BRIGHT LOCAL SCHOOL DISTRICT-HIGHLAND COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2019, 2020 and 2021 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2022 THROUGH JUNE 30, 2026

Forecast Provided By
Bright Local School District
Treasurer's Office
Jeff Rowley, Treasurer/CFO
May 18, 2022

Bright Local School District

Highland County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020 and 2021 Actual;
Forecasted Fiscal Years Ending June 30, 2022 Through 2026

		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Revenues									
1.010	General Property Tax (Real Estate)	1,616,740	1,987,233	1,737,403	5.2%	1,848,731	1,829,006	1,836,558	1,851,793	1,863,556
1.020	Public Utility Personal Property Tax	260,316	273,413	286,671	4.9%	302,759	309,234	331,159	344,009	356,859
1.030	Income Tax	0	0	0	0.0%	0	0	0	0	0
1.035	Unrestricted State Grants-in-Aid	5,859,687	5,757,291	5,855,406	0.0%	6,069,628	6,475,070	6,476,035	6,477,015	6,478,017
1.040	Restricted State Grants-in-Aid	196,556	169,201	197,040	1.3%	423,192	427,867	427,867	427,867	427,867
1.045	Restricted Federal Grants In Aid	0	0	0	0.0%	0	0	0	0	0
1.050	Property Tax Allocation	261,999	3,503	135,433	1833.8%	281,660	285,210	286,389	288,590	290,654
1.060	All Other Revenues	1,314,143	1,243,987	1,922,662	24.6%	316,698	319,600	322,531	325,490	328,479
1.070	*Total Revenues*	9,509,441	9,434,628	10,134,615	3.3%	9,242,668	9,645,987	9,680,539	9,714,764	9,745,432
	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	350,401	230,343	271,970	-8.1%	194,168	194,161	194,156	194,148	184,311
2.050	Advances-In	14,674	0	0	0.0%	489,585	0	0	0	0
2.060	All Other Financing Sources	0	0	128,539	0.0%	30,464	24,130	24,130	24,130	24,130
2.070	*Total Other Financing Sources*	365,075	230,343	400,509	18.5%	714,217	218,291	218,286	218,278	208,441
2.080	*Total Revenues and Other Financing Sources*	9,874,516	9,664,971	10,535,124	3.4%	9,956,885	9,864,278	9,898,825	9,933,042	9,953,873
	Expenditures									
3.010	Personal Services	3,970,969	4,111,231	4,245,416	3.4%	4,239,566	4,536,798	4,973,477	5,160,424	5,354,840
3.020	Employees' Retirement/Insurance Benefits	1,775,963	1,876,339	1,775,852	0.1%	2,052,518	2,187,784	2,404,610	2,513,345	2,627,302
3.030	Purchased Services	2,138,073	2,081,849	2,052,622	-2.0%	960,318	985,840	980,436	985,486	990,698
3.040	Supplies and Materials	306,981	337,872	252,395	-7.6%	312,998	336,128	339,489	342,883	346,312
3.050	Capital Outlay	115,783	173,338	11,604	-21.8%	11,720	11,837	11,955	12,075	12,196
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	144,622	145,401	746,200	206.9%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.0%	0	0	0	0	0
4.030	Principal-State Loans	0	0	0	0.0%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0
4.050	Principal-HB 264 Loans	0	0	0	0.0%	71,094	71,898	72,715	73,547	74,392
4.055	Principal-Other	0	0	0	0.0%	84,233	85,765	87,324	88,912	90,528
4.060	Interest and Fiscal Charges	46,796	62,819	53,391	9.6%	38,841	36,499	34,117	31,690	19,391
4.300	Other Objects	116,026	127,690	129,322	5.7%	129,255	129,255	129,255	129,255	129,255
4.500	*Total Expenditures*	8,615,213	8,916,539	9,266,802	3.7%	7,900,543	8,381,803	9,033,378	9,337,616	9,644,914
	Other Financing Uses									
5.010	Operating Transfers-Out	451,714	628,267	413,767	2.5%	289,321	394,175	395,654	397,150	288,844
5.020	Advances-Out	0	0	489,585	0.0%	0	0	0	0	0
5.030	All Other Financing Uses	0	0	0	0.0%	4,480	0	0	0	0
5.040	*Total Other Financing Uses*	451,714	628,267	903,352	41.4%	293,801	394,175	395,654	397,150	288,844
5.050	*Total Expenditures and Other Financing Uses*	9,066,927	9,544,806	10,170,154	5.9%	8,194,344	8,775,978	9,429,033	9,734,767	9,933,759
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	807,589	120,165	364,970	59.3%	1,762,541	1,088,300	469,793	198,276	20,115
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	3,645,896	4,453,485	4,573,650	12.4%	4,938,620	6,701,161	7,789,461	8,259,253	8,457,529
7.020	*Cash Balance June 30*	4,453,485	4,573,650	4,938,620	5.3%	6,701,161	7,789,461	8,259,253	8,457,529	8,477,643
8.010	*Estimated Encumbrances June 30*	265,980	115,485	(120,845)	-130.6%	75,000	75,000	75,000	75,000	75,000
`	**Reservation of Fund Balance**									
9.010	Textbooks and Instructional Materials	60,000	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*	60,000	0	0	0.0%	0	0	0	0	0
10.010	*Fund Balance June 30 for Certification of Appropriations*	4,127,505	4,458,165	5,059,465	10.7%	6,626,161	7,714,461	8,184,253	8,382,529	8,402,643

Bright Local School District

Highland County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020 and 2021 Actual;
Forecasted Fiscal Years Ending June 30, 2022 Through 2026

		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%	0	0	0	0	0
11.020	Property Tax - Renewal or Replacement				0.0%	0	0	0	0	0
11.300	Cumulative Balance of Replacement/Renewal Levies				0.0%	0	0	0	0	0
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	4,127,505	4,458,165	5,059,465	10.7%	6,626,161	7,714,461	8,184,253	8,382,529	8,402,643
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	0	0	0	0	0
13.020	Property Tax - New				0.0%	0	0	0	0	0
13.030	Cumulative Balance of New Levies	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*	4,127,505	4,458,165	5,059,465	10.7%	6,626,161	7,714,461	8,184,253	8,382,529	8,402,643

Bright Local School District – Highland County
Notes to the Five Year Forecast
General Fund Only
May 18, 2022

Introduction to the Five-Year Forecast

A forecast is somewhat like a painting of the future based upon a snapshot of today. That snapshot, however, will be adjusted and the further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience. A variety of events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new, renewal, or replacement), salary increases, or businesses moving in or out of the district. The five-year forecast is viewed as a key management tool and must be updated periodically. In Ohio, most school districts understand how they will manage their finances in the current year. The five-year forecast encourages 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 take place that will significantly change their forecast or, at a minimum, when required under 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 to the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are especially important to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

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

Here are at least three 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 (5) year financial forecast by November 30, 2021, and May 31, 2022 for fiscal year 2022 (July 1, 2021 to June 30, 2022). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2022 is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the May 2022 filing.

