

Bristol Local School District

Five Year Forecast Financial Report

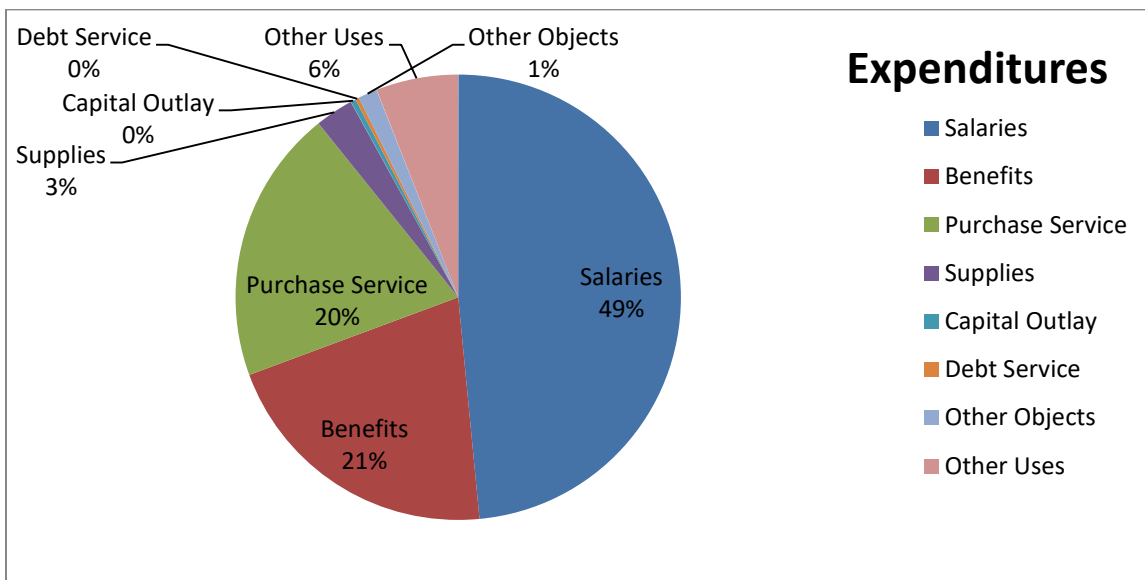
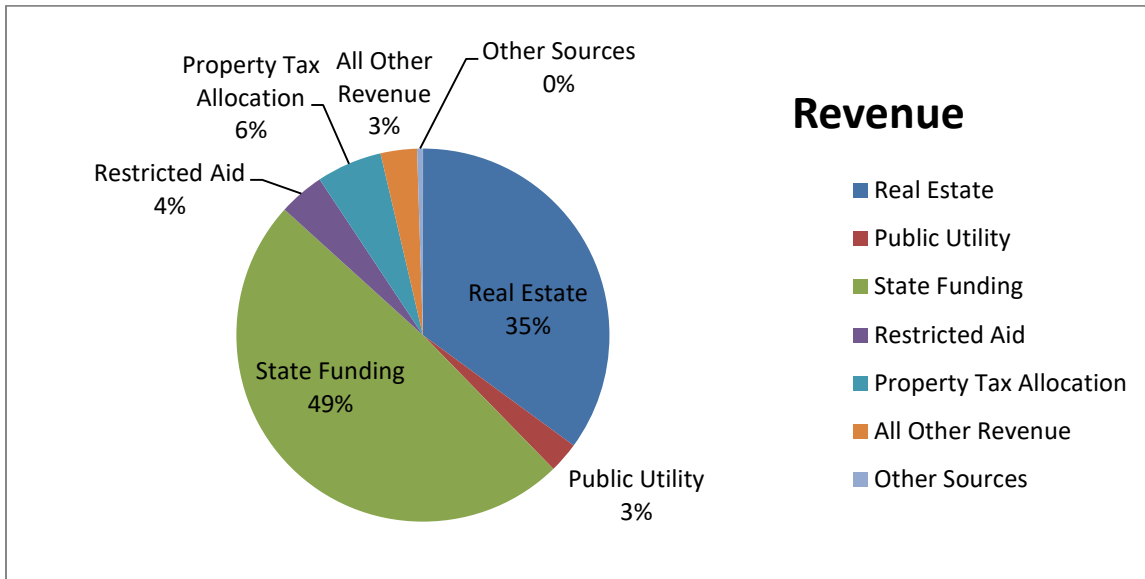


