

Cuyahoga Falls City School District

Fiscal Year
2025
November

Five Year
Forecast
Report



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Forecast Purpose/Objectives

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

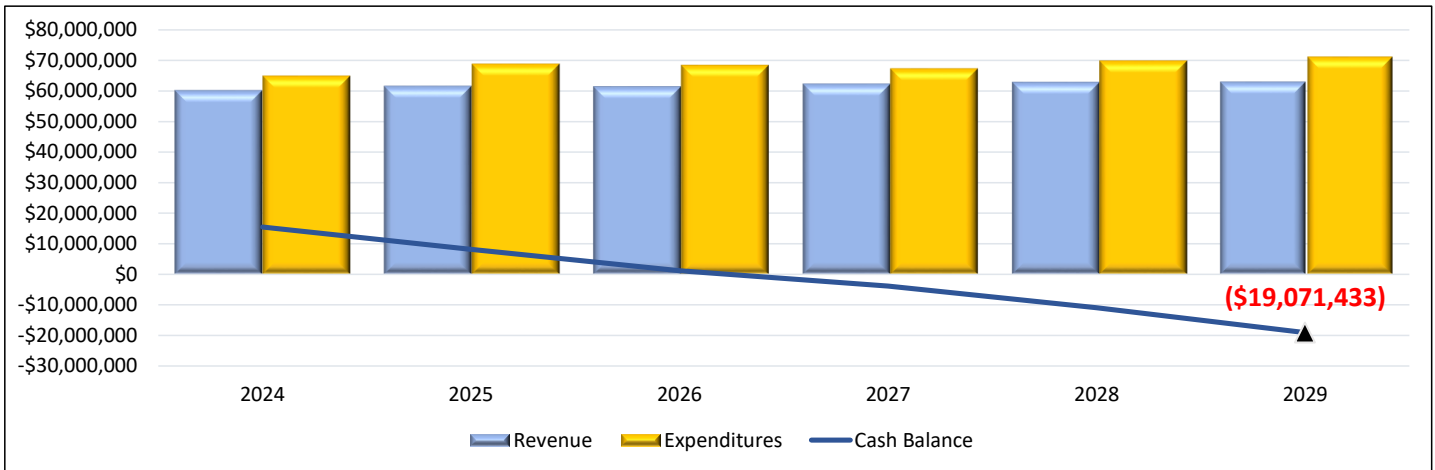
1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 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

Projected Revenue, Expenditures, and Cash Balance



Financial Forecast Summary

| Financial Forecast | Fiscal Year 2025 | Fiscal Year 2026 | Fiscal Year 2027 | Fiscal Year 2028 | Fiscal Year 2029 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Beginning Balance (Line 7.010) | 15,475,263 | 8,197,759 | 1,206,158 | (3,840,866) | (10,908,426) |
| + Renewal/New Levies Modeled | | | | | |
| + Revenue | 61,411,744 | 61,275,388 | 62,126,662 | 62,671,967 | 62,797,445 |
| - Expenditures | (68,689,248) | (68,266,989) | (67,173,686) | (69,739,528) | (70,960,451) |
| = Revenue Surplus or Deficit | (7,277,505) | (6,991,601) | (5,047,024) | (7,067,561) | (8,163,007) |
| Line 7.020 Ending Balance with Renewal/New Levies | 8,197,759 | 1,206,158 | (3,840,866) | (10,908,426) | (19,071,433) |

Financial Summary Notes

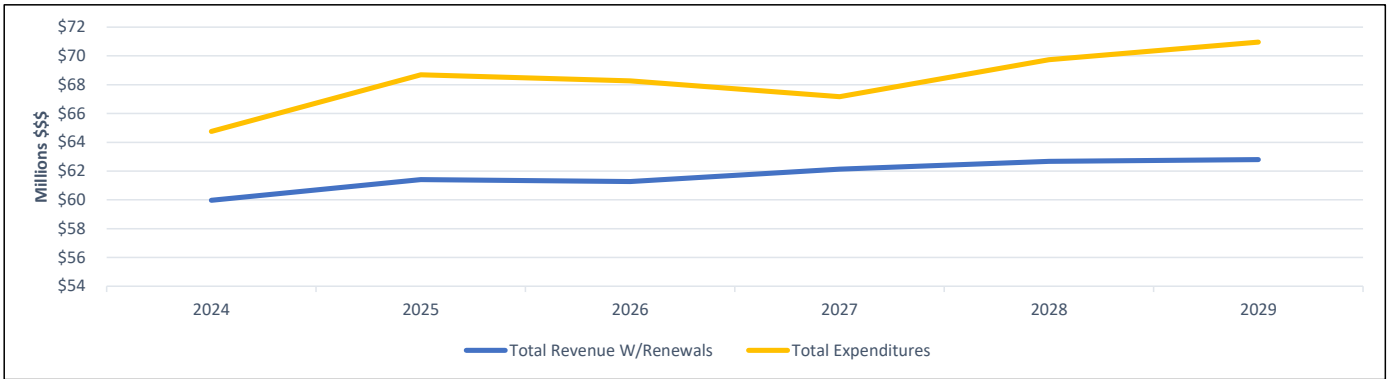
This is the Cuyahoga Falls City School District's filing of the five year forecast. The assumptions are estimates made based on historical trends and information available at the time of this filing. For this filing, fiscal year 2025 represents, and is used, as the base year to which future year projections are derived. While the forecast is a numbers document, it is driven by assumptions. 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 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.

| Disclosure Items: | 2025 | 2026 | 2027 | 2028 | 2029 |
|--|------|------|-----------|-----------|------------|
| <i>Modeled Renewal Levies - Annual Amount</i> | - | - | 3,646,207 | 9,135,334 | 10,982,962 |
| <i>Modeled New Levies - Annual Amount</i> | - | - | - | - | - |
| <i>Encumbrances (not subtracted from Cash Balance)</i> | - | - | - | - | - |

Forecast Analysis

Revenue Compared to Expenditures

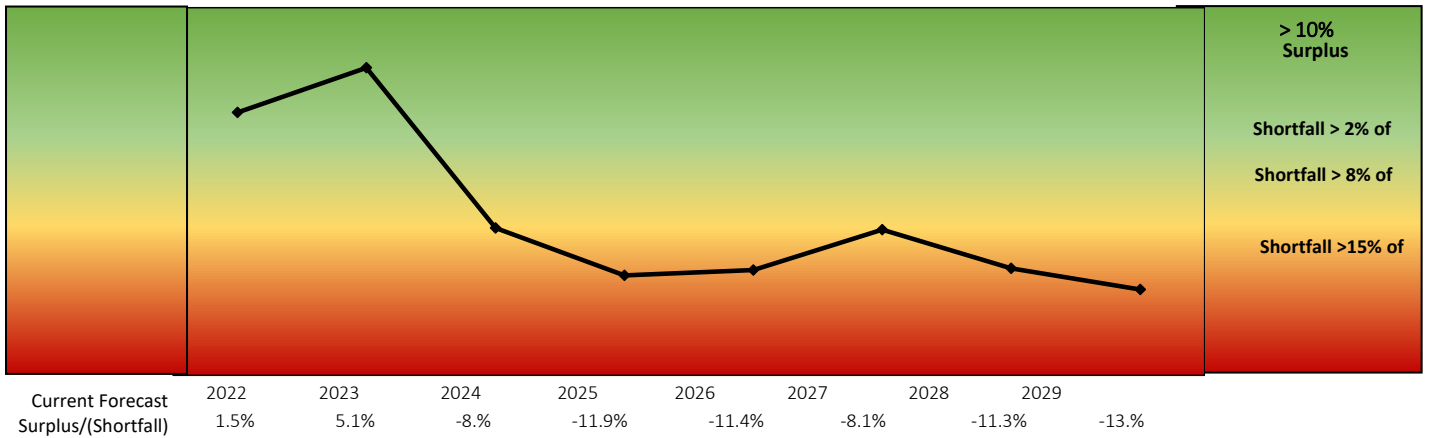


From 2025 to 2029, total revenues are projected to change by 0.93%

Revenue change is expected to outpace expenditure change.

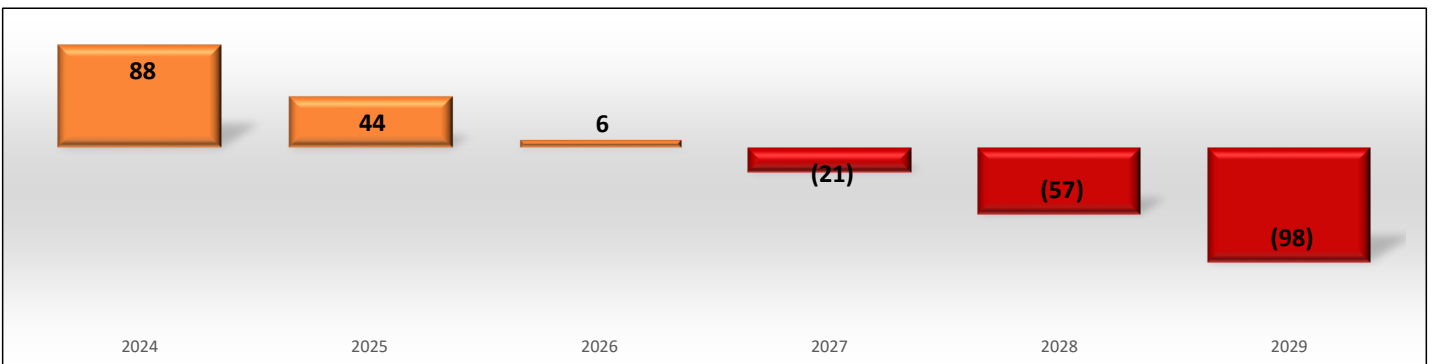
From 2025 to 2029, total expenses are projected to change by 1.92%

Revenue Surplus/(Shortfall) as a Percentage of Revenue



The District is trending toward revenue shortfall beginning in FY2027, with expenditures growing faster than revenue. A revenue increase of 13% is needed to balance the budget in FY2029, or a \$8,163,007 reduction in expenditures. 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.

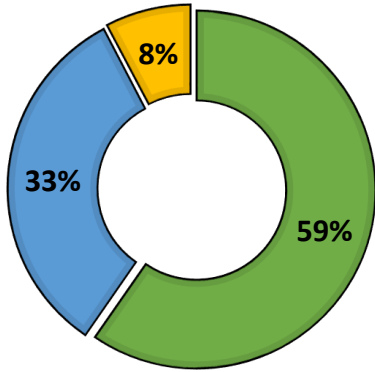
Days Cash on Hand at Fiscal Year-end



*based on 365 days

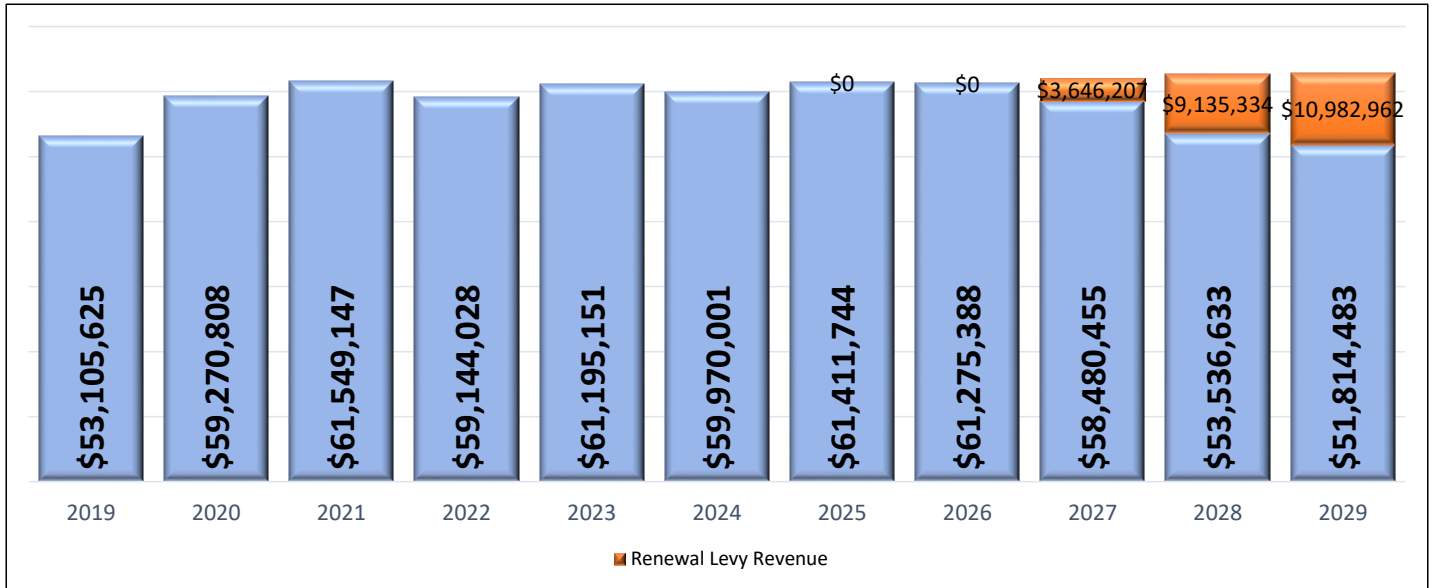
Revenue Overview

Revenue Sources



| Local Taxes | |
|--------------------------|--------|
| Real Estate Tax | 58.51% |
| Public Utility Tax | 1.11% |
| Income Tax | 0.00% |
| State Sources | |
| State Funding | 22.60% |
| Restricted Aid | 4.20% |
| State Share of Local Tax | 5.89% |
| All Other Revenue | |
| Other Revenue | 6.79% |
| Other Sources | 0.91% |

