BRIGHT LOCAL SCHOOL DISTRICT-HIGHLAND COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2022, 2023, and 2024 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2025, THROUGH JUNE 30, 2029

Forecast Provided By
Bright Local School District
Treasurer's Office
Jeff Rowley, Treasurer/CFO
November 20, 2024

Bright Local School District

Highland County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2022, 2023, 2024 Actual;
Forecasted Fiscal Years Ending June 30, 2025 through 2029

		Actual				Forecasted				
		Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Average Change	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
	Revenues									
1.010	General Property Tax (Real Estate)	1,863,090	1,879,643	1,956,475	2.5%	2,113,653	2,342,943	2,348,563	2,395,833	2,428,691
1.020	Public Utility Personal Property Tax	302,759	314,538	322,117	3.2%	328,335	345,995	358,845	371,695	384,545
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	6,102,291	6,458,132	7,205,808	8.7%	7,625,284	7,926,742	8,240,238	8,240,953	8,241,682
1.040	Restricted State Grants-in-Aid	423,232	465,414	532,018	12.1%	606,756	536,950	547,689	553,167	558,699
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	State Share of Local Property Taxes	413,827	288,158	297,320	-13.6%	345,559	384,104	385,030	391,738	398,447
1.060	All Other Revenues	372,668	435,751	601,328	27.5%	629,524	696,712	686,365	682,545	685,252
1.070	*Total Revenues*	9,477,867	9,841,636	10,915,066	7.4%	11,649,111	12,233,446	12,566,730	12,635,931	12,697,316
	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 and Advancements (Approved)	0	0	0	0.0%	0	0	0	0	0
2.040	Operating Transfers-In	128,661	156,596	187,892	20.8%	194,148	184,311	149,276	149,270	54,136
2.050	Advances-In	489,585	0	0	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	30,784	10,582	639	-79.8%	21,150	12,852	11,072	14,415	12,959
2.070	*Total Other Financing Sources*	649,030	167,178	188,531	-30.7%	215,298	197,163	160,348	163,685	67,095
2.080	*Total Revenues and Other Financing Sources*	10,126,897	10,008,814	11,103,597	4.9%	11,864,409	12,430,609	12,727,078	12,799,616	12,764,411
	Expenditures									
3.010	Personal Services	4,210,979	4,864,278	5,237,677	11.6%	5,555,632	5,899,675	6,112,546	6,333,913	6,564,118
3.020	Employees' Retirement/Insurance Benefits	2,059,792	2,219,451	2,568,770	11.7%	2,874,591	3,069,132	3,298,942	3,491,620	3,696,525
3.030	Purchased Services	1,098,622	1,056,636	1,137,761	1.9%	1,139,204	1,197,363	1,159,667	1,164,086	1,168,593
3.040	Supplies and Materials	363,756	444,584	473,060	14.3%	602,791	608,818	508,031	513,111	518,242
3.050	Capital Outlay	11,068	50,262	44,773	171.6%	100,665	281,672	192,689	193,716	194,753
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	155,328	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	71,898	160,039	0.0%	73,547	74,392	50,053	50,929	51,821
4.055	Principal-Other	0	85,765	0	0.0%	88,912	90,528	92,174	93,851	0
4.060	Interest and Fiscal Charges	38,806	36,487	34,165	-6.2%	31,690	19,391	7,049	4,490	2,315
4.300	Other Objects	146,921	131,784	141,153	-1.6%	141,153	141,153	141,153	141,153	141,153
4.500	*Total Expenditures*	8,085,272	8,961,145	9,797,398	10.1%	10,608,185	11,382,124	11,562,304	11,986,869	12,337,520
	Other Financing Uses									
5.010	Operating Transfers-Out	167,466	692,150	1,312,701	201.5%	1,348,833	1,258,280	1,379,165	1,178,354	1,083,949
5.020	Advances-Out	0	0	0	0.0%	0	0	0	0	0
5.030	All Other Financing Uses	4,480	0	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	171,946	692,150	1,312,701	196.1%	1,348,833	1,258,280	1,379,165	1,178,354	1,083,949
5.050	*Total Expenditures and Other Financing Uses*	8,257,218	9,653,295	11,110,099	16.0%	11,957,018	12,640,404	12,941,469	13,165,223	13,421,469
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	1,869,679	355,519	(6,502)	-91.4%	(92,609)	(209,795)	(214,391)	(365,607)	(657,058)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	4,938,619	6,808,298	7,163,817	21.5%	7,157,315	7,064,706	6,854,911	6,640,520	6,274,913
7.020	*Cash Balance June 30*	6,808,298	7,163,817	7,157,315	2.6%	7,064,706	6,854,911	6,640,520	6,274,913	5,617,855
8.010	*Estimated Encumbrances June 30*	77,516	(757)	32,662	-2257.8%	32,662	32,662	32,662	32,662	32,662
`	**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*	0	0	0	0.0%	0	0	0	0	0
10.010	*Fund Balance June 30 for Certification of Appropriations*	6,730,782	7,164,574	7,124,653	2.9%	7,032,044	6,822,249	6,607,858	6,242,251	5,585,193

Bright Local School District

Highland County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2022, 2023, 2024 Actual;
Forecasted Fiscal Years Ending June 30, 2025 through 2029

		Actual				Forecasted				
		Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Average Change	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
	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 Replacement/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*	6,730,782	7,164,574	7,124,653	2.9%	7,032,044	6,822,249	6,607,858	6,242,251	5,585,193
	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*	6,730,782	7,164,574	7,124,653	2.9%	7,032,044	6,822,249	6,607,858	6,242,251	5,585,193

Bright Local School District – Highland County
Notes to the Five-Year Forecast
General Fund Only
November 20, 2024

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), tax levies (new/renewal/replacement), salary increases, enrollment variances, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast 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. School districts are encouraged to update their forecasts with the Ohio Department of Education and Workforce (ODEW) when events materially change their forecast or, at a minimum when required under the statute.

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 of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

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 of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

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.

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30, and May 31, each fiscal year (July 1 to June 30). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The first year of the fiscal year is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2024 filing.

