HIGHLAND LOCAL SCHOOL DISTRICT- MEDINA COUNTY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2024, 2025 AND 2026 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2027 THROUGH JUNE 30, 2031

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, 2024, 2025 and 2026 Actual;
Forecasted Fiscal Years Ending June 30, 2027 Through 2031

		Actual				Forecasted				
		Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Average Change	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031
	Revenues									
1.010	General Property Tax (Real Estate)	$26,627,650	$27,795,496	$30,868,022	7.7%	$30,829,440	$31,774,209	$32,166,661	$32,250,474	$32,468,860
1.020	Public Utility Personal Property Tax	1,581,292	1,656,683	1,719,253	4.3%	1,860,665	1,906,295	1,951,897	1,997,472	2,043,022
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	5,184,856	5,631,816	6,206,581	9.4%	6,284,973	6,293,902	6,297,453	6,301,037	6,304,689
1.040	Restricted State Grants-in-Aid	332,268	254,015	233,192	-15.9%	214,316	214,316	214,316	214,316	214,316
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	3,591,988	3,691,690	4,108,174	7.0%	4,928,830	5,151,022	5,321,362	5,651,462	5,856,342
1.060	All Other Revenues	2,115,240	2,403,429	2,396,717	6.7%	2,150,278	1,910,009	1,678,766	1,447,523	1,216,279
1.070	*Total Revenues*	$39,433,294	$41,433,129	$45,531,939	7.5%	$46,268,502	$47,249,753	$47,630,455	$47,862,284	$48,103,508
	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	70,000	27,500	0	-80.4%	0	0	0	0	0
2.050	Advances-In	11,174	153,452	63,354	607.3%	46,174	50,000	50,000	50,000	50,000
2.060	All Other Financing Sources	394,742	406,797	345,186	-6.0%	255,931	258,490	261,075	263,686	266,323
2.070	*Total Other Financing Sources*	$475,916	$587,749	$408,540	-3.5%	$302,105	$308,490	$311,075	$313,686	$316,323
2.080	*Total Revenues and Other Financing Sources*	$39,909,210	$42,020,878	$45,940,479	7.3%	$46,570,607	$47,558,243	$47,941,530	$48,175,970	$48,419,831
	Expenditures									
3.010	Personal Services	$23,178,806	$24,580,059	$25,268,643	4.4%	$26,314,261	$27,482,147	$28,747,891	$30,072,379	$31,459,113
3.020	Employees' Retirement/Insurance Benefits	8,266,148	8,791,363	9,190,552	5.4%	9,602,306	10,283,950	11,050,777	11,885,535	12,791,440
3.030	Purchased Services	5,669,979	7,454,978	6,974,283	12.5%	7,252,772	7,489,575	7,734,445	7,987,670	8,249,550
3.040	Supplies and Materials	1,036,695	1,974,135	1,227,324	26.3%	1,264,143	1,302,067	1,341,129	1,381,362	1,422,803
3.050	Capital Outlay	264,245	98,018	212,502	26.9%	218,877	225,443	232,206	239,172	246,347
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
4.300	Other Objects	527,910	552,775	619,437	8.4%	634,149	646,833	659,770	672,965	686,424
4.500	*Total Expenditures*	$38,943,783	$43,451,328	$43,492,741	5.8%	$45,286,508	$47,430,015	$49,766,218	$52,239,083	$54,855,677
	Other Financing Uses									
5.010	Operating Transfers-Out	$50,000	$3,976,000	$200,000	3878.5%	$200,000	$200,000	$200,000	$200,000	$200,000
5.020	Advances-Out	153,452	63,354	46,174	-42.9%	50,000	50,000	50,000	50,000	50,000
5.030	All Other Financing Uses	649	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	$204,101	$4,039,354	$246,174	892.6%	$250,000	$250,000	$250,000	$250,000	$250,000
5.050	*Total Expenditures and Other Financing Uses*	$39,147,884	$47,490,682	$43,738,915	6.7%	$45,536,508	$47,680,015	$50,016,218	$52,489,083	$55,105,677
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses*	$761,326	($5,469,804)	$2,201,564	-479.4%	$1,034,099	($121,772)	($2,074,688)	($4,313,113)	($6,685,846)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$22,302,138	$23,063,464	$17,593,660	-10.2%	$19,795,224	$20,829,323	$20,707,551	$18,632,863	$14,319,750
7.020	*Cash Balance June 30*	$23,063,464	$17,593,660	$19,795,224	-5.6%	$20,829,323	$20,707,551	$18,632,863	$14,319,750	$7,633,904
8.010	*Estimated Encumbrances June 30*	$631,108	$763,522	$786,958	12.0%	$750,000	$750,000	$750,000	$750,000	$750,000
	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*	$22,432,356	$16,830,138	$19,008,266	-6.0%	$20,079,323	$19,957,551	$17,882,863	$13,569,750	$6,883,904
	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*	$22,432,356	$16,830,138	$19,008,266	-6.0%	$20,079,323	$19,957,551	$17,882,863	$13,569,750	$6,883,904
	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*	$22,432,356	$16,830,138	$19,008,266	-6.0%	$20,079,323	$19,957,551	$17,882,863	$13,569,750	$6,883,904

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. The forecast filing deadlines have changed for fiscal year 2027 and beyond. The initial forecast is now due to the state by August 31 and the update is due on the last day of February. The filing deadlines of February and August are out of alignment with final 1st half and 2nd half county tax settlements and the September 30th permanent appropriation deadline.

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.

