

**PARMA CITY SCHOOL DISTRICT-CUYAHOGA COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2023, 2024, and 2025 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2026, THROUGH JUNE 30, 2030**



**Forecast Provided By
Parma City School District
Treasurer's Office
Mr. Sean Nuccio, CPA, Treasurer/CFO
October 9, 2025**

Parma City School District

Cuyahoga County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2023, 2024 and 2025 Actual;
Forecasted Fiscal Years Ending June 30, 2026 Through 2030

	Actual			Average Change	Forecasted				
	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025		Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030
Revenues									
1.010 General Property Tax (Real Estate)	\$98,239,201	\$94,397,008	\$102,045,148	2.1%	\$100,675,405	\$95,365,610	\$97,294,706	\$100,635,154	\$102,090,979
1.020 Public Utility Personal Property Tax	5,151,494	5,309,809	5,594,645	4.2%	5,986,430	5,821,925	5,947,219	6,126,127	6,336,238
1.030 Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035 Unrestricted State Grants-in-Aid	17,772,214	20,274,488	19,128,393	4.2%	15,475,758	14,997,955	15,000,444	15,002,924	15,005,394
1.040 Restricted State Grants-in-Aid	3,822,493	4,633,506	9,724,822	65.5%	8,543,606	9,462,496	9,462,496	9,462,496	9,462,496
1.045 Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050 State Reimbursement for Property Tax Credits	14,066,032	13,543,511	14,450,723	1.5%	14,414,840	13,537,633	13,853,725	14,410,311	14,653,830
1.060 All Other Revenues	8,827,383	8,908,962	9,301,533	2.7%	8,716,501	8,460,112	8,202,679	7,948,750	7,693,820
1.070 Total Revenues	\$147,878,817	\$147,067,284	\$160,245,264	4.2%	\$153,812,540	\$147,645,731	\$149,761,269	\$153,585,762	\$155,242,757
Other Financing Sources									
2.040 Operating Transfers-In	\$508,138	\$500,000	\$500,000	-0.80%	\$0	\$0	\$0	\$0	\$0
2.050 Advances-In	3,145,391	2,760,682	2,037,582	-19.2%	2,139,564	500,000	500,000	500,000	500,000
2.060 All Other Financing Sources	376,618	237,620	27,923	-62.6%	28,000	28,000	28,000	28,000	28,000
2.070 Total Other Financing Sources	\$4,030,147	\$3,498,302	\$2,565,505	-19.9%	\$2,167,564	\$528,000	\$528,000	\$528,000	\$528,000
2.080 Total Revenues and Other Financing Sources	\$151,908,964	\$150,565,586	\$162,810,769	3.6%	\$155,980,104	\$148,173,731	\$150,289,269	\$154,113,762	\$155,770,757
Expenditures									
3.010 Personal Services	\$90,884,109	\$85,938,232	\$97,108,496	3.8%	\$100,429,887	\$101,675,607	\$102,938,305	\$104,218,225	\$105,515,612
3.020 Employees' Retirement/Insurance Benefits	36,403,823	36,670,683	38,221,373	2.5%	44,679,337	46,409,960	48,243,721	50,176,419	52,213,846
3.030 Purchased Services	11,646,836	11,885,706	13,527,168	7.9%	13,998,627	13,931,587	14,146,587	14,365,379	14,588,034
3.040 Supplies and Materials	3,680,434	3,517,916	3,124,691	-7.8%	3,182,674	3,242,039	3,302,823	3,365,066	3,428,808
3.050 Capital Outlay	221,469	267,729	194,736	-3.2%	198,631	202,603	206,655	210,789	215,004
4.300 Other Objects	2,112,525	1,914,561	1,920,796	-4.5%	1,933,705	1,946,743	1,959,912	1,973,212	1,986,645
4.500 Total Expenditures	\$144,949,196	\$140,194,827	\$154,097,260	3.3%	\$164,422,861	\$167,408,539	\$170,798,004	\$174,309,090	\$177,947,950
Other Financing Uses									
5.010 Operating Transfers-Out	\$502,100	\$500,000	\$550,000	4.8%	\$0	\$0	\$0	\$0	\$0
5.020 Advances-Out	2,760,682	2,037,582	2,139,564	-10.6%	500,000	500,000	500,000	500,000	500,000
5.030 All Other Financing Uses	0	(267)	(1,000)	0.0%	0	0	0	0	0
5.040 Total Other Financing Uses	\$3,262,782	\$2,537,315	\$2,688,564	-8.1%	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
5.050 Total Expenditures and Other Financing Uses	\$148,211,978	\$142,732,142	\$156,785,824	3.1%	\$164,922,861	\$167,908,539	\$171,298,004	\$174,809,090	\$178,447,950
6.010 Excess of Revenues and Other Sources over (under) Expenditures and Other Financing Uses	\$3,696,986	\$7,833,444	\$6,024,945	44.4%	(\$8,942,757)	(\$19,734,808)	(\$21,008,735)	(\$20,695,328)	(\$22,677,193)
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	\$39,527,314	\$43,224,300	\$51,057,744	13.7%	\$57,082,689	\$48,139,932	\$28,405,123	\$7,396,389	(\$13,298,939)
7.020 Cash Balance June 30	\$43,224,300	\$51,057,744	\$57,082,689	15.0%	\$48,139,932	\$28,405,123	\$7,396,389	(\$13,298,939)	(\$35,976,132)
8.010 Estimated Encumbrances June 30	\$1,775,433	\$457,364	\$2,030,358	134.8%	\$550,000	\$550,000	\$550,000	\$550,000	\$550,000
Reservation of Fund Balance									
9.030 Budget Reserve	\$2,000,000	\$2,500,000	\$3,000,000	22.5%	\$0	\$0	\$0	\$0	\$0
9.060 Property Tax Advances	-	-	5,850,000	0.0%	9,750,000	5,850,000	1,950,000	-	-
9.080 Subtotal	\$2,000,000	\$2,500,000	\$8,850,000	139.5%	\$9,750,000	\$5,850,000	\$1,950,000	\$0	\$0
10.010 Fund Balance June 30 for Certification of Appropriations	\$39,448,867	\$48,100,380	\$46,202,331	9.0%	\$37,839,932	\$22,005,123	\$4,896,389	(\$13,848,939)	(\$36,526,132)
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal				0.0%	-	-	-	-	-
11.020 Property Tax - Renewal or Replacement	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
11.300 Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	\$39,448,867	\$48,100,380	\$46,202,331	9.0%	\$37,839,932	\$22,005,123	\$4,896,389	(\$13,848,939)	(\$36,526,132)
Revenue from New Levies									
13.010 Income Tax - New				0.0%	-	-	-	-	-
13.020 Property Tax - New				0.0%	-	-	-	-	-
13.030 Cumulative Balance of New Levies	-	-	-	0.0%	-	-	-	-	-
15.010 Unreserved Fund Balance June 30	\$39,448,867	\$48,100,380	\$46,202,331	9.0%	\$37,839,932	\$22,005,123	\$4,896,389	(\$13,848,939)	(\$36,526,132)