Economic Outlook

The current economic recovery began in the fall of 2020 and remains robust through this forecast date. However, recent Federal Reserve Bank interest rate cuts foretell of a possible recession in the next six to twelve months from this forecast. The persistently high inflation that has impacted our state, country, and broader globalized economy has slowed to an annualized rate of 2.53% in August 2024 that is down from the 40 year high of 9.1% annualized rate posted in June 2022. Costs for goods and services in FY23 and FY24 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, electric, natural gas, and building materials for facility maintenance and repair. Inflation affecting district costs is expected to continue in FY25. There is some good news, the Federal Reserve is projecting inflation to be closer to their target rate of 2% by calendar year end 2024 or early in 2025. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over the forecast period.

The Federal Reserve Bank cut Federal Fund rates in September 2024 by 50 basis points (.5%) which indicates slowing inflation and a slowing economy. Employment levels have begun to fall. The unemployment rate was 3.8% in September 2023 and rose to 4.2% in September 2024. A survey of prominent leading economists predicts there is roughly a 50% chance of a mild recession in the calendar year 2025. How this news impacts the state of Ohio's FY26 and FY27 biennium budget deliberations and actions in late spring 2025 is unknown as this forecast is filed.

The state of Ohio has enjoyed economic growth over the past three years, and the state's Rainy Day Fund balance is at $3.7 Billion. The new state funding formula is in the fourth year of a projected six-year phase-in. While increased inflation has impacted costs across Ohio, the state's economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio's economy should enable the state to finalize the last two years of the phase-in of the new funding formula in FY26 and FY27 even if a cyclical recession occurs. Regardless of a recession, the state is well-positioned to continue state aid payments to Ohio's school districts.

Since 2020, all school districts were being aided in varying degrees by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER). The most recent allocation of ESSER funds must be encumbered by September 30, 2024. The loss of these funds in FY25 and future years may create a "fiscal cliff" as any ongoing costs will likely be absorbed back into the district General Fund.

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 Risks 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 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, 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 second largest 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, which are predominately local taxes, equate to 26% of the district's resources. We believe there is a low risk that local collections would fall below projections throughout the forecast.

2. Highland County experienced a triennial update in the 2021 tax year, which was collected in FY22. The 2021 assessed values increased overall by $6 million, or an increase of 6.2%. A reappraisal will occur in tax year 2024 for collection in FY25. We anticipate values will increase for Class I and Class II by 25%, or $26.9 million.

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. Currently the senate has proposed SB271 that seeks to limit growth through refund or reduction taxes to ensure annual income and property taxes do not exceed 5% of a qualified taxpayer's income. If passed by the General Assembly this will result in lowering tax increases for our residents who qualify. We are watching this legislation closely.

   In addition to SB271, the legislature developed a Joint Committee on Property Taxation and Reform in 2024 in response to the historic valuation increases. Their mission is to review Ohio's property tax system and to make recommendations to the General Assembly on property taxation. The committee must report to the General Assembly by December 31, 2024. We are following any actions of the committee closely to determine what impact, if any, proposals could mean for our district to limit tax growth or to reduce taxes.

4. The state budget represented 74% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to a possible recession or the last two (2) years of the 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 FY26-27 and FY28-29. 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 FY29. We have projected our state funding in FY25 based on the additional phase-in of HB33 (the Fair School Funding Plan). This forecast reflects state revenue to grow modestly in FY26, then align with the FY27 funding levels through FY29, 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.

5. HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY25 reflects 66.67% of the implementation cost at year four of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed and are dependent on legislative actions for the FY26 and FY27 state biennium budget. The FSFP has made many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. We have used the most recent settlements published by the Department of Education and Workforce for our forecasted revenues in FY25.

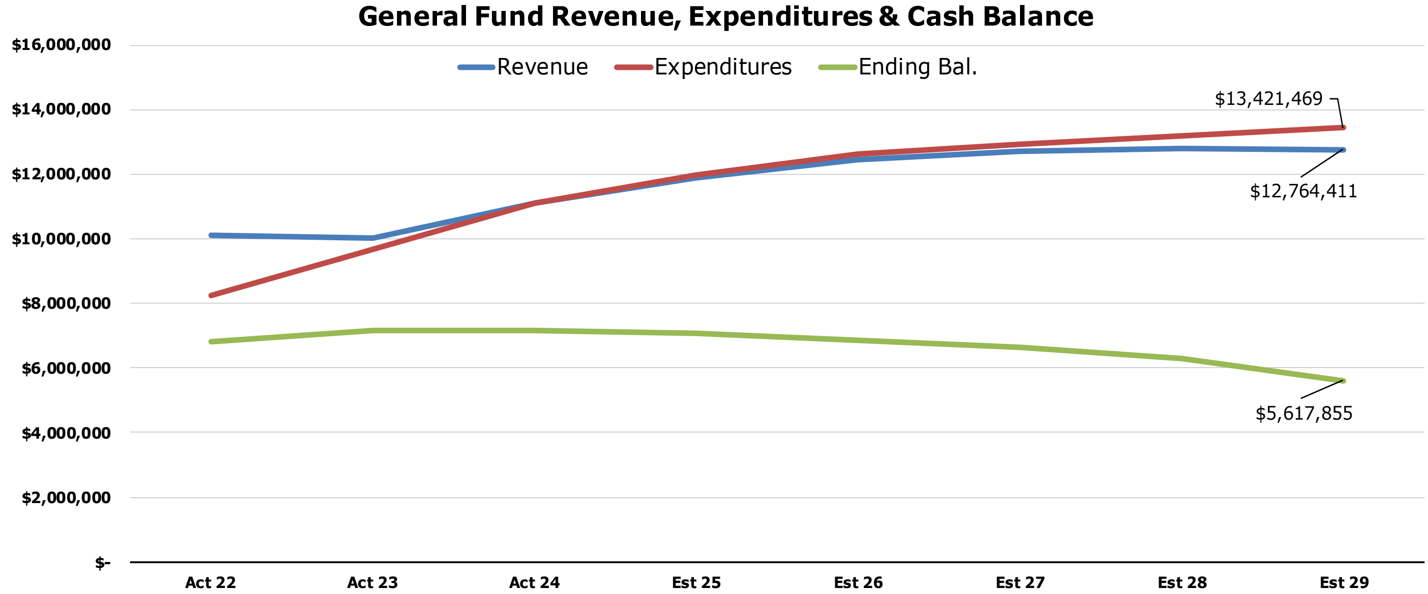
6. HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus, Excess Costs and various tuitions continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

