

**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				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)	\$24,762,535	\$26,627,650	\$27,795,496	6.0%	\$30,621,530	\$31,447,220	\$32,549,994	\$32,909,341	\$33,269,265
1.020 Public Utility Personal Property Tax	1,488,438	1,581,292	1,656,683	5.5%	1,774,401	1,859,226	1,904,837	1,950,422	1,995,980
1.030 Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035 Unrestricted State Grants-in-Aid	4,922,334	5,184,856	5,631,816	7.0%	6,008,375	6,468,127	6,471,611	6,475,162	6,478,746
1.040 Restricted State Grants-in-Aid	252,235	332,268	254,015	4.1%	225,784	211,555	211,555	211,555	211,555
1.045 Restricted Federal Grants-in-Aid	0	0	0	0.0%	0	0	0	0	0
1.050 State Reimbursement For Property Tax Credits	3,649,291	3,591,988	3,691,690	0.6%	4,124,785	4,519,230	4,564,153	4,614,252	4,664,346
1.060 All Other Revenues	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 Total Revenues	\$36,784,380	\$39,433,294	\$41,433,129	6.1%	\$44,905,673	\$46,473,492	\$47,414,720	\$47,474,437	\$47,687,745
Other Financing Sources									
2.010 Proceeds from Sale of Notes	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
2.020 State Emergency Loans	0	0	0	0.0%	0	0	0	0	0
2.040 Operating Transfers-In	97,500	70,000	27,500	-44.5%	0	0	0	0	0
2.050 Advances-In	193,969	11,174	153,452	589.5%	63,354	50,000	50,000	50,000	50,000
2.060 All Other Financing Sources	220,499	394,742	406,797	41.0%	335,271	237,077	239,448	241,842	244,250
2.070 Total Other Financing Sources	\$511,968	\$475,916	\$587,749	8.2%	\$398,625	\$287,077	\$289,448	\$291,842	\$294,250
2.080 Total Revenues and Other Financing Sources	\$37,296,348	\$39,909,210	\$42,020,878	6.1%	\$45,304,298	\$46,760,569	\$47,704,168	\$47,766,279	\$47,982,005
Expenditures									
3.010 Personal Services	\$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 Employees' Retirement/Insurance Benefits	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 Purchased Services	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 Supplies and Materials	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 Capital Outlay	102,364	264,245	98,018	47.6%	152,514	157,089	161,802	166,656	171,656
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0
Debt Service:				0.0%					
4.010 Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0
4.020 Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030 Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040 Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050 Principal-HB 264 Loans	0	0	0	0.0%	0	0	0	0	0
4.055 Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060 Interest and Fiscal Charges	0	0	0	0.0%	0	0	0	0	0
4.300 Other Objects	582,737	527,910	552,775	-2.3%	595,595	607,507	619,657	632,050	644,691
4.500 Total Expenditures	\$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 Operating Transfers-Out	\$50,000	\$50,000	\$3,976,000	3926.0%	\$500,000	\$50,000	\$50,000	\$50,000	\$50,000
5.020 Advances-Out	11,174	153,452	63,354	607.3%	50,000	50,000	50,000	50,000	50,000
5.030 All Other Financing Uses	0	649	0	0.0%	0	0	0	0	0
5.040 Total Other Financing Uses	\$61,174	\$204,101	\$4,039,354	1056.4%	\$550,000	\$100,000	\$100,000	\$100,000	\$100,000
5.050 Total Expenditures and Other Financing Uses	\$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
6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses</i>	<i>(\$43,638)</i>	<i>\$761,326</i>	<i>(\$5,469,804)</i>	<i>-1331.5%</i>	<i>\$216,310</i>	<i>\$174,827</i>	<i>(\$1,116,313)</i>	<i>(\$3,459,811)</i>	<i>(\$5,789,876)</i>
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	\$17,809,968	\$17,984,795	\$16,868,482	\$13,408,671
7.020 Cash Balance June 30	\$22,302,136	\$23,063,462	\$17,593,658	-10.2%	\$17,809,968	\$17,984,795	\$16,868,482	\$13,408,671	\$7,618,795
8.010 Estimated Encumbrances June 30	\$768,655	\$631,108	\$763,094	1.5%	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0
9.020 Capital Improvements	0	0	0	0.0%	0	0	0	0	0
9.030 Budget Reserve	0	0	0	0.0%	0	0	0	0	0
9.040 DPIA	0	0	0	0.0%	0	0	0	0	0
9.045 Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0
9.050 Debt Service	0	0	0	0.0%	0	0	0	0	0
9.060 Property Tax Advances	0	0	0	0.0%	0	0	0	0	0
9.070 Bus Purchases	0	0	0	0.0%	0	0	0	0	0
9.080 Subtotal Reservations of fund Balance	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0
10.010 Fund Balance June 30 for Certification of Appropriations	\$21,533,481	\$22,432,354	\$16,830,564	-10.4%	\$17,309,968	\$17,484,795	\$16,368,482	\$12,908,671	\$7,118,795
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
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	\$21,533,481	\$22,432,354	\$16,830,564	-10.4%	\$17,309,968	\$17,484,795	\$16,368,482	\$12,908,671	\$7,118,795
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%	\$17,309,968	\$17,484,795	\$16,368,482	\$12,908,671	\$7,118,795

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 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 was required to 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 February 2026 filing.

