

Lebanon City School District

Five Year Forecast Financial Report

November, 2021

Table of Contents

	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22

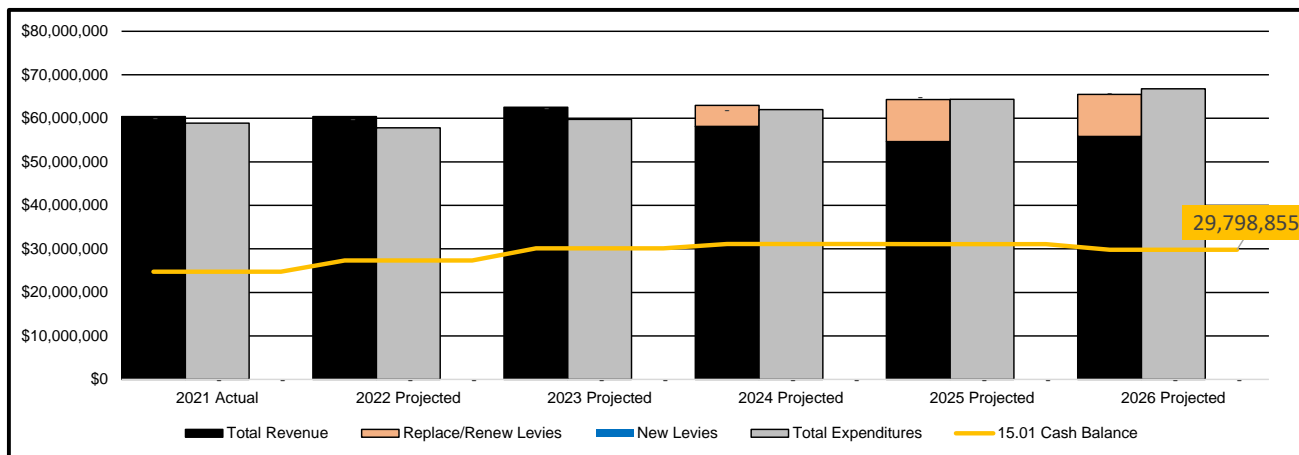
Forecast Purpose/Objectives

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.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

Forecast Summary



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

Financial Forecast	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	24,748,611	27,324,842	30,132,271	31,119,068	31,069,774
+ Revenue	60,395,483	62,552,226	58,149,306	54,638,005	55,850,735
+ Proposed Renew/Replacement Levies	-	-	4,835,810	9,671,603	9,671,582
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(57,819,252)	(59,744,797)	(61,998,319)	(64,358,901)	(66,793,236)
= Revenue Surplus or Deficit	2,576,231	2,807,429	986,797	(49,294)	(1,270,919)
Line 7.020 Ending Balance with renewal/new levies	27,324,842	30,132,271	31,119,068	31,069,774	29,798,855

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	2,576,231	2,807,429	(3,849,013)	(9,720,897)	(10,942,501)
Ending Balance w/o Levies	27,324,842	30,132,271	26,283,258	16,562,361	5,619,860

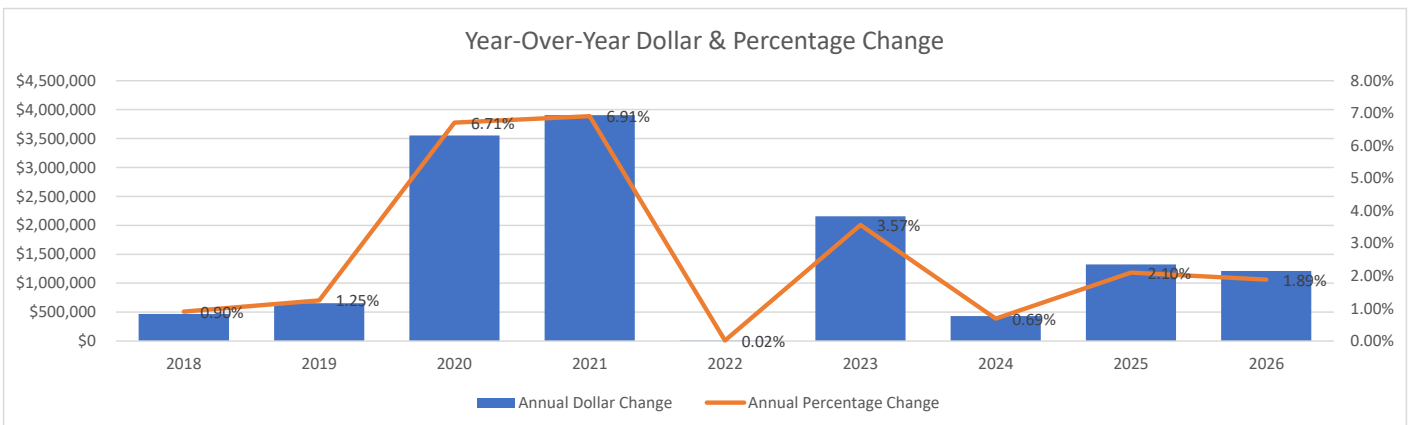
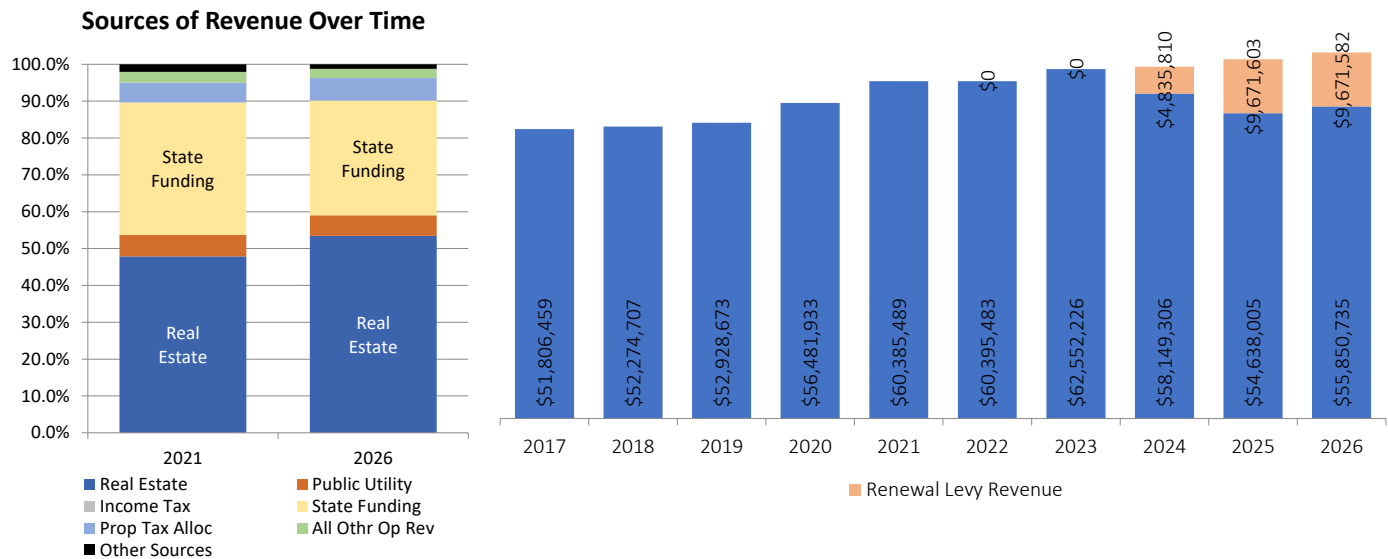
In FY 2022 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$2,576,231 in FY 2022. By the last year of the forecast, FY 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$10,942,501. The district would need to cut its FY 2026 projected expenses by 16.38% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2022 and is projected to worsen by FY 2026. A worsening cash balance can erode the district's financial stability over time.

This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$323,351 in FY 2022. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2022. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

guarantee district in FY 2022.

Revenue Sources and Forecast Year-Over-Year Projected Overview



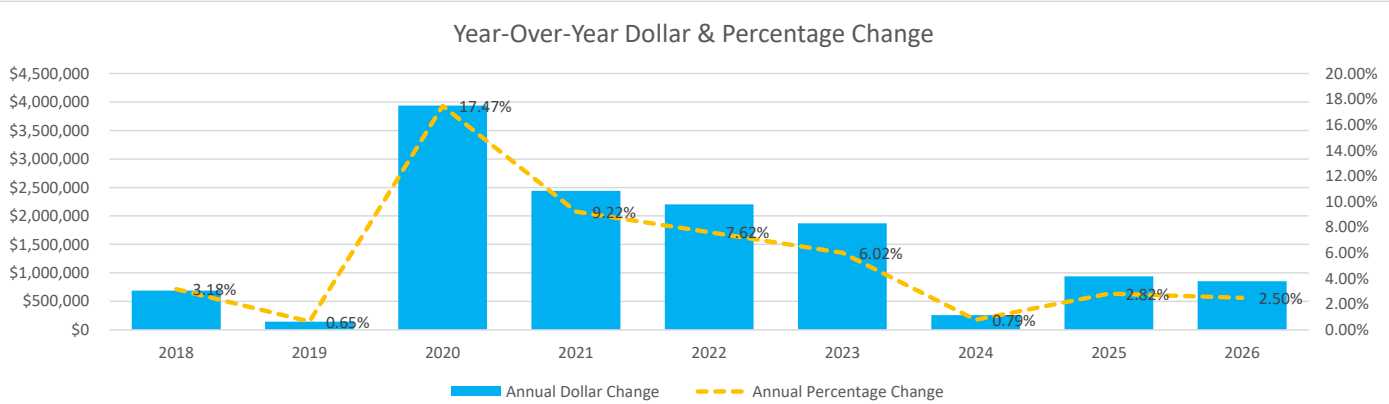
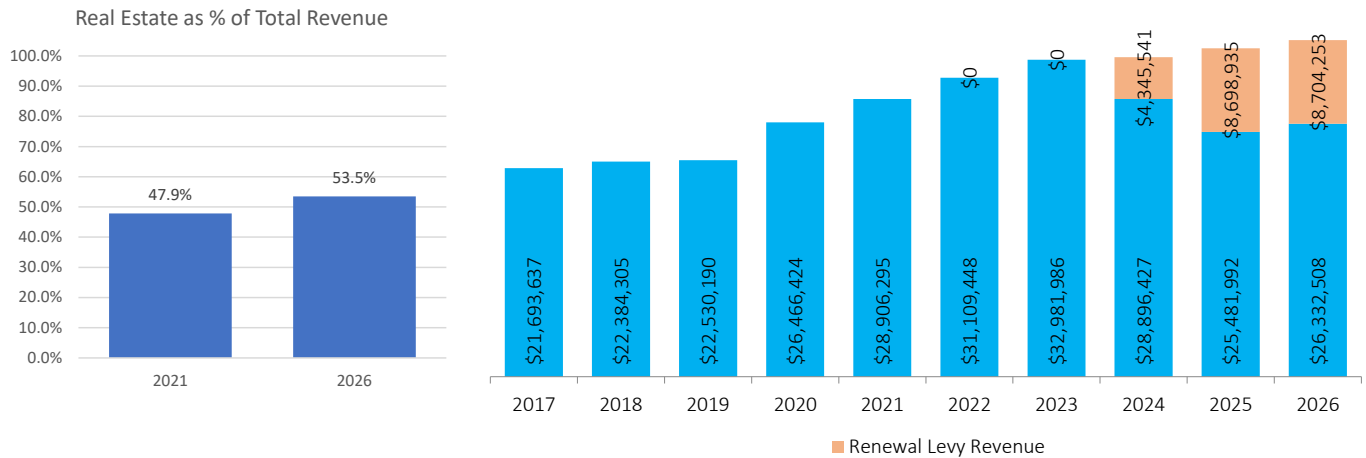
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 4.78% or \$2,703,594 annually during the past five years and is projected to increase 1.63% or \$1,027,365 annually through FY2026. Real Estate has the most projected average annual variance compared to the historical average at -\$947,903
Real Estate	\$2,173,997	\$1,226,093	(\$947,903)	
Public Utility	\$310,325	\$19,413	(\$290,912)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$141,371)	(\$260,432)	(\$119,060)	
Prop Tax Alloc	\$73,311	\$156,933	\$83,622	
All Othr Op Rev	(\$13,072)	(\$30,788)	(\$17,716)	
Other Sources	\$300,405	(\$83,855)	(\$384,259)	
Total Average Annual Change	\$2,703,594 4.78%	\$1,027,365 1.63%	(\$1,676,229) -3.15%	

