

Lebanon City School District

Five Year Forecast Financial Report

May, 2022

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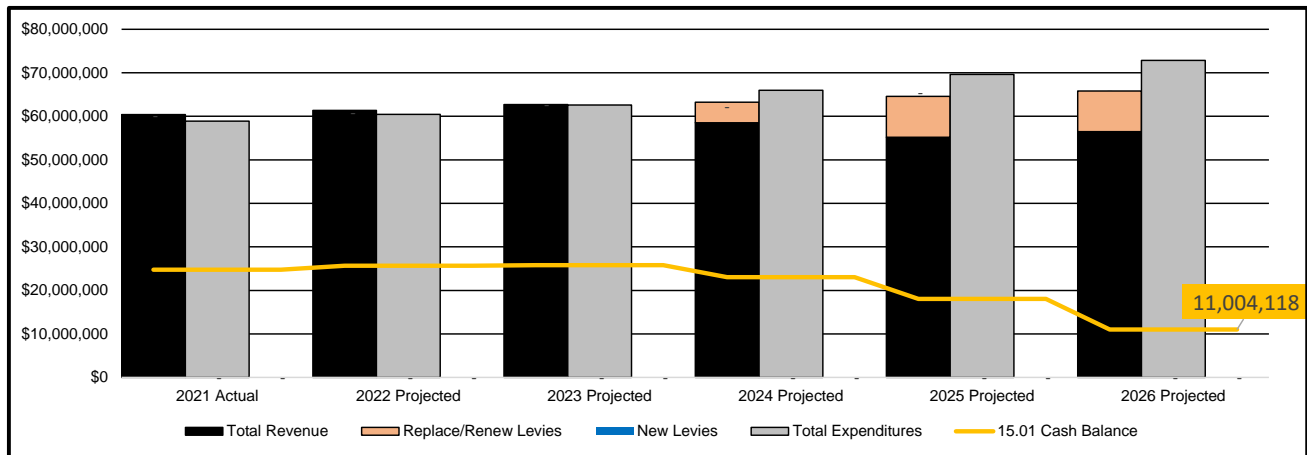
Forecast Purpose/Objectives

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.

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	25,690,098	25,796,251	23,060,673	18,032,107
+ Revenue	61,374,904	62,721,987	58,542,826	55,195,848	56,458,903
+ Proposed Renew/Replacement Levies	-	-	4,693,311	9,386,609	9,386,593
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(60,433,417)	(62,615,834)	(65,971,716)	(69,611,024)	(72,873,485)
= Revenue Surplus or Deficit	941,487	106,153	(2,735,578)	(5,028,566)	(7,027,989)
Line 7.020 Ending Balance with renewal/new levies	25,690,098	25,796,251	23,060,673	18,032,107	11,004,118

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	941,487	106,153	(7,428,889)	(14,415,175)	(16,414,582)
Ending Balance w/o Levies	25,690,098	25,796,251	18,367,362	3,952,187	(12,462,395)

In FY 2022 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$941,487 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 \$16,414,582. The district would need to cut its FY 2026 projected expenses by 22.52% in order to balance its budget without additional revenue.

