Cuyahoga Falls City School District

Five Year Forecast Financial Report

May, 2024

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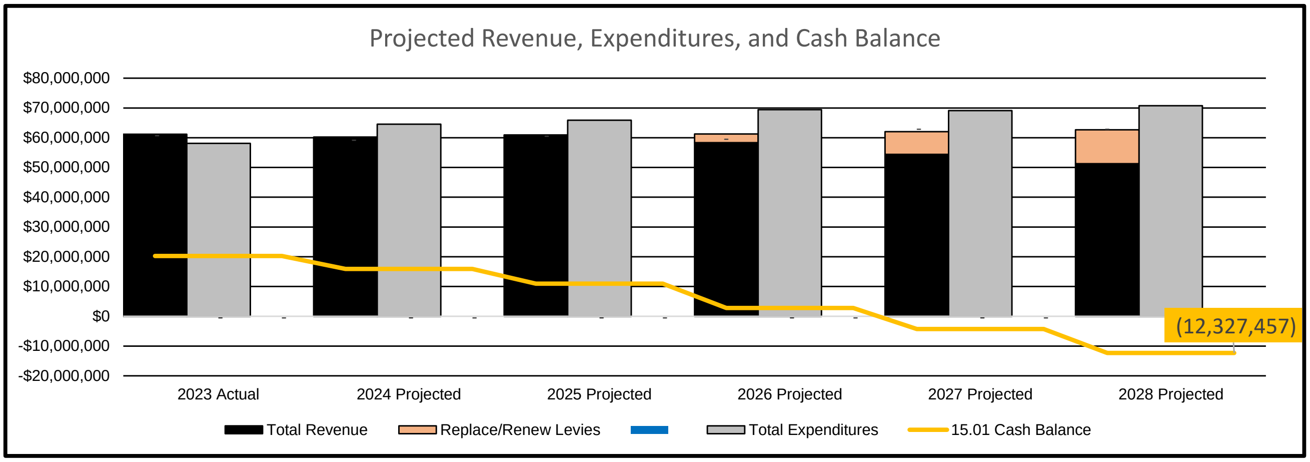
Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-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.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Forecast Summary



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	**20,259,146**	**15,937,218**	**10,946,323**	**2,753,036**	**(4,255,864)**
+ Revenue	60,223,651	60,927,694	58,300,794	54,380,569	51,236,141
+ Proposed Renew/Replacement Levies	-	-	2,908,983	7,685,912	11,414,471
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(64,545,579)	(65,918,590)	(69,403,063)	(69,075,381)	(70,722,205)
= Revenue Surplus or Deficit	(4,321,927)	(4,990,896)	(8,193,286)	(7,008,901)	(8,071,593)
Line 7.020 Ending Balance with renewal/new levies	**15,937,218**	**10,946,323**	**2,753,036**	**(4,255,864)**	**(12,327,457)**
Analysis Without Renewal Levies Included:					
Revenue Surplus or Deficit w/o Levies	(4,321,927)	(4,990,896)	(11,102,269)	(14,694,813)	(19,486,064)
Ending Balance w/o Levies	15,937,218	10,946,323	(155,947)	(14,850,759)	(34,336,823)

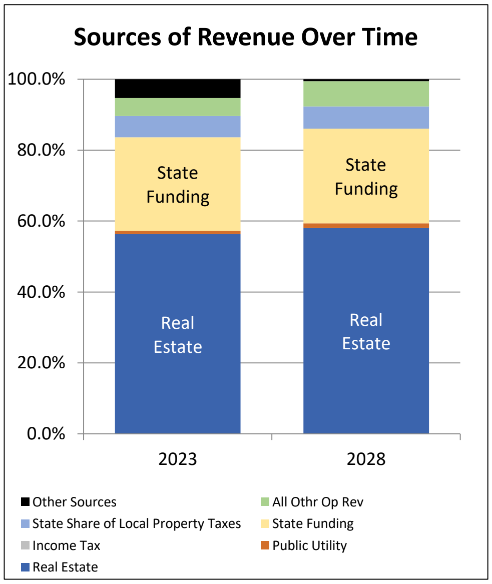
This is the Cuyahoga Falls City School District's filing of the five year forecast. The assumptions are estimates made based on historical trends and information available at the time of this filing. For this filing, fiscal year 2024 represents, and is used, as the base year to which future year projections are derived. While the forecast is a numbers document, it is driven by assumptions.

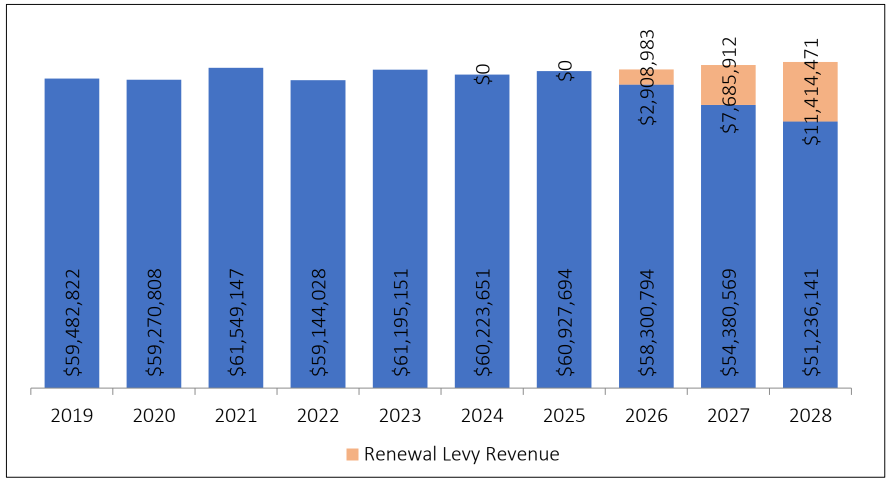
The information and data used in preparing the five-year forecast is conservative in nature. Taking a conservative approach allows flexibility when unexpected situations arise. The following assumptions are based on information available to the District at the time of this forecast's filing. Therefore, it is likely that the information contained in this forecast may change. The further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. A five-year financial forecast has risks and uncertainty, not only due to economic delays, but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of two (2) state biennium budgets for FY2026-FY2027 and FY2028-FY2029.

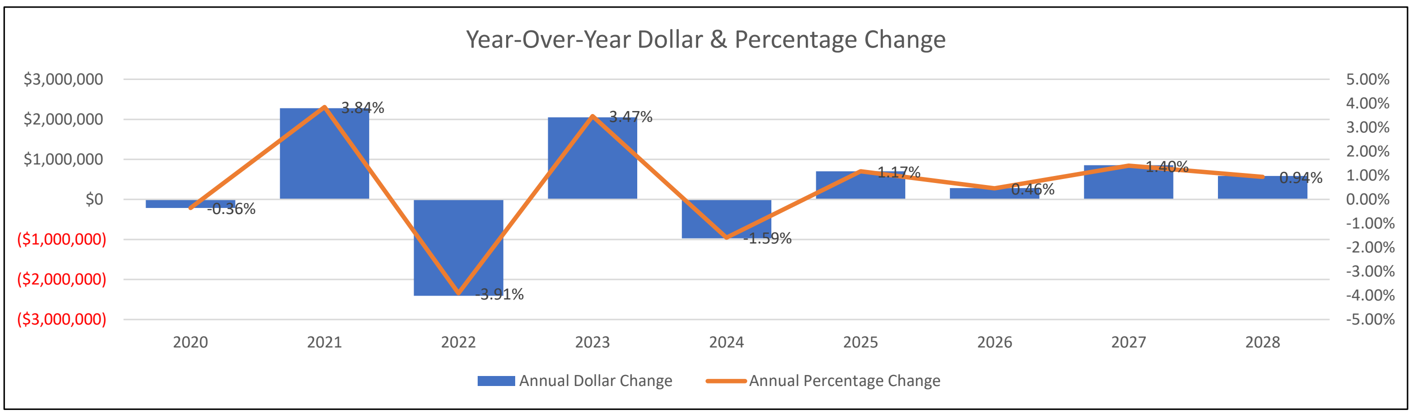
While increased inflation impacting District costs are expected to continue over the next few years, the economy is also expected to continue to grow as the recovery from the pandemic continues. Many supply chain concerns have lessened as manufacturing has caught up. However, persistently high inflation continues to impact our state, country, and broader globalized economy.

The District's cash balance is positive through FY2026, however, it is projected to worsen in FY2027 and FY2028. In order to balance the budget, FY2028 expenditures would need to be reduced by 27.55% without additional revenue. The District will need to remain diligent in assessing the need for any more additional expenditures. Each addition raises expenses with no offsetting revenue. This hastens the decline of each fiscal year's cash balance. A worsening cash balance can erode the District's financial stability over time. 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.

Revenue Sources and Forecast Year-Over-Year Projected Overview







4-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

	Historical Average Annual $$ Change	**Projected** Average Annual $$ Change	Projected Compared to Historical Variance
Real Estate	1,012,977	380,603	($632,374)
Public Utility	$55,161	$49,163	($5,998)
Income Tax	$0	$0	$0
State Funding	($134,514)	121,380	$255,894
Prop Tax Alloc	($20,352)	$50,928	$71,280
All Othr Op Rev	($647,694)	$266,289	$913,983
Other Sources	$162,505	($577,270)	($739,776)
Total Average Annual Change	428,082	291,092	($136,990)
	0.76%	0.48%	-0.28%

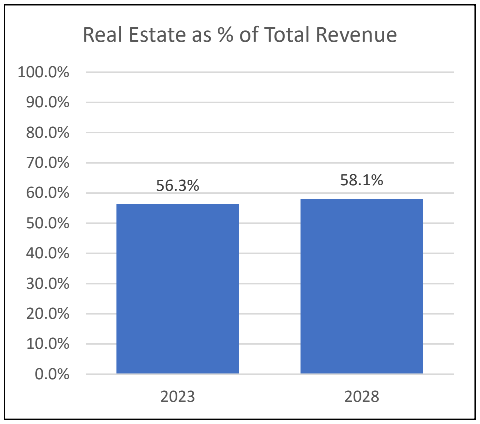
The District's two largest revenue sources, Real Estate and Unrestricted Grants-in-Aid, account for approximately 81.85% of total revenues.

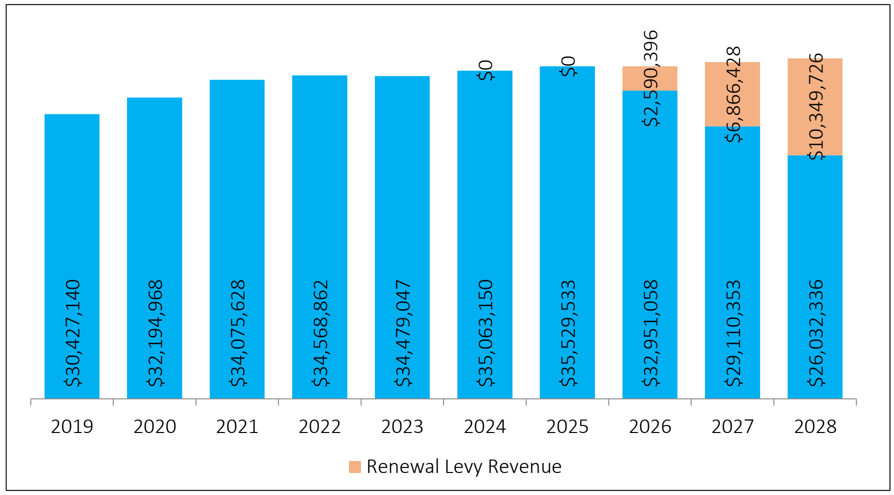
There are two renewals for existing levies modeled. One in calendar year 2025, and one in 2026.

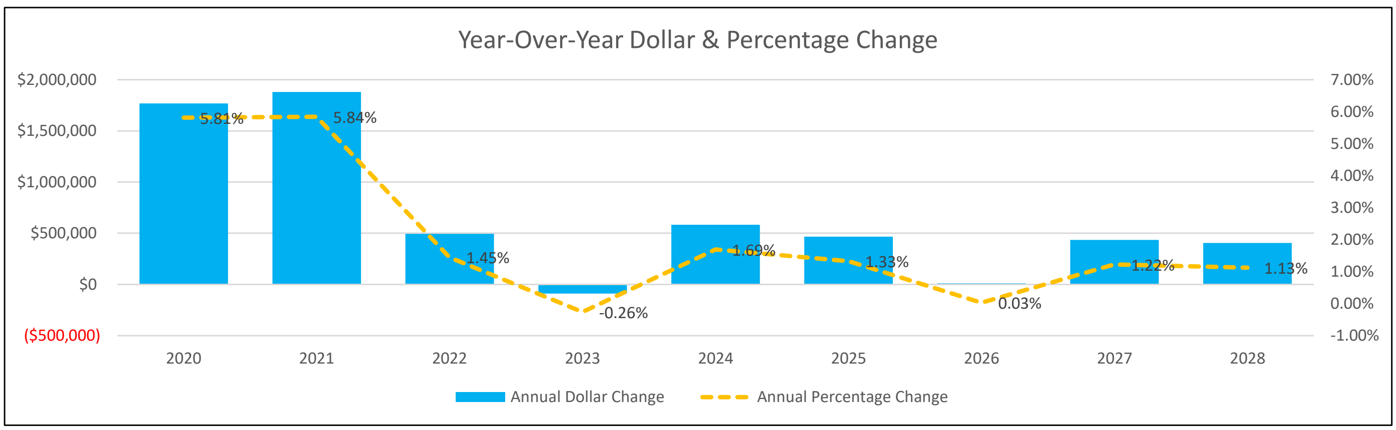
Total revenue increased 0.76% or $428,082 annually during the past four years and is projected to increase 0.48% or $291,092 annually through FY2028.

