

Orrville City Schools

Forecast and Financial Report Spring 2026 (FY26)



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Forecast Purpose and Objectives

The purpose of the forecast is to meet the following needs

- Planning tool for the district:
 - Support appropriation process.
 - Support short and long term operational decisions.
- Insight on the financial stability of the District to the Ohio Department of Education and Workforce (ODEW).
- Legal requirement for submission twice per Fiscal Year (FY).

Forecast Methodology

This forecast was developed using historical data, trends and information collected and analyzed through various stakeholders in the district. The forecast assumptions can change at various points throughout the year. The intent of the forecast is to be as accurate as possible with the data currently available to provide the district a tool for making operational decisions.

Note

The data presented in the graphs and charts reflect actual data from FY23-FY25, and forecasts for FY26-FY30. The recent legislative changes adjusted the forecast submission to three years of actual data, the budget for the current FY, and three years of forecasted data. For the sake of strategic financial planning, FY30 data has been included in this report. Outside of the shift to a four-year forecast submission, ODEW states there are no substantive format changes.

Note on Recent Legislative Changes and Assumptions

Recent legislation adopted by the Ohio General Assembly, including House Bills 186, 335, 129, and 309, introduces new limits and adjustments to how property tax revenues are calculated and collected by school districts, with the intent of moderating revenue growth associated with rising property values.

These changes are still in the process of being implemented. The Ohio Department of Taxation is continuing to work through the technical and administrative details of the new laws, and county auditors are awaiting guidance and certified tax rates before final impacts can be communicated to school districts. In addition, several of these bills were enacted in close succession, and questions remain regarding how certain provisions interact with one another. Further guidance or technical changes may be needed as implementation continues.

Accordingly, revenue assumptions reflect the best information available at the time of this forecast and may be revised as additional guidance, certified rates, or statutory changes occur.

The Board of Education and administration regularly review financial forecasts and compare projected revenues to actual results to ensure resources remain aligned with educational priorities, operational needs, and long-term financial stability. While these evolving changes present planning challenges, the District remains committed to transparency, thoughtful fiscal management, and strong stewardship of community resources.

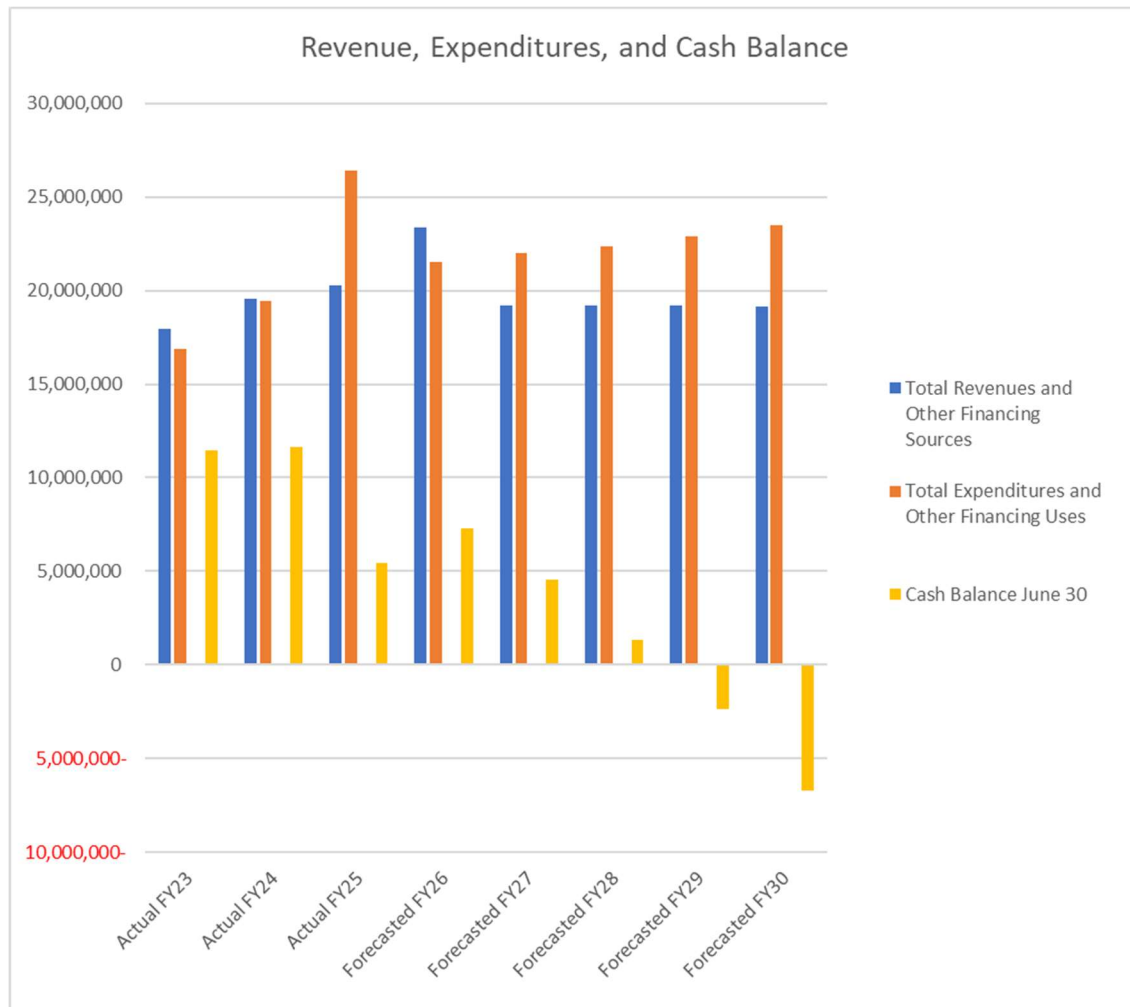
What Has Changed for Orrville City Schools