Carla L. Click, Treasurer

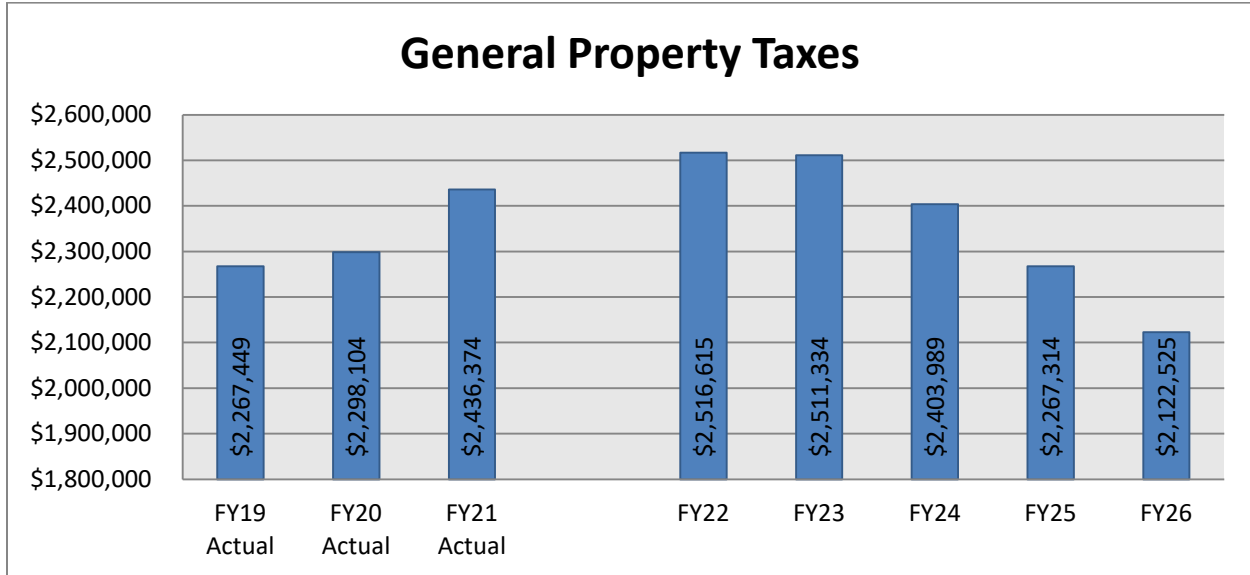
May 11, 2022

Description of the Forecast

This financial forecast presents, to the best of the Bristol Board of Education’s knowledge, the expected revenues, expenditures, and operating balance. Accordingly, the forecast reflects the Board of Education’s judgment of the expected conditions as of May 11, 2022, the date of the forecast. The assumptions disclosed are those that management believes are significant to the forecast. Differences between the forecast and actual amounts usually arise because events and circumstances do not always occur as expected, and that difference may be material. Please keep in mind that these projections are based on *current* data available and are subject to change as new data becomes available.



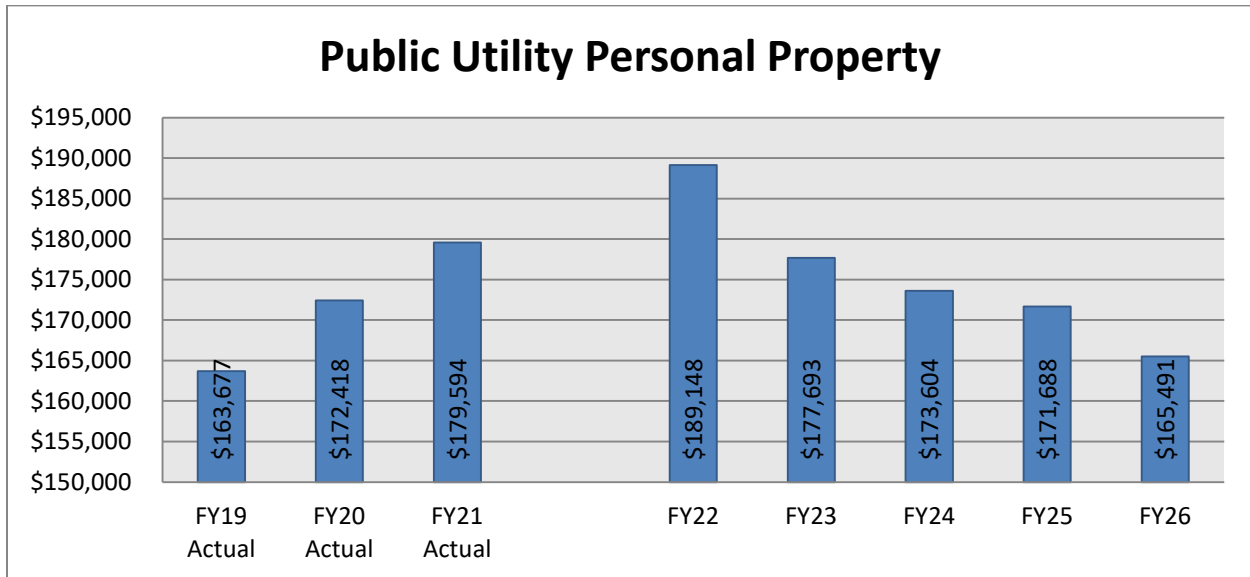
1.01 General Property Taxes



The property tax revenue projection for CY2022 is based on information provided by the Trumbull County Auditor’s most recent “Schools Valuations and Resources” document. The valuation for CY2022 increased 1.47% from CY2021. The effective tax rate for Class I is at the 20 mill floor for CY2022. The collection split has been forecasted at 55.23% for the spring settlements and 44.77% for the fall settlements. A difference in the projected collection percentage split can cause the revenues to be collected in different fiscal years. The combined collection rate of levied taxes is projected at 95.24%. Revenues for FY2022 through FY2026, less levies up for renewal, are assumed in the forecast. The forecasted amount for delinquencies is around \$90,000 for the spring settlements and \$28,000 for fall settlements. The average annual gross collection percentage is forecasted at approximately 99.67%.

One of our two emergency levies will expire during FY2024, and the other in FY2026. The renewal levies will be reflected on line 11.02 until they are both renewed by voters and verified by the Trumbull County Board of Elections.

