BRIGHT LOCAL SCHOOL DISTRICT-HIGHLAND COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2021, 2022, and 2023 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2024, THROUGH JUNE 30, 2028

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

May 15, 2024

Bright Local School District

Highland County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022, 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 through 2028

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	Revenues									
1.010	General Property Tax (Real Estate)	1,737,403	1,863,090	1,879,643	4.1%	1,954,586	2,016,800	2,077,297	2,083,095	2,088,893
1.020	Public Utility Personal Property Tax	286,671	302,759	314,538	4.8%	322,117	328,335	345,995	358,845	371,695
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	5,855,406	6,102,291	6,458,132	5.0%	7,198,969	7,614,750	7,916,460	8,230,224	8,230,941
1.040	Restricted State Grants-in-Aid	197,040	423,232	465,414	62.4%	530,218	517,776	522,953	533,412	538,746
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	135,433	413,827	288,158	87.6%	297,917	317,350	328,993	329,919	330,845
1.060	All Other Revenues	1,922,662	372,668	435,751	-31.8%	610,209	602,301	599,424	589,579	586,265
1.070	*Total Revenues*	10,134,615	9,477,867	9,841,636	-1.3%	10,914,016	11,397,312	11,791,122	12,125,074	12,147,385
	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	271,970	128,661	156,596	-15.5%	187,843	194,148	184,311	149,276	149,270
2.050	Advances-In	0	489,585	0	0.0%	0	0	0	0	0
2.060	All Other Financing Sources	128,539	30,784	10,582	-70.8%	0	13,530	10,099	7,402	9,734
2.070	*Total Other Financing Sources*	400,509	649,030	167,178	-6.1%	187,843	207,678	194,410	156,678	159,004
2.080	*Total Revenues and Other Financing Sources*	10,535,124	10,126,897	10,008,814	-2.5%	11,101,859	11,604,990	11,985,532	12,281,752	12,306,389
	Expenditures									
3.010	Personal Services	4,245,416	4,210,979	4,864,278	7.4%	5,141,517	5,464,387	5,710,703	6,012,987	6,232,065
3.020	Employees' Retirement/Insurance Benefits	1,775,852	2,059,792	2,219,451	11.9%	2,532,005	2,773,083	2,943,074	3,184,446	3,370,848
3.030	Purchased Services	2,052,622	1,098,622	1,056,636	-25.1%	1,026,845	1,030,020	1,033,323	1,061,035	1,066,670
3.040	Supplies and Materials	252,395	363,756	444,584	33.2%	458,029	587,609	593,486	492,547	497,473
3.050	Capital Outlay	11,604	11,068	50,262	174.8%	37,273	37,646	218,022	128,402	128,786
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	746,200	155,328	0	-89.6%	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	71,898	0.0%	72,715	73,547	74,392	50,053	50,929
4.055	Principal-Other	0	0	85,765	0.0%	87,324	88,912	90,528	92,174	93,851
4.060	Interest and Fiscal Charges	53,391	38,806	36,487	-16.6%	34,117	31,690	19,391	7,049	4,490
4.300	Other Objects	129,322	146,921	131,784	1.7%	136,784	136,784	136,784	136,784	136,784
4.500	*Total Expenditures*	9,266,802	8,085,272	8,961,145	-1.0%	9,526,609	10,223,678	10,819,703	11,165,477	11,581,896
	Other Financing Uses									
5.010	Operating Transfers-Out	413,767	167,466	692,150	126.9%	1,318,158	1,348,819	1,258,268	1,379,162	1,178,353
5.020	Advances-Out	489,585	0	0	0.0%	0	0	0	0	0
5.030	All Other Financing Uses	0	4,480	0	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	903,352	171,946	692,150	110.8%	1,318,158	1,348,819	1,258,268	1,379,162	1,178,353
5.050	*Total Expenditures and Other Financing Uses*	10,170,154	8,257,218	9,653,295	-1.0%	10,844,767	11,572,497	12,077,971	12,544,639	12,760,249
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	364,970	1,869,679	355,519	165.6%	257,092	32,493	(92,439)	(262,887)	(453,860)
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	4,573,650	4,938,620	6,808,299	22.9%	7,163,818	7,420,910	7,453,403	7,360,964	7,098,077
7.020	*Cash Balance June 30*	4,938,620	6,808,299	7,163,818	21.5%	7,420,910	7,453,403	7,360,964	7,098,077	6,644,217
8.010	*Estimated Encumbrances June 30*	(120,845)	77,516	(757)	-132.6%	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	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*	5,059,465	6,730,783	7,164,575	19.7%	7,370,910	7,403,403	7,310,964	7,048,077	6,594,217

Bright Local School District

Highland County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022, 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 through 2028

		Actual				Forecasted				
		Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
	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*	5,059,465	6,730,783	7,164,575	19.7%	7,370,910	7,403,403	7,310,964	7,048,077	6,594,217
	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*	5,059,465	6,730,783	7,164,575	19.7%	7,370,910	7,403,403	7,310,964	7,048,077	6,594,217

Bright Local School District – Highland County
Notes to the Five-Year Forecast
General Fund Only
May 15, 2024

Introduction to the Five-Year Forecast

A forecast is like a future painting based on a snapshot of today. 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, 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 then helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with ODE when events significantly 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 Department of Education and 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, 2023, and May 31, 2024, for the fiscal year 2024 (July 1, 2023, to June 30, 2024). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The fiscal year 2024 (July 1, 2023-June 30, 2024) is the first year of the five-year forecast and is considered the baseline year. Our forecast is updated to reflect the most current economic data and assumptions available for the May 2024 filing.