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).







Values, Tax Rates and Gross Collections							Gross Collection Rate
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	Including Delinquencies
2022	873,169,720	2,137,140	42.11	-	50.08	-	99.0%
2023	1,105,657,930	232,488,210	33.39	(8.72)	45.81	(4.26)	99.8%
2024	1,107,407,930	1,750,000	33.38	(0.01)	45.61	(0.20)	99.8%
2025	1,109,157,930	1,750,000	33.38	(0.01)	45.42	(0.19)	99.8%
2026	1,293,407,930	184,250,000	28.85	(4.53)	43.51	(1.91)	99.8%
2027	1,295,157,930	1,750,000	28.84	(0.00)	43.34	(0.18)	99.8%

Real Estate tax is the largest source of revenue for the District making up 58.22% of total revenue. Real estate calculations in the forecast are prepared using the most current information available from the Summit County auditors with tax rates determined by the county's budget commission.

The district currently has two levies that will expire during the forecast time period. The first operating levy for 7.9 mills, originally approved in 2005, expires on December 31, 2025, and the second operating levy for 9.97 mills, originally approved in 1991, expires on December 31, 2026. Both renewal levies are modeled on line 11.02. The potential loss of these taxes are modeled above in orange.

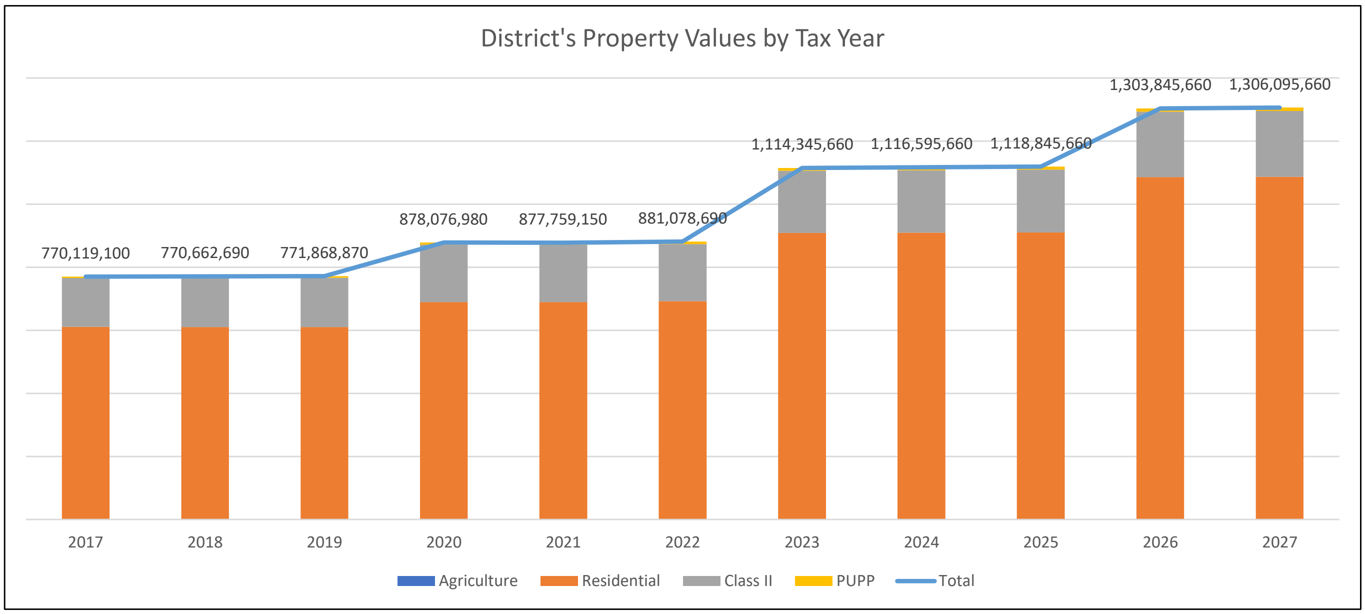
Real Estate revenue changed at an average annual historical rate of 3.21% and is projected to change at an average rate of 1.08% through FY2028.

**Projected % trends include renewal levies*

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).

CUYAHOGA FALLS CITY SCHOOL DISTRICT											
TAX YEAR	VOTED MILLS	INSIDE MILLS	TOTAL MILLS	TOTAL EFFECTIVE MILLS	SUBJECT TO 20 MILL FLOOR	AMOUNT GENERATED	TOTAL RES/AG PROPERTY VALUATION	TOTAL OTHER VALUE	TOTAL PUBLIC UTILITY VALUE	TOTAL VALUE	% INCREASE OR DECREASE
2014*	65.62	4.90	70.52	41.762238	40.882238	$31,278,890	$ 562,154,970	$ 159,117,710	$4,089,820	$ 725,362,500	
2015	65.62	4.90	70.52	41.730367	40.900367	$31,644,818	$ 562,016,390	$ 167,204,480	$4,201,890	$ 733,422,760	1.11%
2016	65.62	4.90	70.52	41.785562	40.915562	$31,521,228	$ 562,267,540	$ 160,885,670	$4,461,270	$ 727,614,480	-0.79%
2017*	70.43	4.90	75.33	43.670162	38.090162	$34,857,864	$ 610,557,190	$ 154,937,040	$4,624,870	$ 770,119,100	5.84%
2018	68.99	4.90	73.89	42.944156	38.134156	$34,591,105	$ 610,049,250	$ 155,900,610	$4,712,830	$ 770,662,690	0.07%
2019	78.82	4.90	83.72	52.767397	37.358900	$42,231,504	$ 610,291,230	$ 156,334,850	$5,242,790	$ 771,868,870	0.16%
2020*	78.82	4.90	83.72	47.213766	37.900654	$42,981,143	$ 689,137,660	$ 182,853,210	$6,086,110	$ 878,076,980	13.76%
2021	78.82	4.90	83.72	47.348043	37.934477	$43,093,070	$ 689,138,730	$ 181,893,850	$6,726,570	$ 877,759,150	-0.04%
2022	78.82	4.90	83.72	47.374326	37.901207	$43,376,882	$ 692,392,320	$ 180,777,400	$7,908,970	$ 881,078,690	0.38%
2023*	78.82	4.90	83.72	36.826014	30.058206	$43,854,779	$ 908,881,660	$ 196,776,270	$8,687,730	$ 1,114,345,660	26.48%
*2014 and 2020 were sexennial reappraisal years. 2017 and 2023 were triennial update years.											



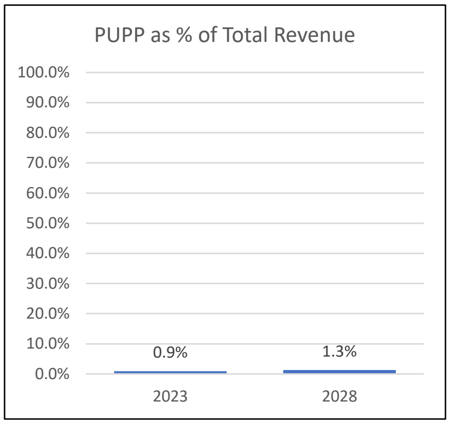
Real property in Summit County is assessed every three years. State law mandates that a sexennial reappraisal be performed every six years.The District saw a 13.76% increase in valuation in 2020 due to the sexennial reappraisal. In 2023, Summit County went through a triennial update which increased valuation by 26.48%. Although property values in the district have continued to increase in recent years, it is important to note that increases in property values have very little overall effect on tax revenue for the district. House Bill 920, enacted in 1976, reduces "effective" millage on voted tax levies so that as property values increase, essentially no increase in revenue is realized by school districts. An exception to House Bill 920 is "inside millage," which is not reduced when values change. Inside millage, 4.90 mills for Cuyahoga Falls City Schools, is unvoted tax millage set by the County Budget Commission.

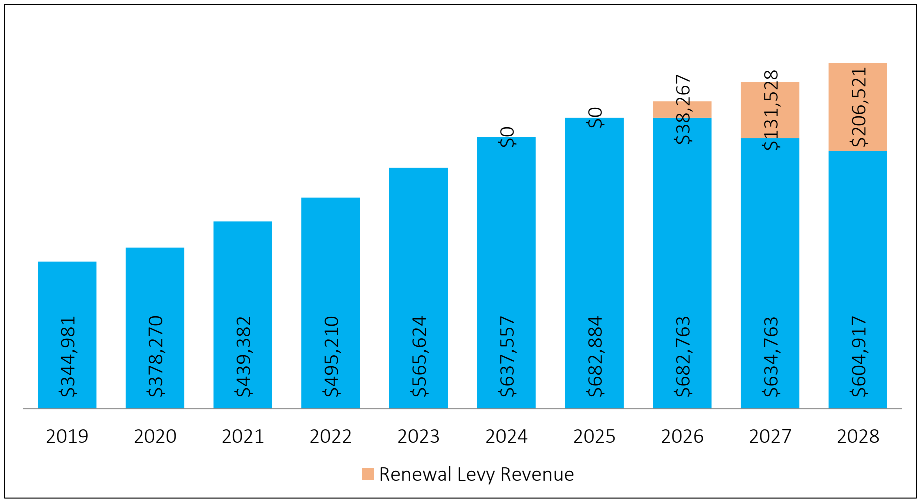
The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II), resulting in different effective millage rates. The district-voted rate for all operating levies is 76.41 mills while the Class I effective millage rate is 30.06 mills and the Class II effective millage rate is 42.48 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the "20-Mill Floor".

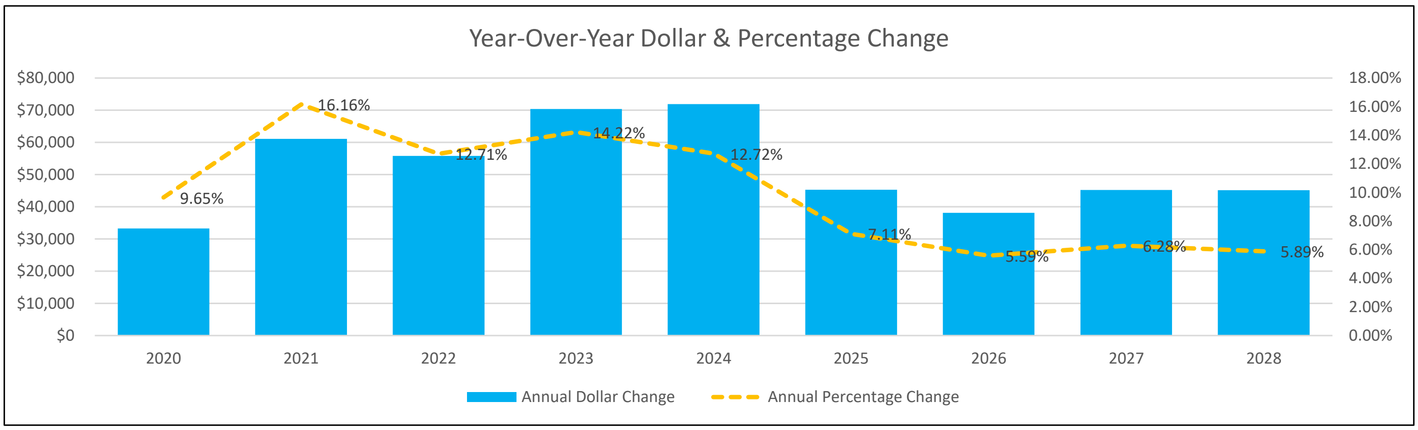
The legislature has formed a "Joint Committee on Property Tax Review and Reform" which is pending as of this forecast. We are watching these deliberations closely as they could impact future reappraisals and possibly the impact of the 20-mill floor currently in law. Currently, our District is not on the 20-mill floor for either Class I or Class II values. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.







Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2022	7,908,970	1,182,400	77.29	(0.01)	100.0%
2023	8,687,730	778,760	76.41	(0.88)	100.0%
2024	9,187,730	500,000	76.40	(0.01)	100.0%
2025	9,687,730	500,000	76.40	(0.01)	100.0%
2026	10,437,730	750,000	75.92	(0.47)	100.0%
2027	10,937,730	500,000	75.92	(0.00)	100.0%

The Public Utility Personal Property tax revenue is generated from the personal property, values, additions, and depreciation reported by the utility companies. Previously, it included commercial/industrial properties that were taxed on the value of their inventory, furnishings, and equipment.

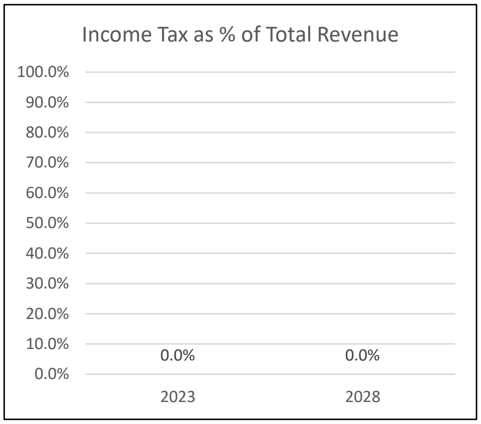
The property is taxed at the full voted tax rate, which in tax year 2023 is 76.41 mills. Legislative changes over the years have negatively impacted Public Utility Personal Property proceeds to school districts.