Forecast Risk and Uncertainty:
This financial forecast has risks and uncertainty due to potential economic changes, new property tax laws and state legislative changes that will likely occur in the spring of 2027 and 2029 due to the deliberation of the two 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 several pieces of legislation that became law on March 19, 2026, and are the most sweeping changes to Ohio property tax law since 1976 when HB920 was passed. The laws approved were: HB129, HB186, HB309 and HB335. Subsequently, HB479, the state budget correction bill, was signed June 24, 2026, and becomes law September 23, 2026. This bill made needed corrections to HB335, which impacts inside millage. Of particular concern is HB186, which implements new property tax caps retroactively for property reappraisal and triennial updates that occurred in tax years 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.

   A brief summary of the impact of each piece of legislation is noted below with specific anticipated impacts to this forecast noted in the Estimated Real Estate Tax Line 1.01 section of these assumptions.

   - HB129 implements new requirements for and restores fixed sum levies. It includes 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. For some districts this will result in a loss due to a change in the 20-mill floor. Highland has a fixed sum levy and has been on the 20-mill floor but will move off the 20-mill floor in the Tax Year 2026 update. Moving off the 20-mill floor may lower future Class I and Class II tax collections, but the actual impact is not known at this time.

   - HB186 establishes Inflation Cap Credits, if districts were at the 20-mill floor, following reappraisals and triennial updates, preventing increases beyond the Gross Domestic Product Deflation Factor (GDP DF). HB186 also includes Temporary Tax Credits (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 back to tax years 2023, 2024 and 2025. While skyrocketing home values resulted in the need for property tax reform, the retroactive claw back of taxes already paid is very detrimental to districts at the 20-mill floor like Highland. Highland was on the 20-mill floor under prior law and is anticipated to lose $1,365,212 a year in inflationary cap credits. The loss in FY27 is expected to be $2,047,818 due to delayed implementation of the new law which results in one and a half years' loss in FY27. Anticipated losses due to inflationary cap credits through FY31 are estimated at $7,508,666, less the retroactive hold harmless HB186 payment of $55,338. HB129, as noted above, will take the District off the 20-mill floor as a result of the Tax Year 2026 update. Future additional HB186 inflation cap credits will not occur as long as the District is not on the 20-mill floor as HB920 reduction factors will buffer any inflationary increases.

Evaluation of Emerging Risks: HB309, HB335, and Piggyback Exemptions

- HB309 allows County Budget Commissions (CBC's) and County Commissioners to reduce any voter-approved levy (except debt) to bring taxes levied within levels the CBC finds reasonable and prudent to avoid 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 Ohio's 88 counties.

- 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). The District will project at or below the anticipated GDP deflator to avoid overestimating revenue. HB479 becomes law September 23, 2026, and corrects inside millage language in HB335 so that any inside mileage adjustment occurs only in the home county during revaluations if districts are in multiple counties. Any future inside millage adjustment is indeterminable at this time.

- HB96 Expanded Piggyback Option introduces a significant *local political* risk through "Piggyback" exemptions. Unlike standard Homestead and 2.5% owner-occupied credits, which the state reimburses, Piggyback exemptions are **not reimbursed**. Medina County Commissioners did approve the Piggyback exemption for homestead for tax years 2025 and 2026 that will impact FY27 and FY28, noted in Line 1.01 Property Tax Estimates below. This will result in estimated tax reductions of $481,828. The County Commissioners must vote by July 1 each year in order to implement the Piggyback Exemption for that year.

Due to the enormity of the property tax law changes, second half property tax bills have been delayed. This, in turn, delays tax settlement data available to update the forecast. Revenues and expenses are estimated based on the data available and understanding of the new property tax laws. As authoritative data concerning HB186 continues to be made available to the District, changes may need to be made to the forecast that may or may not be significant.

2) Property tax collections are the single largest revenue source for the school system. Projected tax revenue increases are generally limited to the impact of new construction. The effects of HB186 and HB335 will be to limit property tax growth following reappraisals and updates. Total local revenues, predominately local taxes, equate to 75.3% of the District's resources. As noted above, HB186 indicates any revenue for prior year appraisals and updates that exceeded GDP DF in reappraisals and triennial updates that occurred in tax years 2023, 2024 and 2025 will result in reductions (claw back) in the second half property tax collections. Estimated adjustments are included for HB186 and HB335 in Line 1.01 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 or 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. No impact of HB186 or HB335 is included in future tax projections as future reappraisals/updates are assumed to be neutral in this forecast.