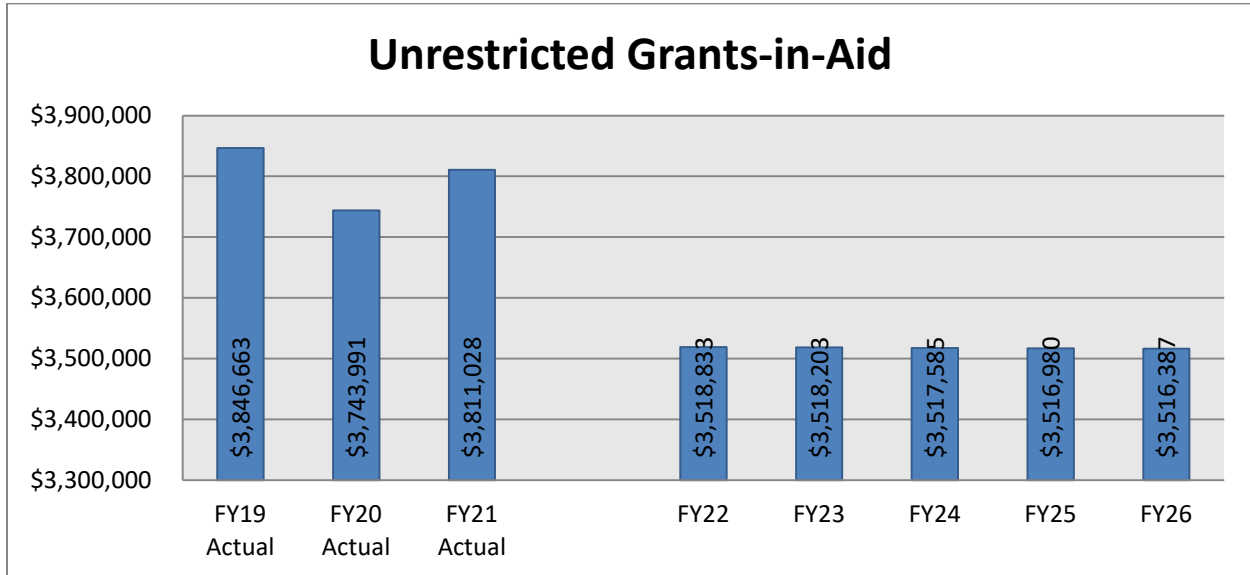
1.020 Public Utility Personal Property



Tax revenues received from public utilities are included on this line. The forecasted amounts for public utility tax collections are based on information provided by the Trumbull County Auditor in the “School Valuations and Resources” document. Stable valuation for this line is projected. The collection split is forecasted to be 59 % for the spring settlements and 41% for the fall settlement, less levies up for renewal. The future collection percentage is forecasted at 96.95%.

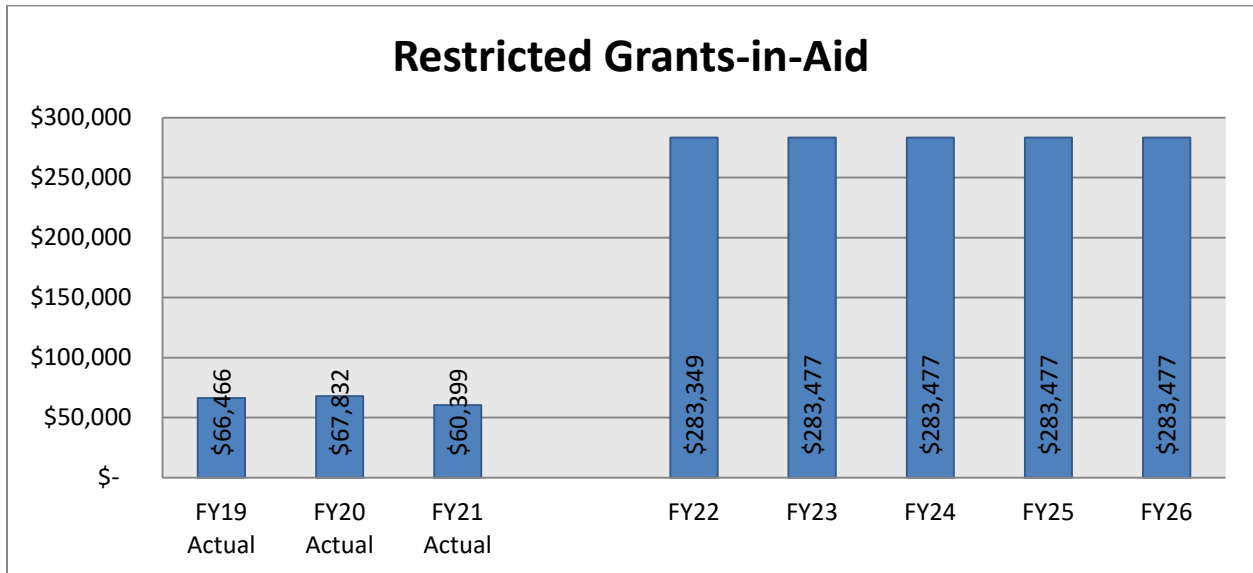
One of our two emergency levies will expire during FY2024, and the other in FY2026. The renewal levies will be reflected on line 11.02 until they are both renewed by voters and certified by the Trumbull County Board of Elections.

1.035 Unrestricted Grants-In-Aid



School funding is set as part of the State’s Biennial Budget for FY2022 and FY2023. H.B. 110 is the budget bill and it includes the Fair School Funding Plan (FSFP). The FSFP will impact the district’s forecast. The FSFP considers both property values and income of district residents to determine the capacity of a school district to raise local tax revenue. It establishes a temporary guarantee for FY2022 and FY2023 for school districts to ensure that no district receives less than its combined funding for FY2021 from foundation aid net of transfers and Student Wellness and Success Funds. Funding items such as Poverty Based Assistance, Career Technical Education, Gifted Education, English Learner Funding, and Student Wellness and Success Funding will be reflected on line 1.040 Restricted Grants-In-Aid. Open enrollment will no longer be handled as a transfer and is now included in the FSFP.