Parma City School District – Cuyahoga County
Notes to the Five-Year Forecast
General Fund Only
October 9, 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), 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 HB96 changed the forecast based on what the state Ohio and the Ohio Department of Workforce and Education will require, however the Board of Education will continue to plan over a five-year period. Our district leadership believes that the five-year forecast is a crucial management tool. A five-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 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.

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 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 the end of February. The filing deadlines will change in fiscal year 2027 to August 31, and end of February each fiscal year thereafter. While the legislative requirement is to file a four-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

Ohio's economic outlook indicates slow but steady growth, with industrial diversification in manufacturing, logistics, and technology, with an unemployment rate expected to remain between 4.5% and 5%. The state faces challenges including workforce issues particularly in attracting and retaining skilled labor and the need for affordable housing. In the short term, the state anticipates continued to moderate growth despite national and global challenges such as inflation and interest rates, while the long term depends on continued strategic investment in high-growth sectors and addressing the skilled workforce shortage to make Ohio competitive. These conditions should result in stable revenue enabling the state to continue current levels of funding for school districts and stable local revenue as unemployment remains low.

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 2027 and 2029 due to deliberation of the following two (2) state biennium budgets for FY28-29 and FY30-31, 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) 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 and new construction growth with modest increases in local taxes. Total local revenues, predominately local taxes, equating to 75% of the district's resources. Our tax collections in the March 2025 and August 2025 settlements showed average collection trends.
- 2) Cuyahoga County experienced a full reappraisal for all property values in the 2024 tax year to be collected in FY25. The 2024 update increased assessed values by \$639.14 million, or 29.66%. Overall values rose \$696.33 million or 27.11%, including reappraisal and new construction for all property classes. A reappraisal update will occur in the tax year 2027 for collection in FY28. We anticipate future reappraisal and/or update values to be much lower than historical trends. There is always a risk that the district could sustain a reduction in values or changes to tax laws by the Ohio Legislature.
- 3) 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 which included several proposals that would have ultimately reduced districts' cash balances and placed severe restrictions on increasing local tax revenues. 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 (61-28) in favor of overriding the elimination of various levy types - only. As of this forecast filing, the Senate concurred with the overrides on October 1. This means emergency and substitute emergency levies can not be renewed after they expire and will need to be replaced with regular operating levies or a new possible levy being considered by the legislature called a Fixed Sum levy.

As part of the Governors' 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, local governments, 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. Those proposals were in the form of recommendations and may result in amended laws in the future.

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. Many of these pending bills represent a serious risk to our school district funding. We are watching legislation closely for any impact on our local revenues.