Note: Expenditure average annual change is projected to be > \$1,576,699 On an annual average basis, expenditures are projected to grow faster than revenue.

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).



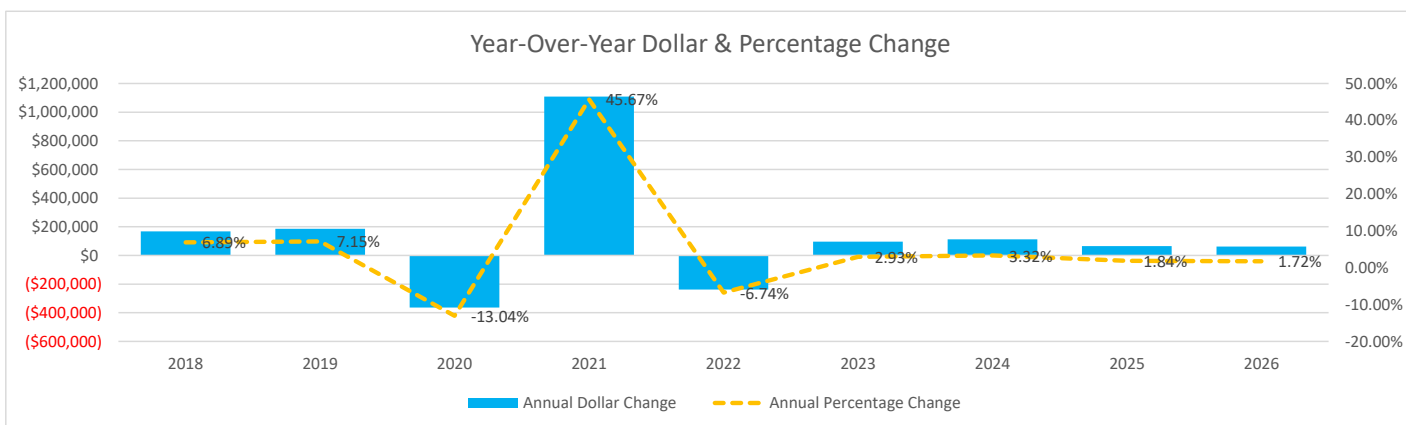
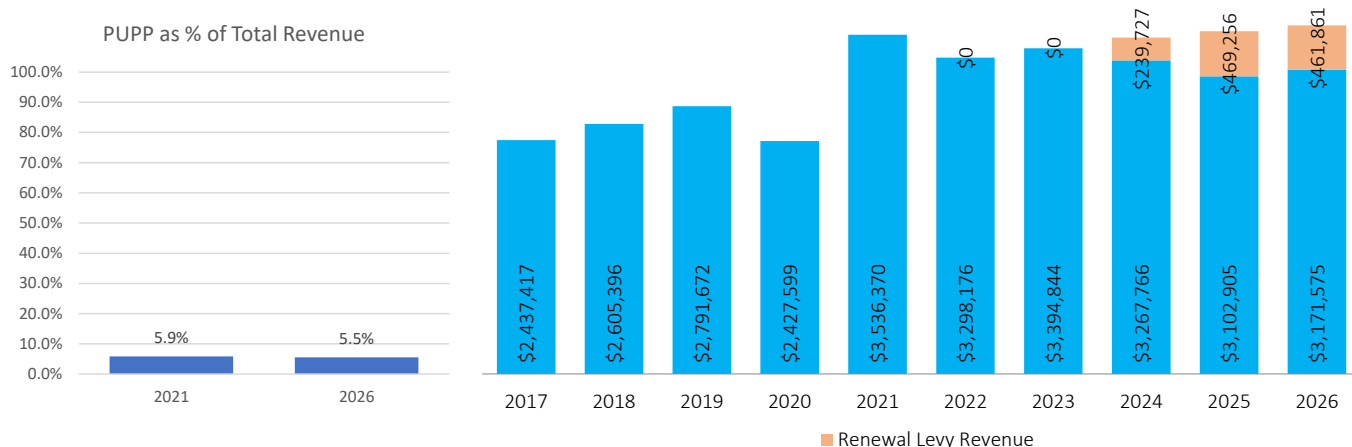
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies	
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change		
2020	1,005,946,590	24,273,550	32.19	-	33.41	-	99.7%	
2021	1,204,296,590	198,350,000	30.25	(1.94)	31.39	(2.02)	100.0%	
2022	1,220,796,590	16,500,000	30.10	(0.15)	31.17	(0.22)	100.0%	
2023	1,234,592,590	13,796,000	29.97	(0.12)	31.11	(0.05)	100.0%	
2024	1,322,342,590	87,750,000	29.33	(0.64)	30.40	(0.71)	100.0%	
2025	1,335,242,590	12,900,000	29.24	(0.10)	30.25	(0.15)	100.0%	

Real estate property tax revenue accounts for 47.87% of total revenue. Class I or residential/agricultural taxes make up approximately 84.33% of the real estate property tax revenue. The Class I tax rate is 30.25 mills in tax year 2021. The district is modeling the renewal of real estate property taxes levies through 2024. The projections reflect an average gross collection rate of 100.0% annually through tax year 2025. The revenue changed at an average annual historical rate of 8.37% and is projected to change at an average annual rate of 3.68% through FY 2026.

*Projected % trends include renewal levies

1.020 - Public Utility Personal Property

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



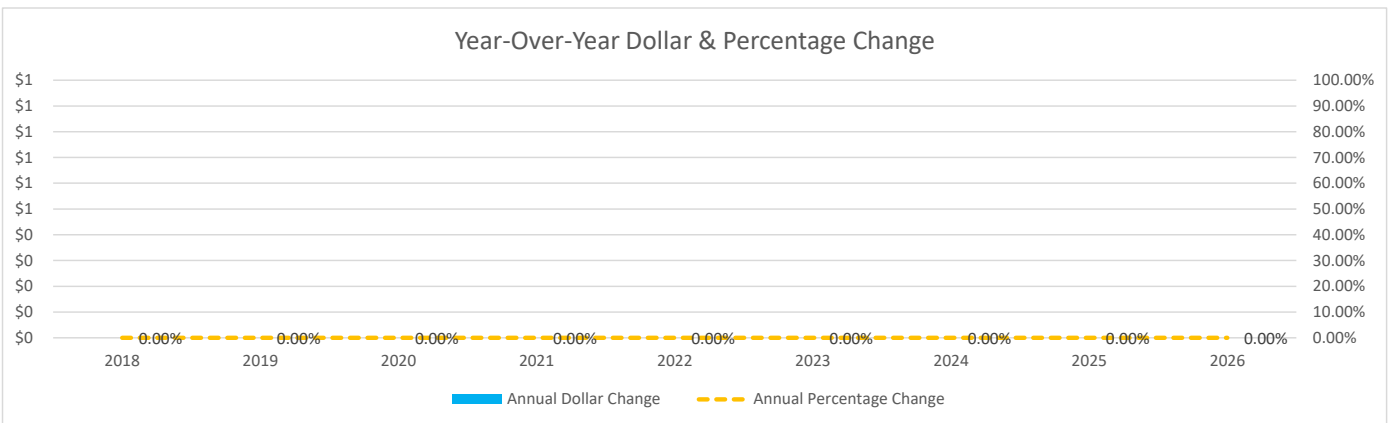
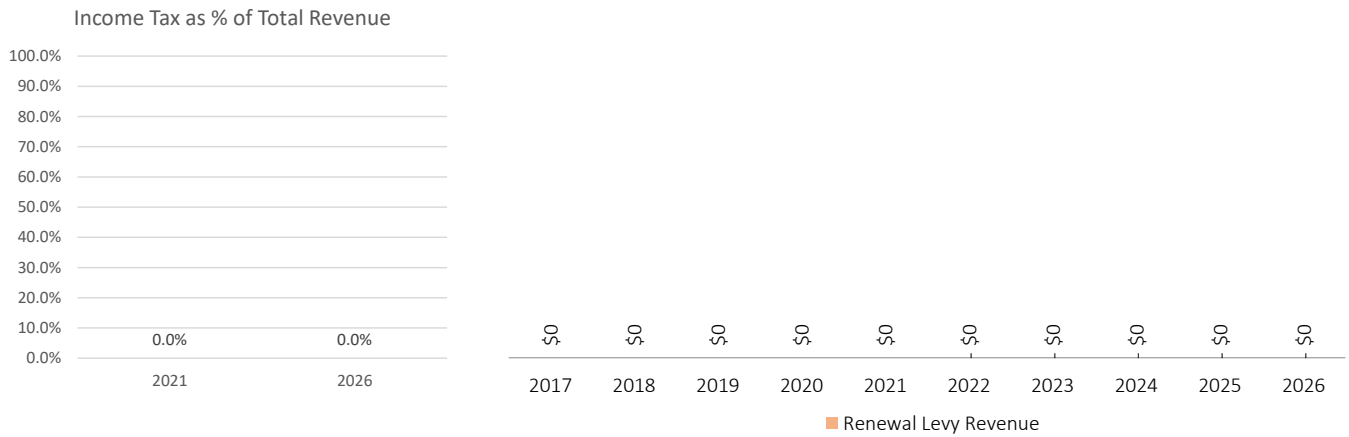
Values and Tax Rates					Gross Collection Rate Including Delinquencies	
Tax Year	Valuation	Value Change	Full Voted Rate	Change		
2020	57,056,300	4,879,920	57.30	(0.25)		99.3%
2021	60,056,300	3,000,000	55.36	(1.94)		100.0%
2022	62,556,300	2,500,000	55.21	(0.15)		99.8%
2023	64,556,300	2,000,000	55.08	(0.12)		99.8%
2024	66,056,300	1,500,000	54.44	(0.64)		99.8%
2025	67,556,300	1,500,000	54.35	(0.10)		99.8%

