# LICKING HEIGHTS LOCAL SCHOOL DISTRICT
# LICKING AND FRANKLIN COUNTIES
# SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2023, 2024, 2025 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2026 THROUGH JUNE 30, 2030

**Forecast Provided By**
**LICKING HEIGHTS LOCAL SCHOOL DISTRICT**

**Treasurer's Office**
**Todd Griffith, Treasurer/CFO**
**September 16, 2025**

# Licking Heights Local School District

**Licking County**

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

| | | Actual | | | | Forecasted | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fiscal Year 2023 | Fiscal Year 2024 | Fiscal Year 2025 | Average Change | Fiscal Year 2026 | Fiscal Year 2027 | Fiscal Year 2028 | Fiscal Year 2029 | Fiscal Year 2030 |
| | **Revenues** | | | | | | | | | |
| 1.010 | General Property Tax (Real Estate) | $23,062,360 | $25,955,508 | $28,627,742 | 11.4% | $28,481,034 | $28,893,229 | $29,598,828 | $29,873,628 | $25,640,999 |
| 1.020 | Public Utility Personal Property Tax | 4,378,972 | 4,746,148 | 5,320,864 | 10.2% | 5,472,874 | 6,081,382 | 6,134,441 | 6,216,763 | 5,556,602 |
| 1.035 | Unrestricted State Grants-in-Aid | 16,205,450 | 22,307,699 | 25,397,040 | 25.8% | 26,999,566 | 28,511,413 | 28,518,217 | 28,525,122 | 28,532,132 |
| 1.040 | Restricted State Grants-in-Aid | 1,471,088 | 2,446,945 | 2,614,715 | 36.6% | 2,456,794 | 2,607,464 | 2,607,464 | 2,607,464 | 2,607,464 |
| 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 | 2,859,193 | 3,286,609 | 3,733,504 | 14.3% | 3,531,946 | 3,540,200 | 3,618,968 | 3,638,138 | 3,151,192 |
| 1.060 | All Other Revenues | 9,482,968 | 13,476,464 | 15,156,405 | 27.3% | 14,622,616 | 13,931,139 | 13,246,240 | 12,882,746 | 12,050,623 |
| 1.070 | *Total Revenues* | $57,460,030 | $72,219,374 | $80,850,269 | 18.8% | $81,564,830 | $83,564,827 | $83,724,158 | $83,743,861 | $77,539,012 |
| | **Other Financing Sources** | | | | | | | | | |
| 2.040 | Operating Transfers-In | 0 | 0 | 39,219 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 2.050 | Advances-In | 222,500 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 2.060 | All Other Financing Sources | 35,132 | 191,466 | 11,965 | 175.6% | 40,000 | 0 | 0 | 0 | 0 |
| 2.070 | *Total Other Financing Sources* | 257,632 | 191,466 | 51,184 | -49.5% | 40,000 | 0 | 0 | 0 | 0 |
| 2.080 | *Total Revenues and Other Financing Sources* | $57,717,662 | $72,410,840 | $80,901,453 | 18.6% | $81,604,830 | $83,564,827 | $83,724,158 | $83,743,861 | $77,539,012 |
| | **Expenditures** | | | | | | | | | |
| 3.010 | Personal Services | $27,896,008 | $30,384,940 | $34,622,495 | 11.4% | $39,347,776 | $42,874,455 | $46,289,116 | $49,973,931 | $53,952,568 |
| 3.020 | Employees' Retirement/Insurance Benefits | 9,110,536 | 10,018,290 | 11,789,622 | 13.8% | 13,757,660 | 15,402,710 | 17,147,243 | 19,134,103 | 21,341,128 |
| 3.030 | Purchased Services | 9,073,037 | 9,884,758 | 11,461,760 | 12.5% | 13,007,996 | 14,302,210 | 14,794,894 | 15,340,960 | 15,908,063 |
| 3.040 | Supplies and Materials | 2,352,871 | 2,213,363 | 2,968,227 | 14.1% | 3,167,108 | 3,325,463 | 3,491,736 | 3,666,323 | 3,849,639 |
| 3.050 | Capital Outlay | 25,099 | 1,245,240 | 4,161,632 | 2547.8% | 2,500,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 3.060 | Intergovernmental | 0 | 0 | 0 | 0.0% | | | | | |
| | Debt Service: | | | | | | | | | |
| 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 | 683,828 | 866,140 | 863,235 | 13.2% | 890,500 | 927,210 | 945,754 | 964,670 | 983,964 |
| 4.500 | *Total Expenditures* | $49,141,378 | $54,612,731 | $65,866,972 | 15.9% | $72,671,040 | $77,832,048 | $83,668,743 | $90,079,987 | $97,035,362 |
| | **Other Financing Uses** | | | | | | | | | |
| 5.010 | Operating Transfers-Out | $10,001,085 | $6,000,000 | $14,000,000 | 46.7% | $200,000 | $0 | $0 | $0 | $0 |
| 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* | 10,001,085 | 6,000,000 | 14,000,000 | 46.7% | 200,000 | 0 | 0 | 0 | 0 |
| 5.050 | *Total Expenditures and Other Financing Uses* | $59,142,463 | $60,612,731 | $79,866,972 | 17.1% | $72,871,040 | $77,832,048 | $83,668,743 | $90,079,987 | $97,035,362 |
| 6.010 | *Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses* | (1,424,801) | 11,798,109 | 1,034,481 | -509.6% | 8,733,790 | 5,732,779 | 55,415 | (6,336,126) | (19,496,350) |
| 7.010 | Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies | 30,181,327 | 28,756,526 | 40,554,636 | 18.2% | 41,589,116 | 50,322,906 | 56,055,685 | 56,111,100 | 49,774,974 |
| 7.020 | *Cash Balance June 30* | 28,756,526 | 40,554,636 | 41,589,116 | 21.8% | 50,322,906 | 56,055,685 | 56,111,100 | 49,774,974 | 30,278,624 |
| 8.010 | *Estimated Encumbrances June 30* | 13,131 | - | - | 0.0% | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| | **Reservation of Fund Balance** | | | | | | | | | |
| 9.010 | Textbooks and Instructional Materials | | | | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.020 | Capital Improvements | | | | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.030 | Budget Reserve | | | | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.040 | DPIA | | | | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.045 | Fiscal Stabilization | | | | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.050 | Debt Service | | | | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.060 | Property Tax Advances | | | | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.070 | Bus Purchases | | | | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.080 | *Subtotal* | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 10.010 | *Fund Balance June 30 for Certification of Appropriations* | $28,743,395 | $40,554,636 | $41,589,116 | 21.8% | $50,272,906 | $56,005,685 | $56,061,100 | $49,724,974 | $30,228,624 |