Forecast Risk and Uncertainty:

This financial forecast has risks and uncertainty due to potential economic changes, new property tax laws signed by Governor DeWine on December 19, 2025, and state legislative changes that will likely occur in the spring of 2027 and 2029 due to deliberation of the two (2) state biennium budgets for FY28-29 and FY30-31.

Data and assumptions noted in this forecast are based on the best and most reliable data available as of the date of this forecast. The items below give a short description of the current issues and how they may affect the forecast in the long term:

- 1) On December 19, 2025, Governor DeWine signed into law several pieces of legislation that are the most sweeping changes to Ohio property tax law since 1976 when HB920 was passed. The legislation approved is: HB129, HB186, HB309 and HB335. These laws become effective March 19, 2026, which is after the February filing deadline for this forecast. Of most immediate concern is HB186, which implements new property tax caps retroactively for property reappraisal and triennial updates that occurred in tax year 2023, 2024 and 2025. Due to the complexity of these calculations, the Ohio Department of Taxation (ODT) has been charged with calculating the effects of this legislation and notifying Ohio's 88 county auditors as to the impact on property tax bills and subsequent tax settlements to local governments. The ODT has until April 20, 2026 to calculate any tax reductions that impact school districts.

A summary of the effects of each piece of legislation is noted below with more specific anticipated impacts to this forecast discussed in the General Property Tax Line 1.01 section below:

- HB129 implements new requirements for and restores fixed sum levies. It will also include fixed sum levy millage in the 20-mill floor calculation beginning in the next reappraisal or triennial update cycle of any county that contains District territory, but no later than tax year 2028, to be collected in calendar year 2029. For some districts, this will result in a loss due to a change in the 20-mill floor calculation. Highland is on the 20-mill floor as defined by current law and will be impacted to an extent which is unknown at the present time.
- HB186 establishes Inflation Cap Credits following reappraisals and triennial updates for school district property taxes preventing increases beyond the Gross Domestic Product Deflation Factor (GDP DF). HB186 also includes a Temporary Tax Credit (claw back) provision that takes back tax revenue that has already been collected by school districts beginning with reappraisals and triennial updates that occurred before the effective date of the law retroactive to tax year 2023. These are funds that have already been realized and have been spent and/or included in future educational spending plans. While skyrocketing home values resulted in the need for property tax reform that limits tax growth for taxpayers, the retroactive claw back of taxes already paid is very detrimental to districts at the 20-mill floor. It is estimated that this new law will lower Highland's property tax collections by \$5,575,977 through FY30.
- HB309 allows County Budget Commissions (CBC's) to reduce any voter-approved levy (except debt) to bring taxes levied within levels the CBC finds reasonable and prudent in order to avoid what the CBC determines is "unnecessary" collections. This law gives locally elected CBC officials the power to override voter-approved levies and local school board fiscal decisions. The impact of this new law is indeterminable and can be administered inconsistently in 88 counties across Ohio.
- HB335 limits revenue growth from inside millage due to valuation reappraisals or triennial updates to no more than the Gross Domestic Product Deflation Factor (GDP DF).