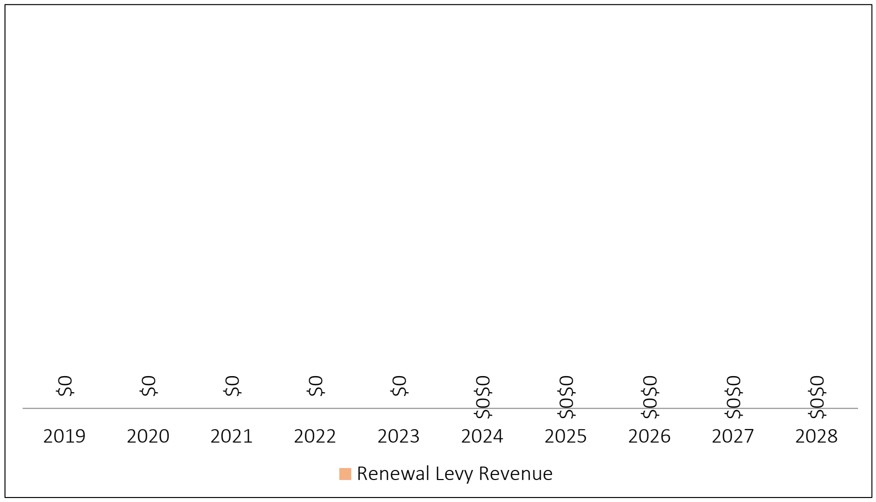
The Public Utility Personal Property value in the District is relatively small and generates approximately 1.06% of total District revenues. The revenue changed historically at an average annual dollar amount of $55,161 and is projected to change at an average annual dollar amount of $48,797 through FY2028.

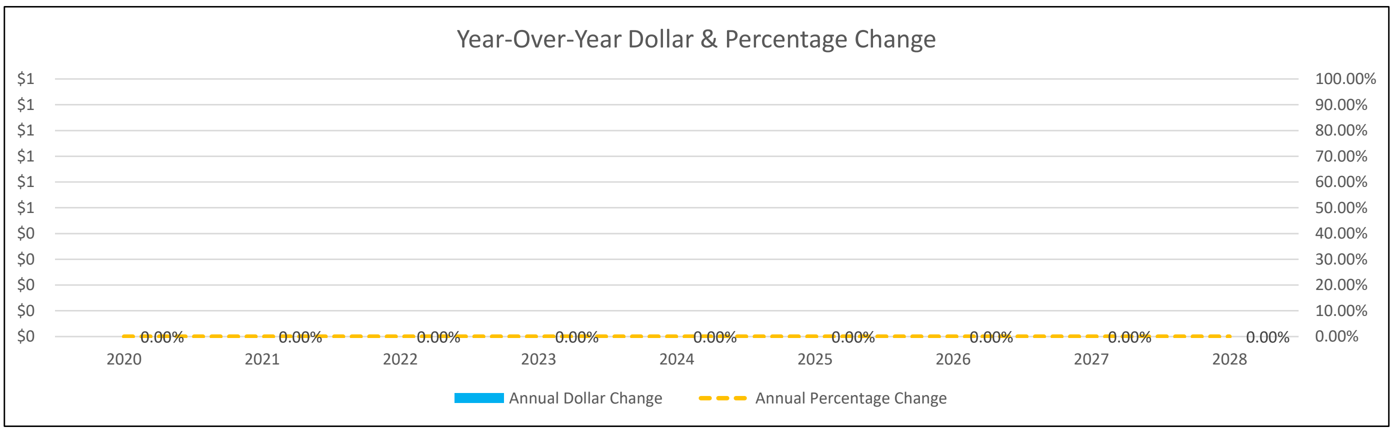
**Projected % trends include renewal levies*

1.030 - No Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.





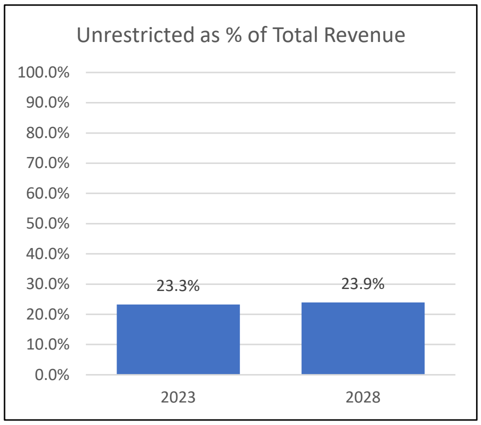


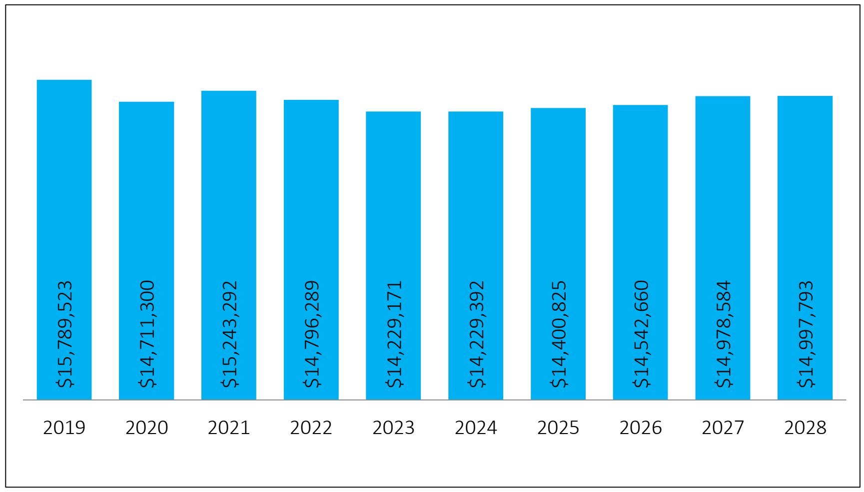
The district does not have an income tax levy.

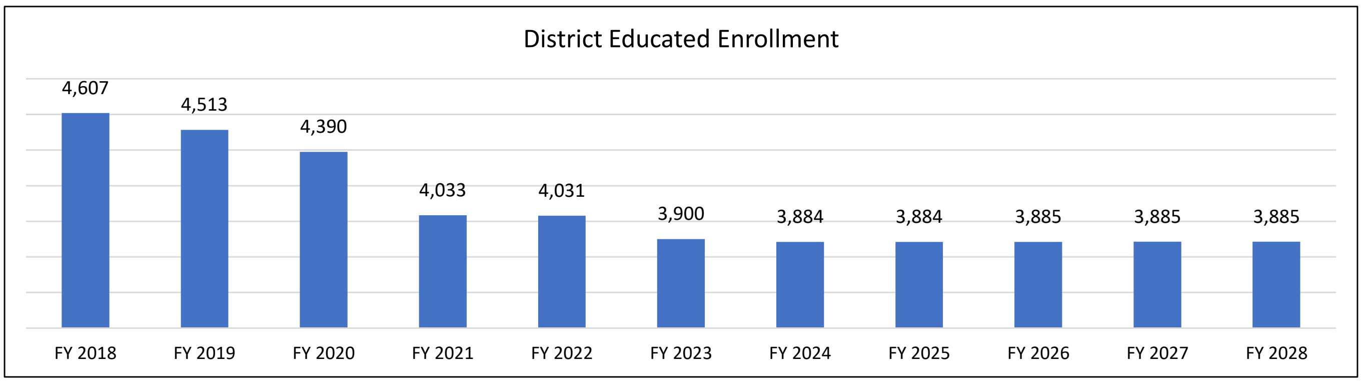
**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.







Unrestricted Grants-in-Aid represent funds received from the state and account for 23.63% of total revenues. This is the second largest source of revenue for the District. In addition to the state foundation funding program, tax revenue proceeds from casinos are included in this category.

Beginning in FY2022, Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data (FY2022). For Cuyahoga Falls City School District, the calculated Base Cost is $32,799,381 in FY2024. The state's share of the calculated Base Cost is $10,863,862 or $2,797 per pupil. HB33, the current state budget, continues to phase in the Fair School Funding Plan (FSFP) for F20Y24 and FY2025. FY2024 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY2025 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed.

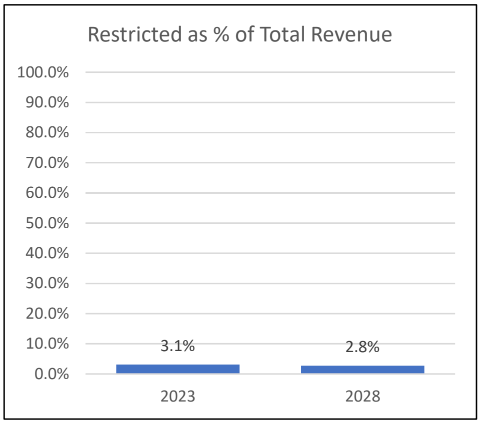
The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. The funding 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 FY2024 and FY2025 than they received in FY2021. Our District is currently a "guarantee" district in FY2024 and is expected to continue on the guarantee in FY2025-FY2028 on the new Fair School Funding Plan (FSFP).

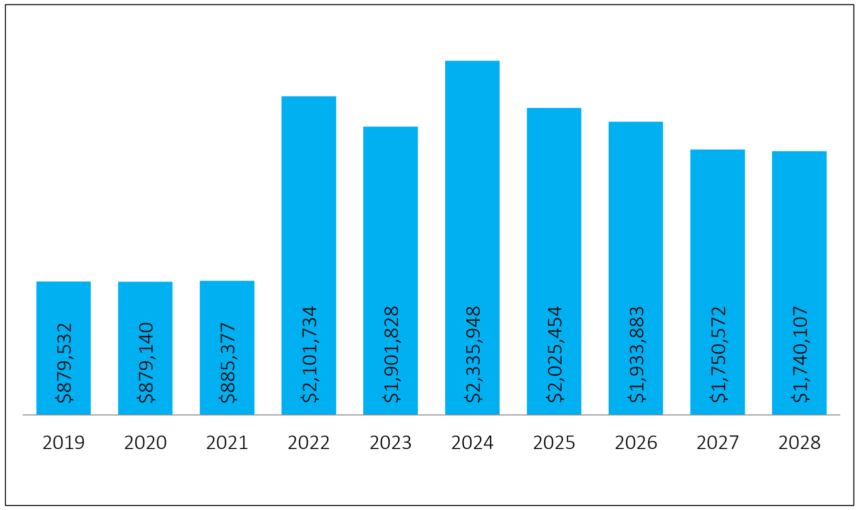
The state of Ohio has enjoyed economic growth over the past three years and the state’s Rainy Day Fund is at $3.7 Billion, which is a record high. While increased inflation impacting District costs is expected to continue over the next few years, the state’s economy has grown. The ongoing growth in Ohio’s economy should enable the state to continue the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the state is well-positioned to continue state aid payments to Ohio’s school districts.

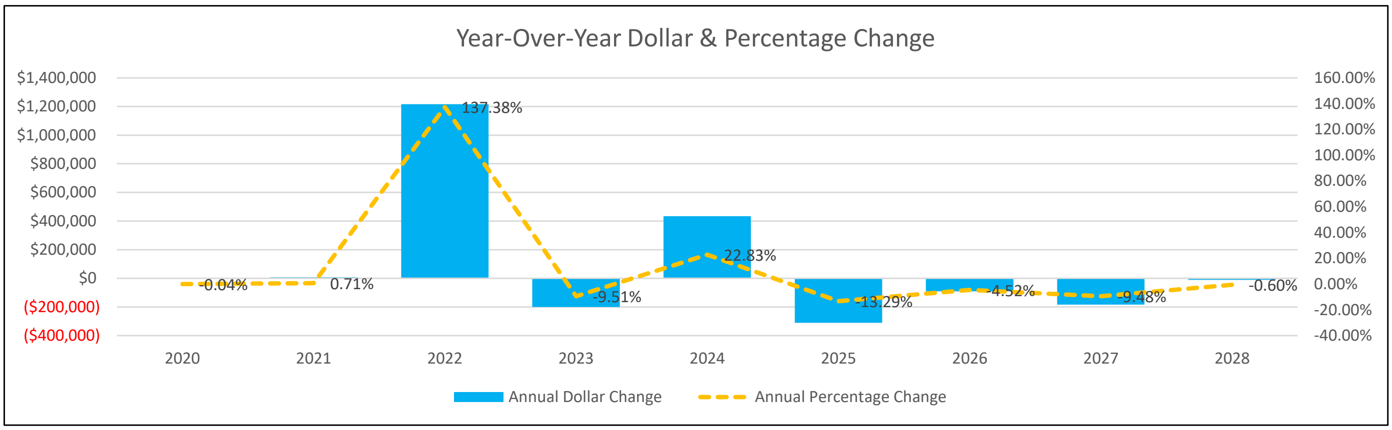
Note: Any Student Wellness and Success Funds received between FY2020-FY2023 must be expended by June 30, 2025, or the funds must be returned to ODE. These funds are not part of the general fund, therefore not part of this forecast.

1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.







The State Foundation monies are both restricted and unrestricted. Restricted funds are distributed with the intention that the monies are used for specific reasons or they must be returned. HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economically Disadvantaged) and Career Technical funding. In addition, there have been new restricted funds added for Gifted, English Learners, and Student Wellness and Success. The amount of DPIA is limited to a 50% phase in growth for FY2024 and 66.67% in FY2025. Catastrophic Aid is also posted as restricted revenue and has increased over the past few years due to the changes that were included in the Fair School Funding Plan.