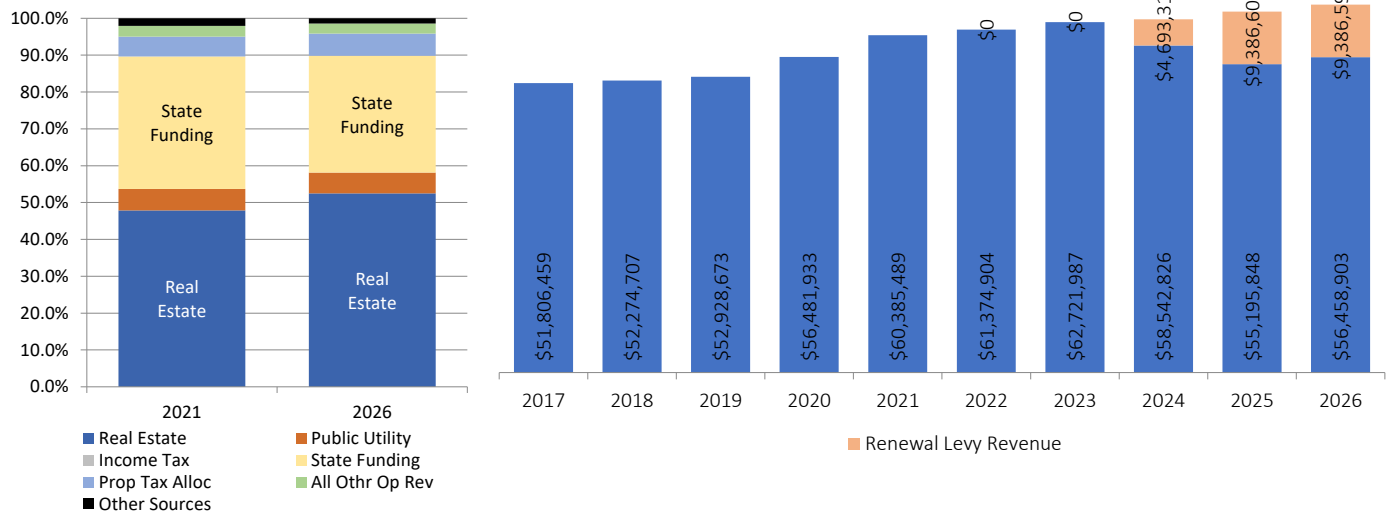
The district's cash balance is positive at year-end in FY 2022 and is projected to worsen by FY 2026. A worsening cash balance can erode the district's financial stability over time.

This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$608,533 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.

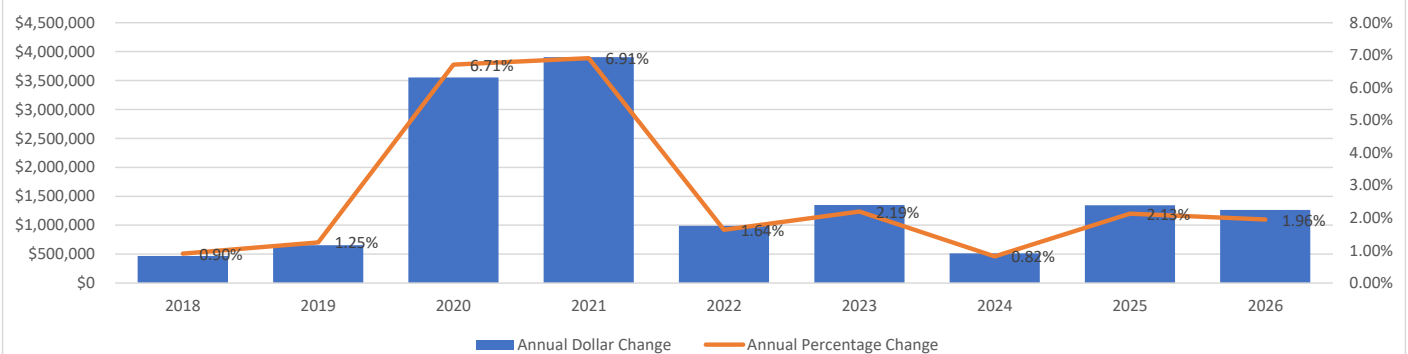
guarantee district in FY 2022.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