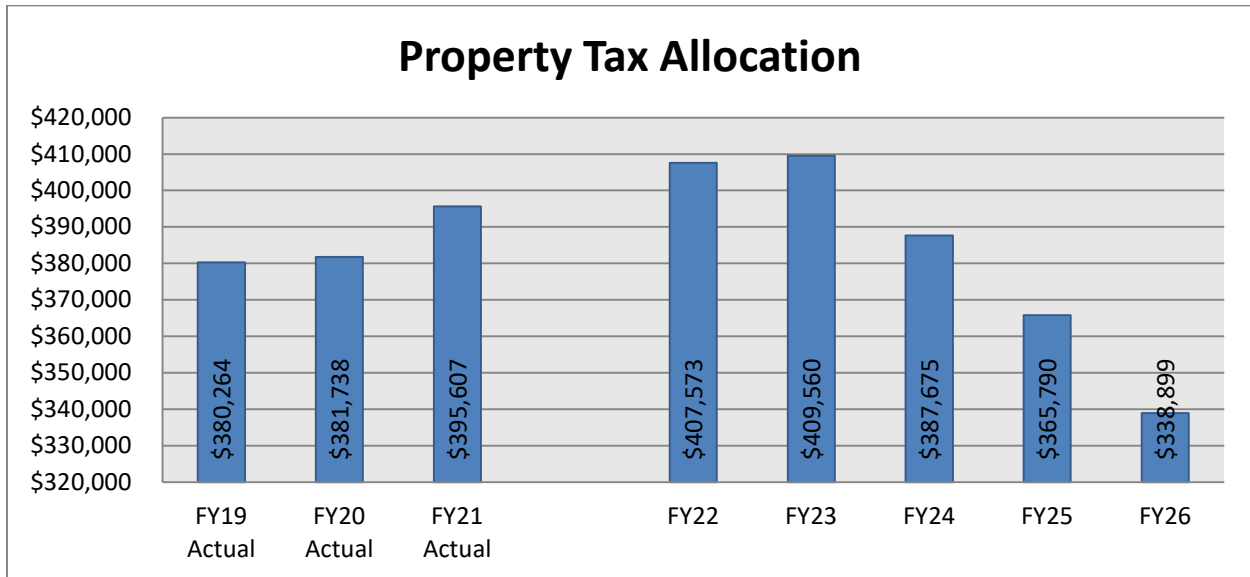
1.040 Restricted Grants-In-Aid



Poverty Based Assistance, Career Technical Education, Gifted Education, English Learner Funding, and Student Wellness and Success funds are forecasted on this line. Student Wellness was funded outside the formula in previous years, and did not appear on the forecast. They were previously deposited into fund 467. The increase in restricted funding is due to this change. If there are any future changes in the school funding formula, it may have an effect on this line.

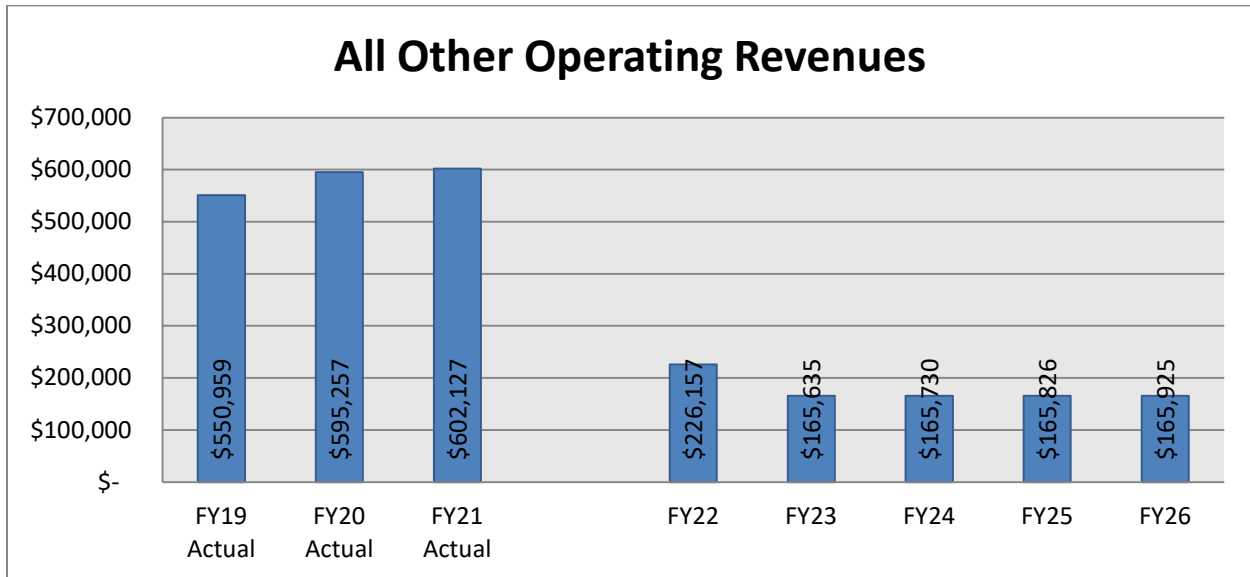
Special Education Categorical Assistance is also included on this line. The amount will vary depending on the services provided and the available funding.

1.050 Property Tax Allocation



Property tax rollback payments are made from the state to the school district to reimburse revenue lost due to property tax relief programs granted by the state to taxpayers under the 10% and 2.5% property tax rollback programs and under the Homestead Exemption programs. The valuation for CY2021 increased 14% from CY2020. The sum of the reimbursements from the past Class I tax collections is projected at 14.30% starting in FY2022, less levies up for renewal. One of our two emergency levies will expire during FY2024, and the other in FY2026. Amended Substitute House Bill 59, passed in 2013, discontinued this reimbursement for any new additional levies passed after July 1, 2013.