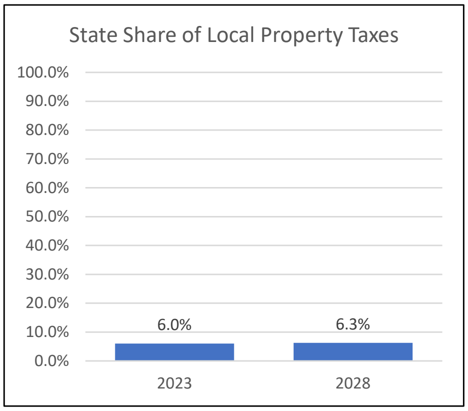
Once the base cost is calculated, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage is used not only in the core funding component, but also in several of the restricted funding streams mentioned above that also assume a joint state-local responsibility. As the District's calculated local capacity increases and therefore reduces the SSP in future years, restricted funding is also decreased. However, these decreases are offset by increases to unrestricted funding since we are a guarantee District.

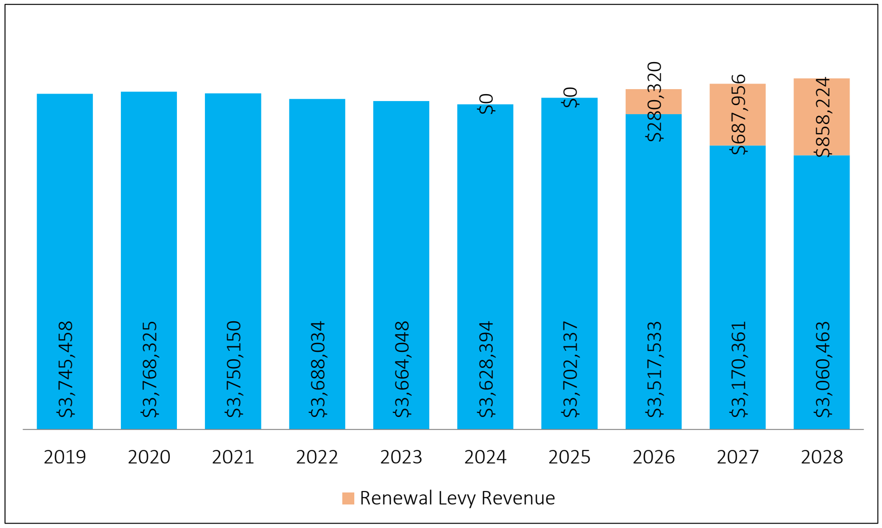
HB33 set aside $64 million state-wide to subsidize the cost of high-quality instructional materials (HQIM) purchased by schools and districts aligned to the Science of Reading. The funds are provided to support both high-quality core curriculum and instructional materials in English language areas and evidenced-based reading intervention programs. The District received $193,391 from this one-time subsidy in FY2024 and is required to maintain documentation as to how the funds were leveraged along with expenses incurred beyond the subsidy.

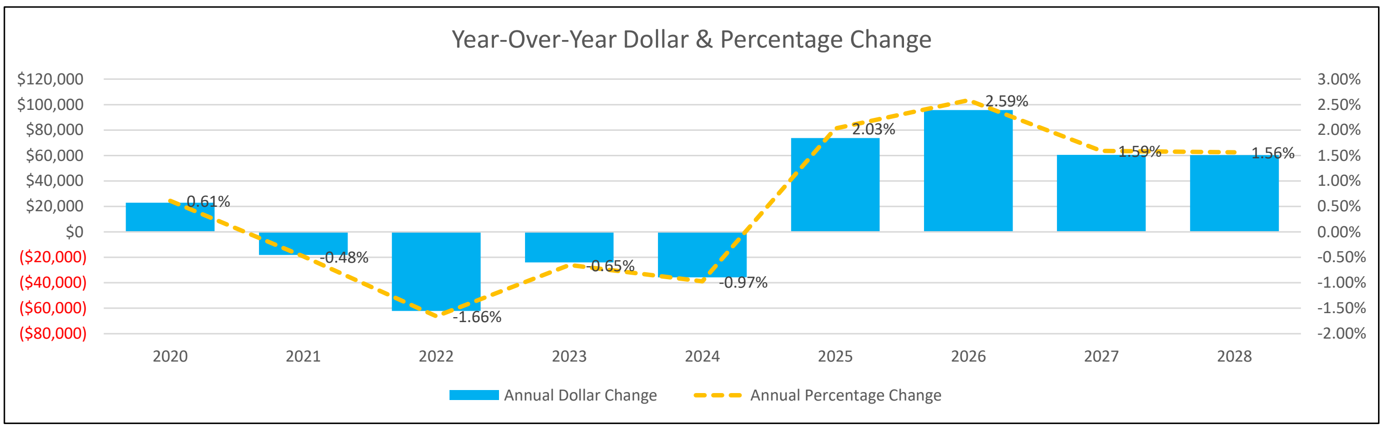
Historically, the District's restricted state aid changed annually on average by $340,896 and is projected to change annually on average by $(32,344). The Restricted Grants-in-Aid for the District are relatively small and generate 3.88% of total revenues.

1.050 - State Share of Local Property Taxes

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.







State Share of Local Property Taxes (Homestead & Rollback) includes a 10 percent property tax rollback for all residential and business real estate. In 1979, an additional 2.5 percent rollback was enacted for owner occupied homes. Homestead exemptions are also available for qualifying taxpayers. These tax credits are reimbursed to the District through the state and are calculated by applying the appropriate percentages to residential and commercial property tax collections.

Beginning in tax year 2013, the State of Ohio enacted House Bill 59 (HB59). This affected changes to the state reimbursement of the rollback exemption whereby any new levies voted will no longer be reimbursed by the state but paid directly by the real estate owners. The 2017 and 2019 levies are affected by House Bill 59. It is important to note that if any of the future renewal levies that were originally approved before 2013 were to lapse, HB 59 would have a major impact to the local taxpayer. Currently, the State Share of Local Property Taxes Allocation for those levies are being reimbursed by the state. If there was an interruption to the collection of taxes, the state would no longer be responsible for the reimbursements. That burden would then be shifted to the local taxpayer.

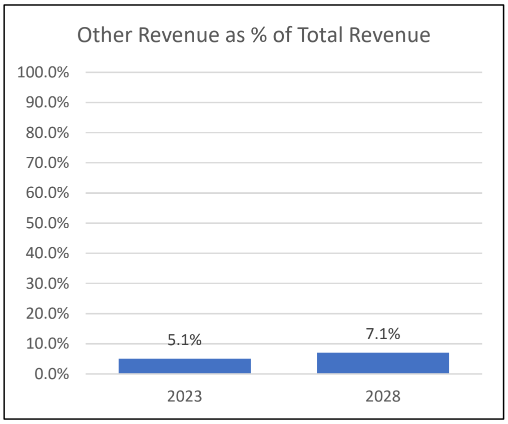
HB 59 changed the requirement for Homestead Exemptions as well. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter, will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013, will not lose it going forward and will not have to meet the new income qualification. The result of HB59 is that homestead reimbursements have decreased from previous levels and like the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

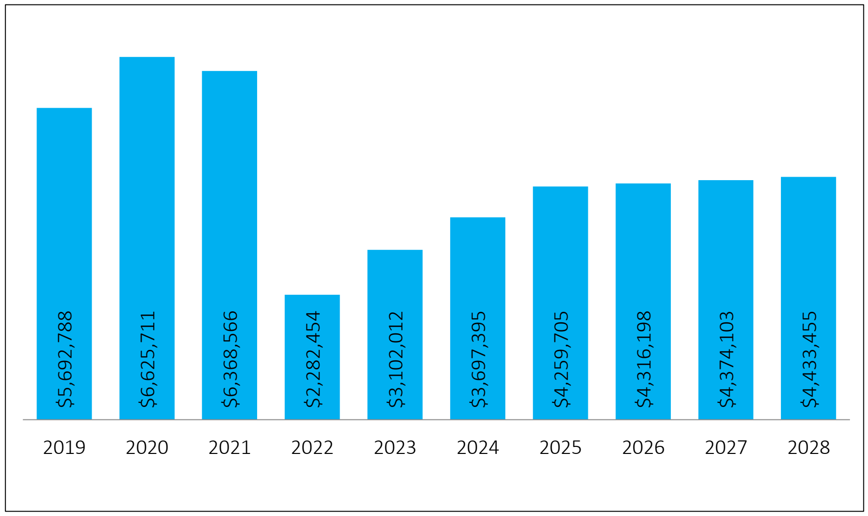
In FY2024 approximately 9.7% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.8% will be reimbursed in the form of qualifying homestead exemption credits. State Share of Local Property Taxes generates 6.02% of total revenues.

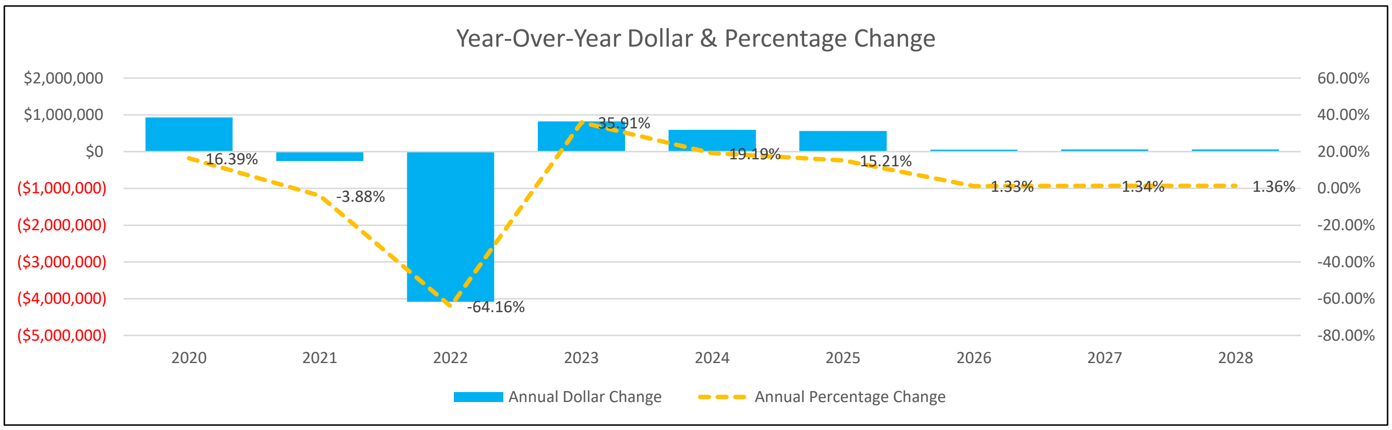
Projected % trends include renewal levies

1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.







All Other Operating Revenues include revenue from interest on investments, rental income for use of facilities, excess costs for non-resident student tuition, pay-to-participate fees, and other local sources, if any. The Fair School Funding Plan includes per pupil funding for any open enrollment-in students the District is educating. This revenue was recorded in "other revenue" prior to FY2022. FY2022 and beyond will not include any open enrollment-in revenue. FY2021 open enrollment in revenue was $3,250,174.

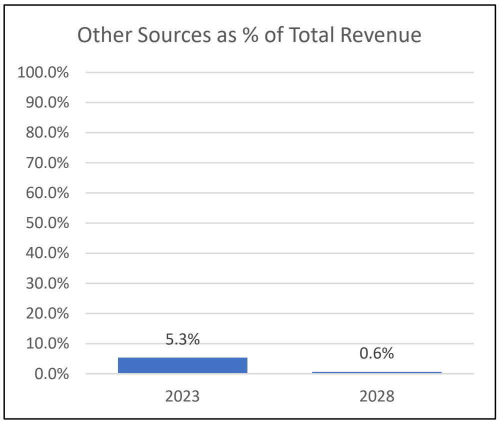
In FY2021 and FY2022 interest income fell due to the pandemic; however, in FY2023, rates rose quickly due to the Federal Reserve's strategy to combat inflation. Once the economy stabilizes, there will be pressure on the Federal Reserve to lower interest rates, which we believe will be sometime in 2024, decreasing the opportunity for more significant interest income for the district. Our ending cash balance is also falling which will lower investment earnings. We will closely monitor our investments to capitalize on these increased rates and our cash balance position while they continue.

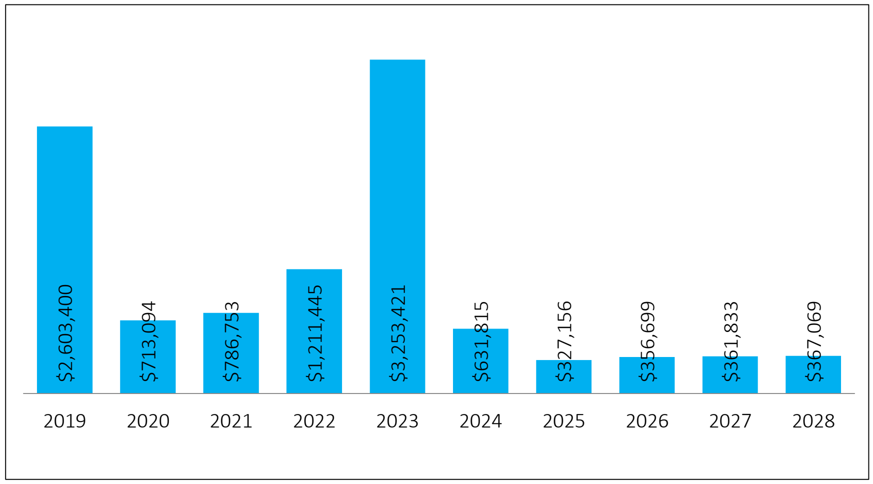
The Medicaid School Program (MSP), a collaboration between the Departments of Education and Workforce and Medicaid, is a federal program that allows school districts to receive Medicaid reimbursement for costs associated with providing ETR (Evaluation Team Report) and IEP (Individualized Education Program) services to students who receive Medicaid. The District recently re-enrolled in the Medicaid School Program and is projecting reimbursements to begin in FY2025 and continue through FY2028. FY2021 was the last time the District received Medicaid Reimbursements. All other revenues are expected to continue on historical trends.