Annual Revenue Actual + Projected

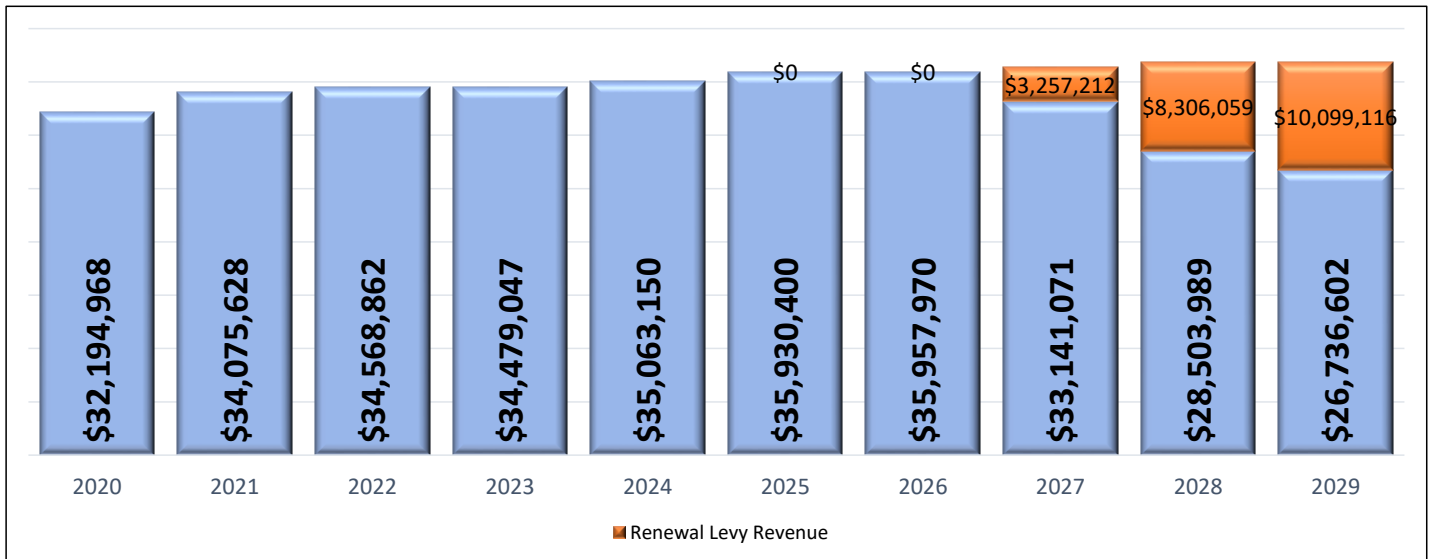


Historic Revenue Change versus Projected Revenue Change

| | Historical Average Annual \$\$ Change | Projected Average Annual \$\$ Change | Projected Compared to Historical Variance | |
|------------------------------------|---------------------------------------|--------------------------------------|---|---|
| Real Estate | \$717,046 | \$354,513 | (\$362,532) | The District's two largest revenue sources, Local Taxes and State Sources, account for approximately 92.31% of total revenues. The renewal of the 9.97 mill operating levy is modeled beginning in FY2027 through FY2029. Total revenue increased 0.35% or \$174,798 annually during the past four years and is projected to increase 0.93% or \$565,489 annually through FY2029. |
| Public Utility | \$64,822 | \$42,360 | (\$22,462) | |
| Income Tax | \$0 | \$0 | \$0 | |
| State Funding | \$218,021 | \$69,526 | (\$148,495) | |
| State Share of Property Tax | (\$34,983) | \$20,407 | \$55,390 | |
| All Othr Op Rev | (\$774,309) | \$140,030 | \$914,339 | |
| Other Sources | (\$15,798) | (\$61,348) | (\$45,550) | |
| Total Average Annual Change | \$174,798 | \$565,489 | \$390,691 | |
| | 0.35% | 0.93% | 0.58% | |

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).



Key Assumptions & Notes

| Values, Tax Rates and Gross Collections | | | | | | | Gross Collection Rate Including Delinquencies |
|---|---------------|--------------|--------------|--------|--------------|--------|---|
| Tax Yr | Valuation | Value Change | Class I Rate | Change | Class 2 Rate | Change | |
| 2023 | 1,105,657,930 | 232,488,210 | 33.39 | - | 45.79 | - | 100.5% |
| 2024 | 1,107,407,930 | 1,750,000 | 33.38 | (0.01) | 45.59 | (0.20) | 100.5% |
| 2025 | 1,109,157,930 | 1,750,000 | 33.37 | (0.01) | 45.40 | (0.19) | 100.5% |
| 2026 | 1,293,407,930 | 184,250,000 | 28.85 | (4.53) | 43.49 | (1.91) | 100.5% |
| 2027 | 1,295,157,930 | 1,750,000 | 28.84 | (0.00) | 43.32 | (0.18) | 100.5% |
| 2028 | 1,296,907,930 | 1,750,000 | 28.84 | (0.00) | 43.14 | (0.17) | 100.5% |

Real Estate tax is the largest source of revenue for the District making up 58.51% of total revenue. Real property in Summit County is assessed every three years. State law mandates that a sexennial reappraisal be performed every six years. In 2023, Summit County went through a triennial update which increased valuation by 26.48%. Summit County's sexennial reappraisal will be in 2026. 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. For tax year 2024, the district-voted rate for all operating levies is 76.40 mills while the Class I effective millage rate is 33.38 mills and the Class II effective millage rate is 45.59 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". Currently, our District is not on the 20-mill floor for either Class I or Class II values.

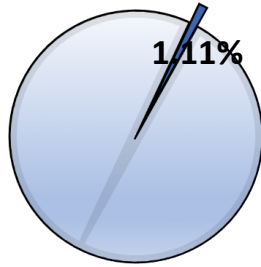
The legislature has developed a Joint Committee on Property Taxation and Reform in 2024 in response to the historic valuation increases. Their mission is to review Ohio's property tax system and to make recommendations to the General Assembly on property taxation. The committee must report to the General Assembly by December 31, 2024. We are following any actions of the committee closely to determine what impact, if any, proposals could mean for our District to limit tax growth or to reduce taxes.

The 7.90 mill operating levy, originally approved in 2005, was renewed by voters in November 2024 for a continuing period of time. A 9.97 mill operating levy, originally approved in 1991, will expire on December 31, 2026. If the renewal of that levy is unsuccessful, the District would no longer receive collections from this levy beginning in calendar year 2027. The potential loss of these taxes are modeled above in orange.

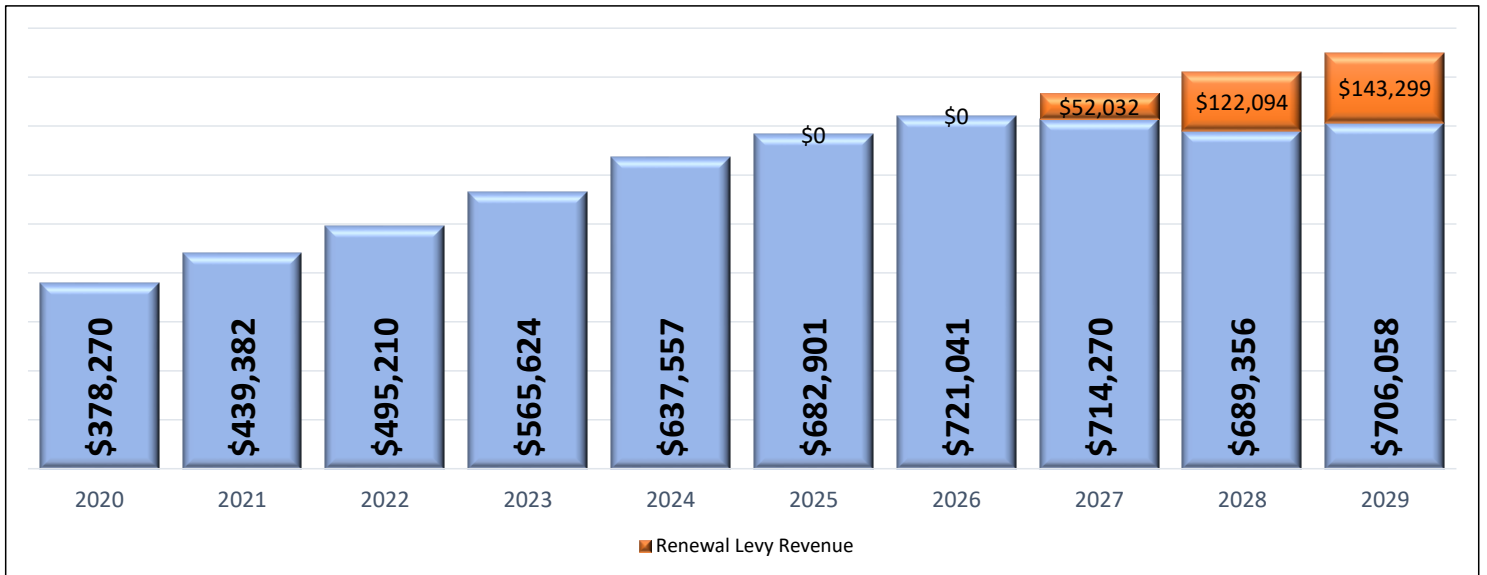
Real Estate revenue changed at an average annual historical rate of 2.18% and is projected to change at an average rate of 1.00% through FY2029.

1.020 - Public Utility Personal Property

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



Public Utility Personal Property tax revenue accounts for 1.11% of total district general fund revenue.



Key Assumptions & Notes

| Values and Tax Rates | | | | | Gross Collection Rate Including Delinquencies |
|----------------------|------------|--------------|-----------------|--------|---|
| Tax Year | Valuation | Value Change | Full Voted Rate | Change | |
| 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 | 75.93 | (0.47) | 100.0% |
| 2027 | 10,937,730 | 500,000 | 75.92 | (0.00) | 100.0% |
| 2028 | 11,437,730 | 500,000 | 75.92 | (0.00) | 100.0% |

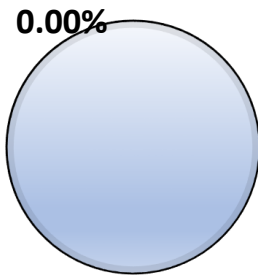
The Public Utility Personal Property tax revenue is generated from the personal property, values, additions, and depreciation reported by the utility companies. Previously, it included commercial/industrial properties that were taxed on the value of their inventory, furnishings, and equipment.

The property is taxed at the full voted tax rate, which in tax year 2024 is 76.40 mills. Legislative changes over the years have negatively impacted Public Utility Personal Property proceeds to school districts.

