

**HIGHLAND LOCAL SCHOOL DISTRICT- MEDINA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2023, 2024 AND 2025 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2026 THROUGH JUNE 30, 2030**

**HIGHLAND
LOCAL
SCHOOLS**



**Forecast Prepared By
Highland Local School District
Treasurer's Office
Neil Barnes, Treasurer/CFO**

Highland Local School District

Medina County

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

	Actual				Average Change	Forecasted				
	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025			Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030
Revenues										
1.010	\$24,762,535	\$26,627,650	\$27,795,496	6.0%	\$29,958,295	\$31,990,298	\$32,342,102	\$32,694,390	\$33,047,175	
1.020	1,488,438	1,581,292	1,656,683	5.5%	1,757,484	1,826,631	1,872,124	1,917,592	1,963,035	
1.030	0	0	0	0.0%	0	0	0	0	0	
1.035	4,922,334	5,184,856	5,631,816	7.0%	5,976,906	6,223,475	6,226,959	6,230,510	6,234,094	
1.040	252,235	332,268	254,015	4.1%	235,205	220,819	220,819	220,819	220,819	
1.045	0	0	0	0.0%	0	0	0	0	0	
1.050	3,649,291	3,591,988	3,691,690	0.6%	4,017,457	4,309,464	4,358,985	4,408,496	4,457,997	
1.060	1,709,547	2,115,240	2,403,429	18.7%	2,150,798	1,968,134	1,712,570	1,313,705	1,067,853	
1.070	\$36,784,380	\$39,433,294	\$41,433,129	6.1%	\$44,096,145	\$46,538,821	\$46,733,559	\$46,785,512	\$46,990,973	
Other Financing Sources										
2.010	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
2.020	0	0	0	0.0%	0	0	0	0	0	
2.040	97,500	70,000	27,500	-44.5%	0	0	0	0	0	
2.050	193,969	11,174	153,452	589.5%	63,354	50,000	50,000	50,000	50,000	
2.060	220,499	394,742	406,797	41.0%	266,797	191,797	193,715	195,652	197,609	
2.070	\$511,968	\$475,916	\$587,749	8.2%	\$330,151	\$241,797	\$243,715	\$245,652	\$247,609	
2.080	\$37,296,348	\$39,909,210	\$42,020,878	6.1%	\$44,426,296	\$46,780,618	\$46,977,274	\$47,031,164	\$47,238,582	
Expenditures										
3.010	\$22,416,944	\$23,178,806	\$24,580,059	4.7%	\$25,334,785	\$26,479,379	\$27,651,391	\$28,923,178	\$30,253,983	
3.020	7,766,070	8,266,148	8,791,363	6.4%	9,361,760	9,953,067	10,700,715	11,509,151	12,388,085	
3.030	5,050,538	5,669,979	7,454,978	21.9%	7,844,929	8,002,843	8,262,482	8,530,889	8,808,375	
3.040	1,360,159	1,036,695	1,974,135	33.3%	1,248,405	1,285,857	1,324,434	1,364,166	1,405,091	
3.050	102,364	264,245	98,018	47.6%	152,514	157,089	161,802	166,656	171,656	
3.060	0	0	0	0.0%	0	0	0	0	0	
Debt Service:										
4.010	0	0	0	0.0%	0	0	0	0	0	
4.020	0	0	0	0.0%	0	0	0	0	0	
4.030	0	0	0	0.0%	0	0	0	0	0	
4.040	0	0	0	0.0%	0	0	0	0	0	
4.050	0	0	0	0.0%	0	0	0	0	0	
4.055	0	0	0	0.0%	0	0	0	0	0	
4.060	0	0	-	0.0%	0	0	0	0	0	
4.300	582,737	527,910	552,775	-2.3%	595,595	607,507	619,657	632,050	644,691	
4.500	\$37,278,812	\$38,943,783	\$43,451,328	8.0%	\$44,537,988	\$46,485,742	\$48,720,481	\$51,126,090	\$53,671,881	
Other Financing Uses										
5.010	\$50,000	\$50,000	\$3,976,000	3926.0%	\$500,000	\$50,000	\$50,000	\$50,000	\$50,000	
5.020	11,174	153,452	63,354	607.3%	50,000	50,000	50,000	50,000	50,000	
5.030	0	649	0	0.0%	0	0	0	0	0	
5.040	\$61,174	\$204,101	\$4,039,354	1056.4%	\$550,000	\$100,000	\$100,000	\$100,000	\$100,000	
5.050	\$37,339,986	\$39,147,884	\$47,490,682	13.1%	\$45,087,988	\$46,585,742	\$48,820,481	\$51,226,090	\$53,771,881	
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses										
6.010	(\$43,638)	\$761,326	(\$5,469,804)	-1331.5%	(\$661,692)	\$194,876	(\$1,843,207)	(\$4,194,926)	(\$6,533,299)	
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies										
7.010	\$22,345,774	\$22,302,136	\$23,063,462	1.6%	\$17,593,658	\$16,931,966	\$17,126,842	\$15,283,635	\$11,088,709	
7.020	\$22,302,136	\$23,063,462	\$17,593,658	-10.2%	\$16,931,966	\$17,126,842	\$15,283,635	\$11,088,709	\$4,555,410	
8.010	\$768,655	\$631,108	\$763,094	1.5%	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	
Reservation of Fund Balance										
9.010	0	0	0	0.0%	0	0	0	0	0	
9.020	0	0	0	0.0%	0	0	0	0	0	
9.030	0	0	0	0.0%	0	0	0	0	0	
9.040	0	0	0	0.0%	0	0	0	0	0	
9.045	0	0	0	0.0%	0	0	0	0	0	
9.050	0	0	0	0.0%	0	0	0	0	0	
9.060	0	0	0	0.0%	0	0	0	0	0	
9.070	0	0	0	0.0%	0	0	0	0	0	
9.080	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
10.010	\$21,533,481	\$22,432,354	\$16,830,564	-10.4%	\$16,431,966	\$16,626,842	\$14,783,635	\$10,588,709	\$4,055,410	

Highland Local School District

Medina County

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

	Actual				Average Change	Forecasted				
	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025			Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030
Revenue from Replacement/Renewal Levies										
11.010	Income Tax - Renewal	0	0	0	0.0%	0	0	0	0	0
11.020	Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	0
11.300	Cumulative Balance of Renewal Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>										
12.010		\$21,533,481	\$22,432,354	\$16,830,564	-10.4%	\$16,431,966	\$16,626,842	\$14,783,635	\$10,588,709	\$4,055,410
Revenue from New Levies										
13.010	Income Tax - New	0	0	0	0.0%	0	0	0	0	0
13.020	Property Tax - New	0	0	0	0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
14.010	Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010	Unreserved Fund Balance June 30	\$21,533,481	\$22,432,354	\$16,830,564	-10.4%	\$16,431,966	\$16,626,842	\$14,783,635	\$10,588,709	\$4,055,410

Highland Local School District –Medina County
Notes to the Five-Year Forecast
Operating Funds Only (General Fund and Substitute Levy Fund)

Introduction to the Five Year Forecast

This forecast is a snapshot based upon historical trends, what is known today and assumptions about the future. The further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. Various events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), new state mandates, tax levies, property reappraisals and updates, salary increases, health insurance increases, enrollment variances, and changes to property valuations due to businesses moving in or out of the district.