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

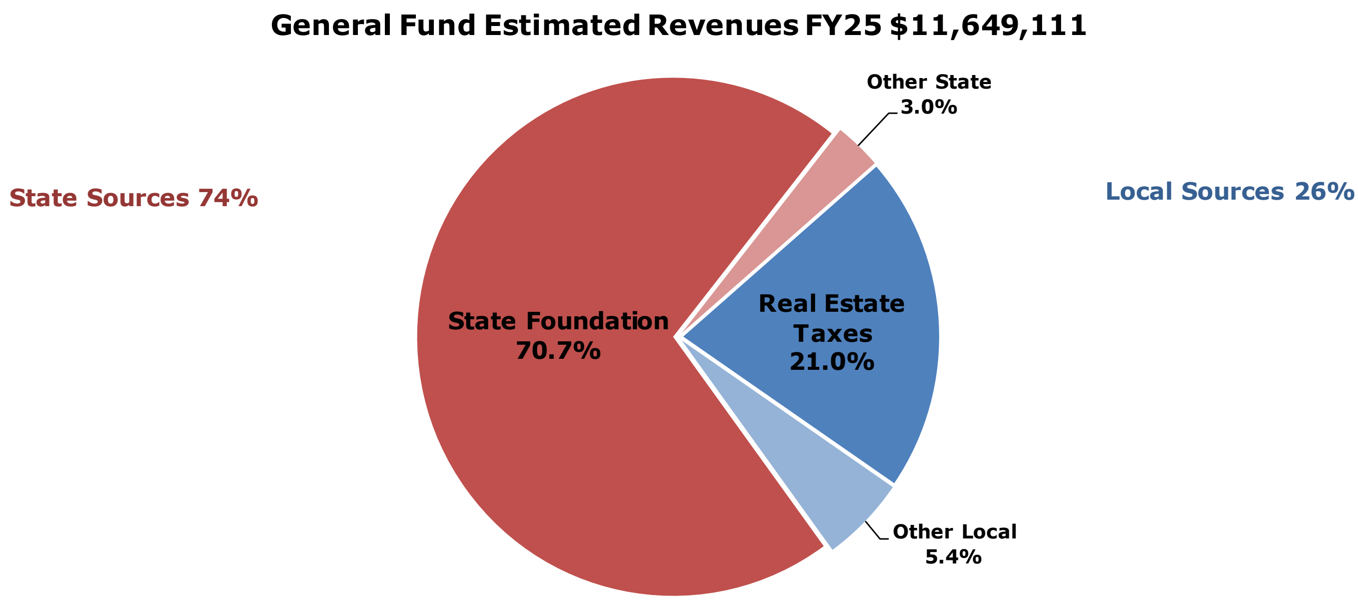
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please contact Jeff Rowley, Treasurer/CFO.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY22-24 and Estimated FY25-29

The graph below captures in one snapshot the operating scenario facing the district over the next few years.



Revenue Assumptions
All Operating Revenue Sources General Fund FY25



Real Estate Value Assumptions – Line # 1.010

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Highland County experienced a triennial update for the 2021 tax year to be collected in FY22. Residential/agricultural values increased 6.3% or $5.9 million due to the update, led by an improving housing market.

For tax year 2023, new construction in residential property was up 1.1%, or $1.2 million, in assessed value, and commercial/industrial values grew by $5 thousand. Overall values increased $2.7 million, or 2.6%, which includes new construction for all classes of property.

A sexennial reappraisal will occur in 2024 for collection in FY25, for which we are estimating a 25% increase in residential and a 5% increase for commercial/industrial property. We anticipate residential/agricultural and commercial/industrial values to increase $26.9 million, or 25%, overall.

Public Utility Personal Property (PUPP) values increased by $570 thousand in tax year 2023. We expect our values to continue to grow by $500 thousand each year of the forecast.

Estimated Assessed Value (AV) by Collection Years

Classification	Estimated TAX YEAR 2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028	Estimated TAX YEAR 2028 COLLECT 2029
Res./Ag.	$134,610,600	$134,935,600	$135,260,600	$139,643,418	$139,968,418
Comm./Ind.	1,339,897	1,344,897	1,349,897	1,354,897	1,359,897
Public Utility Personal Property (PUPP)	13,212,830	13,712,830	14,212,830	14,712,830	15,212,830
Total Assessed Value	$149,163,327	$149,993,327	$150,823,327	$155,711,145	$156,541,145

Tax Rates

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law (HB920) provides for "reduction factors" of all voted property tax levies to adjust the millage rates lower for the levy collections not to 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 25.70 mills while the Class I effective millage rate is 20.00 mills, and the Class II effective millage rate is 21.436 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". Currently, our district is on the floor for Class I but not for Class II.

Estimated Real Estate Tax (Line #1.010)

Source	FY25	FY26	FY27	FY28	FY29
Total General Property Taxes - Line #1.010	$2,113,653	$2,342,943	$2,348,563	$2,395,833	$2,428,691

Property tax levies are estimated to be collected at 95% of the annual amount. This allows for a 5% delinquency factor. In general, 60% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the March tax settlement and 40% collected in the August tax settlement. Delinquent collections in FY24 were up $18 thousand due to additional delinquent taxes collected in the August and March tax settlements, which are expected to fall by $92 thousand in FY25 before stabilizing over the remainder of the forecast.

Levy Renewal –Lines #11.010-11.030

No levy renewals are modeled in this forecast.

New Tax Levies – Lines #13.010-13.030

No new levies are modeled in this forecast.

