

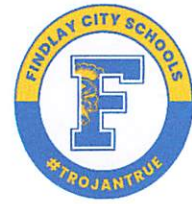
OCTOBER 2025



FY26 FORECAST

PAM HARRINGTON, TREASURER
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FINDLAY CITY SCHOOLS

Pamala Harrington, Treasurer

ASSUMPTIONS October 2025 for FY26

FORECAST Purpose/Objectives

Ohio Department of Education's purposes/objectives for the three-year forecast are:

1. To engage the local board of education and the community in the long-range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Ohio HB96 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 a three-year financial forecast by October 15 and the end of February in fiscal year 2026 and, August 31 and end of February each fiscal year beginning in fiscal year 2027 (July 1 to June 30). While the legislative requirement is to file a three-year forecast, as noted above, we believe it is a prudent business practice to continue to develop a five-year forecast for planning purposes. The five-year forecast includes three years of actual and five 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 the October 2025 filing.

Economic Outlook

As of 2026, the U.S. economy is moving through a period of slower but steady growth, influenced by moderating inflation, shifting interest rates, and continued adjustments in labor and trade markets. After years of volatility, the national economy has entered a more stable phase, although challenges remain. The path forward will be shaped by familiar indicators such as employment, wage growth, inflation expectations, and fiscal policy decisions.

Interest rates remain a defining factor in the outlook. After raising rates aggressively through 2022 and 2023 to curb historic inflation, the Federal Reserve began lowering rates in late 2024. Reductions continued throughout 2025, and by early 2026, the federal funds rate had settled in the mid-3% range. Projections suggest that rates will continue to ease gradually through 2026, balancing the need to support growth with the goal of keeping inflation under control. These policy changes affect everything from mortgage rates and consumer borrowing to business investment and school district capital financing.

Inflation, which peaked at 9.1% in mid-2022, has steadily receded. By late 2025, the annual inflation rate had fallen to around 2.3%, bringing it close to the Federal Reserve's 2% target. Although this marks clear progress, costs remain elevated in critical areas such as housing, food, and energy. Most forecasts anticipate inflation drifting closer to the 2% target during 2026, but lingering price pressures will continue to affect household budgets and institutional spending plans.

The cost of goods and services remains higher than in the pre-pandemic years, despite overall improvement in supply chains. Tariffs and higher labor costs continue to drive expenses upward in many sectors, leaving schools, families, and communities with operating costs that are still above historic norms. While the “stockpiling” behaviors that occurred during earlier inflationary spikes have subsided, the structural cost increases in areas like utilities, transportation, and food service remain.

Economic growth has moderated in this environment. According to the OECD, U.S. GDP grew by 2.6% in 2024, slowed to 1.6% in 2025, and is projected to remain in the 1.5% to 1.7% range during 2026. The deceleration reflects weaker global trade, cautious consumer spending, and softer business investment, though the easing of interest rates is expected to help offset the slowdown and prevent a deeper contraction.

The labor market continues to show resilience, but workforce participation remains a concern, especially in public-facing fields such as education, healthcare, and transportation. Rising wage expectations, paired with higher living costs, make it difficult for school systems and local governments to compete with the private sector. For education specifically, staffing shortages and higher compensation demands remain a significant driver of financial pressure.

In summary, the U.S. economy in 2026 is defined by moderate growth, declining but persistent cost pressures, and interest rates that are moving lower after several years of increases. These trends bring greater stability, but they do not fully eliminate the financial challenges faced by households and institutions across the country.

Implications for Ohio School Districts

For Ohio school districts, the current economic environment presents both relief and continued uncertainty. Slowing growth, easing inflation, and lower interest rates provide a more stable planning foundation, yet the pressures of staffing, operational costs, and funding volatility remain at the forefront.

School funding in Ohio depends heavily on a mix of state aid and local property taxes. With GDP growth moderating, state revenues may be constrained, and districts could face uncertainty about the next state biennium budget cycle. At the same time, local taxpayers, still managing elevated costs of living, may be hesitant to support new levies or bond measures, making it more difficult for districts to generate additional resources at the ballot box.