As noted below, the current state budget approved in HB 96 changed what the State of Ohio and the Ohio Department of Education and Workforce (ODEW) require relative to the forecast. Most notably, the fifth year of the forecast is no longer required. However, Highland will continue to plan over a five-year period, at a minimum, and forecast accordingly. District leadership believes that the five-year forecast is a crucial management tool. A five-year planning horizon enables District management teams to examine future years' projections and better identify when challenges will arise. This helps District management be more proactive in meeting potential challenges.

In a financial forecast, the numbers only tell part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions to 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. It is recommended that the Treasurer/Chief Fiscal Officer be contacted with any questions.

Following are three important purposes or objectives of the five-year forecast:

- (1) To engage the Board of Education and the community in long range planning and discussions of financial issues facing the District.
- (2) To serve as a basis for determining the 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 ODEW and the Auditor of State to identify school districts with potential financial problems.

Ohio HB 96, which was passed in June 2025, amended O.R.C. 5705.391 and O.A.C. 3301-92.04. As a result, it is now required that a Board of Education file their current fiscal year budgeted revenues and expenditures plus projections for the three succeeding years. This is essentially a four-year forecast. Additionally, beginning in fiscal year 2026 (July 1 to June 30), the initial financial forecast must be filed by October 15 with a mandatory update due on the last day of February. The initial forecast filing deadline will change to August 31 in fiscal year 2027 and thereafter. While the legislative requirement is to file a four-year forecast, as noted above, the District believes it is a prudent business practice to continue to develop a five-year forecast for planning purposes. The five-year forecast includes three years of actual and five years of projected operating budget revenues and expenditures. The first year of the financial forecast is considered the current year budget and is used as the base for future years' projections. This forecast is updated to reflect the most current economic data available for the October 2025 filing.

Economic Outlook

Ohio's current economic outlook projects slow but steady growth with industrial diversification in manufacturing, logistics, and technology, and an unemployment rate expected to remain around 5%. The state

faces challenges including workforce issues particularly in attracting and retaining skilled labor and the need for affordable housing. In the short term, the state anticipates continued to moderate growth despite national and global challenges such as inflation and elevated interest rates, while the long term depends on continued strategic investment in high-growth sectors and addressing the skilled workforce shortage. These conditions should result in stable revenue enabling the state to continue current levels of funding for school districts and stable local revenue as unemployment remains relatively low.

Data and assumptions noted in this forecast are based on the best and most reliable data available as of the date of this forecast.

Forecast Risk and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to the economic factors noted above, but also due to state legislative changes that will occur in the spring of 2027 and 2029 in relation to the deliberation of two (2) state biennium budgets for FY28-29 and FY30-31, both of which affect this five-year forecast. The District has estimated revenues and expenditures based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect the forecast in the long term:

1) Property tax collections are the largest single revenue source for the District. The housing market in the District is stable and modestly growing. Local revenue, which mainly consists of local taxes, equates to 76.8% of the District's revenue. Tax collections in the September 2025 settlement showed an increase as a result of strong new construction growth in both Class I and II, as well as TY24 value increases in PUPP (Public Utility Personal Property). The collection rate remains strong and delinquent collections are stable and low. The risk that collections would fall below projections throughout the forecast is deemed relatively minimal.

2) Medina County is in the process of completing a full reappraisal for tax year 2025 (collection/calendar year 2026). Preliminary estimates provided by the County indicate an average inflationary increase in values of about 18%. Absent a legislative change impacting the calculation of the 20-mill floor or a cap in revenue growth resulting from a reappraisal, the District will experience notable property tax revenue growth in fiscal years 2026 and 2027.

3) Due to historic property value increases resulting from County reappraisals and updates, the Ohio Legislature has considered various proposals since 2023 to help reduce unvoted tax increases on taxpayers. HB 96 included several proposals that would have ultimately reduced districts' cash balances and placed severe restrictions on increasing local tax revenues. The Governor vetoed four property tax measures that he said would jeopardize the financial stability of public schools. The Ohio House of Representatives identified three of these vetoes for potential override. They include: 1) County Budget Commission authority; 2) Modifying the calculation of the 20-mill floor to include emergency, substitute and other levies in the calculation; and 3) Eliminating various types of levies including emergency, replacement and renewal levies.

The Ohio House of Representatives met on July 21, 2025 and voted (61-28) in favor of overriding the elimination of various levy types - only. As of this forecast filing, the Senate has not met to vote on any of the vetoes thus the Governor's vetoes remain in effect.

As part of the Governor's vetoes, he created a property tax reform working group co-chaired by former legislators. The governor appointed 11 members including the co-chairs. The working group is tasked with thoroughly examining issues related to how to provide meaningful property tax relief to homeowners and businesses while ensuring that funding for local schools, local governments, fire, police, EMS, libraries, and boards of developmental disabilities is adequate. The Governor has asked the working group to issue a report with concrete proposals by September 30, 2025.

The legislature has introduced several other bills that would limit real estate tax growth or eliminate certain real estate tax collections completely. Many of these bills are still in committee. Many of these pending bills represent a serious risk to school district funding. School officials continue to monitor legislation closely.

4) HB 96, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY26 and FY27. FY26 reflects 83.33% of the six-year implementation plan. FY27 will result in 100% funding of the FSFP. HB 96 did not increase the base cost inputs (no increase from the state on formula funding) while allowing local capacity inputs to increase. This causes more districts to appear to have greater local ability to fund their schools thus reducing the amount of state aid they receive. The most recent simulations published by the Ohio Department of Education and Workforce have been used in this forecast.