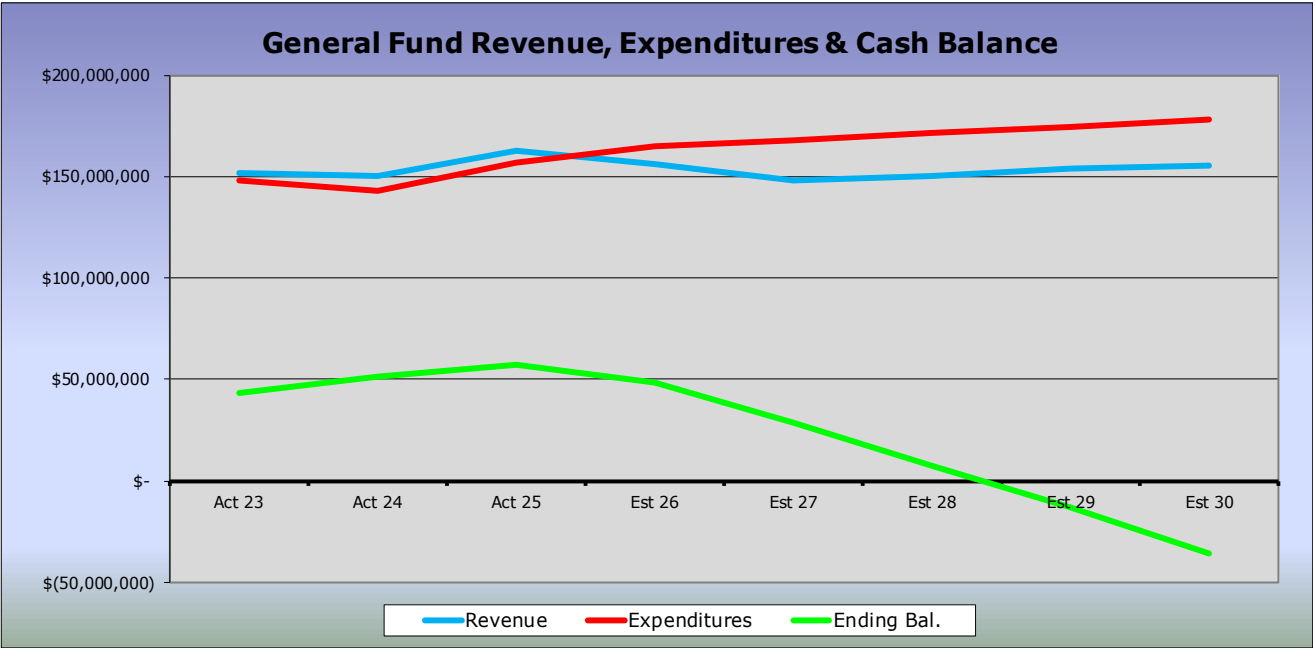
- 4) The state budget represented 25% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY28 and beyond if the state economy stalls due to a possible recession and the Fair School Funding Plan is not continued and funded in the next state biennium budget. In this forecast, there are two unknown future State Biennium Budgets covering FY28-29 and FY30-31. 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 FY30. We have projected our state funding in FY26 based on HB96 legislation with the Governor's vetoes in place. This forecast reflects state revenue to align with the FY27 funding levels through FY30, which we feel is conservative and should be close to what the state approves for the next two biennium budgets. We will adjust the forecast in future years as we have data to make an informed decision.
- 5) HB96, the current state budget, continues to phase in what has been referred to as 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). HB96 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 appear to have greater local ability to fund their schools thus reducing the amount of State Aid they receive. We have used the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY26.
- 6) HB96, the current state biennium budget 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 "Piggyback Property Tax Exemptions" would NOT be reimbursed. The extended tax credits for qualifying taxpayers would result in reduced property tax collections for the school district of roughly \$5.26 million from current operating levies, if our County Commissioners implement this. This new law creates a potential risk to our local tax collections.

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.

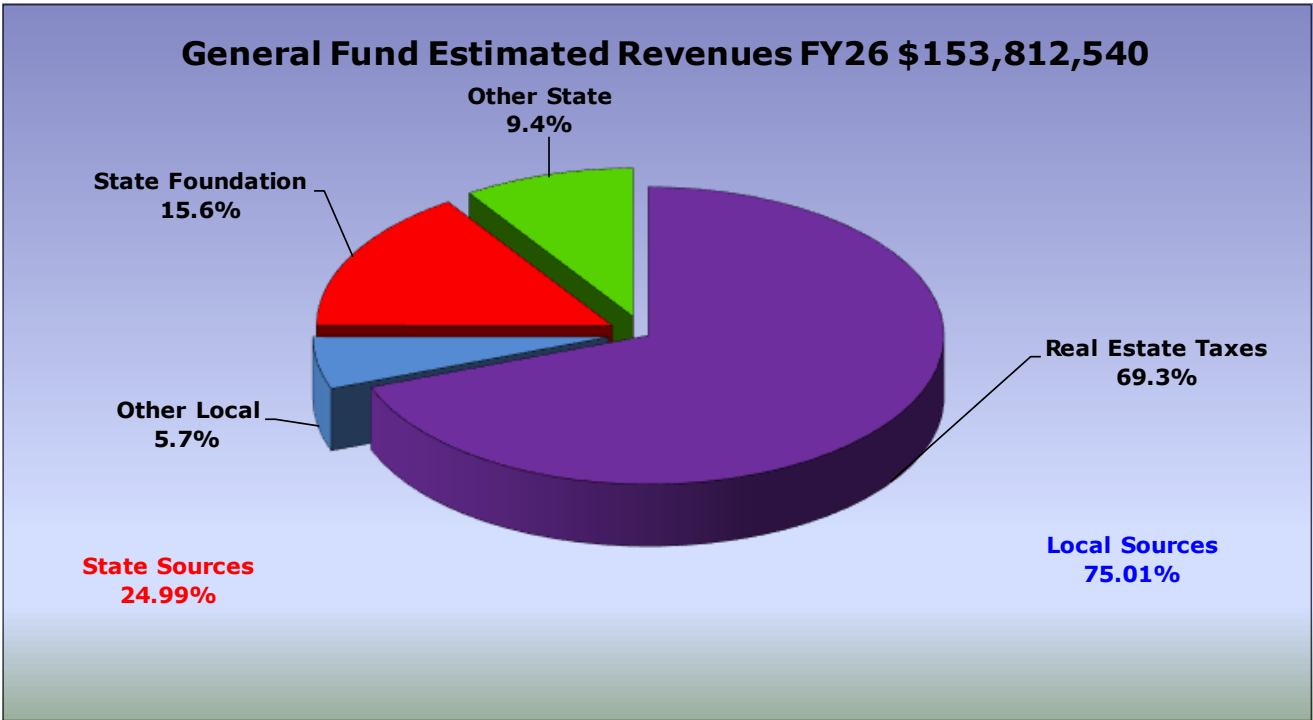
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below to understand the overall financial forecast 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 FY23-25 and Estimated FY26-30