Orrville City Schools was one of approximately 200 districts who were at the “20-mill floor” and also had Fixed-Sum levies. The 20-mill floor was a safeguard from HB920 that created a minimum effective tax (millage) rate for schools. When a District is at the 20-mill floor, they see a direct increase in property tax revenue compared to an increase in property values. Previously, Fixed-Sum levies were not included in the calculation for the 20-mill floor. HB129 will now require Fixed-Sum levies to be included in the 20-mill floor calculation. By changing how Fixed-Sum levies are calculated in regards to the 20-mill floor, Orrville City Schools will be lifted off the 20-mill floor, and see flatlined property tax revenue, likely until after 2030.

The District will also modify revenue forecasts due to HB186 and HB335. HB186 will limit the increase of property tax revenue increases for Districts at the 20-mill floor to the GDP Deflator value. Districts who are at the 20-mill floor, or when a District reaches the floor again, will see limited property tax revenue increases as values increase. HB335 limits the increase of “Inside Millage” to the GDP Deflator value as well. Previously, inside millage was not subject to tax reduction factors, like voted levies outside the 10-mill “inside millage” limitation. Now, these mills will also be limited in their revenue growth.

As noted above, the Ohio Department of Taxation is working through the technical details of the new laws, and more solidified guidance is expected in the months to come. Revenue assumptions in the forecast reflect the best information available, from the District team, the County Auditor, and other stakeholders. Future forecasts will reflect new guidance.

