

Lebanon City School District

# Five Year Forecast Financial Report

November, 2024

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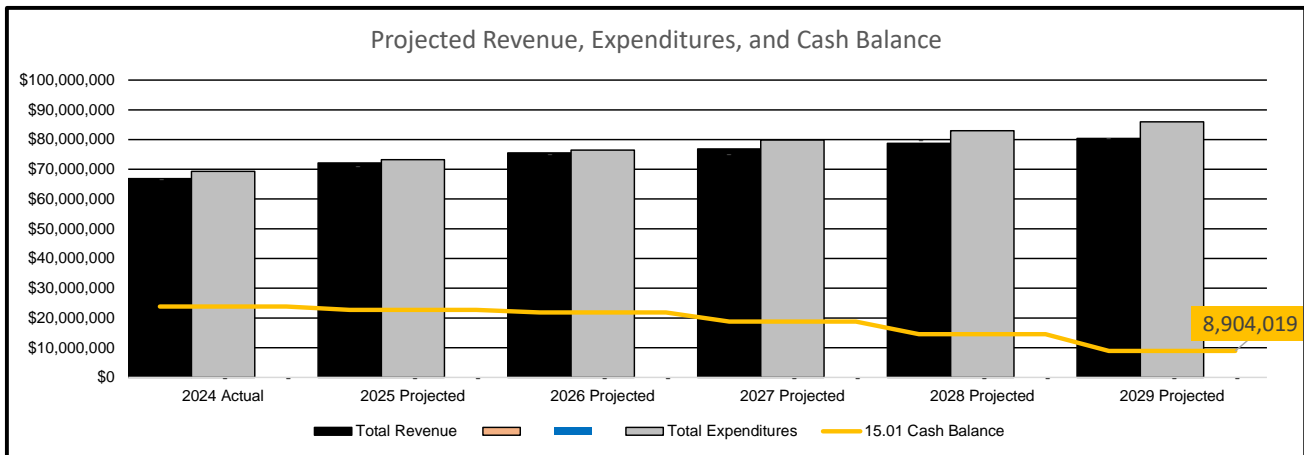
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### Forecast Purpose/Objectives

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.

**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.



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

Financial Forecast	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	23,839,590	22,744,202	21,817,682	18,785,567	14,510,651
+ Revenue	72,109,083	75,539,192	76,827,196	78,707,214	80,350,926
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(73,204,471)	(76,465,712)	(79,859,311)	(82,982,130)	(85,957,558)
= Revenue Surplus or Deficit	(1,095,388)	(926,520)	(3,032,115)	(4,274,915)	(5,606,632)
Line 7.020 Ending Balance with renewal/new levies	22,744,202	21,817,682	18,785,567	14,510,651	8,904,019

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(1,095,388)	(926,520)	(3,032,115)	(4,274,915)	(5,606,632)
Ending Balance w/o Levies	22,744,202	21,817,682	18,785,567	14,510,651	8,904,019

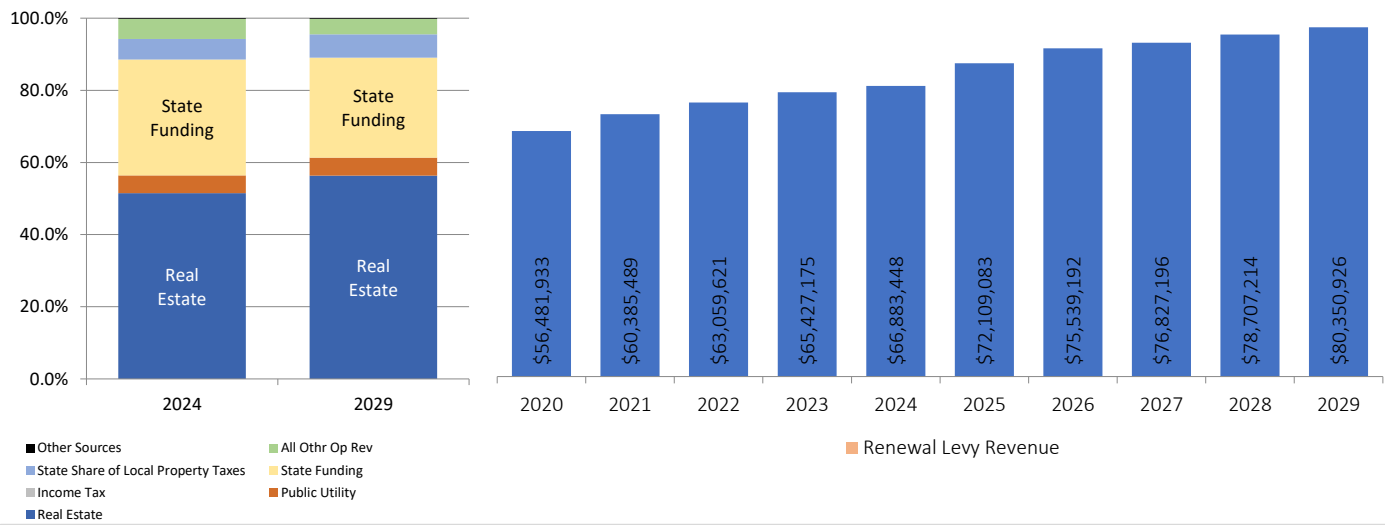
In FY 2025 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$1,095,388 in FY 2025. By the last year of the forecast, FY 2029, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$5,606,632. The district would need to cut its FY 2029 projected expenses by 6.52% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2025 and is projected to worsen by FY 2029. A worsening cash balance can erode the district's financial stability over time.

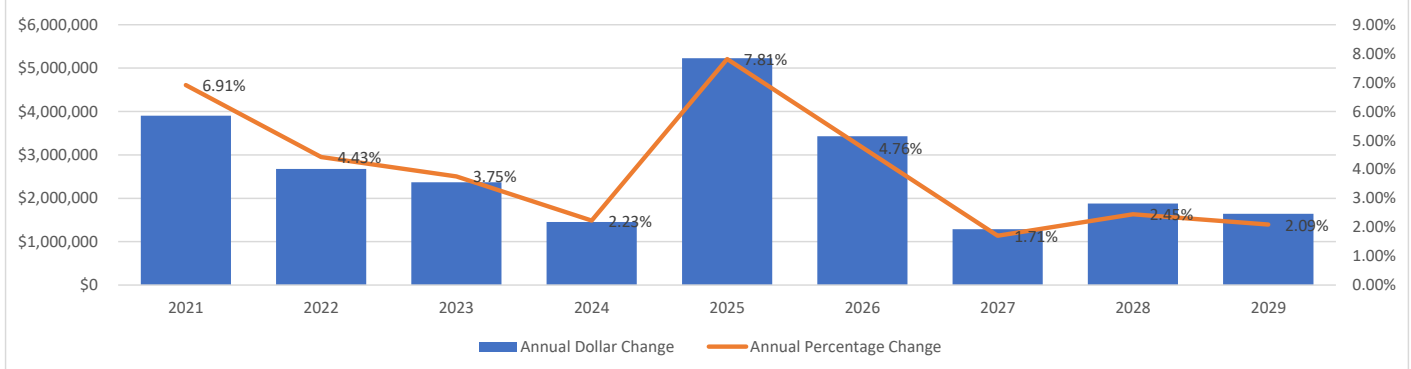
Ohio adopted the Fair School Funding Plan (FSFP) in FY 2022. The plan was continued with increasing phase-in of the formula results. In FY 2024 the per pupil base cost calculations were updated from FY 2018 cost data to FY 2022. For Lebanon City School District the calculated Base Cost total is \$40,421,281 in FY 2024. The state's share of the calculated Base Cost total is \$7,832,143 or \$1,650 per pupil.

## Revenue Sources and Forecast Year-Over-Year Projected Overview

### Sources of Revenue Over Time



### Year-Over-Year Dollar & Percentage Change



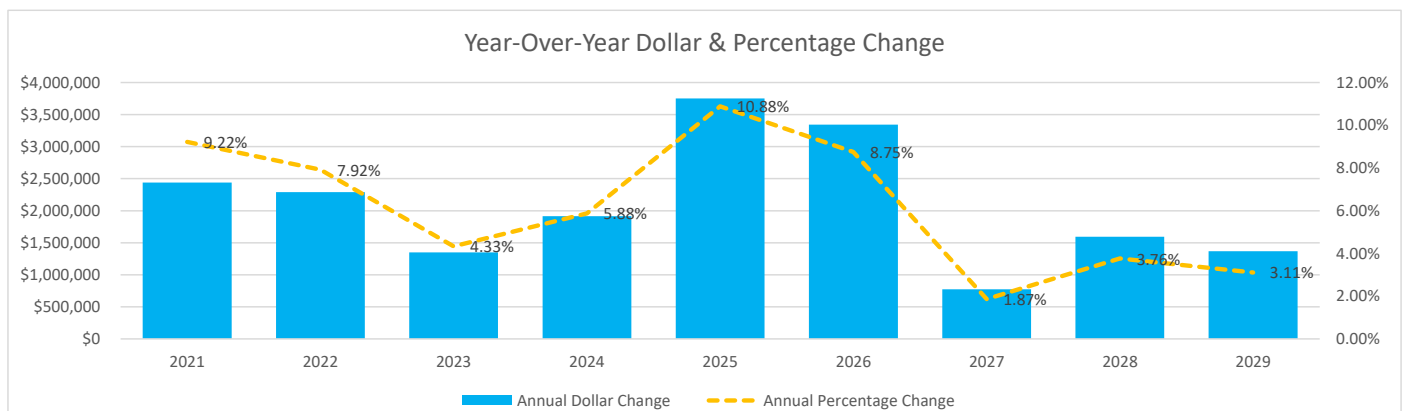
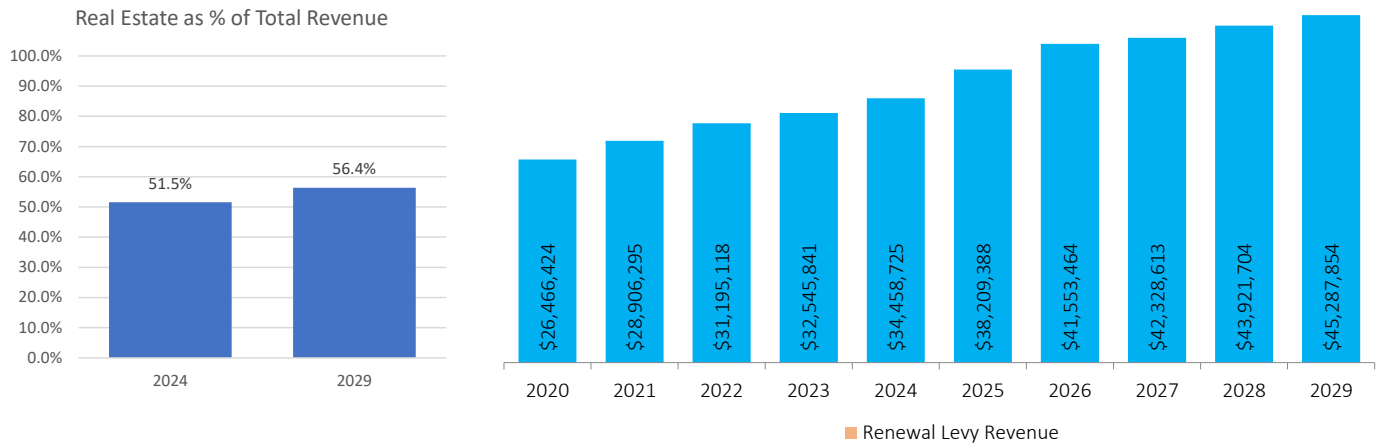
4-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 4.81% or \$2,790,955 annually during the past 4-Year period and is projected to increase 3.76% or \$2,693,496 annually through FY2029. All Othr Op Rev has the most projected average annual variance compared to the historical average at - \$472,014
Real Estate	2,385,707	2,165,826	(\$219,881)	
Public Utility	\$96,113	\$145,719	\$49,607	
Income Tax	\$0	\$0	\$0	
State Funding	(\$94,994)	156,767	\$251,761	
Prop Tax Alloc	\$140,962	\$284,248	\$143,286	
All Othr Op Rev	\$408,302	(\$63,712)	(\$472,014)	
Other Sources	(\$145,134)	\$4,647	\$149,782	
<b>Total Average Annual Change</b>	<b>2,790,955</b> 4.81%	<b>2,693,496</b> 3.76%	<b>(\$97,459)</b> -1.04%	