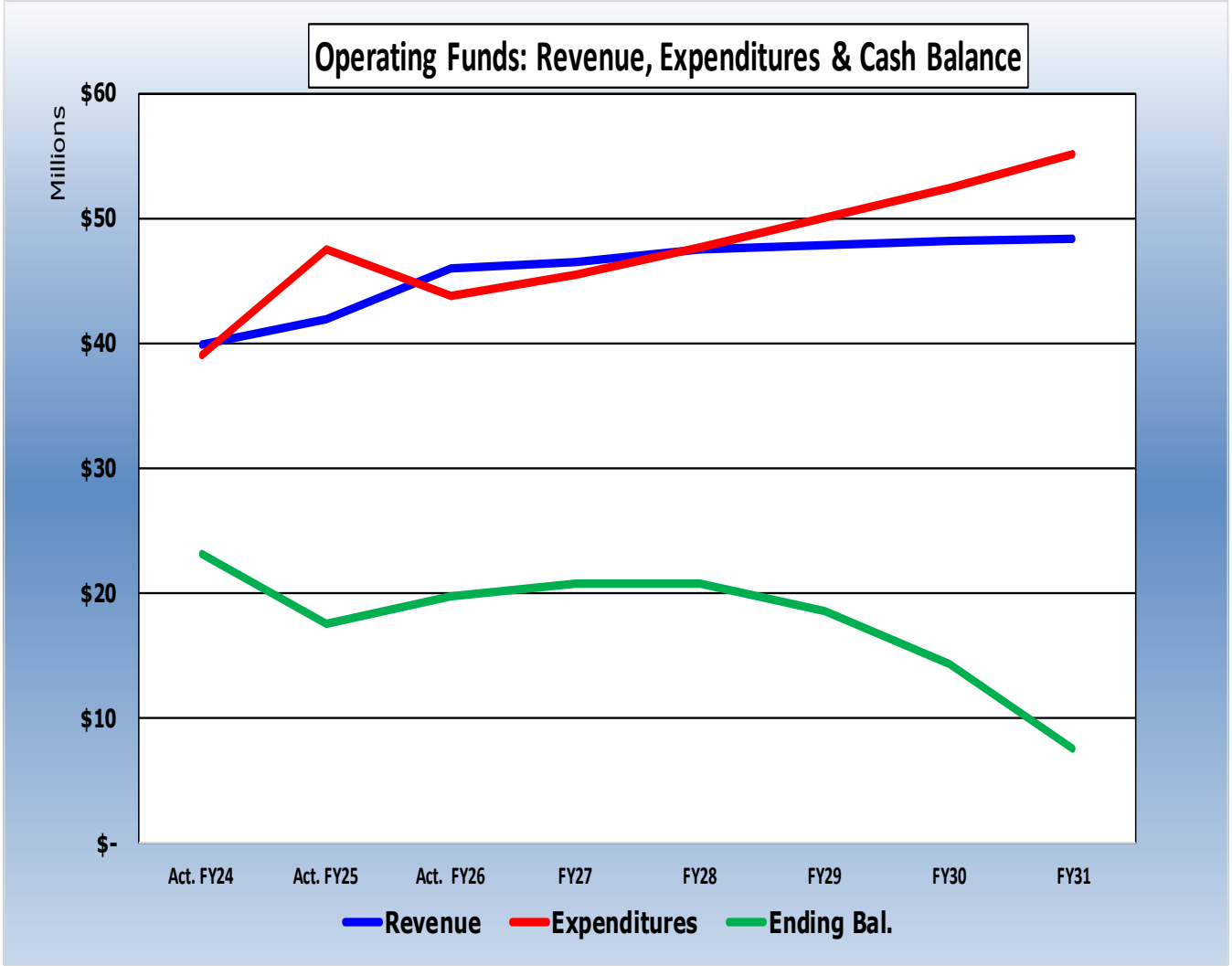
4) HB96 continues to phase in the Fair School Funding Plan (FSFP) for FY27. FY27 reflects 100% of the implementation cost. HB96 did not increase the base cost inputs (no increase from the state on formula funding) while allowing local capacity inputs to increase. This causes more districts to appear to have greater local ability to fund their schools, thus reducing the amount of State Aid they receive. This forecast utilizes the ODEW FY27 foundation payment calculator to forecast FSFP revenues in FY27-FY31. Highland is considered a guarantee district and increases in state aid are not anticipated beyond FY27.

5) State sourced revenues represent 24.7% of District revenues. In this forecast, there are two unknown 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 area an elevated risk to District funding long-range through FY31.

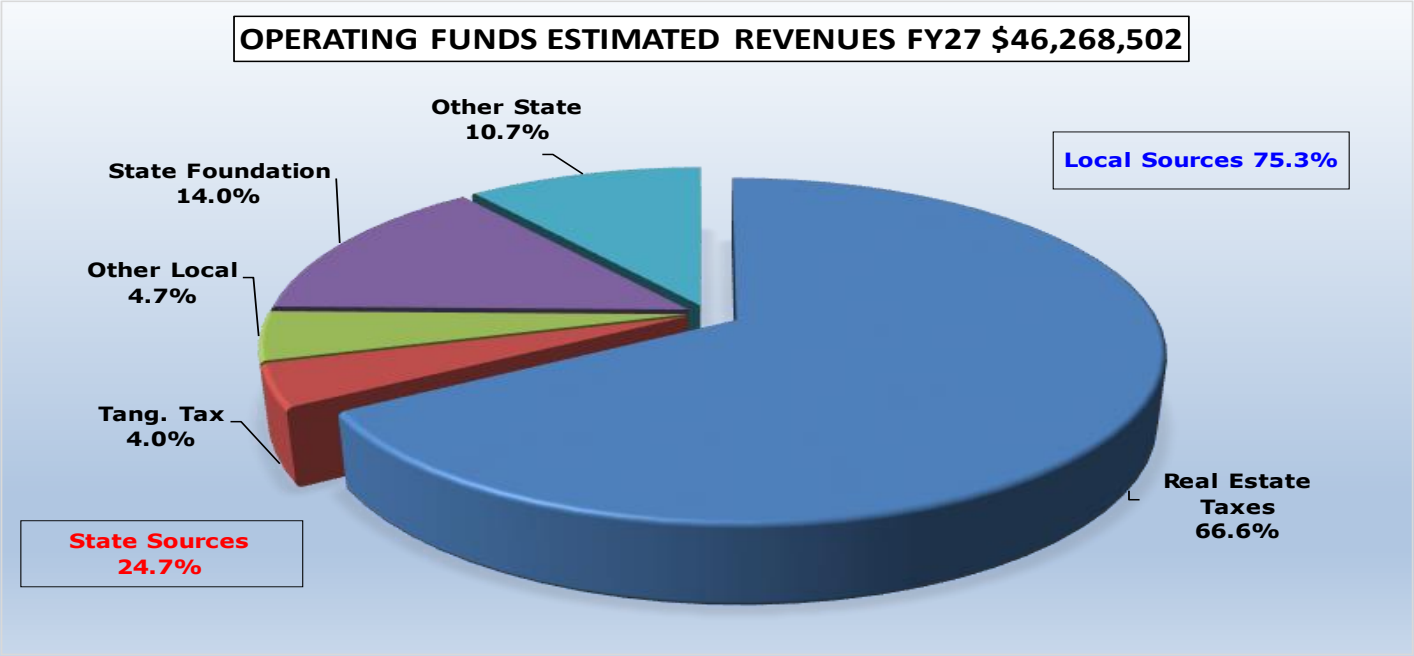
The major lines of reference are noted below in the headings to make it easier for the reader to relate the assumptions back to the forecast. For further information, please feel free to contact Neil Barnes, Treasurer/CFO, at 330-239-1901.