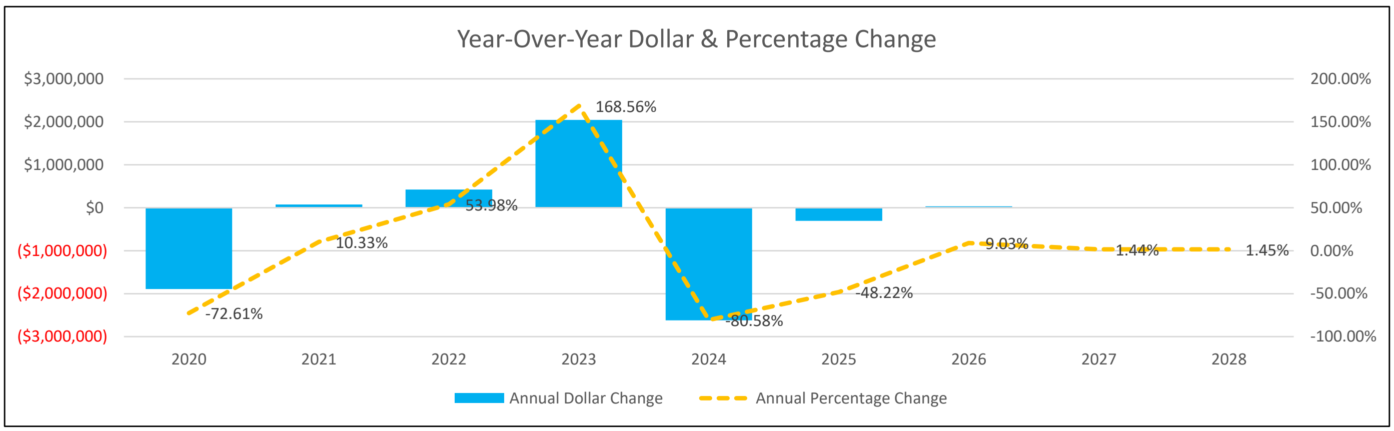
All Other Operating Revenues account for 6.06% of total revenues. The historical annual average change was $(647,694). The projected average annual change is $266,289 through FY2028.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.







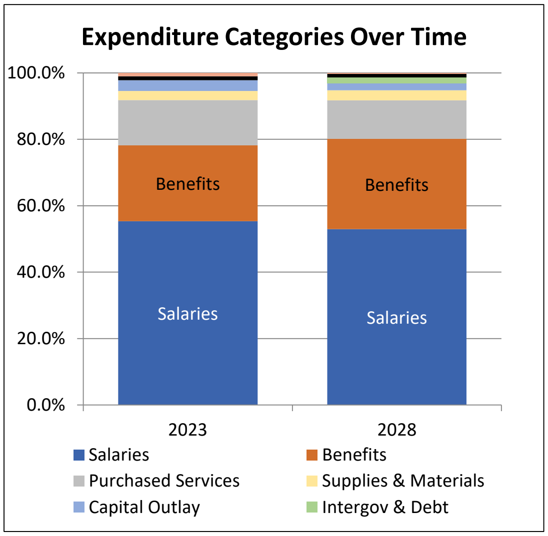
		FORECASTED				
	2023	2024	2025	2026	2027	2028
Transfers In	-	6,089	-	-	-	-
Advances In	2,603,254	427,534	100,000	100,000	100,000	100,000
All Other Financing Sources	650,167	198,192	227,156	256,699	261,833	267,069

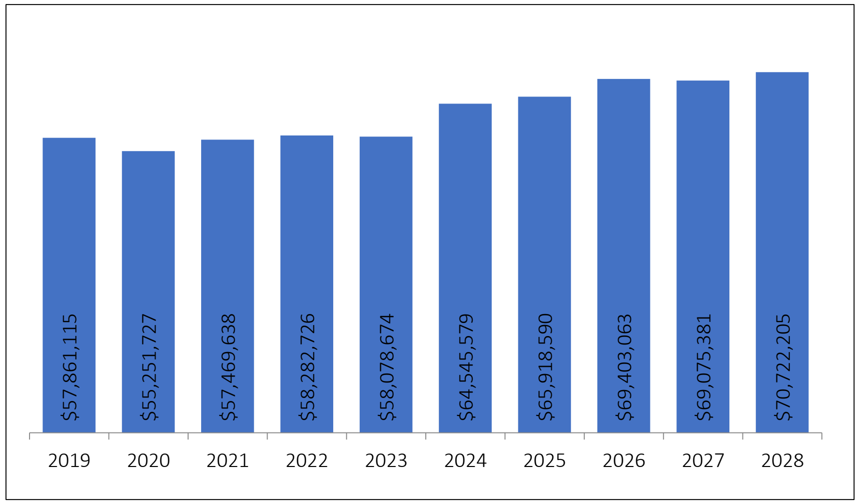
Other Financing Sources include transfers in, advances in, refund of prior year expenditures, and other borrowing as allowed by state law.

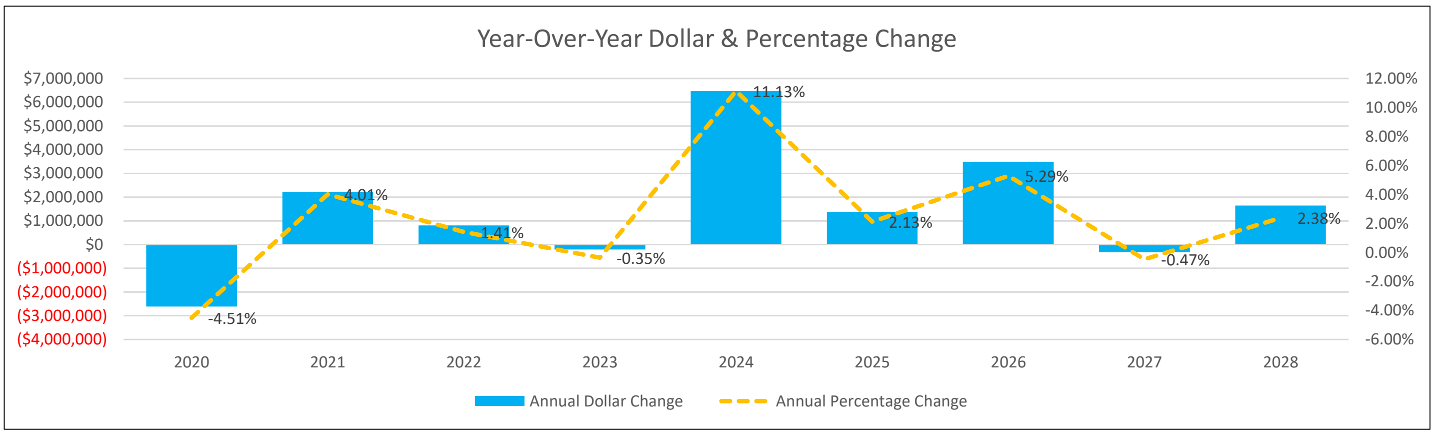
This line represents the return of general funds advanced to other funds at the end of the last fiscal year. These revenues are simply a return of temporary "loans" for cash flow purposes to these other funds, thus there is an offsetting expense (line 5.020) in the prior fiscal year, resulting in no gain or loss to the District.

Additionally, Excess Cost funding received from the Six-District Compact districts for the Special Education Coordinator and Project Search programs are classified as refunds of prior year expenditures and are reflected in this line item. This amount remains stable through the entirety of the forecast.

Expenditure Categories and Forecast Year-Over-Year Projected Overview







4-Year Historical Actual Average Annual Dollar Change
Compared to 5-Year Projected

	Historical Average Annual $$ Change	**Projected** Average Annual $$ Change	Projected Compared to Historical Variance
Salaries	927,419	1,058,243	$130,824
Benefits	$154,176	$1,192,941	$1,038,764
Purchased Services	($836,095)	$54,616	$890,711
Supplies & Materials	$79,545	$111,939	$32,394
Capital Outlay	$121,232	($73,600)	($194,832)
Intergov & Debt	$0	$247,628	$247,628
Other Objects	$30,771	$7,306	($23,465)
Other Uses	($422,659)	($70,366)	$352,293
Total Average Annual Change	$54,390	$2,528,706	$2,474,316
	0.14%	4.35%	4.21%

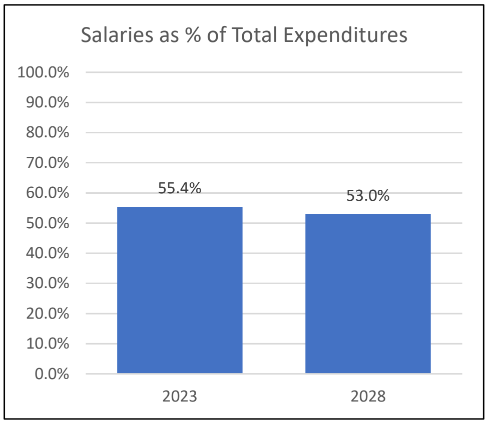
The District's two largest expenditure categories, Salaries and Benefits, account for 77.30% of total expenditures.

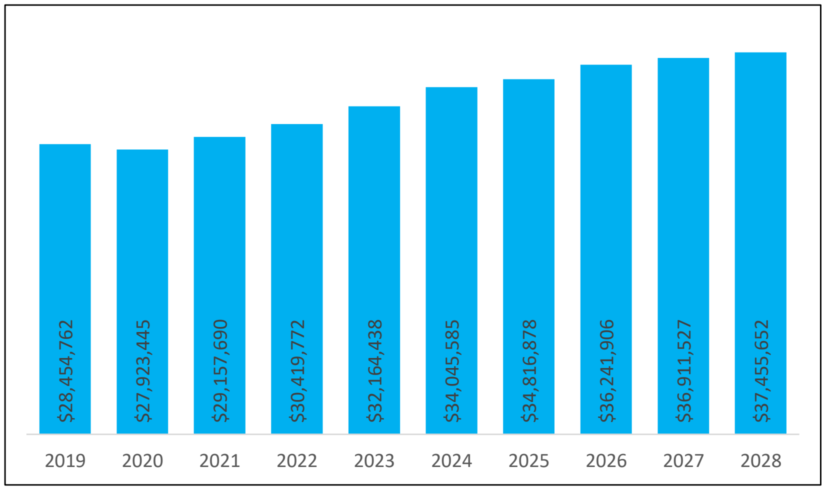
Total expenditures increased .14% or 54,390 annually during the past four years and is projected to increase 4.35% or $2,528,706 annually through FY2028. This exceeds the .48% annual increase projected in total revenues.

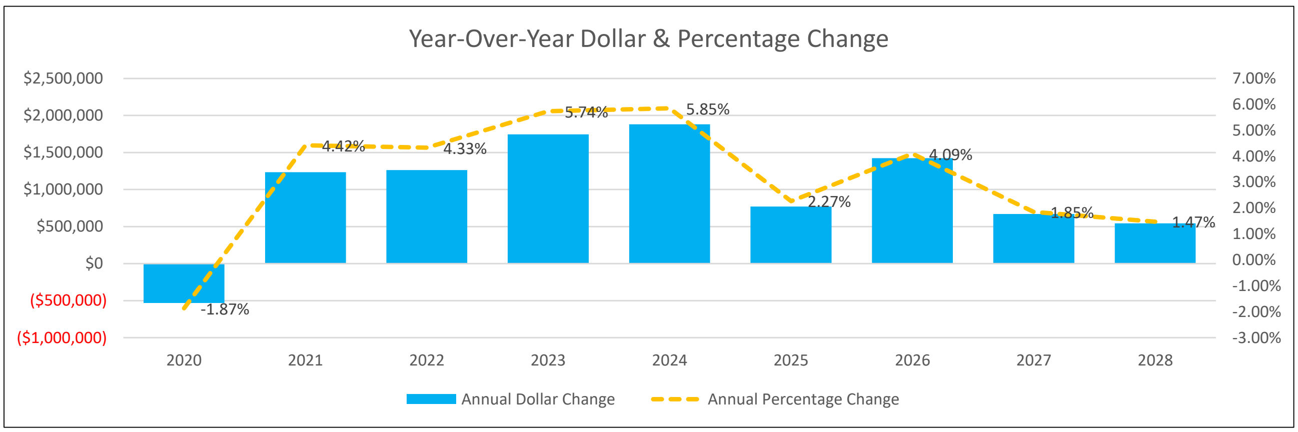
The effects of the pandemic have lessened, but several supply chain concerns and high inflation continues to impact our state, country, and broader globalized economy. Inflation in June 2022 hit a 40-year high of 9.1% before falling to 3.4% in August 2023. Costs in FY2023 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, utilities, and building materials for facility maintenance and repair. Increased inflation affecting District costs is expected to continue in FY2024. It remains to be seen if the cumulative cost increases over the past two years are transitory or will last over several years, which could adversely impact our forecast and state and local funding.

