



Bright Local Schools

Five Year Forecast Financial Report

May, 2017

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Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the 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.

Five Year Forecast - Simplified Statement

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Beginning Balance	1,902,060	2,684,734	2,953,552	2,802,609	2,103,841
+ Revenue	9,100,517	8,556,448	8,172,782	7,982,415	7,913,503
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(8,317,842)	(8,287,630)	(8,323,725)	(8,681,183)	(9,004,242)
= Revenue Surplus or Deficit	782,674	268,818	(150,943)	(698,768)	(1,090,739)
Ending Balance	2,684,734	2,953,552	2,802,609	2,103,841	1,013,101
Revenue Surplus or Deficit w/o Levies	782,674	268,818	(150,943)	(698,768)	(1,090,739)
Ending Balance w/o Levies	2,684,734	2,953,552	2,802,609	2,103,841	1,013,101

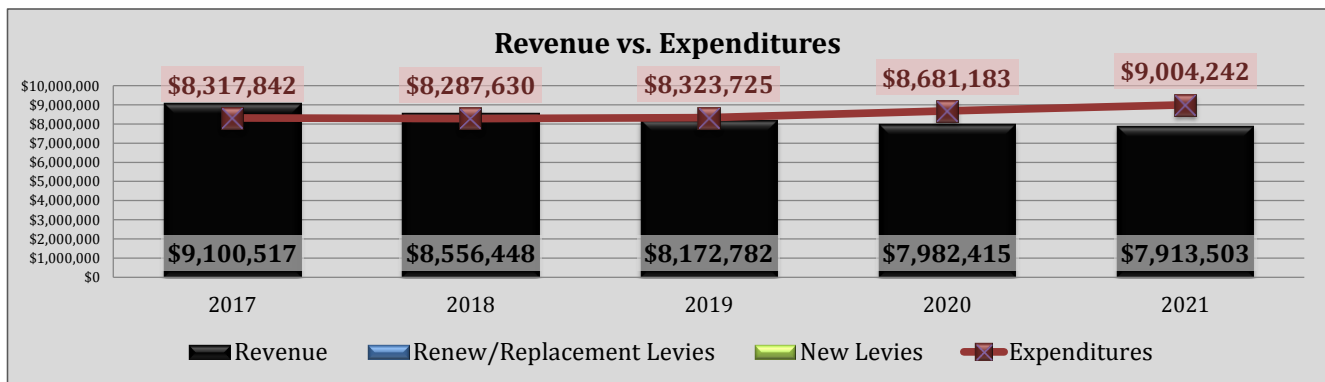
Summary:

This forecast shows a more favorable financial picture over the October forecast. Better than expected enrollment has driven up overall revenue but is being offset in large part by an increase in spending (particularly capital spending). This forecast also differs from the October forecast in that it reflects the new contract with the teachers and an expected similar agreement with the classified staff.

The impact of a new state budget is expected to drive down state revenues but the exact amount is unknown. Additionally, the reassessment of property values in Highland County, in 2018, is expected to decrease overall district valuation which should offset some of the impact of student loss on the district's state share index. The effects of the reassessment will not be felt until 2019 and later.

The two biggest unknowns in the district forecast will be student enrollment and unplanned capital spending. Student enrollment will be the key to maintaining funding levels while, due to a limited permanent improvement fund, unplanned capital expenses could stress the limited fund surplus. In particular, transportation is a concern with the accelerated aging of the bus fleet.

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Revenue Overview

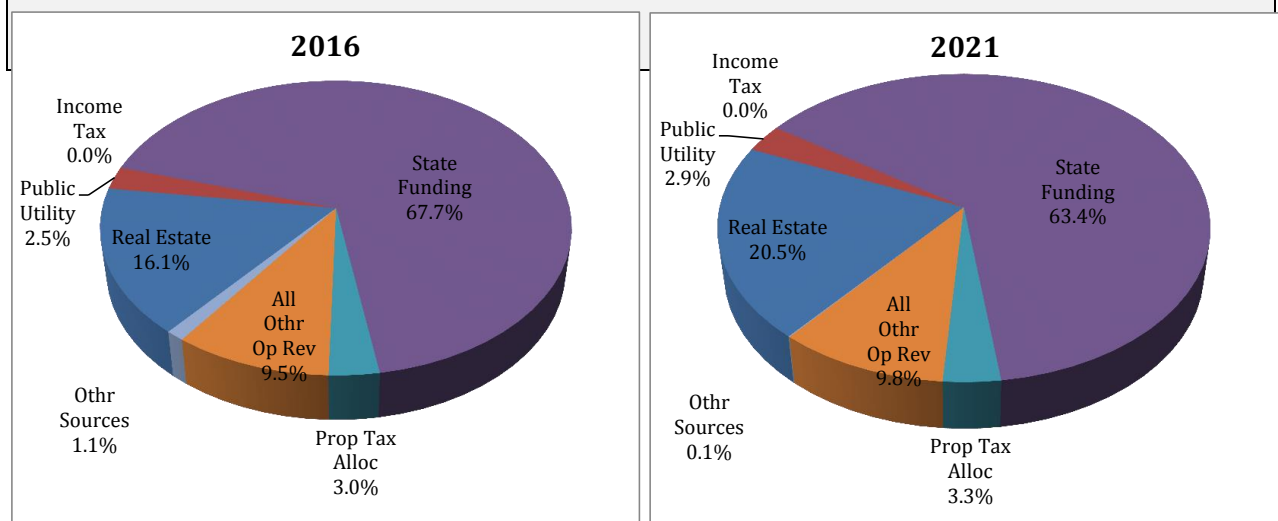
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	
		2017	2018	2019	2020	2021	
Revenue:							
1.010-Real Estate	-1.85%	32.93%	-1.08%	-11.41%	5.61%	0.61%	5.33%
1.020-Public Utility	-28.16%	8.36%	12.71%	-2.00%	-2.00%	-2.00%	3.01%
1.030-Income Tax	n/a	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.035-State Funding	3.42%	8.78%	-7.47%	-3.03%	-4.98%	-1.34%	-1.61%
1.040-Restricted Aid	71.69%	-3.13%	-11.71%	-2.81%	-1.93%	-2.64%	-4.44%
1.045-Restr Federal SFSF	-80.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1.050-Property Tax Alloc	0.58%	4.33%	1.01%	-0.02%	0.08%	0.66%	1.21%
1.060-All Other Operating	8.76%	4.58%	-3.85%	-0.05%	-0.03%	-0.04%	0.12%
1.070-Total Revenue	2.18%	11.85%	-5.27%	-4.33%	-2.21%	-0.80%	-0.15%
2.070-Total Other Sources	46.82%	14.42%	-66.67%	-42.86%	-50.00%	-50.00%	-39.02%
2.080-Total Rev & Other Srcs	2.30%	11.88%	-5.98%	-4.48%	-2.33%	-0.86%	-0.36%

Real Estate - Local property tax increases in 2017 are being driven by the county assessment update in 2015. At that time agriculture land values jumped 28%. The county is scheduled for a full reappraisal in 2018. It is expected that agriculture land values will correct downward but less than the increase in 2015. The effect of a downward evaluation will start to be felt in FY20. Residential values are expected to rise at a rate less than inflation. Because the district is at the 20 mil floor any increases will result in revenue increases. The overall impact though is very marginal.

Public Utility - After mileage correction in 2016, public utility personal property is expected to level off and increase slightly as inflationary increases.

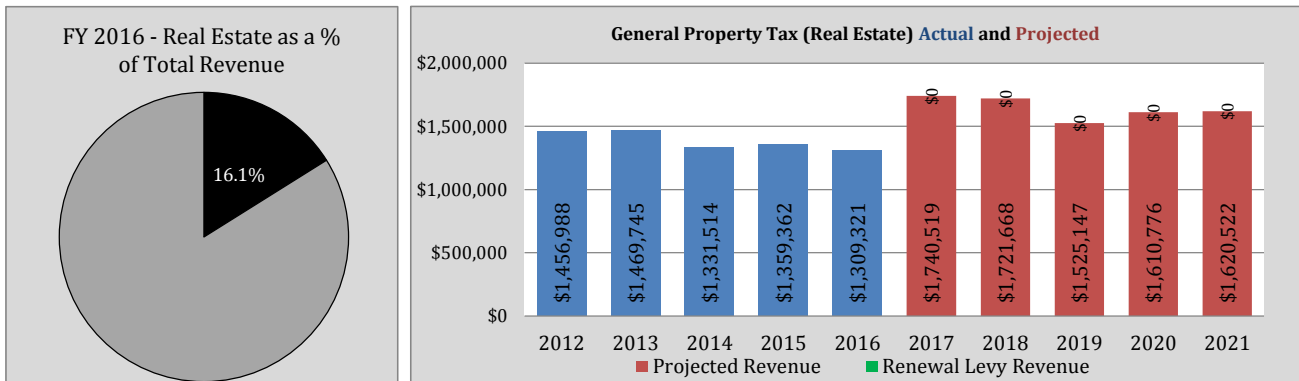
State Funding - Decreases in state funding are being driven by increase in district wealth (driven by agricultural land value increases) and decreases in enrollment. Enrollment continues to be the major concern with a forecast of decreasing enrollment by 15 students/year (based on trends in mobility and census data).

Restricted Aid - Follows state funding trends.

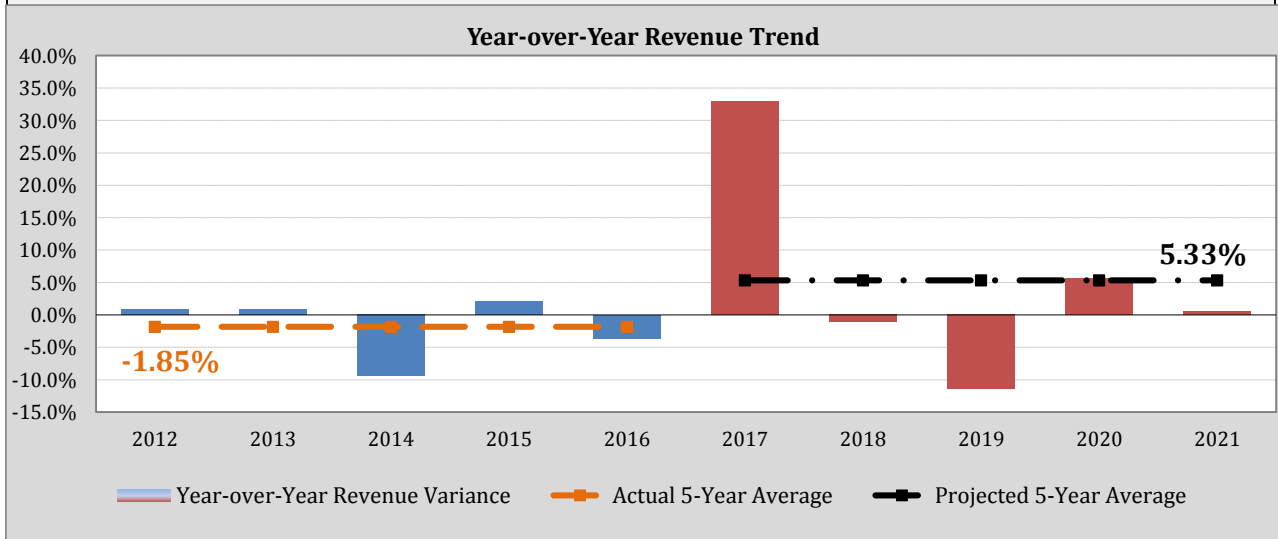


1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).