# Licking Heights Local School District

**Licking County**

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

| | | Actual | | | | Forecasted | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Fiscal Year 2023 | Fiscal Year 2024 | Fiscal Year 2025 | Average Change | Fiscal Year 2026 | Fiscal Year 2027 | Fiscal Year 2028 | Fiscal Year 2029 | Fiscal Year 2030 |
| | **Revenue from Replacement/Renewal Levies** | | | | | | | | | |
| 11.010 | Income Tax - Renewal | | | | 0.0% | | | | | |
| 11.020 | Property Tax - Renewal or Replacement | | | | 0.0% | 0 | 0 | 0 | 0 | 5,696,517 |
| 11.300 | Cumulative Balance of Replacement/Renewal I | 0 | 0 | | 0.0% | 0 | 0 | 0 | 0 | 5,696,517 |
| 12.010 | *Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations* | $28,743,395 | $40,554,636 | $41,589,116 | 21.8% | $50,272,906 | $56,005,685 | $56,061,100 | $49,724,974 | $35,925,141 |
| | **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 | 0 | 0 | 0 |
| 15.010 | *Unreserved Fund Balance June 30* | $28,743,395 | $40,554,636 | $41,589,116 | 21.8% | $50,272,906 | $56,005,685 | $56,061,100 | $49,724,974 | $35,925,141 |
| 20.010 | Kindergarten -ADM count | 391 | 391 | 391 | 0.0% | 400 | 405 | 410 | 415 | 420 |
| 20.015 | Grades -ADM count | 3911 | 3911 | 3911 | 0.0% | 4500 | 4545 | 4590 | 4635 | 4680 |

**Licking Heights Local School District – Franklin and Licking Counties**
**Notes to the Five Year Forecast**
**General Fund Only**
**September 16, 2025**

## 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.

Here are three essential purposes or objectives of the five-year 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. 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 October 2025 filing.

## Economic Outlook

Ohio's economic outlook indicates slow but steady growth, with industrial diversification in manufacturing, logistics, and technology, with an unemployment rate expected to remain between 4.5% and 5%, The state faces challenges including workforce issues particularly in attracting and retaining skilled labor and the need for affordable housing. In the short term, the state anticipates continued to moderate growth despite national and global challenges such as inflation and interest rates, while the long term depends on continued strategic investment in high-growth sectors and addressing the skilled workforce shortage to make Ohio competitive. These conditions should result in stable revenue enabling the state to continue current levels of funding for school districts and stable local revenue as unemployment remains low.

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

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

1) Property tax collections are the largest single revenue source for the school system. The housing market in our district is stable and growing. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, predominately local taxes, equating to 61.0% of the district's resources. Our tax collections in the March 2024 and August 2024 settlements showed average collection trends. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2) Licking and Franklin Counties experienced a reappraisal in the 2023 tax year to be collected in FY24. The 2023 reappraisal increased assessed Class I values by $292,302,315 million, or 46.61%. Overall values rose $16.3 million or 10.52%, including reappraisal and new construction for all property classes. A reappraisal update will occur in the tax year 2026 for collection in FY27. We anticipate value increases for Class I and II property by $56.2 million for an overall increase of 5.09%. There is, however, always a slight risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that at this time.

3) Due to historic property value increases in reappraisal and update years the Ohio Legislature has considered various proposals since 2023 to help reduce non-voted tax increases on taxpayers. HB96 the current state biennium budget passed in June which included several proposals that would have ultimately reduced districts' cash balances and placed severe restrictions on increasing local tax revenues. The Governor vetoed four (4) property tax measures that he said would jeopardize the financial stability of public schools. The Ohio House of Representatives pulled three (3) of the Governor's vetoes addressing school districts to attempt to override them. They included: 1) County Budget Commission Authority; 2) manipulates the calculation of the 20-mill floor to include emergency, substitute and other levies in the calculation; and 3) the elimination of various levies including emergency, replacement and renewal levies

   The Ohio House of Representatives met on July 21, 2025 and voted (61-58) in favor of overriding the elimination of various levy types - only. As of this forecast filing, the Senate has not met to vote on any of the vetoes thus the Governor's vetoes remain in effect.

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

   The legislature has introduced several other bills that would limit real estate tax growth or eliminate real estate tax collections completely. Many of these bills are still in committee. Many of these pending

bills represent a serious risk to our school district funding. We are watching legislation closely for any impact on our local revenues.

4) The state budget represented 40.4% 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 the Fair School Funding Plan is not continued and funded in the next state biennium budget. In this forecast, there are two unknown future State Biennium Budgets covering FY28-29 and FY30-31. 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 FY26 based on HB96 legislation with the Governor's vetoes in place. This forecast reflects state revenue to align with the FY27 funding levels through FY30 which we feel is reasonable 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.