May 2024 Updates

<u>Revenues FY24</u>

The overview of revenues shows that we are substantially on target with original estimates at this point in the year. Total General Fund revenues (line 1.07) are estimated to be $152 thousand, or 1.4%, higher than the November forecasted amount of $10.7 million. This indicates that the November forecast was 98.6% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our second largest source of revenues at 20.9% and are estimated to be $2.2 million, which is $81 thousand higher for FY24 than the original November estimate of $2.1 million. Our estimates are 96.3% accurate for FY24 and should mean future projections are also on target.

Line 1.035 and 1.04 - State Aid continues the implementation of the Fair School Funding Plan (FSFP), which has caused significant changes to the way our state revenues are calculated. We are estimating our state aid to be $7.7 million, which is $39 thousand higher than the original estimate for FY24. We are pleased that we were able to be 99.5% accurate for FY24. We are currently on the formula and are expected to remain as a formula district for FY25 through FY28.

Line 1.06 - Other revenues are on target with original estimates.

All areas of revenue are tracking as anticipated for FY24 based on our best information at this time.

Expenditures FY24

Total General Fund expenditures (line 4.5) are estimated to be $9.5 million for FY24, which is $18 thousand lower than the original estimate in the November forecast, which is roughly 99.8% on target with initial estimates.

All other areas of expenses are expected to remain on target with original projections for the year.

Unreserved Ending Cash Balance

With revenues ending mostly on target from estimates and expenditures also ending on target, our ending unreserved cash balance June 30, 2024, is anticipated to be roughly $7.3 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2028 if assumptions we have made for property tax collections, state aid in future state budgets, and expenditure assumptions remain close to our estimates.

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 the affect that may occur in the 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 26.5% of the district's resources. We believe there is a low risk that local collections will fall below projections throughout the forecast.

   The legislature has formed a "Joint Committee on Property Tax Review and Reform" which is pending as of this forecast. We are watching these deliberations closely and they could impact future reappraisals and possibly the impact of the 20 mill floor currently in law. Our district is currently on the 20 mill floor for Class I values. We are watching the Joint Committee carefully and will adjust the forecast pending their outcome.

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 7.2%, or $7.8 million.

3. The state budget represents 73.5% 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 the high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover 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 FY28. We have projected our state funding in FY24 and FY25 based on the additional phase-in of HB33 (the Fair School Funding Plan). This forecast reflects state revenue to grow modestly with inflationary increases for FY26 through FY28, which we feel is conservative and should be close to what-the state approves for the FY26-FY28 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

4. 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. FY24 reflects 50% of the implementation cost at year three 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. 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 simulations published by the Department of Education and Workforce for our forecasted revenues in FY25.

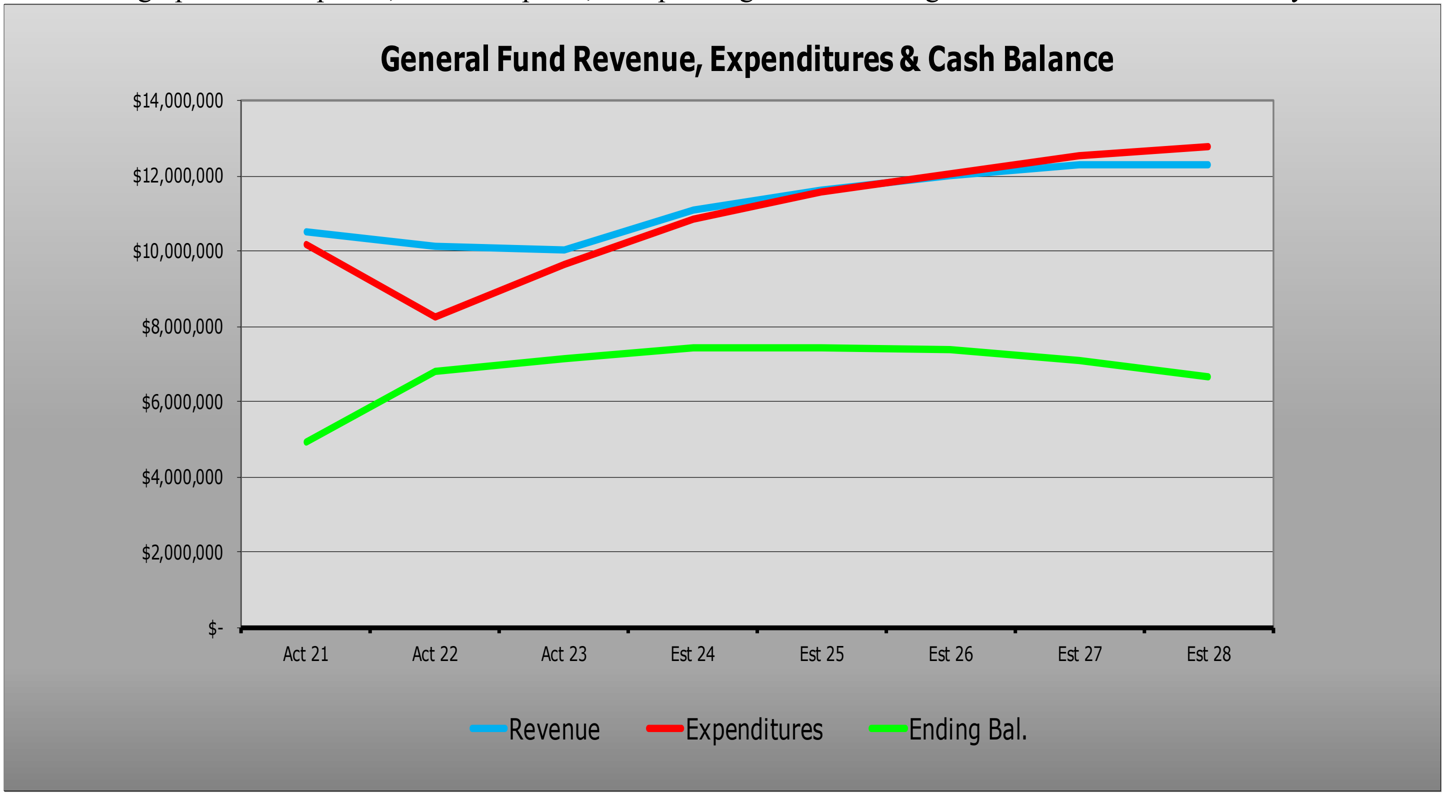
5. HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, 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.