Forecast Summary

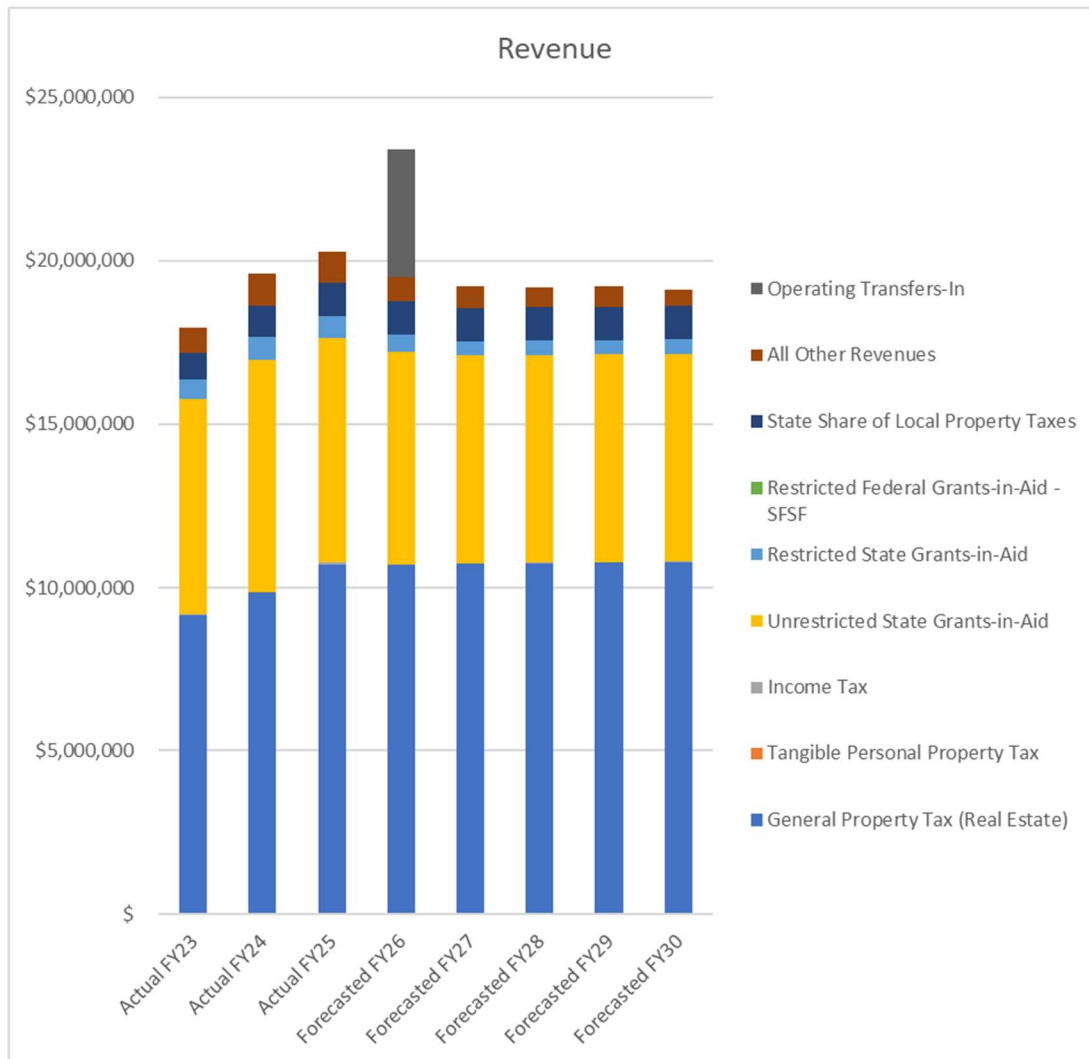


Orrville City School District is entering the second half of FY26 with updated legislative changes that impact revenue growth over the projections of the forecast. These changes to property tax and state funding of education will greatly impact Orrville due to levy structure and type.

The chart above depicts actual data for the General Fund in FY23-FY25 and forecasted data for FY26-FY30. An important note for FY25 expenditures is that \$5.75M were transferred to non-General Fund funds which show as an expense. The forecast is projecting a transfer in to the General-Fund of \$3.89M in FY26 which shows as a revenue. Those two data points must be removed to get a clear picture of the actual operating deficit of the District for FY25 and FY26.

The Board and Administrative Team continually evaluate the District's financial outlook in an attempt to ensure fiscal responsibility for our community members. The assumptions and numbers in the forecast are subject to and will change over time, however the District utilizes this forecast to ensure operational decisions are made with a future outlook on financial responsibility.

Revenue Forecast and Assumptions (Line 2.080)



The District has revenues flat lining in the forecast. Recent property tax legislation has changed how local levies are calculated. Orrville City Schools was at the “20-mill floor” with 2 Fixed-Sum levies that generated 7.75 mills in property tax revenue. These changes will now include the 2 Fixed-Sum levies in the 20-mill floor calculation, lifting Orrville off the floor. Based on assumptions to growth in the 2026 reappraisal, and 2029 value update, it is estimated that Orrville will not reach the floor again until after 2030. These calculations, although estimates, were reviewed and agreed upon by the County Auditor. This means that Orrville’s property tax revenue will remain mostly flat until the District reaches the 20-mill floor again. Historically, revenues from property tax levies have generated an average of 52% of Orrville City School’s total revenue.

The District’s revenue will also be negatively impacted due to the biennium budget maintaining 2022 cost inputs for the state funding formula. This generates less funding from the state for districts as the formula deems the cost to educate a student are based off 2022 costs. Between cost data not being updated, dropping enrollment, and increased property values, Orrville is projected to realize a decrease in state funding in FY27. State funding for FY28-FY30 will be dictated by changes to the State Biennium Budget in July of 2027.

