HIGHLAND LOCAL SCHOOL DISTRICT- MORROW COUNTY

SCHEDULE OF REVENUE, 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 Provided By
Highland Local School District
Treasurer's Office
Jason Fleming, Treasurer/CFO
August 12, 2026

Highland Local School District
Morrow 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)	$6,639,377	$7,641,596	$8,127,638	10.7%	$6,334,124	$7,313,578	$7,394,930	$7,431,717	$7,724,220
1.020	Public Utility Personal Property Tax	$249,118	$271,899	$280,079	6.1%	$311,844	$328,944	$346,044	$363,144	$380,244
1.030	Income Tax	$1,839,606	$1,916,093	$2,066,577	6.0%	$2,119,266	$2,140,459	$2,161,864	$2,183,483	$2,205,317
1.035	Unrestricted State Grants-in-Aid	$10,081,412	$10,158,585	$10,256,747	0.9%	$10,400,204	$10,401,936	$10,403,693	$10,405,477	$10,407,288
1.040	Restricted State Grants-in-Aid	$727,957	$624,842	$533,505	-14.4%	$417,719	$417,719	$417,719	$417,719	$417,719
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	$818,942	$968,361	$989,098	10.2%	$2,488,719	$1,222,431	$1,244,172	$1,317,681	$1,395,421
1.060	All Other Revenues	$1,050,955	$1,456,326	$1,611,802	24.6%	$1,761,808	$1,540,423	$1,541,831	$1,543,713	$1,546,070
1.070	*Total Revenues*	$21,407,367	$23,037,702	$23,865,446	5.6%	$23,833,684	$23,365,490	$23,510,253	$23,662,934	$24,076,279
	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	$290,000	$0	$0	0.0%	$0	$0	$0	$0	$0
2.050	Advances-In	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
2.060	All Other Financing Sources	$84,349	$68,960	$58,010	-17.1%	$58,010	$58,010	$58,010	$58,010	$58,010
2.070	*Total Other Financing Sources*	$374,349	$68,960	$58,010	-48.7%	$58,010	$58,010	$58,010	$58,010	$58,010
2.080	*Total Revenues and Other Financing Sources*	$21,781,716	$23,106,662	$23,923,456	4.8%	$23,891,694	$23,423,500	$23,568,263	$23,720,944	$24,134,289
	Expenditures									
3.010	Personal Services	$11,460,969	$12,790,623	$13,528,941	8.7%	$13,367,590	$13,741,747	$14,209,154	$14,691,355	$15,190,042
3.020	Employees' Retirement/Insurance Benefits	$4,781,117	$5,602,965	$5,897,322	11.2%	$5,976,521	$6,366,777	$6,837,081	$7,350,478	$7,909,557
3.030	Purchased Services	$2,582,326	$2,533,058	$2,661,677	1.6%	$2,737,853	$2,798,630	$2,861,142	$2,925,447	$2,991,598
3.040	Supplies and Materials	$954,786	$949,744	$957,462	0.1%	$959,268	$991,696	$1,025,385	$1,060,391	$1,096,770
3.050	Capital Outlay	$710,866	$174,029	$36,902	-77.2%	$37,640	$38,393	$39,161	$39,944	$40,743
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	$559,283	$503,480	$517,534	-3.6%	$527,885	$538,442	$549,211	$560,195	$571,398
4.500	*Total Expenditures*	$21,049,347	$22,553,899	$23,599,838	5.9%	$23,606,757	$24,475,685	$25,521,134	$26,627,810	$27,800,108
	Other Financing Uses									
5.010	Operating Transfers-Out	$453,761	$4,419,994	$150,000	388.7%	$200,000	$200,000	$200,000	$200,000	$200,000
5.020	Advances-Out	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
5.030	All Other Financing Uses	$0	$0	$0	0.0%	$0	$0	$0	$0	$0
5.040	*Total Other Financing Uses*	$453,761	$4,419,994	$150,000	388.7%	$200,000	$200,000	$200,000	$200,000	$200,000
5.050	*Total Expenditures and Other Financing Uses*	$21,503,108	$26,973,893	$23,749,838	6.7%	$23,806,757	$24,675,685	$25,721,134	$26,827,810	$28,000,108
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses*	$278,608	($3,867,231)	$173,618	-796.3%	$84,937	($1,252,185)	($2,152,871)	($3,106,866)	($3,865,819)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	$10,608,106	$10,886,714	$7,019,483	-16.4%	$7,193,101	$7,278,038	$6,025,853	$3,872,982	$766,116
7.020	*Cash Balance June 30*	$10,886,714	$7,019,483	$7,193,101	-16.5%	$7,278,038	$6,025,853	$3,872,982	$766,116	($3,099,703)
8.010	*Estimated Encumbrances June 30*	$172,289	$429,620	$335,210	63.7%	$250,000	$250,000	$250,000	$250,000	$250,000
	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

Highland Local School District
Morrow 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
10.010	*Fund Balance June 30 for Certification of Appropriations*	$10,714,425	$6,589,863	$6,857,891	-17.2%	$7,028,038	$5,775,853	$3,622,982	$516,116	($3,349,703)
	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*	$10,714,425	$6,589,863	$6,857,891	-17.2%	$7,028,038	$5,775,853	$3,622,982	$516,116	($3,349,703)
	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%	$0	$0	$0	$0	$0
15.010	*Unreserved Fund Balance June 30*	$10,714,425	$6,589,863	$6,857,891	-17.2%	$7,028,038	$5,775,853	$3,622,982	$516,116	($3,349,703)
	ADM Forecasts									
20.010	Kindergarten - October Count	121	104	142		120	119	121	$120	$118
20.015	Grades 1-12 - October Count	1,483	1,484	1,441		1,458	1,471	1,445	$1,432	$1,432

Highland Local School District –Morrow County
Notes to the Five-Year Forecast
General Fund Only

Introduction to the Five Year Forecast

A forecast is a snapshot of today. Based on historical trends, what we know and future assumptions. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from 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, or changes to property valuations due to businesses moving in or out of the district.

As noted below the current state budget approved in HB96 changed the forecast based on what the state Ohio and the Ohio Department of Workforce and Education will require, however the Board of Education will continue to plan over a five-year period. Our 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 identify when challenges will arise. This helps district management to be proactive in meeting those challenges.

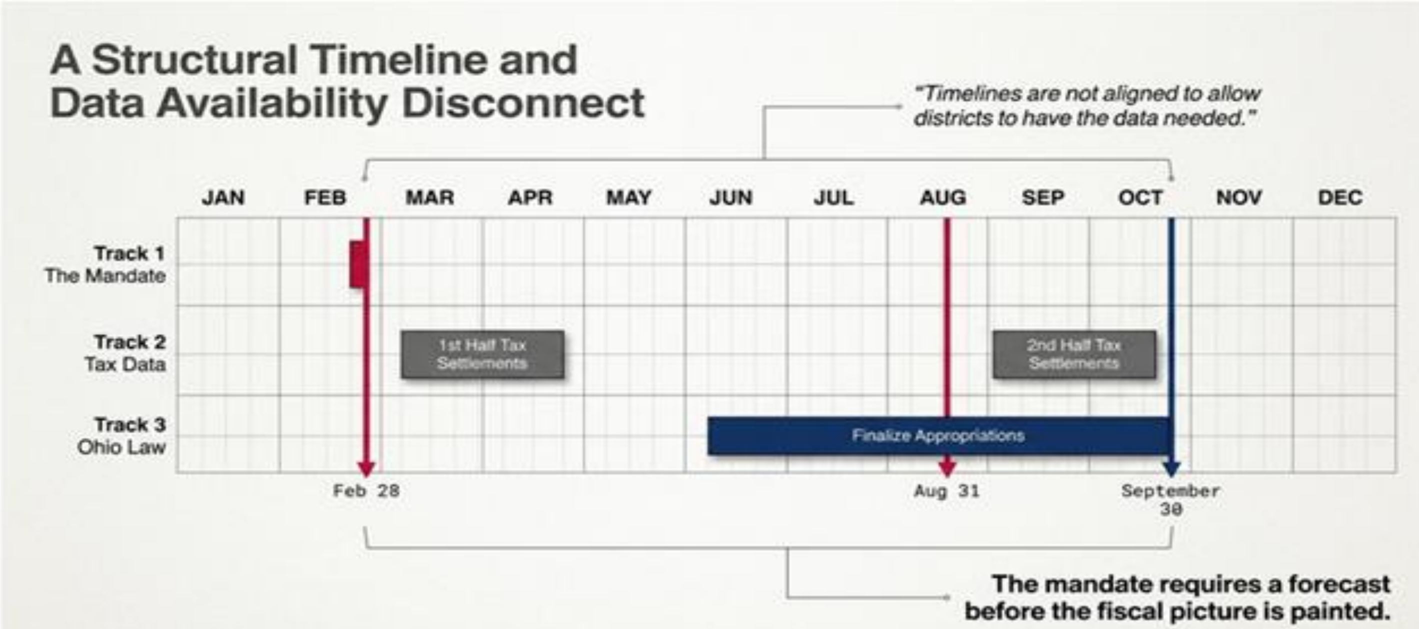
In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since the preparation of a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer or Board of Education (BOE) of the individual school district with any questions you may have. The Treasurer or CFO submits the forecast, but the BOE is recognized as ultimately responsible for the development of the forecast and the official owner.