6. 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.

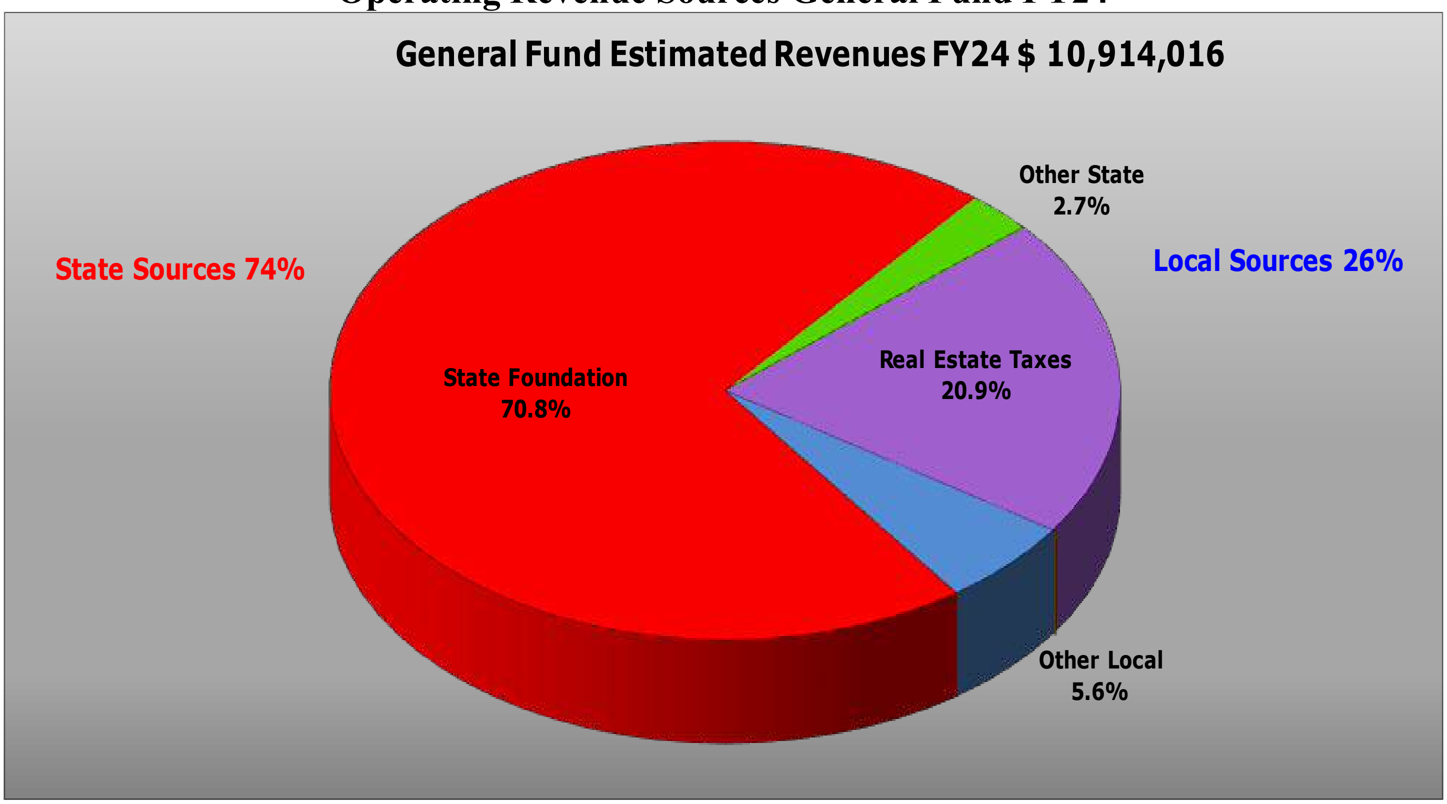
The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast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

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY21-23 and Estimated FY24-28

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



Revenue Assumptions
Operating Revenue Sources General Fund FY24



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 7% increase in residential and a 1% increase for commercial/industrial property. We anticipate residential/agricultural and commercial/industrial values to increase $7.8 million or 7.2%, 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 2023 COLLECT 2024	Estimated TAX YEAR 2024 COLLECT 2025	Estimated TAX YEAR 2025 COLLECT 2026	Estimated TAX YEAR 2026 COLLECT 2027	Estimated TAX YEAR 2027 COLLECT 2028
Res./Ag.	$107,428,480	$115,273,474	$115,598,474	$115,923,474	$116,248,474
Comm./Ind.	1,271,330	1,289,043	1,294,043	1,299,043	1,304,043
Public Utility Personal Property (PUPP)	12,712,830	13,212,830	13,712,830	14,212,830	14,712,830
Total Assessed Value	$121,412,640	$129,775,347	$130,605,347	$131,435,347	$132,265,347

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	FY24	FY25	FY26	FY27	FY28
Total General Property Taxes - Line #1.010	$1,954,586	$2,016,800	$2,077,297	$2,083,095	$2,088,893

Property tax levies are estimated to be collected at 98% of the annual amount. This allows for a 2% delinquency factor. In general, 58% of the Residential/Agricultural and Commercial/Industrial property taxes are expected to be collected in the March tax settlement and 42% 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 $94 thousand in FY25.