5) Various types of funding provided by the state represent 23.2% of the District's operating revenues. This revenue is always at risk. The risk of budget bill corrections always exists should the state economy stall due to recession and there is no guarantee that the Fair School Funding Plan will be continued and funded in the next state biennium budget. In this forecast there are two unknown future State Biennium Budgets covering FY28-29 and FY30-31. State funding projections in this forecast are based on HB 96 legislation with the Governor's vetoes in place for FY26 and FY27. Flat funding is assumed beyond FY27. Adjustments will be made for future years' projections when updated data becomes available.

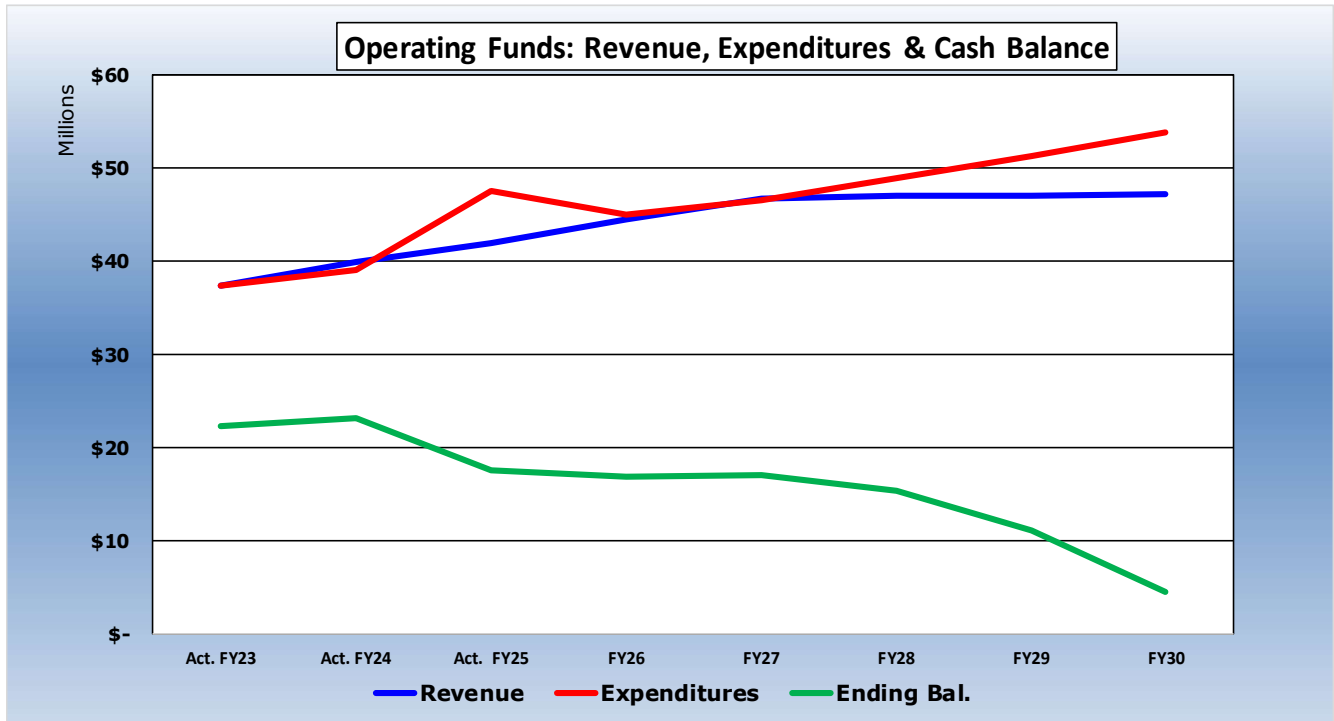
6) HB 96 also enacted a new provision called "Piggyback Property Tax Exemptions". This provision allows county commissioners in each county in Ohio to double the current Homestead Exemption and owner occupied 2.5% tax credit. Current Homestead and 2.5% owner occupied credits are reimbursed to the District by the state. These "Piggyback Property Tax Exemptions" would NOT be reimbursed. The extended tax credits for qualifying taxpayers would result in reduced property tax collections for the District of roughly \$924,000 from current operating levies, if the Medina County Commissioners were to fully implement this.

Highland labor relations have been amicable with all parties working in the best interest of students while recognizing existing resource challenges. It is expected that this positive working relationship will continue into the future.

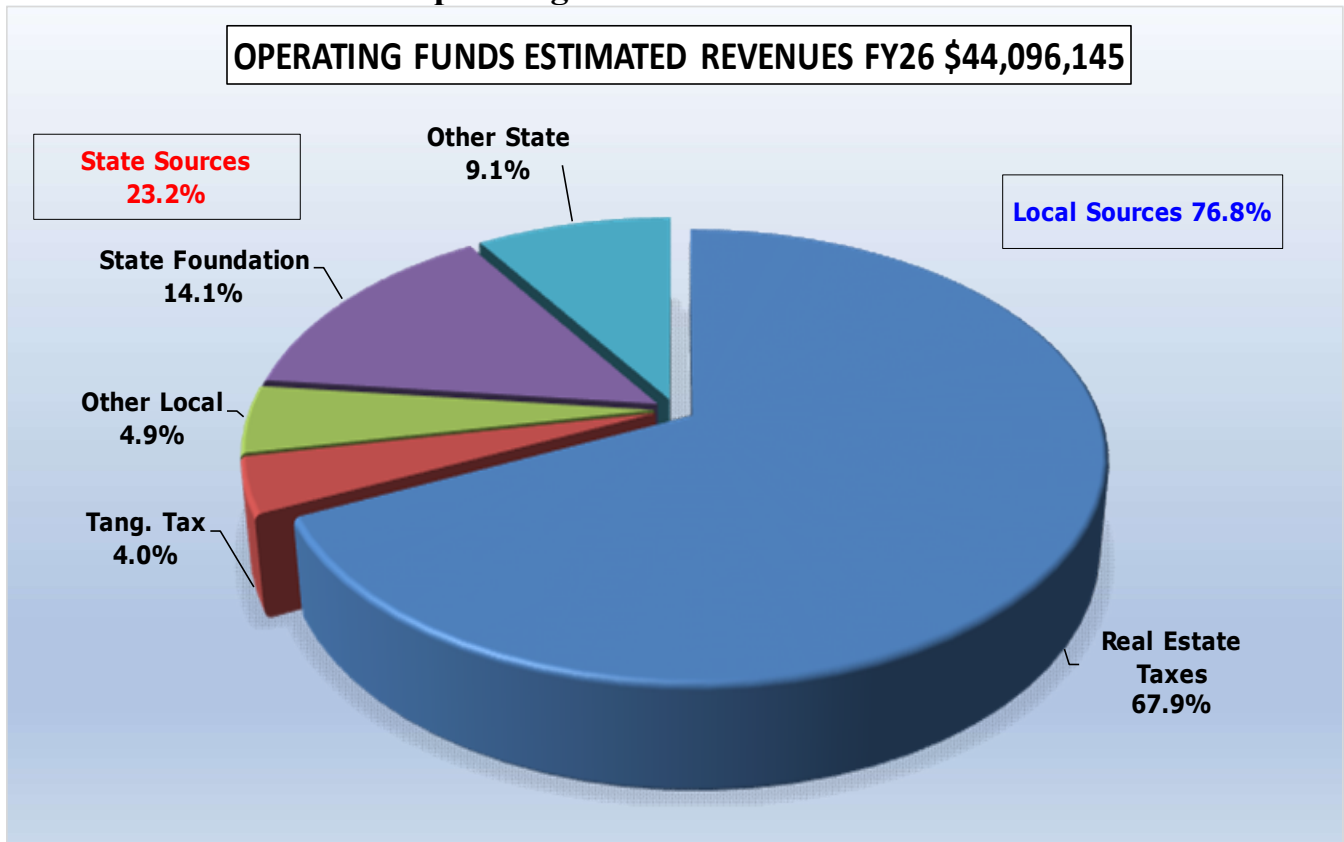
The major lines of reference are noted below in the headings to make it easier for the reader to relate the assumptions back to the forecast. For further information, please feel free to contact Neil Barnes, Treasurer/CFO, at 330-239-1901.