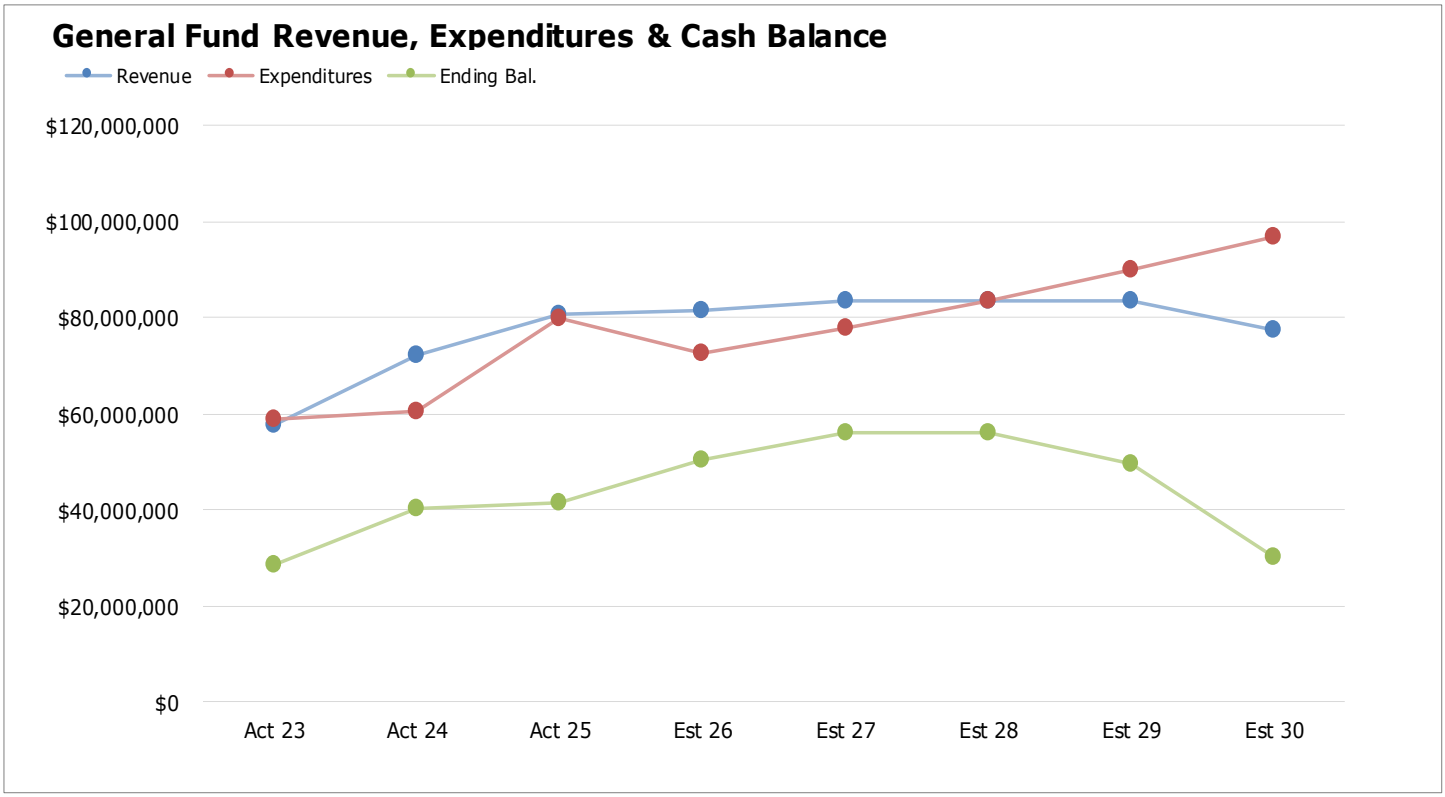
5) HB96, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY26 and FY27. FY26 reflects 83.33% of the implementation cost at year five of a six-year phase-in plan, which increases by 16.66% each year. FY27 will result in 100% funding of (FSFP). HB96 did not increase the base cost inputs (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 simulations published by the Department of Education and Workforce for our forecasted revenues in FY26.

6) 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 are reimbursed to the district from the state of Ohio. These "Piggyback Property Tax Exemptions" would NOT be reimbursed. The extended tax credits for qualifying taxpayers would result in reduced property tax collections for the school district of roughly $800 thousand from current operating levies, if our County Commissioners implement this. This new law creates a potential risk to our local tax collections.

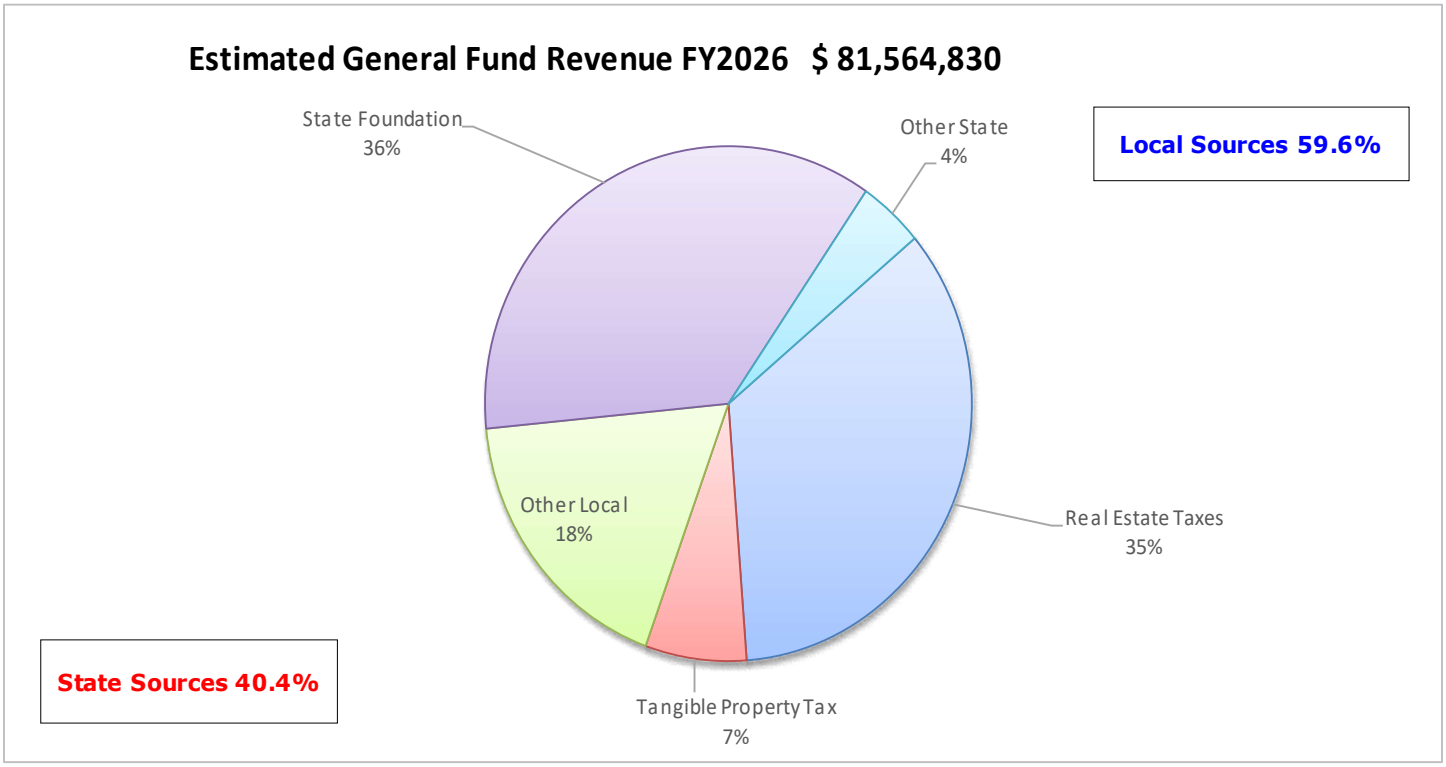
7) Labor relations in our district have been good with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

The significant 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 back 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 Todd Griffith, Treasurer/CFO at 740-927-6926.