Levy Renewal –Line #11.02

No levy renewals are modeled in this forecast.

New Tax Levies – Line #13.030

No new levies are modeled in this forecast.

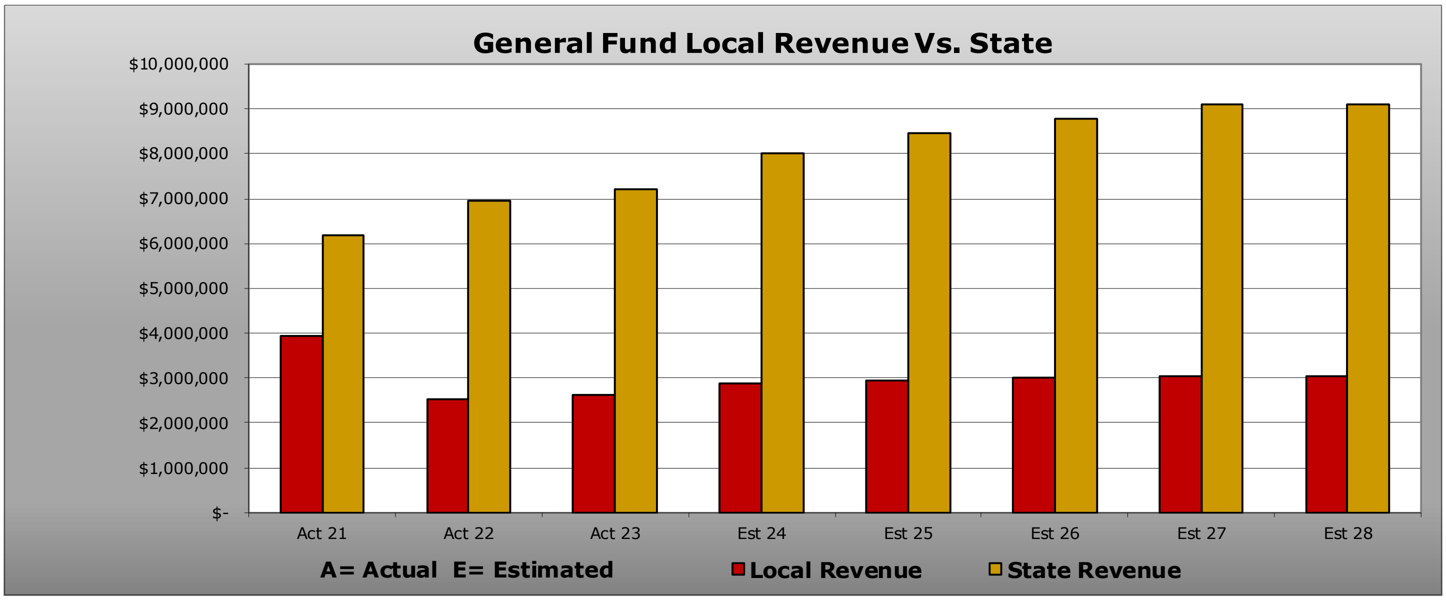
Estimated Public Utility Personal Tax – Line#1.020

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	FY24	FY25	FY26	FY27	FY28
Public Utility Personal Property (Line#1.020)	$322,117	$328,335	$345,995	$358,845	$371,695
Total Public Utility Persosonal Property Line # 1.020	$322,117	$328,335	$345,995	$358,845	$371,695

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 FY24 based on the April 2024 foundation settlement and funding factors for FY25 from the simulations provided by the Department of Education and Workforce.

Our district is currently a formula district in FY24 and is expected to continue on the formula in FY25-FY28 on the new Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The previous funding formula began in FY14. It was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, then HB110, as amended by HB583 for FY22 and FY23, with continuation of this formula in HB33 for FY24 and FY25. The current formula introduced many changes to how state foundation is calculated and expenses deducted from state funding, which will potentially make the actual five-year forecast look different with estimates FY24 through FY28 compared to real data in FY21 through FY23 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecasts.

Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan

A. Student Population and Demographics
B. Property Valuation Per Pupil
C. Personal Income of District Residents Per Pupil

D. Historical Funding - CAPS and Guarantees from prior funding formulas "Funding Bases" for guarantees.

Base Cost Approach - Unrestricted Basic Aid Foundation Funding

The current funding formula uses FY22 statewide average district costs and develops a base cost approach that includes minimum service levels and student-teacher ratios to calculate a unique base cost for each district. Newer, more up-to-date statewide average prices will not update for FY24 and FY25 and remain frozen at FY22 levels; while other factors impacting a district's local capacity will update for FY24. Base costs per pupil include funding for five (5) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)
4. Building Leadership & Operations (3 subcomponents)
5. Athletic Co-curricular (contingent on participation)

State Share Percentage – Unrestricted Basic Aid Foundation Funding

Once the base cost is calculated, which is currently at a state-wide average of $8,242.19 per pupil in FY24, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage, in concept, will be higher for districts with less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth, the lower the state share percentage. HB33 increased the minimum state share from 5% in FY23 to 10% for FY24 and FY25. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income, and 20% on federal median income, as follows:

1. 60% based on the most recent three (3) year average assessed values or the most recent year, whichever is lower, divided by base students enrolled.
2. 20% based on the most recent three-year average federal adjusted gross income of district residents or the most recent year, whichever is lower, divided by base students enrolled.
3. 20% based on the most recent year's federal median income of district residents multiplied by the number of returns in that year divided by base students enrolled.
4. When the weighted values are calculated, and items 1 through 3 above are added together, the total is multiplied by a Local Share Multiplier Index from 0% for low-wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open-enrolled students being educated in each district) and multiplied by the local share multiplier index for each district. The result is the local per pupil capacity of the base per pupil funding amount.