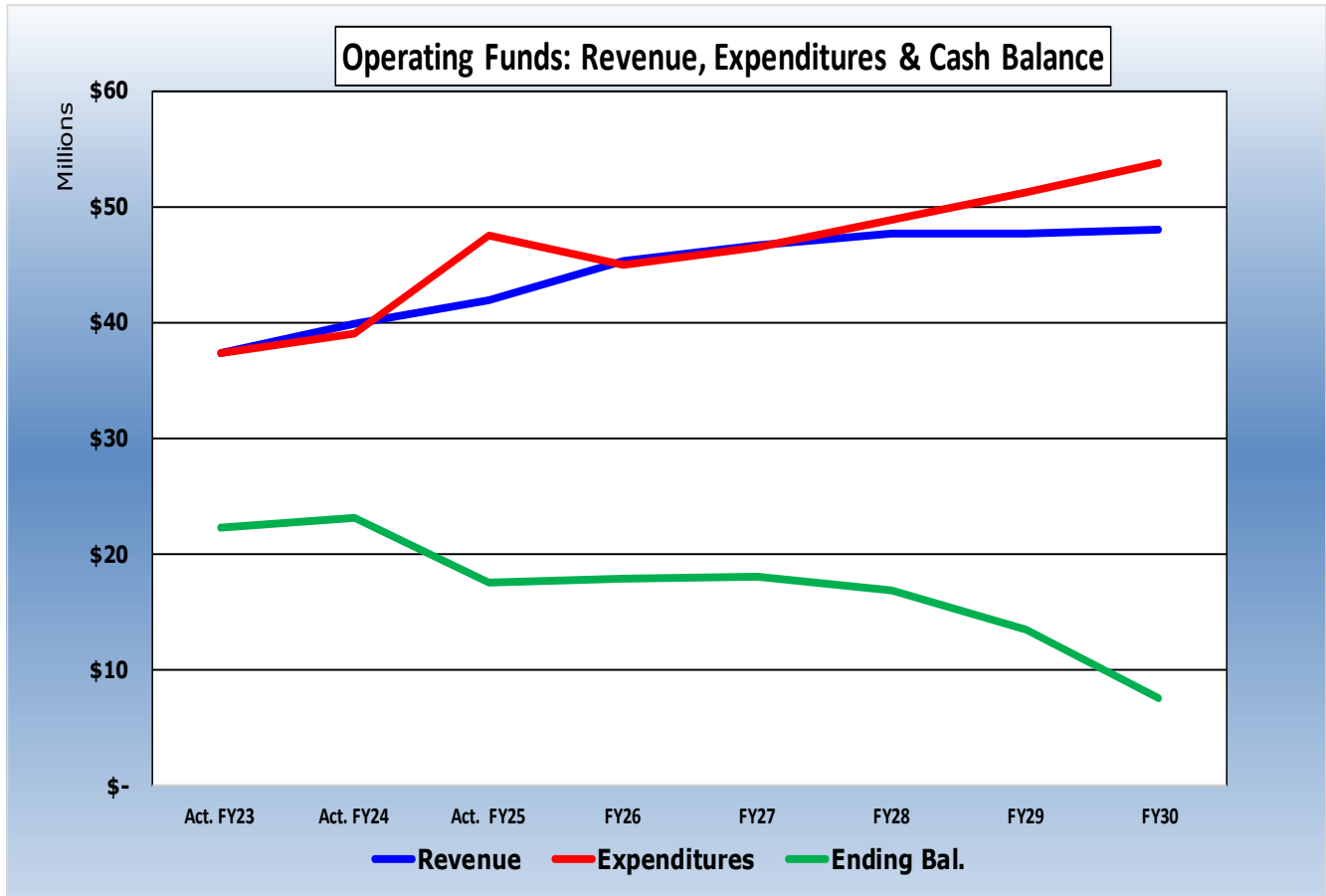
Because the new accelerated February filing deadline for school district forecasts and the Ohio Department of Taxation's calculation deadline of April 20 are misaligned, authoritative data concerning HB186's official impact on the District will not be definitively known as of the filing date of this forecast. The District's estimated revenues and expenses are based on the limited data available and understanding of this legislation. As authoritative data concerning HB186 is made available to the District, changes may need to be made to the forecast.

- 2) Property tax collections are the single largest revenue source for the school system and a significant risk to the forecast. Total local revenues, predominately local taxes, equate to 76.9% of the District's resources. As noted above, HB186 indicates any adjustment for prior year appraisals and updates that exceeded GDP DF for tax years 2023, 2024 and 2025 will result in possible significant reductions (claw back) in the second half property tax collections that typically occur in August to September 2026. If the Ohio Department of Taxation (ODT) determines adjustments are required due to HB186, further reductions in tax year 2026 taxes, collected in calendar year 2027, will also result. The District has included any estimated adjustments for HB186 in Line 1.01 of the assumptions below.
- 3) Medina County experienced a full reappraisal in tax year 2025 (collection/calendar year 2026). The District experienced total combined valuation increases for Class I and II property of \$297 million for an overall increase of 22.4%, including new construction growth. A reappraisal for Summit County will occur in tax year 2026 (collection/calendar year 2027). There is no assumption as to inflationary or deflationary valuation changes for the Summit County reappraisal included in this forecast. HB129 will become effective for Highland in tax year 2026 as a result of this reappraisal. The impact of HB129, which is likely to be negative, is not yet known.
- 4) HB96 also enacted a new provision called "Piggyback Property Tax Exemptions". This provision allows county commissioners in each county in Ohio to double the current Homestead Exemption and owner occupied 2.5% tax credit. Current Homestead and 2.5% owner occupied credits are reimbursed to the district from the state of Ohio. These expanded "Piggyback Property Tax Exemptions" will NOT be reimbursed. Medina County Commissioners approved the Piggyback exemption for the Homestead exemption for tax year 2025 collected in calendar year 2026. This will result in estimated tax reductions for FY26 and FY27 as noted in Line 1.01 below. HB96 would allow this to occur every year. County commissioners have until December 2026 to implement this tax credit for tax year 2026. The forecast will be adjusted in the future accordingly.
- 5) HB96, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY26 and FY27. FY26 reflects 83.34% of the implementation cost at year five of the six-year phase-in plan, which increases by 16.66% each year. FY27 will result in 100% funding of (FSFP). HB96 did not increase the base cost inputs 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.
- 6) State sources represented 23.1% of District revenues. In this forecast, there are two future State Biennium Budgets covering FY28-29 and FY30-31. Future uncertainty in the State foundation funding formula and the State's economy make this an area of elevated risk to District long-range funding through FY30. State funding projections are based on recent formula calculations and use of the Ohio Department of Education and Workforce's (ODEW) funding simulator for FY27 projections. This forecast reflects State revenue to align with the FY27 funding levels through FY30.

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.