## General Fund Revenue, Expenditure and Cash Balance Actual FY23-FY25 and Estimated FY26-FY30:




## Revenue Assumptions
## Estimated General Fund Revenue for FY26



**Real Estate Value Assumptions – Line # 1.010**
Property Values are established annually by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. A full reappraisal of the district property value occurred in 2023 for collection in calendar year 2024. The 2023 reappraisal of real estate values realized a 46.61% increase in residential values but commercial only realized a 10.52% increase for Licking Heights Schools.

We have been conservative with any future value increases for reappraisal or updates due to uncertainty over legislative actions that may take place in the spring of 2025 that limits property tax growth.

**ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS**

| Classification | Estimated TAX YEAR 2025 COLLECT 2026 | Estimated TAX YEAR 2026 COLLECT 2027 | Estimated TAX YEAR 2027 COLLECT 2028 | Estimated TAX YEAR2028 COLLECT 2029 | Estimated TAX YEAR2029 COLLECT 2030 |
|---|---|---|---|---|---|
| Res./Ag. | $939,964,965 | $989,113,214 | $993,263,214 | $997,413,214 | $1,051,433,874 |
| Comm./Ind. | $165,255,141 | $172,312,795 | $180,412,795 | $182,512,795 | $190,088,179 |
| Public Utility (PUPP) | $155,879,930 | $157,879,930 | $159,879,930 | $161,879,930 | $163,879,930 |
| Total Assessed Valuation | $1,261,100,036 | $1,319,305,939 | $1,333,555,939 | $1,341,805,939 | $1,405,401,983 |

**Tax Rate 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 gross rate for all general fund levies is 38.95 mills while the Class I effective millage rate is 29.25 mills and the Class II effective millage rate is 29.32 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills (excluding emergency and substitute emergency levies), which includes both the voted and the non-voted millage rates; this is called the "20-Mill Floor". Currently, our district is on the floor for both Class I and Class II. Any emergency or substitute emergency levy that is voted on is not included in the 20-mill floor, the district has one substitute levy of 9.25 mills that was voted on for an annual amount of $10.6 million of taxes.

This must be closely monitored due to potential HB96 veto overrides by the House and Senate which could change the 20-Mill Floor all the way through December 31, 2026.

**ESTIMATED REAL ESTATE TAX (Line #1.010)**

| Source | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Est. Prop. Taxes Excluding PUPP | $28,481,034 | $28,893,229 | $29,598,828 | $29,873,628 | $25,640,999 |

**Estimated Public Utility Tax – Line#1.020**
As noted earlier, the phase-out of TPP taxes began in FY06 with HB66, which was adopted in June 2005. The amounts below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under P.U. Personal, which was $153.9 million in assessed values in 2024 and is collected at the district's gross voted millage rate. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county auditor.

| Source | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Public Utility Receipts | $5,472,874 | $6,081,382 | $6,134,441 | $6,216,763 | $5,556,602 |

**New Tax Levies – Line #13.030 -** No new levies are included in this forecast. However, depending on potential veto overrides, our renewal could shift to a new tax levy. If that occurs, it would eliminate the state tax credits (Homestead and Rollback exemptions) that taxpayers are currently receiving.

**Renewal and Replacement Levies – Line #11.02**
Tax levies that are not continuous by law cannot be included in property taxes. As a result, our substitute levy appears in this line beginning in FY30, when the levy will need to be renewed.

**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 FY26 funding based on the most current foundation settlement and funding factors.

Our district is currently a formula district in FY26 and is expected to continue to be on the formula in FY27-FY30 on the Fair School Funding Plan (FSFP).

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. When a detailed analysis is 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, 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 FY25. In other words, the legislature did not increase funding in the foundation formula. They did increase transportation funding's state share percentage to 45.83% in FY26, and 50% in FY27, which could increase funding, and; they added three (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 $27 in FY26 and $40 in FY27.

The Enrollment Growth Supplement is paid to eligible districts based on the current FY26 enrolled ADM multiplied by $225 per student, and in FY27 based on FY27 enrolled ADM multiplied by $250. To be eligible enrolled ADM growth between FY22 and FY25 must equal or exceed 5% growth, and FY27 enrolled ADM growth between FY23 and FY26 must equal or exceed 3%.

The 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. We will not know until later in FY26 if we will receive this additional funding.

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

two (2) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY26 and FY27 than they received in FY21.

**Future State Budget Projections beyond FY27**

Our funding status for FY28-FY30 will depend on unknown two (2) 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 date to work with. For this reason, funding is held constant in the forecast for FY28 through FY30.

**Casino Revenue**

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed four (4) casinos to open 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% of 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, beginning for the first time on January 31, 2013.

In FY26, the funding totaled $114.30 million or $65.70 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.0% annual growth rate for the remainder of the forecast.

| Source | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Basic Aid-Unrestricted | $25,551,685 | $26,940,174 | $26,940,174 | $26,940,174 | $26,940,174 |
| Additional Aid Items | $1,117,817 | $1,234,473 | $1,234,473 | $1,234,473 | $1,234,473 |
| Basic Aid-Unrestricted Subtotal | $26,669,502 | $28,174,647 | $28,174,647 | $28,174,647 | $28,174,647 |
| Ohio Casino Commission ODT | $330,064 | $336,766 | $343,570 | $350,475 | $357,485 |
| Total Unrestricted State Aid Line # 1.035 | $26,999,566 | $28,511,413 | $28,518,217 | $28,525,122 | $28,532,132 |

B) **Restricted State Revenues – Line # 1.040**

HB96 has continued Disadvantaged Pupil Impact Aid, Career Technical, Gifted, English Learners (ESL), and Student Wellness funding. For fiscal years 2026 and 2027, HB96 modifies how DPIA is calculated by factoring in both directly certified and economically disadvantaged students. The new formula modified the weight given to these student groups over the biennium. We will not see the specific impact of this until after this forecast period.