Categorical State Aid

In addition to the base state foundation funding calculated above, the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

Unrestricted Categorical State Aid

1. Targeted Assistance/Capacity Aid – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). It also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. Special Education Additional Aid – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount, not a specific amount. 10% will be reduced from all districts' calculations to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding is based on all resident students who ride, including preschool students and those living within 1 mile of school. Provides supplemental transportation for low-density districts. Increases state minimum share to 37.5% in FY24 and 41.67% in FY25.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding is based on the number and concentration of economically disadvantaged students compared to the state average and multiplied by $422 per pupil. Phase-in increases are limited 50% in FY24 and 66.67% in FY25.
2. English Learners – Based on funded categories based on the time students enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds – Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness and Success Funds – These funds are based on initiatives similar to those for DPIA. They are restricted funds for school climate, attendance, discipline, and academic achievement programs.

State Funding Phase-In FY24 and FY25 and Guarantees

While the FSFP 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, which was amended by HB583 in June 2022 and has now extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it will consist of a general phase-in percentage for most components of 50% in FY24 and 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 FY26-28 will depend on unknown (2) new state budgets. There is no guarantee that the current Fair School Funding Plan in HB33 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 is forecasted to grow modestly with inflationary increases of 4% each year for FY26 through FY28.

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 FY22, was $109.39 million for schools or $62.86 per pupil, in FY23, the funding totaled $113.1 million or $64.90 per pupil, and in FY24 the funding totaled $113.11 million or $65.02 average 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	FY24	FY25	FY26	FY27	FY28
Basic Aid-Unrestricted	$7,110,247	$7,525,340	$7,826,354	$8,139,408	$8,139,408
Additional Aid Items	42,851	42,848	42,848	42,848	42,848
Basic Aid-Unrestricted Subtotal	$7,153,098	$7,568,188	$7,869,202	$8,182,256	$8,182,256
Ohio Casino Commission ODT	45,871	46,562	47,258	47,968	48,685
Total Unrestricted State Aid Line # 1.035	$7,198,969	$7,614,750	$7,916,460	$8,230,224	$8,230,941

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 April 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 minimal funding growth at 1% per year for FY26-FY28 due to uncertainty regarding continued funding of the current funding formula.

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 and is required to maintain documentation as to how the funds were leveraged along with expenses incurred beyond the subsidy.

Source	FY24	FY25	FY26	FY27	FY28
Disadvantaged Pupil Impact Aid	$172,639	$171,041	$172,751	$176,206	$177,968
ESL	0	0	0	0	0
Gifted	59,347	61,527	62,142	63,385	64,019
Career Tech	42,010	43,269	43,702	44,576	45,022
Other Restricted State Funds	12,961	0	0	0	0
Student Wellness and Success	243,261	241,939	244,358	249,245	251,737
Total Restricted State Revenues Line #1.040	$530,218	$517,776	$522,953	$533,412	$538,746

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected during this forecast.

Summary of State Foundation Revenues	FY24	FY25	FY26	FY27	FY28
Unrestricted Line # 1.035	$7,198,969	$7,614,750	$7,916,460	$8,230,224	$8,230,941
Restricted Line # 1.040	530,218	517,776	522,953	533,412	538,746
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$7,729,187	$8,132,526	$8,439,413	$8,763,636	$8,769,687

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	FY24	FY25	FY26	FY27	FY28
Total Rollback and Homestead - Line 1.050	$297,917	$317,350	$328,993	$329,919	$330,845

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 open enrollment, interest on investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees.

Open-enrolled students will be counted in the enrolled student base at the school district where they are being educated, and state aid will follow the students. Open-enrolled student revenues will be included in Line 1.035 as basic state aid.

Interest income is based on the district cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. Once the economy stabilizes, there will be pressure on the Federal Reserve to lower interest rates, which we believe will begin sometime in 2024, decreasing the opportunity for more significant interest income for the district. We will continue to monitor the investments for the district.
All other revenues are expected to continue on historical trends.

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 will amount to, roughly, $93 thousand.

Source	FY24	FY25	FY26	FY27	FY28
Open Enrollment Gross	$19,282	$19,475	$19,670	$19,867	$20,066
Tuitions	178,764	180,552	182,358	184,182	186,024
Preschool and Local Tuition	18,017	18,197	18,379	18,563	18,749
Other Income and rentals	93,091	94,022	94,962	95,912	96,871
Medicaid	26,055	26,055	26,055	26,055	26,055
Interest	275,000	264,000	258,000	245,000	238,500
Total Other Local Revenue Line #1.060	$610,209	$602,301	$599,424	$589,579	$586,265

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	FY24	FY25	FY26	FY27	FY28
Transfers In - Line 2.040	$187,843	$194,148	$184,311	$149,276	$149,270
Advance Returns - Line 2.050	0	0	0	0	0
Total Transfer & Advances In	$187,843	$194,148	$184,311	$149,276	$149,270