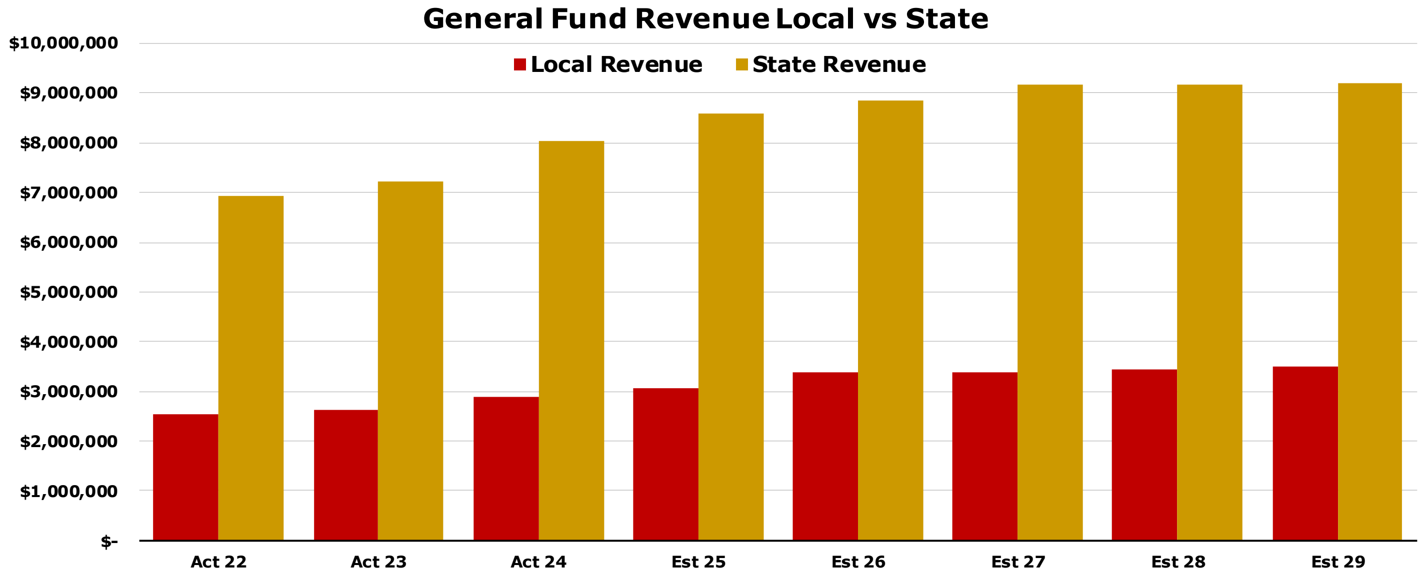
Estimated Public Utility Personal Tax – Line#1.020

Amounts noted below are public utility tangible personal property (PUPP) tax payments from public utilities. The values for PUPP are noted on the table above under Public Utility (PUPP), which were $12.7 million in assessed values in 2023 and are 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. The values in 2023 rose by 4.7%, or $570 thousand, and are expected to grow by $500 thousand each year of the forecast.

Source	FY25	FY26	FY27	FY28	FY29
Total Public Utility Persosonal Property Line # 1.020	$328,335	$345,995	$358,845	$371,695	$384,545

School District Income Tax – Line#1.030

No school district income taxes are modeled in this forecast.



State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB33 through June 30, 2025

Unrestricted State Foundation Revenue – Line #1.035

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25. We have projected the funding in FY25 based on the October 2024 foundation settlement and funding factors from the simulations provided by the Department of Education and Workforce.

Our district is currently a formula district in FY25 and is expected to continue to be on the formula in FY26-FY29 on the new Fair School Funding Plan (FSFP).

For a detailed overview of how foundation funding is calculated please visit the Ohio Department of Education and Workforce at: https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding

State Funding Phase-In FY25 and Guarantees

The Fair School Funding Plan was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110 and extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it consists of a general phase-in percentage for most components of 66.67% in FY25.

The funding formula includes three (3) guarantees: 1) "Formula Transition Aid," 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY24 and FY25 than they received in FY21.

Future State Budget Projections beyond FY25

Our funding status for FY26-29 will depend on unknown two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan will be funded or continued beyond FY25; 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 expected to grow modestly in FY26, then is held constant in the forecast for FY27 through FY29.

Threshold Cost Reimbursement

Threshold Cost (formerly Catastrophic Cost) reimbursement nearly doubled in FY22 due to increased appropriations, which are funded at the state level by a reduction in special education funding at the local level. These revenues are inconsistent year-to-year, and we are not projecting any growth over the remainder of the forecast.

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.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY23 was $113.1 million or $64.90 per pupil. In FY24, the funding totaled $114.18 million or $65.44 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	FY25	FY26	FY27	FY28	FY29
Basic Aid-Unrestricted	$7,519,108	$7,819,872	$8,132,667	$8,132,667	$8,132,667
Additional Aid Items	59,921	59,921	59,921	59,921	59,921
Basic Aid-Unrestricted Subtotal	$7,579,029	$7,879,793	$8,192,588	$8,192,588	$8,192,588
Ohio Casino Commission ODT	46,255	46,949	47,650	48,365	49,094
Total Unrestricted State Aid Line # 1.035	$7,625,284	$7,926,742	$8,240,238	$8,240,953	$8,241,682

Restricted State Revenues – Line # 1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged Funding) and Career Technical funding. In addition, new restricted funds have been added under "Restricted Categorical Aid" for Gifted, English Learners (ESL), and Student Wellness. We have estimated revenues for these new restricted funding lines using current October funding factors and using the simulations from the Department of Education and Workforce for FY25. The amount of DPIA is limited to a 50% phase in growth for FY24 and 66.67% in FY25. We have projected modest growth for FY26-FY29 due to uncertainty on continued funding of the current funding formula.

In FY24, HB33 set aside $64 million state-wide to subsidize the cost of high-quality instructional materials purchased by schools and districts aligned to the Science of Reading. The funds are provided to support both high-quality core curriculum and instructional materials in English language areas and evidenced-based reading intervention programs. The district received $12,961 from this one-time subsidy in FY24 and is required to maintain documentation as to how the funds were leveraged along with expenses incurred beyond the subsidy.