Revenue Assumptions

a.) Line 1.01 –

- a. Due to recent property tax legislation, Orrville will now be lifted off the 20-mill floor, resulting in flat lined property tax revenue (except for some new construction). It is projected that Orrville will not reach the 20-mill floor again until after the 2029 update. The forecast shows minor growth of 0.15% YoY due to these changes.
- b. As noted at the beginning of the report, County Auditors, Treasurers, and local officials are awaiting guidance from the Department of Taxation on the interpretation of these new property tax laws. At this time the District believes this is an accurate estimation of growth until we reach the 20-mill floor again.
- c. HB96 added a provision for property tax relief that allows the County to enact a “Piggyback” provision that would credit home owners. If enacted, the County Auditor estimates that Orrville would lose an additional \$340,000 in property tax revenue each FY. This is not factored into the forecast, however it will be monitored and factored into projections if enacted.

b.) Line 1.03 –

- a. The income tax line reflects income tax sharing from the City of Orrville due to tax abatement laws. This line can vary based on local business payroll data. This has been reduced and averaged to provide a more conservative projection.

c.) Line 1.035 and 1.040 –

- a. State funding data is projected from the State funding simulations provided by ODE in late December 2025. With the base cost of the funding formula not being updated from 2022 values, and lowering enrollment in the District, Orrville will see a revenue decrease from state funding. State funding for FY28-FY30 will be adjusted based on the Biennium Budget changes in July of 2027.

d.) Line 1.05 –

- a. The forecast projects flat levels for state share of local property taxes. With new legislation changes to the property tax credits and rollbacks, these numbers are also subject to fluctuate. Further guidance from the Department of Taxation this spring should provide inputs to change these numbers to a more accurate forecast.