Note: Expenditure average annual change is projected to be > \$3,338,652 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).



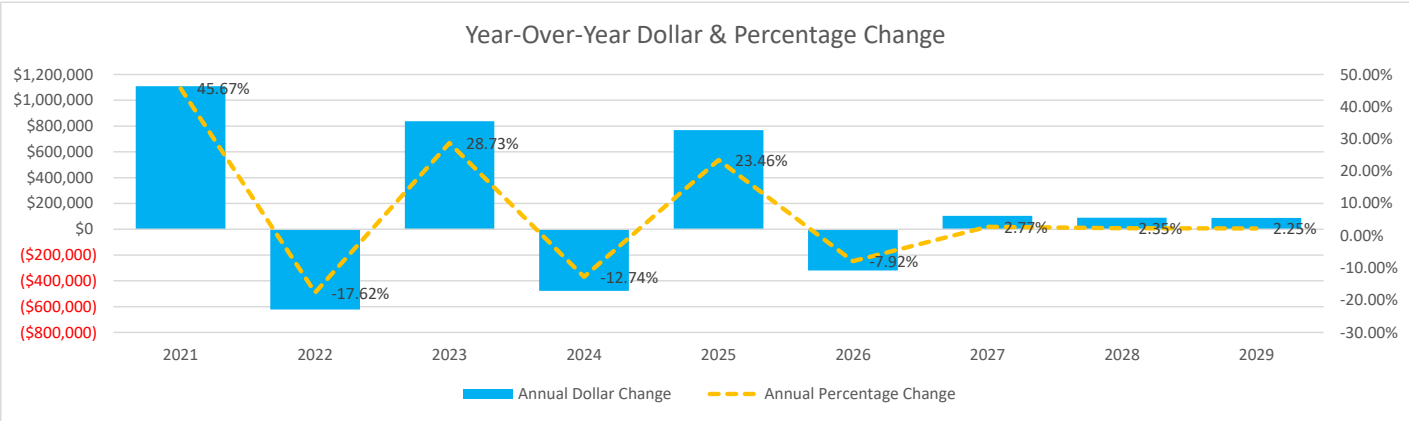
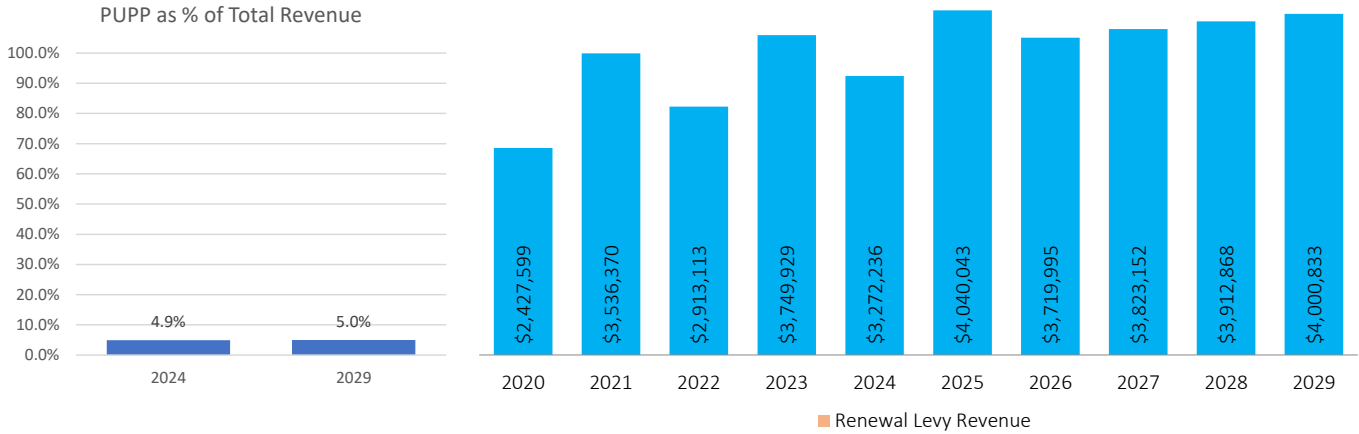
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2023	1,299,034,510	58,845,470	29.44	-	29.80	-	101.3%
2024	1,656,184,510	357,150,000	27.68	(1.76)	27.68	(2.12)	100.0%
2025	1,690,984,510	34,800,000	27.65	(0.03)	27.65	(0.03)	100.0%
2026	1,722,784,510	31,800,000	27.61	(0.03)	27.61	(0.03)	100.0%
2027	1,845,934,510	123,150,000	27.20	(0.41)	27.20	(0.41)	100.0%
2028	1,868,234,510	22,300,000	27.18	(0.02)	27.18	(0.02)	100.0%

Real estate property tax revenue accounts for 51.52% of total revenue. Class I or residential/agricultural taxes make up approximately 85.75% of the real estate property tax revenue. The Class I tax rate is 27.68 mills in tax year 2024. The projections reflect an average gross collection rate of 100.0% annually through tax year 2028. The revenue changed at an average annual historical rate of 8.96% and is projected to change at an average annual rate of 5.68% through FY 2029.

\*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.



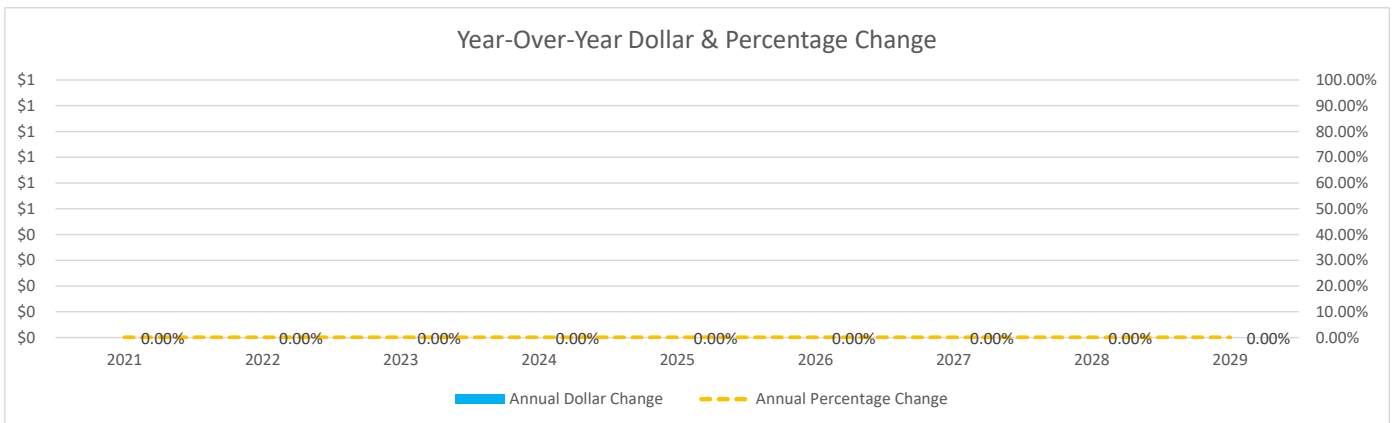
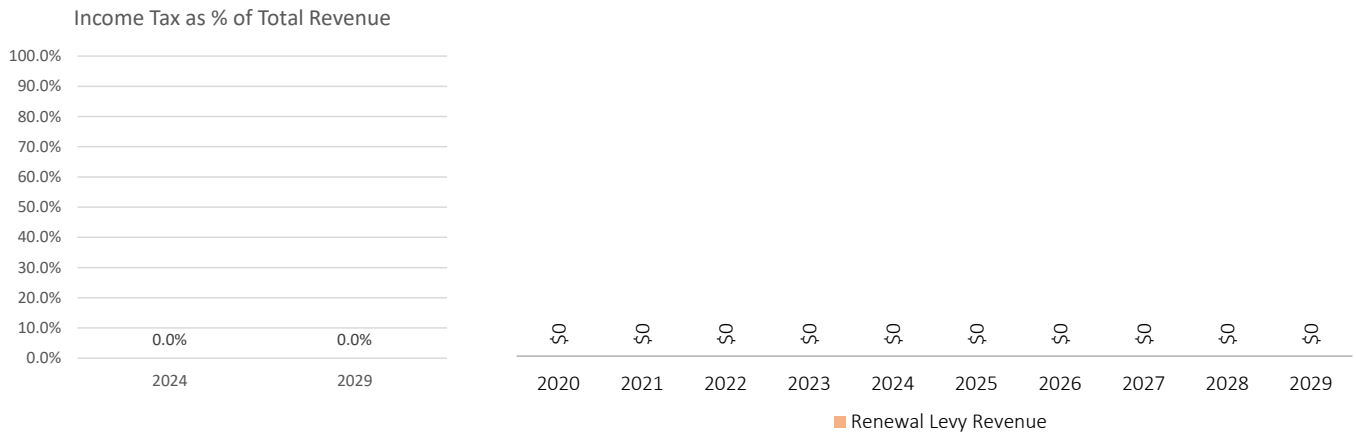
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2023	71,550,390	4,418,170	54.55	(0.20)	90.1%
2024	69,550,390	(2,000,000)	52.79	(1.76)	111.9%
2025	71,550,390	2,000,000	52.76	(0.03)	100.0%
2026	73,550,390	2,000,000	52.72	(0.03)	100.0%
2027	75,550,390	2,000,000	52.31	(0.41)	100.0%
2028	77,550,390	2,000,000	52.29	(0.02)	100.0%

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 4.89% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2024 is 52.79 mills. The forecast is modeling an average gross collection rate of 102.38%. The revenue changed historically at an average annual dollar amount of \$96,113 and is projected to change at an average annual dollar amount of \$145,719 through FY 2029.