Here are least essential purposes or objectives of the forecast:

(1) To engage the local board of education and the community in long-range planning and discussions of financial issues facing the school district.
(2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate".
(3) To provide a method for the Ohio Department of Education and Workforce, and the Auditor of State to identify school districts with potential financial problems.

Ohio HB96 was passed in June 2025 which amended O.R.C. 5705.391 and O.A.C. 3301-92.04 requiring a Board of Education (BOE) to file their current years budgeted revenue and expenses, and three additional years. This is essentially a four (4) year forecast. Beginning in fiscal year 2026 (July 1 to June 30) the financial forecast must be filed by October 15, and the end of February. The filing deadlines will change in fiscal year 2027 to August 31, and end of February each fiscal year thereafter. The filing deadlines of February and August are out of alignment with when final 1st half and 2nd half tax settlements will actually be received, and the August 31 deadline is out of alignment with when school districts statutorily have to make final fiscal year appropriations.



While the legislative requirement is to file a four-year forecast, as noted above, we believe 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 general fund 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. Our forecast is updated to reflect the most current economic data available for the August 2026 filing.

Forecast Risks and Uncertainty:

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

1. On December 19, 2025, Governor DeWine signed into law several pieces of legislation that became law March 19, 2026, and are the most sweeping changes to Ohio property tax law since 1976 when HB920 was passed. The laws that were approved are: HB129, HB186, HB309 and HB335. Subsequently HB479 the state budget correction bill was signed June 24, 2026, and becomes law September 23, 2026, that made needed corrections to HB335 inside millage. Of particular 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.

   A brief summary of the impact of each piece of legislation is noted below with specific anticipated impacts to this forecast noted in Estimated Real Estate Tax Line 1.01 section of these assumptions 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 collect in calendar 2029. For some districts this will result in a loss due to a change in the 20-mill floor. This will not affect our district since we do not have any fixed sum levies and we are already on the 20-mill floor.

- HB186 establishes Inflation Cap Credits, if applicable, following reappraisals and triennial updates for school district property taxes, 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 year 2023, 2024 and 2025. These are funds that have already been realized and have been spent and/or included in future educational planning. 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. Our district is on the 20-mill floor. Our district was on the 20-mill floor under prior law and is anticipated to lose $1,384,034 a year in inflationary cap credits. The loss in FY27 is expected to be $2,076,051 due to delayed implementation of the new law which results in one and a half years loss in the fiscal year. Anticipated losses due to inflationary cap credits through FY31 is estimated at $7,612,187

- 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 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 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). HB479 that becomes law September 23, 2026, corrected inside millage language in HB335 so than 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. Since our district is on the 20-mill floor this law will not affect our inside millage.

Because the new accelerated August filing deadline for school district forecasts and the enormity of the property tax law changes, second half property tax bills have been delayed along with later final due dates. This will delay second half final actual tax settlement data with which to update our forecast and will be beyond the August filing date. We have estimated revenues and expenses based on the data available and understanding of the new property tax laws. As authoritative data concerning HB186 is 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 second largest single revenue source for the school system and a significant risk to the forecast. We project growth in appraised values every three (3) years that aligns with the new HB186 Gross Domestic Product Deflation Factor (GDP DF) and new construction growth. The effects of HB186 will be to limit property tax growth following reappraisals and updates. Total local revenues, predominately local taxes, equate to 44.09% of the district's resources. As noted above, HB186 indicates any adjustment 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 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 collected in calendar year 2027 taxes will also result. We have included any estimated adjustment for HB186 in Line 1.01 assumptions below, but only the ODT will have actual authoritative data when it is released after this forecast filing deadline.

3. Morrow and Delaware Counties experienced a reappraisal in tax year 2023 for collection in 2024. A triennial update will occur in tax year 2026 for collection in 2027. We anticipate value increases for Class I

(Residential/Agriculture) and Class II (Commercial/Industrial) property within the Gross Domestic Product Deflation Factor range of 7% to 9%. HB335 inside millage cap will become effective for any reappraisal and update beginning in tax year 2026, and HB129 will become effective for our district in the next reappraisal/update in tax year 2026. We have anticipated any 20-mill floor adjustment at that time in Line 1.01 assumptions below.

4. Income tax is the district's second-largest local revenue source. The past few payments we received have been greater than in previous years, making income tax forecasting even more difficult. We will monitor the income tax revenue very closely for any positive or negative changes that may occur.

5. The state budget represents 55.91% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY28 and beyond if the state economy stalls due to a possible recession and Fair School Funding Plan is not funded in the next state biennium budget. 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 makes this area an elevated risk to district funding long-range through FY30. We have projected our state funding in FY27 based on the July #2 foundation payment. The forecast reflects state revenue to align with the FY27 funding levels through FY31, which we feel is conservative and should be close to what-the state approves for the next two biennium budgets. We will adjust the forecast in future years as we have data to make an informed decision.