Staffing challenges continue to dominate financial planning. Although inflation has eased, the costs of housing, food, and energy remain higher than historical levels, raising wage expectations across the workforce. Districts are under pressure to offer competitive compensation packages in order to attract and retain teachers, bus drivers, and support staff. These higher wage and benefit costs will continue to drive spending growth.

Operating expenses also remain elevated. While overall inflation is moderating, the costs of transportation, food services, building maintenance, and classroom supplies have not fully returned to pre-2021 trends. School districts must account for these higher baseline costs when preparing budgets for FY26 and beyond.

Lower interest rates do provide opportunities. For districts with long-term capital needs, borrowing is now less costly than in recent years. This could make construction and renovation projects more feasible, though the ability to move forward still depends on voter approval of bond measures.

Finally, enrollment patterns and equity considerations remain important. Economic uncertainty can influence family migration and demographic shifts, which in turn affect state funding allocations. Rural and low-income districts, in particular, may face declining enrollments and greater needs for targeted support.

In summary, the FY26 environment for Ohio school districts is characterized by improved financial stability compared to prior years, but ongoing challenges in staffing, costs, and funding persist. Effective planning, transparent communication, and careful long-term strategy remain essential to maintaining educational quality in the face of these pressures.

REVENUE NOTES:

Real Estate Value Assumptions – Line #1.010

Real estate property tax revenue accounts for over 46% of total revenue. The projections reflect an average gross collection rate and our August, 2025 collection is up 3%. A conservative growth of 2% for the remainder of this forecast is being reflected. Our district still remains above the 20 mill floor where future increases in property values reduce the effective tax rate thus limiting growth on this line.

Due to historic property value increases in reappraisal and update years the Ohio Legislature has considered various proposals since 2023 to help reduce non-voted tax increases on taxpayers. HB96 the current state biennium budget passed in June 2025 which included several proposals that would have ultimately reduced districts' cash balances and placed severe restrictions on increasing local tax revenues. As mentioned above, since we are not at 20 effective mills, these proposed changes by our legislature will not have an immediate effect on Findlay City Schools.

The Governor vetoed four (4) property tax measures that he said would jeopardize the financial stability of public schools. The Ohio House of Representatives pulled three (3) of the Governor's vetoes addressing school districts to attempt to override them. They included: 1) County Budget Commission Authority; 2) manipulates the calculation of the 20-mill floor to include emergency, substitute and other levies in the calculation; and 3) the elimination of various levies including emergency, replacement and renewal levies

The Ohio House of Representatives met on July 21, 2025 and voted (61-58) in favor of overriding the elimination of various levy types - only. As of this forecast filing, the Senate has not met to vote on any of the vetoes thus the Governor's vetoes remain in effect. As part of the Governor's vetoes, he created a property tax reform working group co-chaired by former legislators.

The governor appointed 11 members including the co-chairs. The working group is tasked with thoroughly examining issues related to how to provide meaningful property tax relief to homeowners and businesses while ensuring that funding for local schools, fire, police, EMS, libraries, and developmental disabilities is adequate. The Governor has asked the working group to issue a report with concrete proposals by September 30, 2025. The legislature has introduced several other bills that would limit real estate tax growth or eliminate real estate tax collections completely. Many of these bills are still in committee.

Tangible Personal Property Tax Value Assumptions – Line #1.020

The public utility personal property tax revenue is generated from the personal property values, additions and depreciation reported by the utility companies. We are up 21% after our August 2025 collection, and are showing a conservative growth moving forward.

School District Income Tax – Line #1.030

Our school district passed a new 1% earned income tax in May, 2025. The full collection of over 13 million dollars annually will not take effect for approximately 18 months. This is due to when the income tax takes effect and when taxpayers file and pay this new tax. Income tax collections are dependent upon the economy. We will receive our first installment in April of 2026.