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 5.86% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 is 55.36 mills. The forecast is modeling an average gross collection rate of 99.82%. The revenue changed historically at an average annual dollar amount of \$310,325 and is projected to change at an average annual dollar amount of \$19,413 through FY 2026.

*Projected % trends include renewal levies

1.030 - No 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.

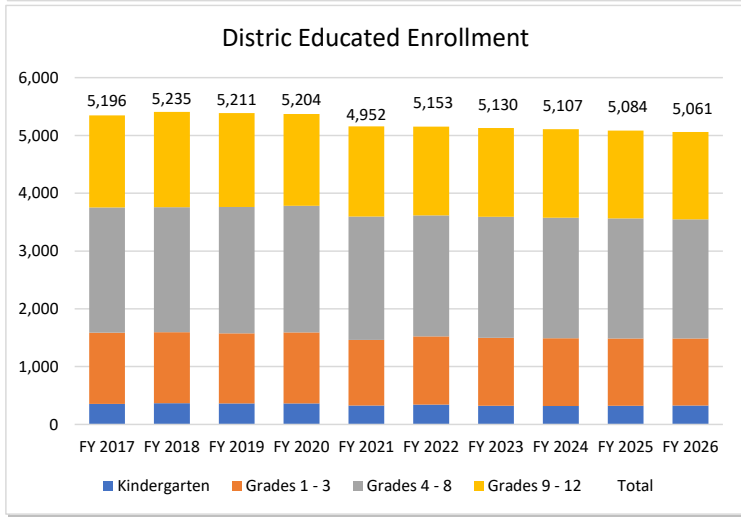
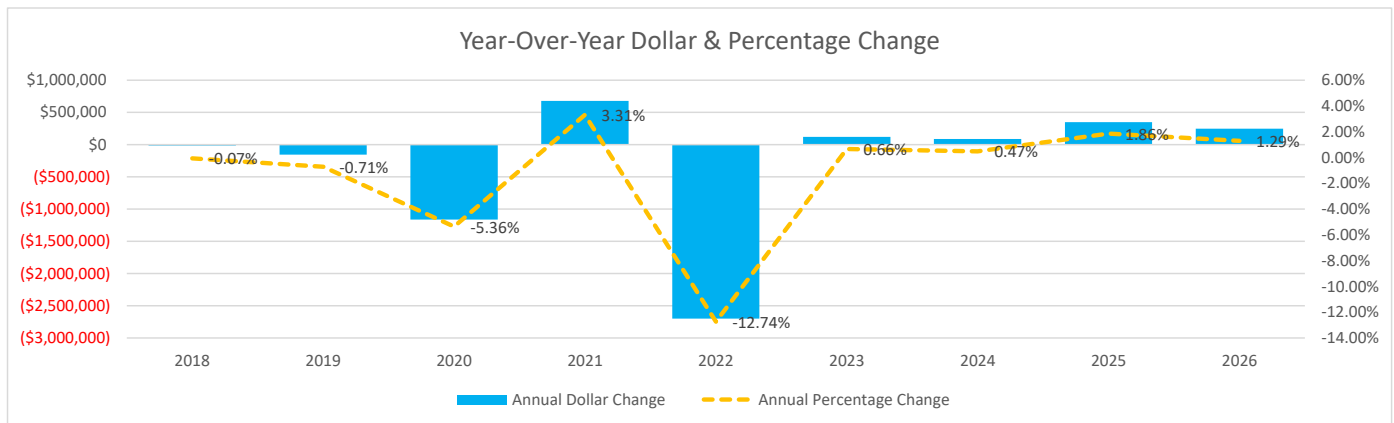
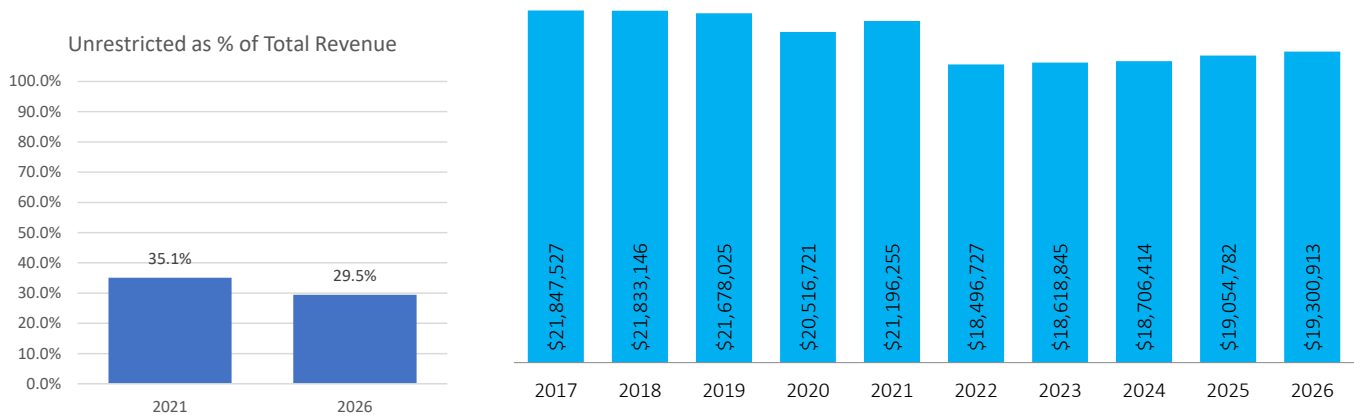


The district does not have an income tax levy.

*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



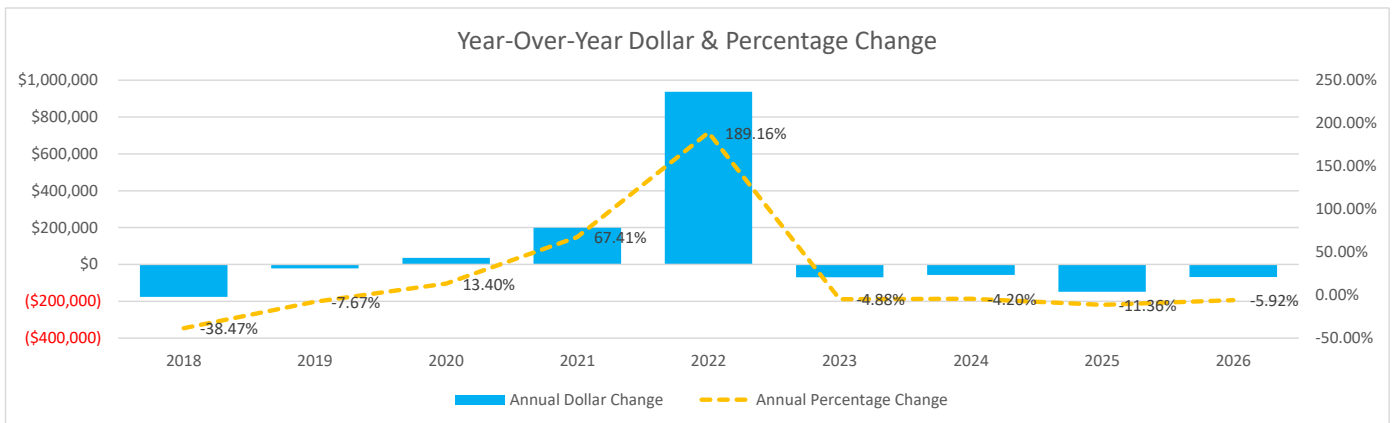
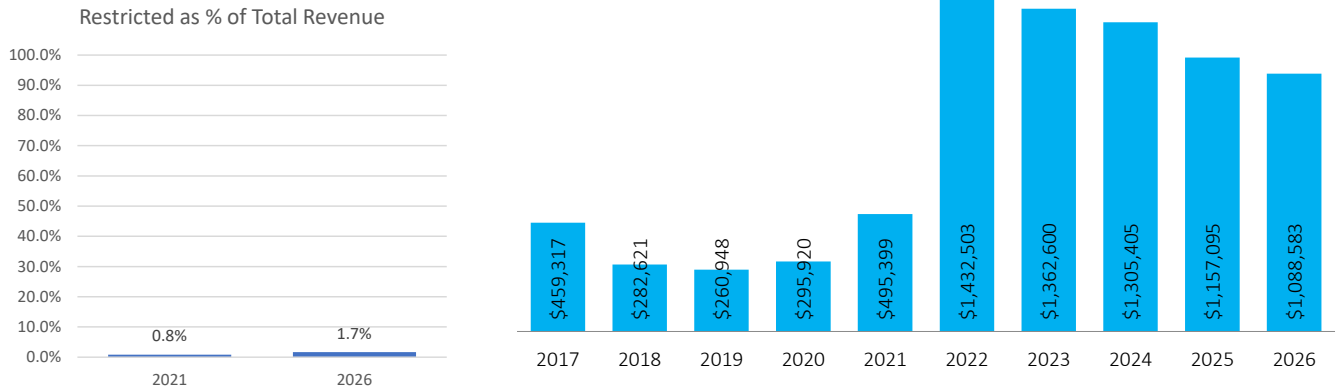
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Lebanon City School District the calculated Base Cost total is \$37,107,272 in FY 2022. The state's share of the calculated Base Cost total is \$11,727,992 or \$2,276 per pupil.

