered investment strategies, the rate cuts will begin to have an impact on earnings in FY26 and future years. We will continue to monitor the investments for the district. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historical trends.

Unfortunately, HB126 was passed at the end of FY22 that has severely curtail all districts in Ohio from contesting valuation adjustments which are sought by businesses, often times without adequate supporting documentation showing a fair value. This legislation is severely one sided and will likely end in other commercial taxpayers paying higher taxes when these values for some are lowered unjustly. This is an example of legislation that is passed that significantly impacts our local revenues. From FY20 to FY22, BOR/BTA revenue has represented an average of $1,454,098 of revenue annually. As seen in the table below, in FY24 these settlements are estimated to realize $427,125 in revenue to our district. By FY26 we anticipate this will be gone due to legislative action at the state level which will hurt school districts across Ohio.

Source	FY25	FY26	FY27	FY28	FY29
Tuitions, SF14, SF6	$2,640,386	$2,666,790	$2,693,458	$2,720,393	$2,747,597
Interest	3,077,067	2,777,067	2,477,067	2,177,067	1,877,067
Medicaid	1,078,034	1,088,811	1,099,696	1,110,690	1,121,794
Service Fees & Rentals	363,319	366,952	370,622	374,328	378,071
BOR Settlements	427,125	0	0	0	0
Other Income	1,006,515	1,006,515	1,006,515	1,006,515	1,006,515
Total Other Local Revenue Line #1.060	$8,592,446	$7,906,135	$7,647,358	$7,388,993	$7,131,044

Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short-term borrowing projected in this forecast.

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

These are non-operating revenues which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. For FY24, advances to the General Fund totaled $2,760,682. For subsequent fiscal years, return of advances are projected at $2,037,582 for FY25 and then $500,000 FY26 through FY29. Ohio Revised Code Section 5705.10 prohibits funds from having a negative fund balance. Federal and state grant funds require that PCSD spend the funds first and then request reimbursement from the Ohio Department of Education. In order to avoid negative fund balance at fiscal year-end due to the timing of the reimbursement, the General Fund advances funds to the negative grant funds. After the beginning of the new fiscal year, the grant funds return the advances to the General Fund.

Source	FY25	FY26	FY27	FY28	FY29
Transfers In - Line #2.040	$0	$0	$0	$0	$0
Advance Returns - Line #2.050	2,037,582	500,000	500,000	500,000	500,000
Total Transfer & Advances In	$2,037,582	$500,000	$500,000	$500,000	$500,000

All Other Financial Sources – Line #2.060

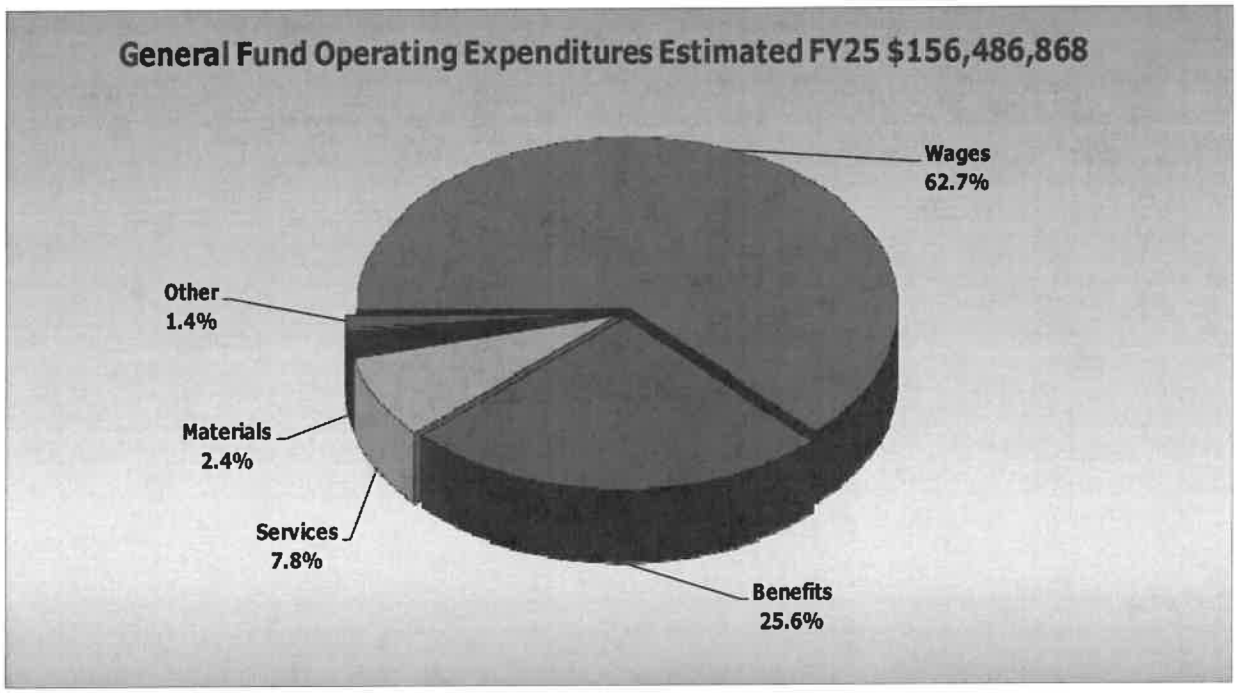
This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year, and we will not project that occurring in the remainder of the forecast.