Economic Outlook

This five-year forecast is being filed during the recovery from the COVID-19 Pandemic which began in early 2020. The effects of the pandemic continue to impact our state, country, and our globalized economy. Inflation during April hit a 40 year high not seen since the early 1980's. While increased inflation impacting district costs are expected to continue in the short-term, it remains to be seen if these costs are transitory or will last over the next few years which could have a significant impact on our forecast in addition to negative effects on state and local funding.

While all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER), which began in fiscal year 2020, the most recent allocation of ESSER funds must be spent or encumbered by September 30, 2024.

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.

May 2022 Updates:

Revenues FY22
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 $205,346 or 2.3% higher than the November forecasted amount of $9,037,322. This indicates the November forecast was 97.7% accurate.

Line 1.01 and 1.02 - Property tax revenues represent our second largest source of revenues at 23.3% and are estimated to be $2,151,490, which is $93,200 higher for FY22 than the original November estimate of $2,058,290. Our estimates are 95.5% accurate for FY22 and should mean future projections are on target as well.

Line 1.035 and 1.04 - State Aide began the year with a completely new funding formula with only Legislative Service Commission (LSC) estimates to anticipate our funding for FY22 and FY23. The LSC estimate provided little to no detail on how the funding level was calculated. The November forecast used components of the LSC simulations of HB110 to project anticipated funding. In January of 2022, the first formula calculations were released, in part, by the Ohio Department of Education. While there are still details unpublished at this time, we can see that through early April our state aid is estimated to be $6,492,820, which is $164,944 higher than the original estimate for FY22. We are pleased that with very little detail we were able to be 97.4% accurate for FY22. We are currently on the formula and are expected to remain a formula district for FY23 through FY26.

Line 1.06 - Other revenues are $50,923 under original estimates, primarily due to reduced tuition revenues received by the district, which are somewhat unpredictable year to year.

All areas of revenue are tracking as anticipated for FY22 based on our best information at this time.

Expenditures FY22
Total General Fund expenditures (line 4.5) are estimated to be $7,900,543 for FY22, which is $325,063 lower than the original estimate of $8,225,606 in the November forecast, which is roughly 96% on target with original estimates. The expenditure line most significantly under projection is Purchased Services (line 3.03 due to savings from the state formula now making direct payments for school choice.

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

Unreserved Ending Cash Balance
With revenues increasing over estimates and expenditures decreasing, our ending unreserved cash balance June 30, 2022 is anticipated to be roughly $6.6 million. The ending unreserved cash balance on Line 15.010 of the forecast is anticipated to be a positive accumulative balance through 2026 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 the economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast 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 continued growth in appraised values every three (3) years and new construction growth with continued 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 27% of the district's resources. Our tax collections in the August 2021 and March 2022 settlements did not fall due to increased delinquencies as anticipated due to the brief rise in unemployment due to the pandemic in 2020. Long-term, 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 increased overall assessed values by $6 million or an increase of 6%. A reappraisal will occur in tax year 2024 for collection in 2025. We anticipate value will increase for Class I by 1% or $1 million. Class II is anticipated to increase by 0.5% or $6 thousand.

3. The state budget represents 73% of district revenues, which means it is a significant area of risk to revenue. The future risk comes in FY24 and beyond if the state economy stalls due to record high inflation we are witnessing at this time, or the Fair School Funding Plan is not funded in future state budgets due to an economic downturn. There are two future State Biennium Budgets covering the period from FY24-25 and FY26-27 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY26. We have projected our state funding to be in line with the FY23 funding levels through FY26, which we feel is conservative and should be close to whatever the state approves for the FY24-27 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

4. HB110, the current state budget, implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. The actual release of the new Fair School Funding Plan formula calculations was delayed until January 2022. The FSFP has many significant changes to the way 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. There will be no separate open enrollment revenue payments to school districts beginning in FY22. There will also be direct funding to the district where students are educated for expenses previously deducted from districts state foundation funding for open enrollment, community schools, STEM schools, and scholarship recipients. The initial impact on the forecast will be noticed on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. The historic actual costs for FY19 through FY21 on these lines in the forecast will potentially reflect different trends. Longer-term there may be adjustments to state aid for FY23 as the Ohio Department of Education resolves issues and possible unintended consequences as they create and implement the numerous changes to the complicated new formula. Our state aid projections have been based on the best information on the new HB110 formula available as of this forecast.