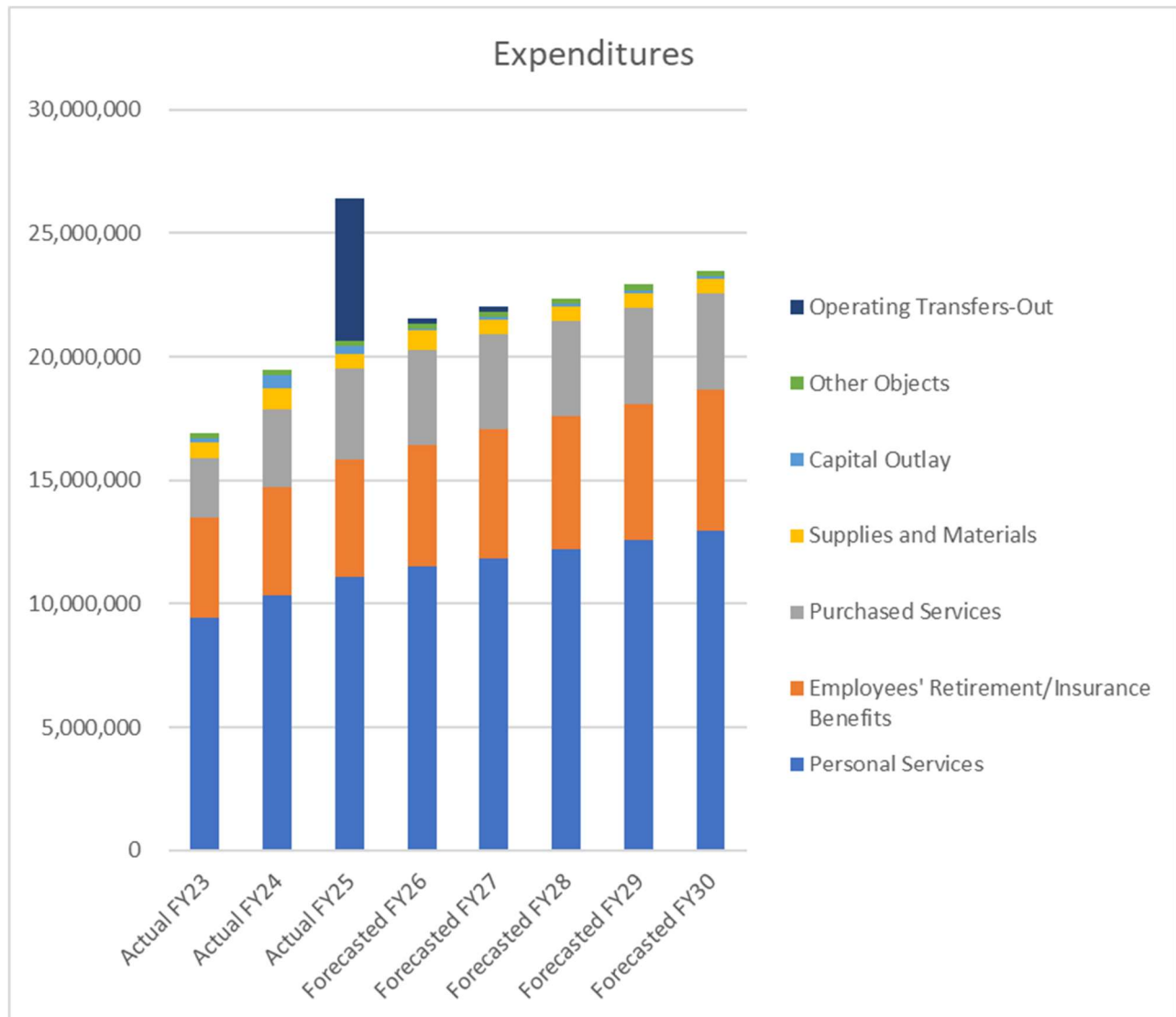
e.) Line 1.06 –

- a. All other operating revenue is mostly generated through interest income. This number is projected to decrease due to lower cash balances accruing interest, as well as decreasing interest rates in savings accounts.

f.) Line 2.04 –

- a. Forecast shows a transfer in of \$3,895,943. These funds would be transferred from the 024 (\$1M), 035 (\$254,560), and 070 (\$2,641,382) in order to supplement General Fund revenue losses.

Expenditure Forecast and Assumptions (Line 5.050)



The District forecast has expenditures increasing over the next 5 years. Our largest expenditure is salaries. Employee retirement and fringe benefits has a direct relationship to salaries and wages due to the employer's share of STRS and SERS contributions. The major fringe benefit outside of retirement is healthcare. In FY26 we saw medical rates increase by 4.97% which is the lowest since FY22.

The benefits package for the 2026-2027 school year and beyond has not officially been adopted by the District. Adjusted personal services, benefits, and expenditure data will be updated once those have been set.

Expenditure Assumptions

- g.) Line 3.01 –
 - a. FY27-FY30 salary data has a blended increase of 3% YoY.
 - b. This blended increase would include the overall increase of the base salary raise, step increases, and education increases for staff members. It would also include any staffing changes.
 - c. Line 3.01 will be adjusted after the 2026-2027 school year benefits package has been agreed upon.

- h.) Line 3.02 –
 - a. Employee retirement and insurance benefits have historically been around 42.8% of salaries. This percentage is projected to increase as healthcare costs increase.
 - b. Retirement contributions are anticipated to continue to be required at 14% of wages for each retirement system.
 - c. The average increase for medical premiums from the Stark County COG the last 3 years is 6.5%.

- i.) Line 3.03 –
 - a. Our largest purchased services are tuition paid to other districts, preschool instruction, and technology services.
 - b. We anticipate an increase in purchased services based on current projections compared to FY25.
 - c. Purchased services can change dramatically from month to month due to the nature of student instruction.