Operating Revenues, Expenditures and Ending Cash Balance Actual FY23-25 and Estimated FY26-30

The graph below captures in one snapshot the operating scenario facing the District over the next five years.



Revenue Assumptions Operating Revenue Sources FY26



Property Value Assumptions – Line # 1.010

Property values are established each year by the County Auditor based on new construction, demolitions, Board of Revision/Board of Tax Appeals activity, and completed reappraisals/updates. Residential/Agricultural value increases are led by inflationary increases in property values and new construction. Commercial/ Industrial values increase primarily due to new construction and previously abated property returning to the tax rolls.

Medina County is in the process of completing a reappraisal for tax year 2025 (collection/calendar year 2026). Increases of \$217.9 million (17.63%) for Residential/Agricultural values and \$7.8 million (8.49%) for Commercial/Industrial values are projected.

Summit County will undergo a full reappraisal in tax year 2026, but these properties only comprise approximately 1% of the District’s Class I values. As such, no meaningful increase in valuations or revenues is anticipated.

It is expected that Public Utility Personal Property (PUPP) values will grow by ~3% each year of the forecast.

Future value increases are primarily driven by new construction growth.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Actual	Actual	Actual	Estimated	Estimated
	TAX YEAR 2025	TAX YEAR 2026	TAX YEAR 2027	TAX YEAR 2028	TAX YEAR 2029
<u>Classification</u>	<u>COLLECT 2026</u>	<u>COLLECT 2027</u>	<u>COLLECT 2028</u>	<u>COLLECT 2029</u>	<u>COLLECT 2030</u>
Res./Ag.	\$1,473,681,340	\$1,493,131,340	\$1,512,581,340	\$1,532,031,340	\$1,551,481,340
Comm./Ind.	101,553,040	102,191,383	102,851,877	103,535,186	104,241,994
Public Utility Personal Property (PUPP)	<u>26,361,670</u>	<u>27,041,670</u>	<u>27,721,670</u>	<u>28,401,670</u>	<u>29,081,670</u>
Total Assessed Value	<u>\$1,601,596,050</u>	<u>\$1,622,364,393</u>	<u>\$1,643,154,887</u>	<u>\$1,663,968,196</u>	<u>\$1,684,805,004</u>

Tax Rate Assumptions

The county auditor sets the tax rates for each levy to provide tax revenues for the District. Ohio law provides for “reduction factors” on all voted property tax levies, which adjusts the millage rates lower than the voted rate. This is to keep levies from growing with inflationary increases in property values. Thus, the tax revenue received by a district is generally the same as the actual amount of the levy at the time of the passage for carryover/existing properties.

The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The voted rate for all operating levies is 64.5 mills. Ohio law has a provision that the reduction factors cannot lower the total effective millage rate for each class to less than 20 mills (excluding emergency and substitute emergency levies). This is inclusive of both the voted and the non-voted (inside) millage rates and is called the “20-Mill Floor”. Highland is currently on the floor for both Class I and Class II. This must be closely monitored due to potential veto overrides in the House and Senate.

The District has three general operating limited term levies which expire 1/1/2028. These levies are not collecting meaningful millage for Class I and Class II due to the District being at the 20-mill floor. The full voted millage of 7.9 mills is being collected on PUPP values.

General Property Tax (Real Estate) – Line #1.010

Property tax levies are estimated to be collected at 98.16% of the annual amount. This allows for a 1.84% delinquency factor. In general, 53.6% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the March/April tax settlement and 46.4% collected in the September/October tax settlement.

Source	FY26	FY27	FY28	FY29	FY30
Est. Real Estate Taxes	<u>\$29,958,295</u>	<u>\$31,990,298</u>	<u>\$32,342,102</u>	<u>\$32,694,390</u>	<u>\$33,047,175</u>
Total Line #1.01 Real Estate Taxes	<u>\$29,958,295</u>	<u>\$31,990,298</u>	<u>\$32,342,102</u>	<u>\$32,694,390</u>	<u>\$33,047,175</u>

Tangible Personal Tax & PUPP Taxes – Line#1.020

TPP taxes were eliminated with the passage of HB 66 in June 2005. Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP were \$25.7 million for tax year 2024 and are collected at the District’s gross voted millage rate. Collections are typically 52% in March/April and 48% in September/October.

Source	FY26	FY27	FY28	FY29	FY30
Public Utility Personal Property	<u>\$1,757,484</u>	<u>\$1,826,631</u>	<u>\$1,872,124</u>	<u>\$1,917,592</u>	<u>\$1,963,035</u>
Total PUPP Tax Line #1.020	<u>\$1,757,484</u>	<u>\$1,826,631</u>	<u>\$1,872,124</u>	<u>\$1,917,592</u>	<u>\$1,963,035</u>

Renewal and Replacement Levies – Line #11.02

The renewal of an incremental operating levy is modeled in lines 1.01, 1.02, and 1.05 of this forecast in FY29.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

Current State Funding Model per HB 96 through June 30, 2027

A) Unrestricted State Foundation Revenue– Line #1.035

HB 96, the current state budget, continued the Fair School Funding Plan for FY26 and FY27, which funds students where they are educated rather than where they live. Projections for FY26 funding are based on the most current state simulations and funding factors.