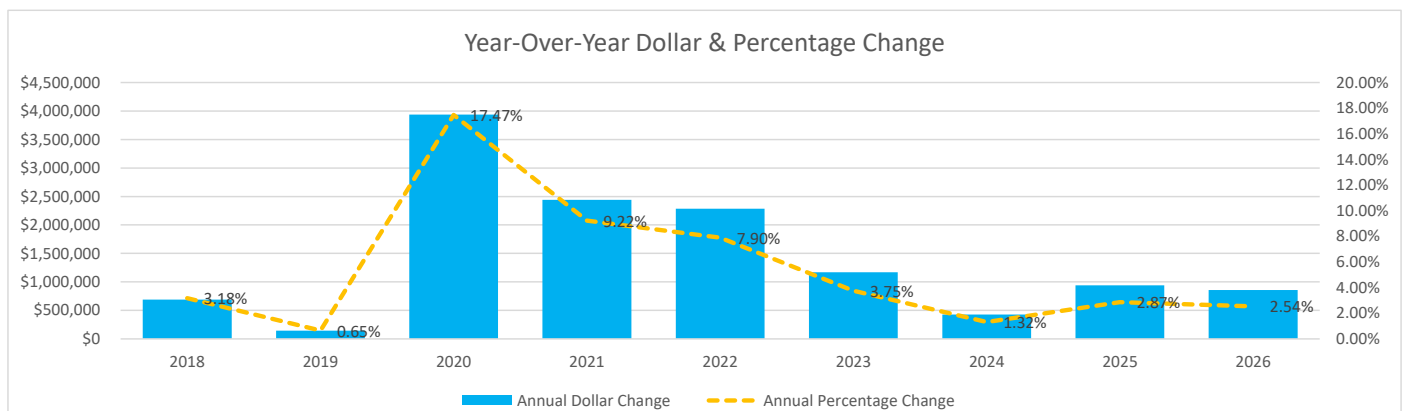
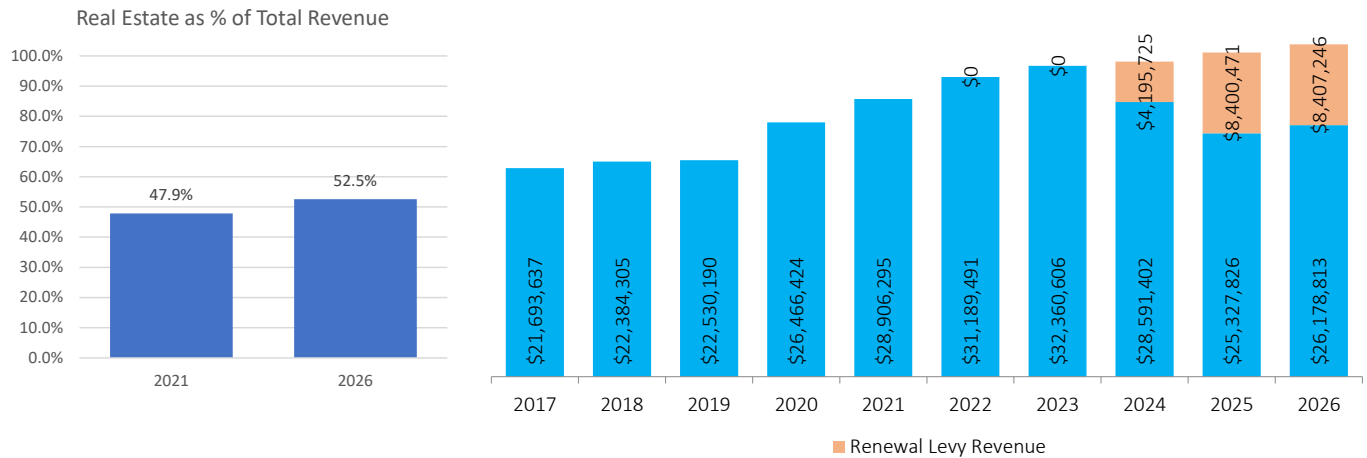
5-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 2.48% or \$1,358,980 annually during the past 5-Year period and is projected to increase 1.72% or \$1,092,001 annually through FY2026. Other Sources has the most projected average annual variance compared to the historical average at \$382,112
Real Estate	1,497,155	1,135,953	(\$361,202)	
Public Utility	\$228,504	\$35,104	(\$193,400)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$92,320)	(169,380)	(\$77,060)	
Prop Tax Alloc	\$42,596	\$147,092	\$104,496	
All Othr Op Rev	\$123,185	\$1,260	(\$121,925)	
Other Sources	(\$440,139)	(\$58,028)	\$382,112	
Total Average Annual Change	1,358,980 2.48%	1,092,001 1.72%	(\$266,979) -0.76%	

Note: Expenditure average annual change is projected to be > \$2,792,749 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).