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



**Revenue Assumptions
Operating Revenue Sources General Fund FY26**



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

Property Values are established annually by the County Fiscal Officer based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. Cuyahoga County experienced a reappraisal for

the 2024 tax year to be collected in 2025. Due to the reappraisal led by an improving housing market, residential/agricultural values increased 29.66% or \$639.14 million.

For the tax year 2024, residential property values were up primarily due to home sale prices by 29.66% or \$639.14 million in assessed value, and commercial/industrial values increased by 9.22% or \$38.13 million. Overall values rose \$696.33 million or 27.11%, including new construction for all property classes.

A reappraisal update will occur in 2027 for collection in 2028, for which we estimate a 7% increase in residential and a 3% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase by \$209.6 million or 6.42% overall.

Public Utility Personal Property (PUPP) values increased by \$8.58 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 pending legislative as noted in the Forecast Risks and Uncertainty above.

Tax Rate Assumptions

The county Fiscal Officer 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. This must be closely monitored due to potential HB96 veto overrides by the House and Senate which could change the 20-Mill Floor all the way through December 31, 2026.

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 an agreement with the county Fiscal Officer to gradually reduce emergency millage over three years to get back to the correct millage rates.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028	Estimated TAX YEAR 2028 COLLECT 2029	Estimated TAX YEAR 2029 COLLECT 2030
Res./Ag.	\$2,797,835,560	\$2,797,735,560	\$2,993,477,049	\$2,993,377,049	\$2,993,277,049
Comm./Ind.	466,589,660	466,489,660	480,384,350	480,284,350	480,184,350
Public Utility Personal Property (PUPP)	<u>90,329,770</u>	<u>92,829,770</u>	<u>95,329,770</u>	<u>97,829,770</u>	<u>100,329,770</u>
Total Assessed Value	<u>\$3,354,754,990</u>	<u>\$3,357,054,990</u>	<u>\$3,569,191,169</u>	<u>\$3,571,491,169</u>	<u>\$3,573,791,169</u>

Estimated Real Estate Tax (Line #1.010)

Source	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
General Property Taxes	<u>\$100,675,405</u>	<u>\$95,365,610</u>	<u>\$97,294,706</u>	<u>\$100,635,154</u>	<u>\$102,090,979</u>

Property tax levies are estimated to be collected at 96.4% of the annual amount. This allows a 3.6% delinquency factor. In general, 54.40% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 45.60% 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 were \$87.83 million in assessed values in 2024 and were 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	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Public Utility Personal Property (Line #1.020)	<u>\$5,986,430</u>	<u>\$5,821,925</u>	<u>\$5,947,219</u>	<u>\$6,126,127</u>	<u>\$6,336,238</u>

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 HB96 through June 30, 2027

A) Unrestricted State Foundation Revenue– Line #1.035

HB96, 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 and funding factors.

Our district is currently a formula district in FY26 and is expected to fall to the guarantee in FY27-FY30 on the Fair School Funding Plan (FSFP). State foundation fell sharply in FY26 due to the state not funding the formula in FY26 and FY27, while allowing our local capacity to increase to current levels reflecting our most recent reappraisal. Funding bases in the formula were frozen at FY22 levels, which were left unchanged since FY24. This exposes districts on the foundation formula to radical reductions in state aid year over year when no additional funds are put forth by the legislature in the formula. This action pushes more districts from the formula to the guarantee.

A detailed overview of how foundation funding is calculated including all of the HB96 changes on the Ohio Department of Education and Workforce is not available at this time. When a detailed analysis is 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 presented as a six (6) year phase-in plan, the state legislature approved the final two (2) years of the funding plan in HB96 phasing in funding at 83.33% in FY26 and then 100% in FY27. However, the legislature did not increase the funding base inputs from FY25. In other words, the legislature did not increase funding in the foundation formula. They did increase transportation funding's state share percentage to 45.83% in FY26, and 50% in FY27, which could increase 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 HB96. 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 anticipate receiving \$448,294 in FY26 and FY27 as we qualify for this payment.

The funding formula eliminated the Supplemental Targeted Assistance guarantee beginning in FY26, but still includes two (2) primary guarantees: 1) Temporary 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. We expect to fall to the Temporary Transition Aid guarantee in FY27.

Future State Budget Projections beyond FY27

Our funding status for FY28-FY30 will depend on unknown two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan will be continued in future biennial budget processes; 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 FY28 through FY30.

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.

In FY25, the funding totaled \$114.30 million or \$65.70 per pupil. 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.