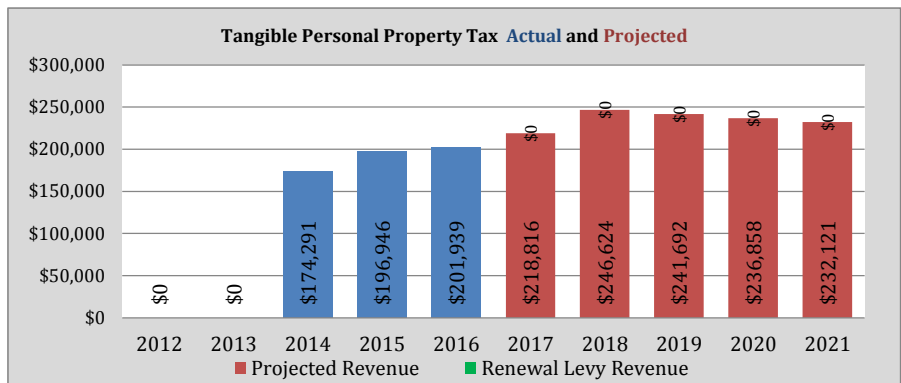
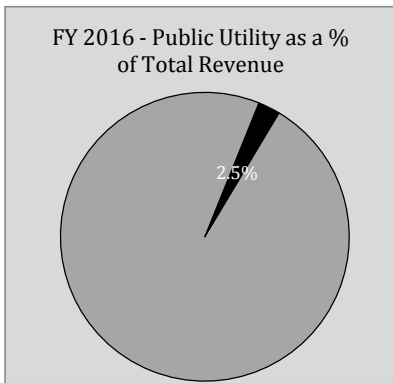


The district has almost no class II real property. Property valuations are driven in large by agricultural land values. Residential property values have shown slight increases. General property tax growth is a result of significant increases in agriculture land values. During the 2015 county update agricultural land values increased 28%. This increase accounts for the increase in local property tax revenues. It is expected that the 2018 county reassessment will see a partial correction in real estate values. The expected decrease in agricultural land values in 2018 is expected to be about 10%.

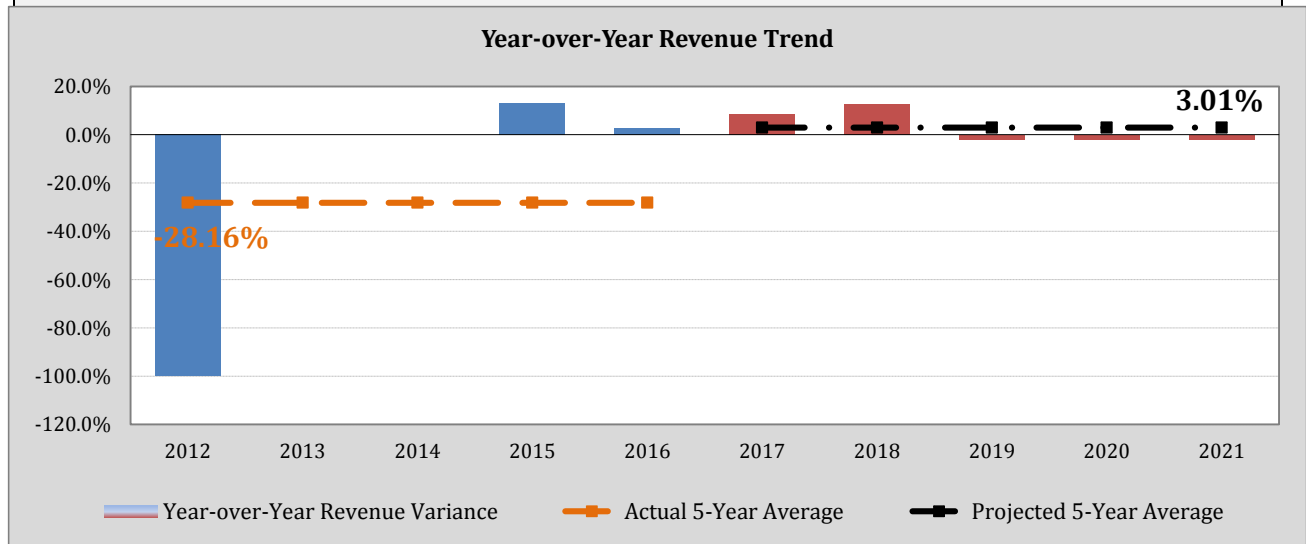


1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.

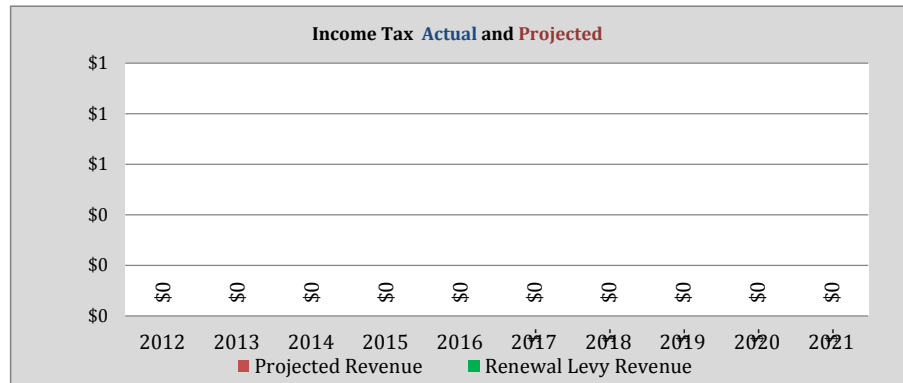
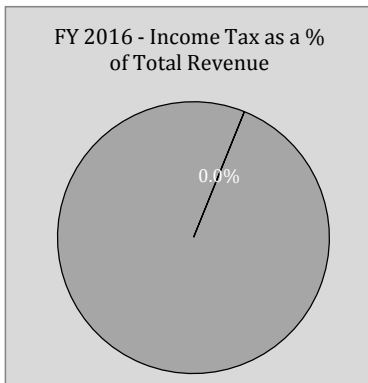


After a decrease in public utility personal property (PUP) due to a mileage adjustment, long term revenues are expected to rise with inflation.

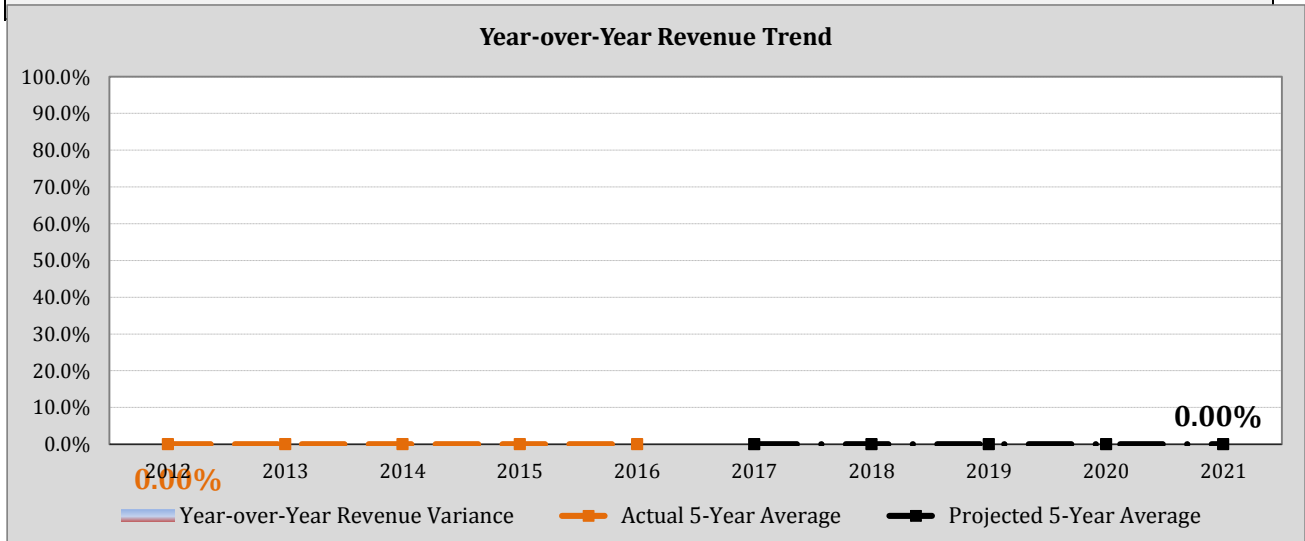


1.030 - Income Tax

Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.

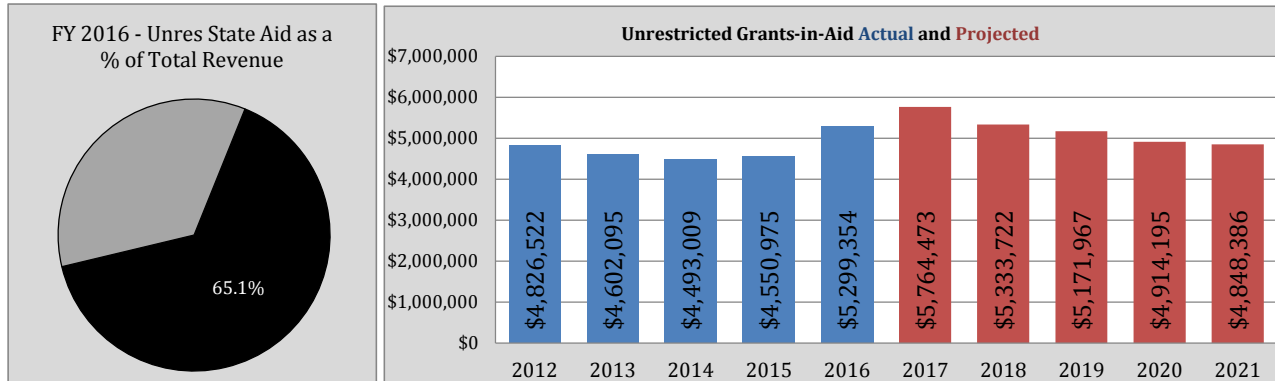


District does not have an income tax.