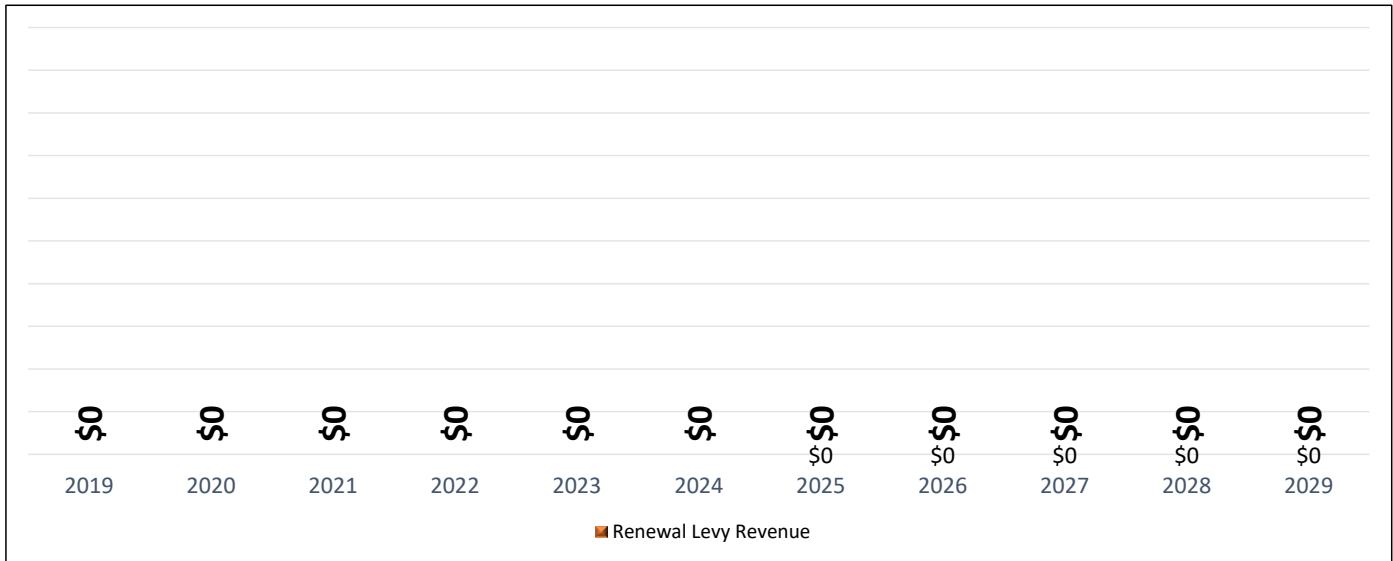
The Public Utility Personal Property value in the District is relatively small and generates approximately 1.11% of total District revenues. The revenue changed historically at an average annual dollar amount of \$64,822 and is projected to change at an average annual dollar amount of \$42,360 through FY2029.

1.030 - School District 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 a School District Income Tax levy.

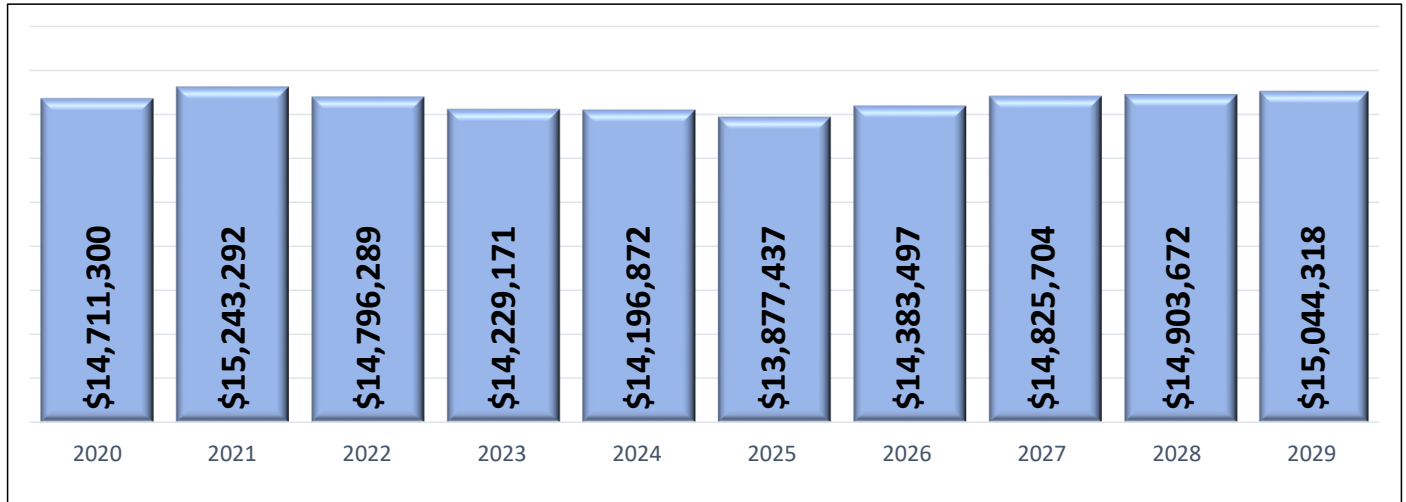


Key Assumptions & Notes

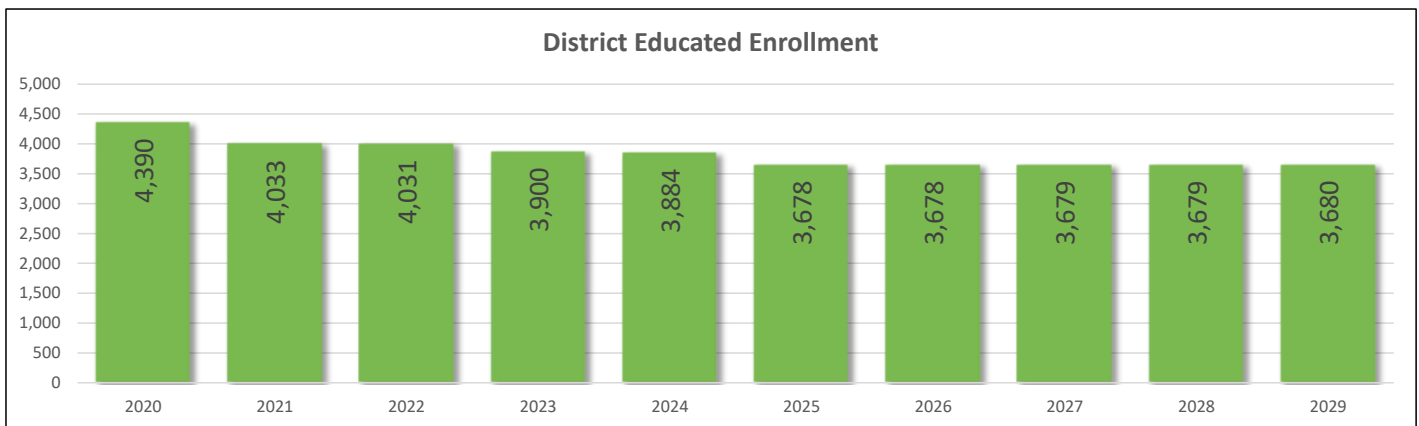
The district does not have an income tax levy.

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



Key Assumptions & Notes



Unrestricted Grants-in-Aid represent funds received from the state and account for 22.60% 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.

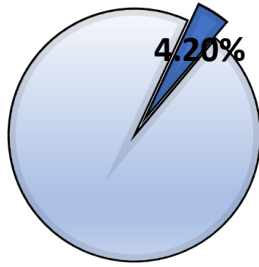
Beginning in FY2022, Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data (FY2022). For Cuyahoga Falls City School District, the calculated Base Cost is \$32,355,289 in FY2025. The state's share of the calculated Base Cost is \$8,816,240 or \$2,397 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 FY2025 and is expected to continue on the guarantee in FY2026-FY2029 on the new Fair School Funding Plan (FSFP).

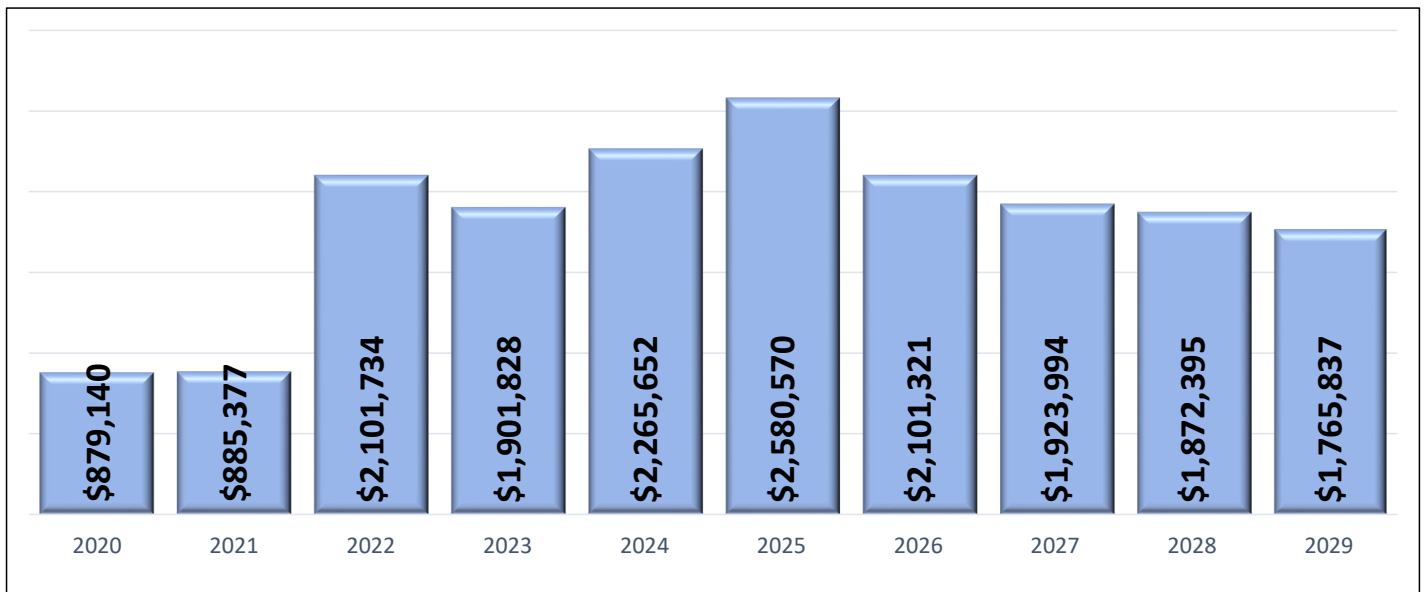
The state of Ohio has enjoyed economic growth over the past three years and the state's Rainy Day Fund is at \$3.7 Billion, which is a record high. The ongoing growth in Ohio's economy should enable the state to finalize the last two years of the phase-in of the new funding formula even if a cyclical recession occurs. Regardless, the state is well-positioned to continue state aid payments to Ohio's school districts.

1.040 & 1.045 - Restricted Grants-in-Aid

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



Restricted State Aid revenue accounts for 4.20% of total district general fund revenue.



Key Assumptions & Notes

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. Threshold Cost, formerly Catastrophic Cost, 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. The District received \$430,244 in Threshold Cost funding in FY2024.

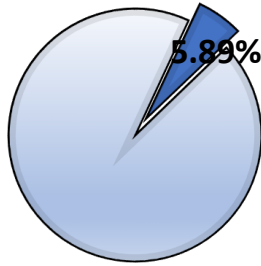
Once the base cost is calculated, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage is used not only in the core funding component, but also in several of the restricted funding streams mentioned above that also assume a joint state-local responsibility. As the 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 Science of Reading initiative. 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 \$185,801 from this one-time subsidy in FY2024 to purchase high-quality instructional materials (HQIM) that were aligned to the Science of Reading and is required to maintain documentation as to how the funds were leveraged along with expenses incurred beyond the subsidy. In addition, the district will be reimbursed for stipend payments and associated fringe benefits to teachers related to Science of Reading professional development. It is estimated that the district will receive \$335,000 from this one-time reimbursement in FY2025.