Operating Revenues, Expenditures and Ending Cash Balance Actual FY24-26 and Estimated FY27-31
The graph below captures in one snapshot the operating scenario facing the District over the next five years.



Revenue Assumptions

Operating Revenue Sources FY27



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. At this time, the District is not projecting any increases in property valuations throughout this forecast. Anticipated future value increases are primarily driven by new construction growth.

It is expected that Public Utility Personal Property (PUPP) values will grow by $680,000 each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2026	TAX YEAR 2027	TAX YEAR 2028	TAX YEAR 2029	TAX YEAR 2030
Classification	COLLECT 2027	COLLECT 2028	COLLECT 2029	COLLECT 2030	COLLECT 2031
Res./Ag.	$1,543,232,460	$1,562,682,460	$1,582,132,460	$1,601,582,460	$1,621,032,460
Comm./Ind.	102,191,171	102,851,665	103,534,974	104,241,782	104,948,590
Public Utility Personal Property (PUPP)	27,398,980	28,078,980	28,758,980	29,438,980	30,118,980
Total Assessed Value	$1,672,822,611	$1,693,613,105	$1,714,426,414	$1,735,263,222	$1,756,100,030

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 and New Tax Laws

HB96 Expanded Piggyback Option introduces a significant *local political* risk through "Piggyback" exemptions. Unlike standard Homestead and 2.5% owner-occupied credits, which the state reimburse, Piggyback exemptions are **not reimbursed**. Medina County Commissioners did approve the Piggyback exemption for Homestead for tax year 2025 and 2026 which will impact FY27 and FY28, noted in Line 1.01 Property Tax Estimates below. This will result in estimated tax reductions of $481,828. The County Commissioners must vote by July 1 each year in order to implement the Piggyback Exemption for that year.

HB186 established 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. HB186 also includes Temporary Tax Credits (claw back) provision that retroactively takes back property tax revenue that has already been collected. For impacted districts this starts with their reappraisal or triennial updates in tax years 2023, 2024 and 2025. Highland is anticipating a negative claw back impact in the forecast due to HB186. Anticipated adjustments are noted on the table below for Line 1.01. This is based on recently obtained Department of Tax Equalization (DTE) Form 186 amounts and DTE HB186 Certified Tax Credit Factors. For planning purposes, the likely worst-case scenario is assumed cumulatively reducing revenue by $7,453,328, which includes the HB186 guarantee payment of $55,338 through FY31. Second half tax settlements will reflect this reduction but will not be received before this forecast filing deadline. When HB129 takes the District off of the 20-mill floor, there should not be additional inflationary cap credits for the tax year 2026 and 2029 revaluations.

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.

Source	FY27	FY28	FY29	FY30	FY31
Est. Real Estate Taxes	$33,197,885	$33,300,622	$33,531,873	$33,615,686	$33,834,072
HB96 Piggyback Exemption	(320,627)	(161,201)	0	0	0
Other Adjustments - HB186	(2,047,818)	(1,365,212)	(1,365,212)	(1,365,212)	(1,365,212)
Total Line #1.01 Real Estate Taxes	$30,829,440	$31,774,209	$32,166,661	$32,250,474	$32,468,860

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, a more significant adjustment is anticipated to the second half settlement in 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. This forecast assumes a ~2.5% growth rate on these values.

Source	FY27	FY28	FY29	FY30	FY31
Public Utility Personal Property	$1,860,665	$1,906,295	$1,951,897	$1,997,472	$2,043,022
Total PUPP Tax Line #1.020	$1,860,665	$1,906,295	$1,951,897	$1,997,472	$2,043,022

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.

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

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

A) Unrestricted State Foundation Revenue– Line #1.035

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

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 (6) year phase-in plan, and the state legislature approved the final two (2) years of the funding plan in HB96, phasing in funding at 83.33% in FY26 and then 100% in FY27. However, the legislature did not increase the funding base inputs from FY22. In other words, the legislature did not increase funding in the foundation formula. The state did increase transportation funding's state share percentage to 45.83% in FY26, and 50% in FY27, which could increase funding, and added three (3)

Supplemental Payments outside the formula: a 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 $40 in FY27.