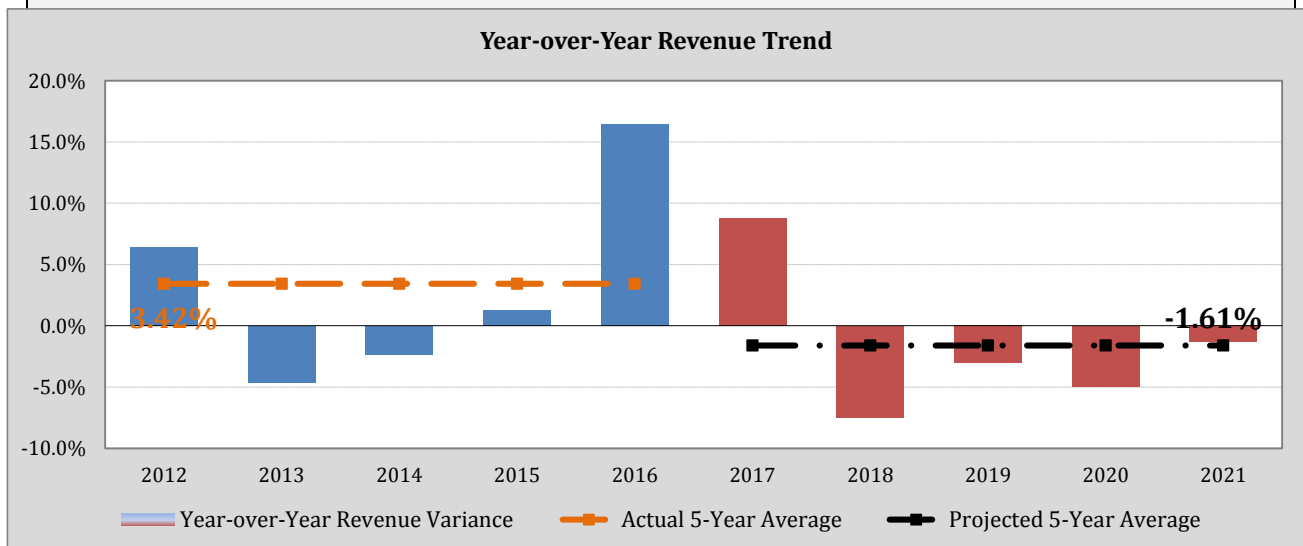


1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

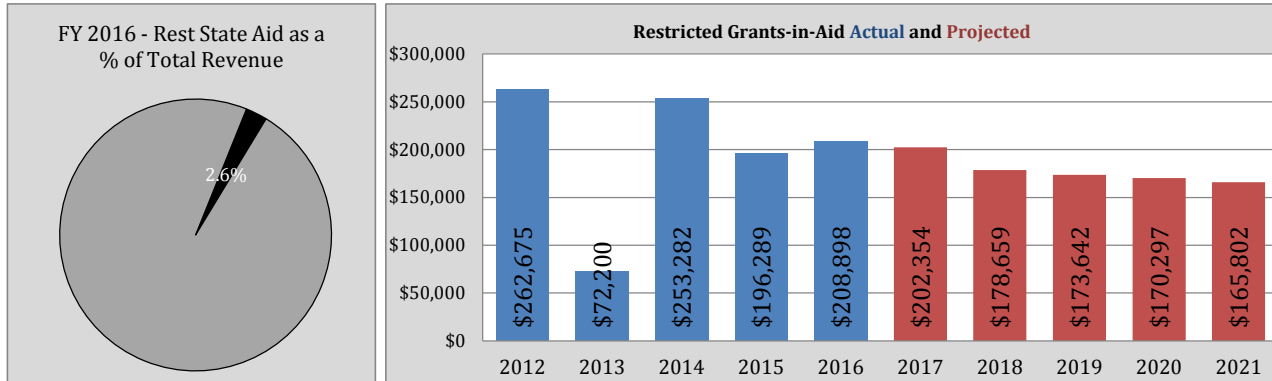


Unrestricted grants-in-aid come from state foundation funding. The district is formula funded meaning that state foundation grants are driven directly by the elements of the formula. For Bright Local Schools, enrollment and its state share index are the two largest factors. Funding decreases are expected as a result of both factors. The district's state index is expected to drop as it gets "wealthier" as a result of increases in property values. As discussed in the real estate section, large increases in agricultural land values have driven up the district's overall valuation which in term will reduce its state share index. The largest impact in state funding will be a result of decreasing enrollment. Based on census trends, the district is expected to lose about 20 students/year over the forecast period.

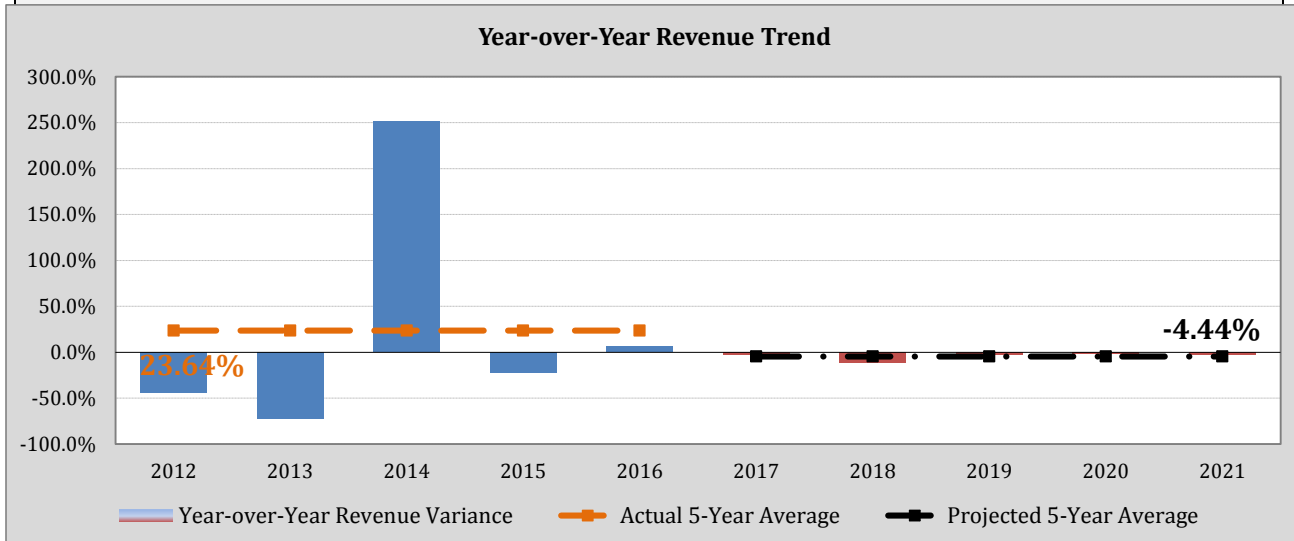


1.040 & 1.045 - Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.

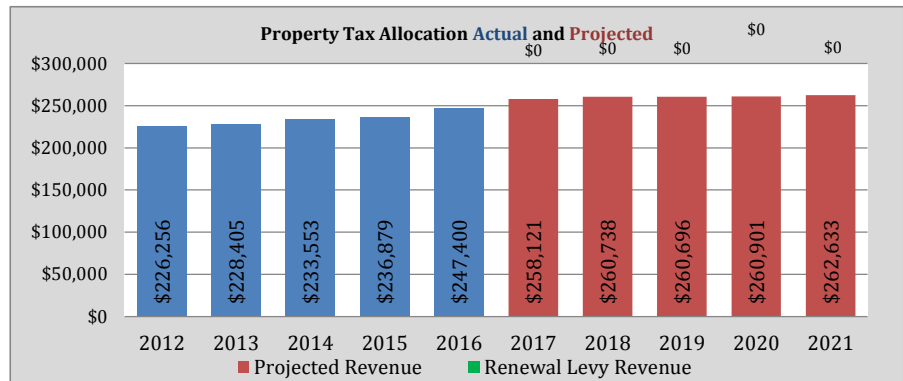
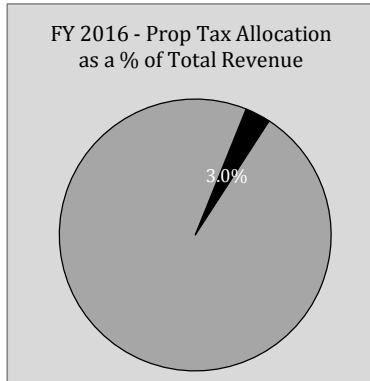


Restricted funds are used for special education and career tech education. Enrollment changes will be the most significant impactor on this funding source.

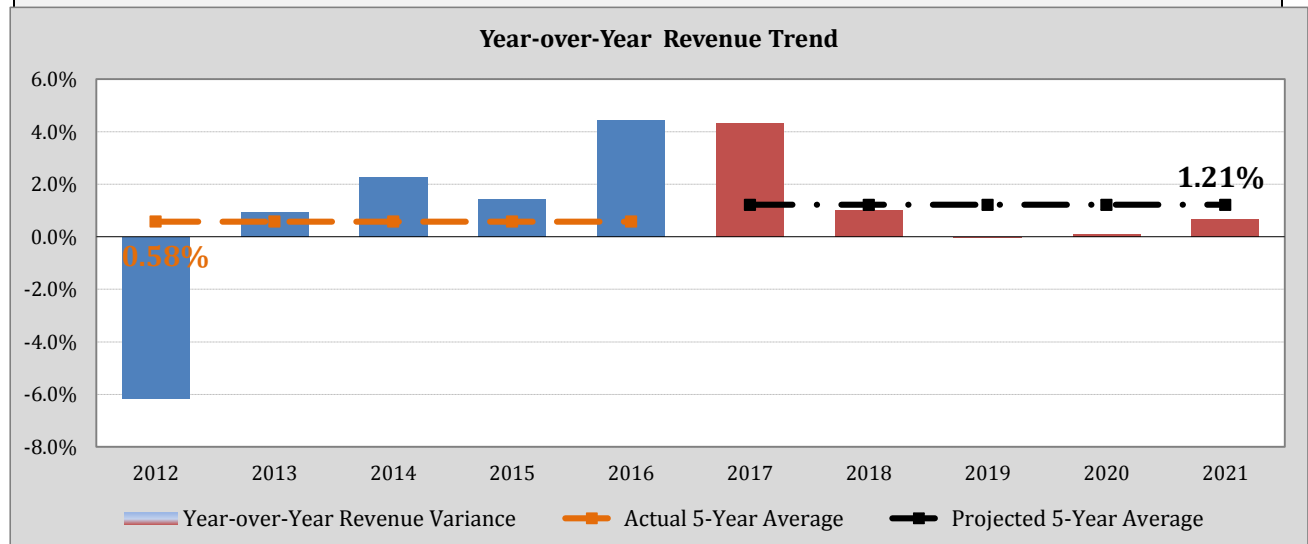


1.050 - Property Tax Allocation

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.