The FSFP change to district educated enrollment will reduce funded enrollment but also potentially reduce tuition cost. In FY 2021, the district had approximately \$2,529,878 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

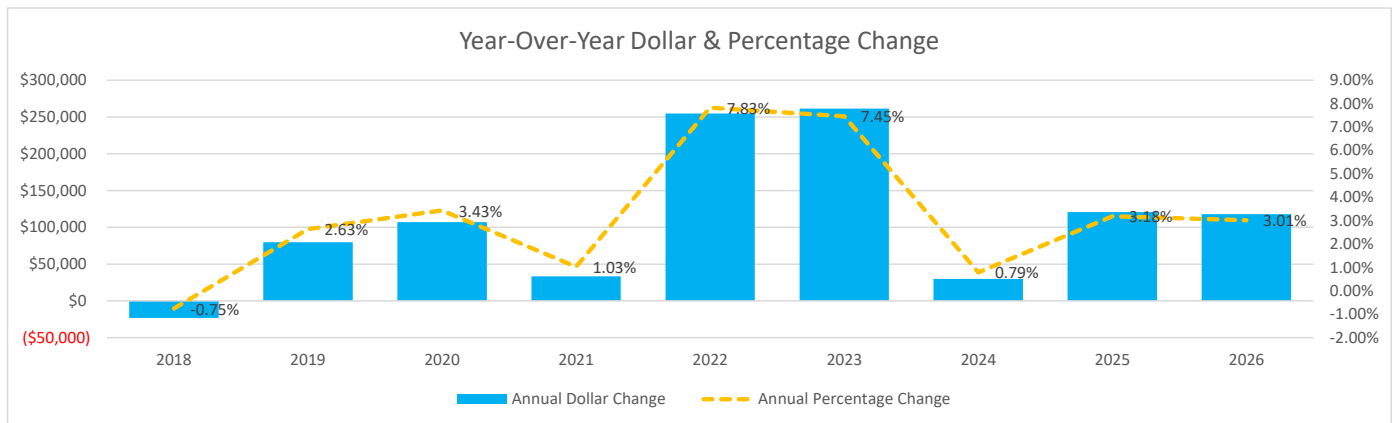
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$70,926 and is projected to change annually on average by \$118,637. Restricted funds represent 0.82% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$683,654. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

1.050 - Property Tax Allocation

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

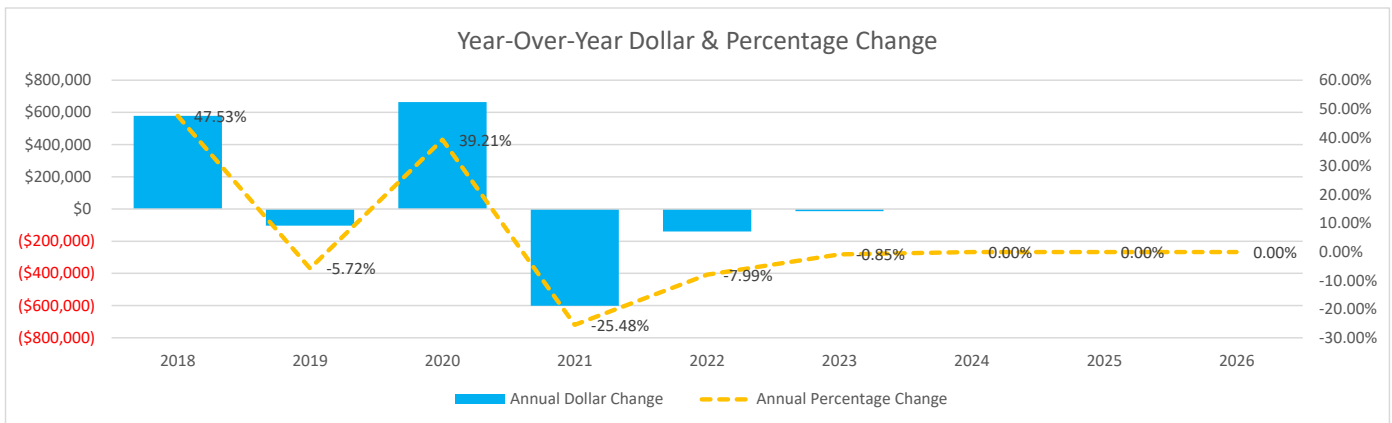
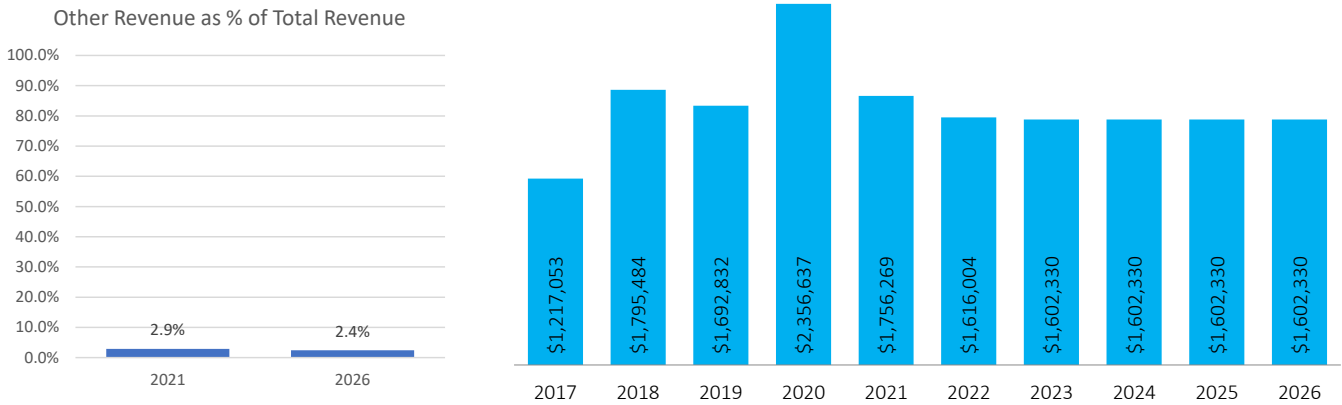


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, approximately 10.1% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.6% will be reimbursed in the form of qualifying homestead exemption credits.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

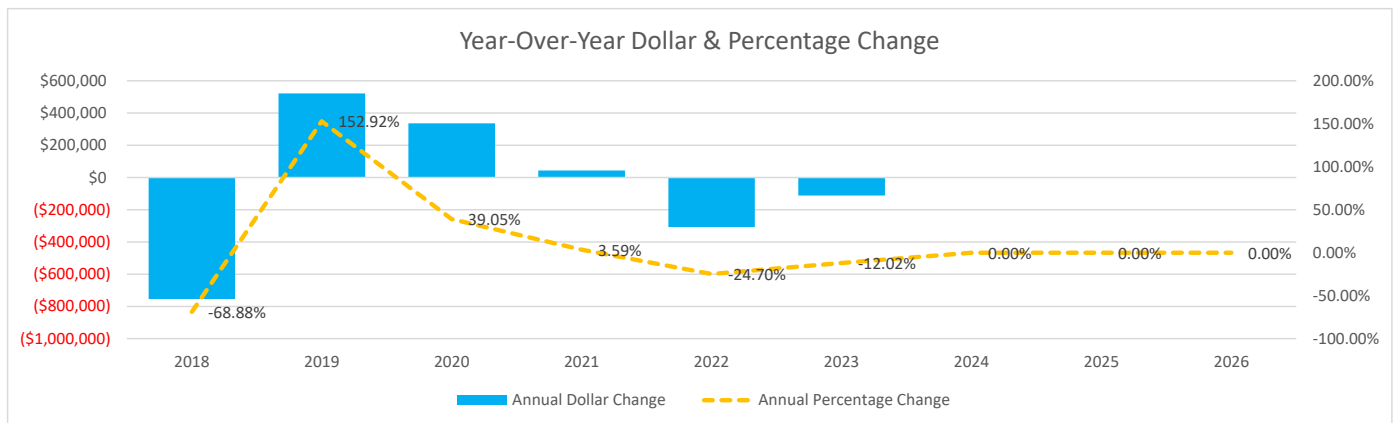
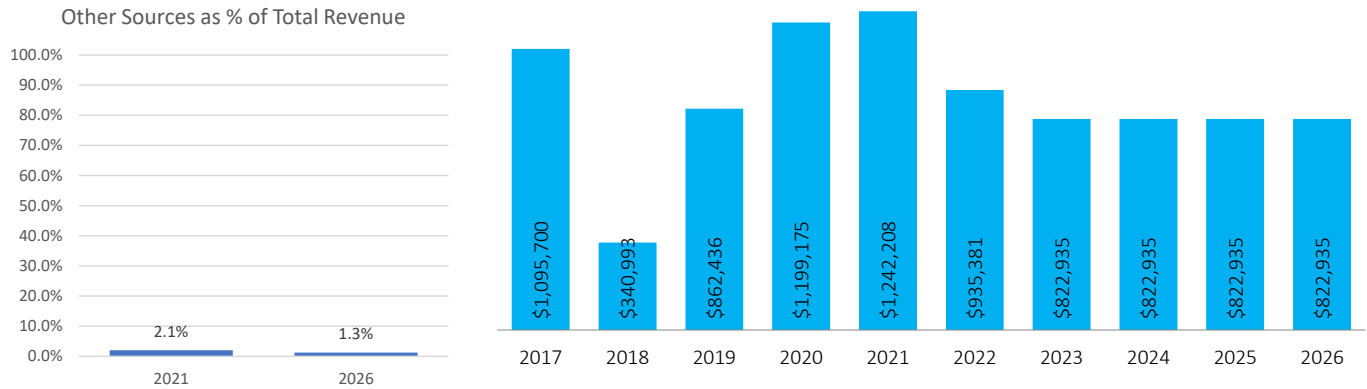
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was -\$13,072. The projected average annual change is -\$30,788 through FY 2026. The FSPF includes per pupil funding for any open enrollment in students the district is educating. This revenue, if any, was recorded in 'other revenue' prior to FY 2022. Fiscal year 2022 and beyond will not include any open enrollment in revenue. The district posted revenue code 1227 open enrollment in revenue of \$7,224 in FY 2021.

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.