3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.







Personnel Services (salaries) represent 52.75% of the District's operating expenditures and increased at a historical average annual rate of 3.15%. This category of expenditure is projected to grow at an average annual rate of 3.11% through FY2028.

In FY2021, the Board and CFEA, OAPSE, and SEIU (Cuyahoga Falls Education Association, Ohio Association of Public School Employees, and Service Employees International Union, Local 1) ratified agreements for FY2021 - FY2023. These agreements include increases to the base wages of 1.5% in FY2021, 2.5% in FY2022, and 2.5% in F20Y23. In addition, employees who had their step frozen during FY2012 had that step restored to them in FY2021.

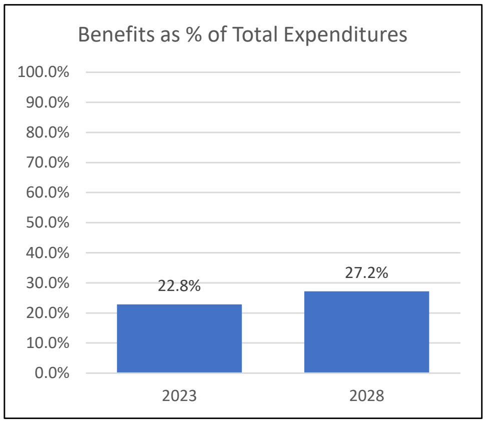
The forecast reflects the most recent negotiated agreement base increases of 2%, 3% and 3% for FY2024, FY2025 and FY2026 respectively. FY2024 also includes a step restoration for any employee who had their step frozen during FY2013 and a one time stipend payment for all staff. FY2027-FY2028 assumes the inclusion of steps for all employees and a 2% wage increase on the base salary. These are not guaranteed projected rates and are only included to show the impact of the increases historically given in the District.

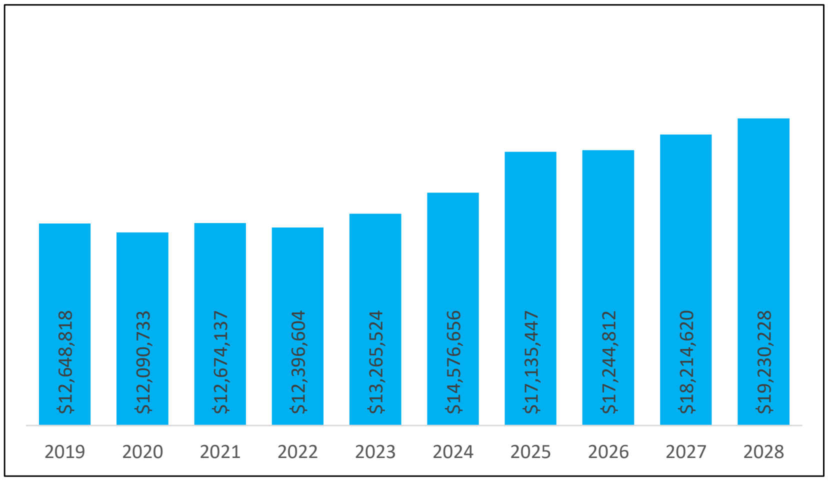
Beginning in FY2025, salaries for Literacy Specialists and Social Workers will be returned to the General Fund. Previously, these were paid by a combination of ESSER and Student Wellness and Success funds.

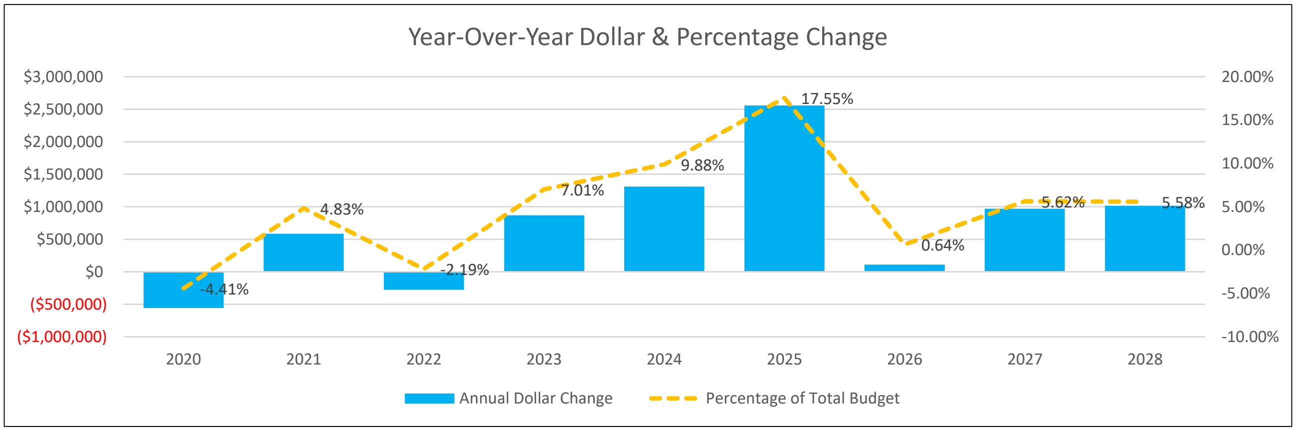
The District continues to analyze and audit classroom sizes. If District enrollment continues to decline, we must continue to monitor our staffing and align staffing to enrollment. Labor relations in our District have been amicable, with all parties working for the best interest of students and realizing the resource challenges we face. Our positive working relationship will continue and grow stronger as we move forward.

3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.







Employees' Benefits include Retirement, Medicare, Health Insurance, and Workers' Compensation.

Insurance has become one of the fastest growing and most volatile costs for the District. Despite our best efforts to manage expenses, the rising costs of medical services and prescription drugs have contributed to uptick in our healthcare expenditure. Factors such as inflation, and the utilization patterns of our insured members, have all played a role in driving up these costs. In response to this challenge, the Summit Regional Healthcare Consortium (SRHCC) has been diligently reviewing our current healthcare plans, negotiating with insurance providers, and exploring potential cost-saving measures to help mitigate those trend increases. During the most recent negotiations, all three unions agreed to increase co-pays and deductibles, which will slightly reduce potential overall costs in future years.

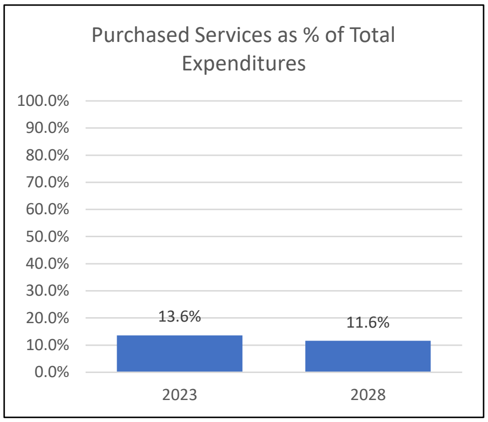
Previous renewals are outlined as follows: FY2020: 0.00% , FY2021: 4.90% , FY2022: 1.00%, FY2023: 4.60% , and FY2024: 7.80%. For FY2025, an 18.14% premium increase was approved by the SRHCC in April of 2024. In addition, over the past year, the District has experienced a depletion of reserves with the SRHCC from approximately $750,000 to a negative balance of over $1.5M. The District will make a one time payment in FY2025 of approximately $1M to re-fund our reserve balance to an appropriate level. FY2026-FY2028 each include an 8.0% premium increase. The November 2023 forecast projected a 8.0% renewal for FY2025. The increase in premiums of 18.14% and the reserve funding are expected to have a cumulative effect of approximately $7M over the four remaining years of the forecast compared to the November forecast.

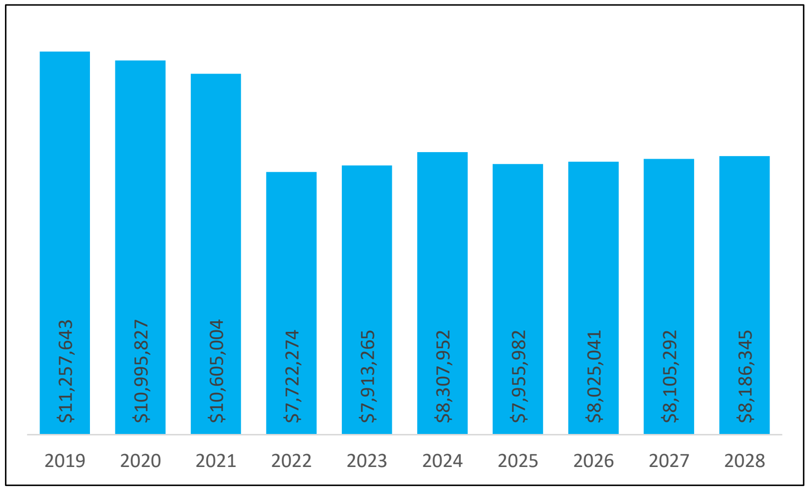
There is a small increase beginning in FY2024 to account for recent changes to the CFEA negotiated agreement in how severance payments will be paid. These payments will now be expensed under the Employees' Benefits category and will no longer fall under the Personnel Services category.

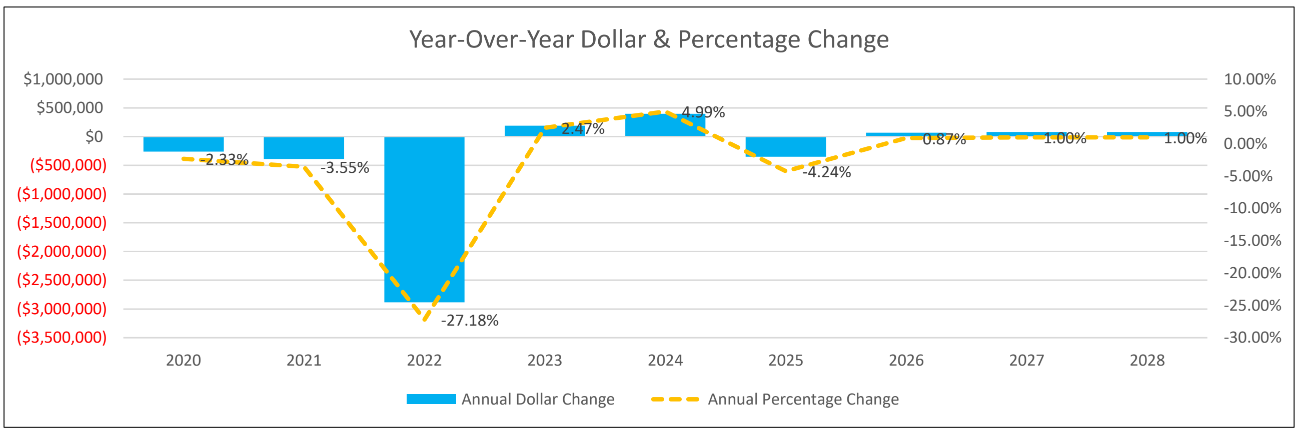
Employees' Benefits are 22.58% of operating expenditures and increased at a historical average annual rate of 1.31%. Expenditures in this category are projected to increase at an annual average rate of 7.86% through FY2028.

3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.







Purchased Services include all professional and technical services, legal, data processing, health/nurses, all utilities, garbage collection, postage, electricity, natural gas, all travel and meeting expenses, and craft and trade services.

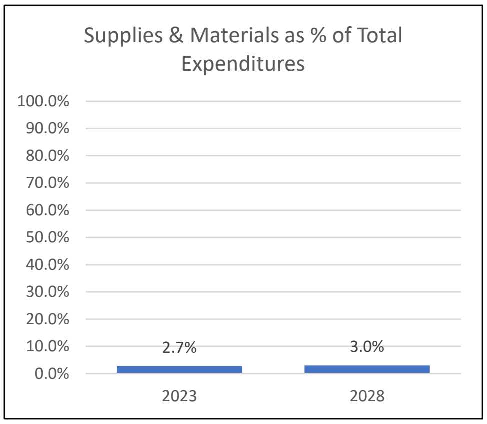
The Fair School Funding Plan impacted Purchased Services beginning in FY2022 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown previously as expenses. College Credit Plus, excess costs and other tuition costs will continue to draw funds away from the District, and have been adjusted based on historical trend. Expansion or creation of programs that are not directly paid by the State of Ohio can expose the District to new expenditures that are not currently in the forecast. The majority of the spending in Purchased Services was and is driven by state and federal mandated spending.