Source	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Basic Aid-Unrestricted	\$11,503,857	\$10,850,534	\$10,850,534	\$10,850,534	\$10,850,534
Additional Aid Items	<u>3,333,290</u>	<u>3,506,313</u>	<u>3,506,313</u>	<u>3,506,313</u>	<u>3,506,313</u>
Basic Aid-Unrestricted Subtotal	\$14,837,147	\$14,356,847	\$14,356,847	\$14,356,847	\$14,356,847
Credential	53,472	53,472	53,472	53,472	53,472
Ohio Casino Commission ODT	<u>585,139</u>	<u>587,636</u>	<u>590,125</u>	<u>592,605</u>	<u>595,075</u>
Total Unrestricted State Aid - Line #1.035	<u>\$15,475,758</u>	<u>\$14,997,955</u>	<u>\$15,000,444</u>	<u>\$15,002,924</u>	<u>\$15,005,394</u>

B) Restricted State Revenues – Line #1.040

HB96 has continued Disadvantaged Pupil Impact Aid, Career Technical, Gifted, English Learners (ESL), and Student Wellness funding. 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 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 formula modified the weight given to these student groups over the biennium. We will not see the specific impact of this until after this forecast period.

Source	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
DPIA	\$6,374,661	\$7,435,742	\$7,435,742	\$7,435,742	\$7,435,742
Career Tech	308,732	216,386	216,386	216,386	216,386
Gifted	157,116	91,402	91,402	91,402	91,402
ESL	121,071	136,940	136,940	136,940	136,940
Student Wellness	387,721	387,721	387,721	387,721	387,721
Other Restricted State Funds	0	0	0	0	0
Threshold Aid	<u>1,194,305</u>	<u>1,194,305</u>	<u>1,194,305</u>	<u>1,194,305</u>	<u>1,194,305</u>
Total Restricted State Revenues - Line #1.040	<u>\$8,543,606</u>	<u>\$9,462,496</u>	<u>\$9,462,496</u>	<u>\$9,462,496</u>	<u>\$9,462,496</u>

C) Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenues	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Unrestricted Line #1.035	\$15,475,758	\$14,997,955	\$15,000,444	\$15,002,924	\$15,005,394
Restricted Line #1.040	8,543,606	9,462,496	9,462,496	9,462,496	9,462,496
Restricted Fed. Grants Line #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$24,019,364</u>	<u>\$24,460,451</u>	<u>\$24,462,940</u>	<u>\$24,465,420</u>	<u>\$24,467,890</u>

State Reimbursement of 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. HB59 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.

HB96, the current state biennium budget 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. The extended tax credits for qualifying taxpayers would result in reduced property tax collections for the school district of roughly \$5.26 million from current operating levies, if our County Commissioners implemented this.

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	FY26	FY27	FY28	FY29	FY30
Rollback and Homestead	<u>\$14,414,840</u>	<u>\$13,537,633</u>	<u>\$13,853,725</u>	<u>\$14,410,311</u>	<u>\$14,653,830</u>
Total Tax Reimb/Prop Tax Allocations - Line #1.05	<u>\$14,414,840</u>	<u>\$13,537,633</u>	<u>\$13,853,725</u>	<u>\$14,410,311</u>	<u>\$14,653,830</u>

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.

In FY26 we will begin receiving PILOT payments for the Quarry Square development which should increase slightly each year of the forecast.

Interest income is based on the district's cash balances. While interest income in FY26 should remain steady due to ladder investment strategies, expected Federal Reserve rate cuts will begin to have an impact on earnings in FY27 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 historical trends.

Legislative actions have hurt our ability to collect the amount of taxes due our district. An example of that is HB126 which passed at the end of FY22 and 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 which we are no longer receiving.

Source	FY26	FY27	FY28	FY29	FY30
Tuitions, SF14, SF6	\$2,671,713	\$2,698,430	\$2,725,414	\$2,752,668	\$2,780,195
Interest	3,445,295	3,145,295	2,845,295	2,545,295	2,245,295
Medicaid	1,132,575	1,143,898	1,155,334	1,166,884	1,178,550
Service Fees & Rentals	335,183	338,535	341,920	345,339	348,792
PILOT Payments	73,985	76,204	76,966	80,814	83,238
Other Income	<u>1,057,750</u>	<u>1,057,750</u>	<u>1,057,750</u>	<u>1,057,750</u>	<u>1,057,750</u>
Total Other Local Revenue Line #1.060	<u>\$8,716,501</u>	<u>\$8,460,112</u>	<u>\$8,202,679</u>	<u>\$7,948,750</u>	<u>\$7,693,820</u>

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 FY26, advances returned to the General Fund are estimated at \$2,139,564. For subsequent fiscal years, return of advances are projected at \$500,000 FY27 through FY30. 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	FY26	FY27	FY28	FY29	FY30
Transfers In - Line #2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line #2.050	2,139,564	500,000	500,000	500,000	500,000
Total Transfer & Advances In	<u>\$2,139,564</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>