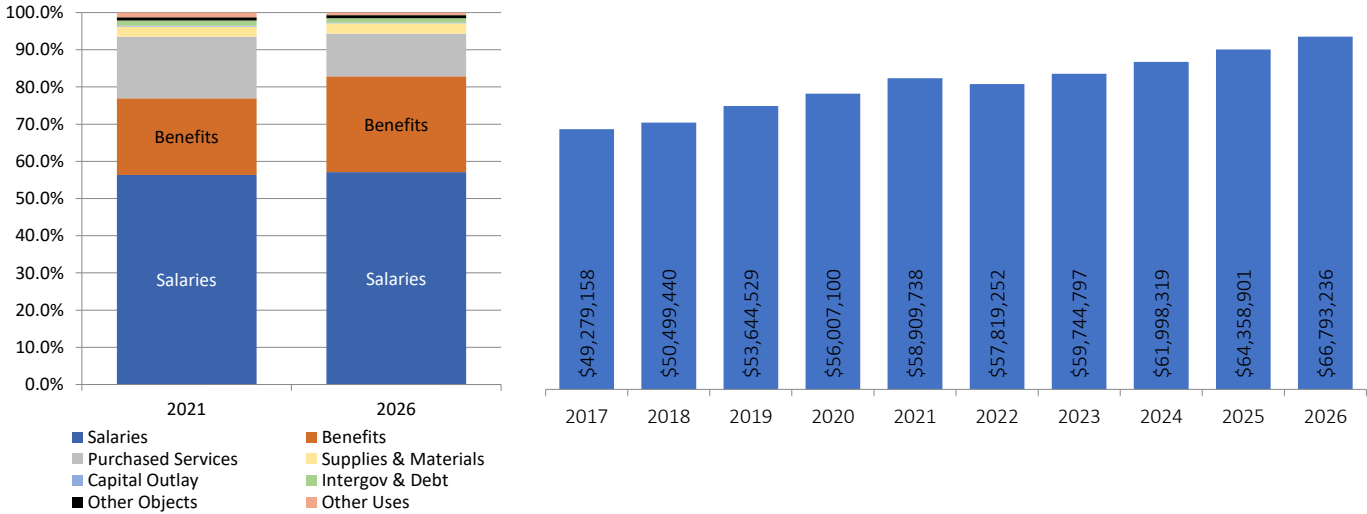


	2021	FORECASTED				
		2022	2023	2024	2025	2026
Transfers In	-	-	-	-	-	-
Advances In	869,273	562,446	450,000	450,000	450,000	450,000
All Other Financing Sources	372,935	372,935	372,935	372,935	372,935	372,935

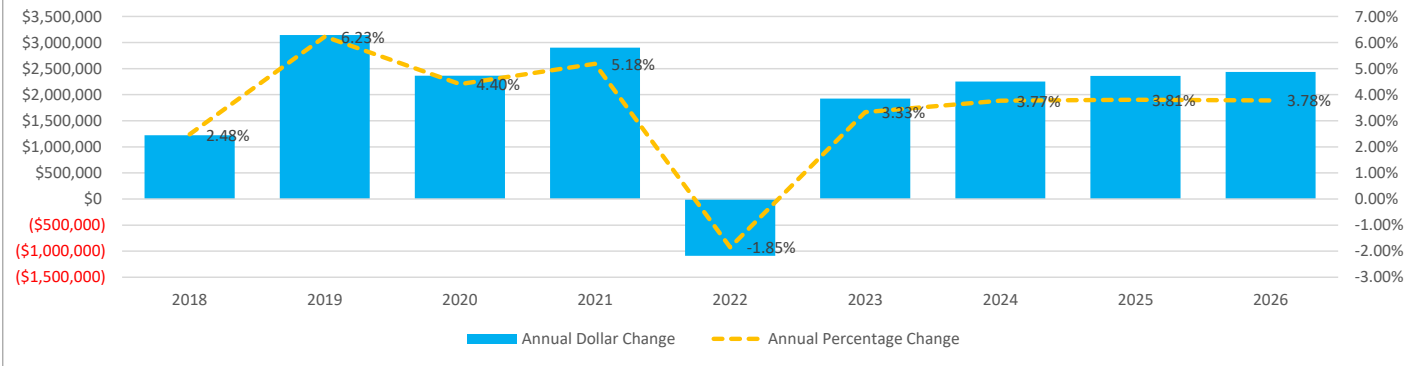
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2021 the district received \$869,273 as advances-in and is projecting advances of \$562,446 in FY 2022. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$372,935 in FY 2022 and average \$372,935 annually through FY 2026.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



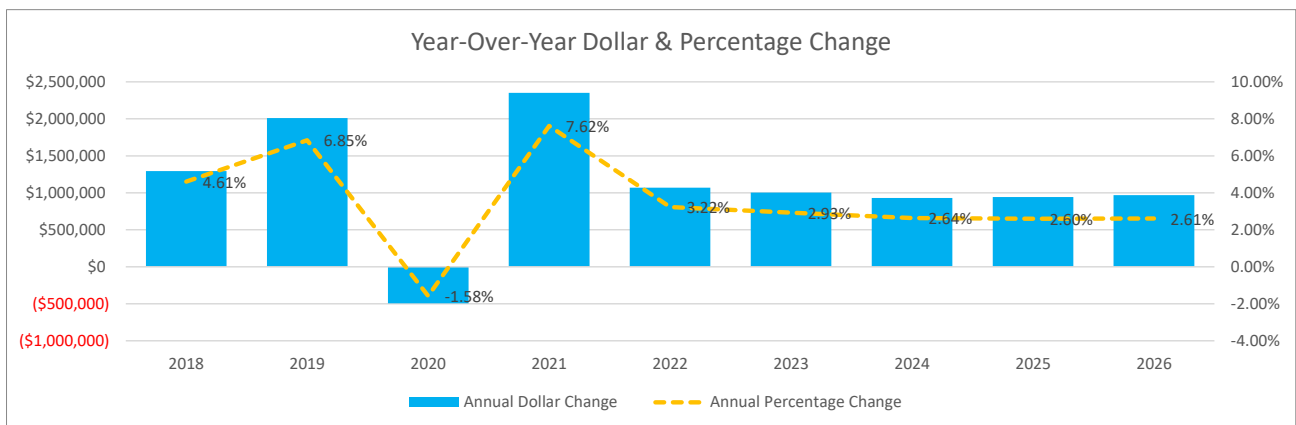
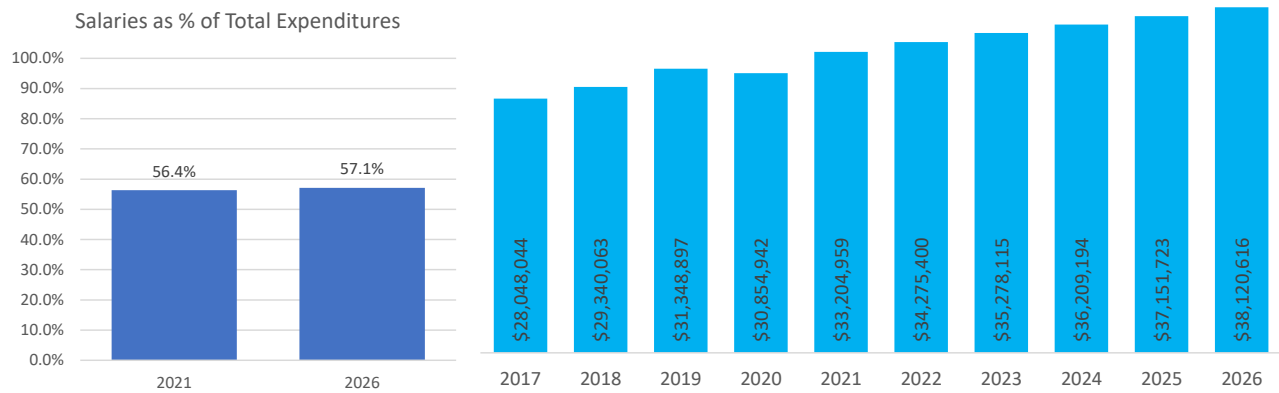
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 4.99% or \$2,803,433 annually during the past five years and is projected to increase 2.68% or \$1,576,699 annually through FY2026. Purchased Services has the largest projected average annual variance compared to the historical average at -\$1,189,966.
Salaries	\$1,288,299	\$983,131	(\$305,168)	
Benefits	\$366,856	\$1,019,415	\$652,559	
Purchased Services	\$770,609	(\$419,357)	(\$1,189,966)	
Supplies & Materials	\$34,936	\$49,347	\$14,411	
Capital Outlay	(\$12,620)	(\$2,619)	\$10,001	
Intergov & Debt	\$114,620	(\$6,419)	(\$121,039)	
Other Objects	\$3,137	\$13,315	\$10,178	
Other Uses	\$237,596	(\$60,113)	(\$297,710)	
Total Average Annual Change	\$2,803,433	\$1,576,699	(\$1,226,733)	
	4.99%	2.68%	-2.31%	

Note: Expenditure average annual change is projected to be > \$1,576,699 On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