\*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.

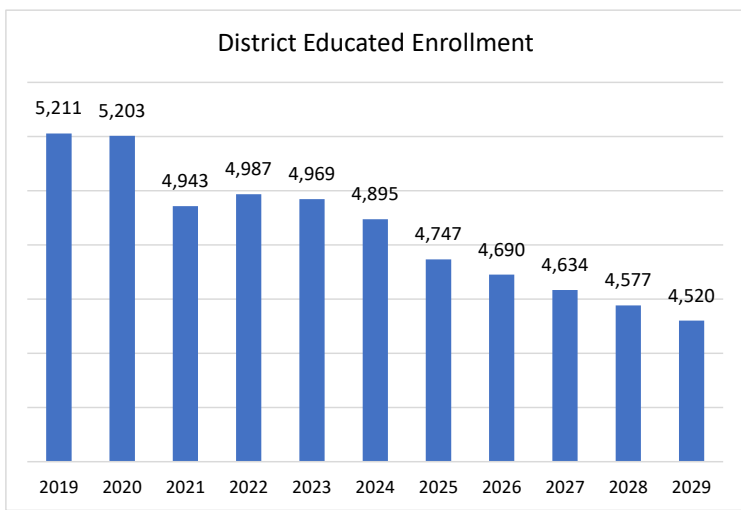
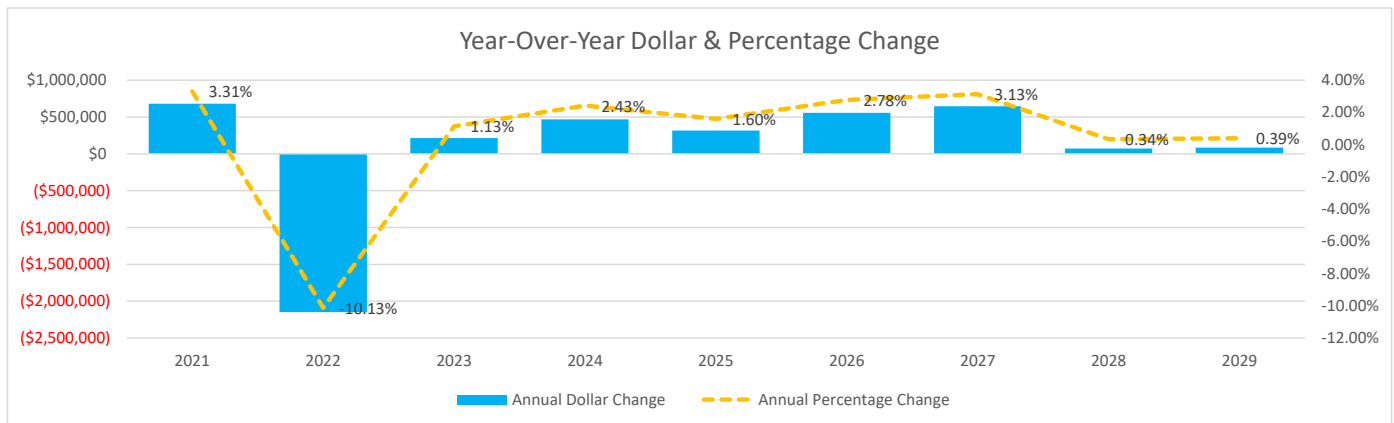
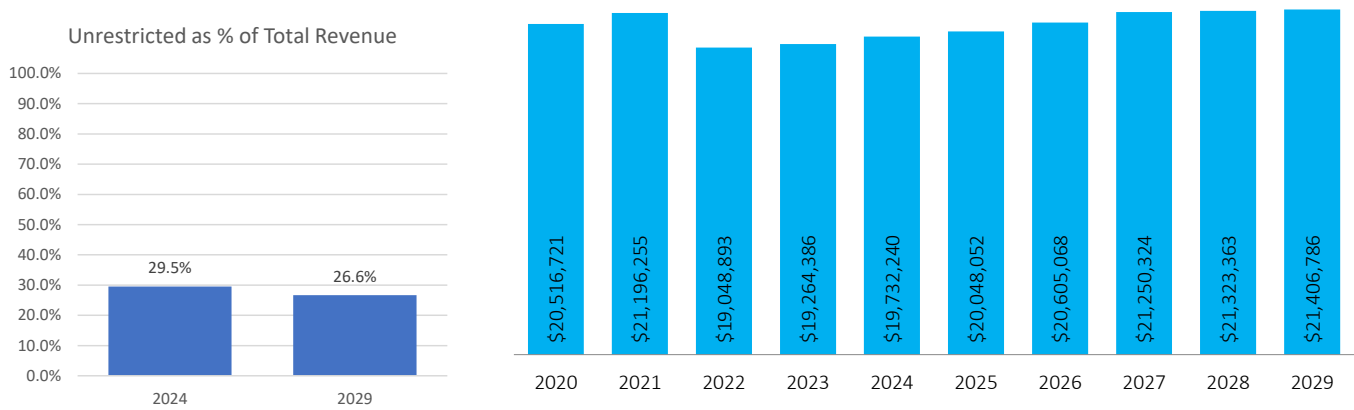


The district does not have an income tax levy.

*\*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.

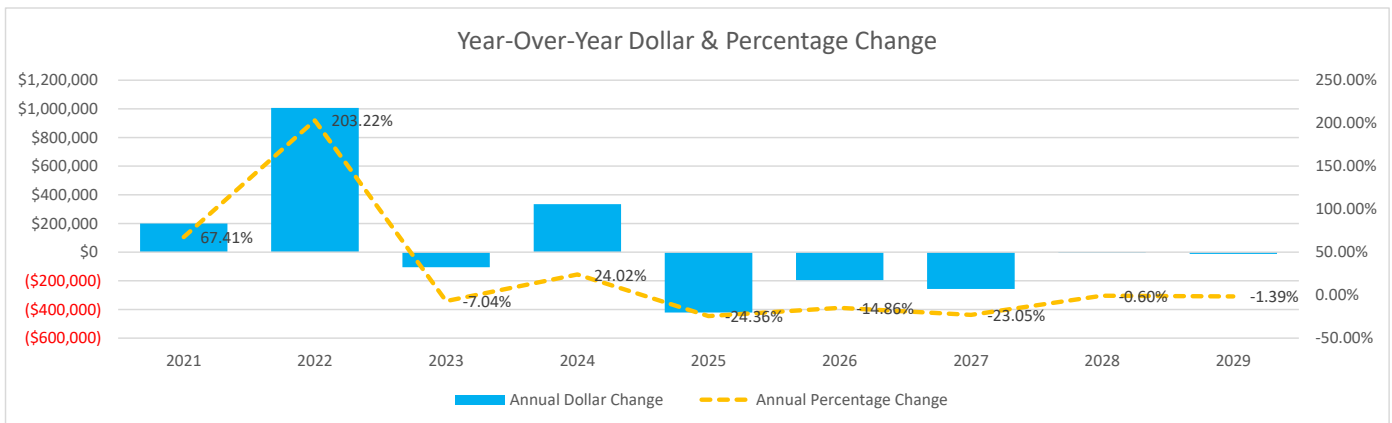
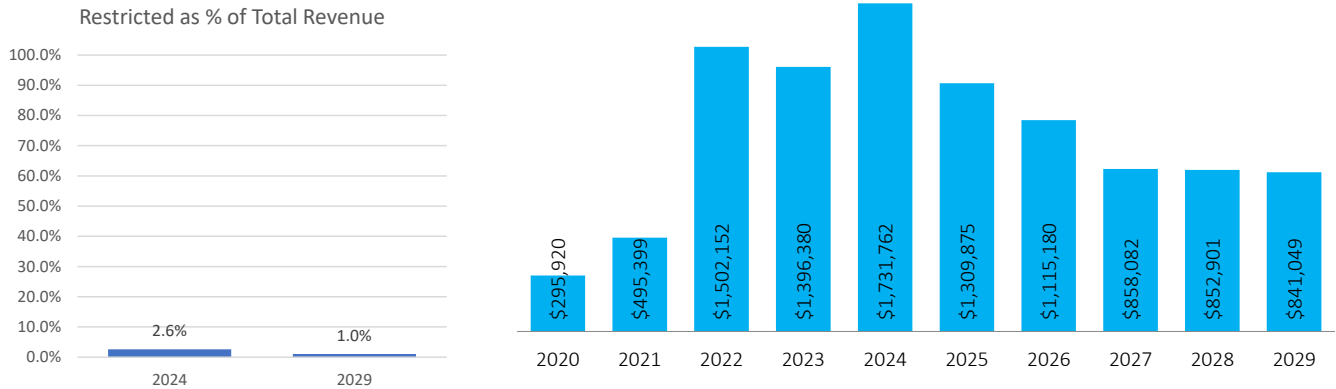
For Lebanon City School District the calculated Base Cost total is \$40,421,281 in FY 2024. The state's share of the calculated Base Cost total is \$7,832,143 or \$1,650 per pupil.

The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts.