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

The Performance Supplement was included in HB96. The eligibility for the supplement payment uses data from the state report card for the 2025-2026 school year for FY27. The supplement will be a separate payment of $13 per pupil, per star, on the report card in FY27. Highland is estimated to receive $204,556 in FY27.

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 FY27 and is expected to continue to be on the **guarantee** for FY28-FY31 on the Fair School Funding Plan (FSFP). The projected guarantee amount is $702,359 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-FY31 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 FY31.

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 FY26, the funding totaled $108.29 million or $68.14 per pupil. The District expects the casino revenues to continue their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

Source	FY27	FY28	FY29	FY30	FY31
Basic Aid-Unrestricted	$5,181,052	$5,181,052	$5,181,052	$5,181,052	$5,181,052
Additional Aid Items	877,110	877,110	877,110	877,110	877,110
Basic Aid-Unrestricted Subtotal	6,058,162	6,058,162	6,058,162	6,058,162	6,058,162
Ohio Casino Commission ODT	226,811	235,740	239,291	242,875	246,527
Total Unrestricted State Aid Line #1.035	$6,284,973	$6,293,902	$6,297,453	$6,301,037	$6,304,689

B) Restricted State Foundation Revenue – Line # 1.040
HB96 has continued Disadvantaged Pupil Impact Aid, Career Technical, Gifted, English Learners (ESL), and Student Wellness funding. Revenues for these restricted funding lines are estimated using the most current

ODEW funding calculator. For fiscal years 2026 and 2027, HB96 modified how DPIA is calculated by factoring in both directly certified and economically disadvantaged students. The new DPIA formula modified the weight given to these student groups over the biennium which has resulted in calculated DPIA state funding in FY26 & FY27 being $86.6 million less than in FY25.

Source	FY27	FY28	FY29	FY30	FY31
DPIA	$3,374	$3,374	$3,374	$3,374	$3,374
Career Tech - Restricted	0	0	0	0	0
Gifted	81,615	81,615	81,615	81,615	81,615
ESL	7,438	7,438	7,438	7,438	7,438
Student Wellness	121,889	121,889	121,889	121,889	121,889
Other Restricted State Funds	0	0	0	0	0
Total Restricted State Revenues Line #1.040	$214,316	$214,316	$214,316	$214,316	$214,316

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

SUMMARY	FY27	FY28	FY29	FY30	FY31
Unrestricted Line #1.035	$6,284,973	$6,293,902	$6,297,453	$6,301,037	$6,304,689
Restricted Line #1.040	214,316	214,316	214,316	214,316	214,316
Total State Foundation Revenue	$6,499,289	$6,508,218	$6,511,769	$6,515,353	$6,519,005

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.

HB186 contains some changes to the 10% and 2.5% rollback credits for residential property. From TY2026 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 by the same percentages the 10% rollback is eliminated. Additionally, the OOC increased by 2.88%, phasing it in over four (4) years starting in tax year 2026. The table below shows the phasing of these changes. Eventually there will be some amount of 10% rollback for non-timber farmland, but tax settlement sheets will be needed to determine that amount. These amounts are fully reimbursed to the District when deducted from Class I property tax bills. Homestead credits vary annually based on applicants and eligibility.

The state of Ohio passed HB479 on June 24, 2026, which included a one-time doubling of the homestead exemption credit to start with tax bills in calendar 2027. This is a one-time only increase to help homeowners and is estimated to provide $350 million in taxpayer relief and will be reimbursed to local governments from a $2 billion surplus in the state budget. There were also technical adjustments that if HB186 inflationary tax credits are present, they will be applied after the homestead credits are determined to maximize the credit for homeowners. This will cost the state an addition $44 million annually, which will also be reimbursed to local governments, if applicable. The $44 million increase is ongoing.

HB186 10% Phase down and OCC Phase up					
	TY25 Collect CY26	TY26 Collect CY27	TY27 Collect CY28	TY28 Collect CY29	TY29 Collect CY30
10% Rollback*	10.00%	7.50%	5.00%	2.50%	0.00%
2.5% OOC	2.50%	5.00%	7.50%	10.00%	12.50%
HB96 Inc. OCC	0.00%	0.72%	1.44%	2.16%	2.88%
Total	12.50%	13.22%	13.94%	14.66%	15.38%
Homestead	varies	2x	varies	varies	varies
*Non-timber farm land will still keep 10% rollback					

Partial HB186 Guarantee

HB186 authorizes payments to school districts and JVSDs 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 unexpectedly received a small payment of $55,338 for TY2025.

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

Source	FY27	FY28	FY29	FY30	FY31
Rollback and Homestead	$4,818,154	$5,151,022	$5,321,362	$5,651,462	$5,856,342
HB186 Partial Reimbursement	55,338	0	0	0	0
Total Tax Reimbursements #1.050	$4,928,830	$5,151,022	$5,321,362	$5,651,462	$5,856,342

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.

Source	FY27	FY28	FY29	FY30	FY31
Tuition Related Payments	$177,623	$177,623	$177,623	$177,623	$177,623
Class & Sports Oriented Fees	403,227	403,227	403,227	403,227	403,227
Interest Earnings	1,165,242	924,973	693,730	462,487	231,243
Medicare	91,061	91,061	91,061	91,061	91,061
Miscellaneous(Threshold cost)	313,125	313,125	313,125	313,125	313,125
Total Other Local Revenue Line #1.060	$2,150,278	$1,910,009	$1,678,766	$1,447,523	$1,216,279

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.