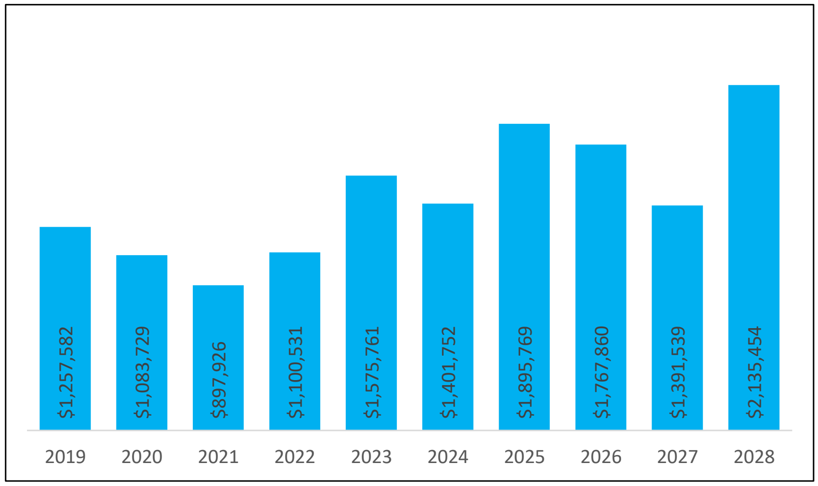
One area of concern is the increasing amount of tuition payments for students who attend specialized programs or schools outside our district. While we strive to provide a wide range of educational opportunities within our own schools, there are instances where students require services or programs that are not available locally. As a result, we must make tuition payments to other schools or programs to ensure that these students receive the educational support they need. However, the growing number of students requiring such services, coupled with the rising tuition rates charged by these programs, has contributed to a notable increase in our tuition and contracted transportation costs.

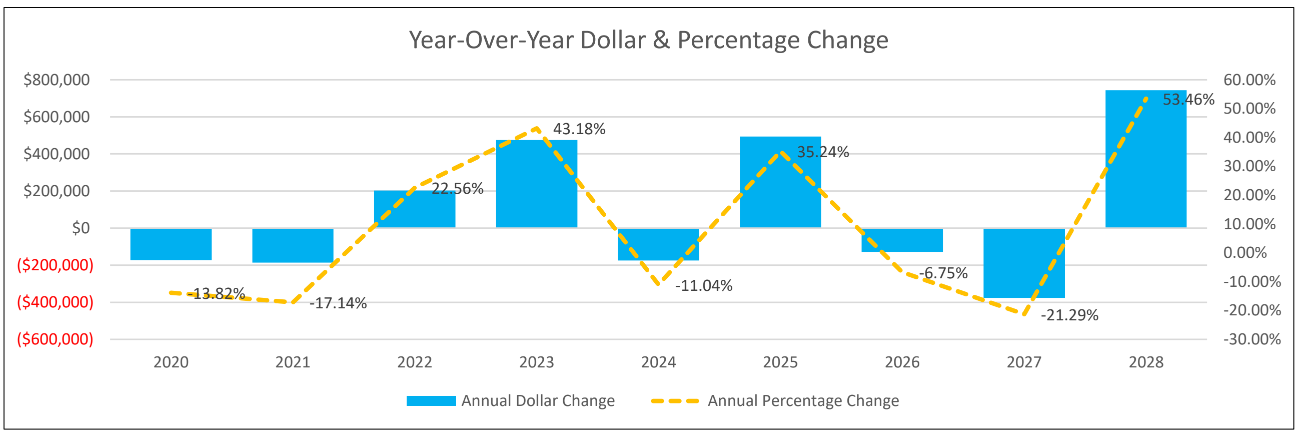
Purchased Services represent 12.87% of total expenditures and decreased at a historical average annual rate of -7.65%. This category of expenditure is projected to increase at an annual average rate of 0.72% through FY2028.

3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.







The Supplies and Materials line item includes all supplies and materials used to keep the school district campus and buildings open, operating, clean and safe, as well as instructional items such as textbooks, library books, and newspapers and periodicals.

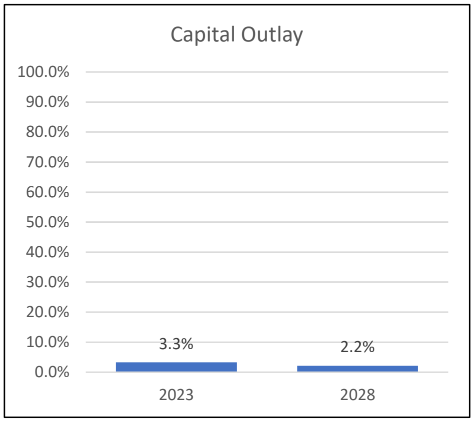
There are increases modeled in FY2025, FY2026, and FY2028 to account for textbook adoptions. These adoptions include Science - 6-12, Math - 6-12, and English Language Arts - K-5.

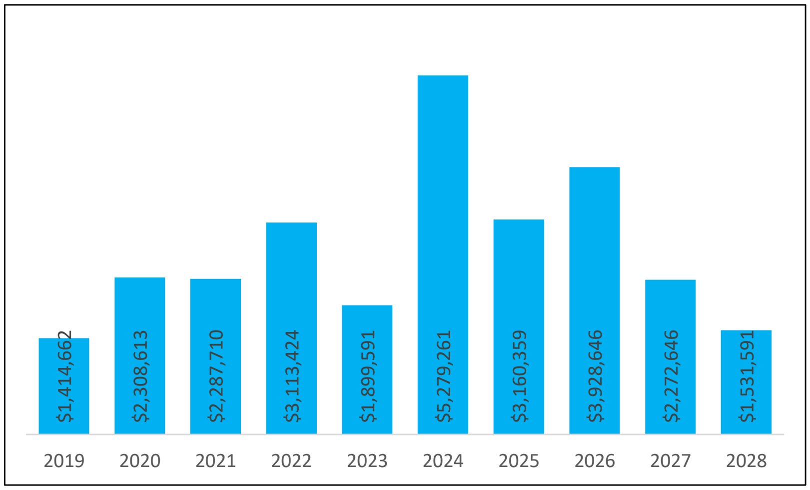
HB 33 requires the Department of Education and Workforce to establish a list of core curriculum and instructional materials in English Language Arts, and a list of evidence- based reading intervention programs, that are aligned with the science of reading and strategies for effective literacy instruction. In order to adhere to this mandate, the District will need to implement a new literacy program that is on the approved assessment list by June 2025. The total cost of the program is estimated to be $458,000. HB33 set aside $64 million state-wide to subsidize the cost of high-quality instructional materials (HQIM) purchased by schools and districts aligned to the Science of Reading. The funds are provided to support both high-quality core curriculum and instructional materials in English language areas and evidenced-based reading intervention programs. The District received $193,391 from this one-time subsidy in FY2024 and is required to maintain documentation as to how the funds were leveraged along with expenses incurred beyond the subsidy. ESSER III funds will be used to cover the remainder of the cost of these additional materials and textbooks.

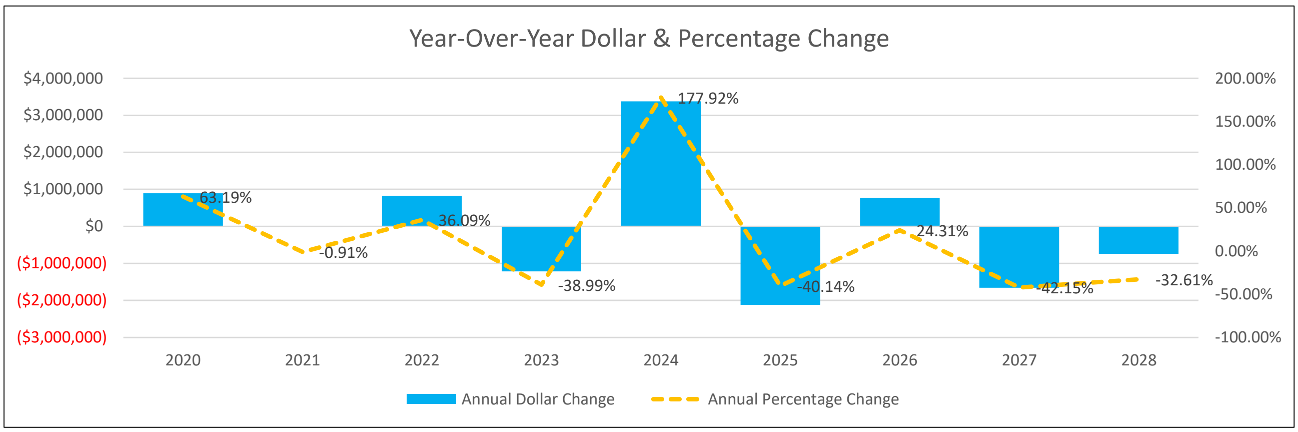
Supplies and Materials represent 2.17% of total expenditures. This category of expenditure is projected to increase at an annual average rate of 9.93% through FY2028.

3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.







Capital Outlay includes expenditures for new and replacement equipment and for the acquisition of, or additions to, fixed assets. Included are expenditures for land or existing buildings, improvements to grounds, construction of buildings, additions to buildings, remodeling and furnishing buildings, equipment purchases, etc. Items reflected in this category are expected to have a life expectancy of five (5) years or more.

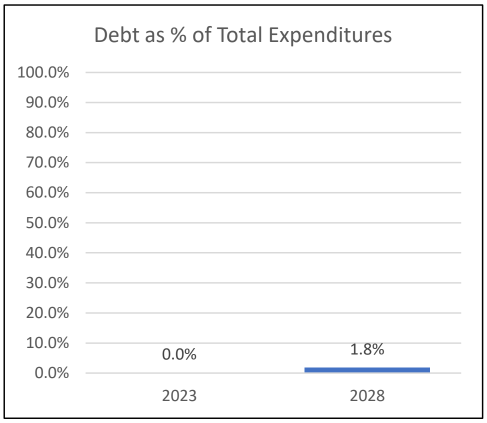
Capital Outlay continues to be impacted by the passage of the $3,700,000 Emergency Levy and the District's lack of a Permanent Improvement fund. Future years show slight decreases as District maintenance and repair expenditures for the new 6-12 facility shift outside of the General Fund. As part of the Project Agreement, each district is required to establish a Maintenance Fund (034) for the deposit of a half-mill maintenance levy for purposes of maintaining the new facility. These funds are not part of the General Fund and therefore are not part of the forecast.

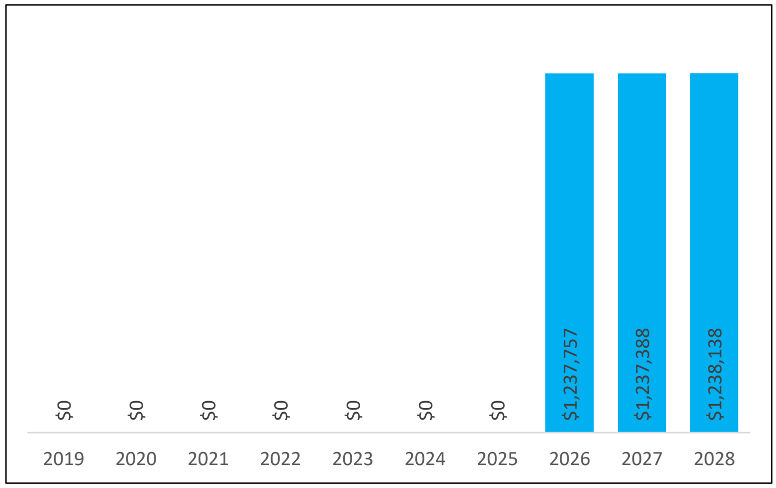
FY2024 through FY2027 show significant increases due to the proposed installation of air conditioning at five of the District's elementary buildings. Expenditures, as a result of the Emergency Levy, remain part of the forecast through FY2028. These expenditures include roofs (repair/replacement), trucks/trailer/vans, technology, security enhancements, parking lot (repairs/new), boilers, buses, and equipment. Major projects during FY2023 and FY2024 include repairs to the roof at Preston and Price, updates to the High School weight room, LED Lighting, security enhancements and parking lot paving/repairs district wide.

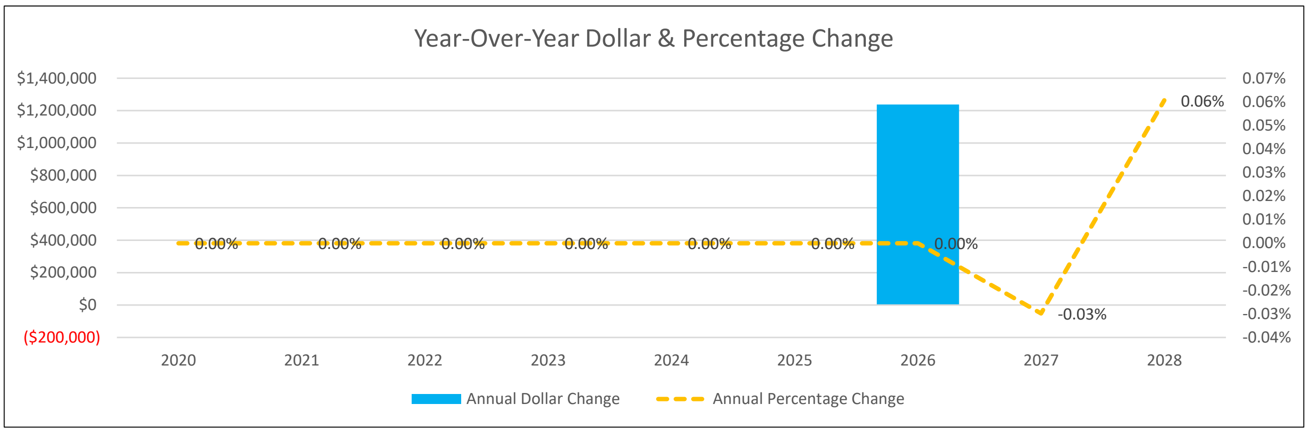
Capital Outlay represents 8.18% of total expenditures and increased at a historical average annual amount of $121,232. This category of expenditure is projected to decrease at an annual average amount of $(73,600) through FY2028.