### 1.040 & 1.045 - Restricted Grants-in-Aid

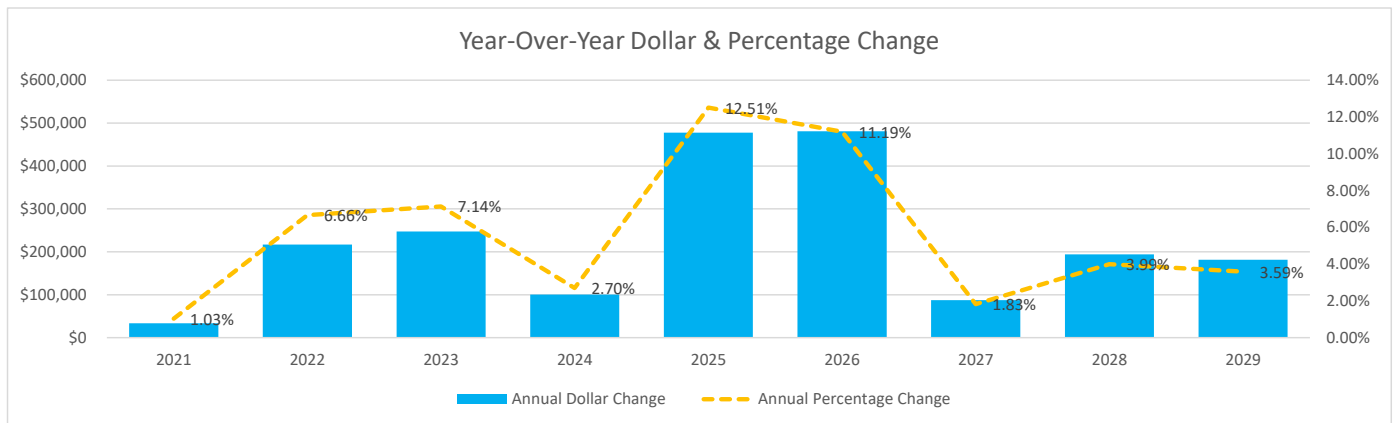
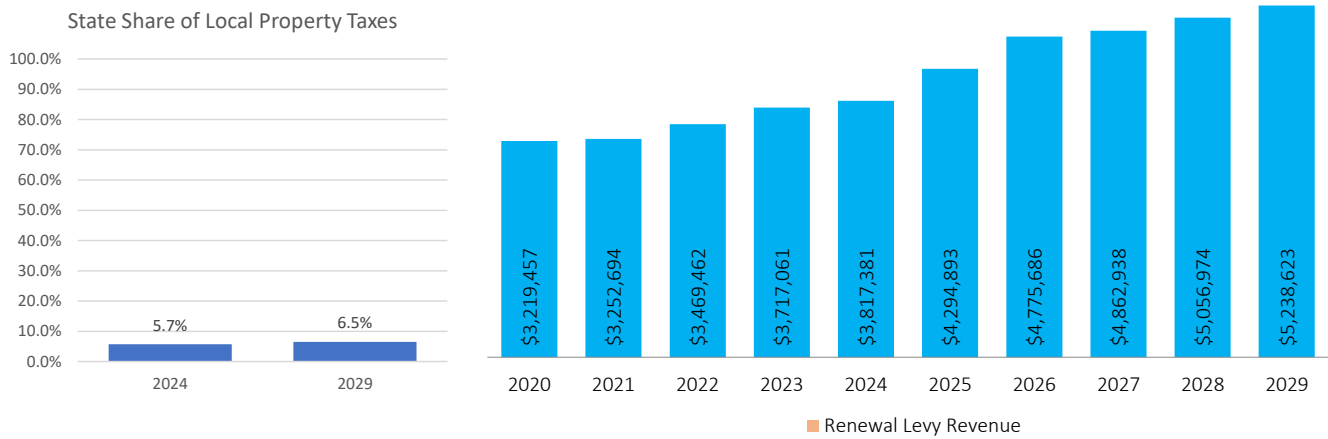
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$412,121 and is projected to change annually on average by -\$178,143. Restricted funds represent 2.59% 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 \$478,339. 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 - State Share of Local Property Taxes

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

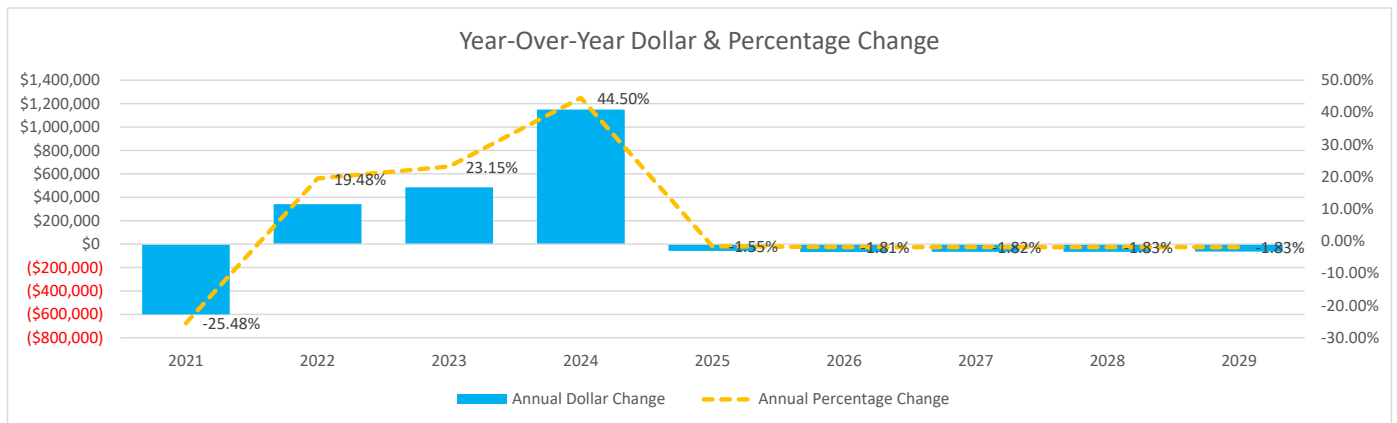
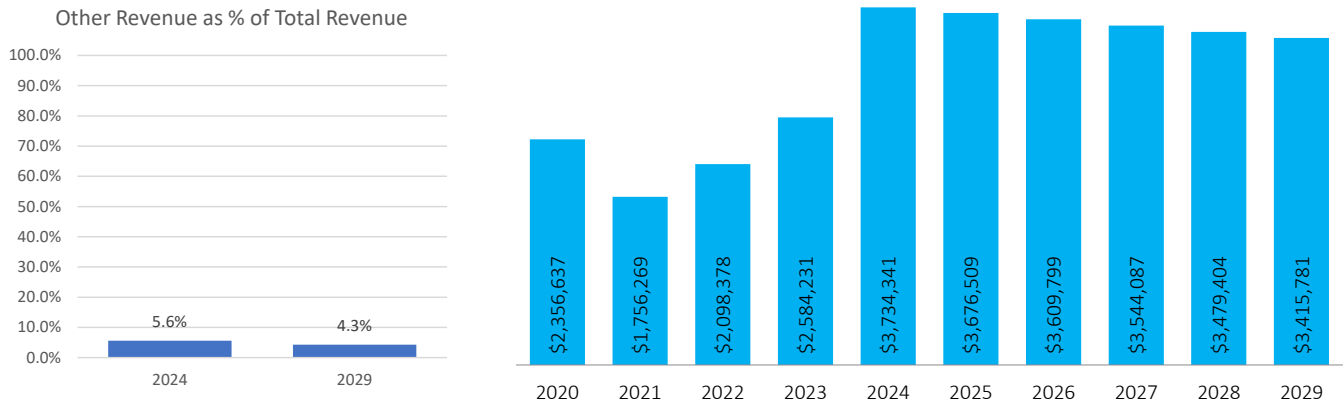


State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2025, approximately 10.4% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.1% will be reimbursed in the form of qualifying homestead exemption credits.

*\*Projected % trends include renewal levies*

### 1.060 - All Other Operating Revenues

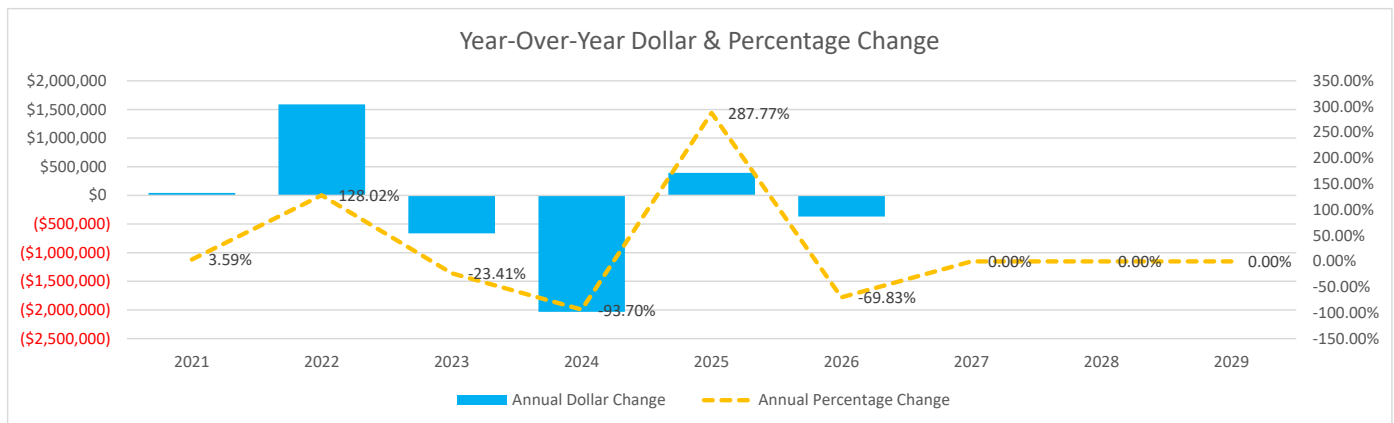
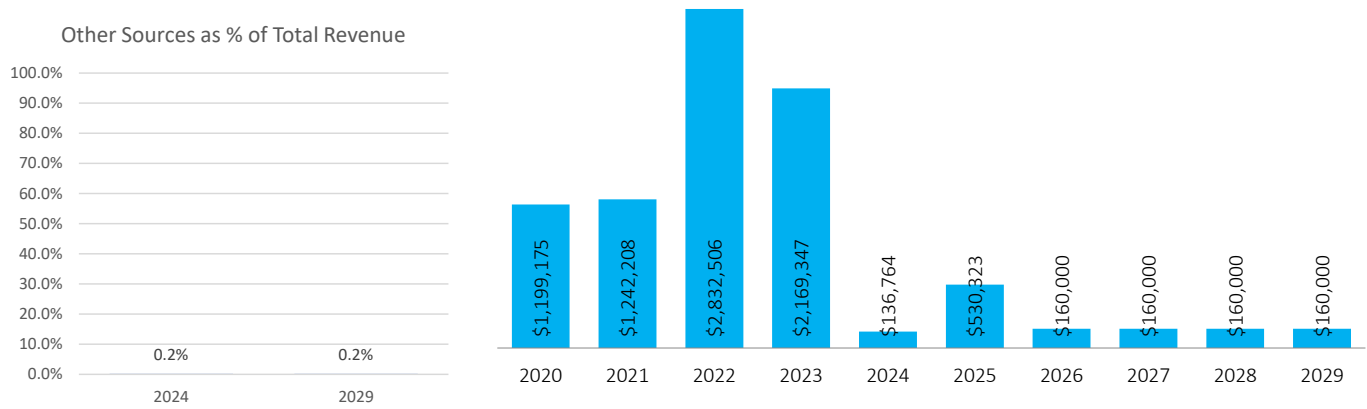
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$408,302. The projected average annual change is -\$63,712 through FY 2029.