Highland is currently a **guarantee** district in FY26 and is expected to continue to be on the **guarantee** for FY27-FY30 on the Fair School Funding Plan (FSFP). The projected guarantee amount is \$528,000 in FY26 and \$619,000 in FY27. These guarantees are at risk of being phased out beginning in the next biennium budget.

A detailed overview of how foundation funding is calculated including all of the HB 96 changes impacting the Ohio Department of Education and Workforce is not available at this time. When a detailed analysis is available, it will be published by the Ohio Department of Education and Workforce at:

<https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding>.

State Funding FY26-FY27

The Fair School Funding Plan was presented as a six-year phase-in plan. The state legislature approved the final two years of the funding plan in HB 96 phasing in funding at 83.33% in FY26 and then 100% in FY27. However, the legislature did not increase the funding base inputs from FY25. In other words, the legislature did not increase funding in the foundation formula. They did increase transportation funding’s state share percentage to 45.83% in FY26, and 50% in FY27, which could increase funding, and; they added three

supplemental payments outside of the formula: Base Funding Supplement, Enrollment Growth Supplement and Performance Supplement.

The Base Funding Supplement will be paid to all districts. The funding supplement per pupil is \$27 in FY26 and \$40 in FY27.

The Enrollment Growth Supplement is paid to eligible districts based on the current FY26 enrolled ADM multiplied by \$225 per student, and in FY27 based on enrolled ADM multiplied by \$250. To be eligible enrolled ADM growth between FY22 and FY25 must equal or exceed 5% growth, and FY27 enrolled ADM growth between FY23 and FY26 must equal or exceed 3%. Highland does not qualify for this payment.

The Performance Supplement was also included in HB 96. The eligibility for this supplemental payment uses data from the state report card for the 2024-2025 school year for FY26 and 2025-2026 school year for FY27. This payment will be a separate payout of \$13 per pupil in FY26 and FY27. It will not be known until later in FY26 if Highland will receive this additional funding.

The funding formula eliminated the Supplemental Targeted Assistance guarantee beginning in FY26, but still includes two (2) primary guarantees: 1) Formula Transition Aid, and 2) Formula Transition Supplement. The two (2) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY26 and FY27 than they received in FY21.

Future State Budget Projections beyond FY27

Highland’s funding status for FY28-FY30 of this forecast will depend on two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan will be continued in future biennial budgets; therefore, state funding estimates in this forecast are flat lined for FY28 through FY30.

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos: one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue is collected as a tax. School districts receive 34% of the 33% gross casino revenue. These funds are distributed to school districts on or around the 31st of January and August each year. The District’s first payment from this source occurred on January 31, 2013.

In FY25, total statewide school funding from this source totaled \$114 million or about \$66 per pupil. It is expected that casino revenues will resume the historical average growth rate of 1.5% for the remainder of the forecast.

Source	FY26	FY27	FY28	FY29	FY30
Basic Aid-Unrestricted	\$5,156,999	\$5,362,978	\$5,362,978	\$5,362,978	\$5,362,978
Additional Aid Items	591,057	628,241	628,241	628,241	628,241
Basic Aid-Unrestricted Subtotal	5,748,056	5,991,219	5,991,219	5,991,219	5,991,219
Ohio Casino Commission ODT	228,850	232,256	235,740	239,291	242,875
Total Unrestricted State Aid Line #1.035	\$5,976,906	\$6,223,475	\$6,226,959	\$6,230,510	\$6,234,094

B) Restricted State Foundation Revenue – Line # 1.040

HB 96 has continued Disadvantaged Pupil Impact Aid, Career Technical, Gifted, English Learners (ESL), and Student Wellness funding. For fiscal years 2026 and 2027, HB 96 modifies how DPIA is calculated by factoring in both directly certified and economically disadvantaged students. The new formula modified the

weight given to these student groups over the biennium. The specific impact of this change will not be known until after this forecast filing.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
DPIA	\$2,886	\$3,264	\$3,264	\$3,264	\$3,264
Career Tech - Restricted	294	0	0	0	0
Gifted	95,389	80,280	80,280	80,280	80,280
ESL	6,353	6,992	6,992	6,992	6,992
Student Wellness	130,283	130,283	130,283	130,283	130,283
Other Restricted State Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Restricted State Revenues Line #1.040	<u>\$235,205</u>	<u>\$220,819</u>	<u>\$220,819</u>	<u>\$220,819</u>	<u>\$220,819</u>

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

<u>SUMMARY</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Unrestricted Line #1.035	\$5,976,906	\$6,223,475	\$6,226,959	\$6,230,510	\$6,234,094
Restricted Line #1.040	235,205	220,819	220,819	220,819	220,819
Total State Foundation Revenue	<u>\$6,212,111</u>	<u>\$6,444,294</u>	<u>\$6,447,778</u>	<u>\$6,451,329</u>	<u>\$6,454,913</u>

State Share of Local Property Tax – Line #1.050

Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the District by the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed before September 29, 2013. HB 59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013. Homestead Exemption reimbursements are paid to the District by the State of Ohio in relation to qualifying elderly and disabled credits.

HB 96 also enacted a new provision that provides for “Piggyback Property Tax Exemptions”. This provision allows county commissioners in each county in Ohio to double the current Homestead Exemption and owner occupied 2.5% tax credit. The extended tax credits for qualifying taxpayers would result in reduced property tax collections for the District of roughly \$924,000 from current operating levies, if the Medina County Commissioners implement this.

Summary of State Tax Reimbursement – Line #1.050

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Rollback and Homestead	<u>\$4,017,457</u>	<u>\$4,309,464</u>	<u>\$4,358,985</u>	<u>\$4,408,496</u>	<u>\$4,457,997</u>
Total Tax Reimbursements #1.050	<u>\$4,017,457</u>	<u>\$4,309,464</u>	<u>\$4,358,985</u>	<u>\$4,408,496</u>	<u>\$4,457,997</u>

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area have been investment income, student fees, tuition for court placed and preschool students, payments in lieu of taxes, Medicaid and threshold cost reimbursements. Other than expected future decreases in

investment income resulting from an expected decline in carryover fund balances, all other revenues are expected to continue on historic trends.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Tuition Related Payments	\$155,000	\$155,000	\$155,000	\$155,000	\$155,000
Class & Sports Oriented Fees	378,000	378,000	378,000	378,000	378,000
Interest Earnings	1,328,798	1,146,134	890,570	491,705	245,853
Medicare	60,000	60,000	60,000	60,000	60,000
Miscellaneous(Threshold cost)	229,000	229,000	229,000	229,000	229,000
Total Other Local Revenue Line #1.060	<u>\$2,150,798</u>	<u>\$1,968,134</u>	<u>\$1,712,570</u>	<u>\$1,313,705</u>	<u>\$1,067,853</u>

Short-Term Borrowing – Lines #2.010 & Line #2.020

There is no short-term borrowing projected in this forecast.