All Other Financial Sources – Line #2.060

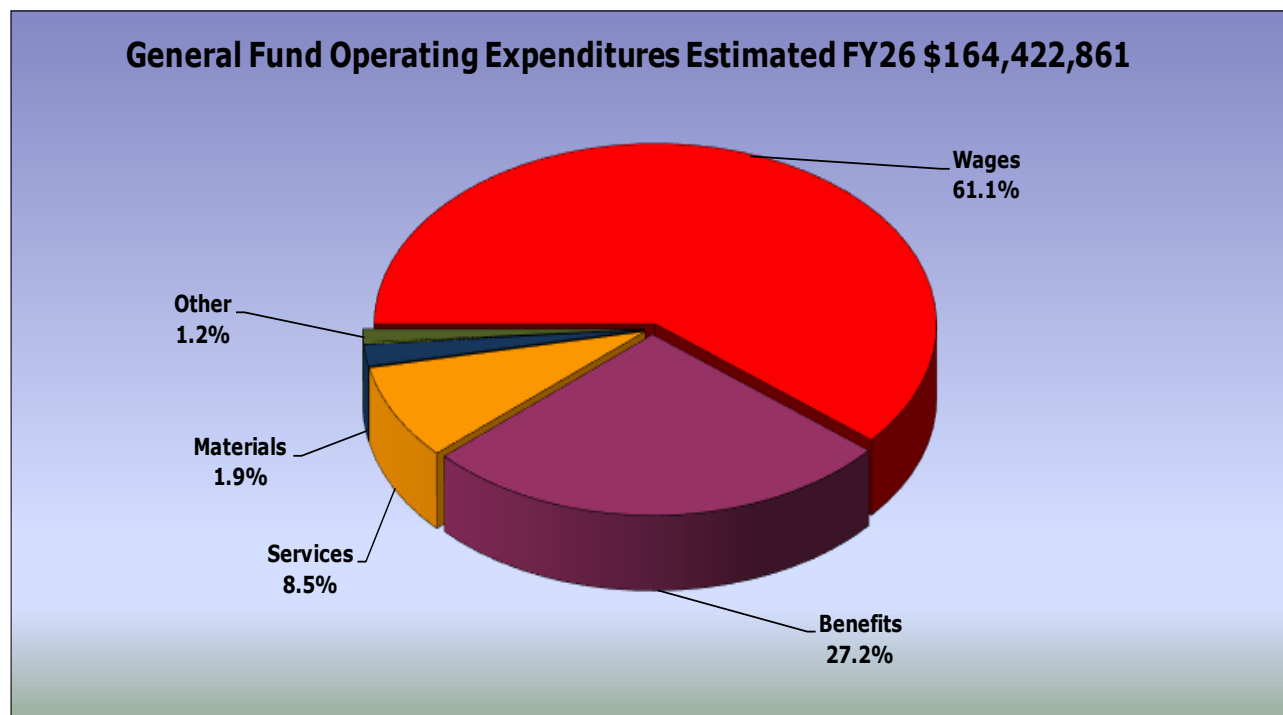
This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year, and we will not project that occurring in the remainder of the forecast.

Source	FY26	FY27	FY28	FY29	FY30
Refund of prior years expenditures	<u>\$28,000</u>	<u>\$28,000</u>	<u>\$28,000</u>	<u>\$28,000</u>	<u>\$28,000</u>

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 FY26



Wages – Line #3.010

The salaries expense category represents the largest portion of the district's budget at 61.1% of total general fund operating expenses in FY26. The General Fund payroll increased beginning in FY21 and continued through the end of September 30, 2024 when all ESSER federal funds were spent. This represents \$4,400,000 of wages that was brought back to the general fund in FY25 when those funds were spent.

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 FY26 to FY30, 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%. Base increases are estimated at 2.25% for FY26 and for planning purposes wage estimates of 0.0% for FY27-30 have been factored in the forecast.

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

Source	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Base Wages	\$95,082,771	\$96,311,750	\$97,557,470	\$98,820,169	\$100,100,089
Steps & Training	1,521,324	1,540,988	1,560,920	1,581,123	1,601,601
Substitutes	1,186,084	1,186,084	1,186,084	1,186,084	1,186,084
Supplementals	2,632,053	2,632,053	2,632,053	2,632,053	2,632,053
Staff Reductions	(292,345)	(295,268)	(298,221)	(301,203)	(304,215)
Severance	300,000	300,000	300,000	300,000	300,000
Total Wages Line #3.010	<u>\$100,429,887</u>	<u>\$101,675,607</u>	<u>\$102,938,305</u>	<u>\$104,218,225</u>	<u>\$105,515,612</u>

Fringe Benefits Estimates Line #3.020

This area of the forecast captures all benefits and retirement costs. These payments are 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 experienced a 5.5% increase in health care costs for FY25, but due to high claims we will incur an increase of 18.6% for FY26. For planning purposes, we are estimating 6% for FY27 through FY30 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 .5% FY26– FY30. Unemployment is likely to remain at a shallow level FY26-FY30. 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	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
A) STRS/SERS	\$15,824,757	\$16,022,507	\$16,222,955	\$16,426,135	\$16,632,087
B) Insurance's	26,388,377	27,906,721	29,515,515	31,220,181	33,026,465
C) Workers Comp/Unemployment	496,768	502,895	509,104	515,398	521,777
D) Medicare	1,406,181	1,414,584	1,432,893	1,451,452	1,470,264
Other/Tuition	563,254	563,254	563,254	563,254	563,254
Total Fringe Benefits - Line #3.020	<u>\$44,679,337</u>	<u>\$46,409,960</u>	<u>\$48,243,721</u>	<u>\$50,176,419</u>	<u>\$52,213,846</u>

Purchased Services – Line #3.030

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 were exhausted after September 30, 2024 and are now a part of the General Fund cost structure.

Contract transportation costs are expected to stabilize in FY26 after sharp increases in FY25 due to the shortage of bus drivers and increased service.

In FY26 we estimate ongoing savings from reduction in building maintenance and utilities due to building consolidation of \$662,000.