## 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.

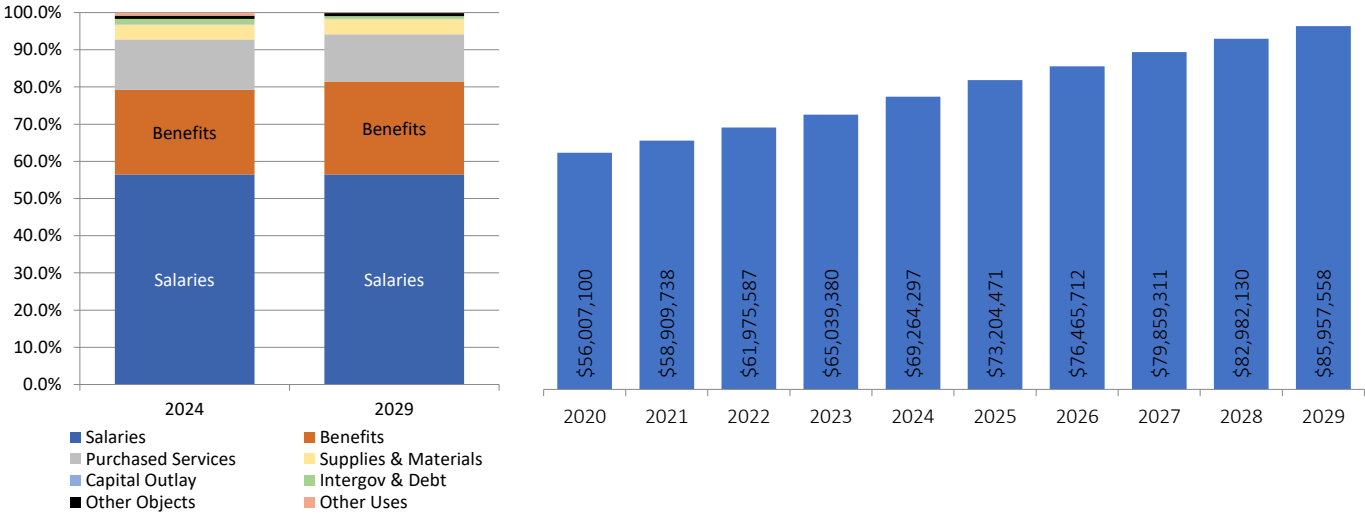


	2024	FORECASTED				
		2025	2026	2027	2028	2029
Transfers In	-	-	-	-	-	-
Advances In	106,098	500,323	130,000	130,000	130,000	130,000
All Other Financing Sources	30,666	30,000	30,000	30,000	30,000	30,000

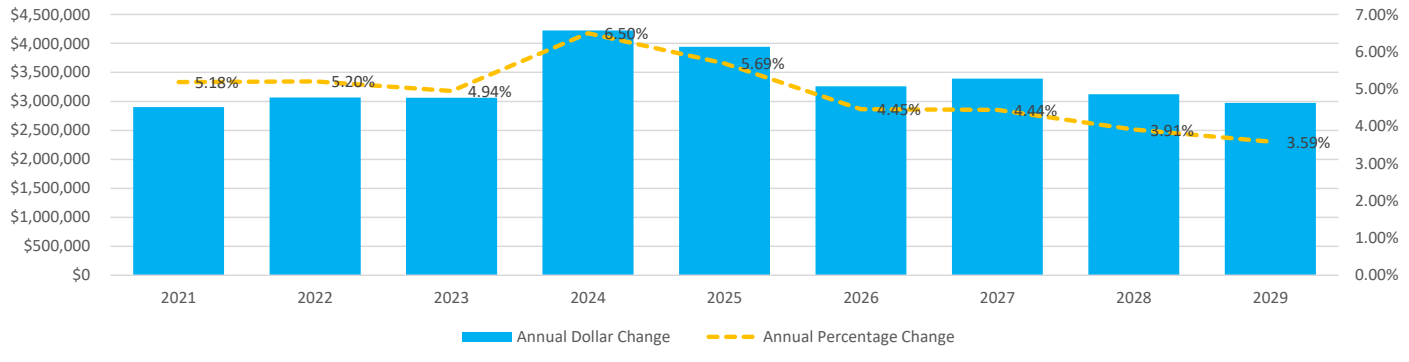
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2024 the district received \$106,098 as advances-in and is projecting advances of \$500,323 in FY 2025. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$30,000 in FY 2025 and average \$30,000 annually through FY 2029.

### Expenditure Categories and Forecast Year-Over-Year Projected Overview

**Expenditure Categories Over Time**



**Year-Over-Year Dollar & Percentage Change**



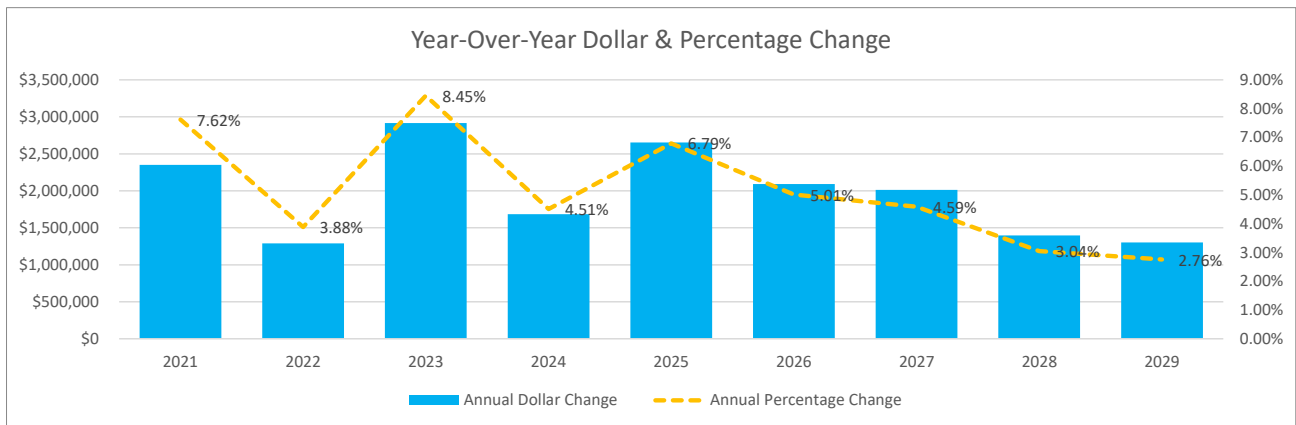
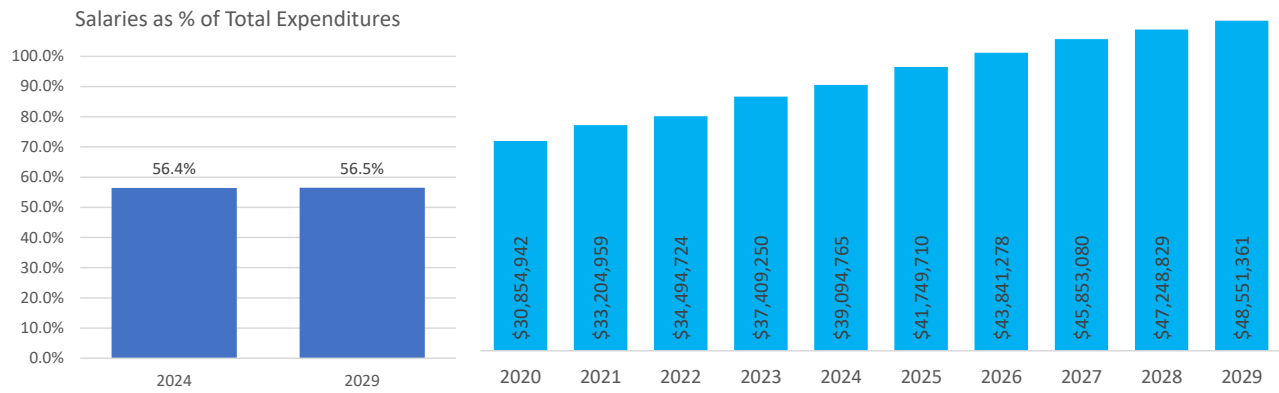
4-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 5.25% or \$3,123,954 annually during the past 4-Year period and is projected to increase 4.82% or \$3,338,652 annually through FY2029. Benefits has the largest projected average annual variance compared to the historical average at \$402,097.
Salaries	1,549,174	1,891,319	\$342,146	
Benefits	\$738,264	\$1,140,361	\$402,097	
Purchased Services	\$409,674	\$297,715	(\$111,959)	
Supplies & Materials	\$243,800	\$151,410	(\$92,391)	
Capital Outlay	(\$13,632)	\$9,077	\$22,709	
Intergov & Debt	\$195,622	(\$79,603)	(\$275,225)	
Other Objects	\$73,956	\$17,607	(\$56,349)	
Other Uses	\$24,523	(\$89,233)	(\$113,756)	
<b>Total Average Annual Change</b>	<b>\$3,123,954</b>	<b>\$3,338,652</b>	<b>\$214,699</b>	
	5.25%	4.82%	-0.43%	

Note: Revenue average annual change is projected to be > \$2,693,496 On an annual average basis, revenues are projected to grow slower than expenditures.