In FY25, HB33 set aside funds state-wide to subsidize the Science of Reading initiative. The district will be reimbursed for teacher in-service and associated fringe benefits upon proof of training and certified reimbursement request. It is estimated that the district will receive $75,000 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent. This is captured in the Other Restricted State Funds section below which also includes an additional increase the District received for Highly Qualified Instruction Materials (HQIM) of $123. Due to the nature of these funds, we will continue to monitor, and update should future biennium budgets include one-time restricted funding from the state.

Source	FY25	FY26	FY27	FY28	FY29
Disadvantaged Pupil Impact Aid	$155,694	$157,251	$160,396	$162,000	$163,620
ESL	575	581	593	599	605
Gifted	62,754	63,382	64,650	65,297	65,950
Career Tech	43,778	44,216	45,100	45,551	46,007
Other Restricted State Funds	75,123	0	0	0	0
Student Wellness and Success	268,832	271,520	276,950	279,720	282,517
Total Restricted State Revenues Line #1.040	$606,756	$536,950	$547,689	$553,167	$558,699

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenues	FY25	FY26	FY27	FY28	FY29
Unrestricted Line # 1.035	$7,625,284	$7,926,742	$8,240,238	$8,240,953	$8,241,682
Restricted Line # 1.040	606,756	536,950	547,689	553,167	558,699
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$8,232,040	$8,463,692	$8,787,927	$8,794,120	$8,800,381

State Share of Local Property Taxes – Line #1.050
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.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years or older or disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who still need to get their Homestead Exemption approved or those who did not get a new application approved for the tax year 2013 and who become eligible after that will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013, will not lose it and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Source	FY25	FY26	FY27	FY28	FY29
Total Rollback and Homestead - Line 1.050	$345,559	$384,104	$385,030	$391,738	$398,447

Other Local Revenues – Line #1.060

All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. Since FY22, any open-enrolled students since have been counted in our Enrolled ADM numbers for state funding and are not separately funded.

Interest income is based on the district cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 50 basis point in September 2024. While interest income in FY25 should remain steady due to laddered investment strategies, the rate cuts will begin to have an impact on earnings in FY26 and future years. We will continue to monitor the investments for the district.

Due to the District taking over management of the CC unit at the high school from the ESC, we will be losing $4.5 thousand in annual rent revenue, but pickup billable service for students from local districts, which will amount to, roughly, $93 thousand annually.

The Newmarket Solar farm has been installed and is operational. Fiscal year 2025 is the first year the district will collect revenues for this property. We are currently estimating to collect roughly $4,200 per megawatt and are estimating for it to produce 35 megawatts of electricity annually.

Rentals have begun to return to pre-pandemic levels. All other revenues are expected to continue on historical trends.

Source	FY25	FY26	FY27	FY28	FY29
Open Enrollment Gross	$13,651	$13,788	$13,926	$14,065	$14,206
Tuitions	95,252	96,205	97,167	98,139	99,120
Preschool and Local Tuition	101,401	102,415	103,439	104,473	105,518
Solar Payments	147,000	147,000	147,000	147,000	147,000
Other Income and rentals	52,404	52,928	53,457	53,992	54,532
Medicaid	26,376	26,376	26,376	26,376	26,376
Interest	264,000	258,000	245,000	238,500	238,500
Total Other Local Revenue Line #1.060	$700,084	$696,712	$686,365	$682,545	$685,252

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
Transfers In as seen below, are for General Fund debt payments. Funds must be transferred, as these debt service payments are not backed by voted millage in the Debt Service (Fund 002). The advances out in the previous fiscal year are planned to be repaid in the following fiscal year.

Source	FY25	FY26	FY27	FY28	FY29
Transfers In - Line 2.040	$194,148	$184,311	$149,276	$149,270	$54,136
Advance Returns - Line 2.050	0	0	0	0	0
Total Transfer & Advances In	$194,148	$184,311	$149,276	$149,270	$54,136

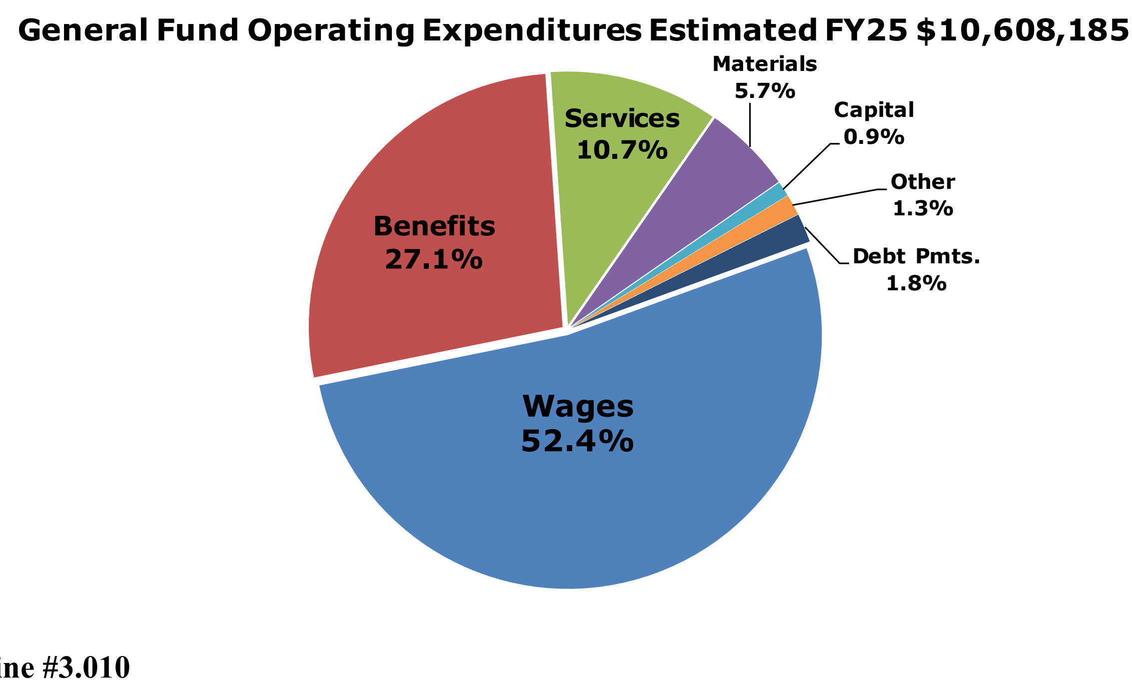
All Other Financial Sources – Line #2.060 & Line #14.010
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years, we are estimating the amount of refunds that are in line with historical collections.