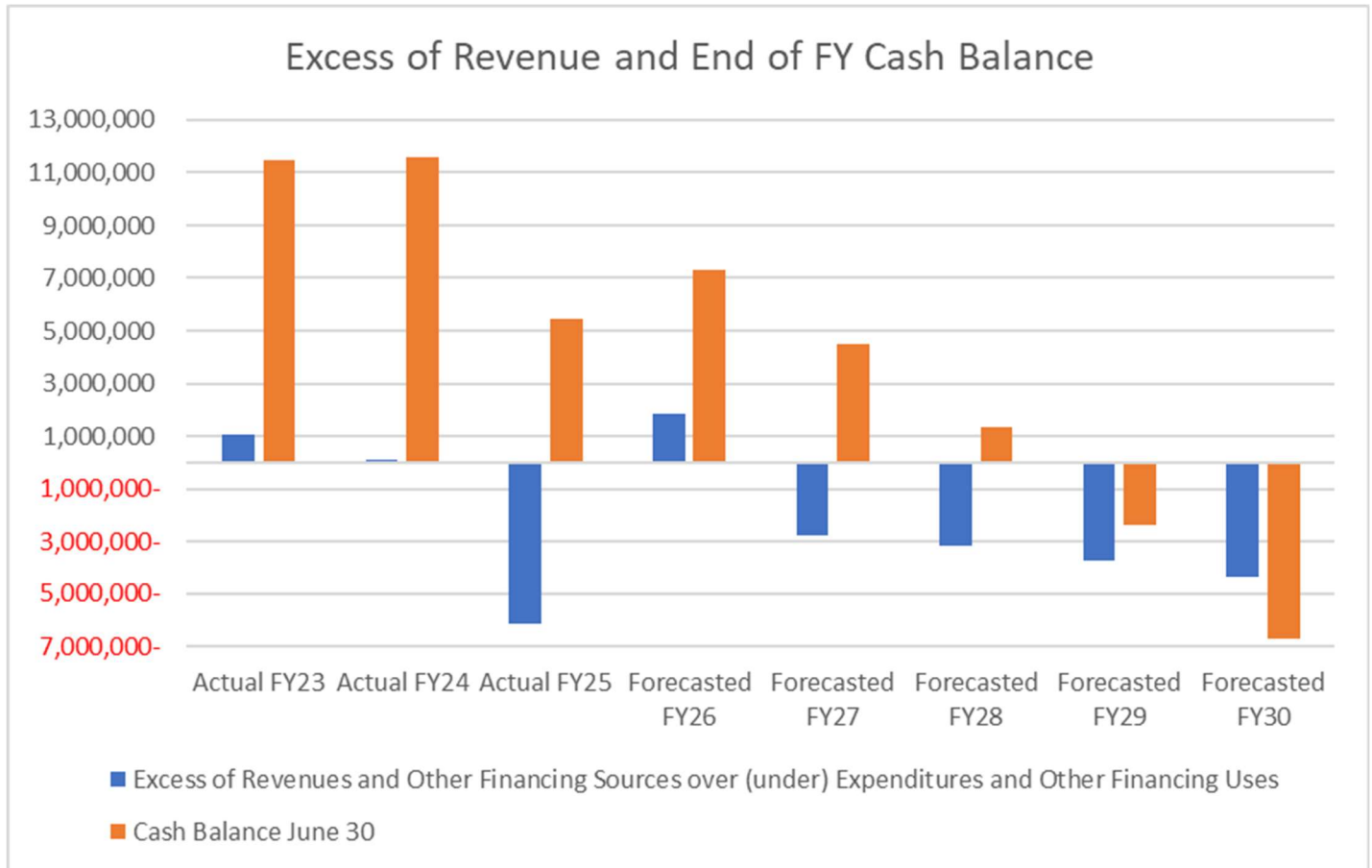
- j.) Line 3.04 –
 - a. Materials and Supplies projected at a slight reduction as the District is projecting less “one-time” supply expenses.

- k.) Line 3.05 –
 - a. Capital outlay anticipated to return toward FY23 levels due to immediate need capital projects being funded through the Capital Projects fund (070).

- l.) Line 4.3 –
 - a. Other objects include accounting fees, auditor fees, and other misc. expenses.

- m.) Line 5.01 –
 - a. \$200,000 transfer forecasted in FY26 and \$175,00 in FY27 to the Food Service (006) fund.