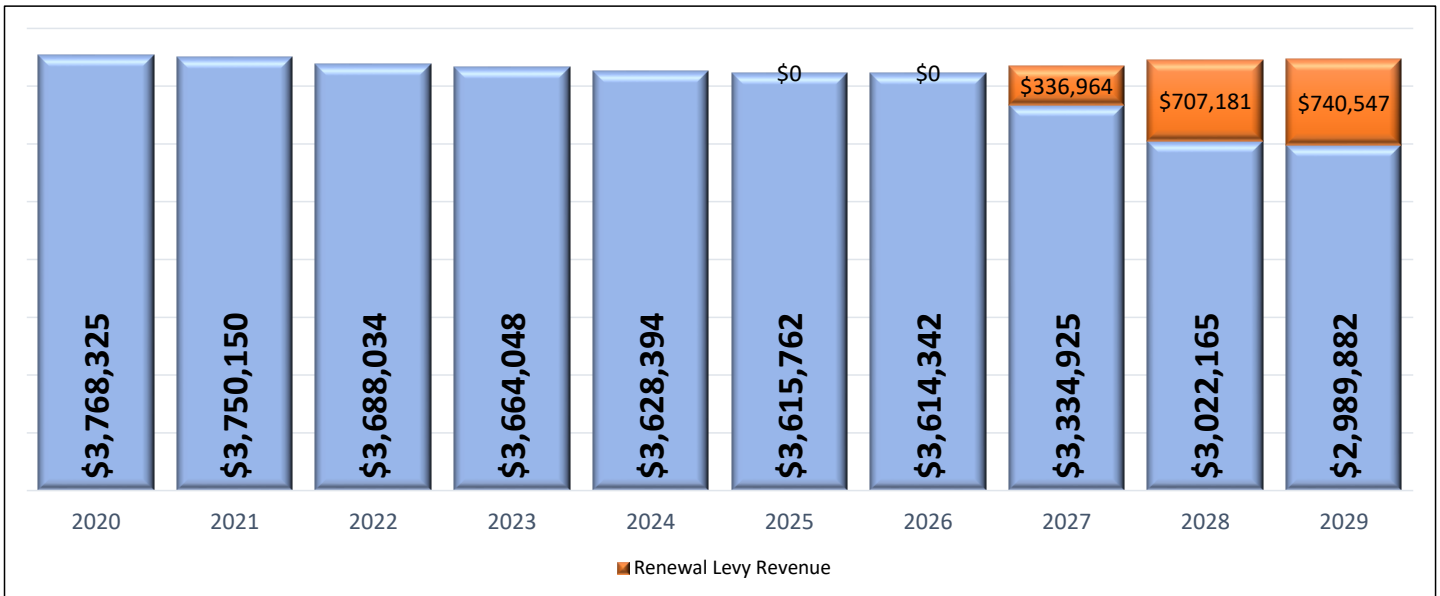
Historically, the District's Restricted State Aid changed annually on average by \$460,092 and is projected to decrease annually on average by \$(99,963). The Restricted Aid for the District are relatively small and generate 4.20% of total revenues.

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 tax revenue accounts for 5.89% of total district general fund revenue.



Key Assumptions & Notes

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.

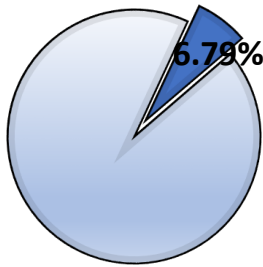
Beginning in tax year 2013, the State of Ohio enacted House Bill 59 (HB59). This affected changes to the state reimbursement of the rollback exemption whereby any new levies voted will no longer be reimbursed by the state but paid directly by the real estate owners. The 2017 and 2019 levies are affected 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.

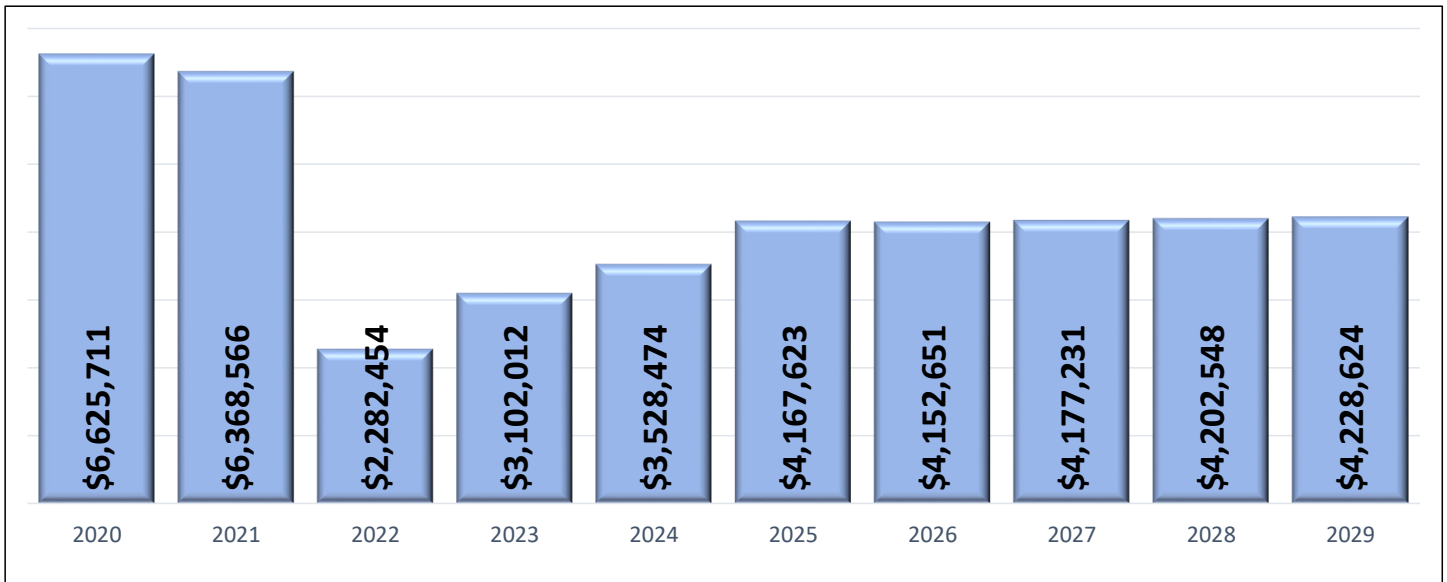
In FY2025 approximately 9.8% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.1% will be reimbursed in the form of qualifying homestead exemption credits. State Share of Local Property Taxes generates 5.89% of total revenues.

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 Revenue accounts for 6.79% of total district general fund revenue.



Key Assumptions & Notes

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.

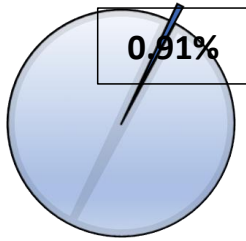
Interest income is based on the District's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 50 basis points in September 2024. While interest income in FY2025 should remain steady due to laddered investment strategies, the Federal rate cuts and the District's declining cash balance will begin to have an impact on earnings in FY2026 and future years. We will closely monitor our investments to capitalize on current 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 FY2026 and continue throughout future years of the forecast. FY2021 was the last time the District received Medicaid reimbursements. All other revenues are expected to continue on historical trends.

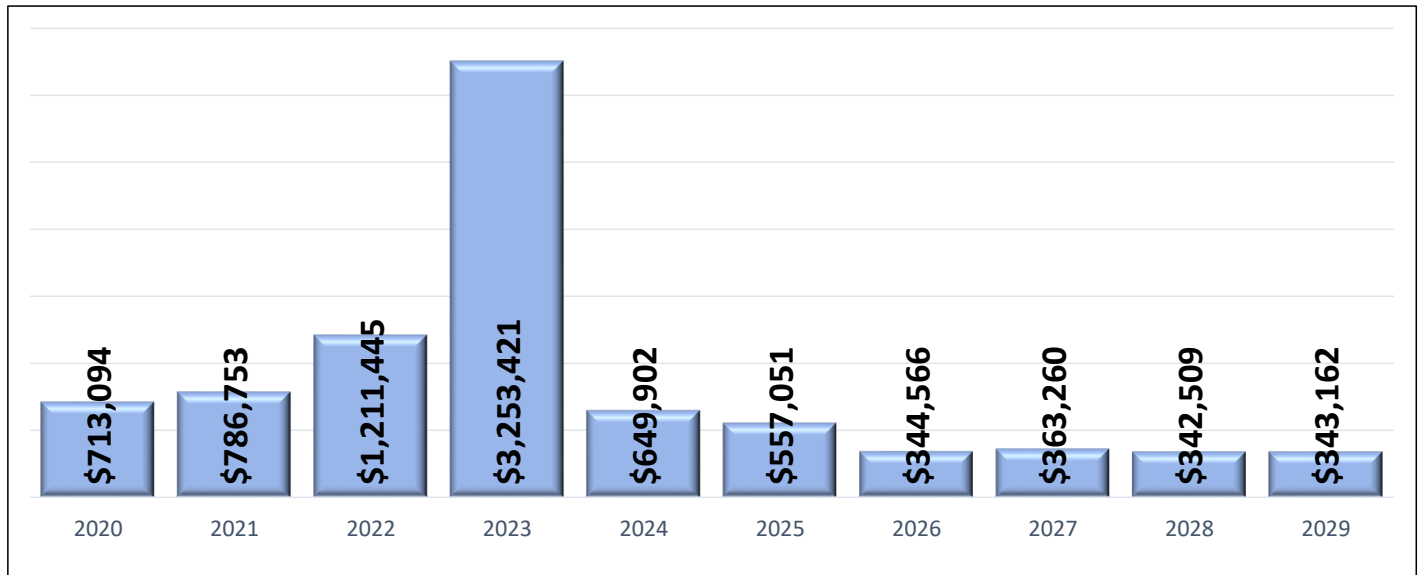
All Other Operating Revenues account for 6.79% of total revenues. The historical annual average change was \$(774,309). The projected average annual change is \$140,030 through FY2029.

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.



Other Sources of revenue accounts for 0.91% of total district general fund revenue.



Key Assumptions & Notes

| | ACTUAL | FORECASTED | | | | |
|-----------------------------|---------|------------|---------|---------|---------|---------|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| Transfers In | 23,676 | 2,699 | 12,867 | 26,927 | 1,449 | 2,102 |
| Advances In | 427,534 | 327,196 | 100,000 | 100,000 | 100,000 | 100,000 |
| All Other Financing Sources | 198,692 | 227,156 | 231,699 | 236,333 | 241,060 | 241,060 |

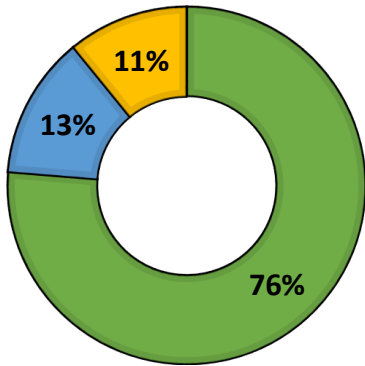
Other Financing Sources include Transfers In, Advances In, refund of prior year expenditures, and other borrowing as allowed by state law.

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. Hence 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.