Source	FY25	FY26	FY27	FY28	FY29
Sale of Personal Property	$2,827	$3,021	$1,475	$1,831	$2,288
Refund of Prior Year Expense	18,323	9,831	9,598	12,584	10,671
Total All Other Financing - Line #2.060	$21,150	$12,852	$11,072	$14,415	$12,959

Expenditure 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 main focus for resource utilization.

All Operating Expense Categories - General Fund FY25



Wages – Line #3.010
Negotiations with our Certified bargaining unit resulted in an agreement, which ends with the FY25 contract year. The forecast reflects a 3% base increase for FY25. For planning purposes, we are estimating a 3% increase in FY26, then a 2% increase for FY27-29. Administrative and non-represented staff typically see a similar increase to the bargaining unit

members; however, these increases are reviewed on an annual basis. In FY25, the district will be adding a literacy coach and an intervention specialist.

As referenced above in Restricted State Revenues (Line 1.040), in FY25, the district will receive a reimbursement for one-time stipends paid to teachers for completing training in the State of Ohio's Science of Reading initiative. Administrators do not qualify for a stipend as part of this initiative. The amount shown in the chart below is the gross wages paid to teachers. The remaining expenditure of the reimbursement is reflected in the Fringe Benefits (Line 3.020) section below. This initiative is fully funded by the State of Ohio and will not be an expense to the district.

Source	FY25	FY26	FY27	FY28	FY29
Base Wages	$4,560,768	$4,963,806	$5,211,996	$5,515,756	$5,736,386
Increases	136,823	148,914	104,240	110,315	114,728
All Staff - Steps and Training	91,215	99,276	104,240	110,315	114,728
Overtime/Board	57,349	57,922	58,501	59,086	59,677
Substitutes	413,741	413,741	413,741	413,741	413,741
Supplementals	120,736	120,736	120,736	120,736	120,736
Staff Increases/Reductions	110,000	0	95,280	0	0
Science of Reading	65,000	0	0	0	0
Total Wages Line 3.010	$5,555,632	$5,804,395	$6,108,734	$6,329,949	$6,559,996

Fringe Benefits Estimates – Line #3.020

This area of the forecast captures all costs associated with benefits and retirement costs. These payments and 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.

B) Insurance

The district is a member of the Brown County Insurance Consortium for medical and dental coverage. The consortium is made up of nine entities: six Brown County schools (Eastern, Fayetteville-Perry, Georgetown, Ripley Union Lewis Huntington, Southern Hills Career Tech Center, and Western Brown), two Highland County schools (Bright Local and Lynchburg-Clay), and the Brown County Educational Service Center. The consortium is governed by nine Superintendents representing each of the member districts with the ESC acting as the Fiscal Agent. Currently, we are estimating an 8% increase in FY25 and a 7% increase for FY26-29, which reflects the district's trend and the likely increase in health care costs as a result of actual claims incurred. This is based on our current employee census and claims data.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately 0.46% of wages FY25 through FY29. Unemployment is likely to remain at a shallow level FY25 through FY29. The district is a direct reimbursement employer meaning unemployment costs are only incurred and due if we have eligible employees and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of wage increases 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.

Summary of Fringe Benefits – Line #3.020

Source	FY25	FY26	FY27	FY28	FY29
A) STRS/SERS	$925,733	$970,018	$1,021,800	$1,059,433	$1,098,569
B) Insurance's	1,836,946	1,965,532	2,155,183	2,306,046	2,467,469
C) Workers Comp/Unemployment	25,556	26,700	28,100	29,118	30,176
D) Medicare	79,106	81,558	85,867	88,917	92,136
Tuition Reimbursement	7,250	7,286	7,322	7,359	7,396
Total Fringe Benefits Line #3.020	$2,874,591	$3,051,094	$3,298,272	$3,490,873	$3,695,746

Purchased Services – Line #3.030

College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and has been adjusted based on historical trends. 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	FY25	FY26	FY27	FY28	FY29
Professional Support	212,347	216,594	220,926	225,345	229,852
Utilities	269,379	299,011	284,420	284,420	284,420
Building Maintenance/Insurance	206,144	206,144	206,144	206,144	206,144
Excess Cost and Other	272,717	272,717	272,717	272,717	272,717
Other Tuition & CCP	64,305	64,305	64,305	64,305	64,305
Base Services	46,979	46,979	46,979	46,979	46,979
Community School Deductions	20,476	20,476	20,476	20,476	20,476
Travel/Meeting	46,857	46,857	46,857	46,857	46,857
Total Purchased Services Line #3.030	$1,139,204	$1,173,083	$1,162,824	$1,167,243	$1,171,750

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. The district utilized ESSER funding to purchase one-to-one devices for students, which was a savings to our General Fund. The Digital/Paper Textbooks line below will see an increase of $54 thousand for renewing licenses for math and science curriculum in FY25, and then will return to average trends in FY26. Due to new literacy and math requirements, we are investing $125 thousand in FY25 and FY26.

Source	FY25	FY26	FY27	FY28	FY29
Supplies	$144,439	$145,883	$166,717	$168,384	$170,068
Transportation	195,202	197,154	199,126	201,117	203,128
Digital/Paper Textbooks	170,927	172,636	48,112	48,593	49,079
Building Maintenance	92,223	93,145	94,076	95,017	95,967
Total Supplies Line #3.040	$602,791	$608,818	$508,031	$513,111	$518,242

Capital Outlay – Line # 3.050

The district does not anticipate costs increasing significantly in this line because most capital outlay is paid by the Permanent Improvement Fund. The district currently purchases one bus per year through the Permanent Improvement Fund. This has shifted this expense out of this section of the forecast and into Transfers to fund this initiative.