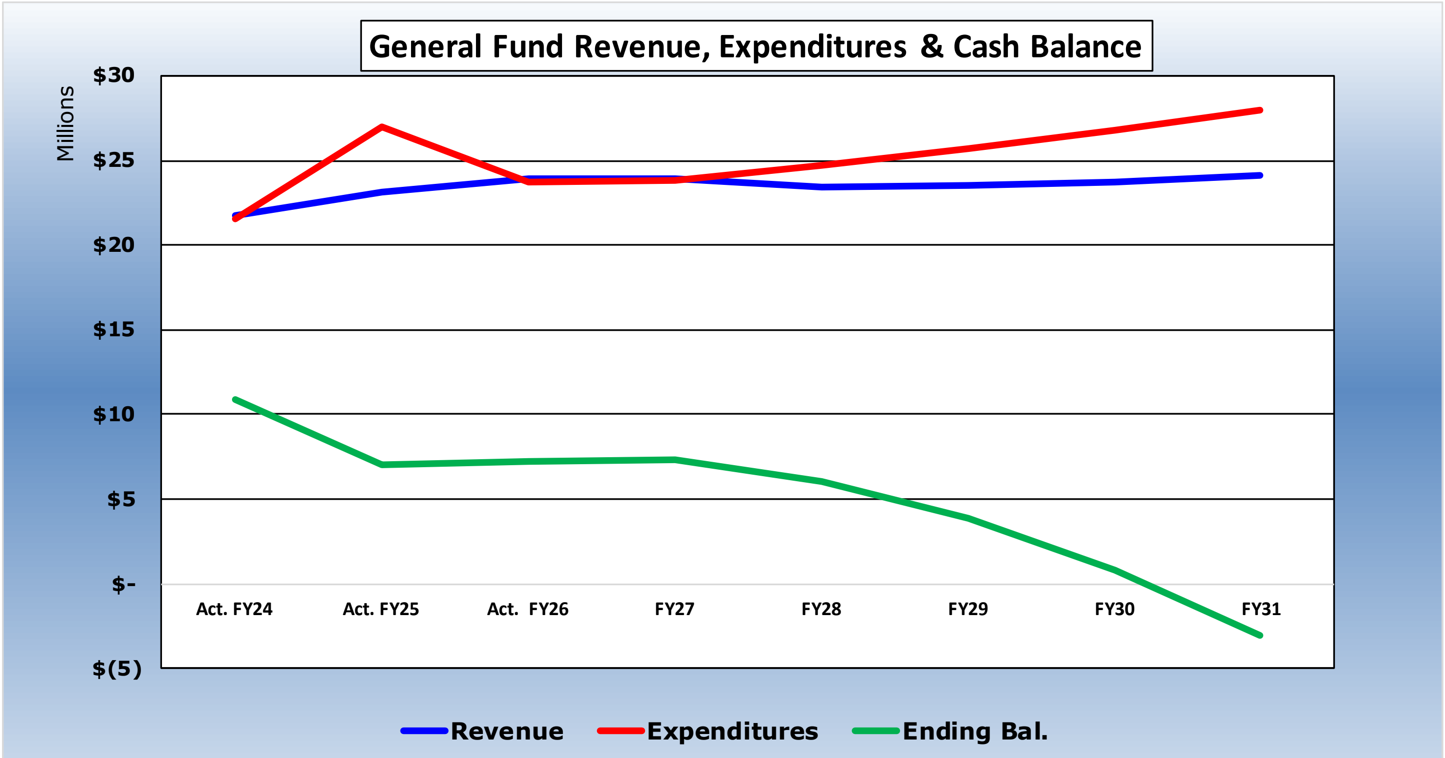
6. HB96, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY27. FY27 reflects 100% of the implementation cost of the (FSFP). HB96 did not increase the base cost inputs (no increase from the state on formula funding) while allowing local 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. We have used the most recent FY27 foundation payment published by the Department of Education and Workforce for our forecasted revenues in FY27-FY31. We are considered a guarantee district and do not anticipate increases in state aid.

7. HB96, the current state biennium budget 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 <u>are reimbursed</u> to the district from the state of Ohio. These expanded "Piggyback Property Tax Exemptions" will NOT be reimbursed. Our county commissioners did not vote to approve further Piggyback Property Tax Exemptions for tax year 2025 or 2026.

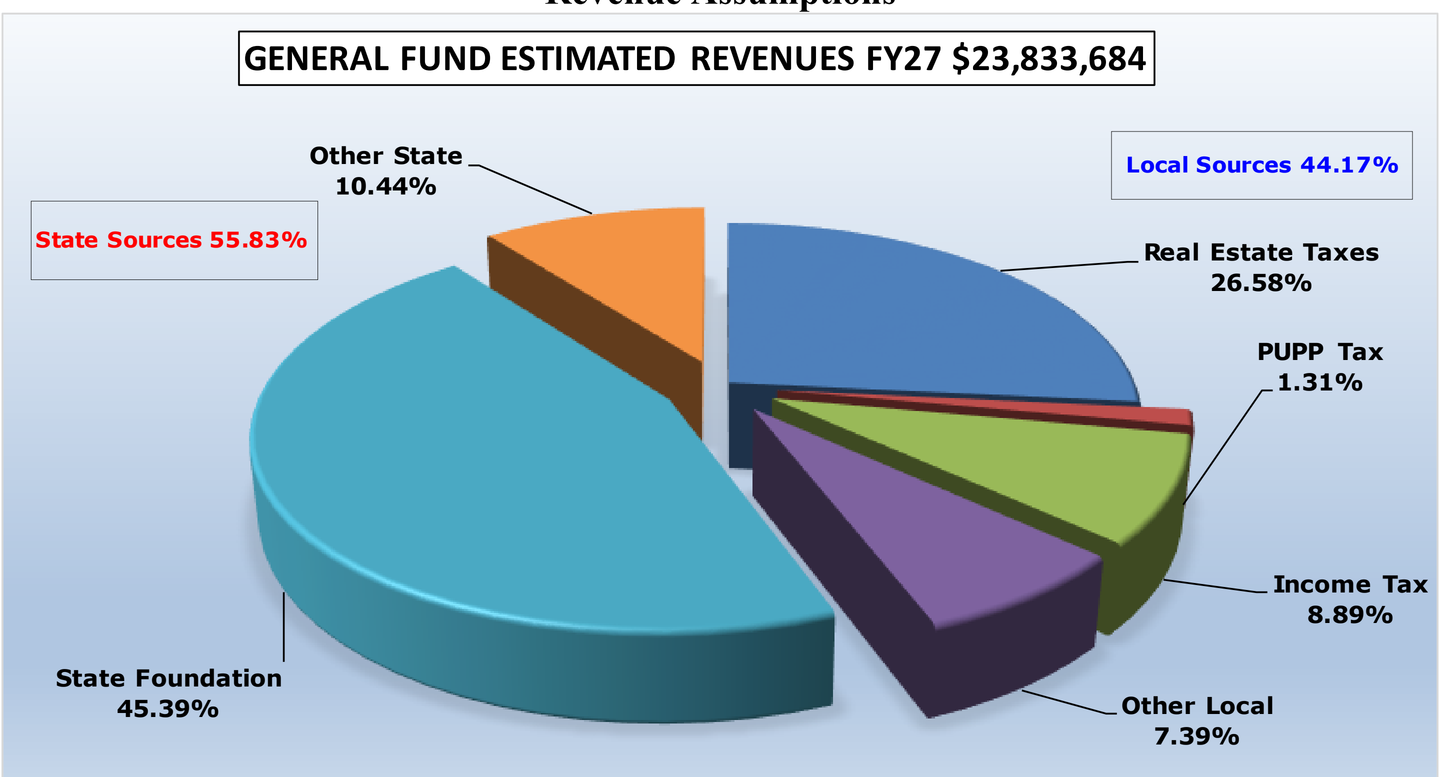
8. The Ohio Department of Taxation on January 15, 2026, announced an updated state property tax reappraisal and triennial update schedule. Sixteen counties will have their reappraisal moved back by one year in accordance with the new schedule. Both of our counties will be impacted by this change. This will move the reappraisal that would have been completed in 2029 to 2030 for collection in 2031.

The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Jason Fleming, Treasurer/CFO at 419-768-2206.

General Fund Revenue, 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 few years.



Revenue Assumptions



Property Valuation Assumptions

Property Values are established annually by the Morrow and Delaware County Auditors based on the type of property either residential/agriculture (Class I) or commercial/industrial (Class II), which the values are defined even further based on new construction, demolitions, BOR/BTA activity, and complete reappraisal or updated values. The new HB186 allows new construction growth in property taxes irrespective of GDP DF. Since the district resides within 2 counties, each county reappraisal cycle can be in different years, however, both of our counties are on the same sexennial reappraisal or the triennial update cycle. Both counties experienced a sexennial reappraisal for the 2023 tax year to be collected in 2024. Class I values increased 46.16% or $123.1 million due to the reappraisal, led by an improving housing market. Class II values increased by 36.46% or $9.4 million due to increased reappraisal values.

For tax year 2023, new construction in residential/agricultural property was up $7.0 million in assessed value, and commercial/industrial values increased by $8.6 million. Overall values increased $150.1 million or 51.34%, which includes new construction for all classes of property.

A triennial update will occur in 2026 for collection in 2027. Due to legislative changes that slow the impact of rapid property tax growth in Ohio, we have estimated an 8% increase in Class I and a 3%increase in Class II. This should be in line with GDP DF rates and HB186 and HB335 should not impact our property tax projections.