| Source | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Economically Disadvantage Aid | $815,431 | $950,385 | $950,385 | $950,385 | $950,385 |
| ESL | $559,731 | $574,919 | $574,919 | $574,919 | $574,919 |
| Gifted | $215,874 | $214,863 | $214,863 | $214,863 | $214,863 |
| Career Tech - Restricted | $59,750 | $61,289 | $61,289 | $61,289 | $61,289 |
| Student Wellness | $745,589 | $745,589 | $745,589 | $745,589 | $745,589 |
| Other Restricted (HQ)(SOR/HS Intern) | $0 | $0 | $0 | $0 | $0 |
| Half Mil Equal | $60,419 | $60,419 | $60,419 | $60,419 | $60,419 |
| Total Restricted State Revenues Line #1.040 | $2,456,794 | $2,607,464 | $2,607,464 | $2,607,464 | $2,607,464 |

**C) Restricted Federal Grants in Aid – line #1.045**

No federal unrestricted grants are projected during this forecast.

| SUMMARY | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Unrestricted Line # 1.035 | $26,999,566 | $28,511,413 | $28,518,217 | $28,525,122 | $28,532,132 |
| Restricted Line # 1.040 | $2,456,794 | $2,607,464 | $2,607,464 | $2,607,464 | $2,607,464 |
| Restricted Fed. SFSF /EdJobs #1.045 | $0 | $0 | $0 | $0 | $0 |
| Total State Foundation Revenue | $29,456,360 | $31,118,877 | $31,125,681 | $31,132,586 | $31,139,596 |

**State Reimbursement of 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, 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. The extended tax credits for qualifying taxpayers would result in reduced property tax collections for the school districts.

**Summary of State Tax Reimbursement – Line #1.050**

| Source | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Rollback and Homestead | $3,531,946 | $3,540,200 | $3,618,968 | $3,638,138 | $3,151,192 |

**Other Local Revenues – Line #1.060**
This category includes any revenue not captured in the lines above. The primary sources are interest on investments, tuition for court-placed students, student fees, Payments in Lieu of Taxes, and general rental fees.

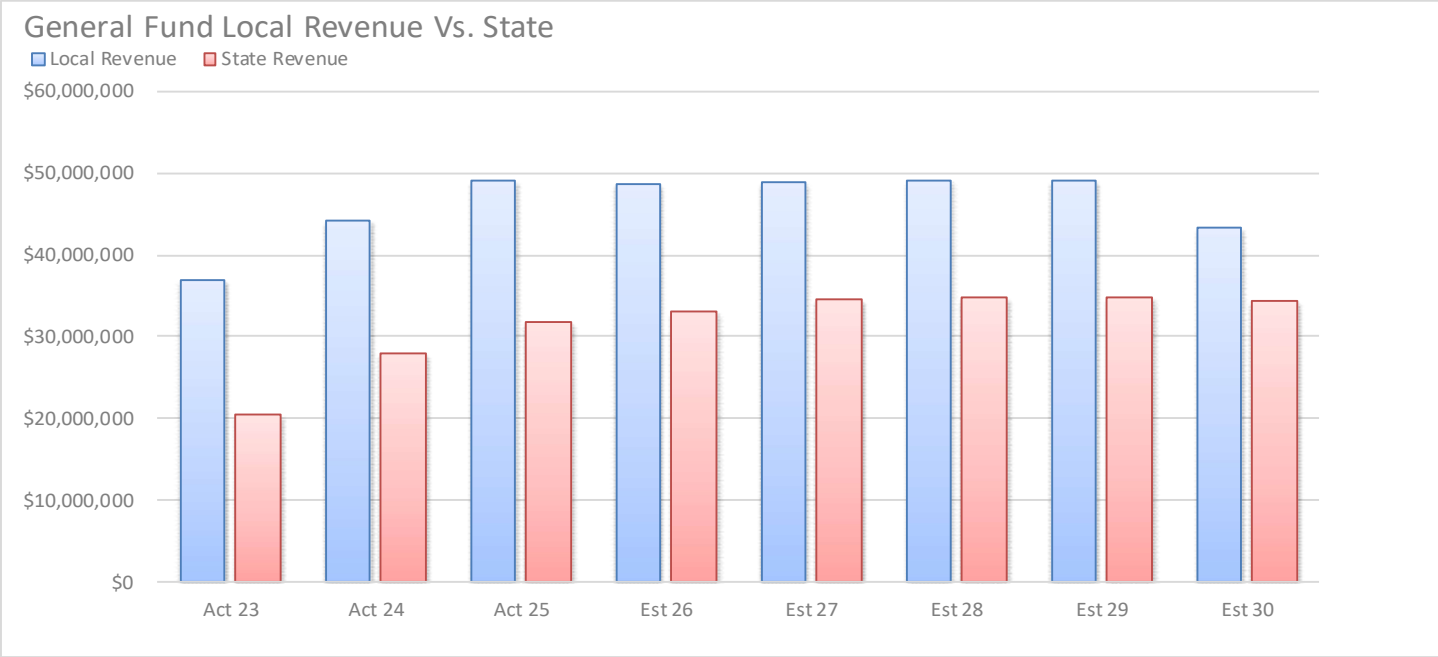
Since FY22, open-enrolled students have been counted in our Enrolled ADM numbers for state funding and are no longer funded separately.

Interest income is tied to the district's cash balances. While earnings in FY26 are expected to remain steady due to laddered investment strategies, anticipated Federal Reserve rate cuts will likely reduce income beginning in FY27 and beyond. We will continue to monitor the district's investments closely.

Rental revenue is expected to gradually return to pre-pandemic levels, while other revenue sources are projected to follow historical trends.

| Source | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Tuition | $389,107 | $392,998 | $396,928 | $400,897 | $404,906 |
| Interest | $3,669,467 | $2,935,573 | $2,348,458 | $1,878,766 | $939,383 |
| Income Tax Sharing & TIF | $9,600,000 | $9,504,000 | $9,394,080 | $9,488,021 | $9,582,901 |
| Medicaid/Misc | $278,009 | $278,009 | $278,009 | $278,009 | $278,009 |
| Total Other Local Revenue Line #1.060 | $14,622,616 | $13,931,139 | $13,246,240 | $12,882,746 | $12,050,623 |