Source	FY27	FY28	FY29	FY30	FY31
Transfers In - Line #2.040	$0	$0	$0	$0	$0
Advance Returns - Line #2.050	46,174	50,000	50,000	50,000	50,000
Total Transfer & Advances In	$46,174	$50,000	$50,000	$50,000	$50,000

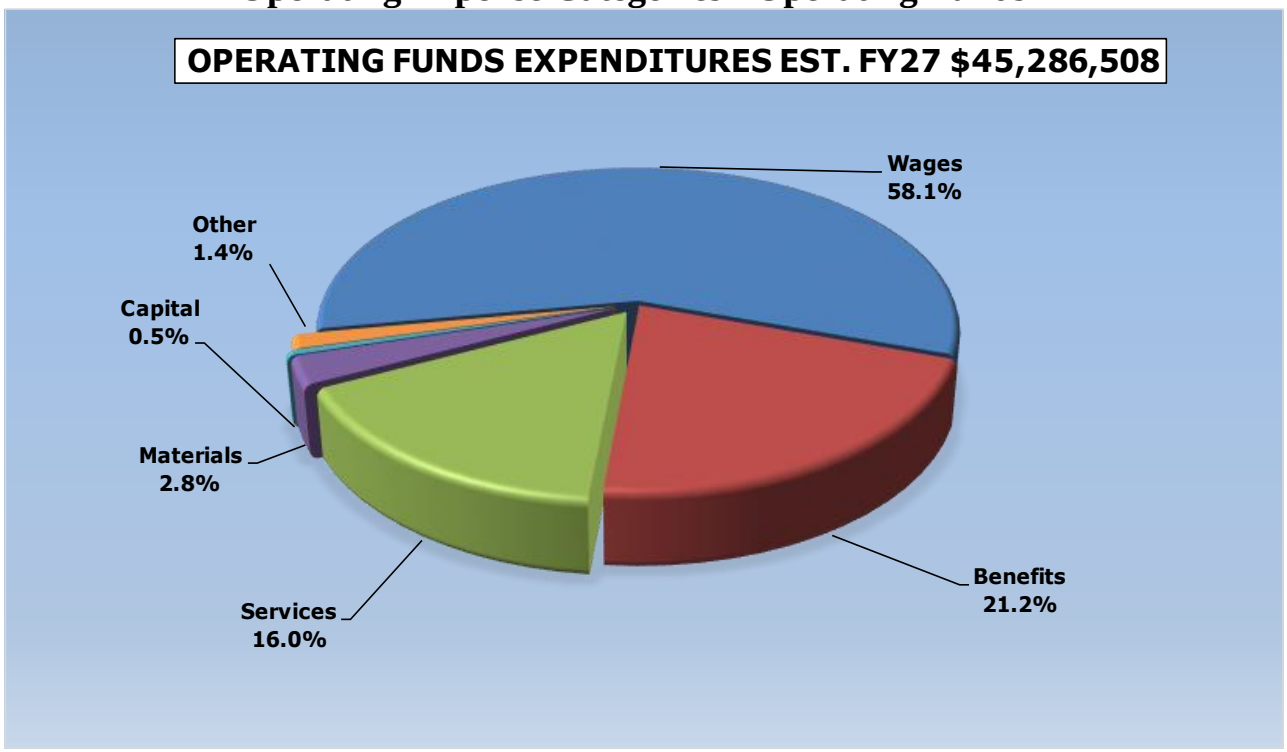
All Other Financial Sources – Line #2.060
This funding source is very unpredictable and typically includes refunds of prior year expenditures. For FY26 and several years prior, the District received a relatively large reimbursement from the Medina County Career Center related to the Project Lead the Way Program. A similar reimbursement is expected in FY27 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.

Source	FY27	FY28	FY29	FY30	FY31
Refund of prior years expenditures	$255,931	$258,490	$261,075	$263,686	$266,323

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 FY27



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 3.00% are included for FY 2027 through FY 2031. A slight reduction of $100,000 is expected in base wages due to lower cost replacement staff.

Source	FY27	FY28	FY29	FY30	FY31
Base Wages	$23,737,251	$24,762,397	$25,897,565	$27,127,644	$28,415,398
Base Pay Increase	690,754	700,776	776,927	813,829	852,462
Steps & Academic Training	434,392	434,392	453,152	473,925	496,436
Growth Staff	0	0	0	0	0
Substitutes	370,765	370,765	370,765	370,765	370,765
Supplementals	1,156,099	1,188,817	1,224,482	1,261,216	1,299,052
Severance	25,000	25,000	25,000	25,000	25,000
SWSF & ESSER Adjustments	0	0	0	0	0
Other Adjustments/Reductions	(100,000)	0	0	0	0
Total Wages Line #3.010	$26,314,261	$27,482,147	$28,747,891	$30,072,379	$31,459,113

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, a 4.9% premium increase occurred. For FY28-FY31, 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 FY27-FY31. Unemployment is expected to remain at a very low level over this period.

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

Source	FY27	FY28	FY29	FY30	FY31
A) STRS/SERS	$4,169,242	$4,339,249	$4,539,156	$4,749,186	$4,969,084
B) Insurances	4,978,525	5,476,378	6,024,016	6,626,418	7,289,060
C) Workers Comp/Unemployment	89,594	85,316	89,114	93,087	97,247
D) Medicare	364,945	383,007	398,491	416,844	436,049
Total Fringe Benefits Line #3.020	$9,602,306	$10,283,950	$11,050,777	$11,885,535	$12,791,440

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. An electric capacity charge of 20% began in FY26 to help fund the necessary expansion of electric generation. This increased cost may continue into the future.