Source	FY25	FY26	FY27	FY28	FY29
Refund of prior years expenditures	$158,787	$158,787	$158,787	$158,787	$158,787

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.

All Operating Expense Categories – General Fund FY25



Wages – Line #3.010

The salaries expense category represents the largest portion of the district's budget at 62.7% of total general fund operating expenses in FY25. Funding from the CARES Act and state funding from the Governor's student wellness initiative, reduced General Fund payroll expenses. The General Fund payroll increased in fiscal year 2021 after the CARES Act Fund (ESSER I) 507 revenue sources were completely spent. We have received two additional ESSER allocations the last of which (ESSER III) must be spent by September 30, 2024. We have shifted wages to ESSER Fund 507 for both ESSER II and III. We are estimating that $4,400,000 of wages will be brought back to the general fund in FY25 when these funds are spent. We charged $651,416 of General Fund wages to Fund 467 Student Wellness and Success in FY24 completing the use of those funds.

Certified substitute services were moved from personnel services to purchased services since the district contracted North Coast Shared Services Alliance now the Ohio Substitute Teacher Service. In fiscal year 2018, the district obtained subs using in-house services. The fill rate using in-house services was not an acceptable level. For FY25 to FY29, changes in the salary line item have been projected using estimated increases resulting from staff progression on the salary schedule, degree changes and increases due to inflationary pressures. In FY23, negotiations with bargaining unit members resulted in an agreement to include base increases for certified staff of 3.0% and increases for classified staff of 13.45%. For planning purposes, a 2.61% base increase amount has been used for FY25 and 2.0% for FY26-29.

In FY24 staff reductions and building consolidation savings of $3,358,114 in wages have been factored into the forecast.

Source	FY25	FY26	FY27	FY28	FY29
Base Wages	$88,248,173	$95,307,314	$98,446,032	$101,694,821	$105,057,614
Steps & Training	1,411,971	1,524,917	1,575,137	1,627,117	1,680,922
Growth	0	0	0	0	0
ESSER & SWSF Adjustments	4,400,000	0	0	0	0
Substitutes	1,401,224	1,432,752	1,461,407	1,490,635	1,520,448
Supplementals	3,107,835	3,177,761	3,241,316	3,306,143	3,372,266
Staff Reductions	(354,920)	(292,345)	(295,268)	(298,221)	(301,203)
Severence	300,000	300,000	300,000	300,000	300,000
Building Consolidation	(383,494)	0	0	0	0
Total Wages Line #3.010	$98,130,789	$101,450,399	$104,728,624	$108,120,495	$111,630,046

Fringe Benefits Estimates Line #3.020

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

A) STRS/SERS

As the law requires, the BOE pays 14% of all employee wages to STRS or SERS. The district is also required to pay SERS Surcharge, an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

We are estimating 5.5% for FY25, then 18.6% for FY26 and 6% for FY27 through FY29 which reflects trend and moderate claims we are seeing. This is based on our current employee census and claims data.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately .91% of wages FY24, .56% FY25, and .5% FY26–FY29. Unemployment is likely to remain at a shallow level FY25-FY29. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have eligible employees and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of wage increases 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.