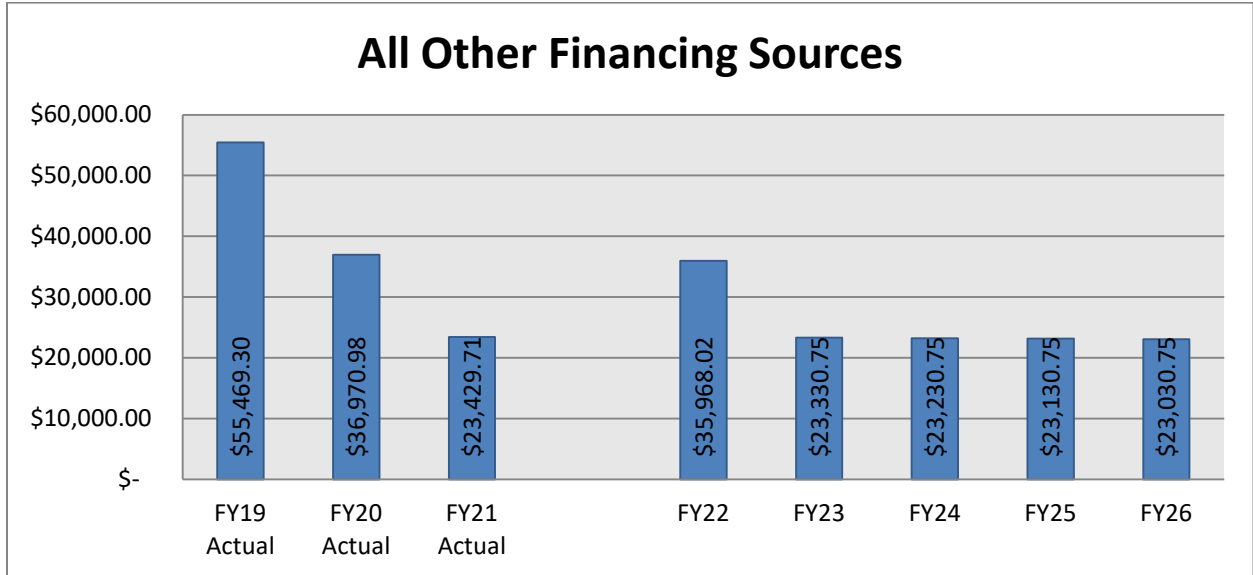
1.06 All Other Revenues



H.B. 110 had a major effect on this line. Open enrollment was a major revenue source on this line, but with the new formula open enrollment will no longer be handled as a transfer. The corresponding decrease in revenue on this line is due to this change.

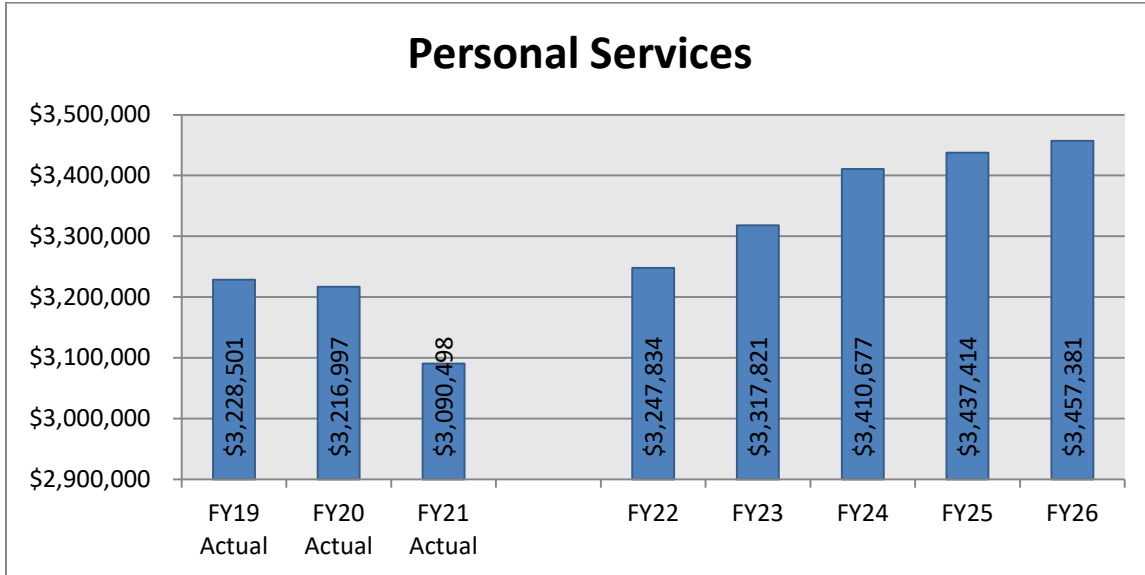
Revenue from all other sources includes interest, tuition from other districts, donations, rent, and other miscellaneous receipts. Medicaid receipts started to reflect on this line in FY2018. We received two Medicaid settlements in FY2019 for \$29,808.18 and \$18,016.85 and FY2020 of \$34,637.92. Due to the COVID-19 pandemic, interest decreased dramatically starting in FY2021. Other revenue is based on historical patterns.

2.06 All Other Financing Sources



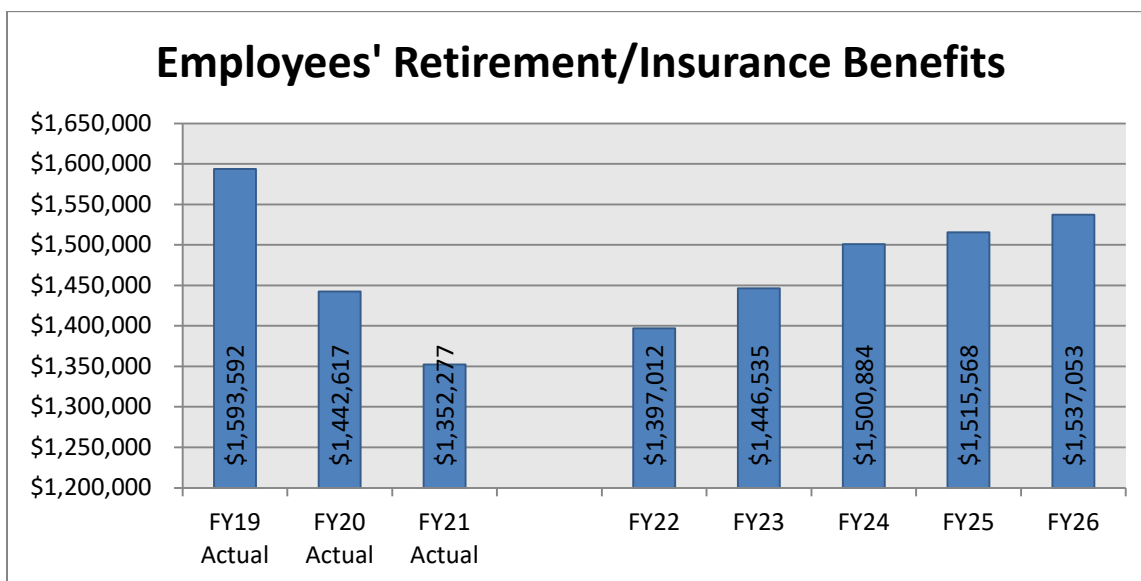
All other financing sources include revenue received as refunds from the prior year expenditures. Refunds include reimbursements for special education transportation, Workers Compensation, and others. The ESC contract is deducted through our foundation payments. Refund checks were received in the past. Refunds from the ESC are not forecasted for future years because the TCESC contract has been adjusted to reflect current anticipated costs.