3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



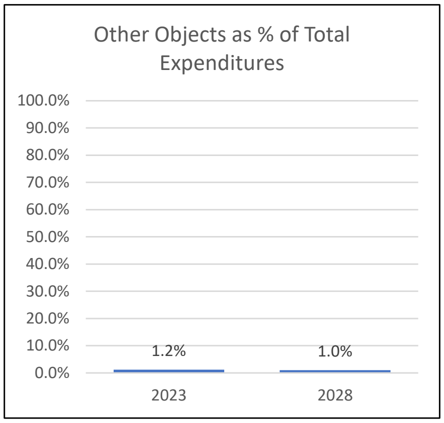


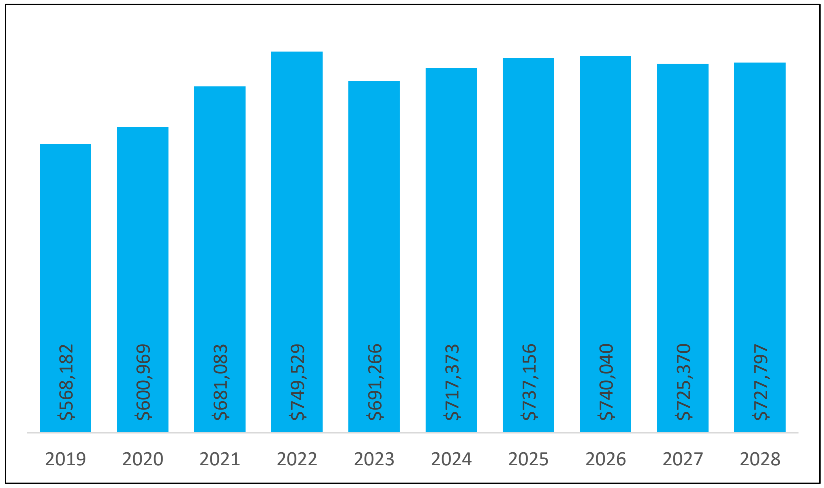


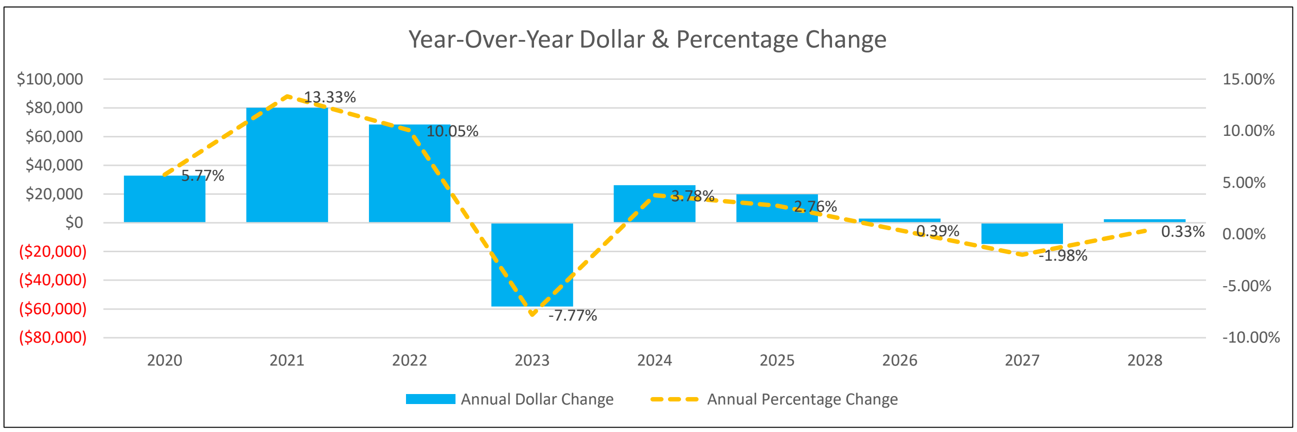
Debt, which commits general fund sources to its repayment, must be included in the forecast. In April 2023, the District issued approximately $19.5 million in debt through certificates of participation (COPs) (Series 2023) to cover increased costs for the new 6-12 building construction due to inflation and labor shortages. Repayment on this debt out of the general fund is approximately $1.2 million dollars per year and will begin in FY2026 and continue through FY2053.

4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.







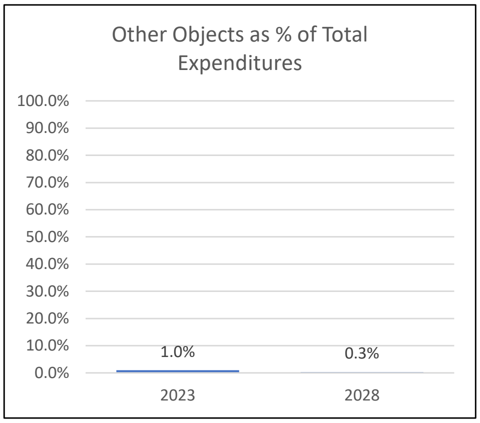
Other Objects include payments to the Summit County Auditors for the collection and distribution of tax revenue, payments for the District's annual audit, bank charges, other dues & fees, memberships, etc.

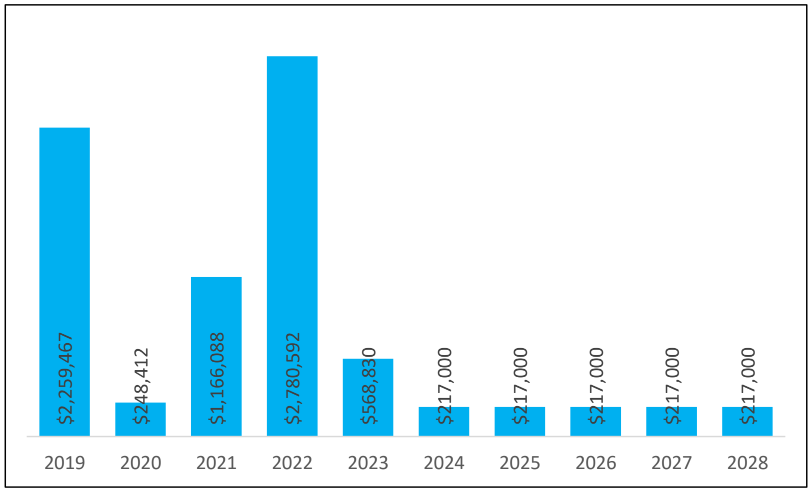
Approximately $40,000 for election expenses are reflected in FY2025 and FY2026. These fees are collected by Summit County to cover the costs associated with putting levies on the ballot.

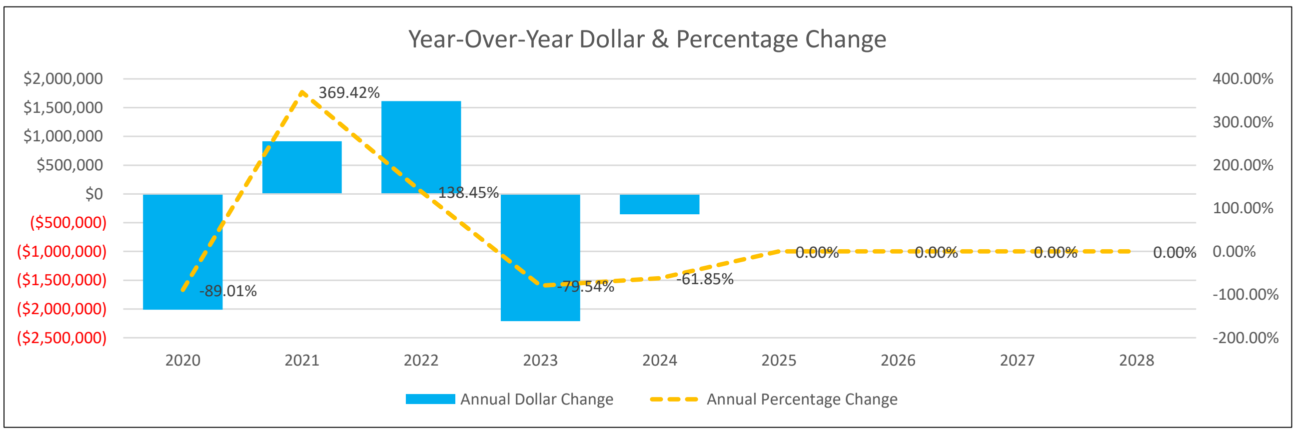
Other Objects represent 1.11% of total expenditures and increased at a historical average annual rate of 5.34%. This category of expenditure is projected to grow at an annual average rate of 1.06% through FY2028.

5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.







		FORECASTED				
	2023	2024	2025	2026	2027	2028
Transfers Out	-	-	-	-	-	-
Advances Out	427,534	100,000	100,000	100,000	100,000	100,000
Other Financing Uses	141,296	117,000	117,000	117,000	117,000	117,000

Other Financing Uses include expenditures that are generally classified as non-operating. It is typically in the form of advances-out, which are then repaid into the General Fund from other District funds.

One line item in this category are Board of revision appeals. Taxpayers can file for reductions in property values and if approved, be refunded the taxes previously paid. In the year the taxpayer is refunded, a reduction to the District's tax proceeds is applied to refund the taxpayer. FY2022 saw a significant increase in taxpayer refunds. The District monitors these closely to protect our tax base. Due to new legislation restricting the District's ability to challenge these appeals, there is an increase forecasted through FY2028.

This line represents the advance of general funds to other funds at the end of the fiscal year. These expenditures are simply temporary "loans" for cash flow purposes to these other funds, thus, there is an offsetting revenue (line 2.050) in the subsequent fiscal year, resulting in no gain or loss to the District.

Cuyahoga Falls City School District

Five Year Forecast

	Actual	FORECASTED				
Fiscal Year:	2023	2024	2025	2026	2027	2028
Revenue:						
1.010 - General Property Tax (Real Estate)	34,479,047	35,063,150	35,529,533	32,951,058	29,110,353	26,032,336
1.020 - Public Utility Personal Property	565,624	637,557	682,884	682,763	634,763	604,917
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	14,229,171	14,229,392	14,400,825	14,542,660	14,978,584	14,997,793
1.040 - Restricted Grants-in-Aid	1,901,828	2,335,948	2,025,454	1,933,883	1,750,572	1,740,107
1.050 - State Share-Local Property Taxes	3,664,048	3,628,394	3,702,137	3,517,533	3,170,361	3,060,463
1.060 - All Other Operating Revenues	3,102,012	3,697,395	4,259,705	4,316,198	4,374,103	4,433,455
1.070 - Total Revenue	57,941,730	59,591,836	60,600,538	57,944,095	54,018,736	50,869,071
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	6,089	-	-	-	-
2.050 - Advances-In	2,603,254	427,534	100,000	100,000	100,000	100,000
2.060 - All Other Financing Sources	650,167	198,192	227,156	256,699	261,833	267,069
2.070 - Total Other Financing Sources	3,253,421	631,815	327,156	356,699	361,833	367,069
2.080 - Total Rev & Other Sources	61,195,151	60,223,651	60,927,694	58,300,794	54,380,569	51,236,141
Expenditures:						
3.010 - Personnel Services	32,164,438	34,045,585	34,816,878	36,241,906	36,911,527	37,455,652
3.020 - Employee Benefits	13,265,524	14,576,656	17,135,447	17,244,812	18,214,620	19,230,228
3.030 - Purchased Services	7,913,265	8,307,952	7,955,982	8,025,041	8,105,292	8,186,345
3.040 - Supplies and Materials	1,575,761	1,401,752	1,895,769	1,767,860	1,391,539	2,135,454
3.050 - Capital Outlay	1,899,591	5,279,261	3,160,359	3,928,646	2,272,646	1,531,591
Intergovernmental & Debt Service	-	-	-	1,237,757	1,237,388	1,238,138
4.300 - Other Objects	691,266	717,373	737,156	740,040	725,370	727,797
4.500 - Total Expenditures	57,509,844	64,328,579	65,701,590	69,186,063	68,858,381	70,505,205
Other Financing Uses						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	427,534	100,000	100,000	100,000	100,000	100,000
5.030 - All Other Financing Uses	141,296	117,000	117,000	117,000	117,000	117,000
5.040 - Total Other Financing Uses	568,830	217,000	217,000	217,000	217,000	217,000
5.050 - Total Exp and Other Financing Uses	58,078,674	64,545,579	65,918,590	69,403,063	69,075,381	70,722,205
6.010 - Excess of Rev Over/(Under) Exp	3,116,477	(4,321,927)	(4,990,896)	(11,102,269)	(14,694,813)	(19,486,064)
7.010 - Cash Balance July 1 (No Levies)	17,142,669	20,259,146	15,937,218	10,946,323	(155,947)	(14,850,759)
7.020 - Cash Balance June 30 (No Levies)	20,259,146	15,937,218	10,946,323	(155,947)	(14,850,759)	(34,336,823)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	100,000	100,000	100,000	100,000	100,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	20,259,146	15,837,218	10,846,323	(255,947)	(14,950,759)	(34,436,823)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies		-	-	2,908,983	7,685,912	11,414,471
11.030 - Cumulative Balance of Levies	-	-	-	2,908,983	10,594,895	22,009,366
12.010 - Fund Bal June 30 for Cert of Obligations	20,259,146	15,837,218	10,846,323	2,653,036	(4,355,864)	(12,427,457)
Revenue from New Levies						
13.010 & 13.020 - New Levies		-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	20,259,146	15,837,218	10,846,323	2,653,036	(4,355,864)	(12,427,457)