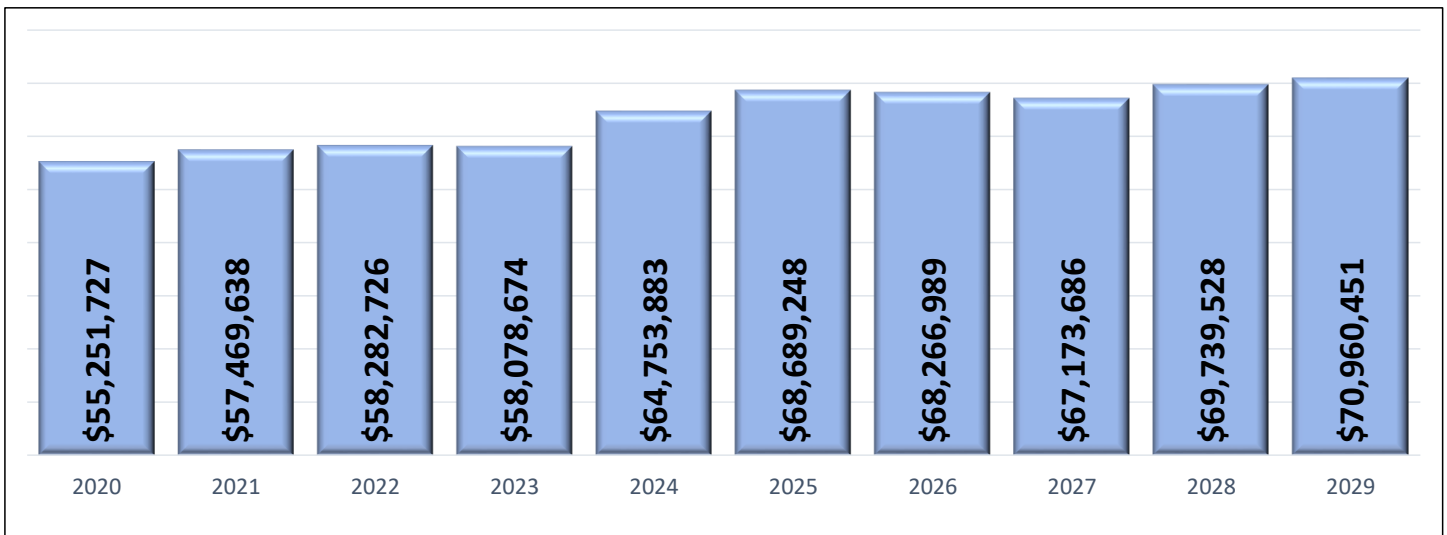
Expenditure Overview

Expenditure Categories



| Personnel Costs | |
|------------------------------------|--------|
| Salaries | 51.03% |
| Benefits | 25.26% |
| Purchased Services | |
| | 12.82% |
| All Other Expenditures | |
| Supplies, Capital, Debt, Other Obj | 10.71% |
| Other Uses | 0.18% |

Annual Expenditures Actual + Projected



Historic Expenditures Change versus Projected Expenditures Change

| | Historical Average Annual \$\$ Change | Projected Average Annual \$\$ Change | Projected Compared to Historical Variance |
|------------------------------------|---------------------------------------|--------------------------------------|---|
| Salaries | \$1,567,721 | \$645,856 | (\$921,865) |
| Benefits | \$619,088 | \$1,056,215 | \$437,127 |
| Purchased Services | (\$573,600) | (\$32,575) | \$541,025 |
| Supplies & Materials | \$66,435 | \$64,796 | (\$1,639) |
| Capital Outlay | \$617,140 | (\$670,865) | (\$1,288,004) |
| Intergov & Debt | \$0 | \$247,578 | \$247,578 |
| Other Objects | \$29,755 | (\$6,208) | (\$35,964) |
| Other Uses | \$49,001 | (\$63,483) | (\$112,484) |
| Total Average Annual Change | \$2,375,539 | \$1,241,314 | (\$1,134,225) |
| | 4.14% | 1.92% | -2.23% |

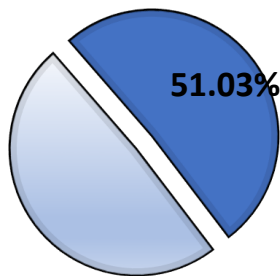
The District's two largest expenditure categories, Salaries and Benefits, account for 76.29% of total expenditures. Total expenditures increased 4.14% or 2,375,539 annually during the past four years and are projected to increase 1.92% or \$1,241,314 annually through FY2029. This exceeds the .93% annual increase projected in total revenues.

The persistently high inflation that has impacted our state, country, and broader globalized economy has slowed to an annualized rate of 2.53% in August 2024. That is down from the 40 year high of 9.1% annualized rate posted in June 2022. Costs in FY2023 and FY2024 were notably impacted in areas such as capital and durable goods, fuel for buses, utilities, and materials for facility maintenance and repair. Increased inflation affecting District costs is expected to continue in FY2025.

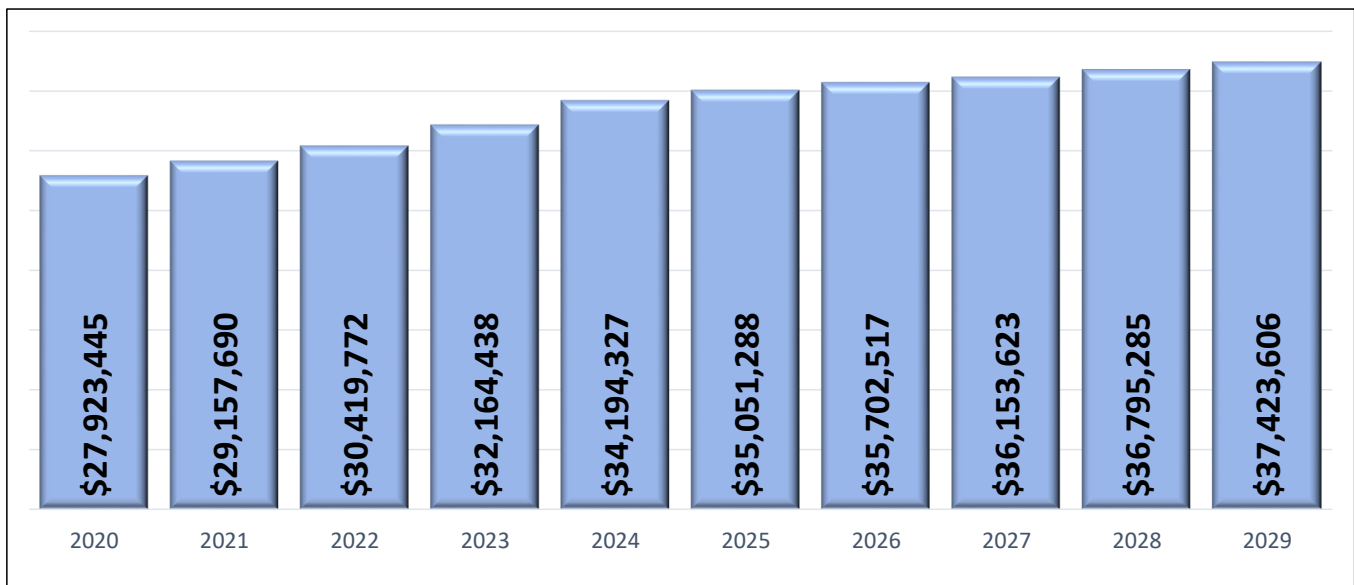
Recent Federal Reserve Bank interest rate cuts foretell of a possible recession in the next six to twelve months which indicates slowing inflation and a slowing economy. How all of this will impact the state of Ohio's FY2026 and FY2027 biennium budget deliberations and actions in late spring 2025 is unknown at the time of this forecast.

3.010 - Personnel Services

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



Salaries account for 51.03% of the District's total general fund spending.



Key Assumptions & Notes

Personnel Services (salaries) represent 51.03% of the District's operating expenditures and increased at a historical average annual rate of 5.20%. This category of expenditure is projected to grow at an average annual rate of 1.82% through FY2029.

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.

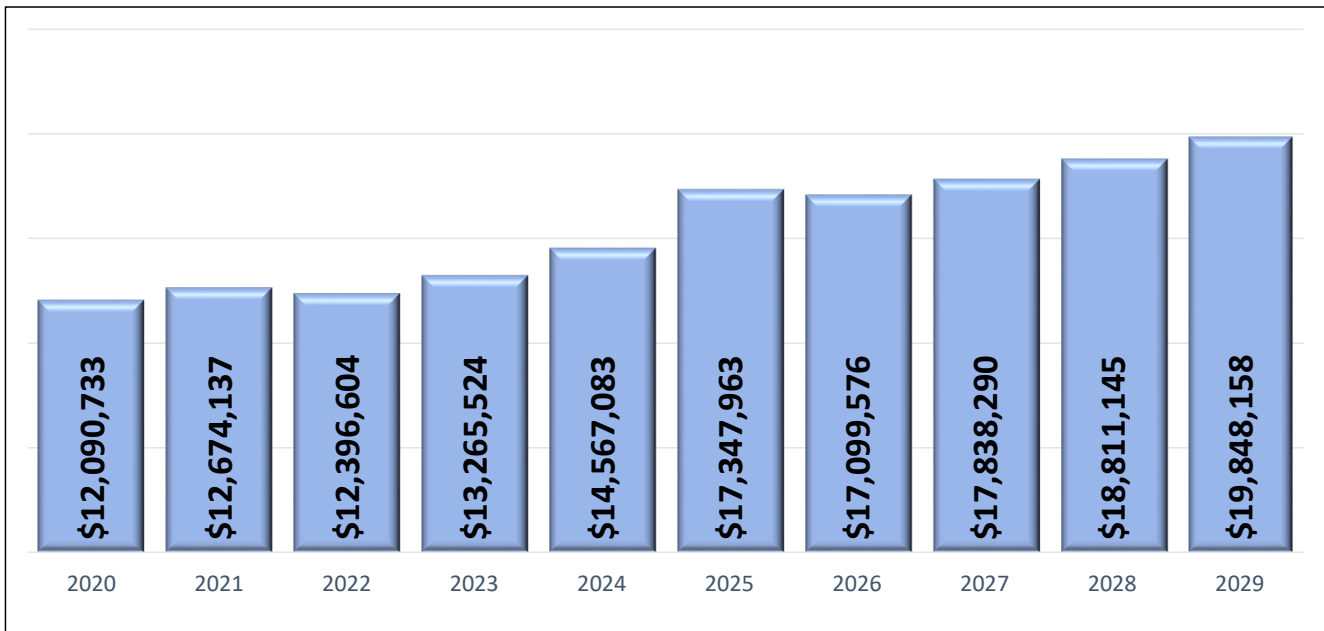
The forecast reflects the most recent negotiated agreement base increases of 2%, 3% and 3% for FY2024, FY2025 and FY2026 respectively. FY2024 also includes a step restoration for any employee who had their step frozen during FY2013 and a one time stipend payment for all staff. FY2027-FY2029 assumes the 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.

There is a one-time increase in FY2025 of approximately \$290,000 to account for stipend payments to certified staff related to Science of Reading professional development. The District will be reimbursed by the State for these stipend payments resulting in no gain or loss to the District. In addition, salaries for Literacy Specialists and Social Workers are shifted to the General Fund beginning in FY2025. 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.



Key Assumptions & Notes

| | INSURANCE RENEWAL | | | | | | | |
|-------------|-------------------|--------|--------|--------|--------|------------|--------|---------------|
| | ACTUAL | | | | | FORECASTED | | |
| Fiscal Year | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027-FY2029 |
| % Increase | 0.00% | 4.90% | 1.00% | 4.60% | 7.80% | 18.14% | 10.00% | 8.00% |

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.

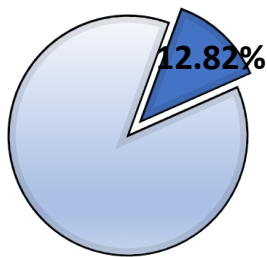
Previous year insurance renewals are shown in the table above. For FY2025, an 18.14% premium increase was approved by the SRHCC in April of 2024. In addition, over the past year the District has experienced a depletion of reserves with the SRHCC from approximately \$750,000 balance to a negative balance of over \$1.5M. The District made a one time payment in FY2025 of approximately \$1M to re-fund our reserve balance to an appropriate level. The increase in premiums and the reserve funding in FY2025 is expected to have a cumulative negative effect of approximately \$7M over the course of the forecast compared to the November 2023 forecast.

For FY2026, the District is projecting a 10% premium increase in order to reflect the continued trend of our current claims data. For reference, the May 2024 forecast projected a 8.0% renewal for FY2026. FY2027-FY2029 each include an 8.0% premium increase.