State Foundation Revenue Estimates-Lines #1.035, 1.040, and 1.045 ***Current State Funding Model per HB33 through June 30, 2026***

Unrestricted State Foundation Revenue – Line #1.035

We have projected the funding in FY26 based on the September 2025 foundation settlement and funding factors from the simulations provided by the Department of Education and Workforce. We are forecasting no increases in this line with a slight decrease in FY26.

Future State Budget Projections beyond FY26

There is no guarantee that the current Fair School Funding Plan will be funded or continued beyond FY27; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have additional information.

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.

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. We have estimated revenues for these new restricted funding lines using current September funding factors and using the simulations from the Department of Education and Workforce for FY26.

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected in this forecast.

State Share of Local Property Taxes – Line #1.050

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 and 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. We have forecasted a modest 1.15% increase over the life of this forecast.

Other Local Revenues – Line #1.060

All other local revenue encompasses any revenue that does not fit above lines. The primary sources of revenue in this area have been interest from investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. Since FY22, any open-enrolled students since have been counted in our Enrolled ADM numbers for state funding and are not separately funded.

Interest income is based on district cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 25 basis points in September 2025. While interest income in FY26 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.

All Other Financial Sources - Line 2.06

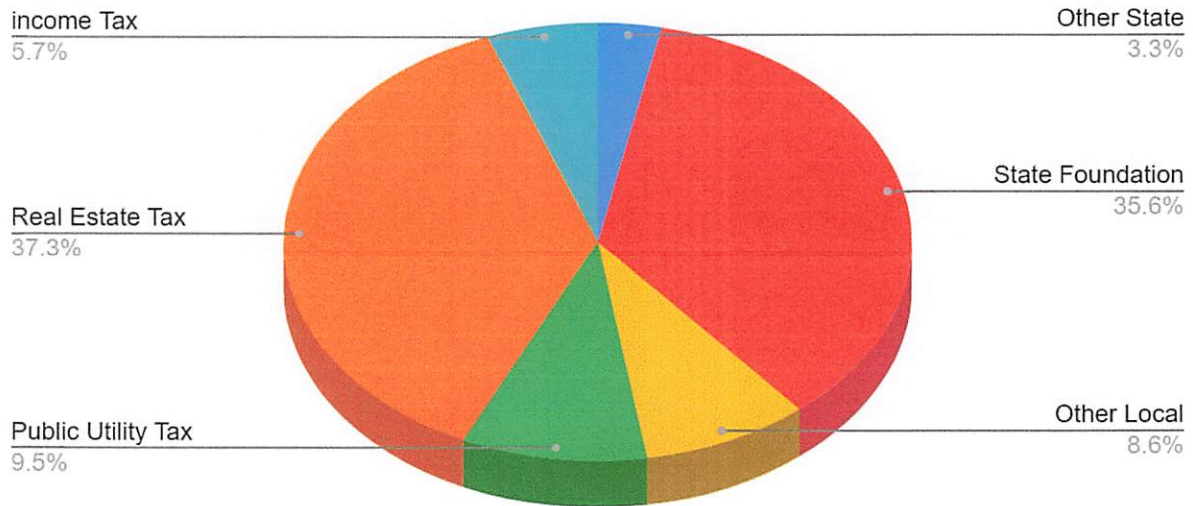
No significant dollars are forecasted on this line.