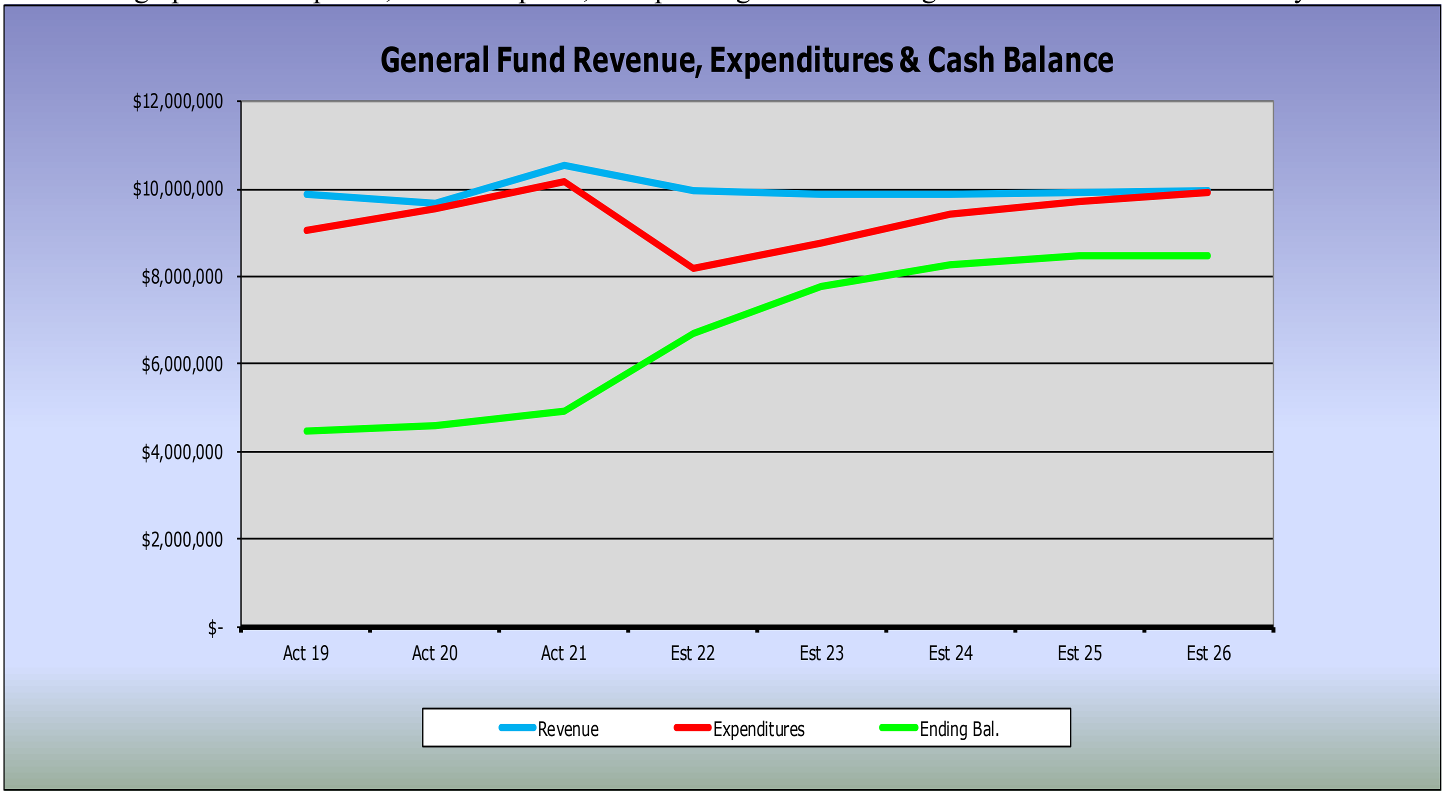
5. HB110 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid and will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can expose the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any 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 as we move forward our positive working relationship will continue and will only grow stronger.

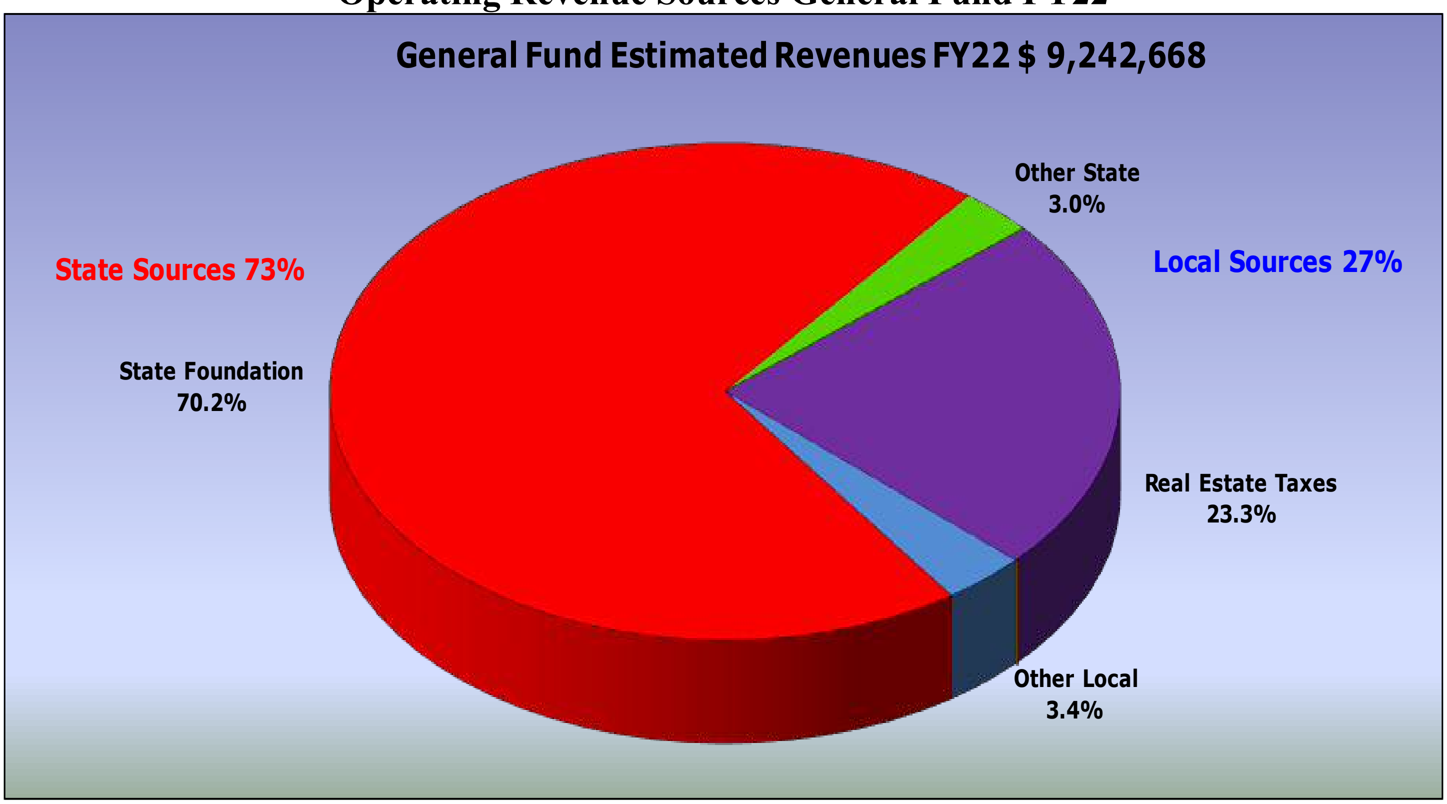
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item, and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast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

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY19-21 and Estimated FY22-26

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 FY22



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 2022. Residential/agricultural values increased 6.3% or $5.9 million due to the reappraisal.