Public Utility Personal Property (PUPP) values change annually as the values are not included in the reappraisal or update years, which make them very difficult to forecast. PUPP values increased in Tax Year 2025 by $1.38 million. We expect our values to continue to grow by $900,000 each remaining year of the forecast.

We have been conservative with any future value increases for reappraisal or updates due to uncertainty over pending legislation as noted in the Forecast Risks and Uncertainty above.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

Classification	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028	Estimated TAX YEAR 2028 COLLECT 2029	Estimated TAX YEAR 2029 COLLECT 2030	Estimated TAX YEAR 2030 COLLECT 2031
Res./Ag.	$445,671,113	$450,291,113	$454,911,113	$459,531,113	$487,127,668
Comm./Ind.	$38,864,524	$39,914,524	$40,964,524	$42,014,524	$44,324,960
Public Utility Personal Property (PUPP)	$16,862,860	$17,762,860	$18,662,860	$19,562,860	$20,462,860
Total Assessed Value	$501,398,497	$507,968,497	$514,538,497	$521,108,497	$551,915,488

Tax Rates Assumptions

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for "reduction factors" of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II), resulting in different effective millage rates. The district-voted rate for all levies is 19 mills while the Class I effective millage rate is 19 mills, and the Class II effective millage rate is 19 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the "20-Mill Floor". Since our district does not have more than 20 mills of voted millage our floor is 19 mills. Currently, our district is on the floor for both Class I and Class II.

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. Our county commissioners did not vote to approve further Piggyback Property Tax Exemptions for tax year 2026. County commissioners have until July 1 each year to approve this for the coming calendar year. This is indeterminable at this time for tax year 2027 and beyond. We will adjust the forecast in the future accordingly.

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. HB186 also includes Temporary Tax Credits (claw back) provision that retroactively takes back property tax revenue that has already been collected by school districts for impacted districts starting in their 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 planning.

Highland is at the 20-mill floor and is anticipating a negative claw back impact to our forecast due to HB186. We are anticipating adjustments 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, we believe this is likely the worst-case scenario removing additional revenue of $7,612,187 through FY31, but final second half tax settlements will not be received before this forecast filing deadline.

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) for future real estate tax revenue growth. We have 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.

We have been conservative with any future value increases for reappraisal or updates due to implementation uncertainty over the new legislative changes as noted in the Forecast Risks and Uncertainty above.

General Property Tax (Real Estate) – Line #1.010
Property tax levies are estimated to be collected at 96.13% of the annual amount. Technically 100% of taxes will be settled on property due to Ohio's property tax laws but due to delinquencies we are calculating the taxes at a lower collection rate. In general, 55.35% of the Class I and Class II are expected to be collected in February tax settlements and 44.65% collected in August tax settlements. We are anticipating a significant adjustment to our second half settlement in 2026 in August/September due to HB186.

Source	FY27	FY28	FY29	FY30	FY31
Est. Real Estate Taxes	$8,410,175	$8,697,612	$8,778,964	$8,815,751	$9,108,254
HB96 Piggyback Exemption	$0	$0	$0	$0	$0
HB186 Tax Adjustments	($2,076,051)	($1,384,034)	($1,384,034)	($1,384,034)	($1,384,034)
Total Line #1.01 Real Estate Taxes	$6,334,124	$7,313,578	$7,394,930	$7,431,717	$7,724,220

Estimated Tangible Personal Tax & PUPP Taxes – Line #1.020
The amounts below are public utility personal property (PUPP) tax payments from public utilities. Collections are typically 50% in February and 50% in August, along with the real estate settlements from the county auditor.

Source	FY27	FY28	FY29	FY30	FY31
Public Utility Personal Property	$311,844	$328,944	$346,044	$363,144	$380,244
Total PUPP Tax Line #1.020	$311,844	$328,944	$346,044	$363,144	$380,244

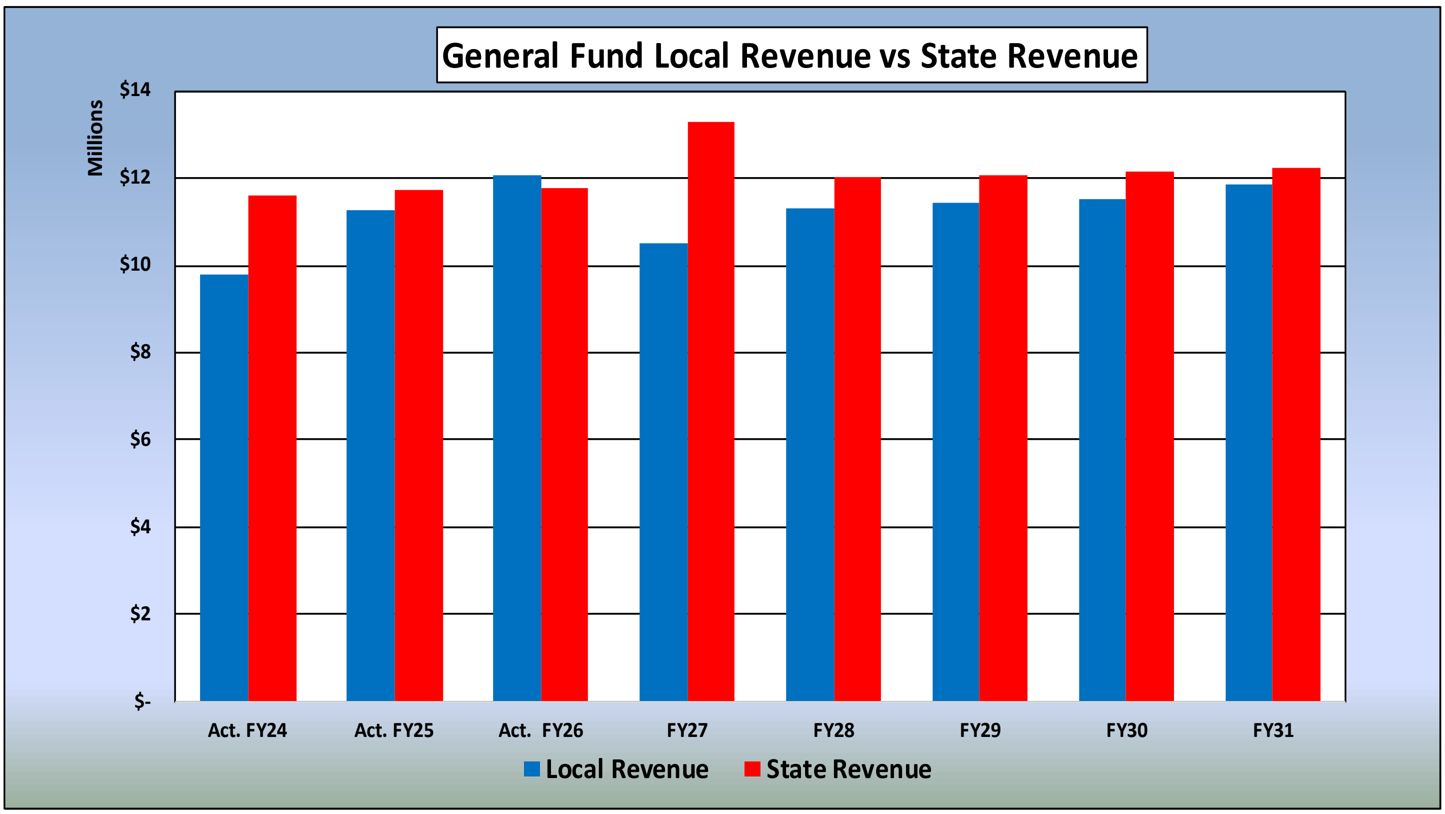
School District Income Tax – Line#1.030

The district has a 0.5% SDIT for a continuing period. The district received an increase of 7.85% over FY25. We will assume an annual growth rate of 1.0% for FY27 through FY31 as the concerns over inflation may slow growth in this area. We will continue to monitor and adjust the amounts throughout the forecast years.