3.01 Personal Services



The Collective Bargaining Agreement (CBA) is from July 1, 2021 through June 30, 2024. The district agreed to a 2% raise for each year of the contract. For FY2025 and FY2026, only step increases are forecasted. Academic and athletic supplementals are forecasted at the rates in the negotiated agreement. Historic patterns were used for other wages, which include substitute and overtime. The forecast anticipates retirements of both certified and classified employees. For future years the same staffing levels are forecasted. A federal grant (IDEA B) is used to offset costs for special education teachers. This grant saves the general fund \$74,100. A federal grant (Title IIA) is used to offset an elementary teaching position. This grant saves the general fund \$28,371.39. Federal grant (Title I) is used to assist in improving the academic achievement of the disadvantaged and saves the general fund \$183,941 for FY2022. The forecast assumes that each of these federal grants will continue over the span of the forecast. For FY2022, ESSER money allowed credit recovery by utilizing tutors in both the elementary and high school saving the general fund \$132,732. The same staffing levels are forecasted with retirees factored into the calculation.

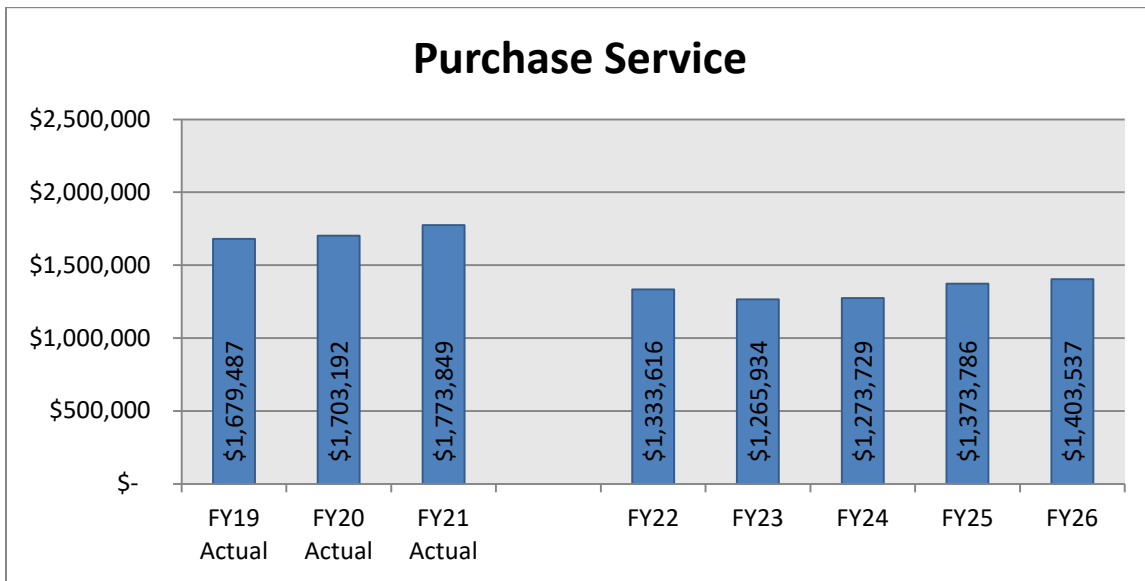
3.02 Employees Retirement/Insurance Benefits



The most significant benefits provided for the employees include retirement, health care, Medicare, unemployment and workers compensation coverage. From December of 2016 through July of 2018, our insurance premium increased 23.5%. As part of the CBA two-year extension, the union agreed to insurance changes. One of the changes involves going from a two-tier pay structure to a four-tier pay structure. Another change involved spousal coverage language. These two changes went into effect on January 1, 2020 and resulted in a positive impact on the forecast. In January 1, 2021, there was a new medical plan provider. Due to this change, there was not an increase in medical premiums in either FY2020 or FY2022. The medical insurance premiums are forecasted to increase 9% over calendar year 2023. Bristol Local Schools is a part of the Trumbull County Schools Insurance Consortium, and effective January 1, 2023 there will be a new PPO plan for the consortium. This change will have an effect on the forecast when it takes place and is expected to help offset some of the costs associated with the premium increase forecasted. Unemployment compensation has not been a significant amount in the past few years and it is forecasted to remain insignificant. Bristol Schools have also qualified for the group rating program for workers compensation the past few years and is forecasted to remain a part of the group rating program.

FY2021 of our benefits line item is showing a significant savings compared to years prior due to the four-tier pay structure and the spousal coverage language. However, benefit costs are beginning to increase due to employees picking up family plans, employees opting into insurance mid-year and the projection of a 9% increase in premium costs over CY2023. This line item will be something to continue to keep an eye on with the current state of the economy. We may continue to have employees picking up insurance or changing to a family plan because of a spouse losing a job, all of which could result in rising costs quickly.