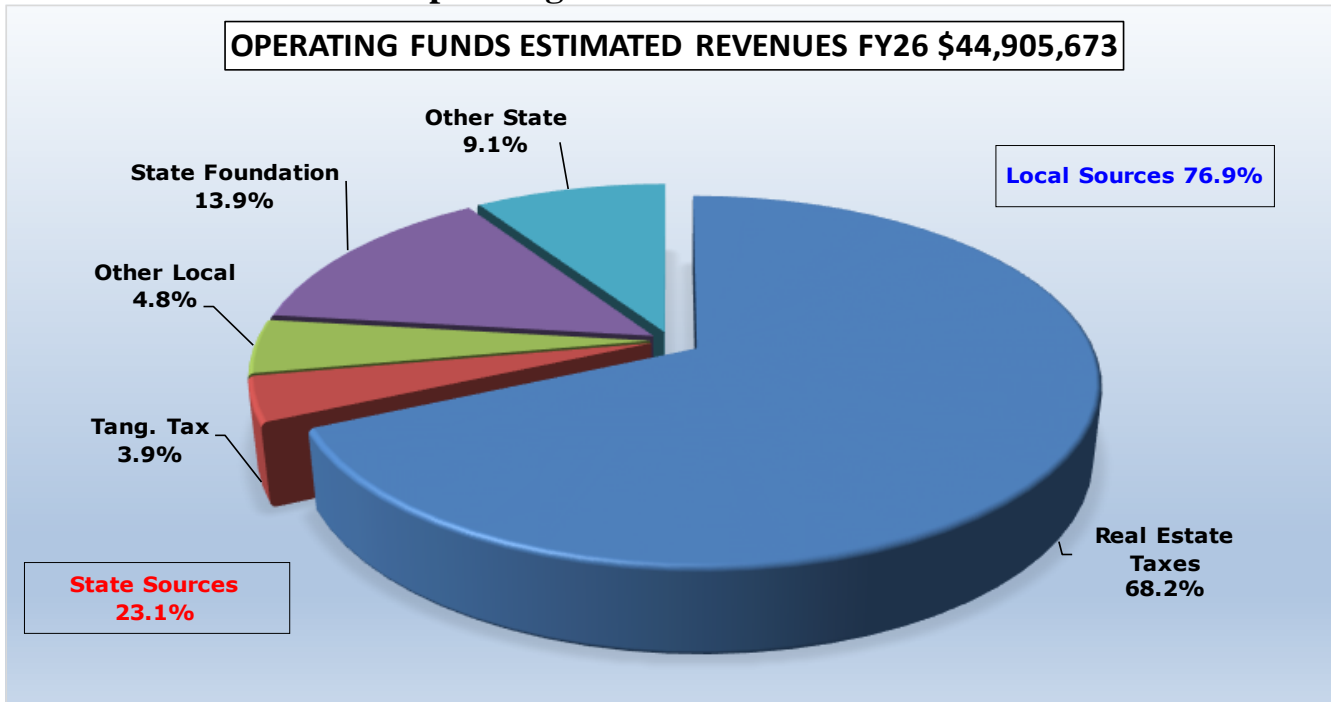
Operating Revenues, Expenditures and Ending Cash Balance Actual FY23-25 and Estimated FY26-30

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



Revenue Assumptions

Operating Revenue Sources FY26



General Property Tax and Property Value Assumptions (Real Estate) – 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.

As noted above, Medina County went through a reappraisal for tax year 2025 (collection/calendar year 2026). Values increased by \$287.5 million (23.3%) for Residential/Agricultural values and \$9.4 million (10.3%) for Commercial/Industrial. Summit County will undergo a full reappraisal in tax year 2026. Summit County properties comprise approximately 1% of the District's Class I values.

It is expected that Public Utility Personal Property (PUPP) values will grow by ~2-3% each year of the forecast.

Anticipated future value increases are primarily driven by new construction growth.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2025 COLLECT 2026	TAX YEAR 2026 COLLECT 2027	TAX YEAR 2027 COLLECT 2028	TAX YEAR 2028 COLLECT 2029	TAX YEAR 2029 COLLECT 2030
Res./Ag.	\$1,523,782,460	\$1,543,232,460	\$1,562,682,460	\$1,582,132,460	\$1,601,582,460
Comm./Ind.	101,552,830	102,191,173	102,851,667	103,534,976	104,241,784
Public Utility Personal Property (PUPP)	<u>26,718,980</u>	<u>27,398,980</u>	<u>28,078,980</u>	<u>28,758,980</u>	<u>29,438,980</u>
Total Assessed Value	<u>\$1,652,054,270</u>	<u>\$1,672,822,613</u>	<u>\$1,693,613,107</u>	<u>\$1,714,426,416</u>	<u>\$1,735,263,224</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 63.85 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.

HB129 is a new law that restores fixed sum levies and now includes them in the 20-mill floor calculation. HB129 will be in effect for Highland following the tax year 2026 reappraisal for Summit County. The District does have a substitute (formerly emergency) levy. The impact on this forecast is not yet known. When the calculations are released by the Ohio Department of Taxation, forecast projections will be modified as appropriate.