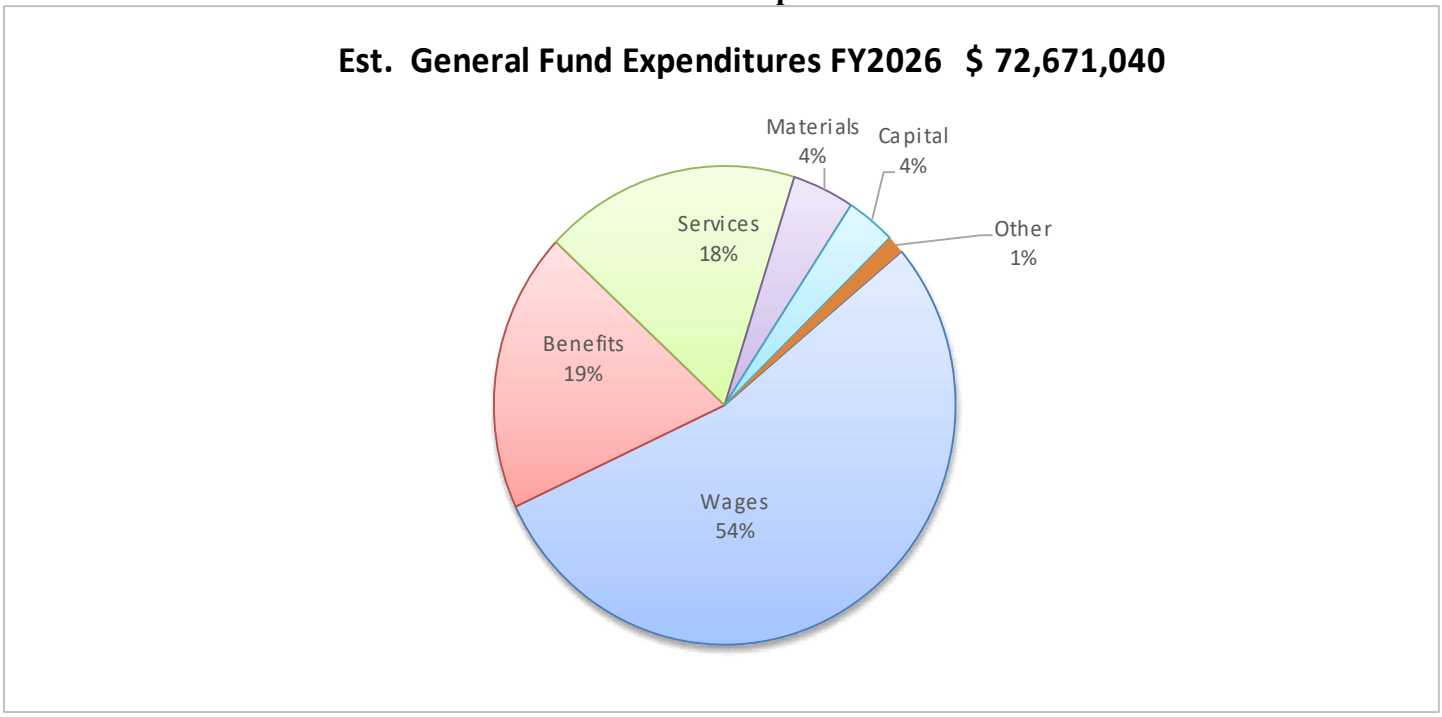
**Comparison of Local Revenue and State Revenue:**




**Transfers In / Return of Advances – Line #2.040 & Line #2.050**
Returns of advances to other funds from the previous year comprise most of the historical revenue in this category.

**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 we will not project that occurring in the remainder of the forecast.

**Expenditures Assumptions**
**Estimated General Fund Expenditures for FY26**



**Personnel Services – Employees' Salaries &Wages – Line #3.010**
The model includes a 6.95% base increase in FY26, a 3.77% increase in FY27, and 3% increases in FY28, FY29 and FY30. The forecast also accounts for varying step increases based on current staff education and experience levels.

New hires have been projected in FY27–FY30 to support growth and address critical needs, as identified by the Superintendent.

| Source | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Base Wages | $33,243,871 | $37,697,533 | $41,208,658 | $44,607,454 | $48,276,086 |
| Increases | $2,310,449 | $1,421,197 | $1,236,260 | $1,338,224 | $1,448,283 |
| Step and Training Increase | $897,585 | $1,055,531 | $1,112,634 | $1,249,009 | $1,400,006 |
| Supplemental | $777,714 | $793,268 | $809,133 | $825,316 | $841,822 |
| Substitutes | $0 | $0 | $0 | $0 | $0 |
| Other | $0 | $0 | $0 | $0 | $0 |
| New Hires/Adjustments | $1,245,629 | $1,034,397 | $1,049,902 | $1,081,399 | $1,113,841 |
| Substitutes | $822,529 | $822,529 | $822,529 | $822,529 | $822,529 |
| Severence/Vacation/Personal/Sick | $50,000 | $50,000 | $50,000 | $50,000 | $50,000 |
| Personnel Reductions/Turnover Reductions | $0 | $0 | $0 | $0 | $0 |
| Total Wages Line #3.010 | $39,347,776 | $42,874,455 | $46,289,116 | $49,973,931 | $53,952,568 |

**Employees' Retirement & Benefits Line #3.020**
This area of the forecast captures all costs associated with benefits and retirement costs, where all except health insurance are directly related to wages paid.

**A) STRS/SERS**
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 for retirees.

**B) Insurance**
The increases for medical and dental insurance are estimated at 12.0% for benefit year 2026. We believe this is a conservative estimate. The estimated increase included adjustments for inflation and the increasing cost of claims. Additionally, the district is estimating a 12% increases in FY27 through FY30.

**C) Workers Compensation & Unemployment Compensation**
Workers Compensation is expected to be about .052% of wages FY25– FY29. Unemployment is expected to remain at a very low level FY25-FY29. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

**D) Medicare**
Medicare will continue to increase at the rate of increases in wages. 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**
The district reimburses employees for the tuition to further their education to maintain licensure for teaching. The district does not anticipate any increase during the forecast.

## Summary of Fringe Benefits – Line #3.020

| Source | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| STRS/SERS | $5,992,193 | $6,502,734 | $6,983,452 | $7,550,307 | $8,162,347 |
| Health Insurances | $6,900,526 | $7,966,500 | $9,163,958 | $10,512,355 | $12,030,022 |
| Workers Compensation and Unemployment Comp | $203,980 | $222,083 | $239,611 | $258,526 | $278,949 |
| Medicare | $550,911 | $601,343 | $650,172 | $702,865 | $759,760 |
| Other | $110,050 | $110,050 | $110,050 | $110,050 | $110,050 |
| Total Fringe Benefits Line #3.020 | $13,757,660 | $15,402,710 | $17,147,243 | $19,134,103 | $21,341,128 |

## Purchased Services – Line #3.030

House Bill 110, the previous state budget, changed the way certain Purchased Services are handled starting in FY22. The Ohio Department of Education now directly pays educating districts for open enrollment, community schools, STEM schools, and scholarship students, instead of deducting those amounts from our state foundation funding. However, College Credit Plus, excess fees, and other tuition-related costs continue to reduce district funds and have been adjusted based on historical trends.