Transfers In / Return of Advances – Line #2.040 & Line #2.050

These are non-operating revenues, which represent the repayment of short-term loans to other funds from previous fiscal years. All other advances generally relate to eliminating negative fund balances at fiscal year-end primarily within the federal funds.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Transfers In - Line #2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line #2.050	<u>63,354</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Total Transfer & Advances In	<u>\$63,354</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$50,000</u>

All Other Financial Sources – Line #2.060

This funding source is very unpredictable and typically includes refunds of prior year expenditures. For FY25, the District received a relatively large reimbursement from the Medina County Career Center related to the Project Lead the Way Program. A similar reimbursement is expected in FY26 and beyond. These revenues are generally inconsistent from year to year, and it is not anticipated that this area will be a significant source of income in the future.

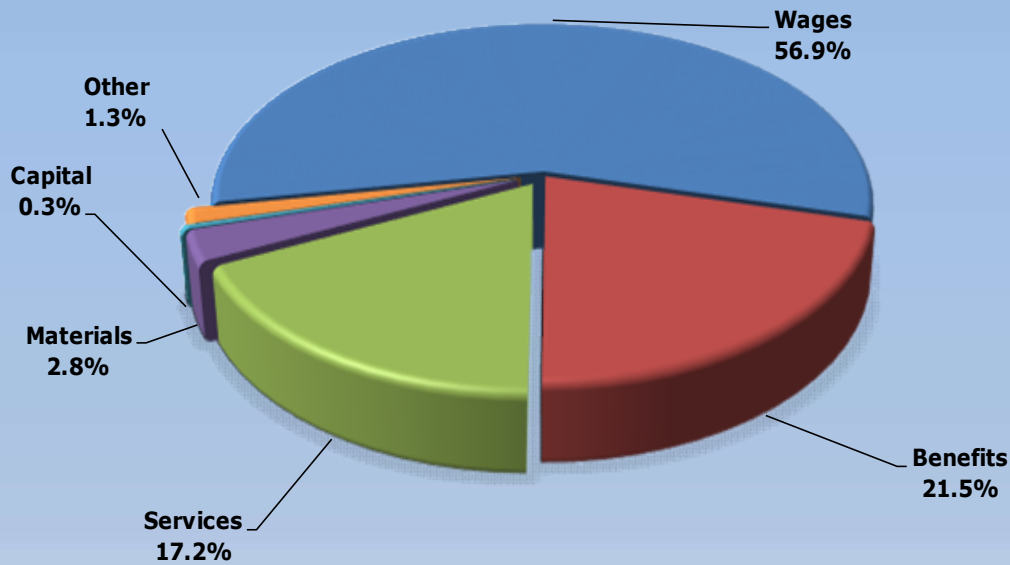
<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Refund of prior years expenditures	<u>\$266,797</u>	<u>\$191,797</u>	<u>\$193,715</u>	<u>\$195,652</u>	<u>\$197,609</u>

Expenditure Assumptions

The District’s leadership team is always looking at ways to improve the educational outcomes of students whether it be through changes in staffing, curriculum, or new technology. As the administration of the District reviews expenditures, the education of students is always the main focus for resource utilization.

All Operating Expense Categories - Operating Funds FY26

OPERATING FUNDS EXPENDITURES EST. FY26 \$44,537,988



Personal Services – Wages – Line #3.010

Negotiations with bargaining unit members have resulted in agreements with HSSA through June 2027 and HEA through June 2028. Blended base wage increases ranging from 2.83% to 3.25% are included for FY 2026 through FY 2030.

Source	FY26	FY27	FY28	FY29	FY30
Base Wages	\$22,973,543	\$23,789,723	\$24,902,420	\$26,042,510	\$27,279,499
Base Pay Increase	746,640	692,281	704,738	781,275	818,385
Steps & Academic Training	415,821	420,416	435,352	455,714	476,578
Growth Staff	0	0	0	0	0
Substitutes	398,957	398,957	398,957	398,957	398,957
Supplementals	1,096,105	1,128,002	1,159,924	1,194,722	1,230,564
Severance	50,000	50,000	50,000	50,000	50,000
SWSF & ESSER Adjustments	0	0	0	0	0
Other Adjustments/Reductions	(346,281)	0	0	0	0
Total Wages Line #3.010	\$25,334,785	\$26,479,379	\$27,651,391	\$28,923,178	\$30,253,983

Employees' Retirement & Insurance Benefits – Line #3.020

This portion of the forecast captures all costs associated with insurance benefits and retirement costs.

A) STRS/SERS will increase as Wages Increase

As required by law, the District pays 14% of all employee wages to STRS or SERS. The District is also required to pay a SERS Surcharge, an additional employer charge, based on the salaries of lower-paid members. The surcharge is used exclusively to fund health care.

B) Insurance

The District is a member of the Stark County Schools Council of Governments (the “COG”). For FY26-FY30, a 10% annual rate of increase is assumed.

C) Workers Compensation & Unemployment Compensation

Workers’ compensation cost is expected to be approximately 0.25% of wages for FY26-FY30. Unemployment is expected to remain at a very low level for FY26-FY30.

D) Medicare

Contributions are 1.45% for all employees of the District hired on or after April 1, 1986.

Summary of Retirement/Insurance Benefits – Line #3.020

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
A) STRS/SERS	\$4,080,447	\$4,175,907	\$4,362,242	\$4,563,096	\$4,774,148
B) Insurances	4,849,354	5,334,289	5,867,718	6,454,490	7,099,939
C) Workers Comp/Unemployment	70,219	70,496	86,804	90,620	94,612
D) Medicare	361,740	372,375	383,951	400,945	419,386
Total Fringe Benefits Line #3.020	<u>\$9,361,760</u>	<u>\$9,953,067</u>	<u>\$10,700,715</u>	<u>\$11,509,151</u>	<u>\$12,388,085</u>

Purchased Services – Line #3.030

Significant items within this category include services provided by the Educational Service Center of Medina County, safety and security services provided by local law enforcement agencies, information systems services provided by Connect, legal fees, risk management insurance, utilities, lease payments, special education transportation, and tuition (i.e., special education placements).