Revenue Assumptions

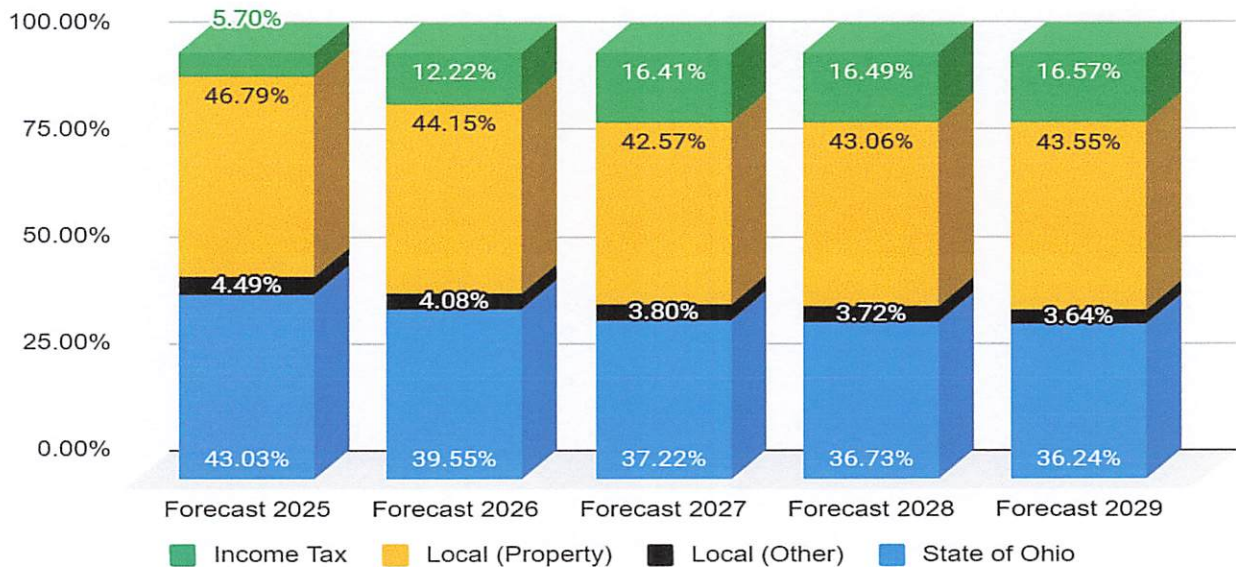
All Operating Revenue Sources General Fund FY26

In this section the reader will find information on where district revenues come from, as well as the methodology used to estimate future years' revenues. These estimates are based on the best information we have at the time of submission

Est General Fund Revenues Fiscal Year



Investors in Findlay City Schools



Expenditure Assumptions

The district's leadership team is always looking at ways to improve the education of our students, whether it be with changes in staffing, curriculum, or new technology. In this section, the reader will gain a better understanding of the way the district invests its resources to meet the current and future needs of the students. As the administration of the district reviews the distribution of resources, the education of the students is always the main focus.

EXPENDITURE NOTES:

SALARY EXPENSE

Salaries were reduced by 6.86% due to the reductions needed to meet the requirements of our written plan from the state and due to the timing of receiving our Income Tax.

Salaries represent 57.26% of total revenue and are projected to grow at an annual average rate of 4.98% through fiscal year 2030. Salary growth will be due to changes in base salaries and movement on salary schedules. Additional staff are expected to be added to start rebuilding the district as promised with the passage of the Income Tax in May 2025.

BENEFIT EXPENSE

Benefits represent 27.18% of total revenue. Medical benefits are forecasted at an 18% increase for Calendar Year 2026 and then roughly 6.5 to 8% increases for the remainder of this forecast. Benefits also include Retirement Benefits, Workers Compensation, Life Insurance, Dental and Vision Insurance. Overall, benefits are up an average of 4.70%.

PURCHASED SERVICES EXPENSE

Purchased Services represent 8.87% of total revenue. Purchased Services are forecasted with a 3% increase. Purchase Services include utilities, contracts with districts for our special needs students, contracts with ESC, and legal fees.

SUPPLIES & MATERIALS EXPENSE

Supplies and Materials represent 3.41% of total revenue and are forecasted to increase 2% each year. We may need to increase this percent as the year progresses if goods continue to increase.

CAPITAL OUTLAY EXPENSE

Capital Outlay represents .52% of total revenue. The forecast reflects the slight increase of 1.5% throughout the forecast due to being able to charge capital purchases to our PI fund.

OTHER OBJECTS EXPENSE

Other Objects represent 1.1% of total revenue and are forecasted to go up due to possible increases in liability insurance and fees.

SUMMARY

Financially successful school districts realize that a district that maintained a consistent year-end balance is actually regressing in terms of its fiscal health.