### 3.010 - Personnel Services

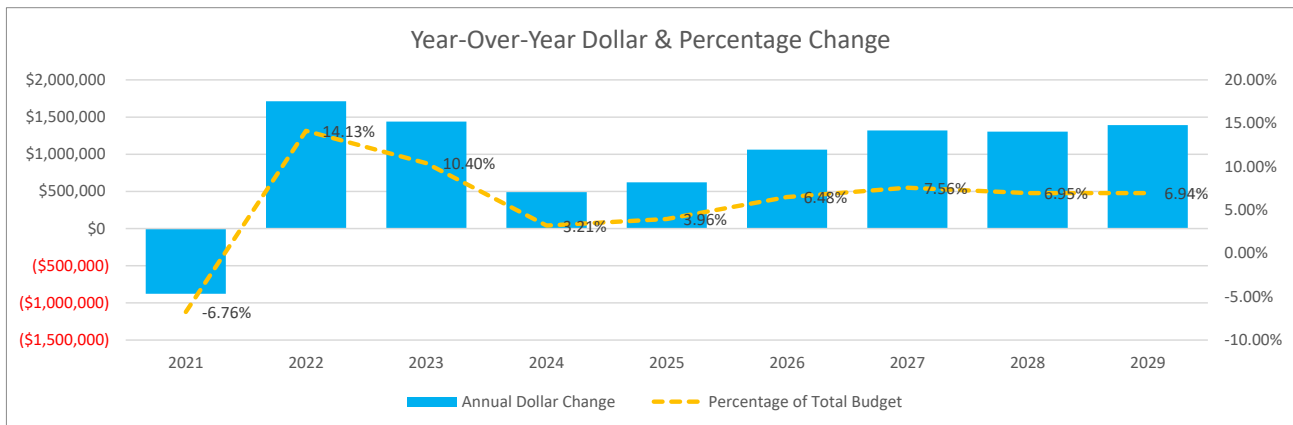
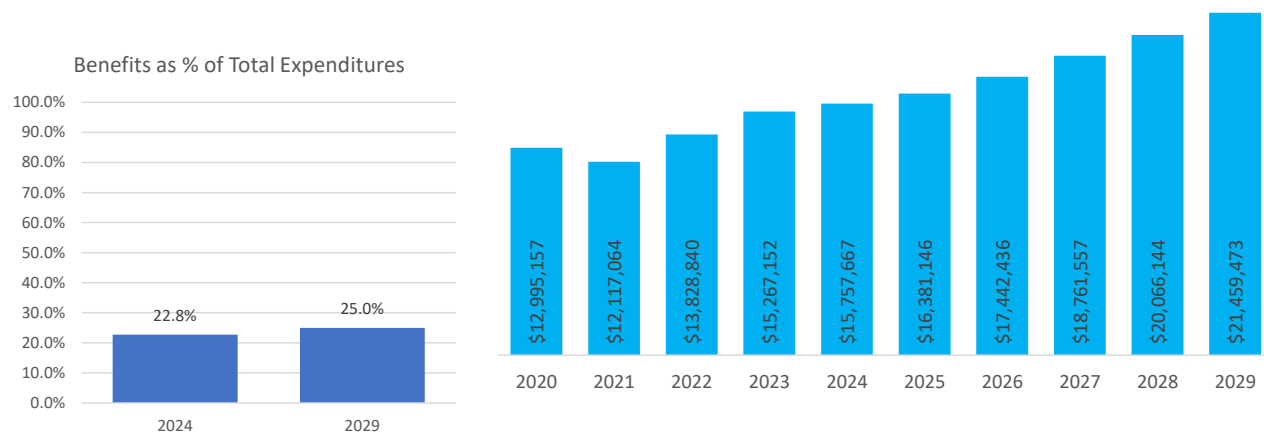
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 56.44% of total expenditures and increased at a historical average annual rate of 4.58% or \$1,549,174. This category of expenditure is projected to grow at an annual average rate of 4.44% or \$1,891,319 through FY 2029. The projected average annual rate of change is -0.14% less than the five year historical annual average.

### 3.020 - Employees' Benefits

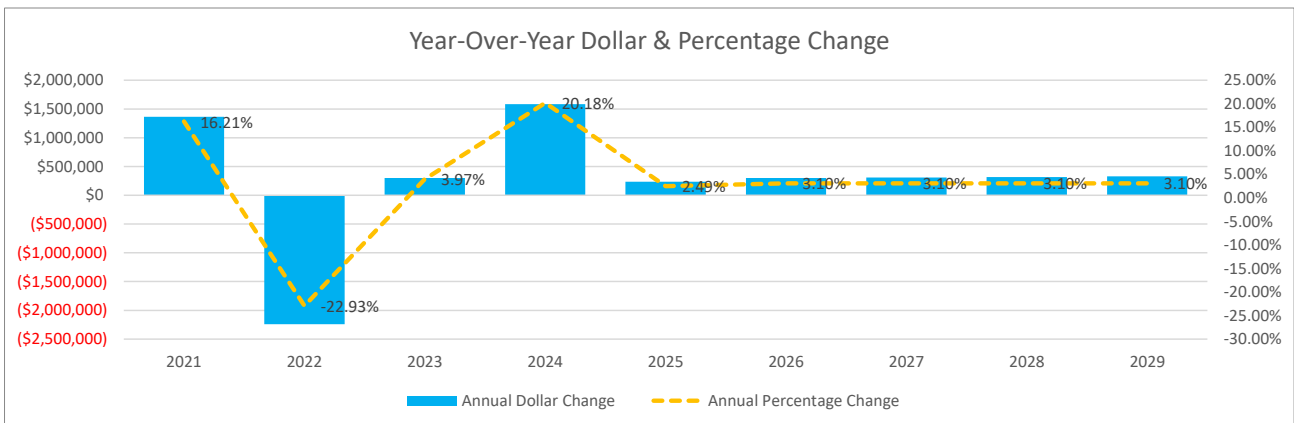
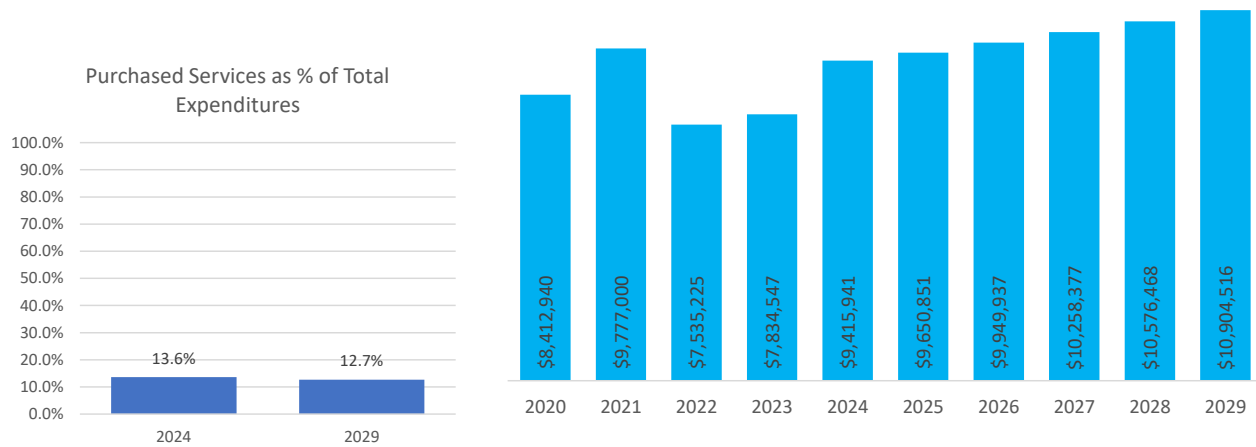
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 22.75% of total expenditures and increased at a historical average annual rate of 5.74%. This category of expenditure is projected to grow at an annual average rate of 6.38% through FY 2029. The projected average annual rate of change is 0.64% 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.

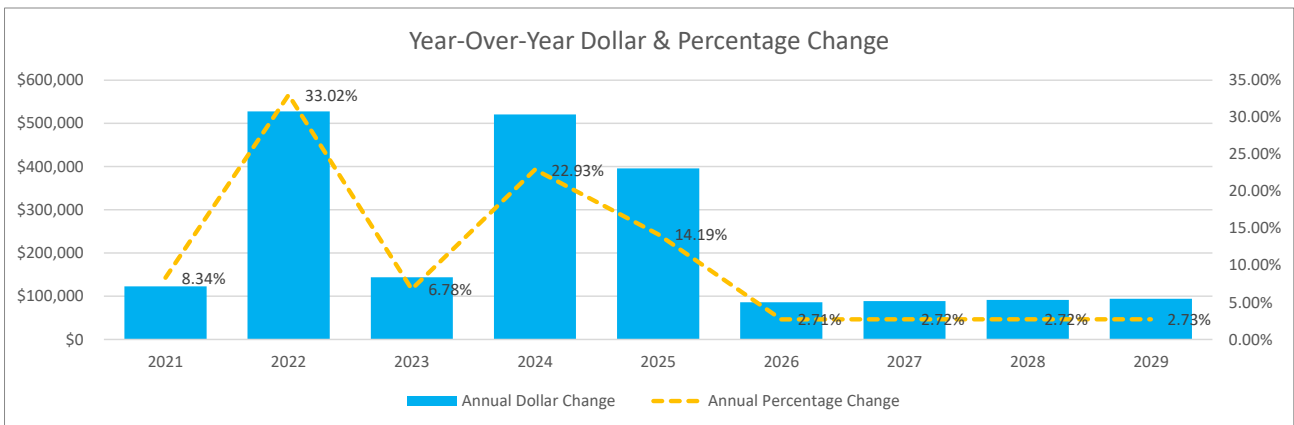
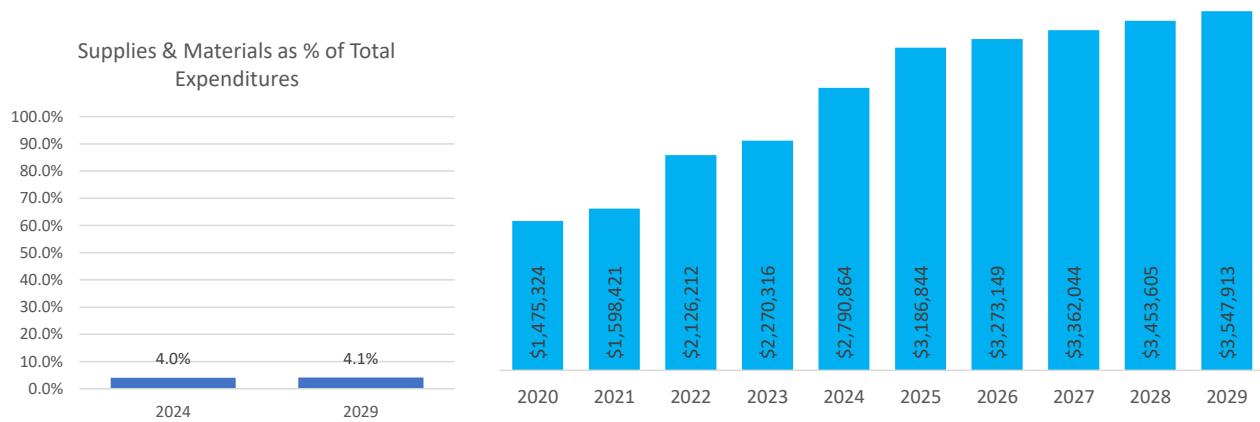