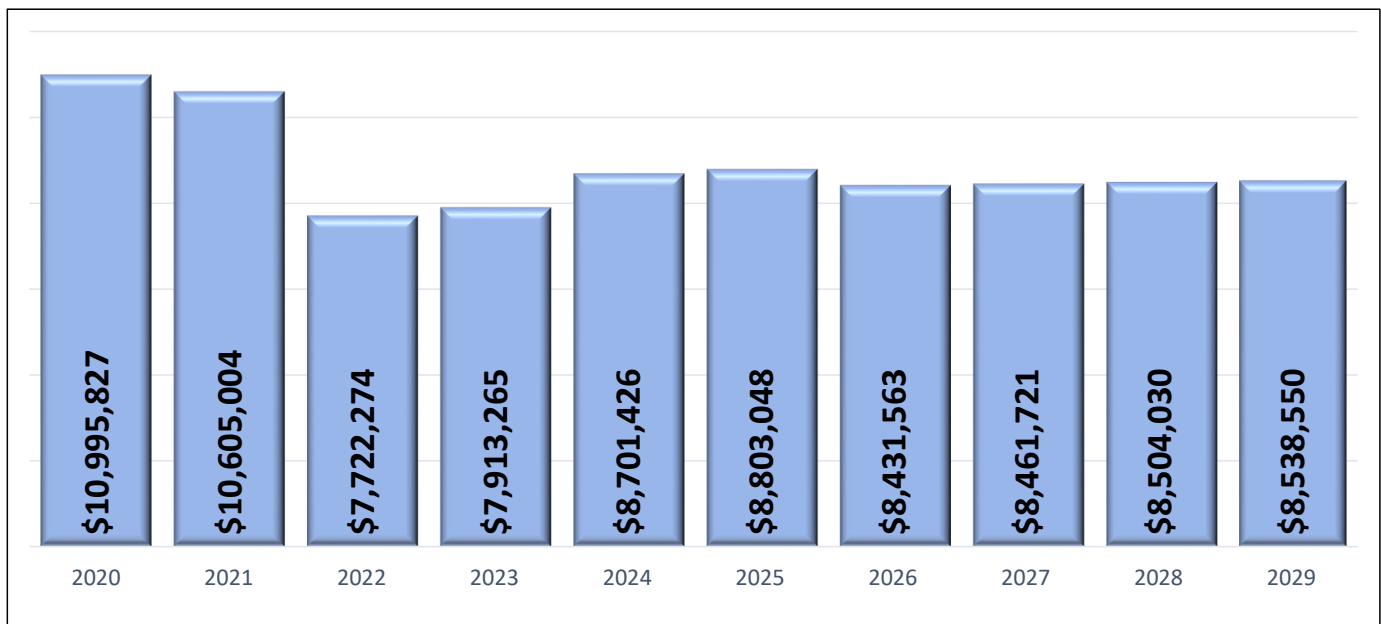
Employees' Benefits are 25.26% of operating expenditures and increased at a historical average annual rate of 4.86%. Expenditures in this category are projected to increase at an annual average rate of 6.59% through FY2029.

3.030 - Purchased Services

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



Purchased Services account for 12.82% of the District's total general fund spending.



Key Assumptions & Notes

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.

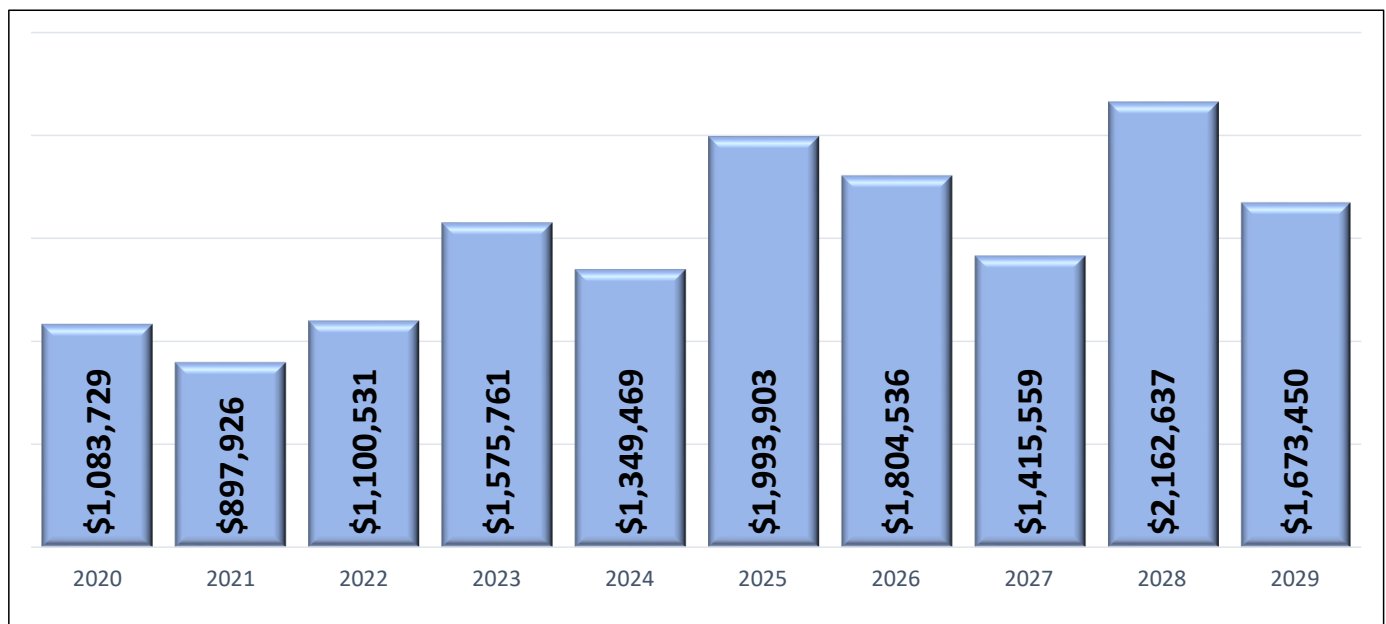
Purchased Services represent 12.82% of total expenditures and decreased at a historical average annual rate of -4.58%. This category of expenditure is projected to decrease at an annual average rate of 0.36% through FY2029.

3.040 - Supplies & Materials

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



Supplies and Materials account for 2.90% of the District's total general fund spending.



Key Assumptions & Notes

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.

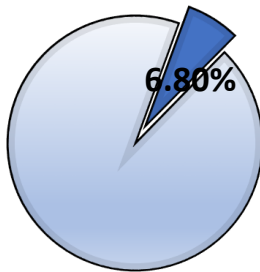
There are increases modeled in FY2025, FY2026, FY2028, and FY2029 to account for textbook adoptions. These adoptions include Science - K-12, Math - 6-12, and English Language Arts - K-5.

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 purchased in FY2025 was approximately \$454,000. 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 \$185,801 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 were used to cover the remainder of the cost of these additional materials and textbooks.

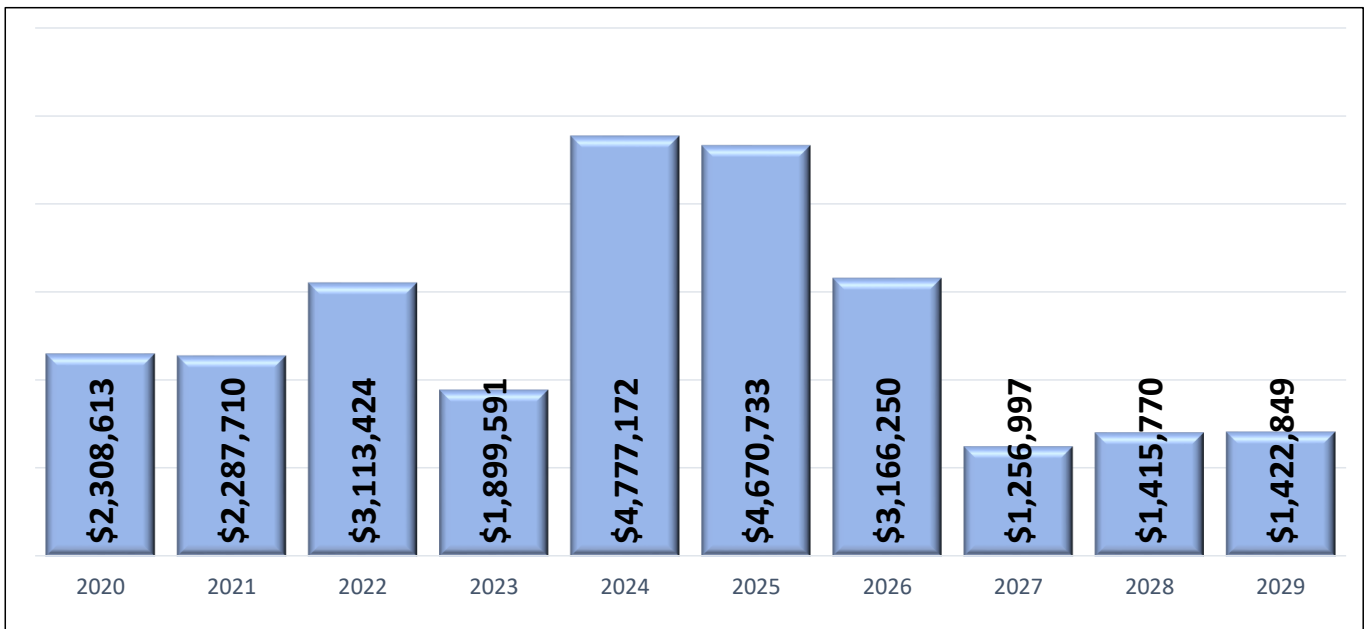
Supplies and Materials represent 2.90% of total expenditures. This category of expenditure is projected to increase at an annual average rate of 9.37% through FY2029.

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 account for 6.80% of the District's total general fund spending.



Key Assumptions & Notes

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.

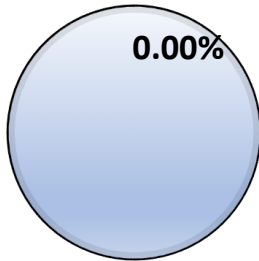
Capital Outlay continues to be impacted by the passage of the \$3,700,000 Emergency Levy and the District's lack of a Permanent Improvement fund. Future years show slight decreases as District maintenance and repair expenditures for the new 6-12 facility shift outside of the General Fund. As part of 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 FY2026 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 FY2029. These expenditures include roofs (repair/replacement), trucks/trailer/vans, technology, security enhancements, parking lot (repairs/new), boilers, buses, and equipment. Major projects during FY2024 include repairs to the roof at Preston and Price, the addition of two new vans and one new bus, LED Lighting, security enhancements, technology upgrades, and parking lot paving/repairs District wide.

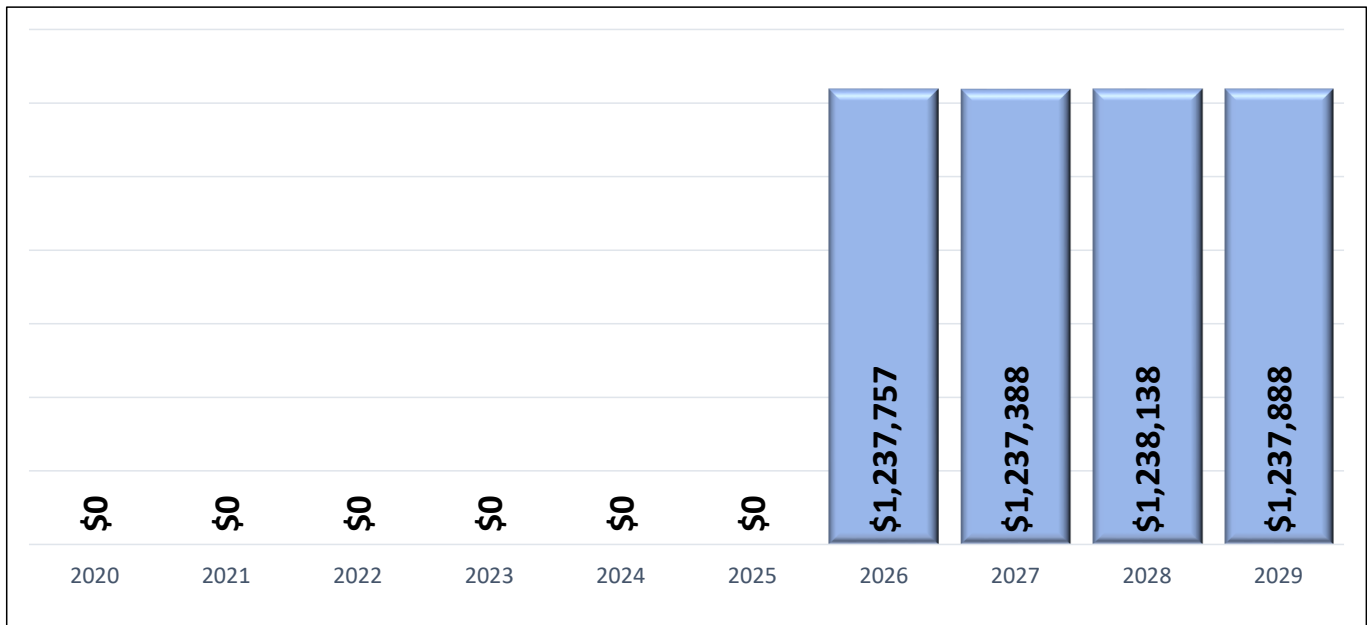
Capital Outlay represents 6.80% of total expenditures and increased at a historical average annual amount of \$617,140. This category of expenditure is projected to decrease at an annual average amount of \$(670,865) through FY2029.