All Other Financial Sources – Line #2.010 through Line #2.060 & Line #14.010

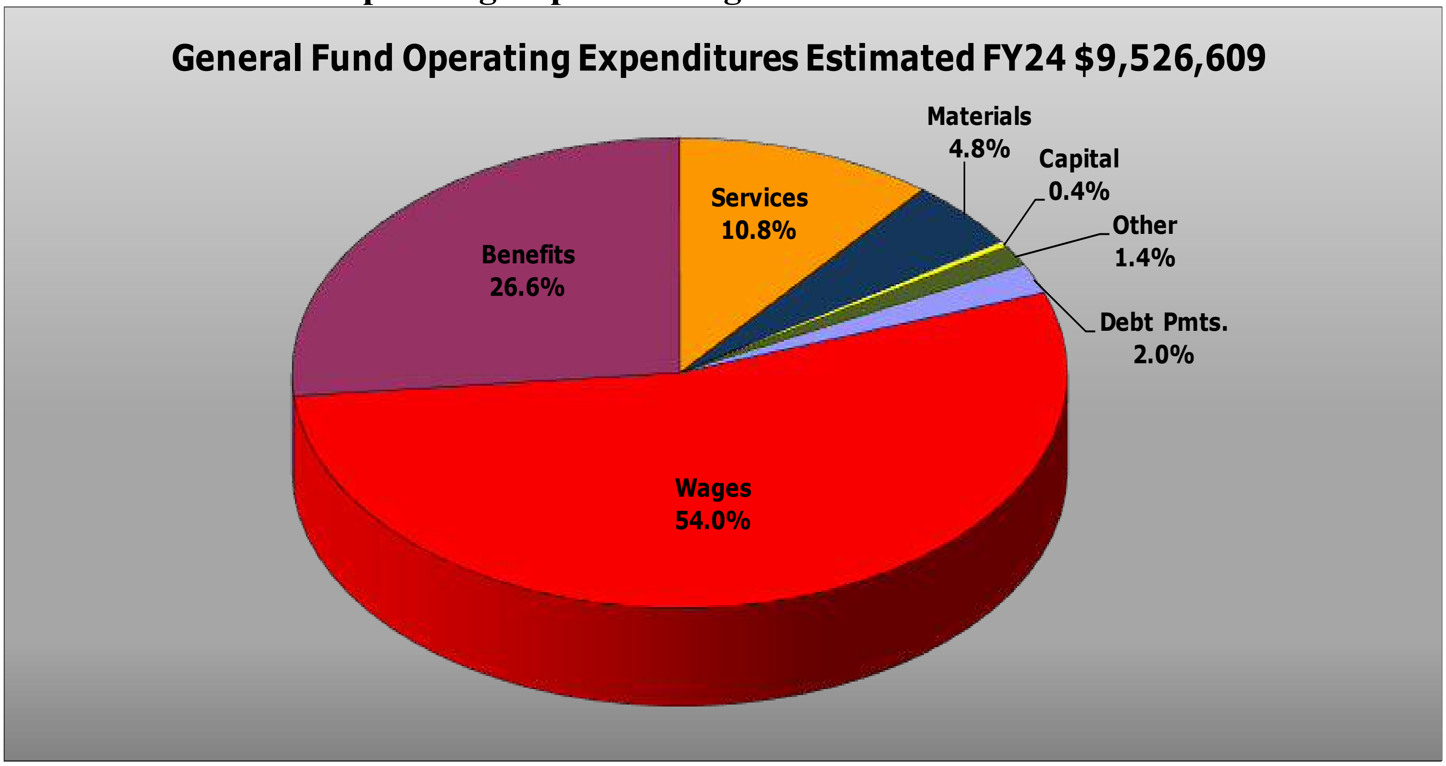
This funding source is typically a refund of prior year expenditures that is very unpredictable. For future years, we are estimating the amount of refunds that are in line with historical collections.

Source	FY24	FY25	FY26	FY27	FY28
Sale of Personal Property	$0	$2,827	$3,021	$1,475	$1,831
Refund of Prior Year Expense	0	10,703	7,078	5,927	7,903
Total All Other Financing - Line #2.060	$0	$13,530	$10,099	$7,402	$9,734

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students, whether it be with changes in staffing, curriculum, or new technology. 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 FY24



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 2% base increase for FY24-25, and a 0% increase in FY26-28, for planning purposes only at this time. Negotiations with our Classified bargaining unit are estimated to receive 2% base increases as the Certified staff for FY24-25. Administrative and non-represented staff typically see a similar increase to the bargaining unit members; however, these increases are reviewed on an annual basis.

Due to the District taking over management of the CC unit at the high school from the ESC, we will be hiring a teacher and three aides to support the students' needs. FY24 will see wages returned to the general fund, which had been paid from federal ESSER funding.

Source	FY24	FY25	FY26	FY27	FY28
Base Wages	$4,285,222	$4,575,959	$4,914,757	$5,160,495	$5,462,195
Increases	85,704	137,279	147,443	103,210	109,244
All Staff - Steps and Training	85,704	91,519	98,295	103,210	109,244
Overtime/Board	57,220	57,792	58,370	58,954	59,544
Substitutes	379,323	379,323	379,323	379,323	379,323
Supplementals	112,515	112,515	112,515	112,515	112,515
Severance	16,500	0	0	0	0
Staff Increases/Reductions	20,734	110,000	0	95,280	0
ESSER Adjustment	98,595	0	0	0	0
Total Wages Line 3.010	$5,141,517	$5,464,387	$5,710,703	$6,012,987	$6,232,065

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 have seen an increase of 6.6% for FY24, and we are estimating an 8% increase in FY25, and a 7% increase for FY26-28, 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.

The district will be increasing insurance costs for the new positions outlined above: a new fourth grade teacher, a new CC Unit teacher, and three new CC Unit aides.

The Further Consolidated Appropriations Act of 2020 included a full repeal of three taxes originally imposed by the Affordable Care Act (ACA): the 40% Excise Tax on employer-sponsored coverage (a.k.a. "Cadillac Tax"), the Health Insurance Industry Fee (a.k.a. the Health Insurer Tax), and the Medical Device Tax. These added costs are no longer an uncertainty factor for our healthcare costs in the forecast.