Source	FY27	FY28	FY29	FY30	FY31
School Distrcit Income Tax	$2,066,577	$2,119,266	$2,140,459	$2,161,864	$2,183,483
Adjustments	$52,689	$21,193	$21,405	$21,619	$21,834
Total SDIT Line #1.030	$2,119,266	$2,140,459	$2,161,864	$2,183,483	$2,205,317

Revenue Breakdown

The chart below shows the large decrease in local revenue in FY27 due to the decrease from HB186 inflation claw back of taxes from previous years.



State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB96 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. We have projected FY27 funding based on the July #2 foundation settlement and funding factors.

Our district is currently a guarantee district in FY27 and is expected to continue to be on the guarantee in FY27-FY31 on the new Fair School Funding Plan (FSFP).

HB96 included a base funding supplement for all districts. The funding supplement per pupil of $27 in FY26 and $40 in FY27.

A detailed overview of how foundation funding is calculated including all of the HB96 changes on the Ohio Department of Education and Workforce is not available at this time. The detailed analysis 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.

A performance supplement was included in HB96. The eligibility for the supplement payment uses data from the state report card for the 2024-2025 school year for FY26 and 2025-2026 school year for FY27; the payment will be a separate payment of $13 per pupil in FY26 and FY27. Our district does not qualify for this payment.

Future State Budget Projections beyond FY27

Our funding status for FY28-FY31 will depend on two (2) unknown new state budgets. There is no guarantee that the current Fair School Funding Plan will be continued in future biennial budget processes; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast 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 will be collected as a tax. School districts will receive 34% of the 33% Gross Casino Revenue that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year which began for the first time on January 31, 2013.

In FY26, the funding totaled $108.29 million or $68.14 per pupil. We expect the Casino revenues to have resumed 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	$10,055,814	$10,055,814	$10,055,814	$10,055,814	$10,055,814
Additional Aid Items	$228,958	$228,958	$228,958	$228,958	$228,958
Basic Aid-Unrestricted Subtotal	$10,284,772	$10,284,772	$10,284,772	$10,284,772	$10,284,772
Ohio Casino Commission ODT	$115,432	$117,164	$118,921	$120,705	$122,516
Total Unrestricted State Aid Line #1.035	$10,400,204	$10,401,936	$10,403,693	$10,405,477	$10,407,288

Restricted State Revenues – Line # 1.040

HB96 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding), Career Technical, Gifted, English Learners (ESL), and Student Wellness funding.

We have estimated revenues for these new restricted funding lines using the most current funding factors available. For fiscal years 2026 and 2027, HB96 modifies 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 being $86.6 million less than in FY25.

Source	FY27	FY28	FY29	FY30	FY31
DPIA	$94,652	$94,652	$94,652	$94,652	$94,652
Career Tech - Restricted	$81,684	$81,684	$81,684	$81,684	$81,684
Gifted	$65,696	$65,696	$65,696	$65,696	$65,696
ESL	$4,942	$4,942	$4,942	$4,942	$4,942
Student Wellness	$170,744	$170,744	$170,744	$170,744	$170,744
Other Restricted	$0	$0	$0	$0	$0
Total Restricted State Revenues Line #1.040	$417,719	$417,719	$417,719	$417,719	$417,719

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	$10,400,204	$10,401,936	$10,403,693	$10,405,477	$10,407,288
Restricted Line #1.040	$417,719	$417,719	$417,719	$417,719	$417,719
Rest. Federal Funds #1.045	$0	$0	$0	$0	$0
Total State Foundation Revenue	$10,817,923	$10,819,655	$10,821,412	$10,823,196	$10,825,007

State Reimbursement for Property Tax Credits – Line #1.050
A) Rollback and Homestead Reimbursement
Rollback funds are reimbursements paid to the district from 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. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013. And Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled.

HB96 began a phase down of the 10% rollback credit that has been in effect since 1971 and an equal phase up of the Owner Occupied Credit (OOC) that has been in effect since 1978. In addition, HB96 increased the OOC by 2.88% by 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 we will need tax settlement sheets to determine that amount. But these amounts are fully reimbursed to the school district when deducted from Class I property tax bills. Homestead credits vary annually based on applicants and eligibility.

The state of Ohio passed HB479 was signed June 24, 2026, and becomes effective September 23, 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 for qualified Homestead applicants and will be reimbursed to local governments from a $2.0 billion surplus in the state budget at the end of May 2026. 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 additional $44 million annually which will also be reimbursed to local governments if applicable. The $44 million increase is ongoing.

HB186 10% Phase down OOC Phase up					
	TY25 Coll CY26	TY26 Coll CY27	TY27 Coll CY28	TY28 Coll CY29	TY29 Coll 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%
Inc. OOC	0.00%	0.70%	1.42%	2.15%	2.88%
Total	12.50%	13.20%	13.92%	14.65%	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 act's temporary credit, would otherwise receive less property tax revenue in tax year 2025 than in tax year 2024. The revenue guarantee 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 the act, the Ohio Department of Taxation 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. We do anticipate a hold harmless payment for HB186. The Ohio Department of Taxation expects to notify the Ohio Department of Education of these amounts and districts who receive this payment by August 1. A record request has been made for this data and we will adjust the forecast as data from the ODT becomes available.

Summary of State Share of Local Property Tax Reimbursement – Line #1.050

Source	FY27	FY28	FY29	FY30	FY31
Rollback and Homestead	$1,104,685	$1,222,431	$1,244,172	$1,317,681	$1,395,421
TPP Reimbursement - Fixed Rate	$0	$0	$0	$0	$0
HB186 Partial Reimbursement	$1,384,034	$0	$0	$0	$0
Total Tax Reimbursements #1.050	$2,488,719	$1,222,431	$1,244,172	$1,317,681	$1,395,421

Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area have been interest in investments, tuition for court placed students, student fees, and general rental fees.

Interest income is based on the district's cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. While interest income in FY27 should remain steady due to laddered investment strategies, the potential rate cuts will begin to have an impact on earnings later in FY27 and future years. We will continue to monitor the investments for the district.

The district accepts Open Enrollment preschool students from other districts. The only Open Enrollment students that the district receives state reimbursement for any open enrolled students are those that are in the preschool program, all other open enrolled students are included in the district student count and are paid through the state foundation payments. We are projecting the same number of preschool students throughout the forecast as we had in the previous year.

Tuition payments each year of the forecast are from the court placed students in our district, excess costs for special education program and the preschool parent paid tuition, we are estimating that these are increasing by

2% in each year of the forecast. The district received an audit adjustment payment for FY24 for Medicaid of $222,319 in FY27, we do not expect to receive as large of a payment in FY28. We are not forecasting any increase in the other revenue lines in this area as those lines fluctuate each year of the forecast.

Source	FY27	FY28	FY29	FY30	FY31
Tuition Related Payments	$615,606	$627,918	$640,476	$653,286	$666,352
Open Enrollment	$9,551	$9,551	$9,551	$9,551	$9,551
Interest Earnings	$568,913	$557,534	$546,384	$535,456	$524,747
Rental Related Fees	$73,425	$73,425	$73,425	$73,425	$73,425
Medicaid	$397,319	$175,000	$175,000	$175,000	$175,000
Miscellaneous	$96,995	$96,995	$96,995	$96,995	$96,995
Total Other Local Revenue Line #1.060	$1,761,808	$1,540,423	$1,541,831	$1,543,713	$1,546,070

Short-Term Borrowing – Lines #2.010 & Line #2.020
There is no short-term borrowing projected in this forecast.