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.



Intergovernmental and Debt account for 0.00% of the District's total general fund spending.

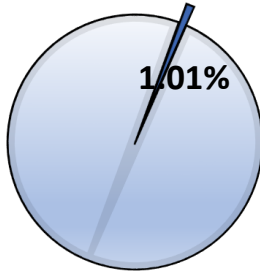


Key Assumptions & Notes

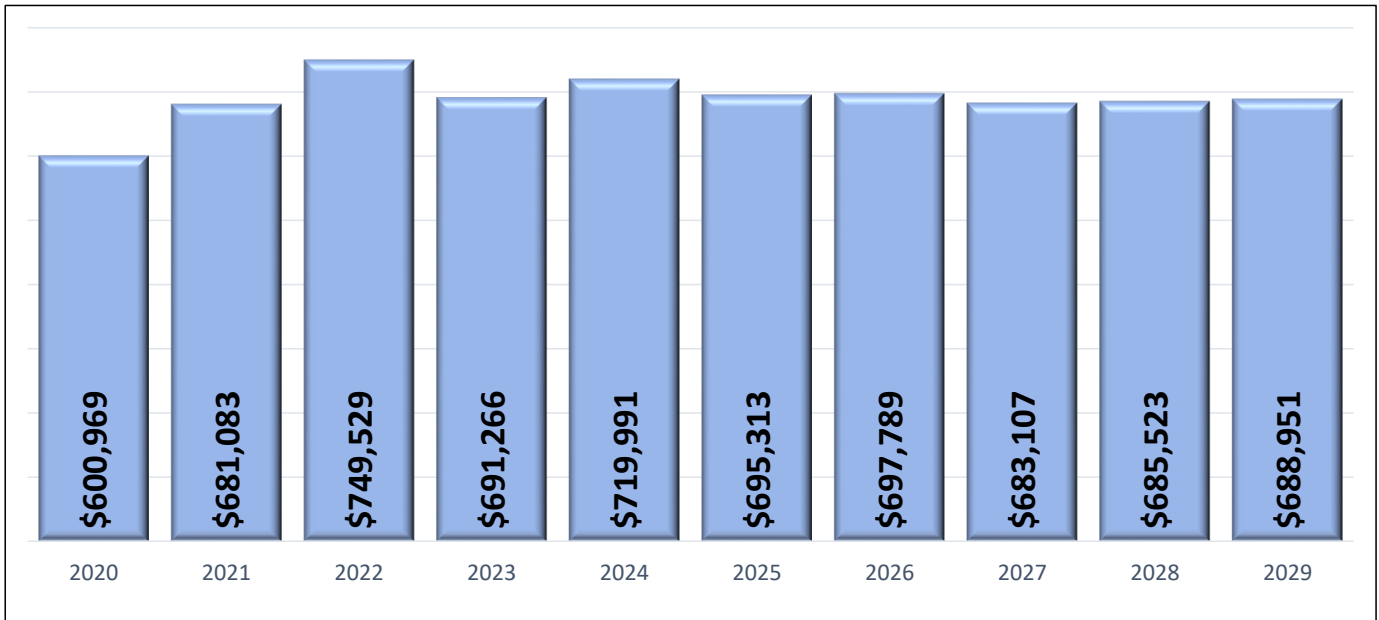
Debt, which commits general fund sources to its repayment, must be included in the forecast. In April 2023, the District issued approximately \$19.5 million in debt through certificates of participation (COPs) (Series 2023) to cover increased costs for the new 6-12 building construction due to inflation 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 account for 1.01% of the District's total general fund spending.



Key Assumptions & Notes

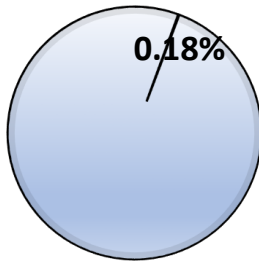
Other Objects include payments to the Summit County Auditors for the collection and distribution of tax revenue, payments for the District's annual audit, bank charges, other dues & fees, memberships, etc.

Increases to account 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.

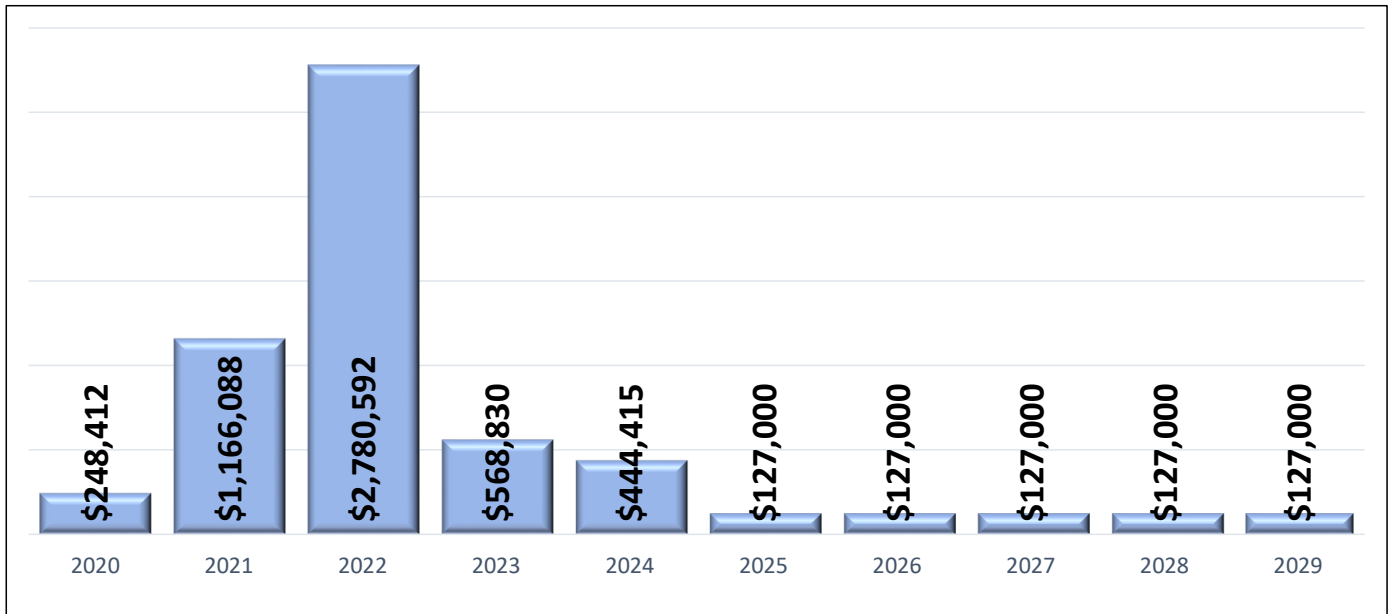
Other Objects represent 1.01% of total expenditures and increased at a historical average annual rate of 4.94%. This category of expenditure is projected to decrease at an annual average rate of 0.86% through FY2029.

5.040 - Total Other Financing Uses

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



Other Uses account for 0.18% of the District's total general fund spending.



Key Assumptions & Notes

| | ACTUAL | FORECASTED | | | | |
|----------------------|---------|------------|---------|---------|---------|---------|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| Transfers Out | - | - | - | - | - | - |
| Advances Out | 327,196 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Other Financing Uses | 117,219 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 |

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 are slight increases forecasted through FY2029.

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.