Source	FY25	FY26	FY27	FY28	FY29
Bus Purchases	$0	$180,000	$90,000	$90,000	$90,000
Equipment	100,665	101,672	102,689	103,716	104,753
Total Equipment Line #3.050	$100,665	$281,672	$192,689	$193,716	$194,753

Principal and Interest Payment – Lines # 4.05, 4.055 and 4.06

The district has two HB264 loans from 2011 and 2016, which will be completed in FY26 and FY31, respectively. The district refinanced the debt incurred to purchase a boiler and chiller and has saved the district, in net present value terms, $43,337. In accordance with the new debt schedule, this debt will be completely paid in FY28.

Source	FY25	FY26	FY27	FY28	FY29
2011 HB 264 Principal	$25,200	$25,200	$0	$0	$0
2016 HB 264 Principal	11,348	11,546	11,748	11,954	12,163
2016 HB 264 Principal	36,999	37,646	38,305	38,975	39,658
Total HB 264 Principal Line # 4.050	$73,547	$74,392	$50,053	$50,929	$51,821

Source	FY25	FY26	FY27	FY28	FY29
2019 Broiler/Chiller Principal Line # 4.055	$88,912	$90,528	$92,174	$93,851	$0

Source	FY25	FY26	FY27	FY28	FY29
Interest Broiler/Chiller & HB 264 Total Line 4.060	$31,690	$19,391	$7,049	$4,490	$2,315

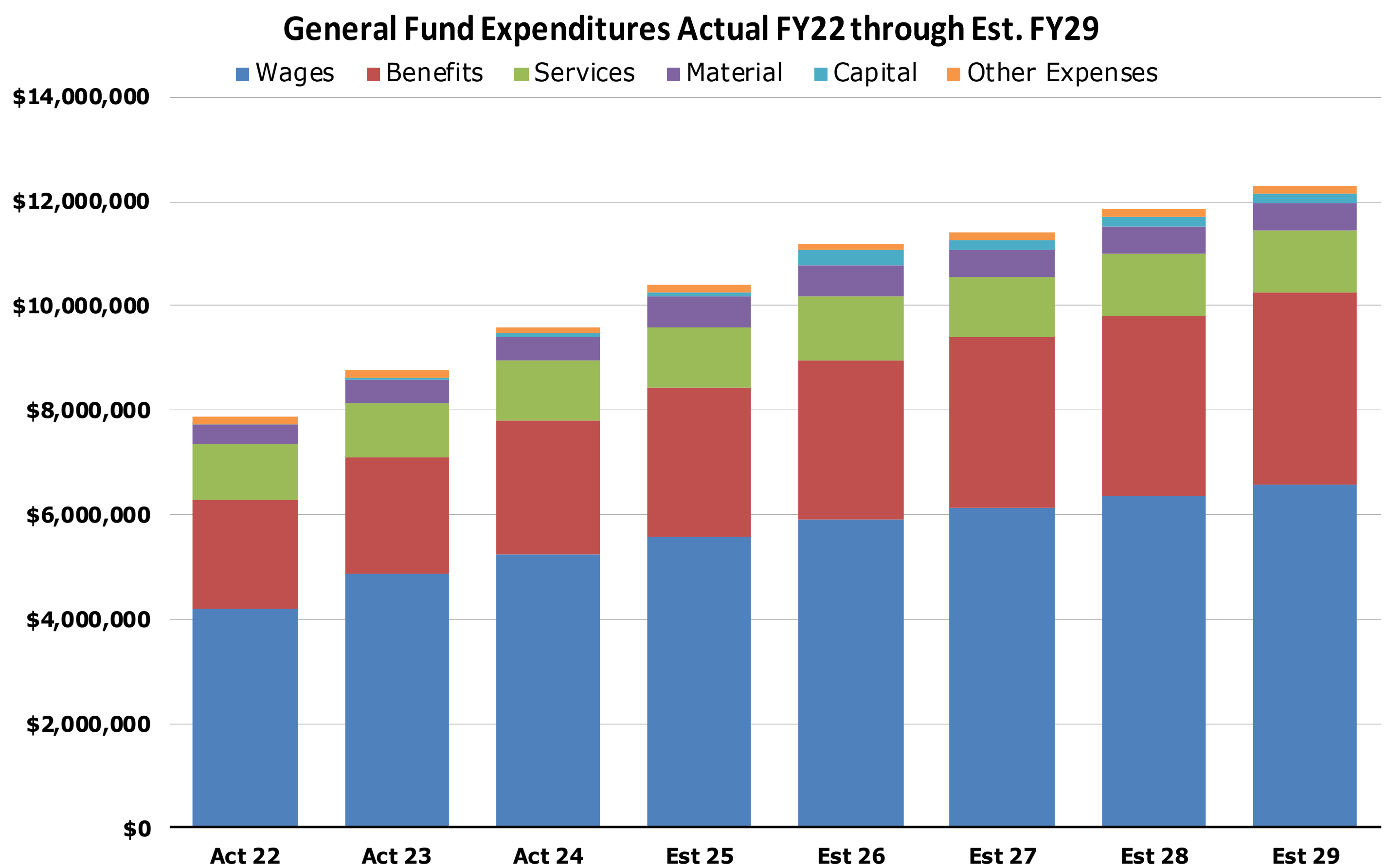
Other Expenses – Line #4.300

This category of expenses is primarily fees to the county auditors and treasurers for collecting property taxes and the Ohio Department of Taxation to collect and manage the district's real estate tax collection. The other expense category is several small expenses with the largest being district liability insurance and dues and fees to organizations such as OSBA. The district's annual audit and ESC per pupil deduction. This line is not anticipating material growth in the forecasted years.