As the district's operation costs increase, the same dollar value the district carried as a year-end balance the previous year will be worth less the following year.

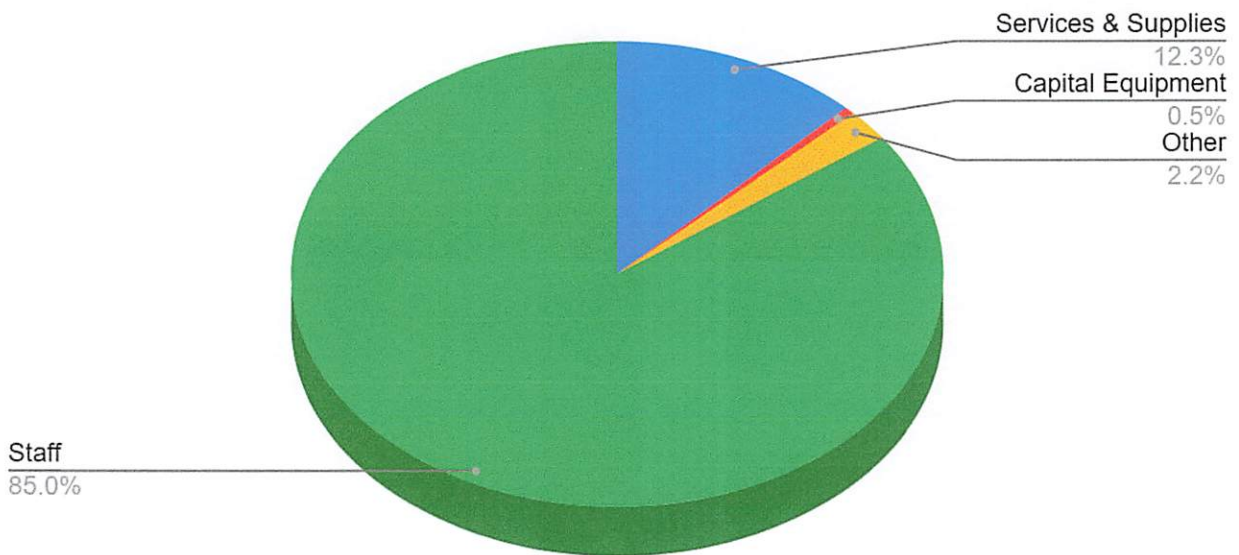
The FCS Board of Education has been entrusted to provide our students with the best education possible within the resources available to us. The primary consideration in the development of this plan, therefore, has been to minimize the negative impact of the pandemic and budget swings on our students and staff.

Priority continues to be given to not impact our students' program availability and quality any more than absolutely necessary. Superintendent Dr. Andy Hatton and myself, along with our board of education have reviewed cost cutting measures and will continue to review ways to cut costs for our district without harm to our students.