Source	FY26	FY27	FY28	FY29	FY30
Base Services	\$646,771	\$646,771	\$646,771	\$646,771	\$646,771
Transportation	1,787,922	1,823,680	1,860,154	1,897,357	1,935,304
Tuition Inc. Ed. Choice & Scholarships-471-479	3,183,321	3,246,987	3,311,927	3,378,166	3,445,729
Professional Support 41x	5,019,562	5,069,758	5,120,456	5,171,661	5,223,378
Building Maintenance & Services 42x	1,177,354	1,200,901	1,224,919	1,249,417	1,274,405
Utilities	<u>2,183,697</u>	<u>1,943,490</u>	<u>1,982,360</u>	<u>2,022,007</u>	<u>2,062,447</u>
Total Purchased Services - Line #3.030	<u>\$13,998,627</u>	<u>\$13,931,587</u>	<u>\$14,146,587</u>	<u>\$14,365,379</u>	<u>\$14,588,034</u>

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 \$796,754. 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. As our bus fleet ages these costs will increase again to keep busses safe and operational.

In FY26 we anticipate ongoing savings from reduction of building maintenance expenses of \$46,331 as a result of the building consolidation.

Source	FY26	FY27	FY28	FY29	FY30
Supplies	\$1,376,853	\$1,418,159	\$1,460,704	\$1,504,525	\$1,549,661
Textbooks	796,754	804,722	812,769	820,897	829,106
Building Maintenance	419,457	423,652	427,889	432,168	436,490
Transportation	<u>589,610</u>	<u>595,506</u>	<u>601,461</u>	<u>607,476</u>	<u>613,551</u>
Total Supplies - Line #3.040	<u>\$3,182,674</u>	<u>\$3,242,039</u>	<u>\$3,302,823</u>	<u>\$3,365,066</u>	<u>\$3,428,808</u>

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.

Source	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Capital Outlay	\$161,310	\$164,536	\$167,827	\$171,183	\$174,607
Technology	37,321	38,067	38,829	39,605	40,397
Total Equipment - Line #3.050	<u>\$198,631</u>	<u>\$202,603</u>	<u>\$206,655</u>	<u>\$210,789</u>	<u>\$215,004</u>

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	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
County Auditor & Treasurer Fees	\$1,245,207	\$1,257,659	\$1,270,236	\$1,282,938	\$1,295,767
County ESC	58,606	59,192	59,784	60,382	60,986
Other expenses	629,892	629,892	629,892	629,892	629,892
Total Other Expenses - Line #4.300	<u>\$1,933,705</u>	<u>\$1,946,743</u>	<u>\$1,959,912</u>	<u>\$1,973,212</u>	<u>\$1,986,645</u>

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 FY26-FY30 we do not anticipate transferring funds to our budget reserve.

Source	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Operating Transfers Out - Line #5.010	\$0	\$0	\$0	\$0	\$0
Advances Out - Line #5.020	500,000	500,000	500,000	500,000	500,000
Total Transfer & Advances Out	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>

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.

	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Estimated Encumbrances	<u>\$550,000</u>	<u>\$550,000</u>	<u>\$550,000</u>	<u>\$550,000</u>	<u>\$550,000</u>

Budget Reserve – Line #9.080

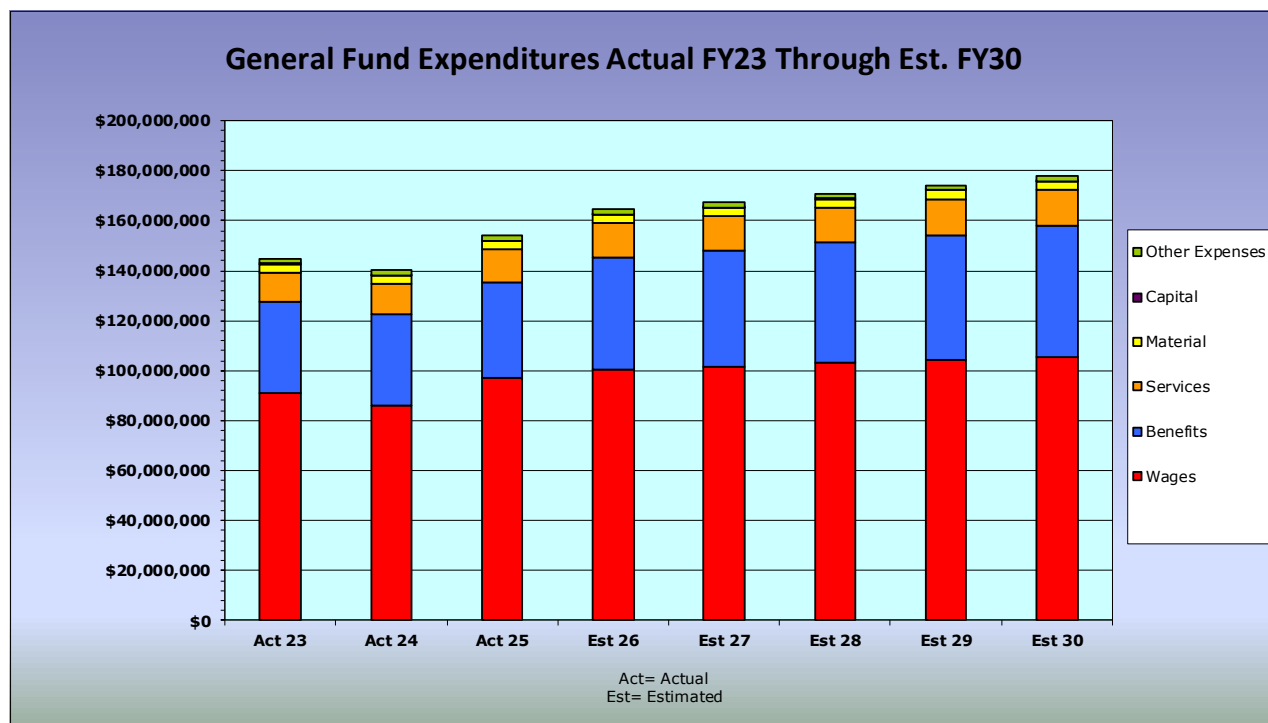
In May 2019, the board passed a resolution to maintain a general fund reserve of a minimum of \$500,000 beginning in FY20. Due to ongoing deficits all budget reserves are eliminated beginning in FY26 as deficits are