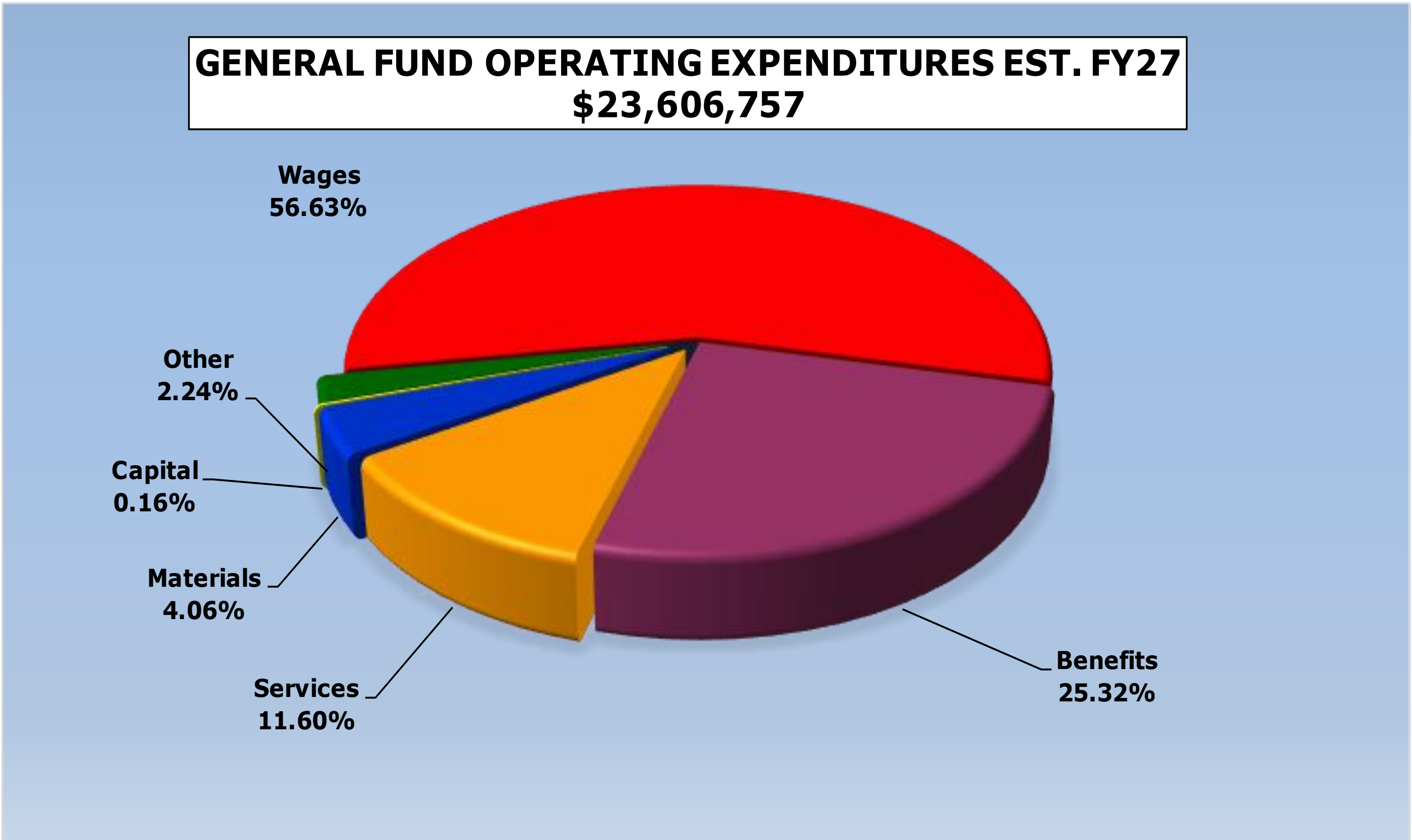
Transfers In / Return of Advances – Line #2.040 & Line #2.050
These are non-operating revenues which are the repayment of short-term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. The district is not planning on any transfers during the forecast.

All Other Financial Sources – Line #2.060
This funding source is typically a refund of prior year expenditures that is very unpredictable. These revenues are inconsistent year to year and are projecting the amount of refunds based on the previous year of the forecast.

Source	FY27	FY28	FY29	FY30	FY31
Refund of prior year expenditures - Line #2.060	$58,010	$58,010	$58,010	$58,010	$58,010

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the focus for resource utilization.



Wages – Line #3.010

Negotiations with bargaining unit members resulted in an agreement to include base increases of 3% in FY24 and FY25. Through negotiations we have approved a 1% increase for certified staff and a 2% increase for classified staff in base wages for FY27. We are projecting 2% increases in FY28 through FY31 for forecasting purposes only. The district is also projecting steps and academic training increases annually of 1.5%.

The district has many staffing changes for FY27. The following positions either retired or resigned with no replacements: six teachers, two permanent substitute teachers , one custodian, and one preschool aide. There will also be one secretary that retired that will be replaced and three teachers that retired, that will then be rehired.

Source	FY27	FY28	FY29	FY30	FY31
Base Wages	$12,863,012	$12,690,709	$13,049,185	$13,500,530	$13,966,279
Based Pay Increase	$109,078	$253,814	$260,984	$270,011	$279,326
Steps & Academic Training	$192,945	$192,945	$190,361	$195,738	$202,508
Staff Growth - Replacement/New	$172,390	$30,915	$0	$0	$0
Staff Reductions - RIF/Retire/Resign	($646,716)	($119,198)	$0	$0	$0
Substitutes	$223,405	$230,107	$237,010	$244,120	$251,444
Supplementals	$448,961	$457,940	$467,099	$476,441	$485,970
Severance	$4,515	$4,515	$4,515	$4,515	$4,515
Total Wages Line #3.010	$13,367,590	$13,741,747	$14,209,154	$14,691,355	$15,190,042

Fringe Benefits Estimates
This area of the forecast captures all costs associated with benefits and retirement costs. These payments along with HSA costs are included in the table below.

A) STRS/SERS will increase as Wages Increase
The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge which is an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance
The district is on a self-insured medical insurance plan. The district received a 9.05% increase for 2025 and a 5% increase for 2026 for a blended rate in FY26 of 7.0%. The district is forecasting 10% increases for calendar year 2027 through 2031, which will be a 7.5% blended rate in FY27 and then 10% blended rate increases in FY28 through FY30. We have increased the amount in FY27 for changes in the PPO plan for an overall increase of 8.5% instead of the 7.5% blended rate.

C) Workers Compensation & Unemployment Compensation
Workers' Compensation is expected to be approximately .044% of wages FY27– FY31. Unemployment is expected to remain at a very low level FY27-FY31. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare
Medicare will continue to increase at the rate of increases in wages and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

E) Other/Tuition/Annuities
The district includes the amount of tuition reimbursement agreed upon within the negotiated agreement for each year of the forecast.

Summary of Fringe Benefits – Line #3.020

Source	FY27	FY28	FY29	FY30	FY31
A) STRS/SERS	$2,128,090	$2,177,026	$2,249,634	$2,326,169	$2,405,300
B) Insurance's	$3,554,371	$3,888,621	$4,277,483	$4,705,231	$5,175,754
C) Workers Comp/Unemployment	$58,989	$60,635	$62,691	$64,813	$67,007
D) Medicare	$193,831	$199,255	$206,033	$213,025	$220,256
E) Other/Tuition/Annuities	$41,240	$41,240	$41,240	$41,240	$41,240
Total Fringe Benefits Line #3.020	$5,976,521	$6,366,777	$6,837,081	$7,350,478	$7,909,557

Purchased Services – Line #3.030

College Credit Pus, excess costs and other tuition costs will continue to draw funds away from the district, which will continue in this area, we are forecasting no increase in these areas for the remainder of the forecast.

The district expects that utility costs will increase by 4% each year of the forecast. In FY26 there will be a new electric Capacity Charge that will be assessed on all electric bills to help expand Ohio's electric generating ability. This charge began June 2025 and will end June 2026. It is anticipated it will increase electric costs by 20% annually for just that twelve (12) month period. Due to ever increasing utility costs, we have increased FY27 by 6.5% with 4% increases in FY28 through FY31.

Most other areas of purchased services will increase annually by an average of 2%.