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

Source	FY27	FY28	FY29	FY30	FY31
Professional & Technical Services, ESC	$2,859,312	$2,945,091	$3,033,444	$3,124,447	$3,218,180
Maintenance, Insurance & Garbage Removal	622,460	641,134	660,368	680,179	700,584
Professional Development	44,183	45,508	46,873	48,279	49,727
Communications, Postage, & Telephone	67,865	69,901	71,998	74,158	76,383
Utilities	961,085	1,009,139	1,059,596	1,112,576	1,168,205
Contracted Trades & Services	9,977	10,276	10,584	10,902	11,229
Tuition, Excess Costs & Scholarship Costs	1,499,139	1,544,113	1,590,436	1,638,149	1,687,293
College Credit Plus	243,132	250,426	257,939	265,677	273,647
Contract Transportation	939,677	967,867	996,903	1,026,810	1,057,614
Other Adjustments	0	0	0	0	0
Miscellaneous Purchased Services	5,942	6,120	6,304	6,493	6,688
Total Purchased Services Line #3.030	$7,252,772	$7,489,575	$7,734,445	$7,987,670	$8,249,550

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. Inflation of 3% is estimated for all costs.

Source	FY27	FY28	FY29	FY30	FY31
General Office Supplies & Materials	$583,476	$600,980	$619,009	$637,579	$656,706
Textbooks & Instructional Supplies	132,291	136,260	140,348	144,558	148,895
Facility Supplies & Materials	193,942	199,760	205,753	211,926	218,284
Transportation Fuel & Supplies	337,904	348,041	358,482	369,236	380,313
Other adjustments SWSF, ESSER, Etc.	16,530	17,026	17,537	13,718	18,605
Total Supplies Line #3.040	$1,264,143	$1,302,067	$1,341,129	$1,381,362	$1,422,803

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.

Source	FY27	FY28	FY29	FY30	FY31
Capital Outlay & Maintenance	$218,877	$225,443	$232,206	$239,172	$246,347
Technology/Curriculum Purchases	0	0	0	0	0
Busses & Other Vehicles	0	0	0	0	0
Other adjustments SWSF, ESSER, Etc.	0	0	0	0	0
Total Equipment Line #3.050	$218,877	$225,443	$232,206	$239,172	$246,347

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.

Source	FY27	FY28	FY29	FY30	FY31
County Auditor & Treasurer Fees	$506,361	$516,489	$526,819	$537,355	$548,102
ESC Deduction	21,307	21,733	22,168	22,611	23,063
Annual Audit Costs	24,943	25,442	25,951	26,470	26,999
Dues, Fees & other Expenses	81,538	83,169	84,832	86,529	88,260
Total Other Expenses Line #4.300	$634,149	$646,833	$659,770	$672,965	$686,424

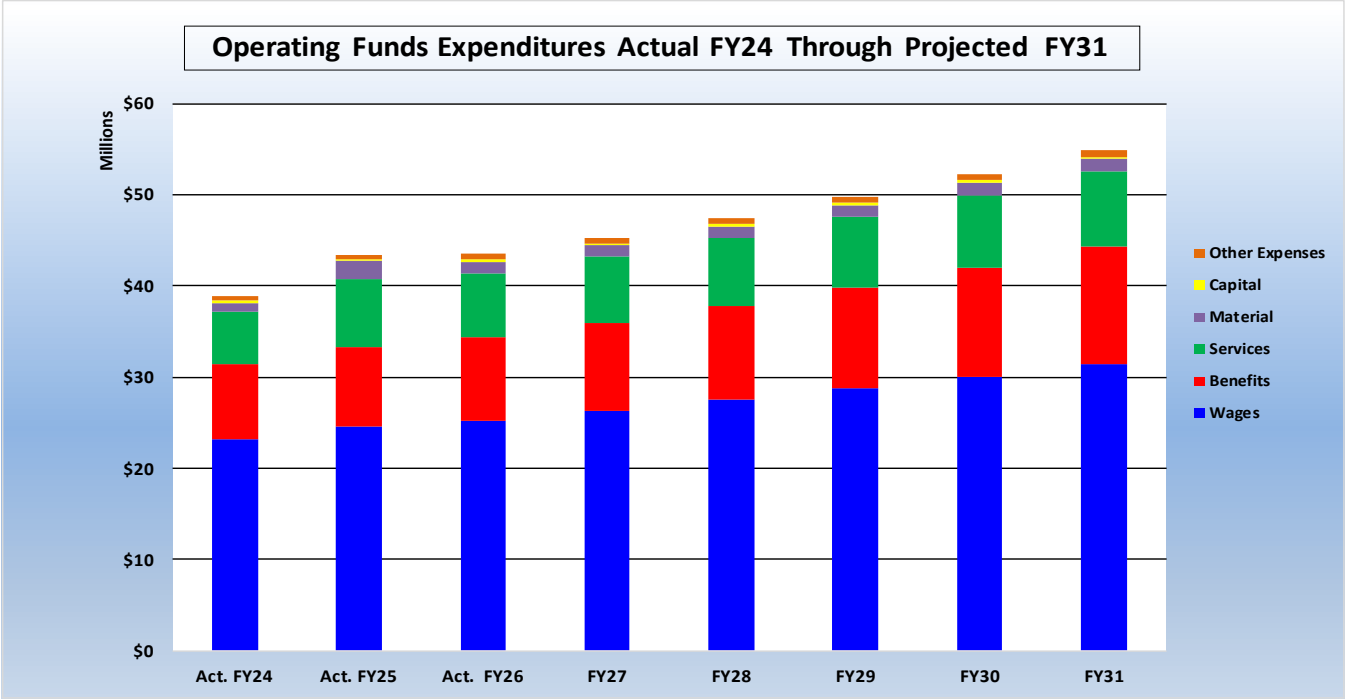
Transfers Out/Advances Out – Lines # 5.010 and 5.020
These lines cover fund-to-fund transfers and end-of-year short-term advances/loans from the General Fund to other funds to temporarily cover deficit balances. Annual transfers of $200,000 to replenish the severance fund are assumed.