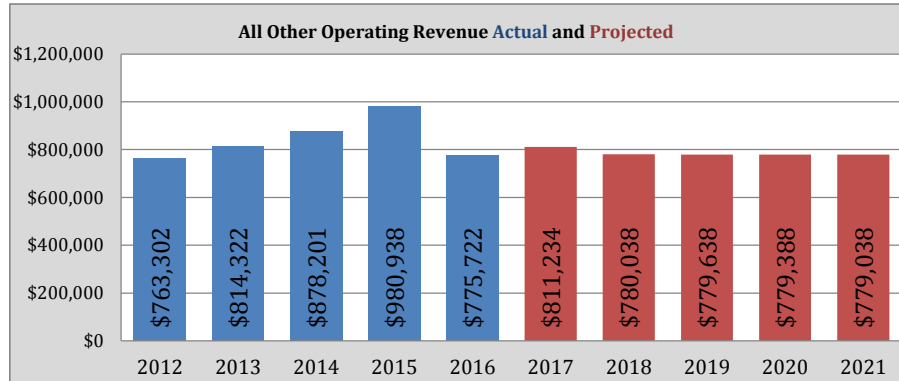
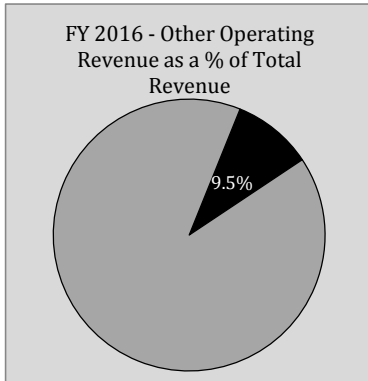


The slight upward trends reflect overall property value increases.

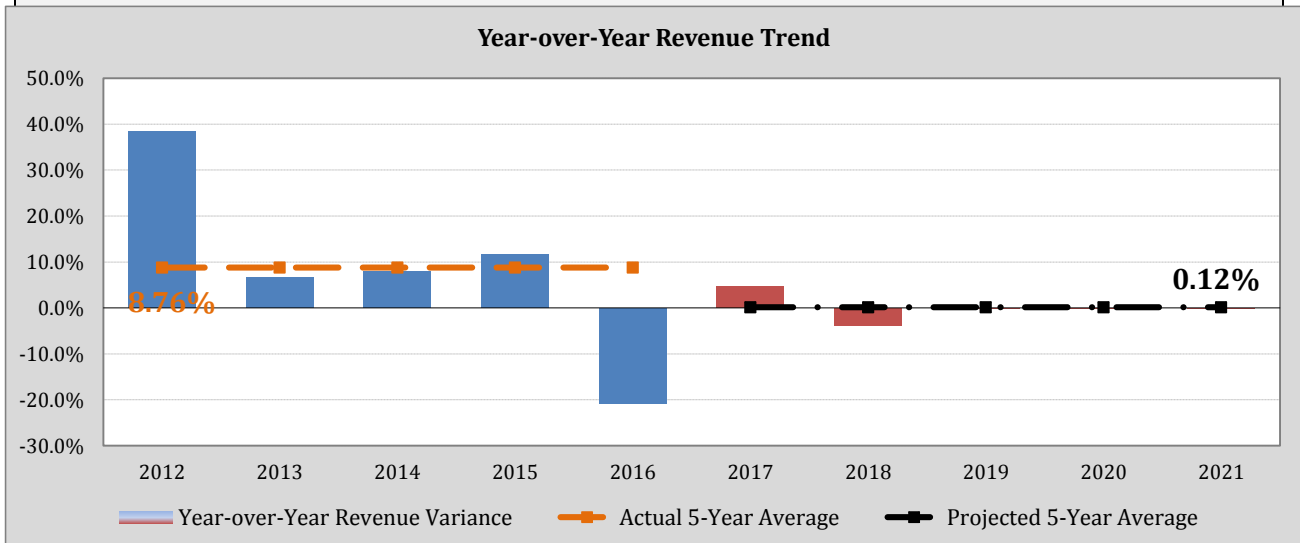


1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.

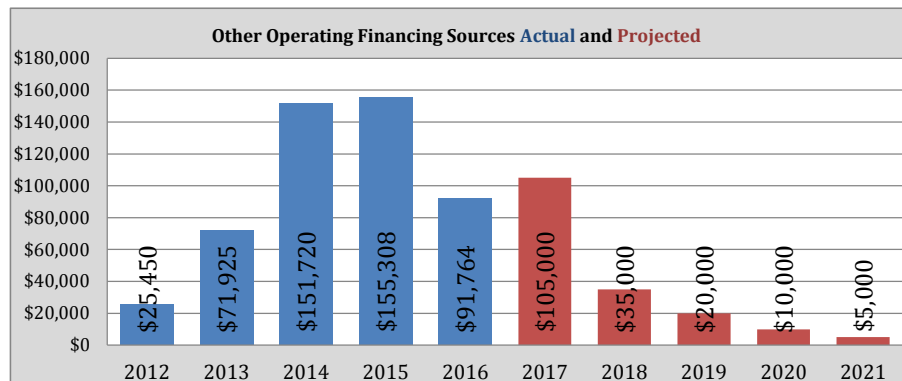
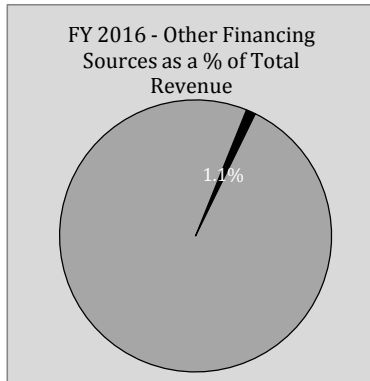


No significant changes are expected.

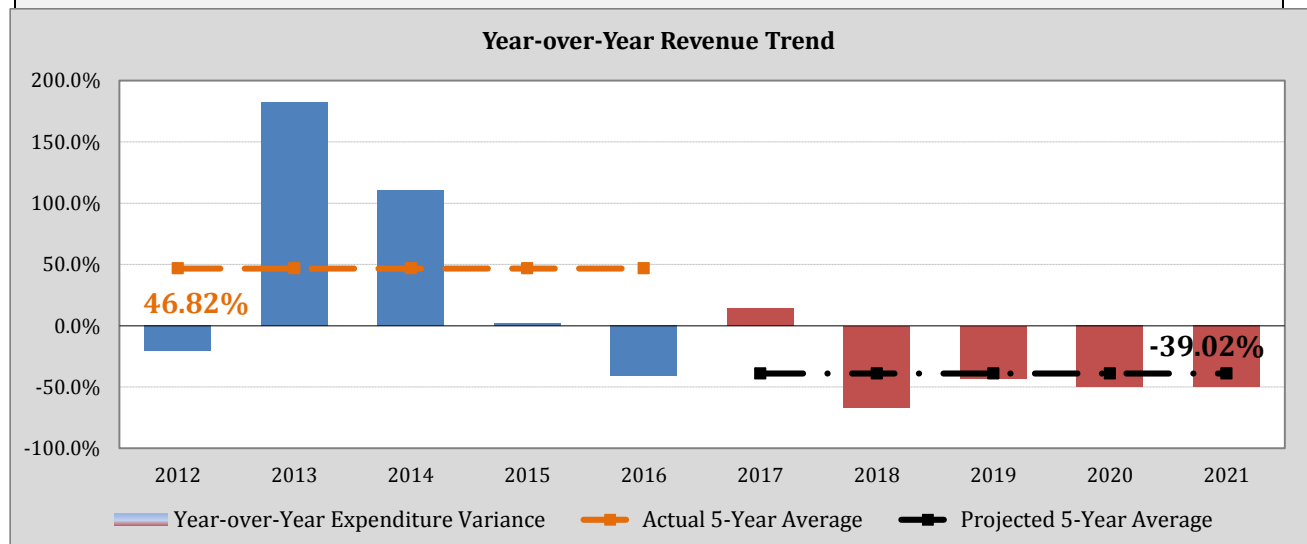


2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



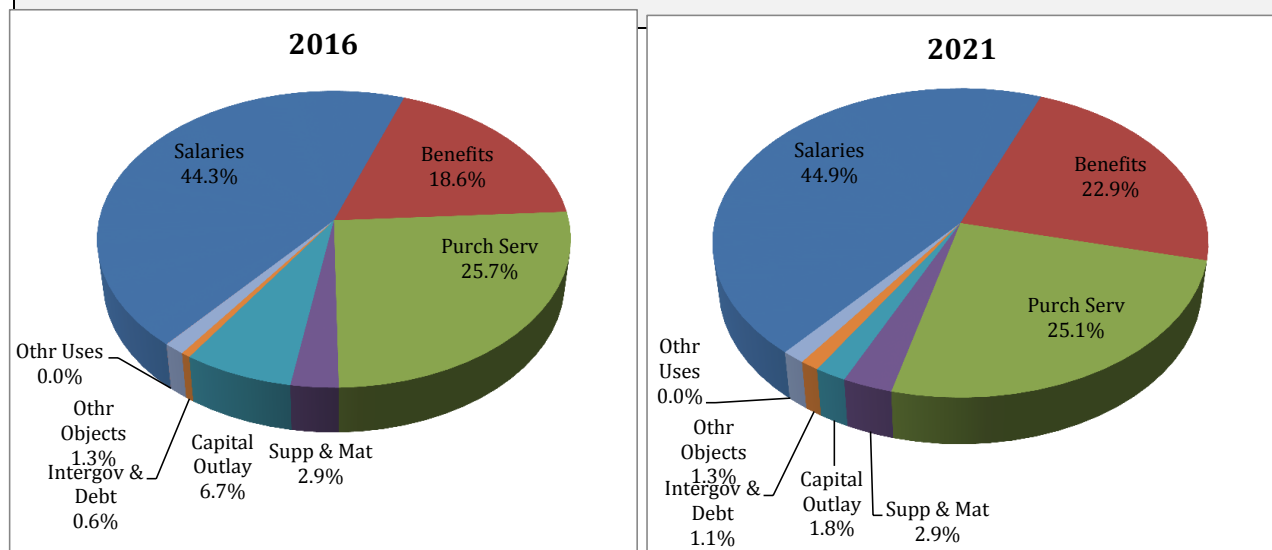
No additional loans or other financing is expected.