Excess of Revenue and Other Financing Sources

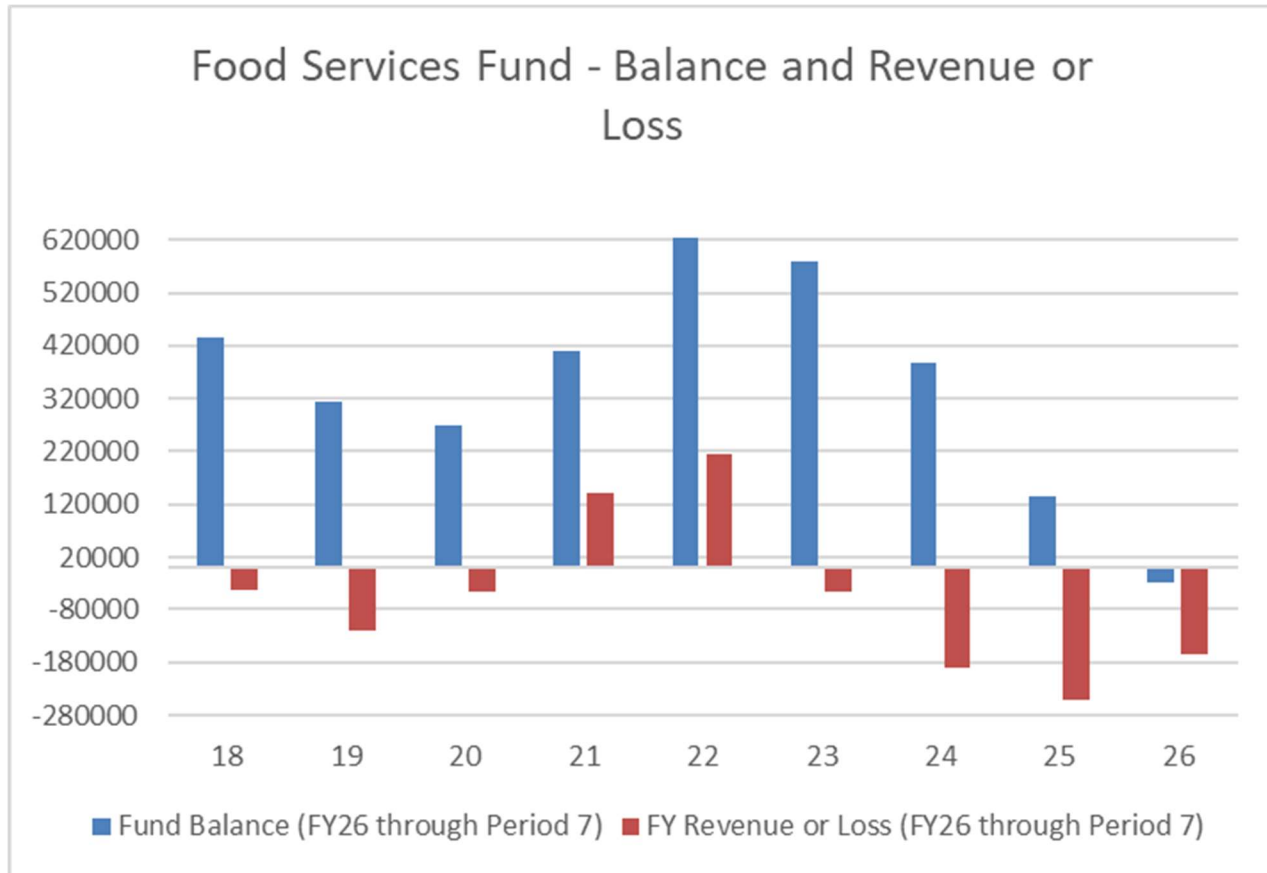


Line 6.010 shows the relationship between the District's revenues and expenses. With decreased revenue streams and increasing costs, the forecasted excess of revenue is negative from FY27-FY30, utilizing cash reserves to make up the difference. The large deficit in FY25 is due to the transfers from the General Fund to the 024 (Self Insurance), 035 (Termination Benefits), and 070 (Capital Projects) funds. FY26 is projected a surplus due to the transfer in of non-General Fund dollars to supplement projected revenue loss. Removing transfer ins and transfer outs gives the District an actual gauge of yearly operating surplus or loss.

Line 6.010 gives the District a gauge on expenditures and what financial decisions must be made to protect cash flow and cash reserves.

NOTE: In accordance with Board Policy DAB – General Revenue Fund Cash Balance – the forecast shows a General Fund cash balance at the 20% threshold at the end of FY27.

Food Services Fund (006) – Transfer Out



The Orrville City Schools food service fund (006) began FY26 with a cash balance of \$136,497.63. Current year expenses are trending at FY25 levels, indicating a deficit of slightly more than \$250,000. This will require a General Fund transfer to make the 006 fund positive by the end of the FY.

Ms. Deb Byrnes, Mr. Joe Shumar, Mr. Jay Bishop, and Dr. David Toth are looking at operational ways to decrease expenses in order to balance the operating budget of the 006 fund in future FY's.

Transfer In

Due to projected revenue losses, the forecast is projecting a transfer in of \$3,895,943 to the General Fund. These funds will come from the 035 (Termination Benefits), 024 (Self Insurance), and 070 (Capital Projects) fund to supplement General Fund revenue losses.

070 - \$2,641,382.74

024 - \$1,000,000.00

035 - \$254,560.61

Conclusion

In conclusion, the District is now facing one of the largest changes in school funding since HB920 in the 1970s. The District will need to review revenue strategy and district costs in order to balance the operating budget of each FY and maintain adequate cash balance.