The full voted millage is being collected on PUPP values.

Estimated Real Estate Tax Collection Assumptions & New Tax Laws

HB96 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. Medina County Commissioners approved the Piggyback exemption for the Homestead exemption for tax year 2025 collected in calendar year 2026. This will result in estimated tax reductions for FY26 and FY27 noted in Line 1.01 Estimated Real Estate Tax Estimates below. County Commissioners have until December 2026 to implement this tax credit for tax year 2026.

HB186 is a new law that establishes an Inflation Cap Credit for school district property taxes, preventing increases beyond the Gross Domestic Product Deflation Factor (GDP DF) in reappraisal and triennial updates. However, HB186 allows new construction growth in property taxes irrespective of GDP DF. HB186 also includes a Temporary Tax Credit (claw back) provision that retroactively takes back property tax revenue that has already been collected. For impacted districts this starts with the reappraisal or triennial updates in tax years 2023, 2024 and 2025. These funds have already been realized and have been spent and/or included in future educational spending plans. The Ohio Department of Taxation is charged as the authoritative source for calculating the adjustments due to HB186, but has until April 20, 2026 to do so, which is after the filing deadline for this forecast.

Highland anticipates a negative claw back impact due to HB186. Adjustments are noted in the table below for Line 1.01. This is based on the District’s best estimate of HB186. For planning purposes, this is the intended to be the worst-case scenario but again there is NO authoritative data on this at the present time.

HB335 is a new law that limits revenue growth from inside millage due to valuation reappraisals or triennial updates to the Gross Domestic Product Deflation Factor (GDP DF). The District has not forecasted any increases for future reappraisals/triennial updates above anticipated GDP DF, thus no adverse impact to the forecasted property tax revenue is anticipated from this new law.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Est. Real Estate Taxes	\$30,780,956	\$33,465,305	\$33,789,100	\$34,148,447	\$34,508,371
HB96 Piggyback Exemption	(159,426)	(159,426)	0	0	0
Other Adjustments - HB186	0	(1,858,659)	(1,239,106)	(1,239,106)	(1,239,106)
Total Line #1.01 Real Estate Taxes	<u>\$30,621,530</u>	<u>\$31,447,220</u>	<u>\$32,549,994</u>	<u>\$32,909,341</u>	<u>\$33,269,265</u>

Property tax levies are estimated to be collected at 98.16% of the annual billed 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. As is illustrated above, the District anticipates a significant adjustment to the second half settlement in August/September 2026 due to HB186.

ESTIMATED PUBLIC UTILITY PERSONAL PROPERTY TAX - Line #1.020

The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted in the assessed value table above, which were \$26.7 million for tax year 2025. The corresponding taxes are levied and collected at the District's full voted millage rate. There has been legislation proposed, but not passed, seeking to reduce the rate at which PUPP is taxed for all values going forward. This forecast assumes a ~3% growth rate based upon historical trends.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Public Utility Personal Property	\$1,774,401	\$1,859,226	\$1,904,837	\$1,950,422	\$1,995,980
Total PUPP Tax Line #1.020	<u>\$1,774,401</u>	<u>\$1,859,226</u>	<u>\$1,904,837</u>	<u>\$1,950,422</u>	<u>\$1,995,980</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

HB96, the current state budget, continued the Fair School Funding Plan for FY26 and FY27, which funds students where they are educated rather than where they live. The District has projected FY26 funding based on the most current foundation settlement and funding factors.

A detailed overview of how foundation funding is calculated including all of the HB96 changes is now available. Please visit the Ohio Department of Education and Workforce at:

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

State Funding FY26-FY27

The Fair School Funding Plan was presented as a six-year phase-in plan. The State legislature approved the final two years of the funding plan in HB 96 phasing in funding at 83.34% 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. The State did increase its share of transportation costs to 45.83% in FY26 and 50% in FY27. Additionally, the State 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% 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. Eligibility for this supplemental payment is driven by 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 multiplied by the District’s overall star rating in FY26 and FY27. The District is scheduled to receive \$196,937 in FY26.

The funding formula eliminated the Supplemental Targeted Assistance guarantee beginning in FY26, but still includes two (2) primary guarantees: 1) Temporary Transitional 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.

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 \$596,000 in FY26 and \$718,000 in FY27. These guarantees are at risk of being phased out beginning in the next biennium budget.