Purchased Services represent 13.59% of total expenditures and increased at a historical average annual rate of 6.33%. This category of expenditure is projected to grow at an annual average rate of 2.98% through FY 2029. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This change resulted in lower district cost but also less per pupil state revenue since per pupil funding was paid directly by the state to the attending school.



### 3.040 - Supplies & Materials

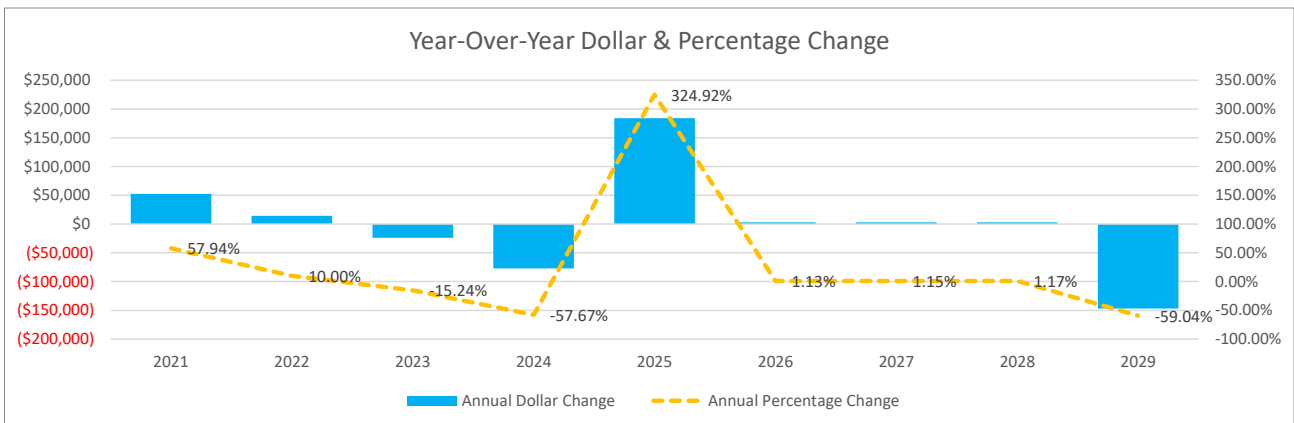
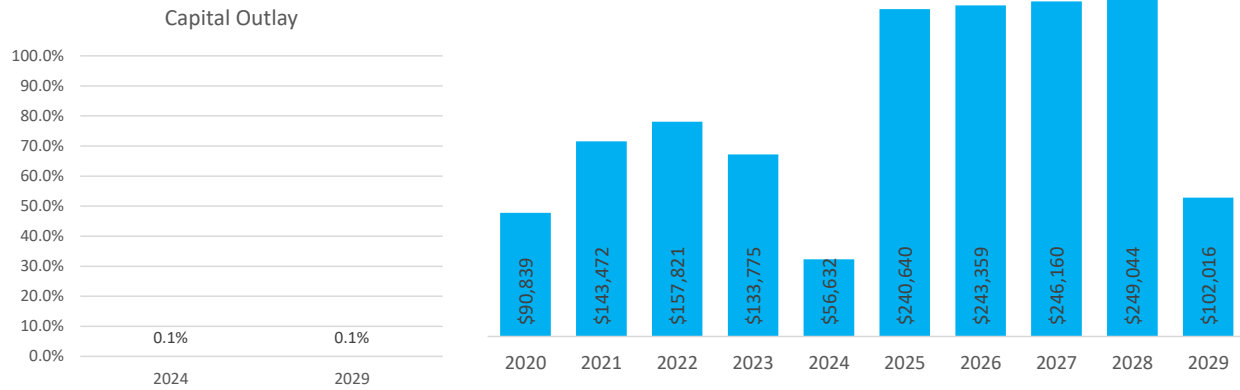
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 4.03% of total expenditures and increased at a historical average annual rate of 12.99%. This category of expenditure is projected to grow at an annual average rate of 5.01% through FY 2029. The projected average annual rate of change is -7.97% less than the five year historical annual average.

### 3.050 - Capital Outlay

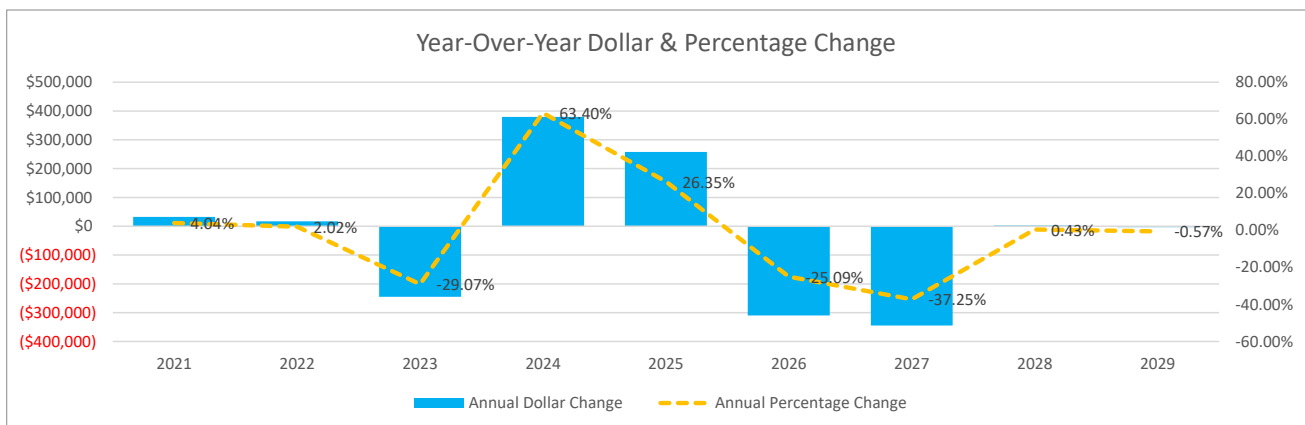
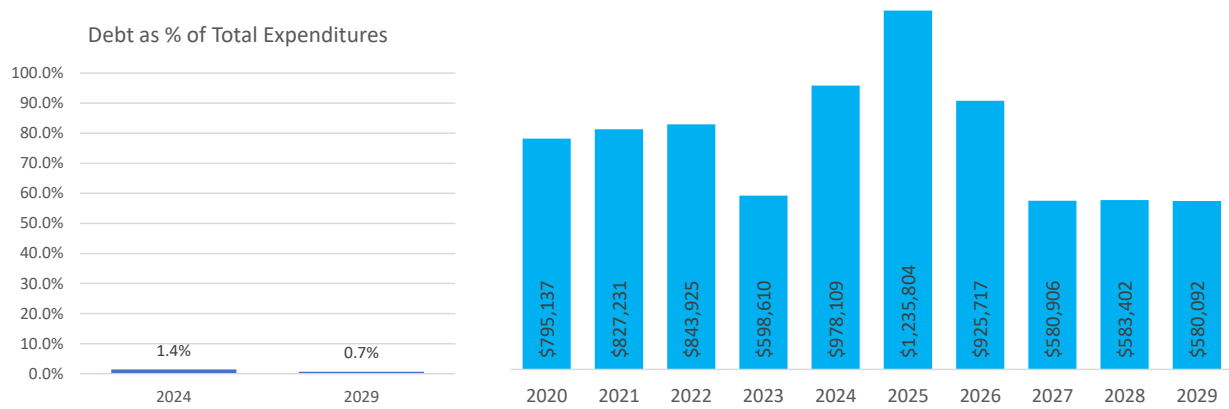
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.08% of total expenditures and decreased at a historical average annual amount of -\$13,632. This category of expenditure is projected to grow at an annual average rate of \$9,077 through FY 2029. The projected average annual change is more than the five year historical annual average.