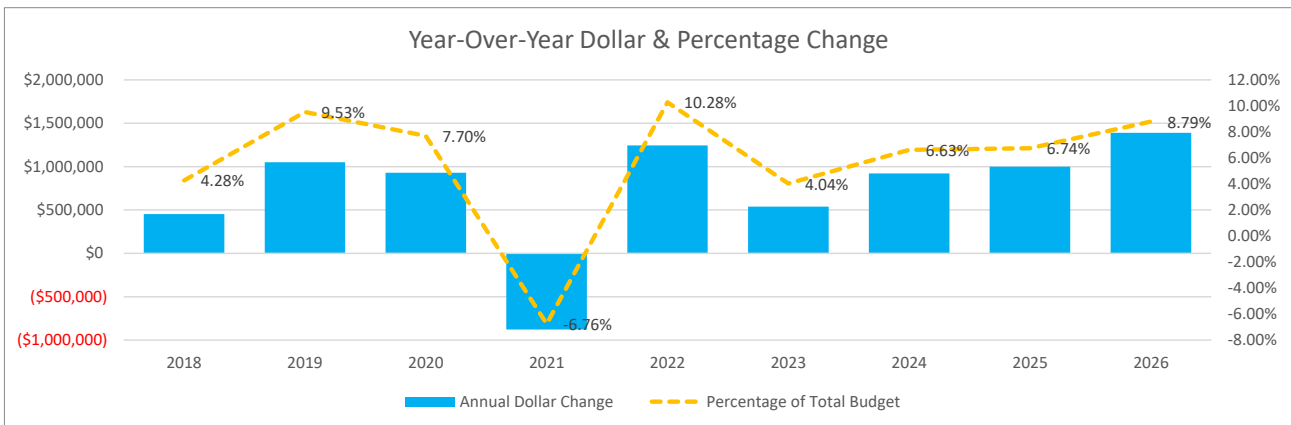
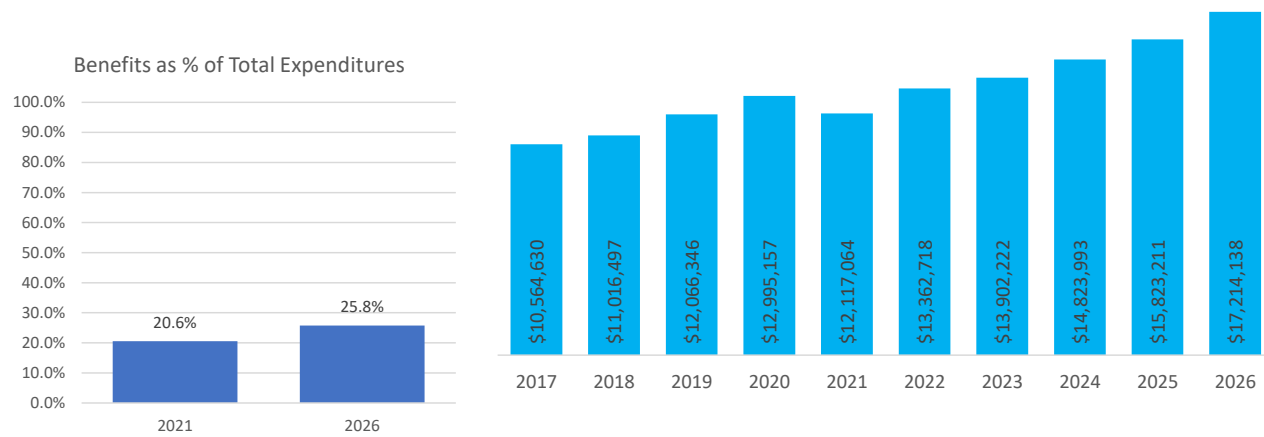
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 56.37% of total expenditures and increased at a historical average annual rate of 4.05% or \$1,288,299. This category of expenditure is projected to grow at an annual average rate of 2.72% or \$983,131 through FY 2026. The projected average annual rate of change is -1.34% less than the five year historical annual average.

3.020 - Employees' Benefits

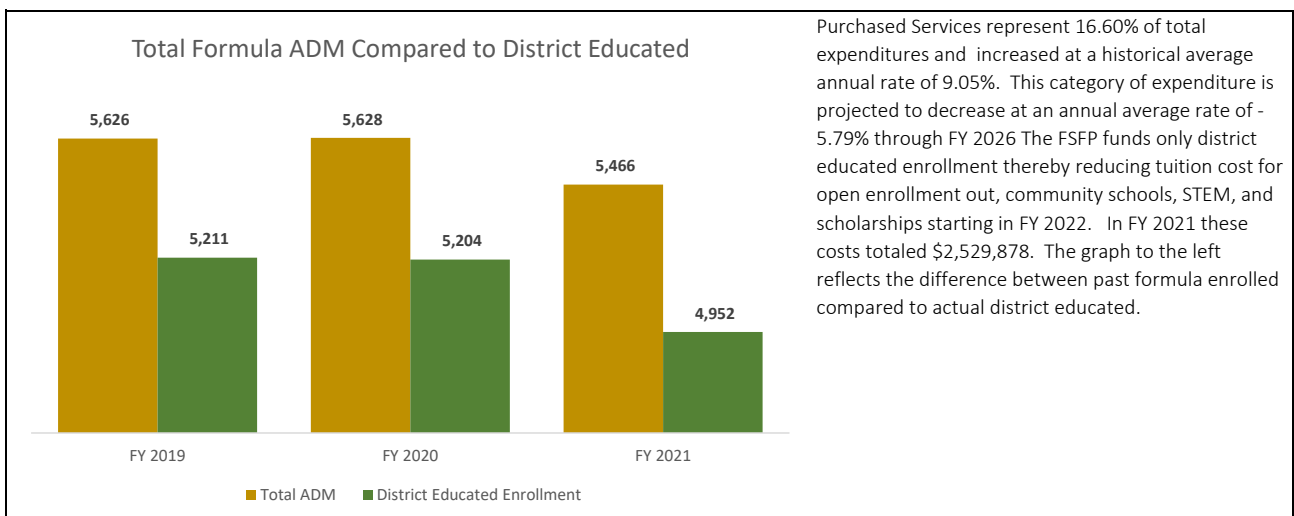
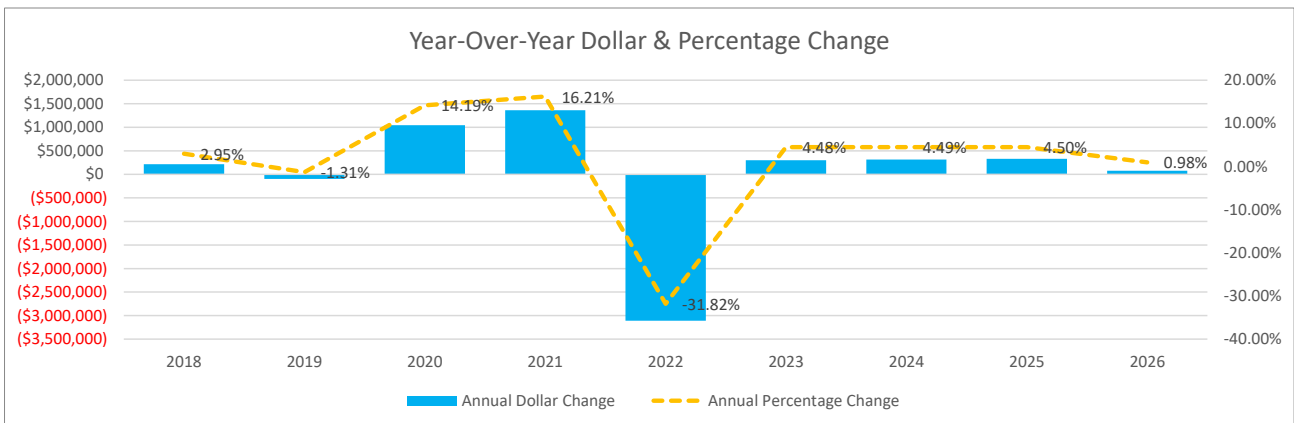
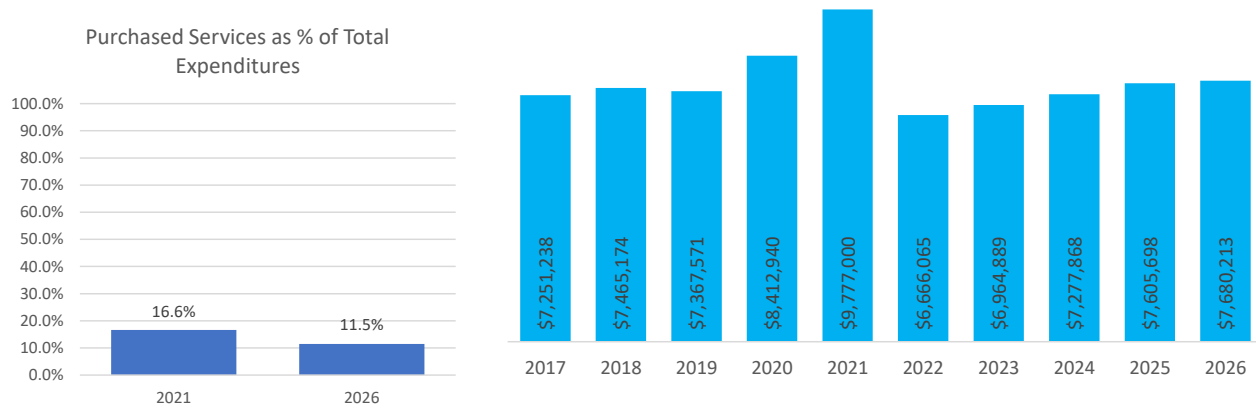
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 20.57% of total expenditures and increased at a historical average annual rate of 2.96%. This category of expenditure is projected to grow at an annual average rate of 6.78% through FY 2026. The projected average annual rate of change is 3.82% more than the five year historical annual average.

3.030 - Purchased Services

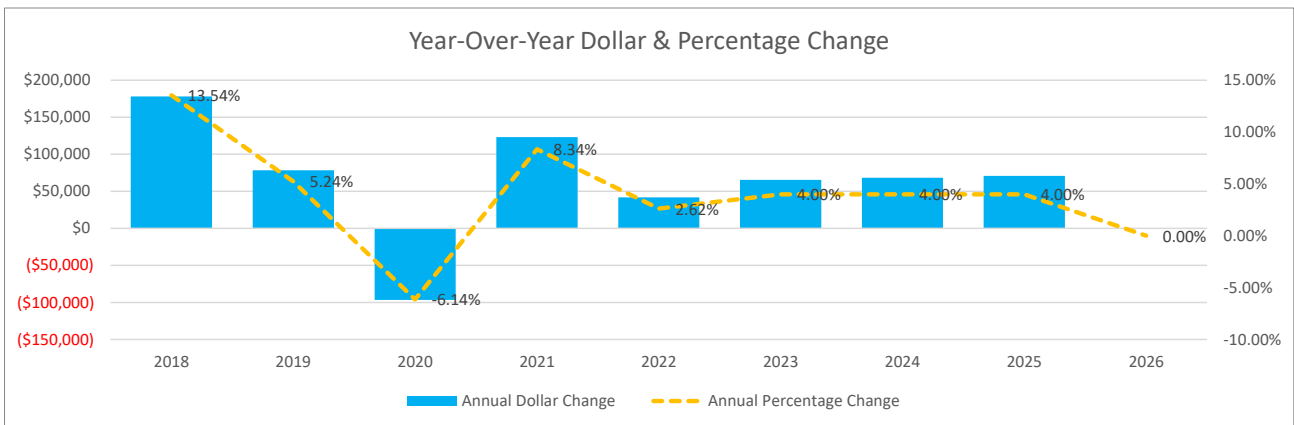
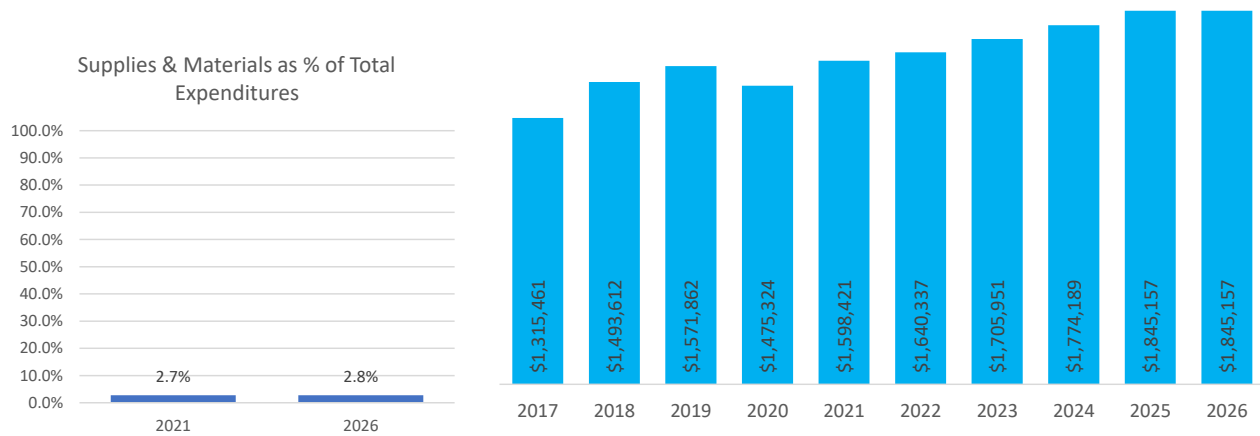
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 16.60% of total expenditures and increased at a historical average annual rate of 9.05%. This category of expenditure is projected to decrease at an annual average rate of -5.79% through FY 2026. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$2,529,878. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