Source	FY27	FY28	FY29	FY30	FY31
Professional & Technical Services, ESC	$1,307,948	$1,334,107	$1,360,789	$1,388,005	$1,415,765
Maintenance, Insurance & Garbage Removal	$333,502	$340,172	$346,975	$353,915	$360,993
Lease Purchase Agreements	$0	$0	$0	$0	$0
Professional Development	$26,590	$26,590	$26,590	$26,590	$26,590
Communications, Postage, & Telephone	$32,485	$33,135	$33,798	$34,474	$35,163
Utilities	$650,000	$676,000	$703,040	$731,162	$760,408
Contracted Trades & Services	$0	$0	$0	$0	$0
Tuition & Excess Costs	$127,934	$127,934	$127,934	$127,934	$127,934
College Credit Plus	$181,473	$181,473	$181,473	$181,473	$181,473
Contract Transportation	$13,000	$13,000	$13,000	$13,000	$13,000
Miscellaneous Purchased Services	$64,921	$66,219	$67,543	$68,894	$70,272
Total Purchased Services Line #3.030	$2,737,853	$2,798,630	$2,861,142	$2,925,447	$2,991,598

Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel with an average increase of 2.5% throughout the forecast. There is a decrease beginning in FY27 of $30,000 for subscriptions that are to continue throughout the forecast.

Source	FY27	FY28	FY29	FY30	FY31
General Office Supplies & Materials	$290,883	$296,701	$302,635	$308,688	$314,862
Textbooks & Instructional Supplies	$7,077	$7,219	$7,363	$7,510	$7,660
Facility Supplies & Materials	$300,715	$309,736	$319,028	$328,599	$338,457
Transportation Fuel & Supplies	$348,930	$366,377	$384,696	$403,931	$424,128
Miscellaneous Supplies	$11,663	$11,663	$11,663	$11,663	$11,663
Total Supplies Line #3.040	$959,268	$991,696	$1,025,385	$1,060,391	$1,096,770

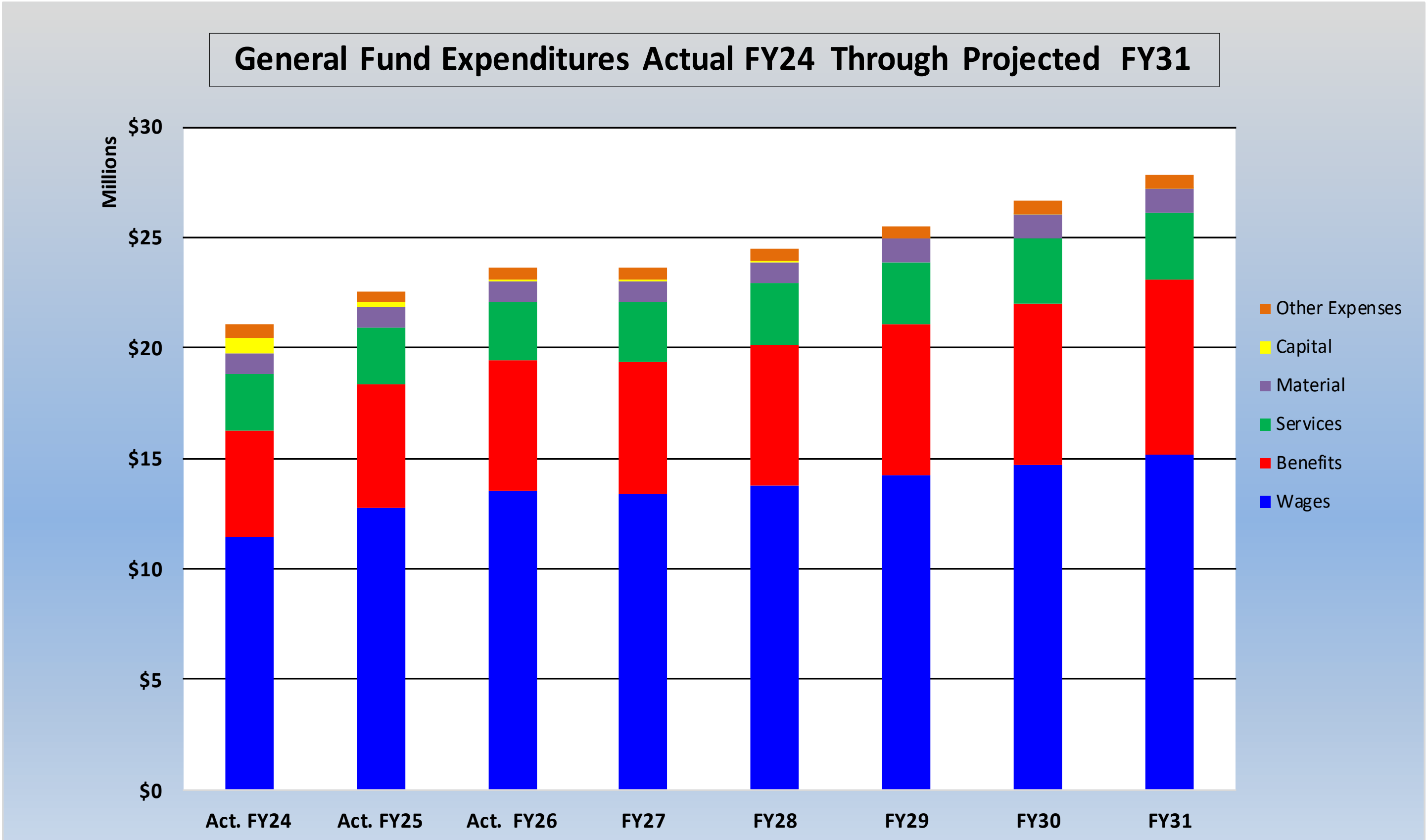
Equipment – Line # 3.050
Capital Outlay each year for technology and other equipment has been included based on a 2% increase each year for FY27 through FY31.

Source	FY27	FY28	FY29	FY30	FY31
Capital Outlay & Maintenance	$36,258	$36,983	$37,723	$38,477	$39,247
Technology/Curriculum Purchases	$1,382	$1,410	$1,438	$1,467	$1,496
Buses & Other Vehicles	$0	$0	$0	$0	$0
Total Equipment Line #3.050	$37,640	$38,393	$39,161	$39,944	$40,743

Other Expenses – Line #4.300
The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit, membership fees and other miscellaneous expenses. An increase of 2% annually is projected in this area for the forecast.

Source	FY27	FY28	FY29	FY30	FY31
County Auditor & Treasurer Fees	$224,523	$229,013	$233,593	$238,265	$243,030
ESC Deduction	$60,320	$61,526	$62,757	$64,012	$65,292
Annual Audit Costs	$38,511	$39,281	$40,067	$40,868	$41,685
Dues, Fees & other Expenses	$204,531	$208,622	$212,794	$217,050	$221,391
Total Other Expenses Line #4.300	$527,885	$538,442	$549,211	$560,195	$571,398

Operating Expenditures Actual FY24 through FY26 and Estimated FY27-FY31
The graph below shows a quick overview of actual and estimated expenses by proportion to total in the General Fund.



Transfers Out/Advances Out – Lines # 5.010 and 5.020
This account group covers fund to fund transfers and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The district plans to transfer to the 070 Capital Projects Fund for one bus in FY27 through FY31; along with $145,000 annually for technology equipment. There are no advances anticipated throughout the forecast.