For tax year 2021 new construction in residential property was up 1.4% or $1.4 million in assessed value and commercial/industrial values increased $6 thousand. Overall values increased $7.4 million or 7.7%, which includes new construction for all classes of property.

A reappraisal will occur in 2024 for collection in 2025 for which we are estimating a 1% increase in residential and a 0.5% increase for commercial/industrial property. We anticipate Residential/Agricultural and Commercial/Industrial values to increase $1 million or 1% overall.

Public Utility Personal Property (PUPP) values increased by $954 thousand in tax year 2021. We expect our values to continue to grow by $500 thousand each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Actual	Estimated	Estimated	Estimated	Estimated
	TAX YEAR2021	TAX YEAR2022	TAX YEAR2023	TAX YEAR2024	TAX YEAR 2025
Classification	COLLECT 2022	COLLECT 2023	COLLECT 2024	COLLECT 2025	COLLECT 2026
Res./Ag.	$102,160,990	$102,485,990	$102,810,990	$104,164,100	$104,489,100
Comm./Ind.	1,275,050	1,280,050	1,285,050	1,296,475	1,301,475
Public Utility Personal Property (PUPP)	12,135,580	12,635,580	13,135,580	13,635,580	14,135,580
Total Assessed Value	$115,571,620	$116,401,620	$117,231,620	$119,096,155	$119,926,155

Estimated Real Estate Tax (Line #1.010)

Source	FY22	FY23	FY24	FY25	FY26
Total General Property Taxes - Line #1.010	$1,848,731	$1,829,006	$1,836,558	$1,851,793	$1,863,556

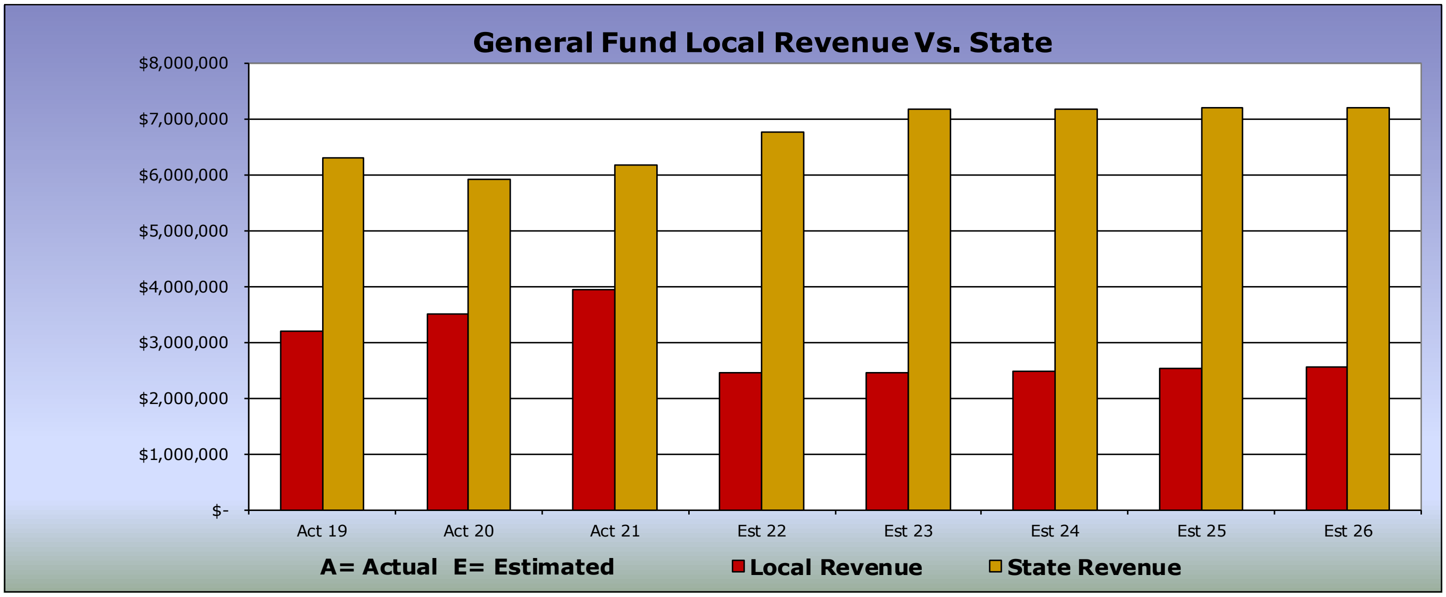
Property tax levies are estimated to be collected at 98% of the annual amount. This allows for a 2% delinquency factor. In general, 59% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the February tax settlement and 41% collected in the August tax settlement. Collections in FY22 were up $4 thousand due to additional delinquent taxes collected in the August and February tax settlements.

New Tax Levies – Line #13.030 - No new levies are modeled in this forecast.

Estimated Public Utility Personal Tax – Line#1.020
The phase out of TPP taxes as noted earlier began in FY06 with HB66 that was adopted in June 2005. TPP tax assessments ended in FY11. The only amounts received after FY11 are from delinquent TPP taxes outstanding as of 2010.

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 $12.1 million in assessed values in 2021 and are collected at the district's gross voted millage rate. Collections are typically 50% in February and 50% in August along with the real estate settlements from the county auditor. The values in 2021 rose by 8.5% or $954 thousand and are expected to grow by $500 thousand each year of the forecast.

Source	FY22	FY23	FY24	FY25	FY26
Public Utility Personal Property (Line#1.020)	$302,759	$309,234	$331,159	$344,009	$356,859
Total Public Utility Persosonal Property Line # 1.020	$302,759	$309,234	$331,159	$344,009	$356,859



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

Current State Funding Model per HB110 through June 30, 2023

A) Unrestricted State Foundation Revenue– Line #1.035

The partial release of the new Fair School Funding Plan (FSFP) formula occurred in January 2022, which was halfway through FY22. As of the date of this forecast, there are still some detailed calculations not released. We have projected FY22 and FY23 funding based on the April 2022 foundation settlement and funding factors.

Our district is currently a formula district in FY22 and is expected to be a formula district in FY23-26 on the new FSFP. The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110 implements the newest, and possibly the most complicated funding formula in recent years for FY22 and FY23. The current formula introduces 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 FY22 through FY26 compared to actual data FY19 through FY21 on Lines 1.035, 1.04, 1.06, and 3.03 of the forecast.