3.040 - Supplies & Materials

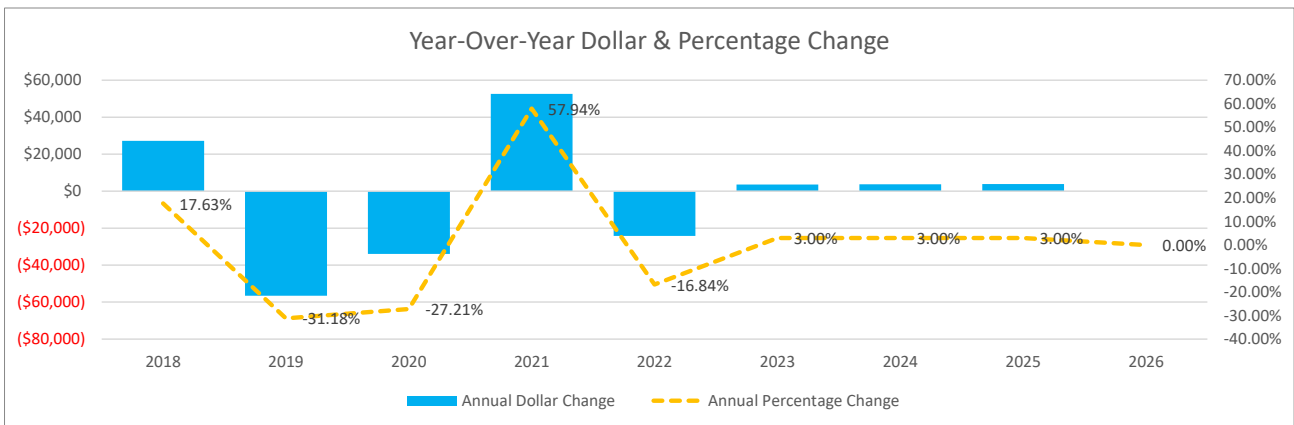
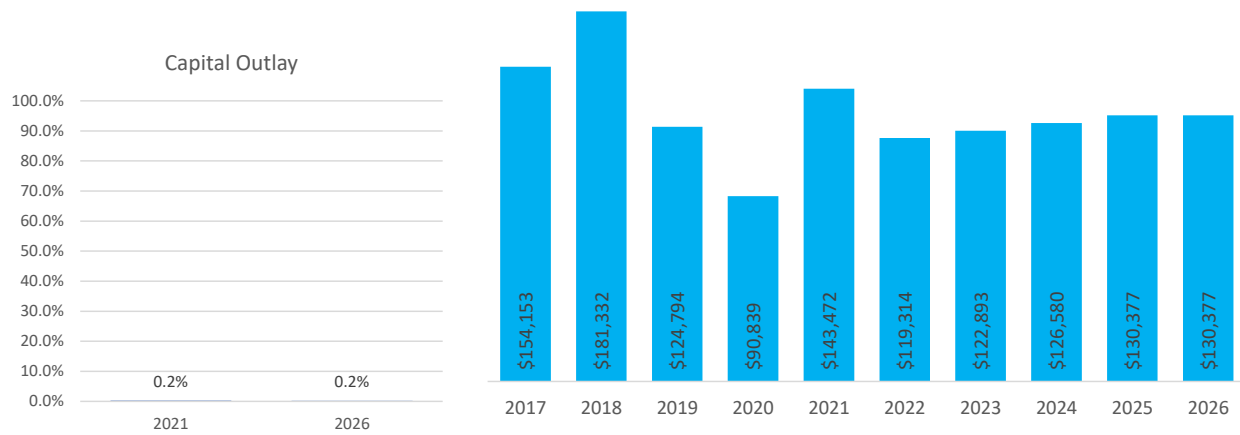
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 2.71% of total expenditures and increased at a historical average annual rate of 2.26%. This category of expenditure is projected to grow at an annual average rate of 2.80% through FY 2026. The projected average annual rate of change is 0.54% more than the five year historical annual average.

3.050 - Capital Outlay

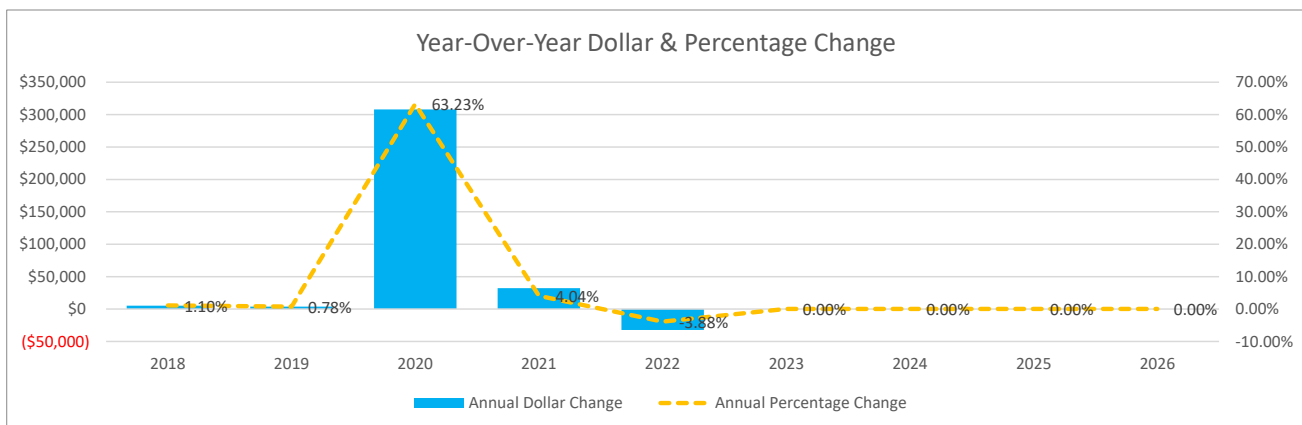
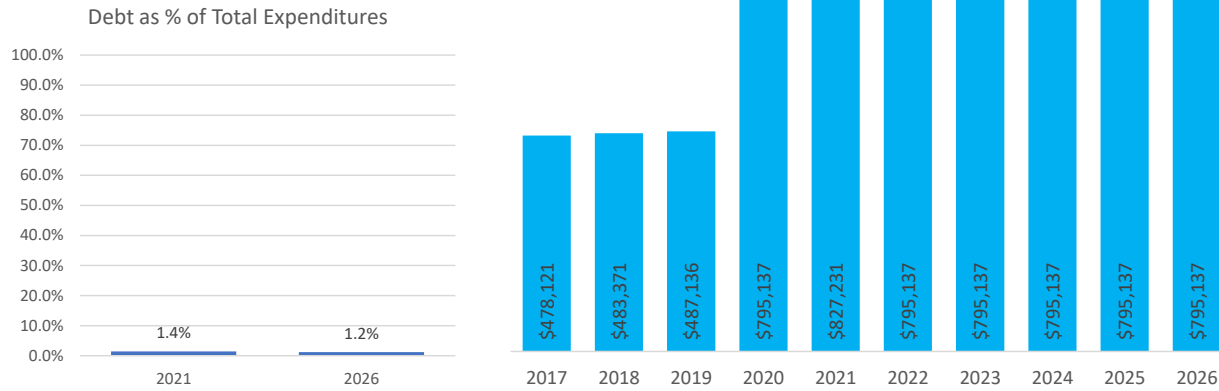
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.24% of total expenditures and decreased at a historical average annual amount of -\$12,620. This category of expenditure is projected to decrease at an annual average rate of -\$2,619 through FY 2026. The projected average annual change is more than the five year historical annual average.

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.