C) Workers Compensation & Unemployment Compensation
Workers' Compensation is expected to be approximately 0.46% of wages FY24-28. Unemployment is expected to remain at a shallow level for FY24-28. The district is a direct reimbursement employer, meaning unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare
Medicare will continue to increase at the rate of 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	FY24	FY25	FY26	FY27	FY28
A) STRS/SERS	$855,697	$913,440	$955,346	$1,006,776	$1,044,045
B) Insurance's	1,588,015	1,765,118	1,888,676	2,072,947	2,218,053
C) Workers Comp/Unemployment	23,651	25,136	26,269	27,660	28,667
D) Medicare	72,084	76,831	80,225	84,505	87,525
Other/Tuition	(7,442)	(7,442)	(7,442)	(7,442)	(7,442)
Total Fringe Benefits Line #3.020	$2,532,005	$2,773,083	$2,943,074	$3,184,446	$3,370,848

Purchased Services – Line #3.030
HB110, the previous state budget, impacted Purchased Services beginning in FY22 as the Ohio Department of Education will directly pay these costs to the education districts for open enrollment, community, and STEM schools and for scholarships granted to students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown below as expenses. We have continued to offer these miniscule amounts below to help reflect the difference between projected FY24-FY28 Line 3.03 costs and historical FY21 through FY23 costs on the five-year forecast.

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.

Source	FY24	FY25	FY26	FY27	FY28
Open Enrollment Deduction	$709	$709	$709	$709	$709
Professional Support	265,489	270,799	276,215	281,739	287,374
Utilities	213,478	211,343	209,230	231,418	231,418
Building Maintenance/Insurance	186,418	186,418	186,418	186,418	186,418
Excess Cost and Other	129,553	129,553	129,553	129,553	129,553
Other Tuition & CCP	115,253	115,253	115,253	115,253	115,253
Base Services	43,255	43,255	43,255	43,255	43,255
Community School Deductions	25,878	25,878	25,878	25,878	25,878
Travel/Meeting	46,812	46,812	46,812	46,812	46,812
Total Purchased Services Line #3.030	$1,026,845	$1,030,020	$1,033,323	$1,061,035	$1,066,670

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	FY24	FY25	FY26	FY27	FY28
Supplies	$147,902	$149,381	$150,875	$171,759	$173,477
Transportation	217,392	219,566	221,762	223,980	226,220
Digital/Paper Textbooks	14,849	139,997	141,397	16,561	16,727
Building Maintenance	77,886	78,665	79,452	80,247	81,049
Total Supplies Line #3.040	$458,029	$587,609	$593,486	$492,547	$497,473

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	FY24	FY25	FY26	FY27	FY28
Bus Purchases	$0	$0	$180,000	$90,000	$90,000
Equipment	37,273	37,646	38,022	38,402	38,786
Buildings	0	0	0	0	0
Total Equipment Line #3.050	$37,273	$37,646	$218,022	$128,402	$128,786

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	FY24	FY25	FY26	FY27	FY28
2011 HB 264 Principal	$25,200	$25,200	$25,200	$0	$0
2016 HB 264 Principal	11,152	11,348	11,546	11,748	11,954
2016 HB 264 Principal	36,363	36,999	37,646	38,305	38,975
Total HB 264 Principal Line # 4.050	$72,715	$73,547	$74,392	$50,053	$50,929

Source	FY24	FY25	FY26	FY27	FY28
2019 Broiler/Chiller Principal Line # 4.055	$87,324	$88,912	$90,528	$92,174	$93,851

Source	FY24	FY25	FY26	FY27	FY28
Interest Broiler/Chiller & HB 264 Total Line 4.060	$34,117	$31,690	$19,391	$7,049	$4,490