Summary of Fringe Benefits – Line #3.020

Source	FY25	FY26	FY27	FY28	FY29
A) STRS/SERS	$15,426,715	$15,971,895	$16,490,481	$17,027,071	$17,582,302
B) Insurance's	22,369,030	26,458,643	27,981,203	29,594,466	31,303,869
C) Workers Comp/Unemployment	547,727	501,667	517,549	533,979	550,974
D) Medicare	1,358,726	1,399,828	1,446,026	1,493,844	1,543,342
Other/Tuition	365,118	365,118	365,118	365,118	365,118
Total Fringe Benefits - Line #3.020	$40,067,315	$44,697,151	$46,800,377	$49,014,477	$51,345,605

Purchased Services – Line #3.030

HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the educating districts for open enrollment, community, and STEM schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends. 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 and end June 2026. It is anticipated it will increase electric costs by 20% annually for just that twelve (12) month period.

Certified substitute services were moved from personnel services to purchased services since the district contracted North Coast Shared Services Alliance now the Ohio Substitute Teacher Service. In fiscal year 2018, the district obtained subs using in-house services. The fill rate using in-house services was not an acceptable level. The sub rates increased to $150 a day beginning in November 2021 which is a 50% increase in the daily rate. Additional ESSER II and III funds have been allocated to our district that can be used through September 2023 and September 2024 which will continue to offset the COVID expenses noted above and help with academic support for lost learning due to school closures as a result of the pandemic. These funds will be gone after September 2024.

Contract transportation costs are expected to stabilize in FY25after sharp increases in FY24 due to the shortage of bus drivers and increased service.

In FY25 we estimate ongoing savings from reduction in building maintenance and utilities due to building consolidation of $662,000.

Source	FY25	FY26	FY27	FY28	FY29
Base Services	$455,370	$455,370	$455,370	$455,370	$455,370
Transportation	1,473,974	1,503,453	1,533,522	1,564,192	1,595,476
Tuition Inc. Ed. Choice & Scholarships-471-479	3,078,803	3,140,379	3,203,187	3,267,251	3,332,596
Professional Support 41x	4,773,569	4,821,305	4,869,518	4,918,213	4,967,395
Building Maintanence & Services 42x	900,767	918,782	937,158	955,901	975,019
Utilities	1,460,637	1,694,339	1,507,962	1,538,121	1,568,883
Total Purchased Services - Line #3.030	$12,143,120	$12,533,628	$12,506,717	$12,699,048	$12,894,739

Supplies and Materials – Line #3.040

Instructional and general supply costs represent the largest portion of all supplies and material expenses. During the current fiscal year, the district renewed up-front licenses for educational programs that have expired. Also, the district in planning on purchasing textbooks at a General Fund cost of $969,375. Transportation related supply expenses now represents one of the smallest portions of all supplies and materials. Bus repairs are expected to decrease with the purchase of 34 new busses in FY19 and 10 new busses in FY20, which replaced older buses. We have added $50,000 to supplies FY22-FY29 for performing arts per Board Resolution. Additional ESSER II and III funds have been allocated to our district that can be used through September 2023 and September 2024 which will continue to offset the COVID expenses noted above and help with academic support for lost learning due to school closures as a result of the pandemic.

In FY23 our supplies for resale increased by $400,000 which is maintained FY25 through FY29. In FY25 we anticipate ongoing savings from reduction of building maintenance expenses of $46,331 as a result of the building consolidation.

Source	FY25	FY26	FY27	FY28	FY29
Supplies	$1,821,038	$1,875,669	$1,931,939	$1,989,897	$2,049,594
Textbooks	969,375	979,069	988,860	998,749	1,008,736
Building Maintenance	330,677	333,984	337,324	340,697	344,104
Transportation	656,560	663,126	669,757	676,455	683,220
Total Supplies - Line #3.040	$3,777,650	$3,851,848	$3,927,880	$4,005,798	$4,085,654

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. Additional ESSER II and III funds have been allocated to our district that can be used through September 2023 and September 2024 which will continue to offset the COVID expenses noted above and help with academic support for lost learning due to school closures as a result of the pandemic.

Source	FY25	FY26	FY27	FY28	FY29
Capital Outlay	$186,110	$189,832	$193,629	$197,501	$201,451
Technology	44,306	45,193	46,096	47,018	47,959
Total Equipment - Line #3.050	$230,416	$235,025	$239,725	$244,520	$249,410

Principal and Interest Payment – Lines #4.050 and 4.060

Per the District's Fiscal Recovery Plan submitted to the Ohio Department of Education, the District began paying these expenses from the Permanent Improvement Fund beginning in FY18.

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit and other miscellaneous expenses.