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

<u>Base Cost Approach - Unrestricted Basic Aid Foundation Funding</u>

The new funding formula uses FY18 statewide average district costs, and developed 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 costs will not update for FY23 and remains frozen at FY18 levels, while other factors impacting a district's local capacity will update for FY23. Base costs per pupil includes 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)

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>

Once the base cost is calculated, which is currently at a state wide average of $7,350.77 per pupil in FY22, 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 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. 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 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 most recent three (3) year average federal adjusted gross income of district's residents or the most recent year, whichever is lower, divided by base students enrolled.
3. 20% based on most recent year federal median income of district's 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 added together, the total is then 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 finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity amount 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). 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 and not a specific amount. An amount of 10% will be reduced from all districts' calculations, to be used toward the state appropriation for Catastrophic Cost reimbursement.
3. Transportation Aid – Funding 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 29.17% in FY22 and 33.33% in FY23. In general, districts whose state share percentage is less than 33.33% will see a benefit from the increase to 33.33% funding. With districts whose state share index is greater than 33.33% receiving the same amount as received in FY22.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA) - Formerly Economically Disadvantaged Funding, is based on number and concentration of economically disadvantaged students compared to the state average, and multiplied by $422 per pupil. Phase-in increases are limited to 0% for FY22 and 14% in FY23.
2. English Learners – Based on funded categories, based on the time a student 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.

State Funding Phase-In FY22 and FY23 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. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in at 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase-in.

HB110 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 FY22 and FY23 than they received in FY21. The guaranteed level of funding for FY22 is a calculated funding guarantee level based on full state funding cuts from May 2020 restored, net of transfers and deductions, plus Student

Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items. It is estimated that nearly 420 districts are on one form of a guarantee in FY22 and, in general, the same number will occur in FY23, since state average costs were frozen at FY18 in the Base Cost calculations, while property values and Federal Adjusted Gross Income will be allowed to update and increase for FY23, which should push districts toward one of the three (3) guarantees.

Student Wellness and Success Funds (SWSF) - (Restricted Fund 467)
In FY20 and FY21, HB166 provided Student Wellness and Success Funds (SWSF) to be deposited in a Special Revenue Fund 467. HB110, the new state budget, essentially eliminated these funds by merging them into state aid and wrapped into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below, with only a smaller portion devoted to SWSF. Any remaining funds in Special Revenue Fund 467 from FY20 and FY21 will be required to be used for the restricted purposes governing these funds until fully expended.

Future State Budget Projections beyond FY23
Our funding status for the FY24-26 will depend on two (2) new state budgets, which are unknown. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason, funding is held constant in the forecast for FY23 through FY26.

Casino Revenue
On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos, one each in Cleveland, Toledo, Columbus and Cincinnati. Thirty-three percent (33%) of the gross casino revenue (GCR) will be collected as a tax. School districts will receive 34% of the 33% gross casino revenue that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year, which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increased the amount in FY22 to pre-pandemic, FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to the COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 estimated a 0.4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil. Actual payments in FY22 were $63.09 per pupil. FY22 Casino revenues have resumed their historical growth rate and we are assuming a 2% annual growth rate for the forecast period.

Source	FY22	FY23	FY24	FY25	FY26
Basic Aid-Unrestricted	$5,894,604	$6,295,699	$6,295,699	$6,295,699	$6,295,699
Additional Aid Items	131,237	131,237	131,237	131,237	131,237
Basic Aid-Unrestricted Subtotal	$6,025,841	$6,426,936	$6,426,936	$6,426,936	$6,426,936
Ohio Casino Commission ODT	43,787	48,134	49,099	50,079	51,081
Total Unrestricted State Aid Line # 1.035	$6,069,628	$6,475,070	$6,476,035	$6,477,015	$6,478,017

B) Restricted State Revenues – Line # 1.040

HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career-Technical funding. In addition, there have been new restricted funds added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL) and Student Wellness. Using current April funding factors, we have estimated revenues for these new restricted funding lines. The amount of DPIA is limited to 0% phase-in growth for FY22 and 14% in FY23. We have flat lined funding at FY23 levels for FY24-26 due to uncertainty on continued funding of the current funding formula.

Source	FY22	FY23	FY24	FY25	FY26
Disadvantaged Pupil Impact Aid	$141,565	$146,249	$146,249	$146,249	$146,249
Career Tech	37,814	41,184	41,184	41,184	41,184
Gifted	50,455	47,076	47,076	47,076	47,076
ESL	0	0	0	0	0
Student Wellness and Success	193,358	193,358	193,358	193,358	193,358
Total Restricted State Revenues Line #1.040	$423,192	$427,867	$427,867	$427,867	$427,867

C) Restricted Federal Grants in Aid – line #1.045

No federal unrestricted grants are projected in this forecast.

Summary of State Foundation Revenues	FY22	FY23	FY24	FY25	FY26
Unrestricted Line # 1.035	$6,069,628	$6,475,070	$6,476,035	$6,477,015	$6,478,017
Restricted Line # 1.040	423,192	427,867	427,867	427,867	427,867
Rest. Fed. Grants - SFSF & Ed Jobs Line #1.045	0	0	0	0	0
Total State Foundation Revenue	$6,492,820	$6,902,937	$6,903,902	$6,904,882	$6,905,884

State Taxes Reimbursement/Property Tax Allocation

A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed prior to 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 residential taxpayers. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter 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 going forward 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	FY22	FY23	FY24	FY25	FY26
Total Rollback and Homestead - Line 1.050	$281,660	$285,210	$286,389	$288,590	$290,654

Other Local Revenues – Line #1.060

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

HB110, the new state budget, will stop paying open enrollment as an increase to other revenue for the district. This is projected below as zeros to help show the difference between projected FY22-26 Line 1.06 revenues and historical FY19 through FY21 revenues on the five-year forecast. Open enrolled students will be counted in the enrolled student base at the school district they are being educated at and state aid will follow the students. Open enrolled student revenues will be included in Line 1.035 as state basic aid.

In FY21 interest income fell sharply due to fed rate reductions due to the pandemic which will impact our earning capability in this area until rates begin to increase. Rentals are expected to return to pre-pandemic levels over time. All other revenues are expected to continue on historic trends.