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. In FY26, the District received \$226,811. It is expected that casino revenues will resume the historical average growth rate of ~1.5% for the remainder of the forecast.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Basic Aid-Unrestricted	\$4,982,372	\$5,392,317	\$5,392,317	\$5,392,317	\$5,392,317
Additional Aid Items	<u>799,192</u>	<u>843,554</u>	<u>843,554</u>	<u>843,554</u>	<u>843,554</u>
Basic Aid-Unrestricted Subtotal	5,781,564	6,235,871	6,235,871	6,235,871	6,235,871
Ohio Casino Commission ODT	<u>226,811</u>	<u>232,256</u>	<u>235,740</u>	<u>239,291</u>	<u>242,875</u>
Total Unrestricted State Aid Line #1.035	<u>\$6,008,375</u>	<u>\$6,468,127</u>	<u>\$6,471,611</u>	<u>\$6,475,162</u>	<u>\$6,478,746</u>

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	\$3,148	\$3,307	\$3,307	\$3,307	\$3,307
Career Tech - Restricted	294	0	0	0	0
Gifted	91,144	78,956	78,956	78,956	78,956
ESL	6,700	7,519	7,519	7,519	7,519
Student Wellness	124,498	121,773	121,773	121,773	121,773
Other Restricted State Funds	0	0	0	0	0
Total Restricted State Revenues Line #1.040	<u>\$225,784</u>	<u>\$211,555</u>	<u>\$211,555</u>	<u>\$211,555</u>	<u>\$211,555</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	\$6,008,375	\$6,468,127	\$6,471,611	\$6,475,162	\$6,478,746
Restricted Line #1.040	225,784	211,555	211,555	211,555	211,555
Total State Foundation Revenue	<u>\$6,234,159</u>	<u>\$6,679,682</u>	<u>\$6,683,166</u>	<u>\$6,686,717</u>	<u>\$6,690,301</u>

State Reimbursement for Property Tax Credits – 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. Medina County Commissioners approved the Piggyback exemption for the Homestead exemption for tax year 2025 collected in calendar year 2026. This will result in tax collection reductions for FY26 and FY27.

HB186 contains some changes to the 10% and 2.5% rollback credits for residential property. From TY26 through TY29, the 10% rollback on non-owner-occupied residential property will be eliminated, while the 2.5% rollback on owner-occupied residential property will increase to 15.38%. There is not enough information available to model the effect of this change at this time. It is expected to be revenue neutral for Highland.

Partial HB186 Guarantee

HB186 authorizes payments to school districts and JVSs that are located in a county that underwent a reappraisal or triennial update in Tax Years 2023 and 2024 and that, due to the temporary tax credits, would

otherwise receive less property tax revenue in Tax Year 2025 than in Tax Year 2024. The revenue is guaranteed to be no less than Tax Year 2024 revenue and applies to Tax Year 2025 in the case of 2023 reappraisal or update counties and to Tax Years 2025 and 2026 in the case of 2024 reappraisal and update counties. Under this legislation, the Tax Commissioner will calculate the difference between a district’s real property tax revenue in Tax Year 2024 and its revenue in 2025 and, if applicable, 2026. Highland does not anticipate a hold harmless payment for HB186, but since the Ohio Department of Taxation has not released authoritative data on HB186 calculations, this is yet to be determined.

Summary of State Reimbursement for Property Tax Credits – Line #1.050

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Rollback and Homestead	\$4,124,785	\$4,519,230	\$4,564,153	\$4,614,252	\$4,664,346
HB186 Partial Reimbursement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Tax Reimbursements #1.050	<u>\$4,124,785</u>	<u>\$4,519,230</u>	<u>\$4,564,153</u>	<u>\$4,614,252</u>	<u>\$4,664,346</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 are 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)	<u>229,000</u>	<u>229,000</u>	<u>229,000</u>	<u>229,000</u>	<u>229,000</u>
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