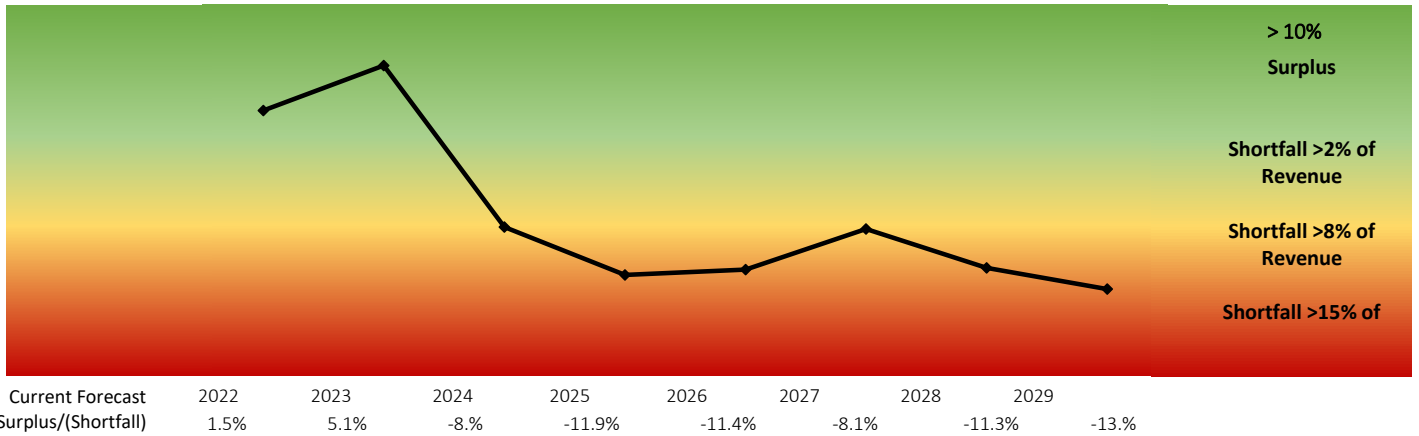
Cuyahoga Falls City School District

Five Year Forecast

November Fiscal Year

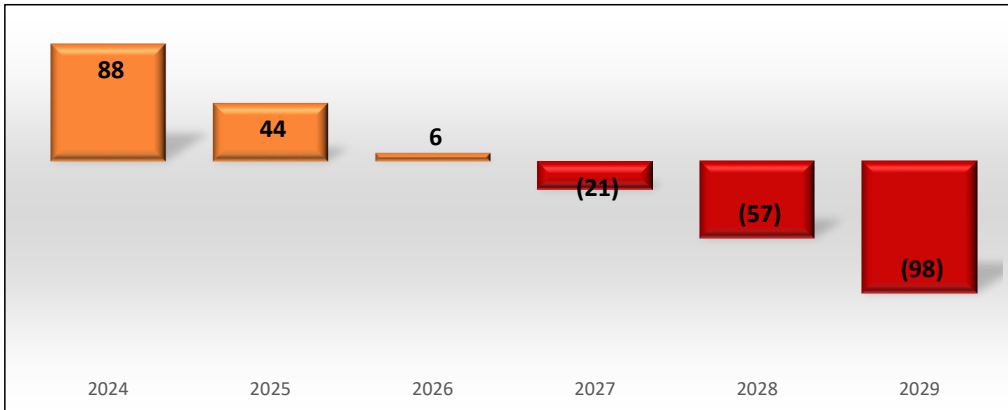
| Fiscal Year: | Actual | FORECASTED | | | | |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| Revenue: | | | | | | |
| 1.010 - General Property Tax (Real Estate) | 35,063,150 | 35,930,400 | 35,957,970 | 33,141,071 | 28,503,989 | 26,736,602 |
| 1.020 - Public Utility Personal Property | 637,557 | 682,901 | 721,041 | 714,270 | 689,356 | 706,058 |
| 1.030 - Income Tax | - | - | - | - | - | - |
| 1.035 - Unrestricted Grants-in-Aid | 14,196,872 | 13,877,437 | 14,383,497 | 14,825,704 | 14,903,672 | 15,044,318 |
| 1.040 - Restricted Grants-in-Aid | 2,265,652 | 2,580,570 | 2,101,321 | 1,923,994 | 1,872,395 | 1,765,837 |
| 1.050 - State Share-Local Property Taxes | 3,628,394 | 3,615,762 | 3,614,342 | 3,334,925 | 3,022,165 | 2,989,882 |
| 1.060 - All Other Operating Revenues | 3,528,474 | 4,167,623 | 4,152,651 | 4,177,231 | 4,202,548 | 4,228,624 |
| 1.070 - Total Revenue | 59,320,098 | 60,854,693 | 60,930,822 | 58,117,195 | 53,194,125 | 51,471,321 |
| Other Financing Sources: | | | | | | |
| 2.010 - Proceeds from Sale of Notes | - | - | - | - | - | - |
| 2.020 - State Emergency Loans and Adv | - | - | - | - | - | - |
| 2.040 - Operating Transfers-In | 23,676 | 2,699 | 12,867 | 26,927 | 1,449 | 2,102 |
| 2.050 - Advances-In | 427,534 | 327,196 | 100,000 | 100,000 | 100,000 | 100,000 |
| 2.060 - All Other Financing Sources | 198,692 | 227,156 | 231,699 | 236,333 | 241,060 | 241,060 |
| 2.070 - Total Other Financing Sources | 649,902 | 557,051 | 344,566 | 363,260 | 342,509 | 343,162 |
| 2.080 - Total Rev & Other Sources | 59,970,001 | 61,411,744 | 61,275,388 | 58,480,455 | 53,536,633 | 51,814,483 |
| Expenditures: | | | | | | |
| 3.010 - Personnel Services | 34,194,327 | 35,051,288 | 35,702,517 | 36,153,623 | 36,795,285 | 37,423,606 |
| 3.020 - Employee Benefits | 14,567,083 | 17,347,963 | 17,099,576 | 17,838,290 | 18,811,145 | 19,848,158 |
| 3.030 - Purchased Services | 8,701,426 | 8,803,048 | 8,431,563 | 8,461,721 | 8,504,030 | 8,538,550 |
| 3.040 - Supplies and Materials | 1,349,469 | 1,993,903 | 1,804,536 | 1,415,559 | 2,162,637 | 1,673,450 |
| 3.050 - Capital Outlay | 4,777,172 | 4,670,733 | 3,166,250 | 1,256,997 | 1,415,770 | 1,422,849 |
| Intergovernmental & Debt Service | - | - | 1,237,757 | 1,237,388 | 1,238,138 | 1,237,888 |
| 4.300 - Other Objects | 719,991 | 695,313 | 697,789 | 683,107 | 685,523 | 688,951 |
| 4.500 - Total Expenditures | 64,309,468 | 68,562,248 | 68,139,989 | 67,046,686 | 69,612,528 | 70,833,451 |
| Other Financing Uses | | | | | | |
| 5.010 - Operating Transfers-Out | - | - | - | - | - | - |
| 5.020 - Advances-Out | 327,196 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| 5.030 - All Other Financing Uses | 117,219 | 27,000 | 27,000 | 27,000 | 27,000 | 27,000 |
| 5.040 - Total Other Financing Uses | 444,415 | 127,000 | 127,000 | 127,000 | 127,000 | 127,000 |
| 5.050 - Total Exp and Other Financing Uses | 64,753,883 | 68,689,248 | 68,266,989 | 67,173,686 | 69,739,528 | 70,960,451 |
| 6.010 - Excess of Rev Over/(Under) Exp | (4,783,882) | (7,277,505) | (6,991,601) | (8,693,231) | (16,202,895) | (19,145,969) |
| 7.010 - Cash Balance July 1 (No Levies) | 20,259,146 | 15,475,263 | 8,197,759 | 1,206,158 | (7,487,073) | (23,689,967) |
| 7.020 - Cash Balance June 30 (No Levies) | 15,475,263 | 8,197,759 | 1,206,158 | (7,487,073) | (23,689,967) | (42,835,936) |
| | | Reservations | | | | |
| 8.010 - Estimated Encumbrances June 30 | - | - | - | - | - | - |
| 9.080 - Reservations Subtotal | - | - | - | - | - | - |
| 10.010 - Fund Bal June 30 for Cert of App | 15,475,263 | 8,197,759 | 1,206,158 | (7,487,073) | (23,689,967) | (42,835,936) |
| Rev from Replacement/Renewal Levies | | | | | | |
| 11.010 & 11.020 - Renewal Levies | - | - | - | 3,646,207 | 9,135,334 | 10,982,962 |
| 11.030 - Cumulative Balance of Levies | - | - | - | 3,646,207 | 12,781,541 | 23,764,503 |
| 12.010 - Fund Bal June 30 for Cert of Obligations | 15,475,263 | 8,197,759 | 1,206,158 | (3,840,866) | (10,908,426) | (19,071,433) |
| Revenue from New Levies | | | | | | |
| 13.010 & 13.020 - New Levies | - | - | - | - | - | - |
| 13.030 - Cumulative Balance of New Levies | - | - | - | - | - | - |
| 15.010 - Unreserved Fund Balance June 30 | 15,475,263 | 8,197,759 | 1,206,158 | (3,840,866) | (10,908,426) | (19,071,433) |

Revenue Surplus/(Shortfall) - Current Forecast



The District is trending toward revenue shortfall beginning in FY2027, with expenditures growing faster than revenue. A revenue increase of 13% is needed to balance the budget in FY2029, or a \$8,163,007 reduction in expenditures.

Days Cash on Hand - Current Forecast

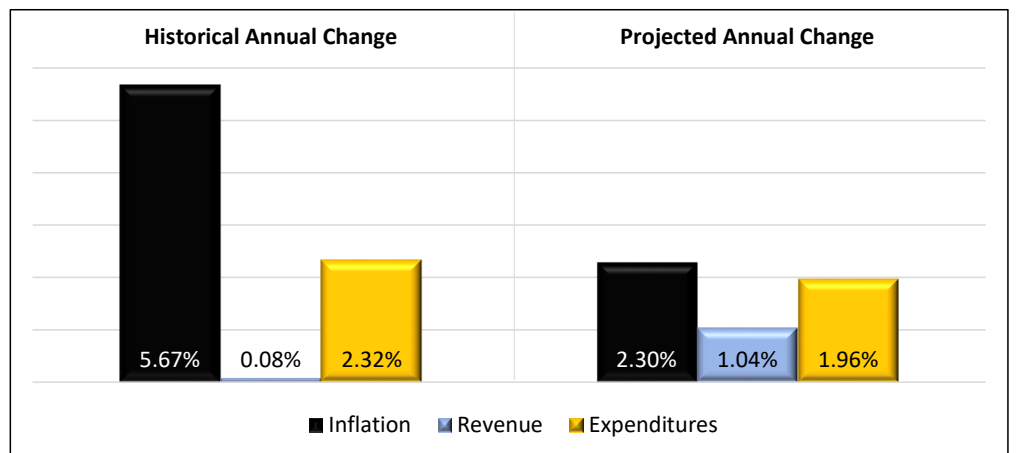


Days cash on hand is projected to decline and is projected to be negative by 2029.

*based on 365 days

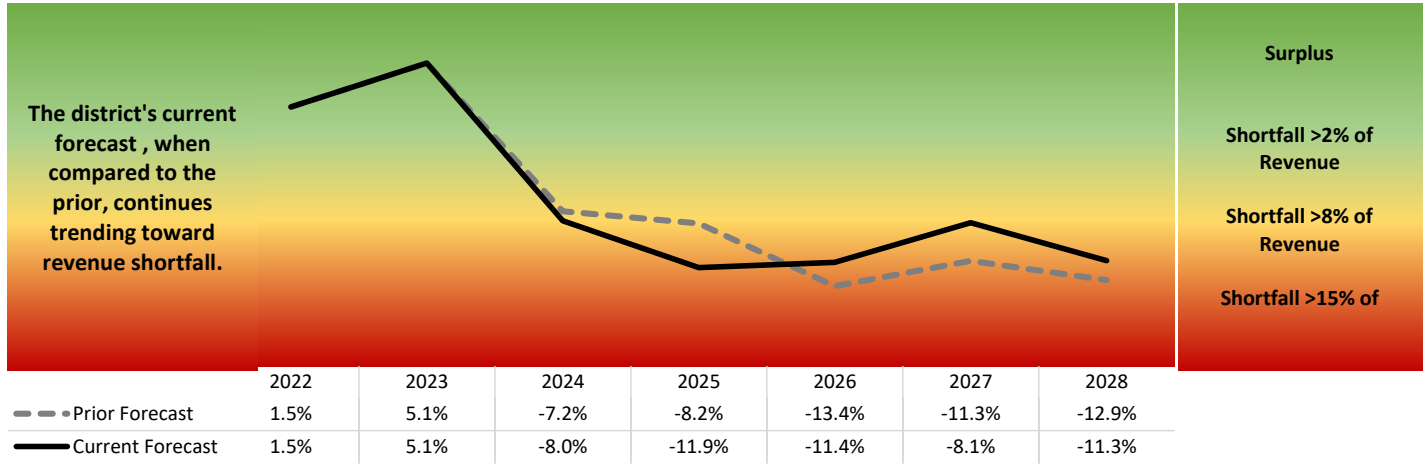
5-Year Average Annual Change - Inflation, Revenue and Expenditures

Average projected annual expenditure change is less than inflation, and more than revenue.



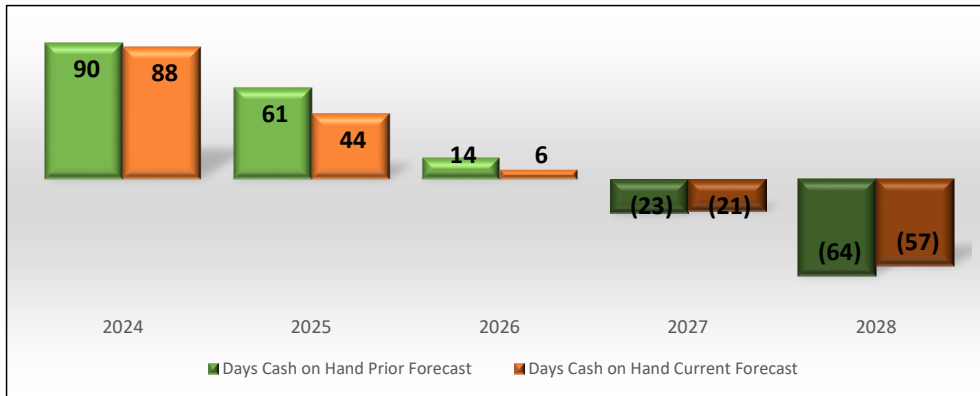
CPI (Inflation) Source: Federal Reserve Bank of St. Louis (September 23, 2024) <https://alfred.stlouisfed.org>

Revenue Surplus/(Shortfall) - Current Compared to Prior Forecast



Note: 2029 not included in prior forecast

Days Cash on Hand - Current Compared to Prior Forecast



Days cash on hand is forecasted to decline, and is similar to the prior forecast trend.

*based on 365 days

Revenue and Expenditure Variances - Current Compared to Prior Forecast

| | Revenue Variance | |
|---------------------------------------|---------------------------|---------------|
| Cumulative Favorable Revenue Variance | 0.12% | \$377,548 |
| | Largest Revenue Variances | |
| 1.01 Real Estate | 3.23% | \$9,910,150 |
| Levy Renewals | -3.01% | (\$9,227,825) |
| 1.060 All Other 2.xx Other Sources | -0.21% | (\$639,614) |
| All Other Revenue Categories | 0.11% | \$334,836 |

The current revenue forecast is up by 0.12% compared to the prior forecast.

NET cumulative forecast impact for the forecast period 2024 - 2028 of Revenue and Expense variances is 0.43% (or \$1,419,033).

The current forecast for expenditures is down by 0.31% compared to the prior forecast.

| Expenditure Variance | | Cumulative Favorable Expenditure Variance |
|-------------------------------|---------------|---|
| -0.31% | (\$1,041,485) | |
| Largest Expenditure Variances | | |
| 0.68% | \$2,321,177 | 3.03 Purchased Serv. |
| -0.46% | (\$1,574,508) | 3.01 Salaries |
| -0.26% | (\$885,581) | 3.05 Capital |
| -0.27% | (\$902,573) | All Other Expenditure Categories |