We have also added a significant number of staff paid through the ESCCO, contributing to the increase in Purchased Services. The ESCCO staff had also received raises and step increases in alignment with our negotiated agreements. This line will also rise due to the most recent negotiated agreement with our classified staff and the addition of another School Resource Officer, funded through the Licking County Sheriff's Office.

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 will begin June 2025 and end June 2026. It is anticipated it will increase electric costs by 20% annually for just that twelve (12) month period.

| Source | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Professional and Tech | $8,163,202 | $8,748,994 | $9,273,934 | $9,644,891 | $10,030,687 |
| Property Services | $1,283,861 | $1,341,635 | $1,402,009 | $1,465,099 | $1,531,028 |
| Travel | $131,730 | $135,682 | $139,752 | $143,945 | $148,263 |
| Communications | $200,000 | $200,000 | $200,000 | $200,000 | $200,000 |
| Utilities | $1,552,200 | $1,762,200 | $1,815,066 | $1,869,518 | $1,925,603 |
| Contracted and Trade | $0 | $0 | $0 | $0 | $0 |
| Tuition | $790,599 | $814,317 | $838,747 | $863,909 | $889,826 |
| Pupil Transportation | $200,000 | $206,000 | $212,180 | $218,545 | $225,101 |
| Other | $686,405 | $706,997 | $728,207 | $750,053 | $772,555 |
| Budget Modifications | $0 | $386,385 | $185,000 | $185,000 | $185,000 |
| Total Purchased Services Line #3.030 | $13,007,996 | $14,302,210 | $14,794,894 | $15,340,960 | $15,908,063 |

## Supplies and Materials – Line #3.040

These expenses include curricular supplies, testing materials, copy paper, maintenance and custodial supplies, general materials, and bus fuel. Costs have risen due to inflation and the opening of new facilities, including the high school addition, new elementary school, athletic complex, and bus garage.

| Source | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Supplies | $2,032,820 | $2,134,461 | $2,241,185 | $2,353,244 | $2,470,906 |
| Building & transportation | $1,134,287 | $1,191,001 | $1,250,552 | $1,313,079 | $1,378,733 |
| Budget Modifications | $0 | $0 | $0 | $0 | $0 |
| Total Supplies Line #3.040 | $3,167,108 | $3,325,463 | $3,491,736 | $3,666,323 | $3,849,639 |

## Capital Outlay – Line #3.050

The District anticipates covering many capital expenses from the General Fund, as construction project overages have significantly drawn down our Permanent Improvement and Capital Projects Funds. We have set aside an additional $1.5 million to explore the construction of a new maintenance facility.

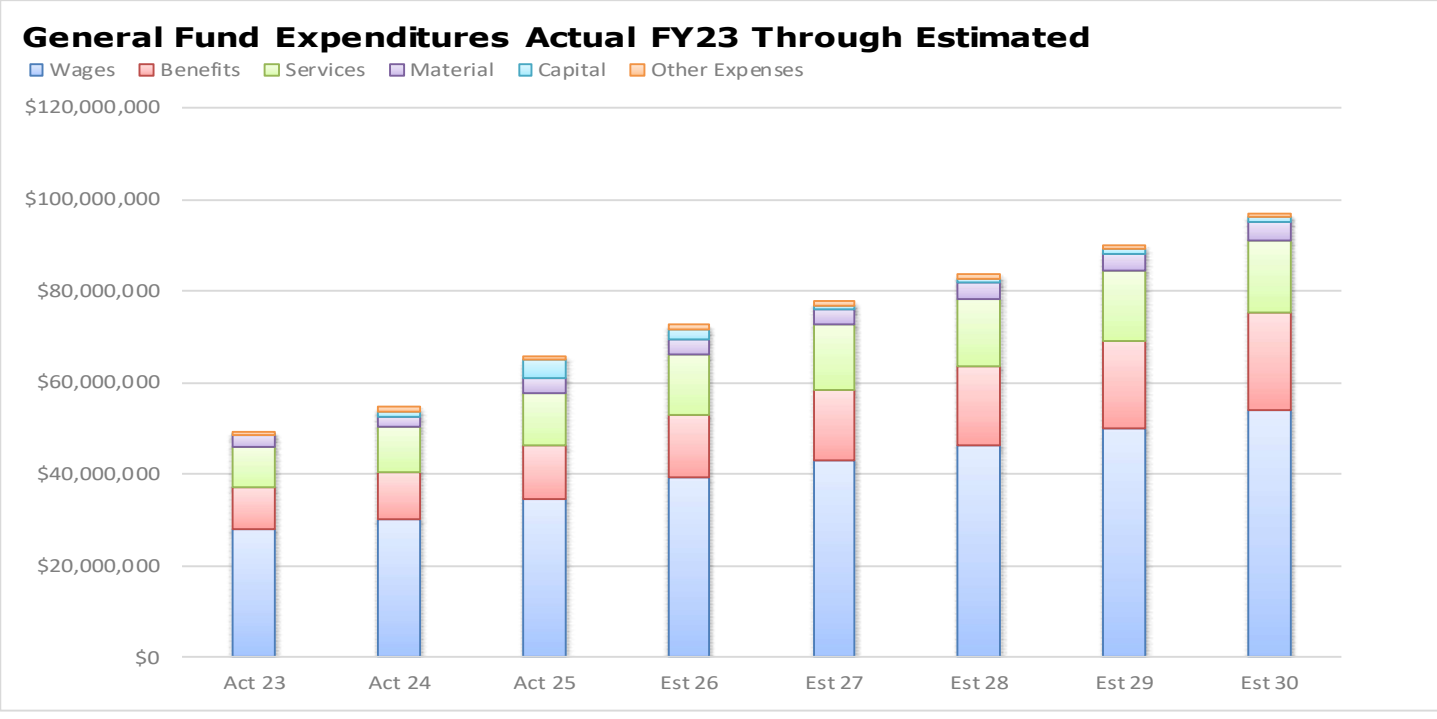
| Source | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Capital Outlay | $1,500,000 | $0 | $0 | $0 | $0 |
| Bus Purchases/ Capital Repairs | $0 | $0 | $0 | $0 | $0 |
| Capital Improvements and Technology | $1,000,000 | $1,000,000 | $1,000,000 | $1,000,000 | $1,000,000 |
| Capital Plan Increase | $0 | $0 | $0 | $0 | $0 |
| Total Equipment Line #3.050 | $2,500,000 | $1,000,000 | $1,000,000 | $1,000,000 | $1,000,000 |