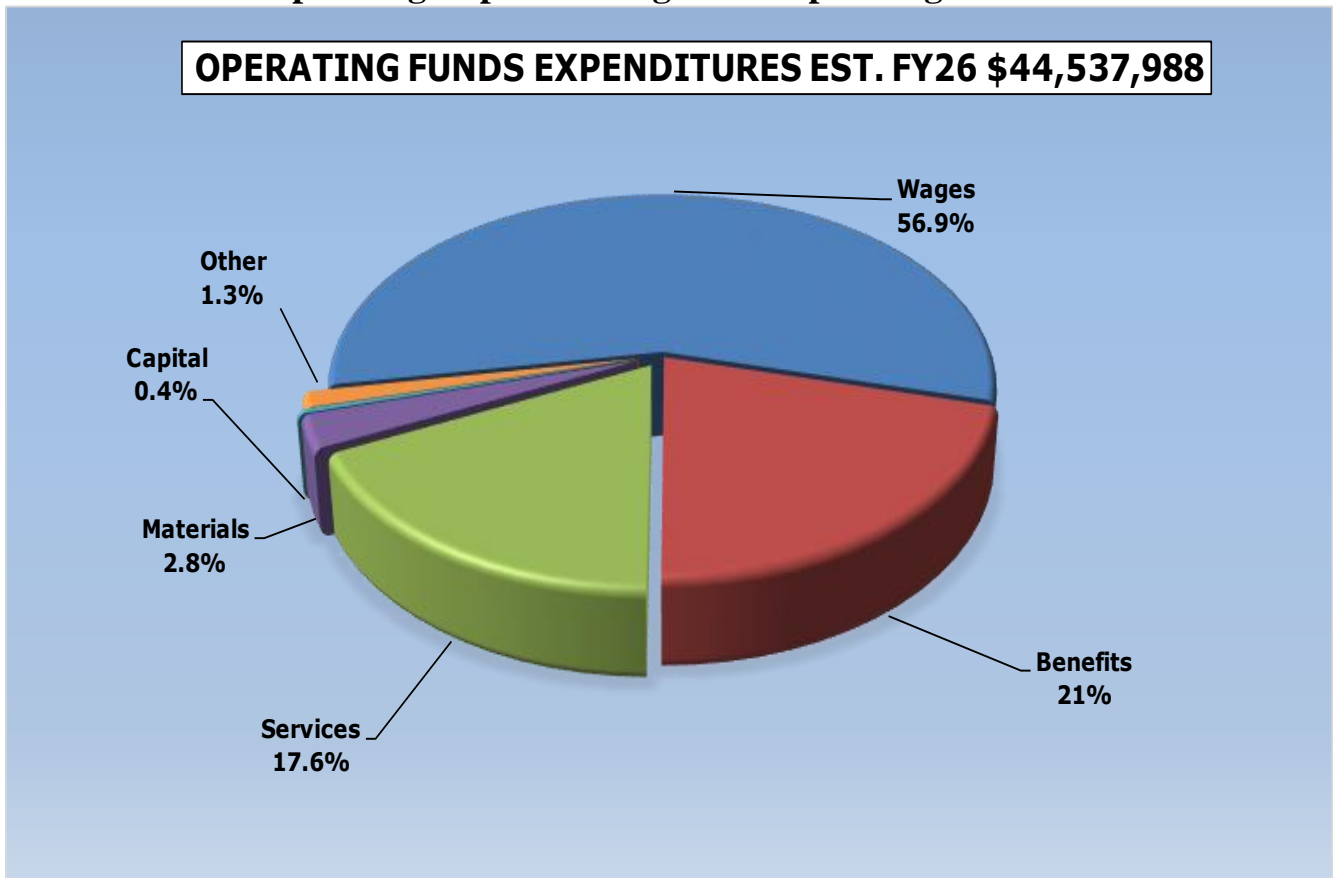
This funding source is very unpredictable and typically includes refunds of prior year expenditures. For FY25, the District received a relatively large reimbursement from the Medina County Career Center related to the Project Lead the Way Program. A similar reimbursement is expected in FY26 and beyond. 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>\$335,271</u>	<u>\$237,077</u>	<u>\$239,448</u>	<u>\$241,842</u>	<u>\$244,260</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



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. In addition to longevity and furtherance of education salary schedule advancements, blended base wage increases ranging from 2.83% to 3.25% are included for FY 2026 through FY 2030.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
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	<u>(346,281)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Wages Line #3.010	<u>\$25,334,785</u>	<u>\$26,479,379</u>	<u>\$27,651,391</u>	<u>\$28,923,178</u>	<u>\$30,253,983</u>

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

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 FY27-FY30, a 10% annual rate of increase is assumed.

C) Workers Compensation & Unemployment Compensation

Workers' compensation cost is expected to be approximately ~0.3% 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 increased cost may continue into FY27.

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
Other Adjustments SWSF, ESSER, Etc.	0	0	0	0	0
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.