Expenditures Overview

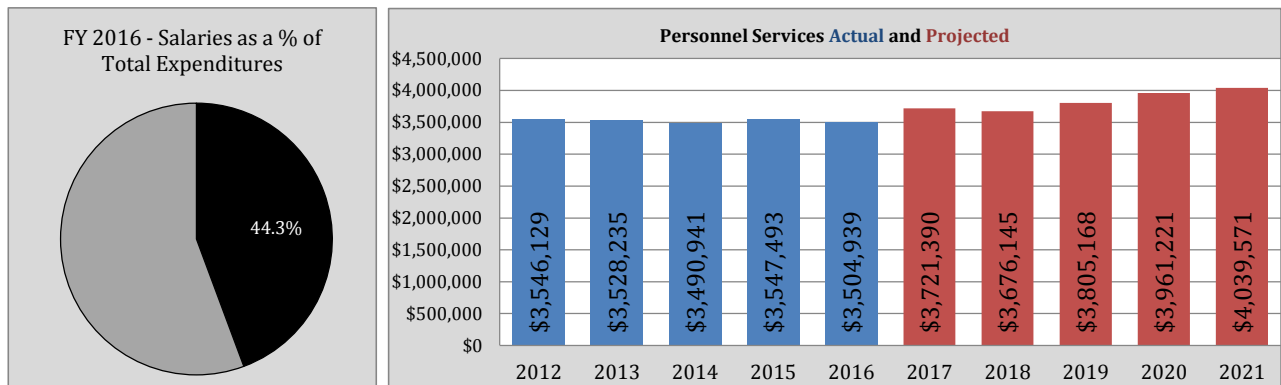
	Prev. 5-Year Avg. Annual Change	PROJECTED					5-Year Avg. Annual Change
		Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	
Expenditures:							
3.010-Salaries	-0.80%	6.18%	-1.22%	3.51%	4.10%	1.98%	2.91%
3.020-Benefits	0.29%	5.95%	6.09%	7.72%	7.71%	7.28%	6.95%
3.030-Purchased Services	1.36%	3.35%	2.80%	-0.28%	3.02%	2.16%	2.21%
3.040-Supplies & Materials	6.97%	0.73%	-2.80%	16.60%	-3.45%	3.59%	2.94%
3.050-Capital Outlay	164.07%	0.08%	-31.37%	-69.75%	6.85%	40.60%	-10.72%
3.060-Intergov	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4.010-4.060-Debt	n/a	55.04%	42.46%	-0.01%	-0.19%	-0.01%	19.46%
4.300-Other Objects	2.53%	14.23%	3.27%	0.72%	0.71%	0.62%	3.91%
4.500-Total Expenditures	1.64%	5.22%	-0.36%	0.44%	4.29%	3.72%	2.66%
5.040-Total Other Uses	-79.68%	-100.00%	n/a	n/a	n/a	n/a	-100.00%
5.050-Total Exp & Other Uses	1.65%	5.21%	-0.36%	0.44%	4.29%	3.72%	2.66%

See comments in each expenditure area.

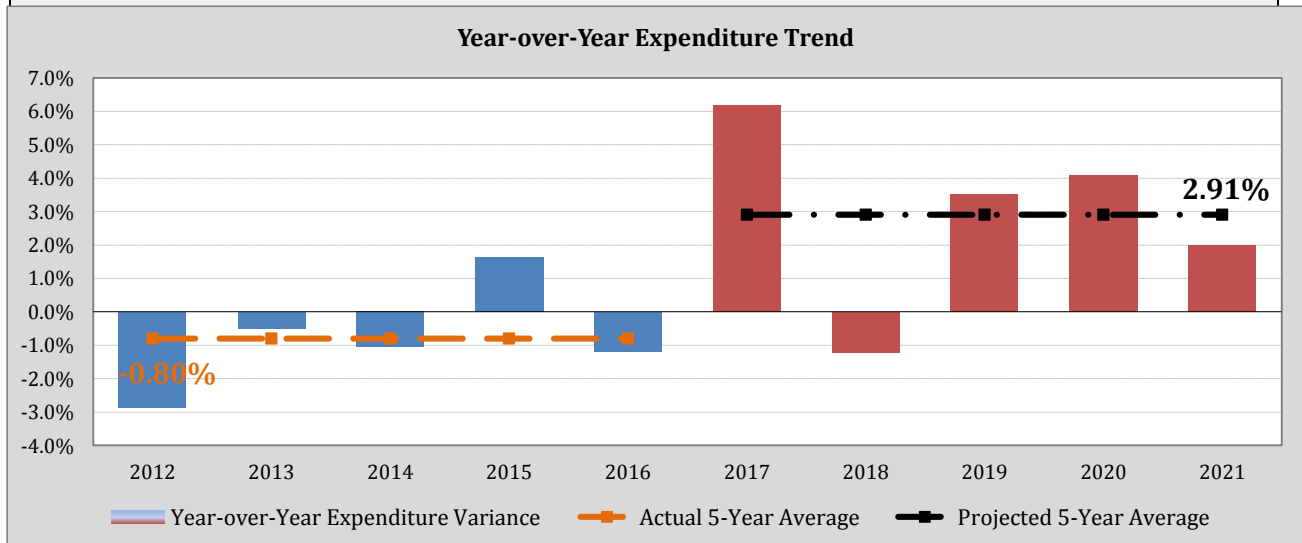


3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.

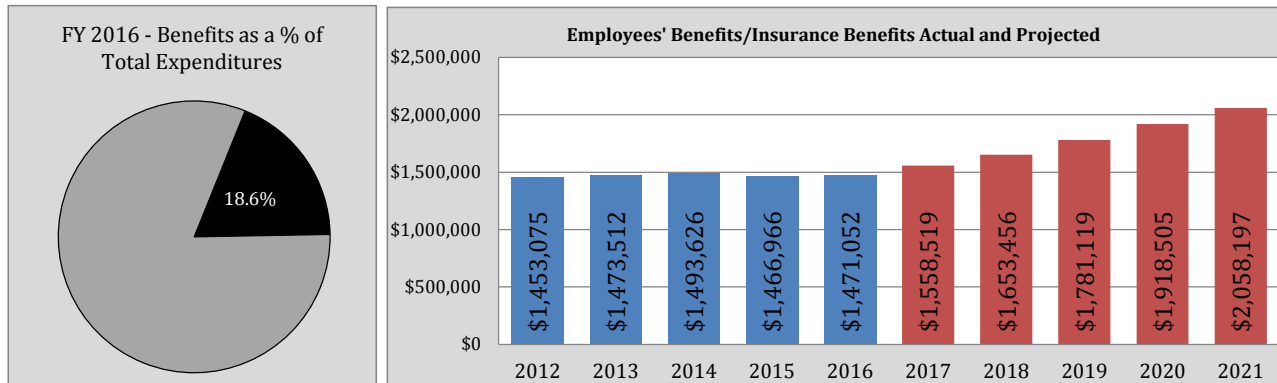


The forecast reflects a slight drop in FTE's (1.5) and negotiated salary increases. With several certified staffing changes the district was able to hire teachers lower on the salary scale which also mitigates some of the impact of salary increases.

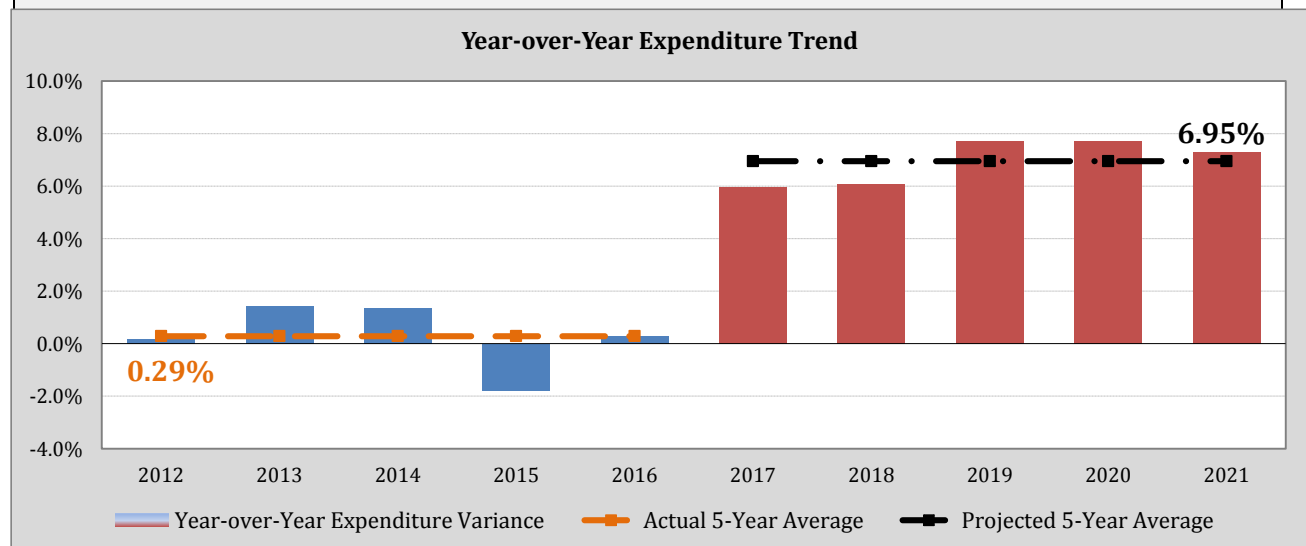


3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.

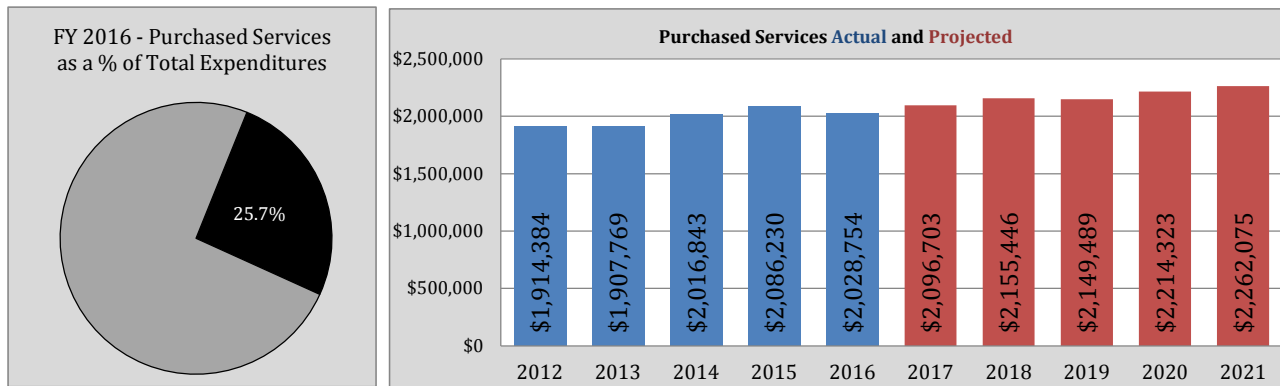


The main driver in increases in benefit costs are insurance premiums. Health care costs continue to rise at a substantially higher rate than overall inflation. Insurance rates are forecasted to rise faster than inflation but slower than the national trend. Insurance rates are forecasted to rise at about 8% annually. In exchange for salary increases, employees will start paying a larger share of their insurance premiums starting in FY19.