Source	FY27	FY28	FY29	FY30	FY31
Operating Transfers Out Line #5.010	$200,000	$200,000	$200,000	$200,000	$200,000
Advances Out Line #5.020	50,000	50,000	50,000	50,000	50,000
Total Transfer & Advances Out	$250,000	$250,000	$250,000	$250,000	$250,000

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.

	FY27	FY28	FY29	FY30	FY31
Estimated Encumbrances Line #8.010	$750,000	$750,000	$750,000	$750,000	$750,000

Operating Expenditures Actual FY24 through FY26 and Estimated FY27-FY31
As the graph below illustrates, the District has been diligent in containing costs.



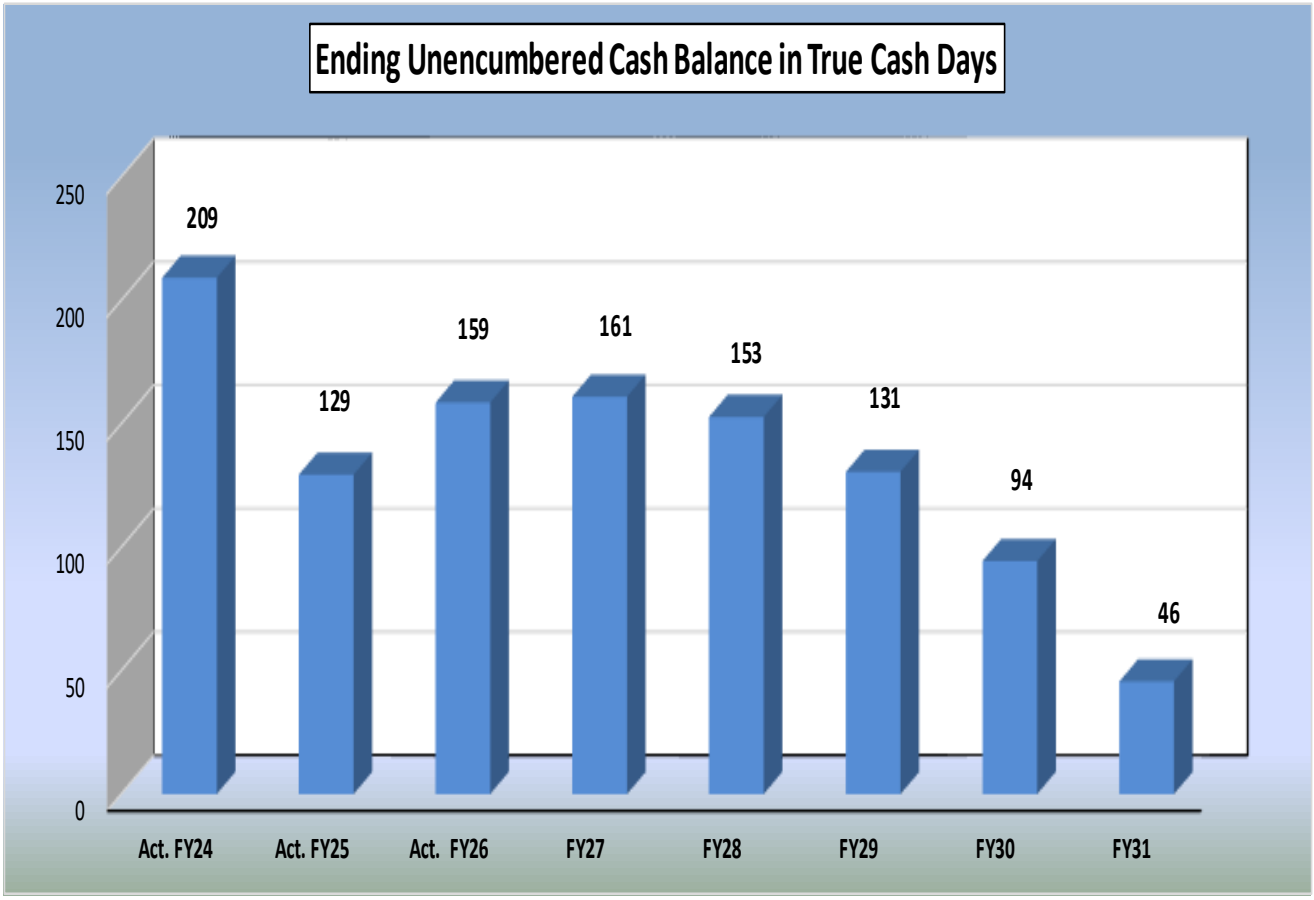
Ending Unencumbered Cash Balance "The Bottom-line"– Line#15.010

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.

	FY27	FY28	FY29	FY30	FY31
Ending Unreserved Cash Balance Line #15.01	$20,079,323	$19,957,551	$17,882,863	$13,569,750	$6,883,904

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.