Utility costs have increased with the opening of new elementary schools and a renovated middle school that now include air conditioning. Utilities are expected to increase in FY26 and beyond as prices locked in by District consortia expired in December 2023. Additionally, a capacity charge of 20% is estimated in FY26 to help fund the necessary expansion of electric generation. This is expected to be a one-time charge only.

For most line items, a 3% annual rate of increase is assumed, as costs continue to increase annually.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Professional & Technical Services, ESC	\$3,186,129	\$3,281,713	\$3,380,164	\$3,481,569	\$3,586,016
Maintenance, Insurance & Garbage Removal	639,700	658,891	678,658	699,018	719,989
Professional Development	42,775	44,058	45,380	46,741	48,143
Communications, Postage, & Telephone	64,900	66,847	68,852	70,918	73,046
Utilities	1,024,400	977,698	1,026,583	1,077,912	1,131,808
Contracted Trades & Services	10,500	10,815	11,139	11,473	11,817
Tuition, Excess Costs & Scholarship Costs	1,633,000	1,681,990	1,732,450	1,784,424	1,837,957
College Credit Plus	175,000	180,250	185,658	191,228	196,965
Contract Transportation	1,058,000	1,089,740	1,122,432	1,156,105	1,190,788
Miscellaneous Purchased Services	<u>10,525</u>	<u>10,841</u>	<u>11,166</u>	<u>11,501</u>	<u>11,846</u>
Total Purchased Services Line #3.030	<u>\$7,844,929</u>	<u>\$8,002,843</u>	<u>\$8,262,482</u>	<u>\$8,530,889</u>	<u>\$8,808,375</u>

Supplies and Materials – Line #3.040

Significant items within this category include educational supplies (including multi-year software licenses), College Credit Plus textbook purchases, office supplies, maintenance supplies, and fuel.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
General Office Supplies & Materials	\$566,979	\$583,988	\$601,508	\$619,553	\$638,140
Textbooks & Instructional Supplies	162,226	167,093	172,106	177,269	182,587
Facility Supplies & Materials	194,000	199,820	205,815	211,989	218,349
Transportation Fuel & Supplies	312,200	321,566	331,213	341,149	351,383
Other adjustments SWSF, ESSER, Etc.	<u>13,000</u>	<u>13,390</u>	<u>13,792</u>	<u>9,294</u>	<u>14,632</u>
Total Supplies Line #3.040	<u>\$1,248,405</u>	<u>\$1,285,857</u>	<u>\$1,324,434</u>	<u>\$1,364,166</u>	<u>\$1,405,091</u>

Capital Outlay – Line # 3.050

The District does not anticipate costs increasing significantly in this line. Most capital expenditures are funded by the Medina County Sales Tax Fund, which is a separate non-operating fund.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Capital Outlay & Maintenance	\$152,514	\$157,089	\$161,802	\$166,656	\$171,656
Technology/Curriculum Purchases	0	0	0	0	0
Busses & Other Vehicles	0	0	0	0	0
Other adjustments SWSF, ESSER, Etc.	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Equipment Line #3.050	<u>\$152,514</u>	<u>\$157,089</u>	<u>\$161,802</u>	<u>\$166,656</u>	<u>\$171,656</u>

Principal and Interest Payment – Lines # 4.05 and 4.06

There are no borrowings planned in the forecast period.

Other Expenses – Line #4.300

The category of other expenses consists primarily of Auditor & Treasurer property tax collection fees, annual financial audit costs, insurance and other miscellaneous expenses. A 2% rate of increase is projected in this area.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
County Auditor & Treasurer Fees	\$463,100	\$472,362	\$481,809	\$491,445	\$501,274
ESC Deduction	23,000	23,460	23,929	24,408	24,896
Annual Audit Costs	25,000	25,500	26,010	26,530	27,061
Dues, Fees & other Expenses	<u>84,495</u>	<u>86,185</u>	<u>87,909</u>	<u>89,667</u>	<u>91,460</u>
Total Other Expenses Line #4.300	<u>\$595,595</u>	<u>\$607,507</u>	<u>\$619,657</u>	<u>\$632,050</u>	<u>\$644,691</u>

Transfers Out/Advances Out – Lines # 5.010 and 5.020

These lines cover fund-to-fund transfers and end of year short term advances/loans from the General Fund to other funds to temporarily cover deficit balances. In FY26, a transfer to replenish the Severance Fund (035) is also projected.

Source	FY26	FY27	FY28	FY29	FY30
Operating Transfers Out Line #5.010	\$500,000	\$50,000	\$50,000	\$50,000	\$50,000
Advances Out Line #5.020	50,000	50,000	50,000	50,000	50,000
Total Transfer & Advances Out	<u>\$550,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