Orrville City Schools

Wayne

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

		Actual				Forecasted				
		Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Average Change	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030
Revenues										
1.010	General Property Tax (Real Estate)	\$9,172,292	\$9,857,155	\$10,717,131	8.1%	\$10,717,131	\$10,733,207	\$10,749,307	\$10,765,431	\$10,781,579
1.020	Tangible Personal Property Tax	0	0	0	0.0%					
1.030	Income Tax	26,709	0	44,440	0.0%	5,000	15,000	15,000	15,000	15,000
1.035	Unrestricted State Grants-in-Aid	6,561,261	7,119,007	6,873,193	2.5%	6,485,000	6,346,536	6,346,536	6,346,536	6,346,536
1.040	Restricted State Grants-in-Aid	596,633	700,360	653,883	5.4%	521,770	446,612	446,612	446,612	446,612
1.045	Restricted Federal Grants-in-Aid - SF5F	0	0	0	0.0%					
1.050	State Share of Local Property Taxes	830,685	927,350	1,024,533	11.1%	1,024,532	1,026,095	1,027,634	1,029,175	1,030,719
1.060	All Other Revenues	776,287	985,115	949,839	11.7%	750,000	650,000	600,000	600,000	500,000
1.070	Total Revenues	17,963,867	19,588,987	20,263,019	6.2%	19,503,433	19,217,450	19,185,089	19,202,754	19,120,446
Other Financing Sources										
2.010	Proceeds from Sale of Notes	0	0	0	0.0%					
2.020	State Emergency Loans and Advancements (Approved)	0	0	0	0.0%					
2.040	Operating Transfers-In	0	0	0	0.0%	3,895,943				
2.050	Advances-In	0	0	0	0.0%					
2.060	All Other Financing Sources	0	0	0	0.0%					
2.070	Total Other Financing Sources	0	0	0	0.0%	3,895,943				
2.080	Total Revenues and Other Financing Sources	17,963,867	19,588,987	20,263,019	6.2%	23,399,377	19,217,450	19,185,089	19,202,754	19,120,446
Expenditures										
3.010	Personal Services	9,433,443	10,322,369	11,102,485	8.5%	11,503,284	11,848,383	12,203,834	12,569,949	12,947,048
3.020	Employees' Retirement/Insurance Benefits	4,043,978	4,418,371	4,746,802	8.3%	4,946,412	5,213,288	5,369,687	5,530,778	5,696,701
3.030	Purchased Services	2,408,494	3,114,811	3,651,236	23.3%	3,825,217	3,844,343	3,863,565	3,882,883	3,902,297
3.040	Supplies and Materials	646,143	888,011	625,398	3.9%	792,494	600,000	600,000	600,000	600,000
3.050	Capital Outlay	152,781	502,808	317,081	96.1%	65,000	100,000	100,000	100,000	100,000
3.060	Intergovernmental	0	0	0	0.0%					
Debt Service:										
4.010	Principal-All (Historical Only)	0	0	0	0.0%					
4.020	Principal-Notes	0	0	0	0.0%					
4.030	Principal-State Loans	0	0	0	0.0%					
4.040	Principal-State Advancements	0	0	0	0.0%					
4.050	Principal-HB 264 Loans	0	0	0	0.0%					
4.055	Principal-Other	0	0	0	0.0%					
4.060	Interest and Fiscal Charges	0	0	0	0.0%					
4.300	Other Objects	193,274	216,469	216,292	6.0%	225,000	225,000	225,000	225,000	225,000
4.500	Total Expenditures	16,878,113	19,462,839	20,659,294	10.7%	21,357,408	21,831,015	22,362,086	22,908,610	23,471,046
Other Financing Uses										
5.010	Operating Transfers-Out	0	0	5,750,000	0.0%	200,000	175,000			
5.020	Advances-Out	0	0	0	0.0%					
5.030	All Other Financing Uses	0	0	0	0.0%					
5.040	Total Other Financing Uses	0	0	5,750,000	0.0%	200,000	175,000			
5.050	Total Expenditures and Other Financing Uses	16,878,113	19,462,839	26,409,294	25.5%	21,557,408	22,006,015	22,362,086	22,908,610	23,471,046
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing	1,085,754	126,148	(6,146,275)	-2530.3%	1,841,969	(2,788,565)	(3,176,998)	(3,705,856)	(4,350,600)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	10,398,219	11,483,973	11,610,121	5.8%	5,463,847	7,305,815	4,517,251	1,340,253	(2,365,603)
7.020	Cash Balance June 30	11,483,973	11,610,121	5,463,847	-25.9%	7,305,815	4,517,251	1,340,253	(2,365,603)	(6,716,203)
8.010	Estimated Encumbrances June 30	122,947	42,709	255,063	216.0%	150,000	150,000	150,000	150,000.00	150,000.00
10.010	Fund Balance June 30 for Certification of	11,361,026	11,567,412	5,208,784	-26.6%	7,155,815	4,367,251	1,190,253	(2,515,602.70)	(6,866,202.68)
12.010	Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	11,361,026	11,567,412	5,208,784	-26.6%	7,155,815	4,367,251	1,190,253	(2,515,602.70)	(6,866,202.68)
15.010	Unreserved Fund Balance June 30	11,361,026	11,567,412	5,208,784	-26.6%	7,155,815	4,367,251	1,190,253	(2,515,602.70)	(6,866,202.68)