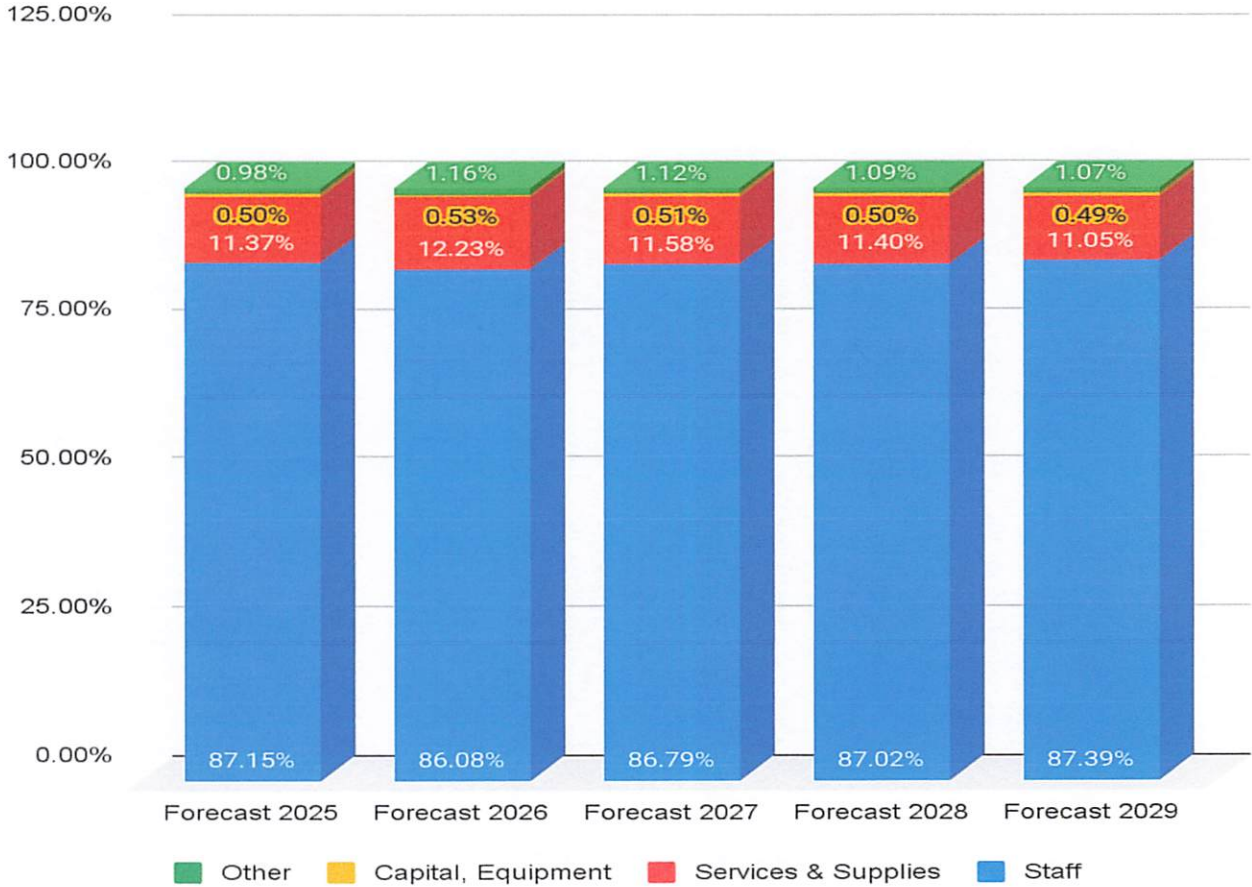
Pamela Harrington
CFO/Treasurer
FCS

Additional Charts and Graphs related to our forecast:

Est General Fund Operating Investment Fiscal Year



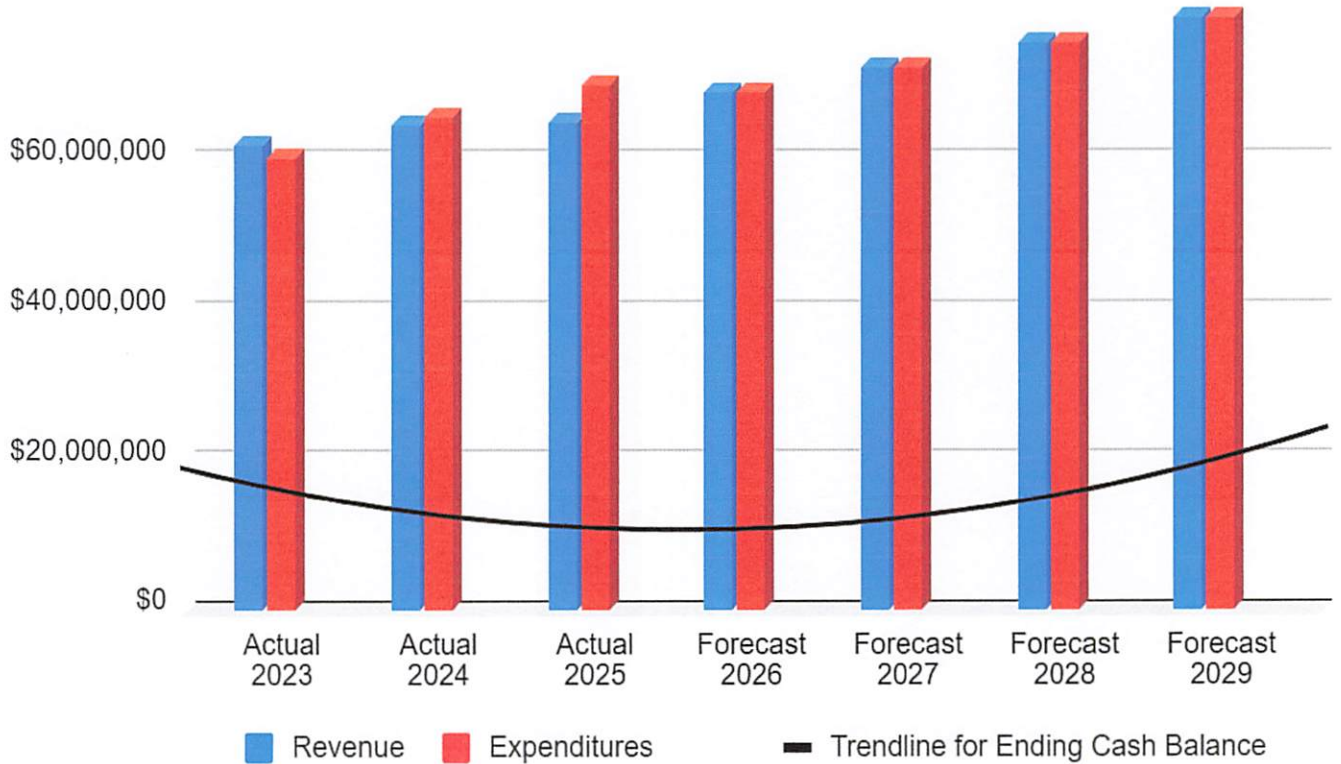
Investment In Findlay Students



General Fund Revenue, Expenditures, and Ending Cash Balance Actual FY23-25 and Estimated FY 26-29

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

General Fund Revenue, Expenditures & Ending Cash Balance



True Cash Days Ending Balance

Another way to look at the 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 represents the number of days the district could operate without additional resources or a server resource interruption. It is calculated by dividing the Current Year’s Ending Cash Balance by the average daily expenditures over 365 days. The Government Finance Officers Association (GFOA) recommends that no fewer than two (2) months or sixty (60) days of cash is on hand at year-end. Still, it could be more dependent on each district’s complexity and risk factors for revenue collection. This calculation includes the transfer line because this is a predictable funding source for other funds such as capital, athletics, and severance reserves.

	Actual 2024-2025	FORECASTED 2025-2026	FORECASTED 2026-2027	FORECASTED 2027-2028	FORECASTED 2028-2029
True Days Cash	42.48	45.49	57.8	75.9	82.9
Cash Balance as a Percent	11.64%	12.46%	15.84%	20.80%	22.71%