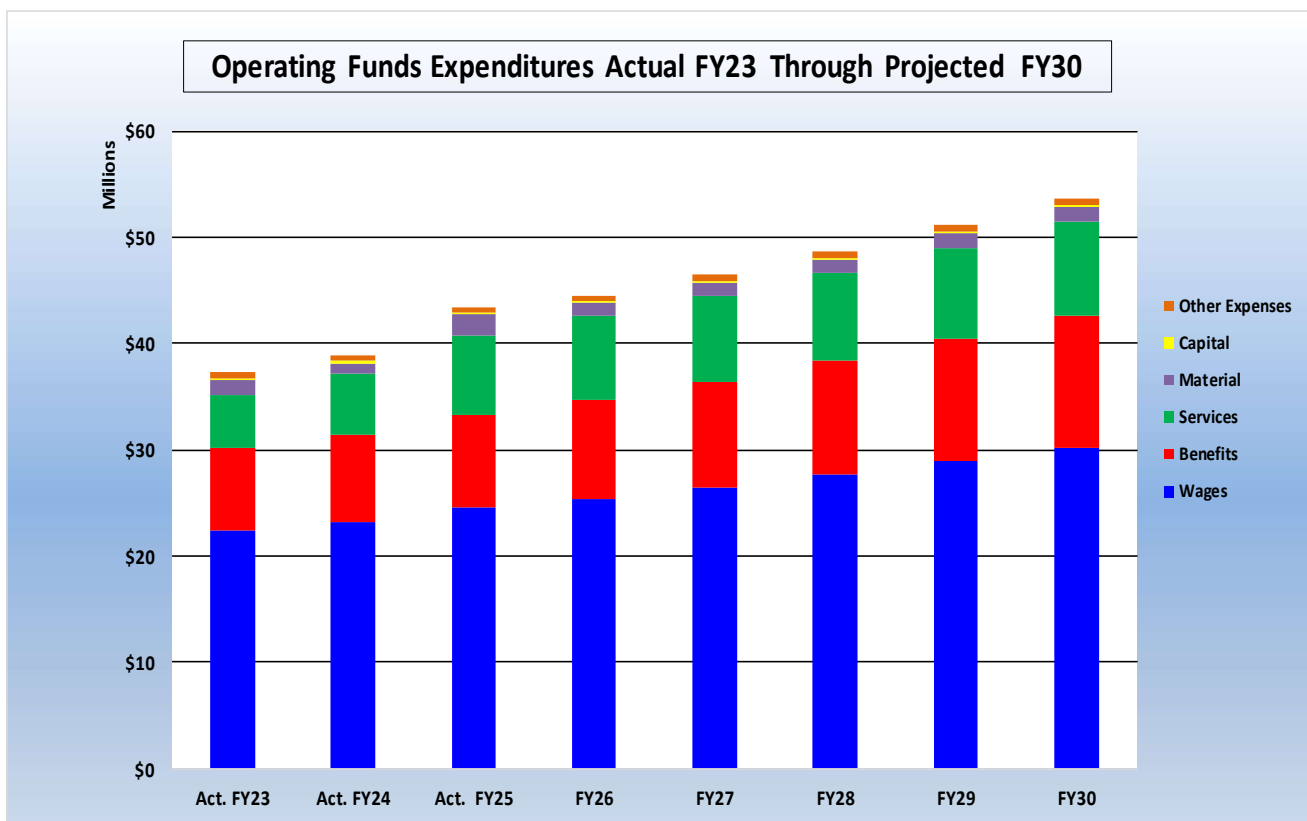
Encumbrances –Line#8.010

Encumbrances represent outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

	FY26	FY27	FY28	FY29	FY30
Estimated Encumbrances Line #8.010	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>

Operating Expenditures Actual FY23 through FY25 and Estimated FY26-FY30

As the graph below illustrates, the District has been diligent in containing costs.



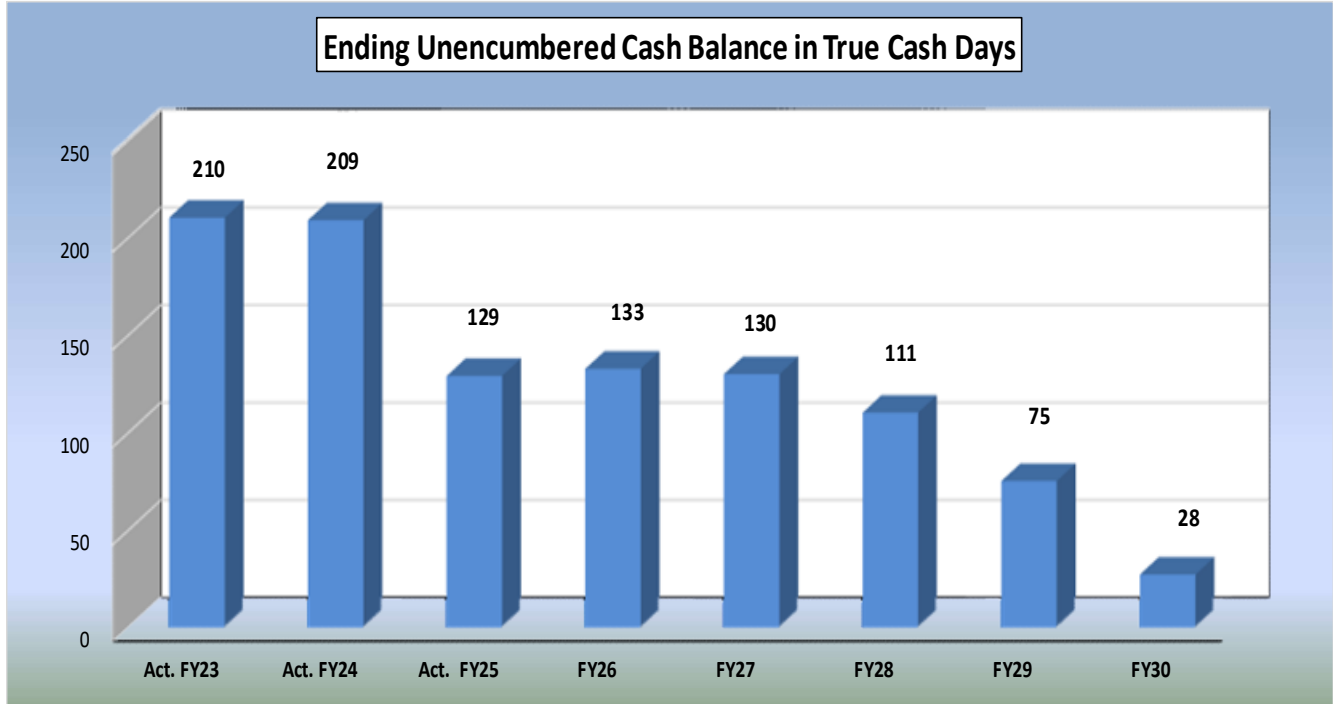
Ending Unencumbered Cash Balance “The Bottom-line”– Line#15.010

This amount must not go below \$0 to avoid violations of Ohio Budgetary Laws. Given projected deficit spending, in order to prevent such an occurrence, a new operating levy will ultimately need to be passed, budget reductions implemented, or a combination of these two options will be necessary in the near future.

	FY26	FY27	FY28	FY29	FY30
Ending Unreserved Cash Balance Line #15.01	<u>\$16,431,966</u>	<u>\$16,626,842</u>	<u>\$14,783,635</u>	<u>\$10,588,709</u>	<u>\$4,055,410</u>

True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the District operate at year-end if no additional revenues were received. This figure is calculated by dividing the ending unencumbered cash balance by the daily expenditure amount (total annual expenditures/365). The Government Finance Officers Association recommends no less than two months or 60 days cash on hand at year-end. Highland’s cash reserve philosophy is to have no less than four months (or 120 days) operating expenditures on hand in cash/fund balance at any given time.



As you read the notes and review the forecast, remember that the forecast is based on the best information that is available at the time the forecast is prepared.