Source	FY25	FY26	FY27	FY28	FY29
County Auditor & Treasurer Fees	$56,620	$56,620	$56,620	$56,620	$56,620
Memberships and Misc	42,028	42,028	42,028	42,028	42,028
Audit Fees	13,358	13,358	13,358	13,358	13,358
Audit Fees	19,686	19,686	19,686	19,686	19,686
ESC Deduction	9,461	9,461	9,461	9,461	9,461
Total Other Expense - Line #4.300	$141,153	$141,153	$141,153	$141,153	$141,153

Operating Expenditures Actual FY22 through FY24 and Estimated FY25-FY29

As the following graph indicates, we have diligently contained costs due to lower and flat state revenues. We control our expenses while balancing students' academic needs to enable them to excel and perform well on state performance standards.



Transfers Out and Advances Out – Line# 5.010 and Line# 5.020

This account group covers fund-to-fund transfer 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. Advanced amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. The district has elected to transfer receipts collected for Medicaid reimbursements, and Casino payments received from the state to fund the Permanent Improvement fund. In FY25-29, the district will transfer funds into the Permanent Improvement fund in preparation of land development for a track and soccer facility. General Fund debt obligations must be transferred yearly to the Debt Service (Fund 002) for payment.

Source	FY25	FY26	FY27	FY28	FY29
Medicaid to PI Resolution #33-2020	$26,376	$26,376	$26,376	$26,376	$26,376
Casino to PI Resolution #34-2020	46,255	46,949	47,650	48,365	49,094
Transfer to PI	1,052,383	926,687	1,124,977	925,260	925,260
Severance Fund	29,671	73,957	30,886	29,083	29,083
Debt Payment Fund 002	194,148	184,311	149,276	149,270	54,136
Total Operating Transfers Out Line #5.010	$1,348,833	$1,258,280	$1,379,165	$1,178,354	$1,083,949
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$1,348,833	$1,258,280	$1,379,165	$1,178,354	$1,083,949

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.

Source	FY25	FY26	FY27	FY28	FY29
Total Estimated Encumbrances - Line #8.010	$32,662	$32,662	$32,662	$32,662	$32,662

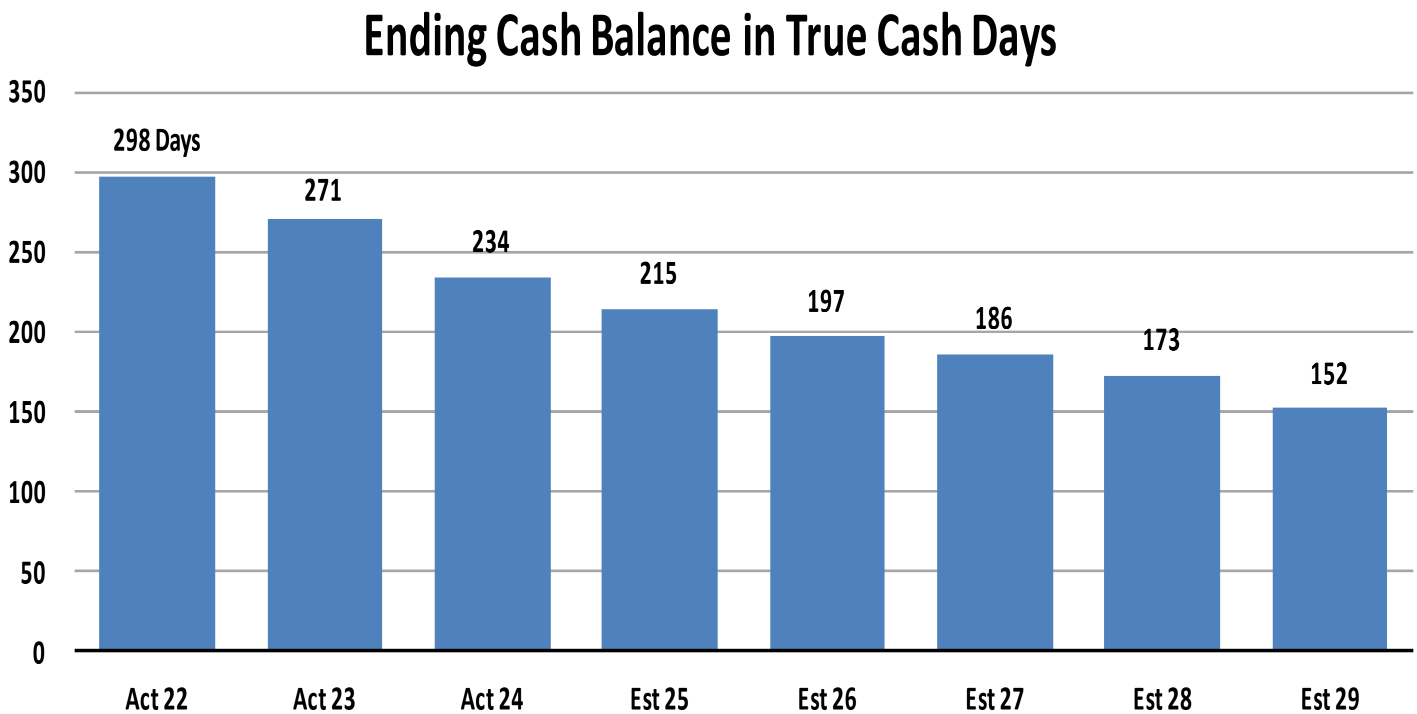
Ending Unencumbered Cash Balance – Line#15.010

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, and which results in a negative unencumbered cash balance, is a violation of O.R.C. §5705.412, which is punishable by personal liability of $10,000; unless an alternative 412 certificate, as permitted by HB153, effective September 30, 2011, could be issued. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of thirty (30) day cash balance, which is approximately $884 thousand for our district.

Source	FY25	FY26	FY27	FY28	FY29
Total Unencumbered Cash Balance - Line #15.010	$7,102,604	$7,030,407	$6,817,341	$6,453,288	$5,797,974

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 (GFOA) recommends that no fewer than two (2) months or 60 days of cash is on hand at year-end. Still, it could be more dependent 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

Bright Local School District receives 74% of its funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The district administration is grateful for the changes in the current state budget HB33 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state budgets funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY26-FY29.

As the administration plans for the future, they will need to make sure that the district is able to maintain a positive cash balance throughout the forecast. The expenditures will need to be reviewed based on the current revenues in order to obtain this.

As you read through 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.