FINDLAY CITY SCHOOLS

Fiscal Year 2025-2026 Forecast

Line	Description	Actual 2023	Actual 2024	Actual 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029
01.010	General Property Tax (Real Estate)	\$25,574,098	\$25,895,811	\$25,067,047	\$25,819,058	\$26,335,439	\$26,862,148	\$27,399,391
01.020	Tangible Personal Property Taxes	\$4,092,444	\$5,173,885	\$5,995,963	\$6,595,559	\$6,925,337	\$7,271,604	\$7,635,184
01.030	Income Tax	\$0	\$0	\$0	\$3,946,539	\$9,208,591	\$13,155,130	\$13,418,233
01.035	Unrestricted Grants-in-Aid	\$23,696,215	\$24,800,448	\$25,061,576	\$24,634,499	\$24,634,499	\$24,634,499	\$24,634,499
01.040	Restricted Grants-in-Aid	\$1,887,118	\$2,403,305	\$2,151,109	\$2,272,663	\$2,226,888	\$2,236,672	\$2,246,553
01.050	State Share of Local Property Taxes	\$2,865,700	\$2,853,371	\$2,869,970	\$2,902,907	\$2,936,258	\$2,970,028	\$3,004,225
01.060	All Other Operating Revenue	\$3,699,115	\$3,563,365	\$3,855,537	\$3,082,737	\$3,049,853	\$3,022,667	\$2,997,735
01.070	Total Revenue	\$61,814,689	\$64,690,185	\$65,001,201	\$69,253,961	\$75,316,864	\$80,152,747	\$81,335,820
02.060	All other Financing Sources	\$38,512	\$62,201	\$27,524	\$27,500	\$27,500	\$27,500	\$27,500
02.070	Total Other Financing Sources	\$38,512	\$62,201	\$27,524	\$27,500	\$27,500	\$27,500	\$27,500
02.080	Total Revenue and Other Financing Sources	\$61,853,202	\$64,752,386	\$65,028,725	\$69,281,461	\$75,344,364	\$80,180,247	\$81,363,320
03.010	Personal Services - Employee Salaries & Wages	\$35,267,231	\$39,141,218	\$42,595,956	\$39,672,750	\$41,792,206	\$44,032,193	\$46,062,324
03.020	Employees' Retirement and Insurance Benefits	\$15,901,133	\$16,596,466	\$18,935,966	\$18,830,896	\$19,781,672	\$20,837,217	\$21,781,600
03.030	Purchased Services	\$6,155,095	\$6,278,727	\$5,902,950	\$6,142,501	\$6,341,776	\$6,547,029	\$6,758,440
03.040	Supplies and Materials	\$1,786,949	\$2,231,968	\$1,980,369	\$2,362,705	\$2,417,438	\$2,473,880	\$2,529,560
03.050	Capital Outlay	\$385,259	\$451,112	\$298,471	\$357,035	\$360,605	\$364,211	\$375,138
04.300	Other Objects	\$693,642	\$942,212	\$472,171	\$702,243	\$759,866	\$820,802	\$849,969
04.500	Total Expenditures	\$60,189,309	\$65,641,703	\$70,185,882	\$68,068,130	\$71,453,564	\$75,075,334	\$78,357,030
05.010	Operational Transfers-Out	\$0	\$0	\$0	\$800,000	\$1,000,000	\$800,000	\$800,000
05.040	Total Other Financing Uses	\$0	\$0	\$0	\$800,000	\$1,000,000	\$800,000	\$800,000
05.050	Total Expenditures and Other Financing Uses	\$60,189,309	\$65,641,703	\$70,185,882	\$68,868,130	\$72,453,564	\$75,875,334	\$79,157,030
06.010	Excess Of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$1,663,892	(\$889,317)	(\$5,157,157)	\$413,331	\$2,890,800	\$4,304,914	\$2,206,290
07.010	Beginning Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$12,551,888	\$14,215,781	\$13,326,464	\$8,169,306	\$8,582,638	\$11,473,438	\$15,778,351
07.020	Ending Cash Balance June 30 - Excluding Proposed Renewal/Replacement and New Levies	\$14,215,781	\$13,326,464	\$8,169,306	\$8,582,638	\$11,473,438	\$15,778,351	\$17,984,642
08.010	Estimated Encumbrances June 30	\$0	\$0	\$0	\$800,000	\$800,000	\$800,000	\$800,000
10.010	Fund Balance June 30 For Certification of Appropriations	\$14,215,781	\$13,326,464	\$8,169,306	\$7,782,638	\$10,673,438	\$14,978,351	\$17,184,642
12.010	Fund Balance June 30 For Certificates of Contracts	\$14,215,781	\$13,326,464	\$8,169,306	\$7,782,638	\$10,673,438	\$14,978,351	\$17,184,642
15.010	Unreserved Fund Balance June 30th	\$14,215,781	\$13,326,464	\$8,169,306	\$7,782,638	\$10,673,438	\$14,978,351	\$17,184,642