Source	FY25	FY26	FY27	FY28	FY29
County Auditor & Treasurer Fees	$1,210,080	$1,222,181	$1,234,403	$1,246,747	$1,259,214
County ESC	61,380	61,994	62,614	63,240	63,873
Other expenses	866,117	866,117	866,117	866,117	866,117
Total Other Expenses - Line #4.300	$2,137,577	$2,150,292	$2,163,134	$2,176,104	$2,189,204

Transfers Out/Advances Out – Line #5.010

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. In FY25-FY29 we anticipate $500,000 to be transferred to our budget reserve.

Source	FY25	FY26	FY27	FY28	FY29
Operating Transfers Out - Line #5.010	$500,000	$500,000	$500,000	$500,000	$500,000
Advances Out - Line #5.020	500,000	500,000	500,000	500,000	500,000
Total Transfer & Advances Out	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000

Encumbrances – Line #8.010

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments, which have been performed, are awaiting invoicing and payment. Encumbrances, on a budget basis of accounting, are treated as the equivalent of expenditure at the time authorization is made to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance.

	FY25	FY26	FY27	FY28	FY29
Estimated Encumbrances	$550,000	$550,000	$550,000	$550,000	$550,000

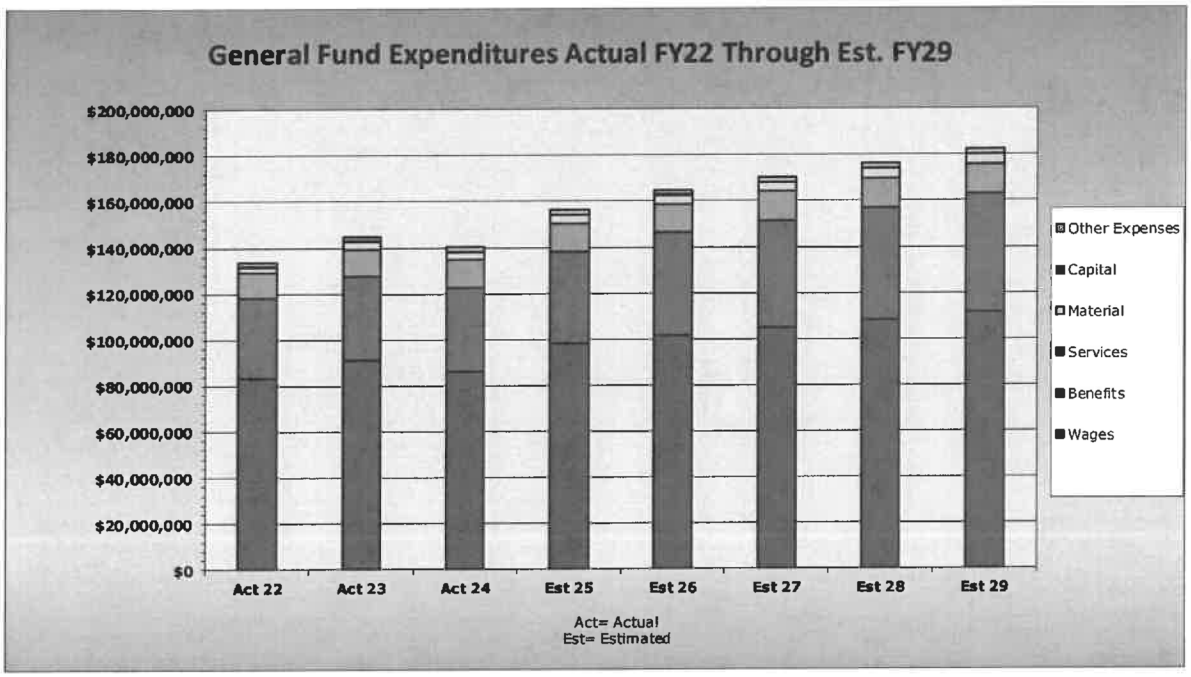
Budget Reserve – Line #9.080

In May 2019, the board passed a resolution to maintain a general fund reserve of a minimum of $500,000 beginning in FY20. In FY25 we have established a reserve due to the over payment of taxes that will occur in calendar year 2025 which will impact FY25 and FY26. This resulted in the error in calculated emergency millage amounts following the Tax Year 2024 reappraisal. Millage rate adjustments over a three year period have bene agreed to and a reserve below is being established which will increase through FY26 then decrease until the over payments have been netted out by FY28.