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

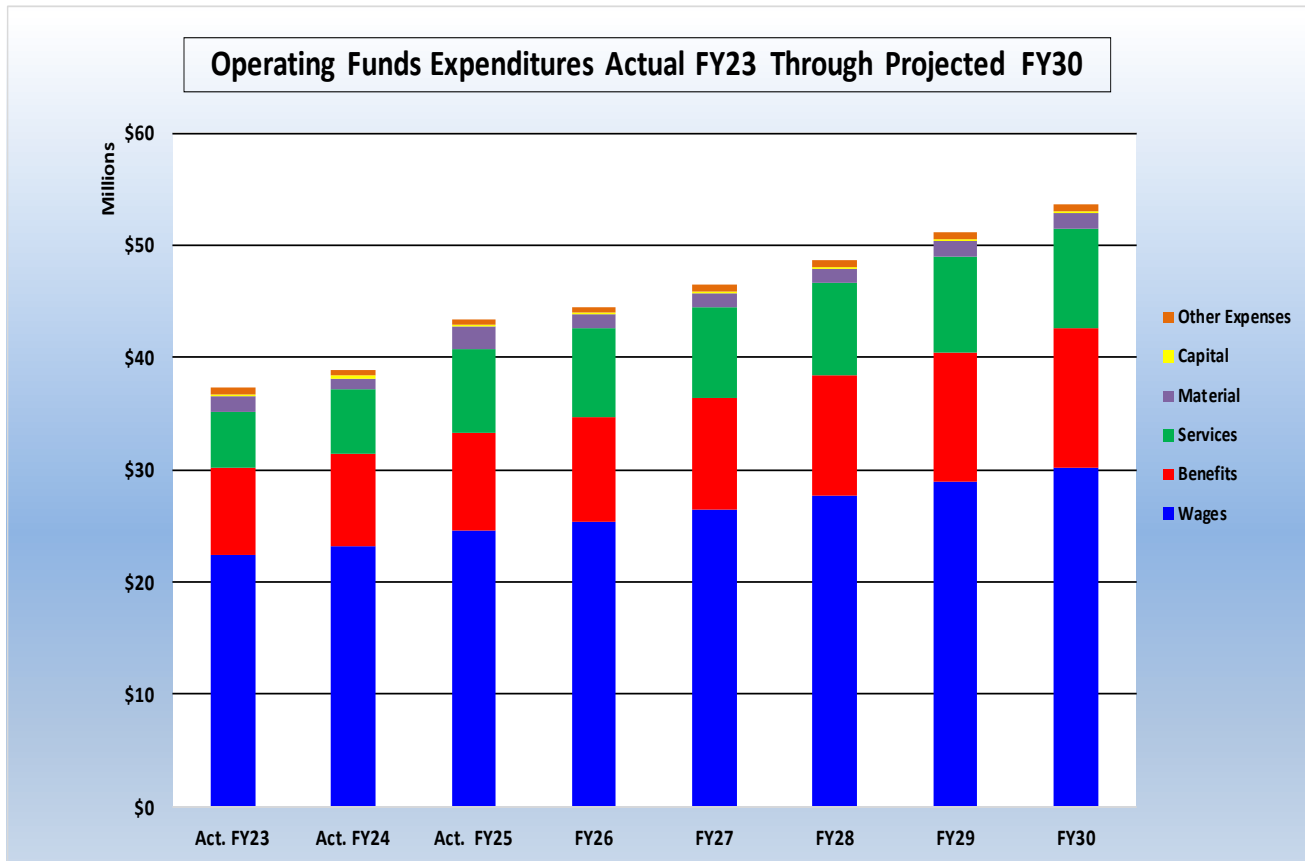
Encumbrances –Line#8.010

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.

	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
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

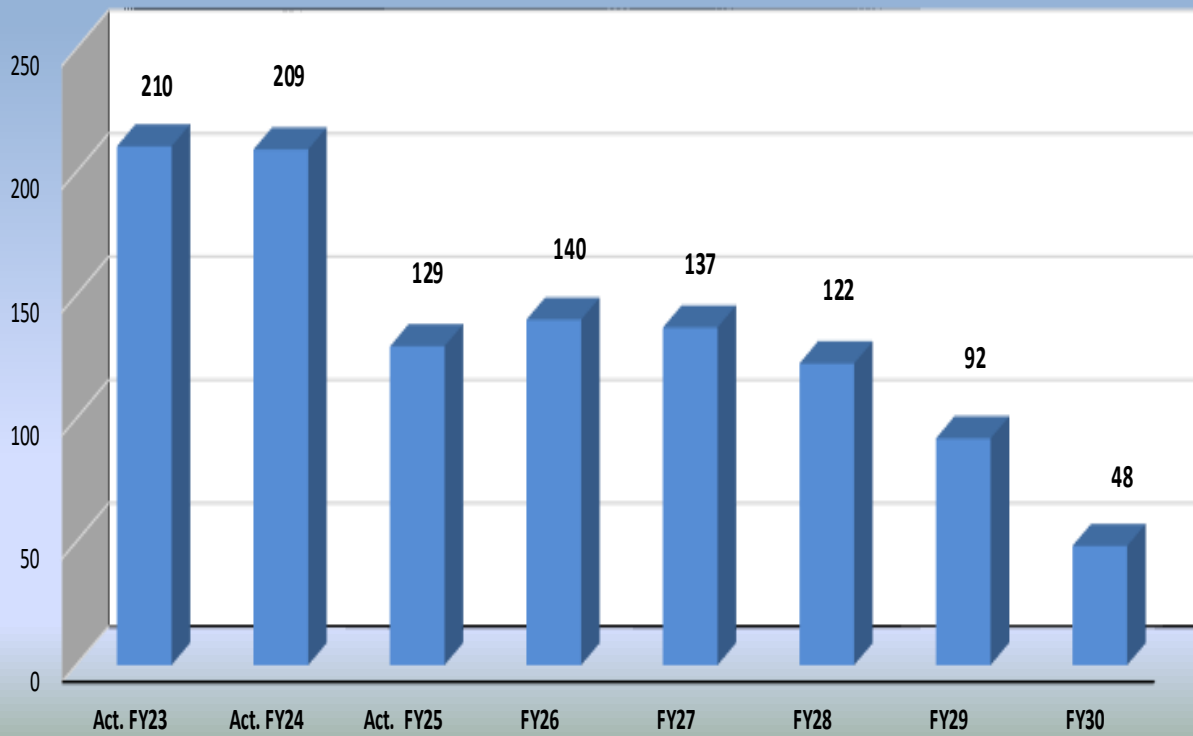
This amount must not go below \$0 to avoid violations of Ohio Budgetary Laws. Given projected deficit spending, in order to prevent such an occurrence, a new operating levy or income tax will ultimately need to be passed, budget reductions implemented, or a combination of these two options will be necessary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

	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Ending Unreserved Cash Balance Line #15.01	<u>\$17,309,968</u>	<u>\$17,484,795</u>	<u>\$16,368,482</u>	<u>\$12,908,671</u>	<u>\$7,118,795</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.

Ending Unencumbered Cash Balance in True Cash Days



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.