Source	FY22	FY23	FY24	FY25	FY26
Open Enrollment Gross	$0	$0	$0	$0	$0
Tuitions	167,282	168,955	170,645	172,351	174,075
Other Income and rentals	41,653	42,070	42,491	42,916	43,345
Medicaid	51,366	51,880	52,399	52,923	53,452
Interest	29,803	30,101	30,402	30,706	31,013
Manufactured Homes	26,594	26,594	26,594	26,594	26,594
Total Other Local Revenue Line #1.060	$316,698	$319,600	$322,531	$325,490	$328,479

Short-Term Borrowing – Lines #2.010 & Line #2.020

Short term borrowing is not 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	FY22	FY23	FY24	FY25	FY26
Transfers In - Line 2.040	$194,168	$194,161	$194,156	$194,148	$184,311
Advance Returns - Line 2.050	489,585	0	0	0	0
Total Transfer & Advances In	$683,753	$194,161	$194,156	$194,148	$184,311

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

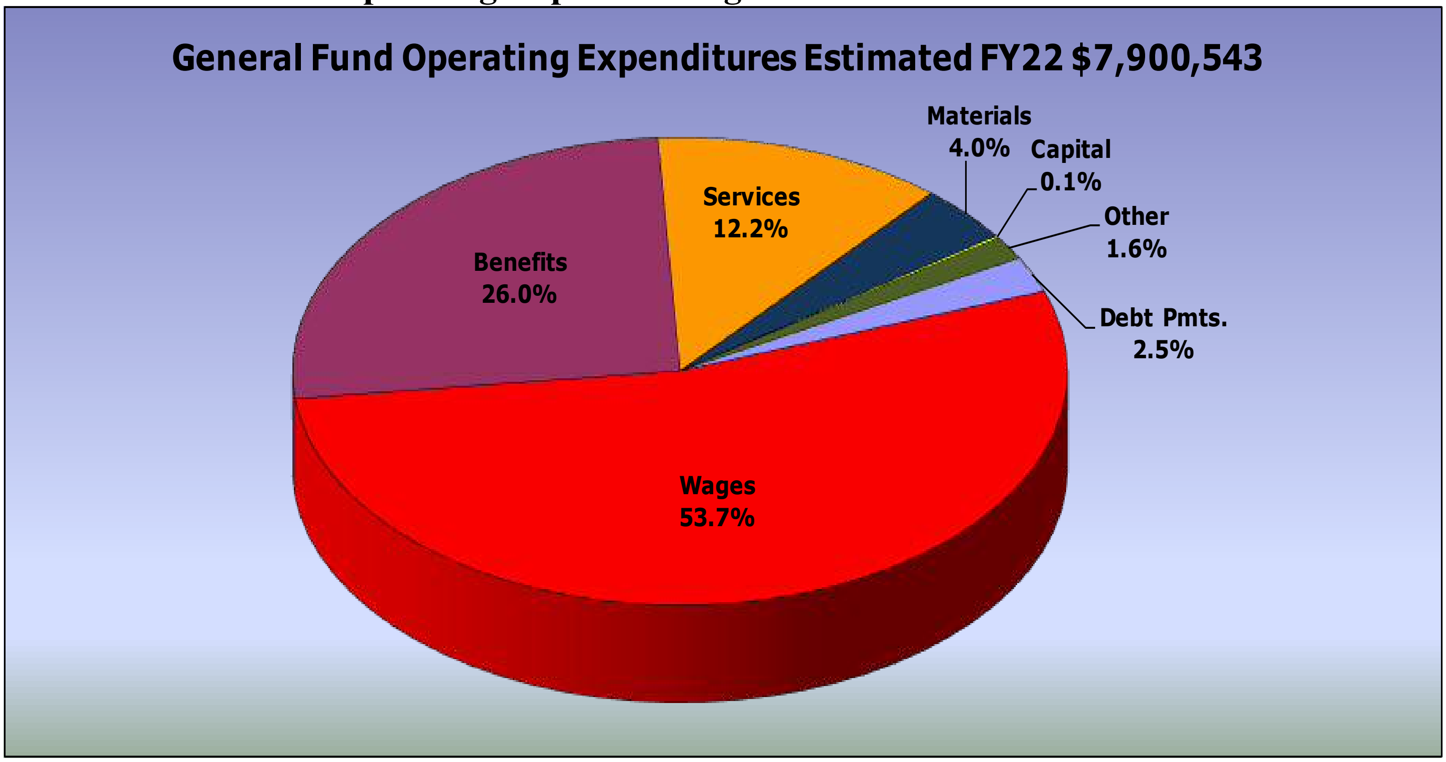
This funding source is typically a refund of prior year expenditures that is very unpredictable We received several Bureau of Workers Compensation refunds over the past two years and do not expect to receive a refund in FY22. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

Source	FY22	FY23	FY24	FY25	FY26
Sale of Personal Property	$8,386	$2,052	$2,052	$2,052	$2,052
Refund of Prior Year Expense	22,078	22,078	22,078	22,078	22,078
Total All Other Financing - Line #2.060	$30,464	$24,130	$24,130	$24,130	$24,130

Expenditures Assumptions

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

All Operating Expense Categories - General Fund FY22



Wages – Line #3.010

Negotiations with our bargaining units were pushed back to FY22, once state funding and local initiatives are realized. Because of this the current Certified and Classified contracts are set to expire at the end of the FY22 contract year. As of the filing of this forecast, negotiations for FY23-25 are still ongoing. The forecast as presented reflects a 3% base increase for FY23 and a 2% in FY24-26, for planning purposes only at this time.

Source	FY22	FY23	FY24	FY25	FY26
Base Wages	$3,939,238	$3,915,430	$4,230,057	$4,666,450	$4,853,108
Increases	78,785	117,463	84,601	93,329	97,062
All Staff - Steps and Training	78,785	78,309	84,601	93,329	97,062
Overtime/Board	28,327	28,610	28,896	29,185	29,477
Substitutes	193,934	193,934	193,934	193,934	193,934
Supplementals	84,197	84,197	84,197	84,197	84,197
Severance	17,678	0	0	0	0
Staff Increases/Reductions	0	118,855	0	0	0
ESSER Adjustment	(181,378)	0	267,191	0	0
Total Wages Line 3.010	$4,239,566	$4,536,798	$4,973,477	$5,160,424	$5,354,840

Fringe Benefits Estimates

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

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, which is exclusively used to fund health care.

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 9 Superintendents representing each of the member districts with the ESC acting as the Fiscal Agent. At this time we are estimating an increase of 5% for FY22-26, which reflects 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 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 health care costs in the forecast.