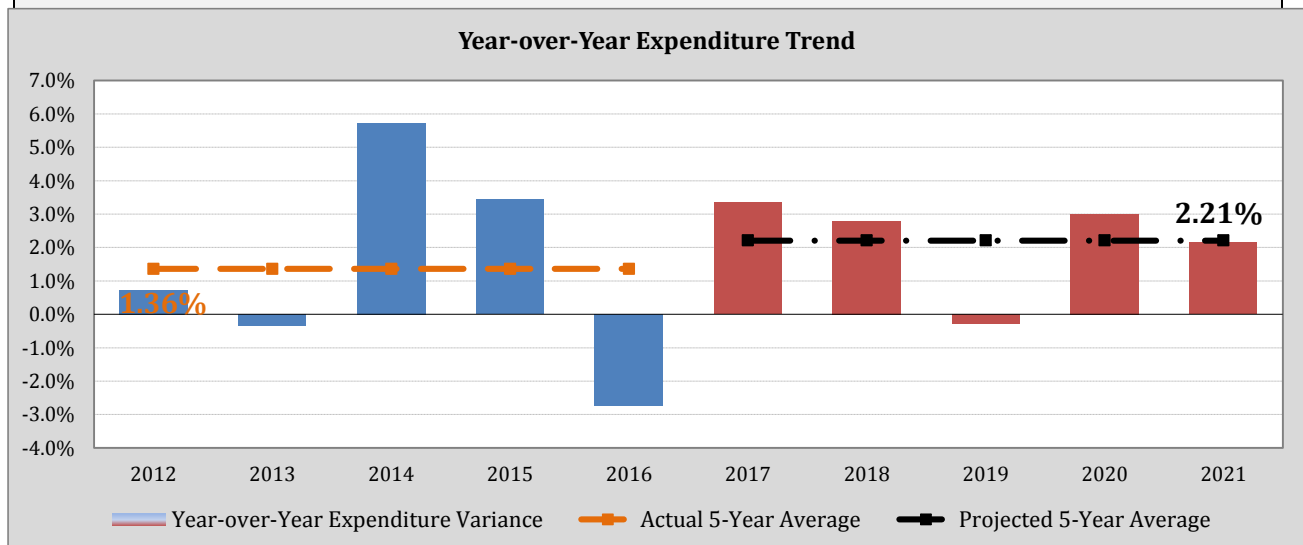


3.030 - Purchased Services

Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the school district may purchase.



The biggest factor in purchased service costs are open enrollment. The forecast assumes open enrollment remains steady at current levels. Other cost increases are expected to rise with inflation. The drop in FY2019 is due to the elimination of the JOGS program.

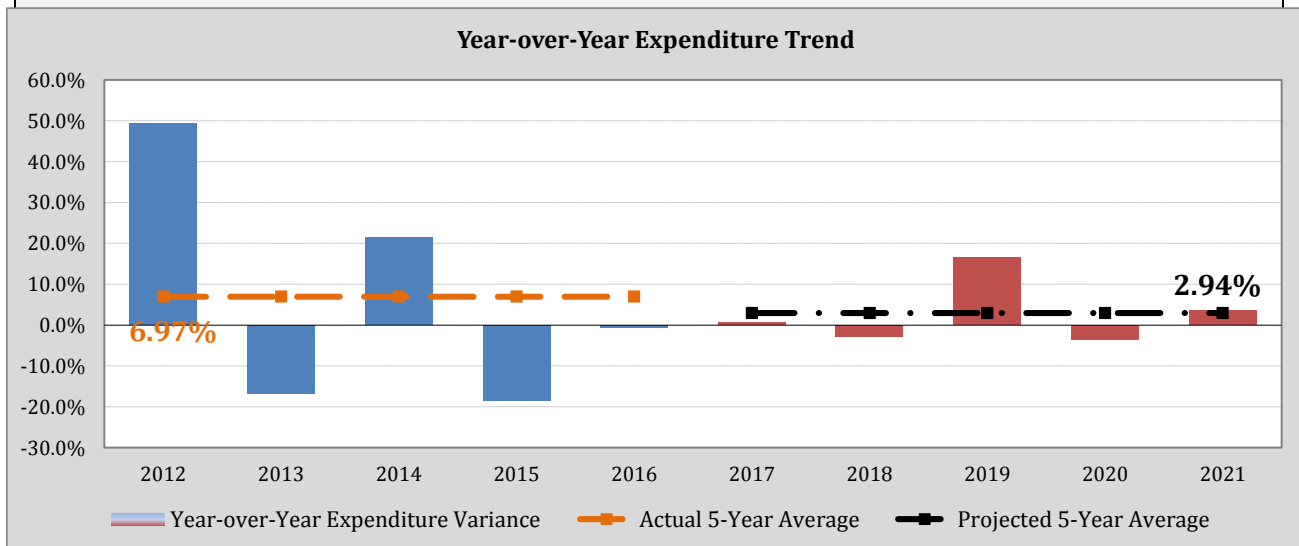


3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.

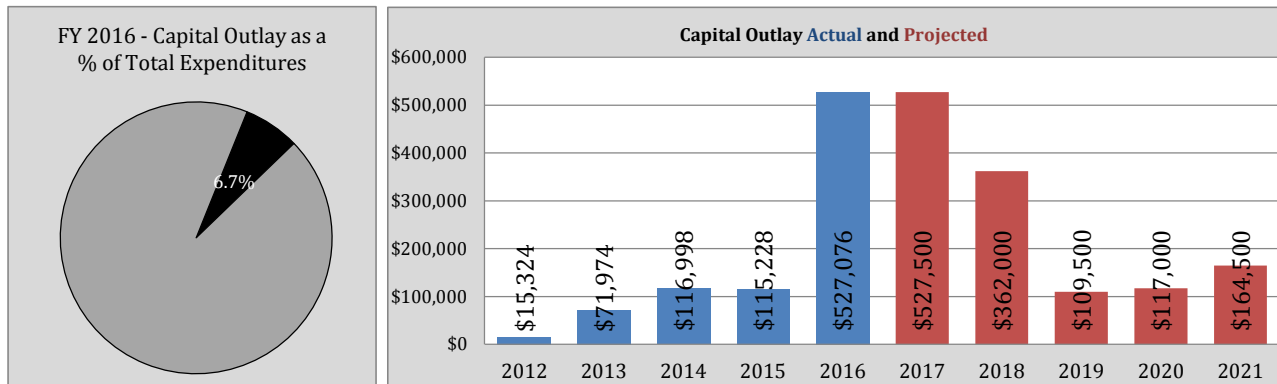


Cyclical changes in supplies & materials are due primarily to text book purchases. Expect transportation costs to increase in FY2018 as maintenance costs on the bus fleet continue to increase. Forecast reflects modest increase in maintenance supplies as the cost to maintain aging facilities increase.

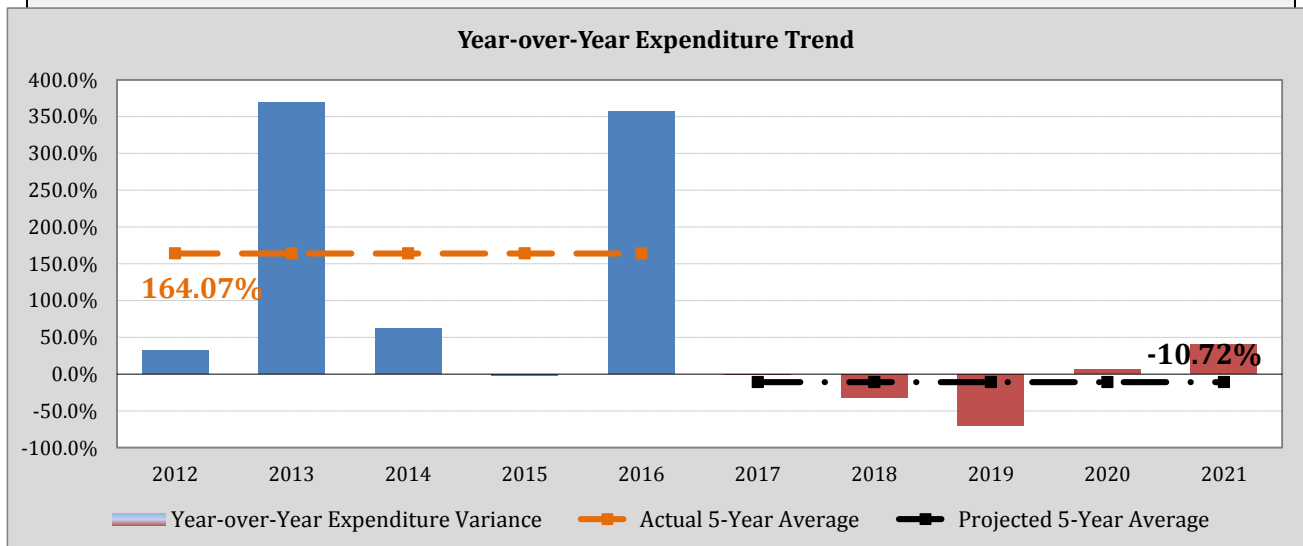


3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.

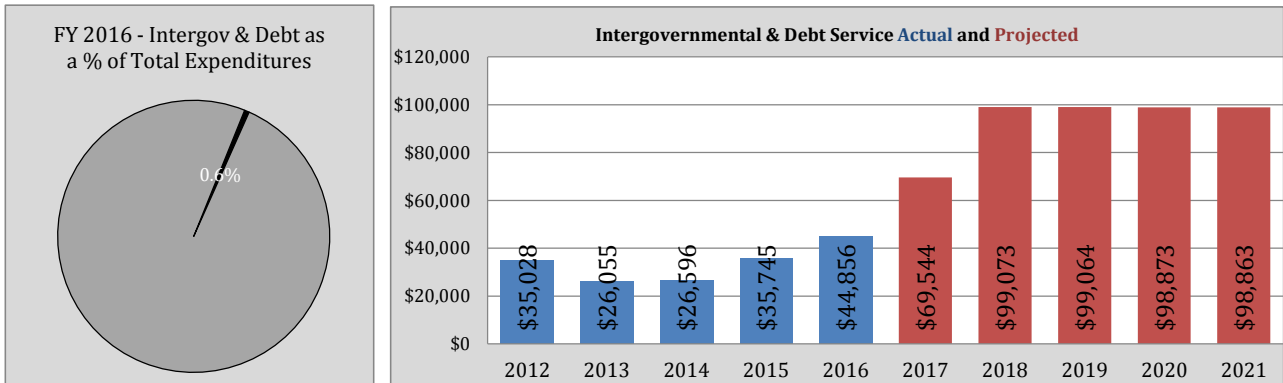


Capital outlay reflects specific spending needs (2017 - bleachers, Whiteoak roof, HVAC repairs, 2018 - new gym floor, new bus and van, etc) along with a baseline spending on technology and maintenance repairs. Note that a permanent improvement levy, which generates approximately \$30,000/year, drops off after 2020. The district will need to and should develop a long term permanent improvement strategy (ie permanent improvement levy or shifting of inside millage).