## Other Expenses – Line #4.300

This category of expenses is primarily fees to the County Auditor & Treasurer for collecting property taxes. The other expenses within this category are ESC deductions for state foundation, our annual audit costs, district liability insurance and dues. We have projected modest increases in most of these areas.

| Source | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| County Tax Fees | $630,000 | $661,500 | $674,730 | $688,225 | $701,990 |
| County Board of Education | $15,500 | $15,810 | $16,126 | $16,449 | $16,778 |
| Liability Ins, &Other Misc.Costs | $245,000 | $249,900 | $254,898 | $259,996 | $265,196 |
| Increased A&T Fees for New Levies | $0 | $0 | $0 | $0 | $0 |
| Contingency | $0 | $0 | $0 | $0 | $0 |
| Total Other Expenses Line #4.300 | $890,500 | $927,210 | $945,754 | $964,670 | $983,964 |

## Operating Expenditures Actual FY23 through FY25 and Estimated FY26 through FY30



**Transfers Out/Advances Out – Line #5.010**

This account group primarily reflects transfers from the General Fund to support other funds and district initiatives. We anticipated transferring $200 thousand to our pension system funds. We manage our retirement revenues in expenses (STRS and SERS) through a separate fund improved management.

While some advances may occur as short-term loans between funds to manage cash flow, the majority of activity in this area represents strategic use of General Fund dollars to support long-term planning and financial stability.

| Source | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Transfer Line 5.010 | $200,000 | $0 | $0 | $0 | $0 |
| Advances Line 5.020 | $0 | $0 | $0 | $0 | $0 |
| Total Transfer & Advances Out | $200,000 | $0 | $0 | $0 | $0 |

**Encumbrances –Line#8.010**

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

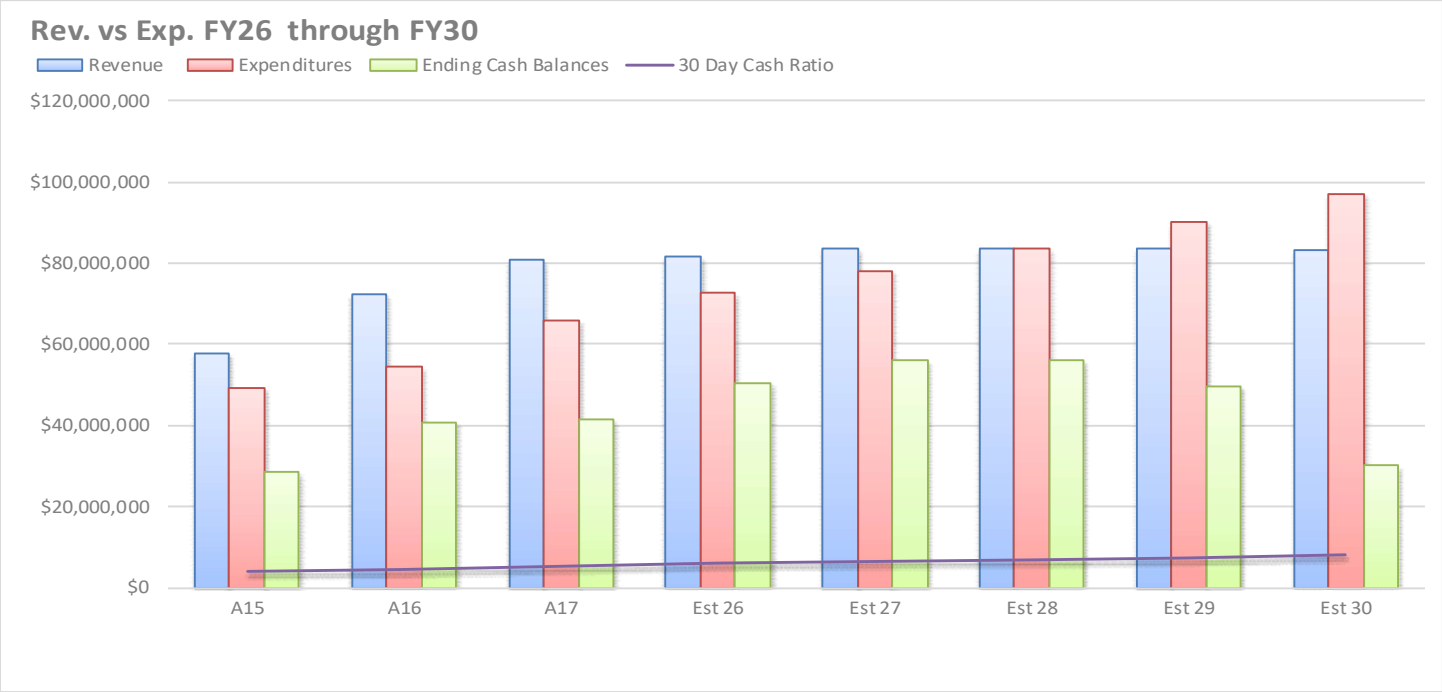
| | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Estimated Encumbrances | $50,000 | $50,000 | $50,000 | $50,000 | $50,000 |

**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 Ohio Revised Code section 5705.412, punishable by personal liability of $10,000, unless an alternative "412" certificate can be issued pursuant to House Bill 153 effective September 30, 2011.

| | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Ending Cash Balance | $50,272,906 | $56,005,685 | $56,061,100 | $49,724,974 | $35,925,141 |

**General Fund Ending Cash Balance**



**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) = the number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association recommends that no less than two (2) months or 60 days of cash is on hand at year-end. Still, it 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 capital, athletics, and severance reserves.

## Conclusion

Licking Heights Local School District receives 40.4% of it's funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

District administration appreciates the supportive Licking Heights community and are actively planning for the future needs of our students while keeping an eye on the financial stability of the district. The administration is mindful that there are many risks and uncertainties that will need to be considered in future planning.

As you read through the notes and review the forecast, remember that the forecast is based on the information that is known at the time that it is prepared.