sufficient enough to overwhelm the budget reserve level we originally planned to maintain largely due to a lack of state funding. 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 been 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	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Budget Reserve - Line #9.030	\$0	\$0	\$0	\$0	\$0
Property Tax Advanced - Line #9.060	<u>9,750,000</u>	<u>5,850,000</u>	<u>1,950,000</u>	<u>0</u>	<u>0</u>
Total Reservations of Balance - Line #9.080	<u>\$9,750,000</u>	<u>\$5,850,000</u>	<u>\$1,950,000</u>	<u>\$0</u>	<u>\$0</u>

Operating Expenditures Actual FY23 through FY25 and Estimated FY26-FY30

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.



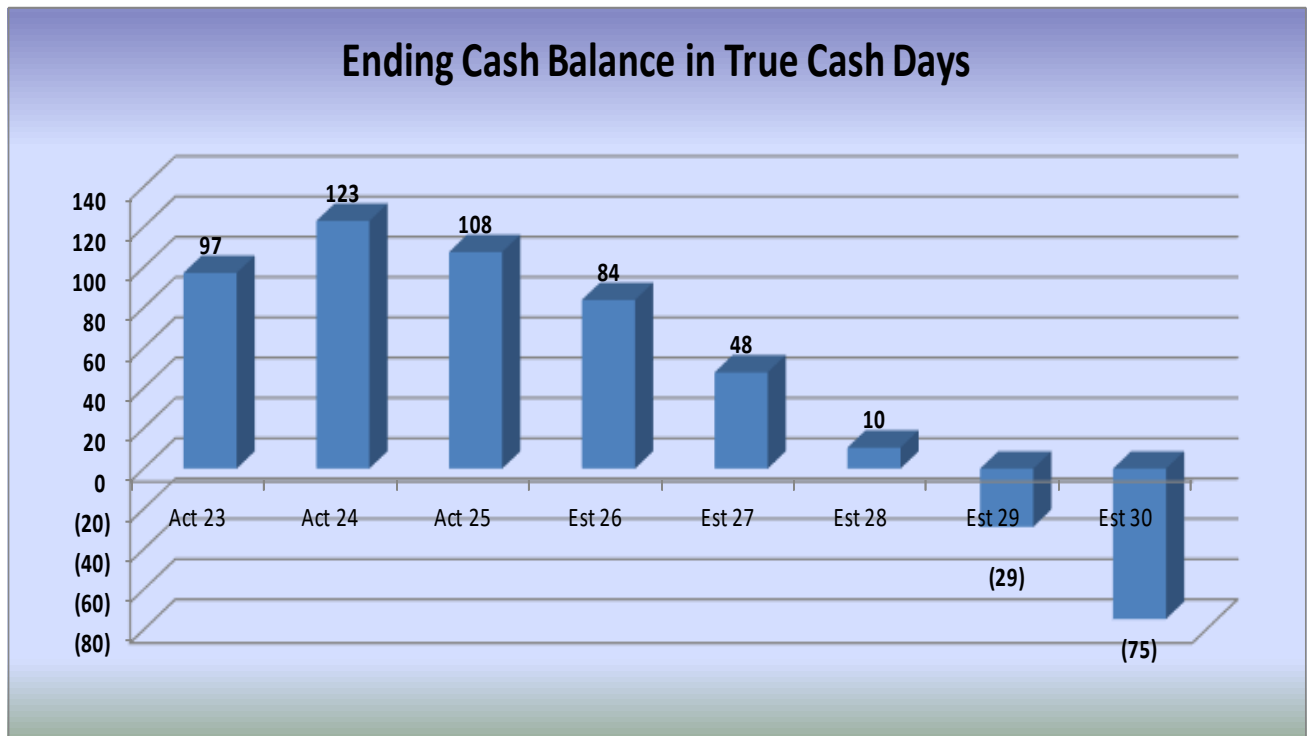
Ending Unencumbered Cash Balance – Including All Levy Renewals– Line #15.010

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 \$13.7 million for our district. The district falls below the thirty (30) day rate in FY28.

	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Ending Unencumbered Cash Balance Line #15.010	<u>\$37,839,932</u>	<u>\$22,005,123</u>	<u>\$4,896,389</u>	<u>-\$13,848,939</u>	<u>-\$36,526,132</u>

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 FY26.



Conclusion

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.