C) Workers Compensation & Unemployment Compensation

Workers Compensation is expected to be approximately 0.46% of wages FY22-26. Unemployment is expected to remain at a very low level FY22-26. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment. We received several Bureau of Workers Compensation refunds over the past two years which reduced this expense. However, we do not expect to receive a refund in FY22. These revenues are inconsistent year to year and we will not project that occurring in the remainder of the forecast.

D) Medicare

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

Summary of Fringe Benefits – Line #3.020

Source	FY22	FY23	FY24	FY25	FY26
A) STRS/SERS	$709,309	$762,898	$837,213	$869,024	$902,104
B) Insurance's	1,261,555	1,337,306	1,471,620	1,545,201	1,622,461
C) Workers Comp/Unemployment	18,191	19,558	21,567	22,427	23,321
D) Medicare	59,169	63,728	69,916	72,399	75,122
Other/Tuition	4,294	4,294	4,294	4,294	4,294
Total Fringe Benefits Line #3.020	$2,052,518	$2,187,784	$2,404,610	$2,513,345	$2,627,302

Purchased Services – Line #3.030

HB110, the new state budget, will impact Purchased Services beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted 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 show these amounts below as zeros to help reflect the difference between projected FY22-26 line 3.03 costs and historical FY19 through FY21 costs on the five-year forecast. College Credit Pus, excess costs, and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trend.

Source	FY22	FY23	FY24	FY25	FY26
Open Enrollment Deduction	$0	$0	$0	$0	$0
Professional Support	330,817	358,433	355,102	362,204	369,448
Utilities	209,414	207,320	205,247	203,195	201,163
Building Maintenance/Insurance	128,933	128,933	128,933	128,933	128,933
Excess Cost	123,363	123,363	123,363	123,363	123,363
Other Tuition	96,043	96,043	96,043	96,043	96,043
Base Services	37,311	37,311	37,311	37,311	37,311
Community School Deductions	0	0	0	0	0
Travel/Meeting	34,437	34,437	34,437	34,437	34,437
Total Purchased Services Line #3.030	$960,318	$985,840	$980,436	$985,486	$990,698

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 used Cares grant funds to purchase one to one devices for students.

Source	FY22	FY23	FY24	FY25	FY26
Supplies	$93,175	$94,107	$95,048	$95,998	$96,958
Transportation	160,000	181,600	183,416	185,250	187,103
Digital/Paper Textbooks	16,415	16,579	16,745	16,912	17,081
Building Maintenance	43,408	43,842	44,280	44,723	45,170
Total Supplies Line #3.040	$312,998	$336,128	$339,489	$342,883	$346,312

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 003. This has shifted this expense out of this section of the forecast and into Transfers to fund this initiative.

Source	FY22	FY23	FY24	FY25	FY26
Bus Purchases	$0	$0	$0	$0	$0
Equipment	11,720	11,837	11,955	12,075	12,196
Buildings	0	0	0	0	0
Total Equipment Line #3.050	$11,720	$11,837	$11,955	$12,075	$12,196

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	FY22	FY23	FY24	FY25	FY26
2011 HB 264 Principal	$25,200	$25,200	$25,200	$25,200	$25,200
2016 HB 264 Principal	10,772	10,961	11,152	11,348	11,546
2016 HB 264 Principal	35,122	35,737	36,363	36,999	37,646
Total HB 264 Principal Line # 4.050	$71,094	$71,898	$72,715	$73,547	$74,392

Source	FY22	FY23	FY24	FY25	FY26
2019 Broiler/Chiller Principal Line # 4.055	$84,233	$85,765	$87,324	$88,912	$90,528

Source	FY22	FY23	FY24	FY25	FY26
Interest Broiler/Chiller & HB 264 Total Line 4.060	$38,841	$36,499	$34,117	$31,690	$19,391

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 organization 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	FY22	FY23	FY24	FY25	FY26
County Auditor & Treasurer Fees	$56,483	$56,483	$56,483	$56,483	$56,483
Other expenses	32,798	32,798	32,798	32,798	32,798
Audit Fees	17,281	17,281	17,281	17,281	17,281
Audit Fees	13,418	13,418	13,418	13,418	13,418
ESC Deduction	9,275	9,275	9,275	9,275	9,275
Total Other Expense - Line #4.300	$129,255	$129,255	$129,255	$129,255	$129,255

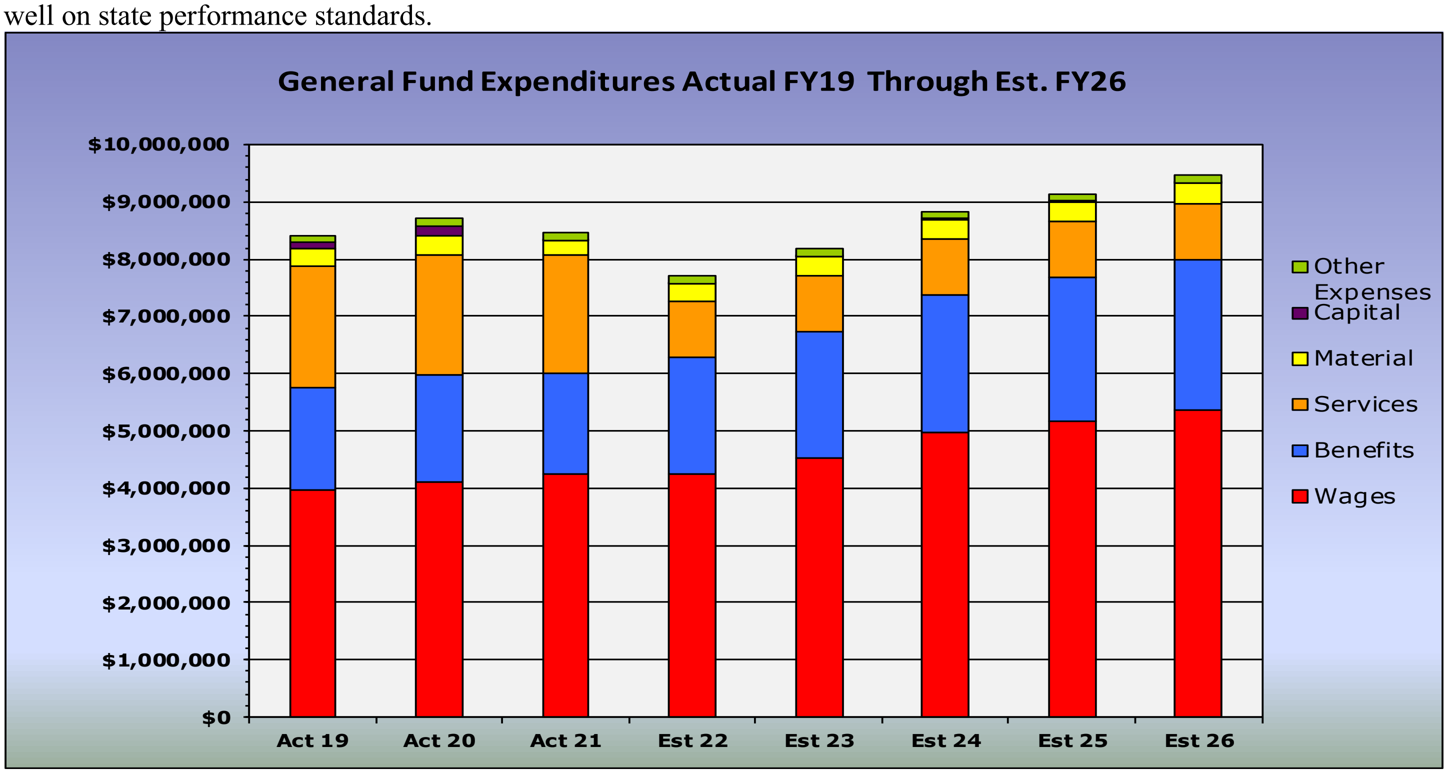
Transfers Out and Advances Out – Line# 5.010 and Line# 5.020