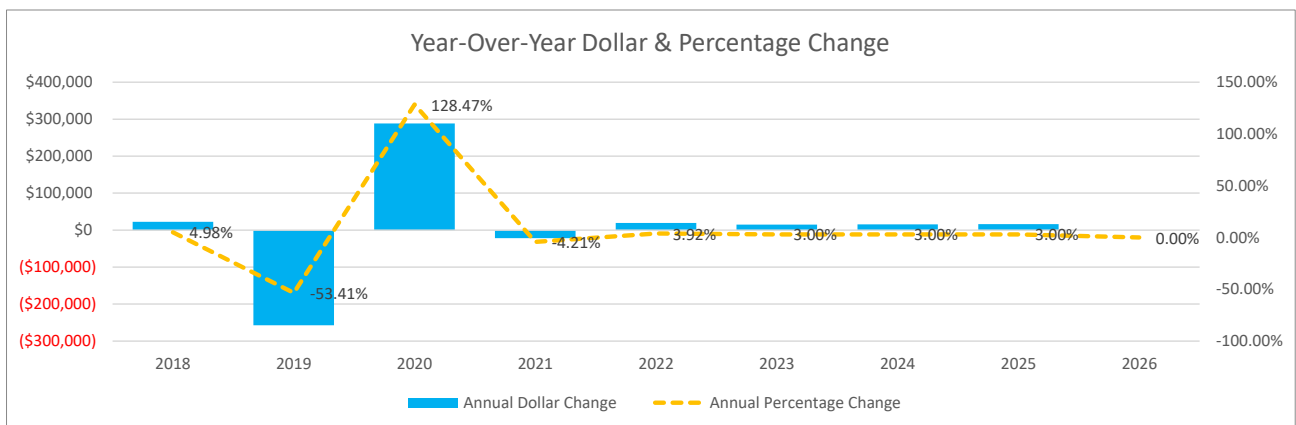
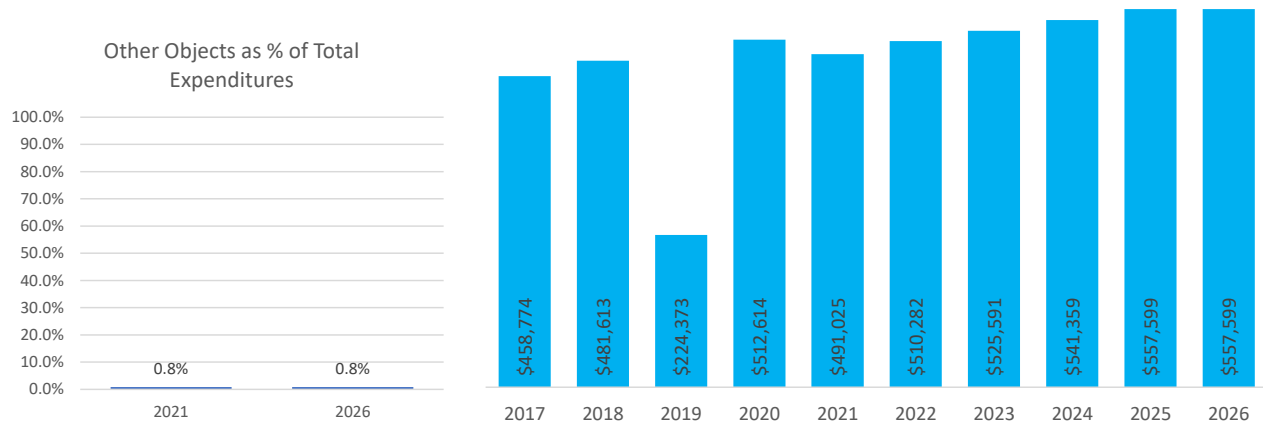


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.



4.300 - Other Objects

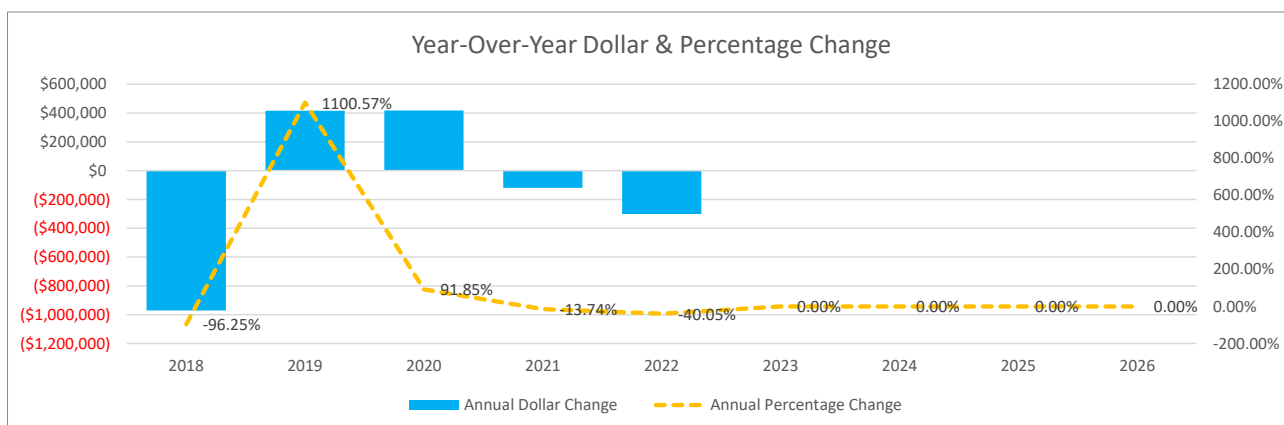
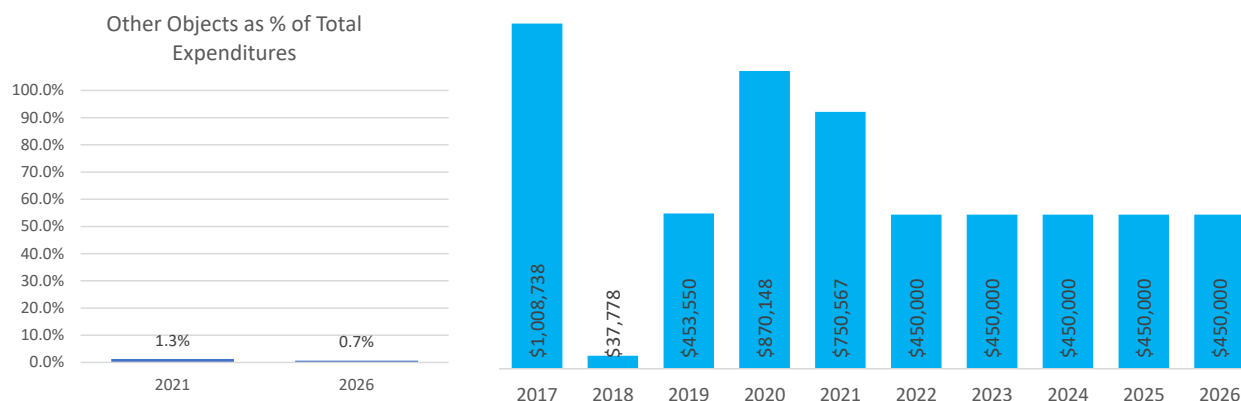
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 0.83% of total expenditures and increased at a historical average annual rate of 0.77%. This category of expenditure is projected to grow at an annual average rate of 2.47% through FY 2026. The projected average annual rate of change is 1.71% more than the five year historical annual average.

5.040 - Total Other Financing Uses

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



	2021	2022	2023	FORECASTED		
				2024	2025	2026
Transfers Out	-	-	-	-	-	-
Advances Out	562,446	450,000	450,000	450,000	450,000	450,000
Other Financing Uses	188,120	-	-	-	-	-

Other uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2021 the district had advances-out and has advances-out forecasted through FY 2026. The district can also move general funds permanently to other funds and as the schedule above presents, the district has no transfers forecasted through FY 2026. The table above presents the district's planned advances and transfers. The district can also have other uses of funds which is reflected in the table above.

Lebanon City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2021	2022	2023	2024	2025	2026
Revenue:						
1.010 - General Property Tax (Real Estate)	28,906,295	31,109,448	32,981,986	28,896,427	25,481,992	26,332,508
1.020 - Public Utility Personal Property	3,536,370	3,298,176	3,394,844	3,267,766	3,102,905	3,171,575
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	21,196,255	18,496,727	18,618,845	18,706,414	19,054,782	19,300,913
1.040 - Restricted Grants-in-Aid	495,399	1,432,503	1,362,600	1,305,405	1,157,095	1,088,583
1.050 - Property Tax Allocation	3,252,694	3,507,244	3,768,686	3,548,029	3,415,966	3,531,891
1.060 - All Other Operating Revenues	1,756,269	1,616,004	1,602,330	1,602,330	1,602,330	1,602,330
1.070 - Total Revenue	59,143,282	59,460,102	61,729,291	57,326,371	53,815,070	55,027,800
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	869,273	562,446	450,000	450,000	450,000	450,000
2.060 - All Other Financing Sources	372,935	372,935	372,935	372,935	372,935	372,935
2.070 - Total Other Financing Sources	1,242,208	935,381	822,935	822,935	822,935	822,935
2.080 - Total Rev & Other Sources	60,385,489	60,395,483	62,552,226	58,149,306	54,638,005	55,850,735
Expenditures:						
3.010 - Personnel Services	33,204,959	34,275,400	35,278,115	36,209,194	37,151,723	38,120,616
3.020 - Employee Benefits	12,117,064	13,362,718	13,902,222	14,823,993	15,823,211	17,214,138
3.030 - Purchased Services	9,777,000	6,666,065	6,964,889	7,277,868	7,605,698	7,680,213
3.040 - Supplies and Materials	1,598,421	1,640,337	1,705,951	1,774,189	1,845,157	1,845,157
3.050 - Capital Outlay	143,472	119,314	122,893	126,580	130,377	130,377
Intergovernmental & Debt Service	827,231	795,137	795,137	795,137	795,137	795,137
4.300 - Other Objects	491,025	510,282	525,591	541,359	557,599	557,599
4.500 - Total Expenditures	58,159,172	57,369,253	59,294,797	61,548,319	63,908,902	66,343,236
Other Financing Uses						
5.010 - Operating Transfers-Out	-	-	-	-	-	-
5.020 - Advances-Out	562,446	450,000	450,000	450,000	450,000	450,000
5.030 - All Other Financing Uses	188,120	-	-	-	-	-
5.040 - Total Other Financing Uses	750,567	450,000	450,000	450,000	450,000	450,000
5.050 - Total Exp and Other Financing Uses	58,909,738	57,819,252	59,744,797	61,998,319	64,358,901	66,793,236
6.010 - Excess of Rev Over/(Under) Exp	1,475,751	2,576,231	2,807,429	(3,849,013)	(9,720,897)	(10,942,501)
7.010 - Cash Balance July 1 (No Levies)	23,272,860	24,748,611	27,324,842	30,132,271	26,283,258	16,562,361
7.020 - Cash Balance June 30 (No Levies)	24,748,611	27,324,842	30,132,271	26,283,258	16,562,361	5,619,860
		Reservations				
8.010 - Estimated Encumbrances June 30	1,821,159	850,000	850,000	850,000	850,000	850,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	22,927,452	26,474,842	29,282,271	25,433,258	15,712,361	4,769,860
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	4,835,810	9,671,603	9,671,582
11.030 - Cumulative Balance of Levies	-	-	-	4,835,810	14,507,413	24,178,995
12.010 - Fund Bal June 30 for Cert of Obligations	22,927,452	26,474,842	29,282,271	30,269,068	30,219,774	28,948,855
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	22,927,452	26,474,842	29,282,271	30,269,068	30,219,774	28,948,855