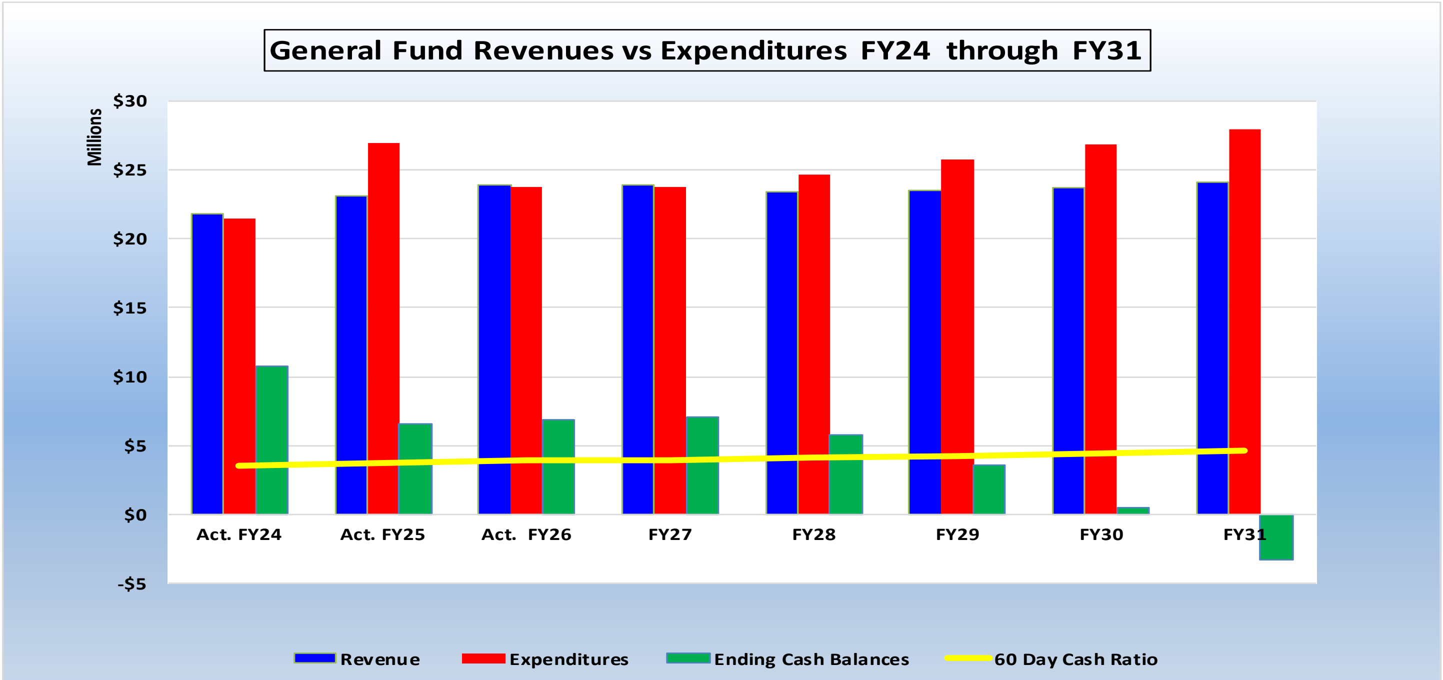
Source	FY27	FY28	FY29	FY30	FY31
Operating Transfers Out Line #5.010	$200,000	$200,000	$200,000	$200,000	$200,000
Advances Out Line #5.020	$0	$0	$0	$0	$0
Total Transfer & Advances Out	$200,000	$200,000	$200,000	$200,000	$200,000

Encumbrances –Line #8.010
Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments, which have been performed, are awaiting invoicing and payment. Encumbrances, on a budget basis of accounting, are treated as the equivalent of expenditure at the time authorization is made to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance.

	FY27	FY28	FY29	FY30	FY31
Estimated Encumbrances Line #8.010	$250,000	$250,000	$250,000	$250,000	$250,000

Revenue vs Expenditures with Deficit Spending

The graph below shows that the district began to deficit spend in FY25 due to the transfers and will begin in FY28 throughout the remaining years of the forecast based on operating revenues and expenditures.



Deficit spending affects the amount of carryover that the district will have to plan for the future. When reviewing the needs of the district we review the amount of spending and what would be needed to remove any deficit spending to have positive cash balances on the forecast. The chart below shows the amount of deficit spending that is included on Line 6.010 of the forecast and the millage for each year that would erase the deficit spending.

Source	FY27	FY28	FY29	FY30	FY31
Excess Revenue over/(under) Expenditures	$84,937	($1,252,185)	($2,152,871)	($3,106,866)	($3,865,819)
Millage equivalent for deficit spending	0.00	2.76	4.67	6.20	7.61

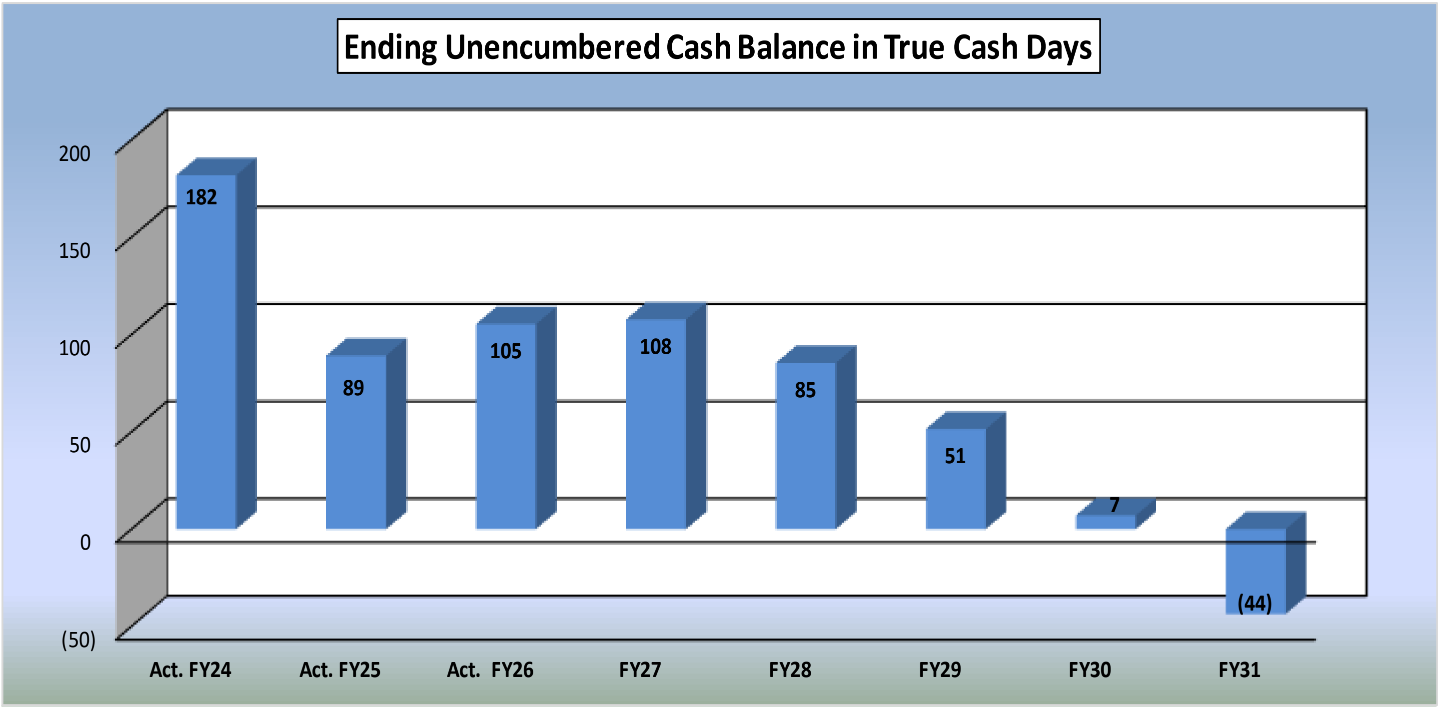
Ending Unencumbered Cash Balance "The Bottom-line"– Line #15.010

This amount must not go below $0 or the district General Fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of $10,000.

	FY27	FY28	FY29	FY30	FY31
Ending Unreserved Cash Balance Line #15.01	$7,028,038	$5,775,853	$3,622,982	$516,116	($3,349,703)

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 is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The government finance officers association recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as permanent improvement, athletics, and other funds.



Conclusion

Highland Local School District receives 55.91% of its funding for the district from state dollars which is greatly beneficial to the overall operations for the education of our students.

In planning for the future, the administration will need to make sure that the district is able to obtain a positive cash balance throughout the forecast. They will need to review current expenditures based on the current revenues to obtain this.

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