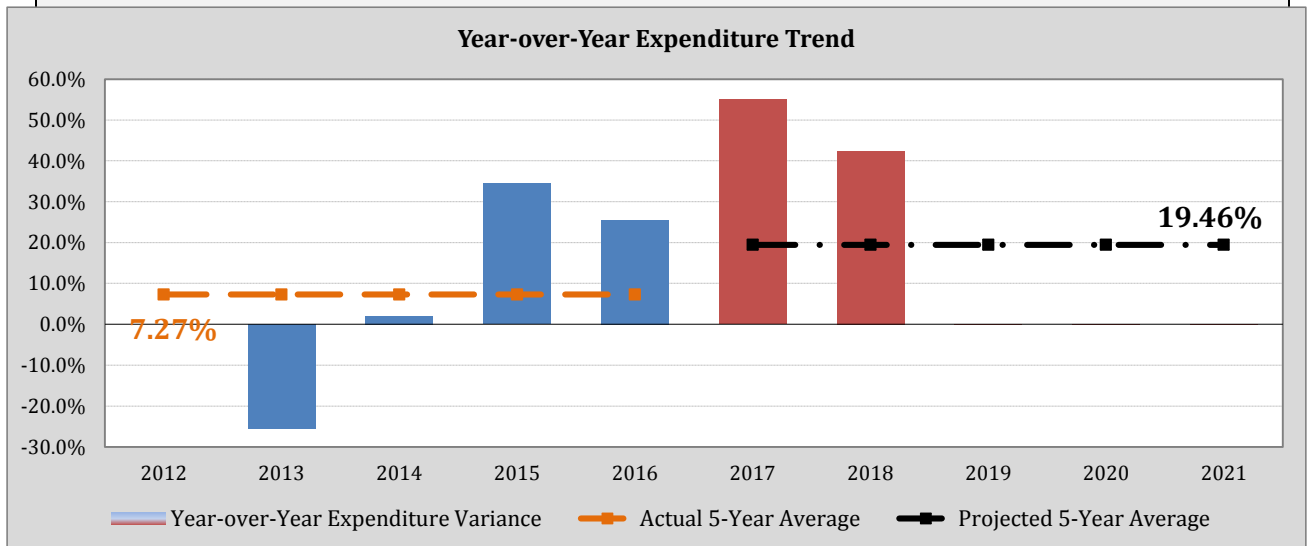


3.060-4.060 - Intergovernmental & Debt

These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.

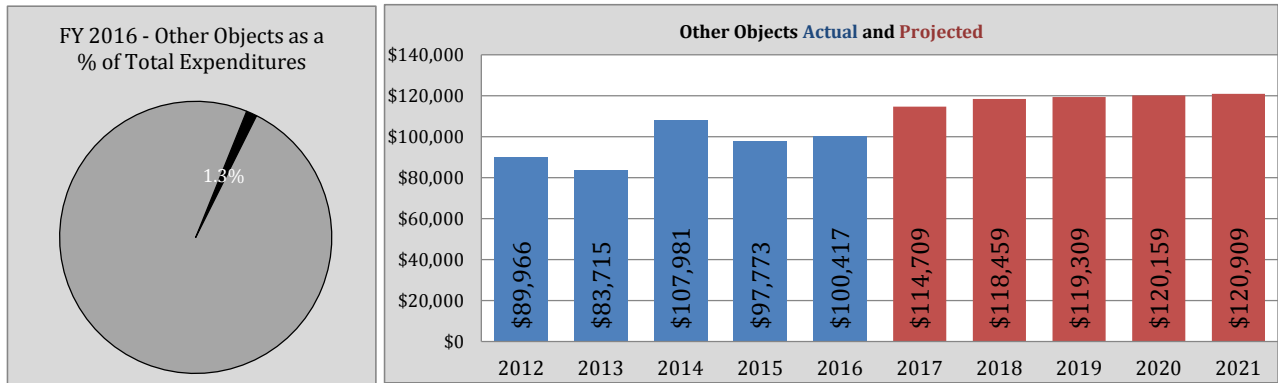


The additional debt is a result of the two HB264 projects initiated in FY17.

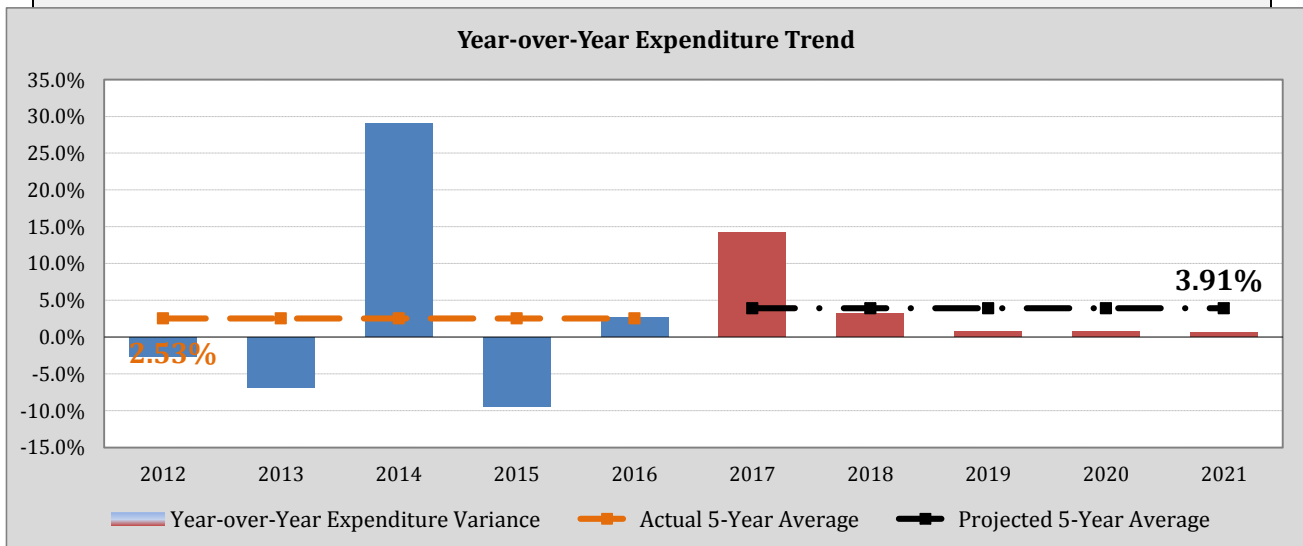


4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.

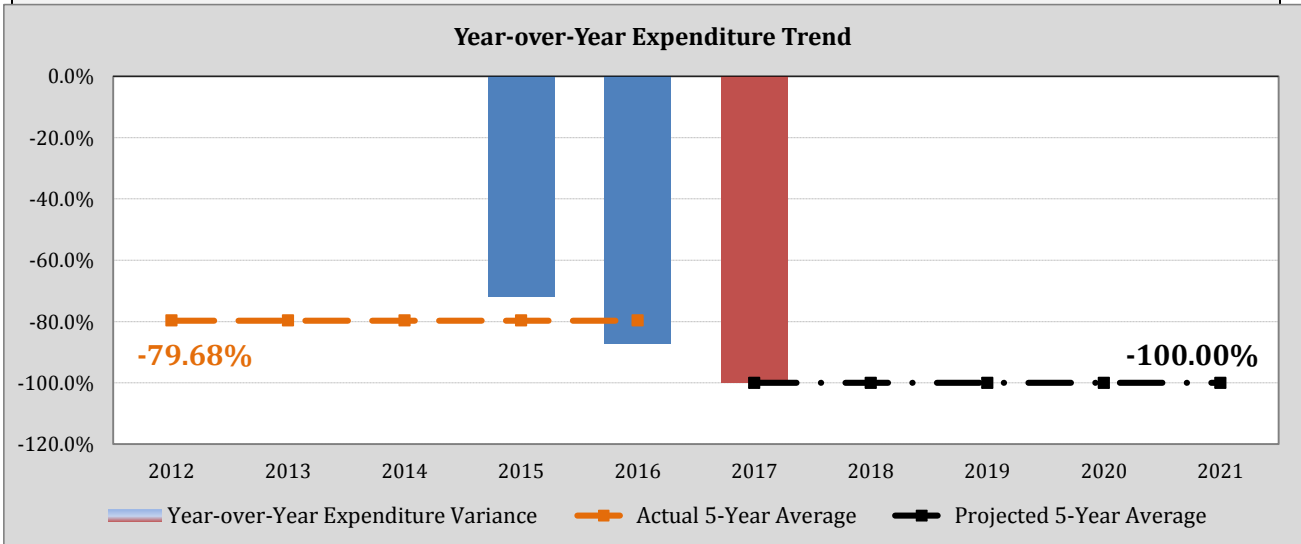
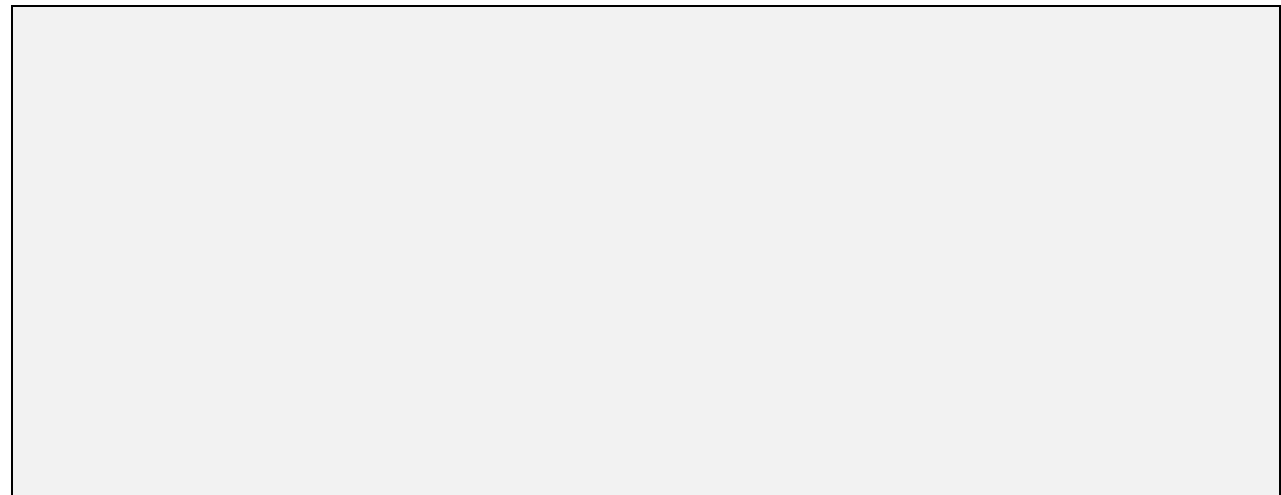
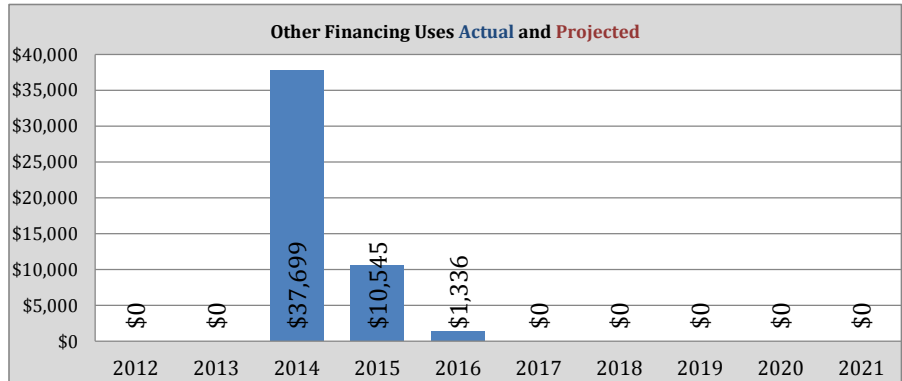
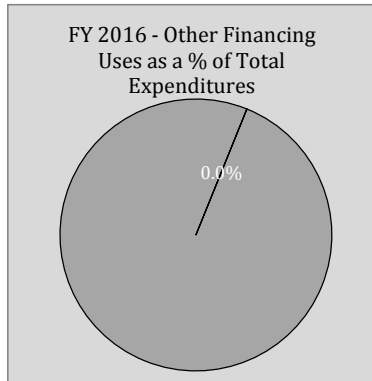


No significant changes expected unless the district decides to put a permanent improvement levy on the ballot.