Source	FY25	FY26	FY27	FY28	FY29
Budget Reserve - Line #9.030	$3,000,000	$3,500,000	$4,000,000	$4,500,000	$4,500,000
Property Tax Advanced - Line #9.060	5,850,000	9,750,000	5,850,000	1,950,000	0
Total Reservations of Balance - Line #9.080	$8,850,000	$13,250,000	$9,850,000	$6,450,000	$4,500,000

Operating Expenditures Actual FY22 through FY24 and Estimated FY25-FY29

As the graph on the following page indicates, we have diligently contained costs due to lower and flat state revenues. We control our expenses while balancing students' academic needs to enable them to excel and perform well on state performance standards.



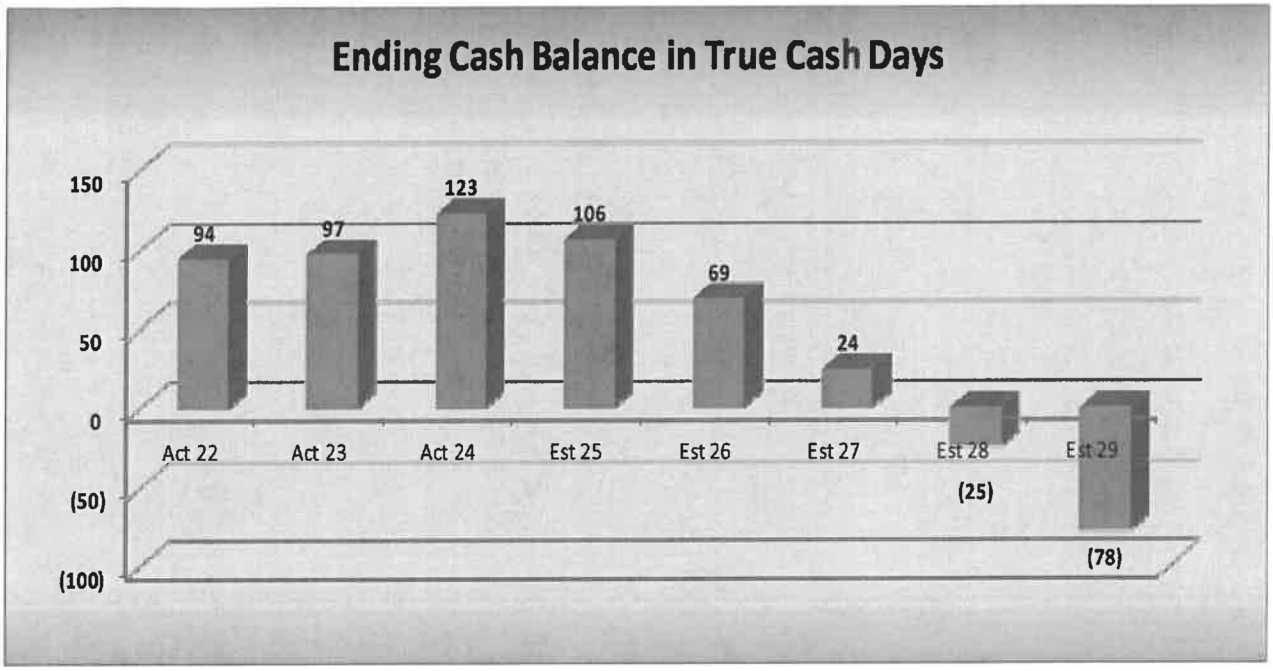
Ending Unencumbered Cash Balance – Including All Levy Renewals– Line #15.010

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, and which results in a negative unencumbered cash balance, is a violation of O.R.C. §5705.412, which is punishable by personal liability of $10,000; unless an alternative 412 certificate, as permitted by HB153, effective September 30, 2011, could be issued. It is recommended that a district maintains a minimum of thirty (30) day cash balance, which is about $13.2 million for our district. The district falls below the thirty (30) day rate in FY27.

	FY25	FY26	FY27	FY28	FY29
Ending Unencumbered Cash Balance Line #15.010	$45,834,470	$31,216,016	$11,427,855	($12,153,989)	($39,226,075)

True Cash Days Ending Balance –Including Levy Renewal

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 365 (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. Still, it 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. The district is not projecting being able to maintain a sixty (60) day true cash day balance after FY25.



Conclusion

Parma City School District receives 27.11% of its 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 HB33 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 FY26-FY29.

As the administration plans for the future, they will need to make sure that the district is able to obtain a positive cash balance throughout the forecast. They will need to review the expenditures based on the current revenues in order to obtain this.

As you read through 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.