3.03 Purchase Service



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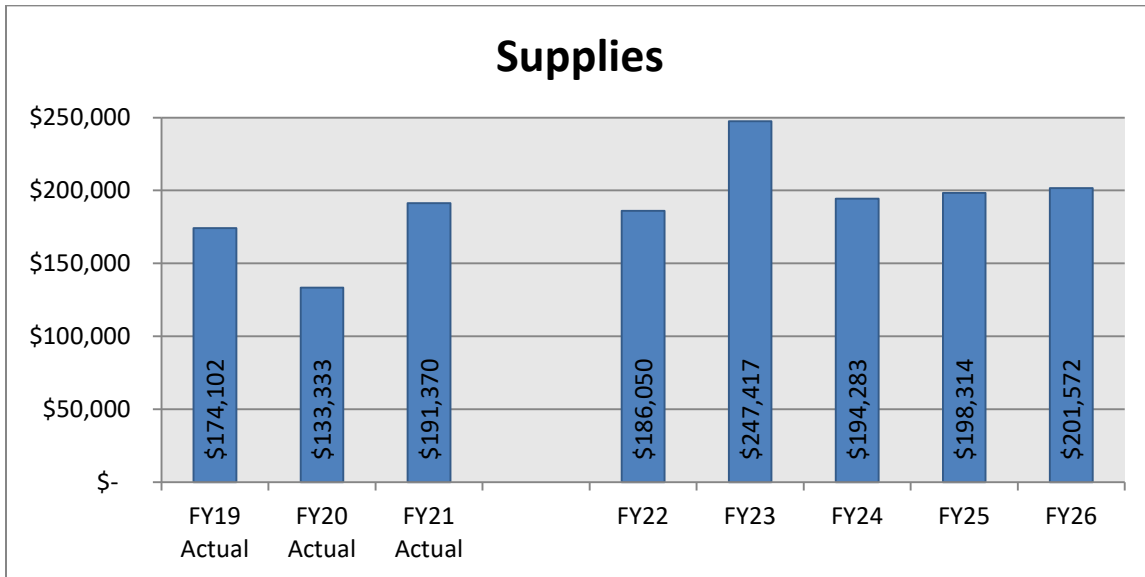
Purchase service includes expenditures such as meeting expense, lawyer fees, repairs, rent, utilities, insurance, post-secondary open enrollment tuition, community school tuition, special education services, and special busing costs.

The contracted amount for special education services with the Trumbull County Educational Service Center for FY2022 is \$568,958. A federal grant (IDEA B) is used to offset the cost from community busing. The IDEA B grant offsets the general fund by roughly \$50,000.00 for purchase service. The forecast assumes that the federal grant will continue over the span of the forecast.

H.B. 110 had a major effect on this line. Open enrollment and Community School are major revenue sources on this line, but with the new formula they will no longer be handled as a transfer. The corresponding decrease in expenditures on this line is due to this change.

Starting in FY2019, the school district hired a School Resource Officer through the Trumbull County Sheriff's office. The total cost, including salary and benefits, is approximately \$55,000-\$60,000 annually.

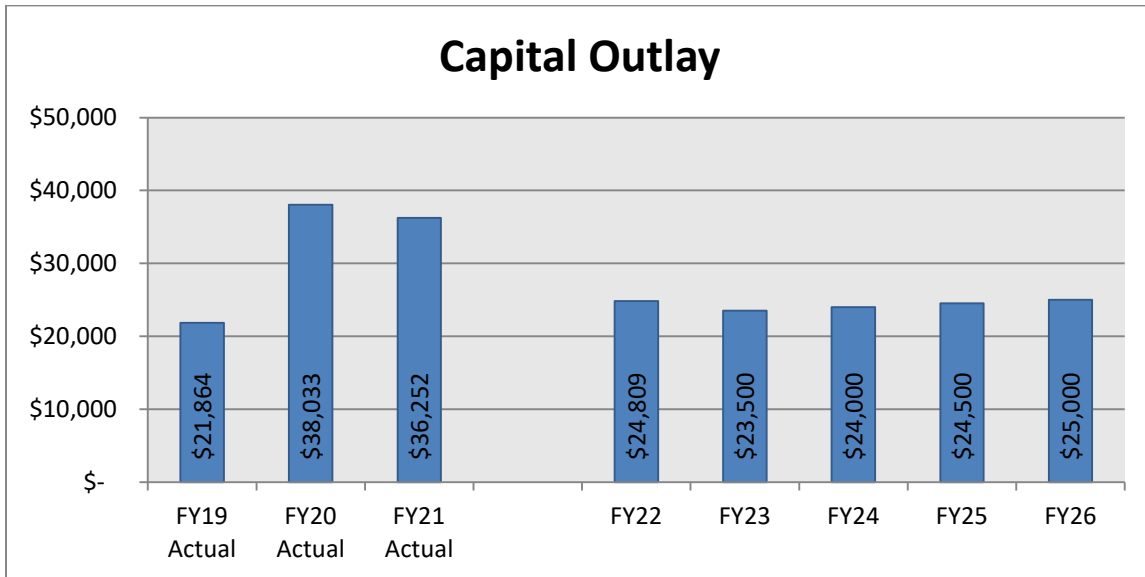
3.04 Supplies



Expenditures for supplies and materials include general and office supplies, maintenance supplies, transportation supplies, workbooks, and textbooks. The budget amount for textbooks is forecasted at \$15,000 each year with the exception of FY2023. FY2023 budgeted amount for textbooks was increased to \$70,000 to account for the new math program for both buildings being implemented. The current program will no longer be serviced by the provider at the end of FY2022.