5.040 - Total Other Financing Uses

Operating transfers-out, advances out to other funds, and all other general fund financing uses.



Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers
F.Y. 2017

		Column A	Column B	Column C	Column D
		Previous	Current	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
		Forecast Amounts For F.Y. 2017 Prepared on: 11/1/2016	Forecast Amounts For F.Y. 2017 Prepared on: 5/15/2017		
Revenue:					
1	Real Estate & Property Allocation	\$1,909,687	\$1,998,640	\$88,953	4.7%
2	Public Utility Personal Property	\$174,722	\$218,816	\$44,094	25.2%
3	Income Tax	\$0	\$0	\$0	n/a
4	State Foundation Restricted & Unrestricted	\$5,847,299	\$5,966,827	\$119,528	2.0%
5	Other Revenue	\$811,234	\$811,234	\$0	0.0%
6	Other Non Operating Revenue	\$0	\$105,000	\$105,000	n/a
7	Total Revenue	\$8,742,942	\$9,100,517	\$357,575	4.1%
Expenditures:					
8	Salaries	\$3,721,394	\$3,721,390	-\$3	0.0%
9	Fringe Benefits	\$1,563,068	\$1,558,519	-\$4,549	-0.3%
10	Purchased Services	\$2,080,625	\$2,096,703	\$16,078	0.8%
11	Supplies, Debt, Capital Outlay & Other	\$743,730	\$941,230	\$197,500	26.6%
12	Other Non Operating Expenditures	\$0	\$0	\$0	n/a
13	Total Expenditures	\$8,108,817	\$8,317,842	\$209,025	2.6%
14	Revenue Over/(Under) Expenditures	\$634,125	\$782,674	\$148,549	1.8%*
15	Ending Cash Balance	\$2,536,185	\$2,684,734	\$148,549	1.8%*

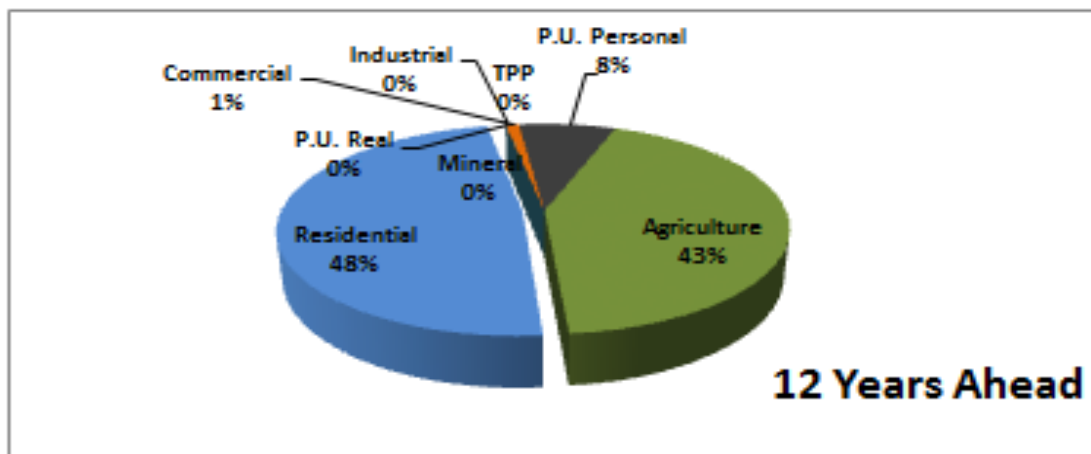
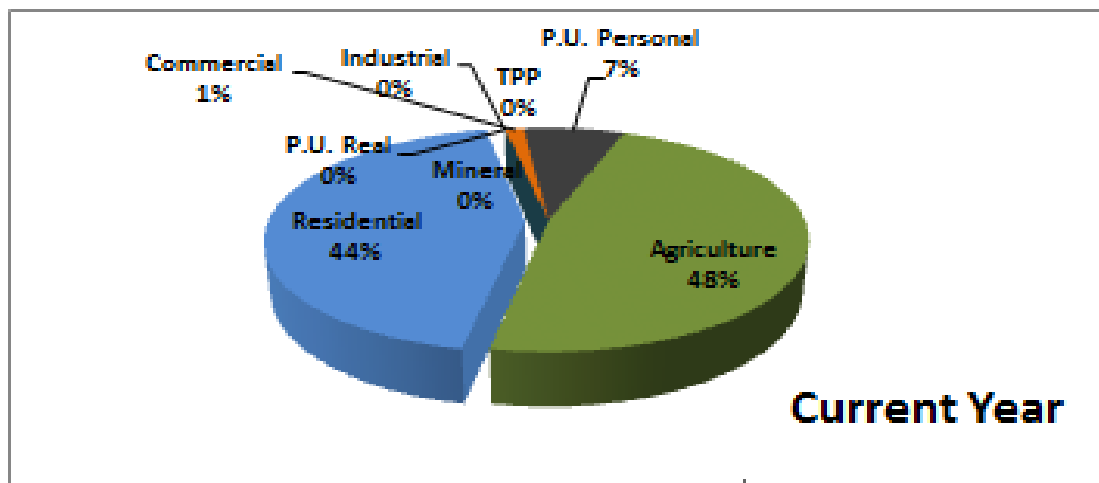
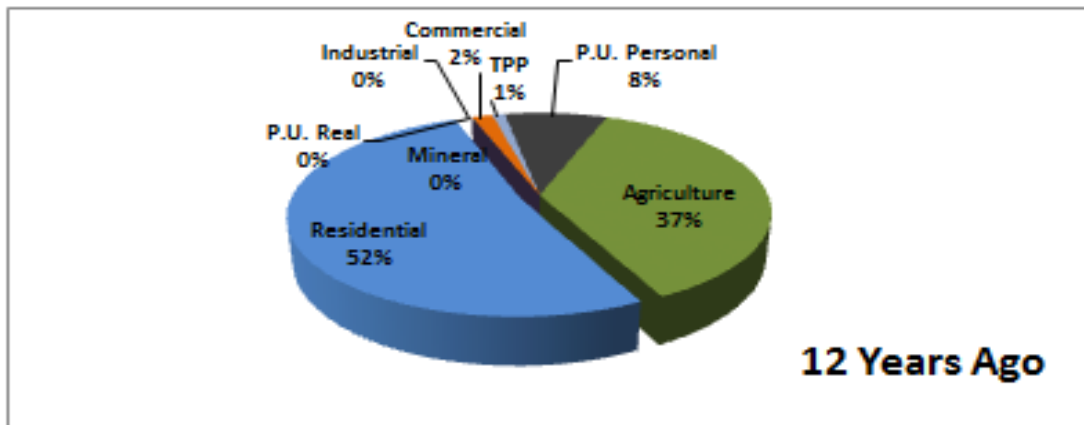
*Percentage expressed in terms of total expenditures

Even with the unexpected capital spending , the current forecast is slightly more positive due to increased revenue from a higher than expected ADM and increases in tax collections.

Bright Local Schools

Fiscal Year:	Actual	FORECASTED				
	2016	2017	2018	2019	2020	2021
Revenue:						
1.010 - General Property Tax (Real Estate)	1,309,321	1,740,519	1,721,668	1,525,147	1,610,776	1,620,522
1.020 - Public Utility Personal Property	201,939	218,816	246,624	241,692	236,858	232,121
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	5,299,354	5,764,473	5,333,722	5,171,967	4,914,195	4,848,386
1.040 - Restricted Grants-in-Aid	208,898	202,354	178,659	173,642	170,297	165,802
1.045 - Restricted Federal Grants - SFSF	-	-	-	-	-	-
1.050 - Property Tax Allocation	247,400	258,121	260,738	260,696	260,901	262,633
1.060 - All Other Operating Revenues	775,722	811,234	780,038	779,638	779,388	779,038
1.070 - Total Revenue	8,042,633	8,995,517	8,521,448	8,152,782	7,972,415	7,908,503
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	91,764	105,000	35,000	20,000	10,000	5,000
2.070 - Total Other Financing Sources	91,764	105,000	35,000	20,000	10,000	5,000
2.080 - Total Rev & Other Sources	8,134,397	9,100,517	8,556,448	8,172,782	7,982,415	7,913,503
Expenditures:						
3.010 - Personnel Services	3,504,939	3,721,390	3,676,145	3,805,168	3,961,221	4,039,571
3.020 - Employee Benefits	1,471,052	1,558,519	1,653,456	1,781,119	1,918,505	2,058,197
3.030 - Purchased Services	2,028,754	2,096,703	2,155,446	2,149,489	2,214,323	2,262,075
3.040 - Supplies and Materials	227,803	229,476	223,051	260,076	251,101	260,126
3.050 - Capital Outlay	527,076	527,500	362,000	109,500	117,000	164,500
3.060 - Intergovernmental	-	-	-	-	-	-
Debt Service:						
4.010 - Principal-All Years	25,200	-	-	-	-	-
4.020 - Principal - Notes	-	25,200	25,200	25,200	25,200	25,200
4.030 - Principal - State Loans	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	14,660	42,818	43,567	44,329	45,105
4.055 - Principal - Other	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	19,656	29,685	31,055	30,297	29,344	28,558
4.300 - Other Objects	100,417	114,709	118,459	119,309	120,159	120,909
4.500 - Total Expenditures	7,904,897	8,317,842	8,287,630	8,323,725	8,681,183	9,004,242
Other Financing Uses						
5.010 - Operating Transfers-Out	1,336	-	-	-	-	-
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	1,336	-	-	-	-	-
5.050 - Total Exp and Other Financing Uses	7,906,233	8,317,842	8,287,630	8,323,725	8,681,183	9,004,242
6.010 - Excess of Rev Over/(Under) Exp	228,164	782,674	268,818	(150,943)	(698,768)	(1,090,739)
7.010 - Cash Balance July 1 (No Levies)	1,673,896	1,902,060	2,684,734	2,953,552	2,802,609	2,103,841
7.020 - Cash Balance June 30 (No Levies)	1,902,060	2,684,734	2,953,552	2,802,609	2,103,841	1,013,101
8.010 - Estimated Encumbrances June 30	305,398	250,000	250,000	250,000	250,000	250,000
9.080 - Reservations Subtotal	75,095	105,953	25,250	54,500	82,000	6,000
10.010 - Fund Bal June 30 for Cert of App	1,521,567	2,328,781	2,678,302	2,498,109	1,771,841	757,101
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Income & Property Tax-Renewal	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	1,521,567	2,328,781	2,678,302	2,498,109	1,771,841	757,101
Revenue from New Levies						
13.010 & 13.020 - Income & Property Tax-New	-	-	-	-	-	-

Property Values



Enrollment K-12