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 FY23-26, 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	FY22	FY23	FY24	FY25	FY26
Medicaid to PI Resolution #33-2020	$51,366	$51,880	$52,399	$52,923	$53,452
Casino to PI Resolution #34-2020	43,787	48,134	49,099	50,079	51,081
Track/Soccer Facility	0	100,000	100,000	100,000	0
Debt Payment Fund 002	194,168	194,161	194,156	194,148	184,311
Total Operating Transfers Out Line #5.010	$289,321	$394,175	$395,654	$397,150	$288,844
Advances Out Line #5.020	0	0	0	0	0
Total Transfer & Advances Out	$289,321	$394,175	$395,654	$397,150	$288,844

Operating Expenditures Actual FY19 through FY21 and Estimated FY22-26

As the following graph indicates, we have been diligent at reducing costs in reaction to lower and flat state revenues in the past. We are maintaining control over our expenses while balancing student academic needs to enable them to excel and do well on state performance standards.



Encumbrances –Line#8.010

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

Source	FY22	FY23	FY24	FY25	FY26
Total Estimated Encumbrances - Line #8.010	$75,000	$75,000	$75,000	$75,000	$75,000

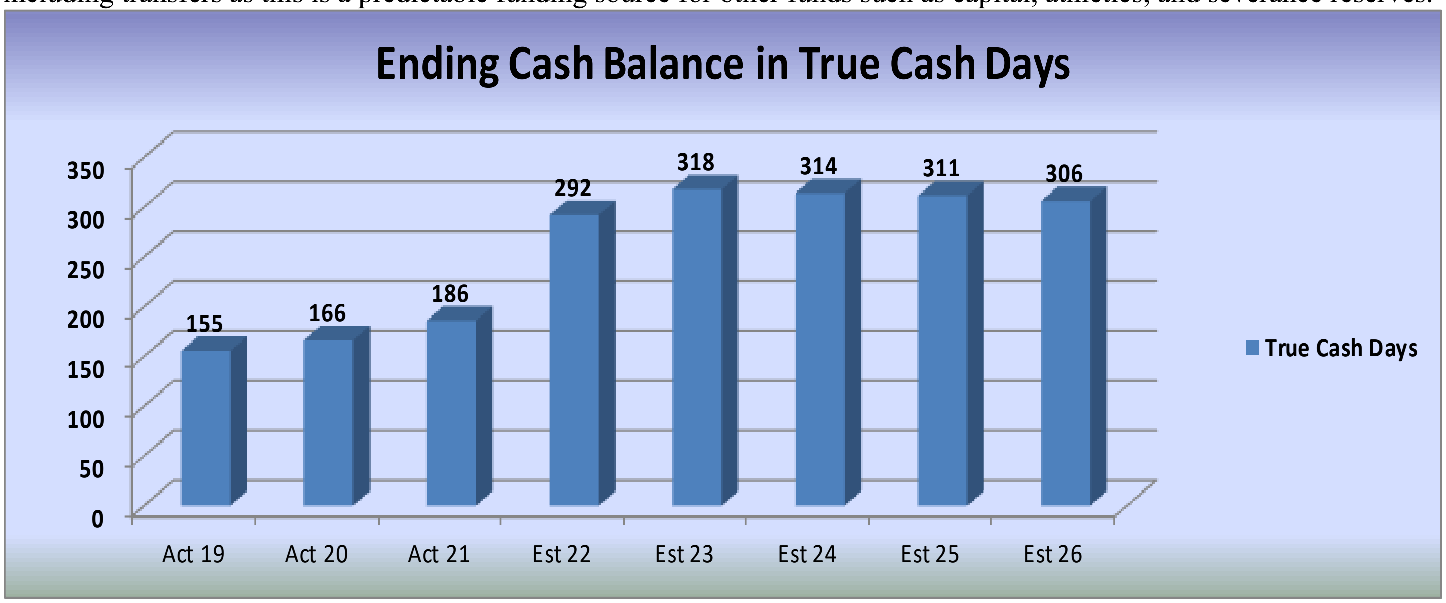
Ending Unencumbered Cash Balance – Line#15.010

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, resulting in a negative unencumbered cash balance is a violation of O.R.C. §5705.412 and is punishable by personal liability of $10,000. 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 $656 thousand for our district.

Source	FY22	FY23	FY24	FY25	FY26
Total Unencumbered Cash Balance - Line #15.010	$6,626,161	$7,714,461	$8,184,253	$8,382,529	$8,402,643

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 Year's Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The GFOA recommends no less than two (2) months or sixty (60) days cash is on hand at year-end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



Conclusion

The district administration is grateful for the changes in the current state budget HB110 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 FY24-26.

The district is receiving funding through the CARES Act and ESSER funds that are to be used for help due to the pandemic. Additional ESSER II and III have been allocated to our district that can be used through September 2023 and September 2024, respectively, which will continue to offset the expenses and help with academic support for lost learning due to school closures as a result of the pandemic. We will monitor this and all other funding that is affecting our forecast from the pandemic.

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