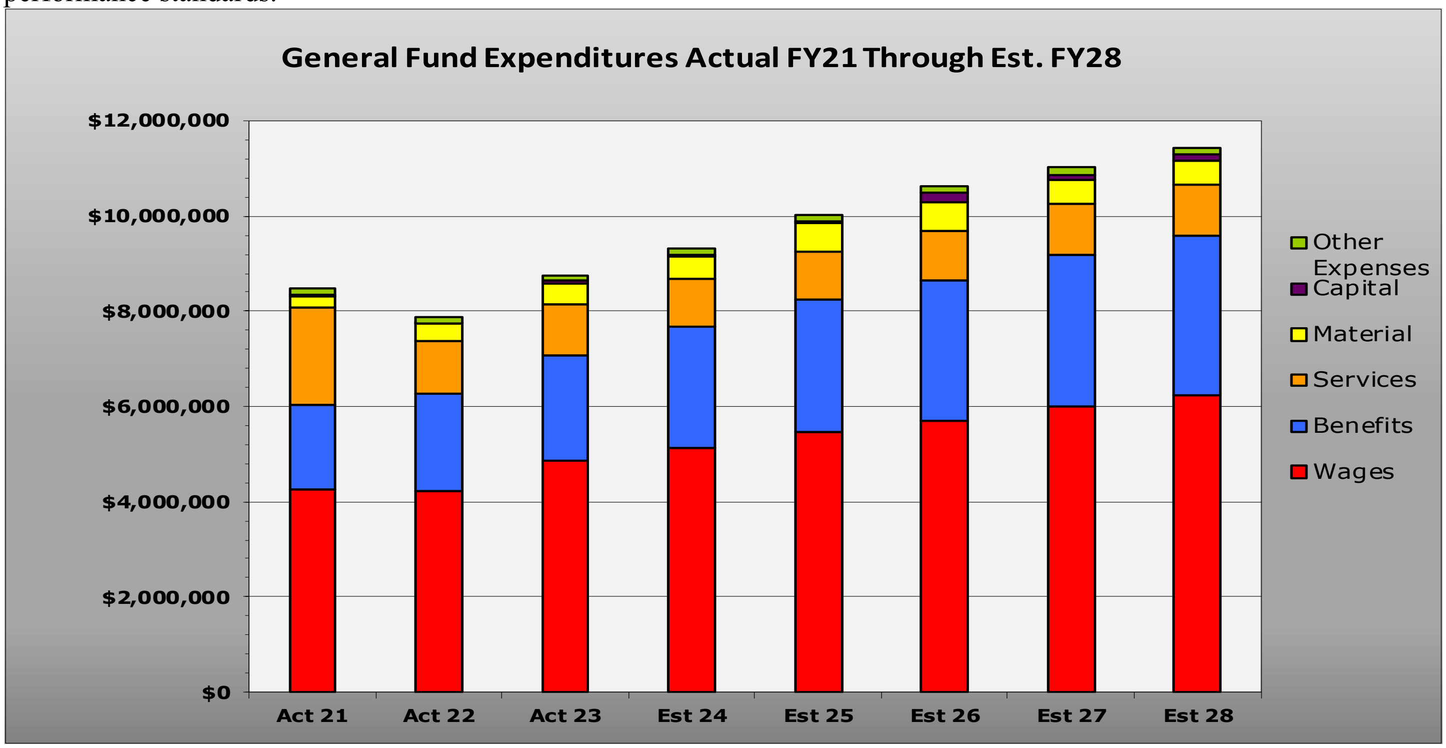
Other Expenses – Line #4.300

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	FY24	FY25	FY26	FY27	FY28
County Auditor & Treasurer Fees	$61,180	$61,180	$61,180	$61,180	$61,180
Memberships and Misc	31,249	31,249	31,249	31,249	31,249
Audit Fees	13,267	13,267	13,267	13,267	13,267
Audit Fees	21,787	21,787	21,787	21,787	21,787
ESC Deduction	9,301	9,301	9,301	9,301	9,301
Total Other Expense - Line #4.300	$136,784	$136,784	$136,784	$136,784	$136,784

Operating Expenditures Actual FY21 through FY23 and Estimated FY24-FY28

As the graph on the following page 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 FY24-28, 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	FY24	FY25	FY26	FY27	FY28
Medicaid to PI Resolution #33-2020	$26,055	$26,055	$26,055	$26,055	$26,055
Casino to PI Resolution #34-2020	45,871	46,562	47,258	47,968	48,685
Transfer to PI	983,574	1,052,383	926,687	1,124,977	925,260
Severance Fund	68,502	29,671	73,957	30,886	29,083
Debt Payment Fund 002	194,156	194,148	184,311	149,276	149,270
Total Operating Transfers Out Line #5.010	$1,318,158	$1,348,819	$1,258,268	$1,379,162	$1,178,353
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$1,318,158	$1,348,819	$1,258,268	$1,379,162	$1,178,353

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	FY24	FY25	FY26	FY27	FY28
Total Estimated Encumbrances - Line #8.010	$50,000	$50,000	$50,000	$50,000	$50,000

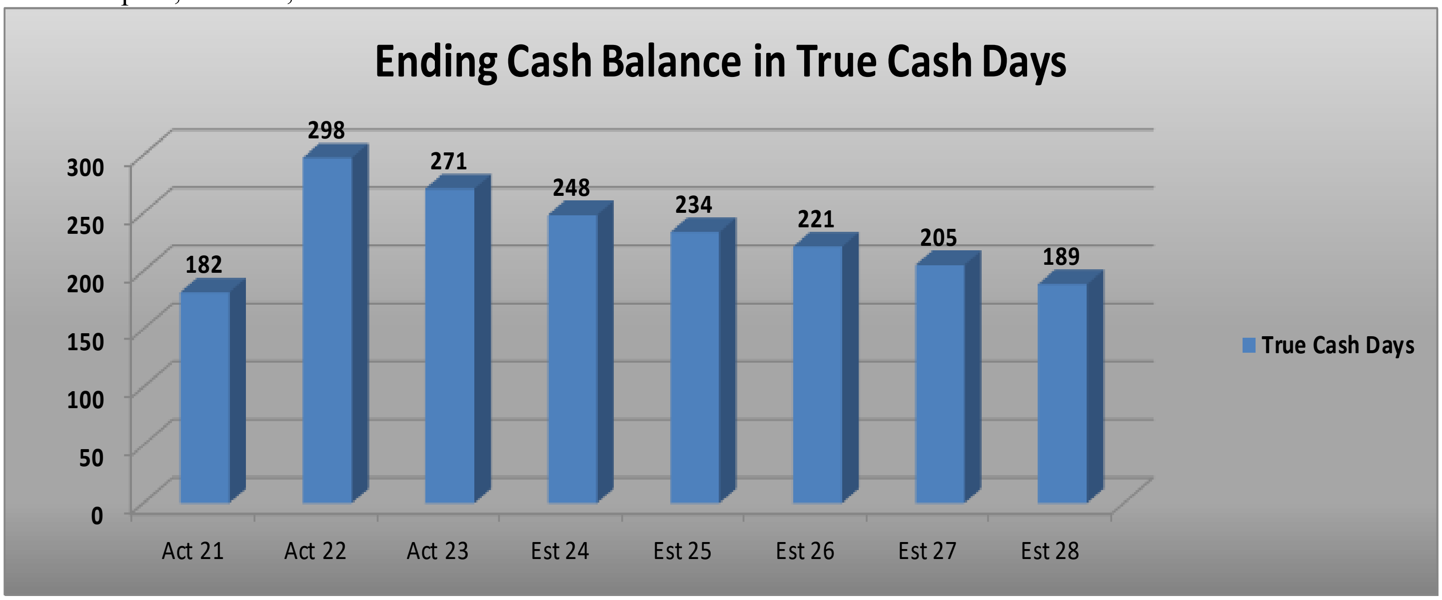
Ending Unencumbered Cash Balance – Line#15.010

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 $783 thousand for our district.

Source	FY24	FY25	FY26	FY27	FY28
Total Unencumbered Cash Balance - Line #15.010	$7,370,910	$7,403,403	$7,310,964	$7,048,077	$6,594,217

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 73.5% 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-FY28.

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.