### 3.060-4.060 - Intergovernmental & Debt

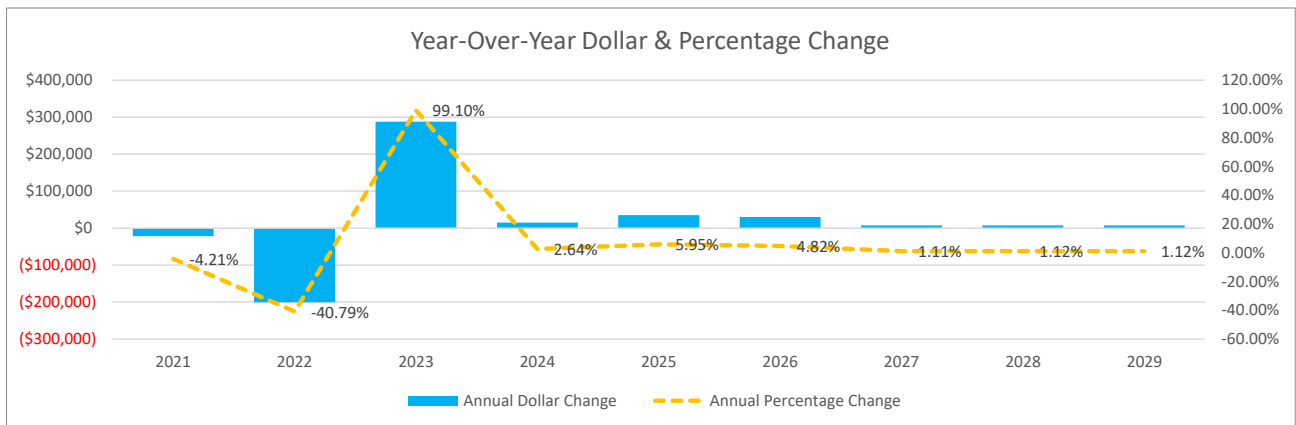
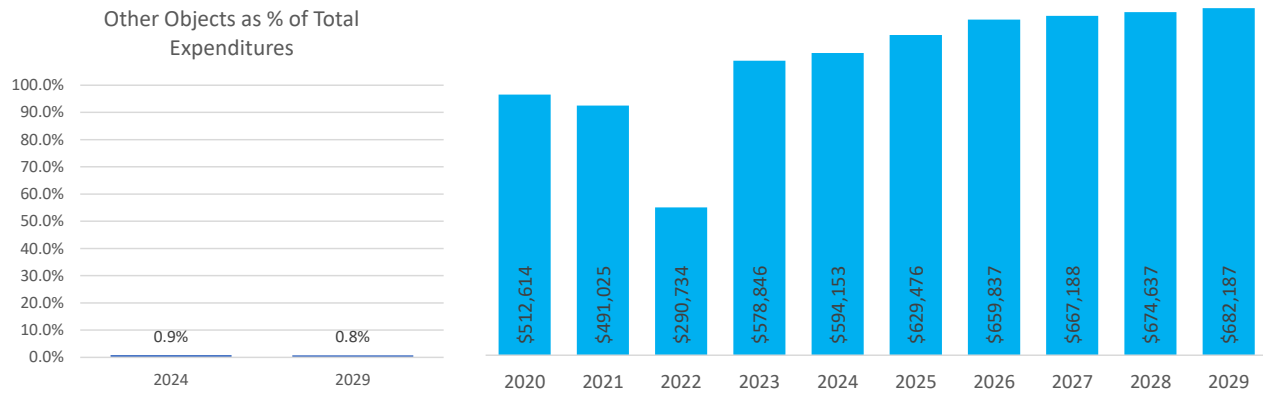
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

### 4.300 - Other Objects

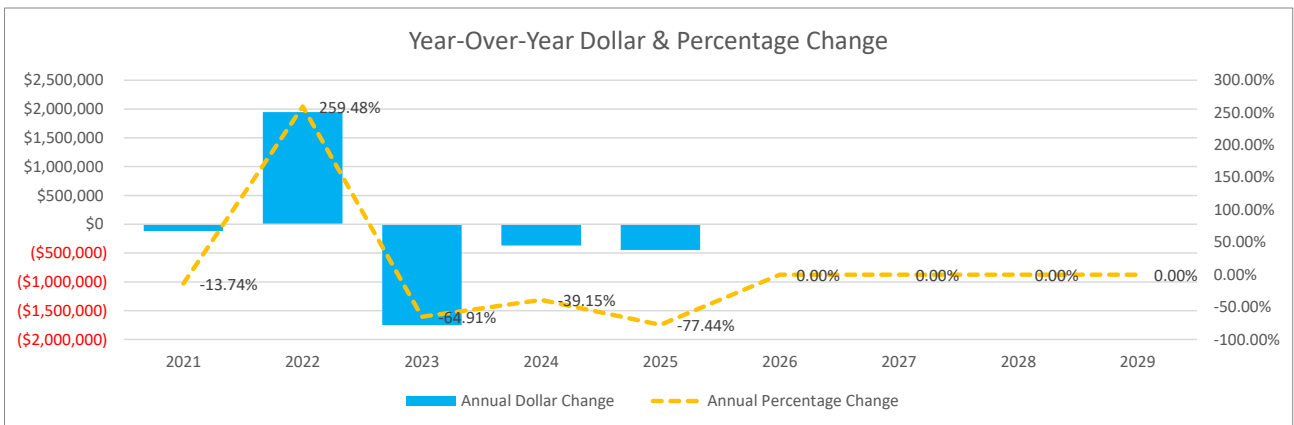
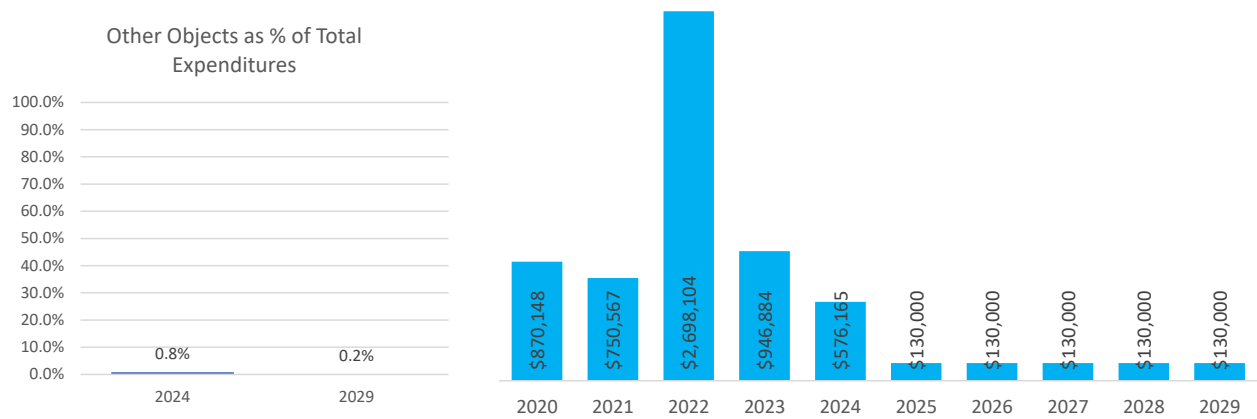
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 0.86% of total expenditures and increased at a historical average annual rate of 37.04%. This category of expenditure is projected to grow at an annual average rate of 2.82% through FY 2029. The projected average annual rate of change is -34.22% less 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.



	2024	2025	2026	FORECASTED		
				2027	2028	2029
Transfers Out	75,842	-	-	-	-	-
Advances Out	500,323	130,000	130,000	130,000	130,000	130,000
Other Financing Uses	-	-	-	-	-	-

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 2024 the district had advances-out and has advances-out forecasted through FY 2029. 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 2029. 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				
	2024	2025	2026	2027	2028	2029
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	34,458,725	38,209,388	41,553,464	42,328,613	43,921,704	45,287,854
1.020 - Public Utility Personal Property	3,272,236	4,040,043	3,719,995	3,823,152	3,912,868	4,000,833
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	19,732,240	20,048,052	20,605,068	21,250,324	21,323,363	21,406,786
1.040 - Restricted Grants-in-Aid	1,731,762	1,309,875	1,115,180	858,082	852,901	841,049
1.050 - State Share-Local Property Taxes	3,817,381	4,294,893	4,775,686	4,862,938	5,056,974	5,238,623
1.060 - All Other Operating Revenues	3,734,341	3,676,509	3,609,799	3,544,087	3,479,404	3,415,781
<b>1.070 - Total Revenue</b>	<b>66,746,684</b>	<b>71,578,760</b>	<b>75,379,192</b>	<b>76,667,196</b>	<b>78,547,214</b>	<b>80,190,926</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	106,098	500,323	130,000	130,000	130,000	130,000
2.060 - All Other Financing Sources	30,666	30,000	30,000	30,000	30,000	30,000
<b>2.070 - Total Other Financing Sources</b>	<b>136,764</b>	<b>530,323</b>	<b>160,000</b>	<b>160,000</b>	<b>160,000</b>	<b>160,000</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>66,883,448</b>	<b>72,109,083</b>	<b>75,539,192</b>	<b>76,827,196</b>	<b>78,707,214</b>	<b>80,350,926</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	39,094,765	41,749,710	43,841,278	45,853,080	47,248,829	48,551,361
3.020 - Employee Benefits	15,757,667	16,381,146	17,442,436	18,761,557	20,066,144	21,459,473
3.030 - Purchased Services	9,415,941	9,650,851	9,949,937	10,258,377	10,576,468	10,904,516
3.040 - Supplies and Materials	2,790,864	3,186,844	3,273,149	3,362,044	3,453,605	3,547,913
3.050 - Capital Outlay	56,632	240,640	243,359	246,160	249,044	102,016
Intergovernmental & Debt Service	978,109	1,235,804	925,717	580,906	583,402	580,092
4.300 - Other Objects	594,153	629,476	659,837	667,188	674,637	682,187
<b>4.500 - Total Expenditures</b>	<b>68,688,132</b>	<b>73,074,471</b>	<b>76,335,712</b>	<b>79,729,311</b>	<b>82,852,130</b>	<b>85,827,558</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	75,842	-	-	-	-	-
5.020 - Advances-Out	500,323	130,000	130,000	130,000	130,000	130,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>576,165</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>69,264,297</b>	<b>73,204,471</b>	<b>76,465,712</b>	<b>79,859,311</b>	<b>82,982,130</b>	<b>85,957,558</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>(2,380,849)</b>	<b>(1,095,388)</b>	<b>(926,520)</b>	<b>(3,032,115)</b>	<b>(4,274,915)</b>	<b>(5,606,632)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>26,220,438</b>	<b>23,839,590</b>	<b>22,744,202</b>	<b>21,817,682</b>	<b>18,785,567</b>	<b>14,510,651</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>23,839,590</b>	<b>22,744,202</b>	<b>21,817,682</b>	<b>18,785,567</b>	<b>14,510,651</b>	<b>8,904,019</b>
		Reservations				
8.010 - Estimated Encumbrances June 30	850,000	850,000	850,000	850,000	850,000	850,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>22,989,590</b>	<b>21,894,202</b>	<b>20,967,682</b>	<b>17,935,567</b>	<b>13,660,651</b>	<b>8,054,019</b>
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>22,989,590</b>	<b>21,894,202</b>	<b>20,967,682</b>	<b>17,935,567</b>	<b>13,660,651</b>	<b>8,054,019</b>
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>22,989,590</b>	<b>21,894,202</b>	<b>20,967,682</b>	<b>17,935,567</b>	<b>13,660,651</b>	<b>8,054,019</b>