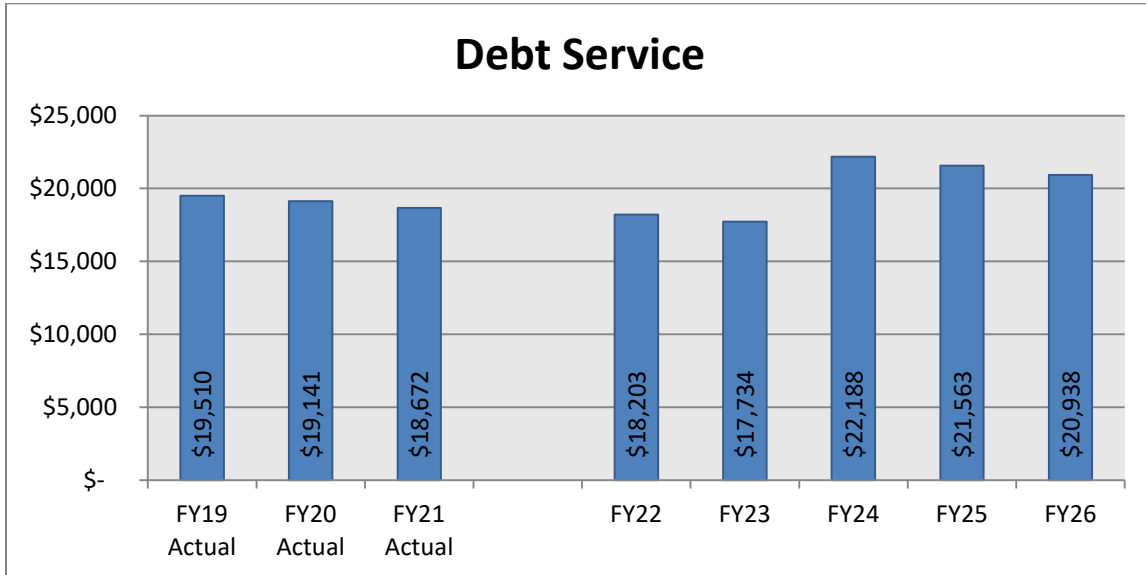
Although supply costs are slightly lower in FY2022 compared to FY2021. The costs are in line with historical numbers and are projected to stay steady. With the full District back in house for the year of FY2022 it is expected that supply costs will increase slowly as programs and projects impacted by Covid-19 begin to be brought back over time.

3.05 Capital Outlay



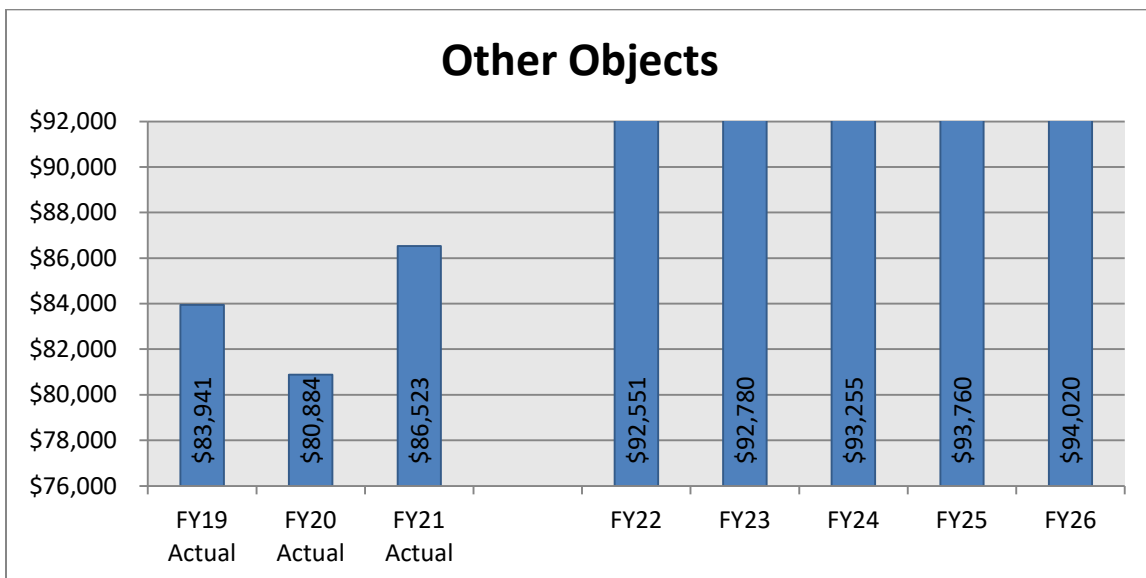
Capital outlay expenditures include building construction, building improvements, school bus and equipment purchases. The District has a permanent improvement levy to cover a portion of these expenditures. The permanent improvement fund will be the main source of funds needed for capital spending outside of stimulus funds. With the three different rounds of stimulus money being issued, it has helped the district save costs on the general fund. The district has been able to utilize the stimulus funds to improve both safety and efficiency in both buildings for all students and staff. These projects are expected to be completed mid-summer CY2022.

Debt Service 4.05 & 4.06



The payments of our HB264 project began in FY2013 and will be paid back over a 15 year period. The last payment will be December 1, 2026.

4.30 Other Objects



Other expenditures include audit expenses, property tax collection and election fees, Trumbull County ESC per pupil, and other fees, which are based on historical patterns.

5.01 Operating Transfers-Outs

The general fund supports the other funds of the district as needed. A termination benefits fund was added in FY2017 and needs to be supported by the general fund. Other funds that may need support would be permanent improvement and/or the athletic fund. The district currently has a pay to participate fee that helps support the athletic fund. If this fee is eliminated in the future, the general fund would need to help support it. Operating transfers out were increased significantly in FY2022 to provide the remaining funding needed to complete improvements on both buildings including windows, doors, HVAC and boiler updates. The majority of these combined projects were funded using two of the three rounds of stimulus funds. These funds saved the District approximately \$1.75M on these combined projects.

11.02 Property Tax – Renewal or Replacement

The district currently has two emergency levies. The first emergency levy is for \$330,000. The year of expiration is calendar year 2022, and the year of collection is calendar year 2023. This levy was approved May 3, 2022, however, the funds have not been included due to the results not being certified prior to the filing of the May 2022 five year forecast. The second emergency levy is for \$400,000. This levy was renewed on the May 7, 2019 election. The year of expiration is calendar year 2024, and the year of collection is calendar year 2025. The district also has a permanent improvement levy. This levy was renewed on the November 3, 2020 election. The year of expiration is calendar year 2025, and the year of collection is year 2026. This levy, if not renewed, will have an effect on the forecast.