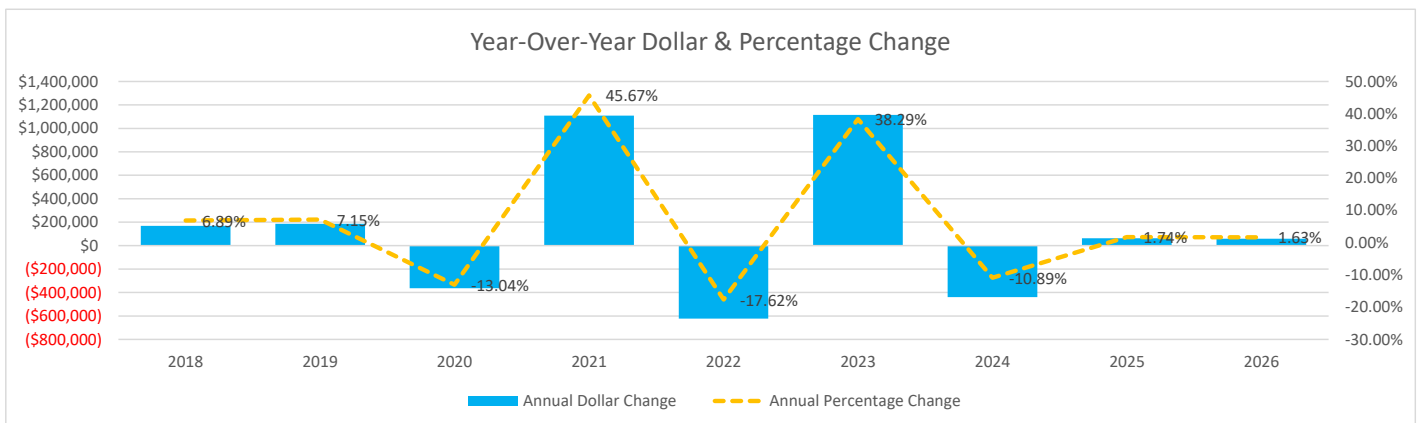
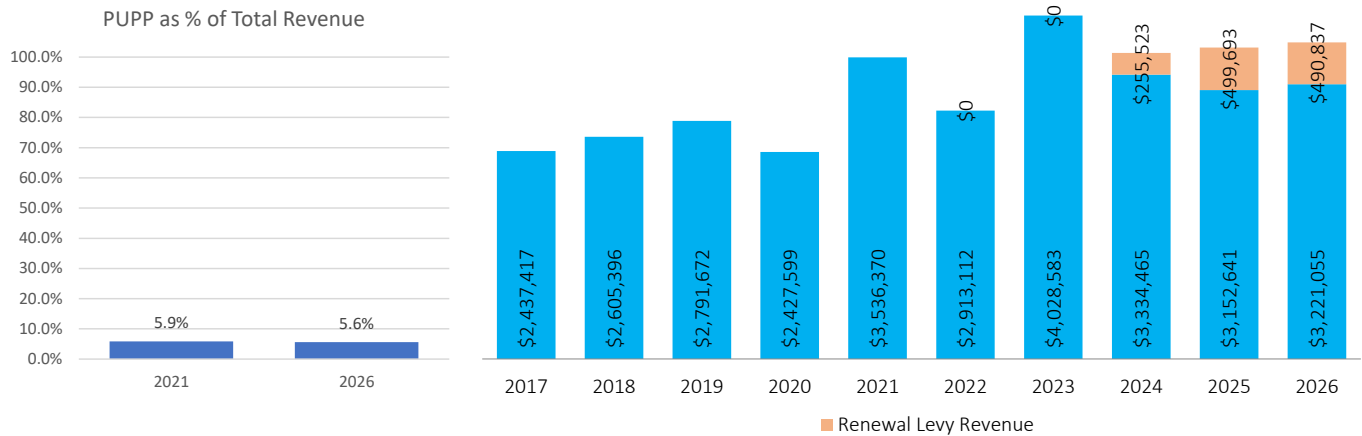
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2020	1,005,946,590	24,273,550	32.19	-	33.41	-	99.7%
2021	1,199,575,470	193,628,880	29.93	(2.26)	31.11	(2.30)	100.0%
2022	1,216,075,470	16,500,000	29.79	(0.15)	30.89	(0.22)	100.0%
2023	1,229,871,470	13,796,000	29.67	(0.12)	30.84	(0.05)	100.0%
2024	1,317,621,470	87,750,000	29.05	(0.62)	30.15	(0.69)	100.0%
2025	1,330,521,470	12,900,000	28.96	(0.09)	30.01	(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 29.93 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 6.14% and is projected to change at an average annual rate of 3.45% 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.



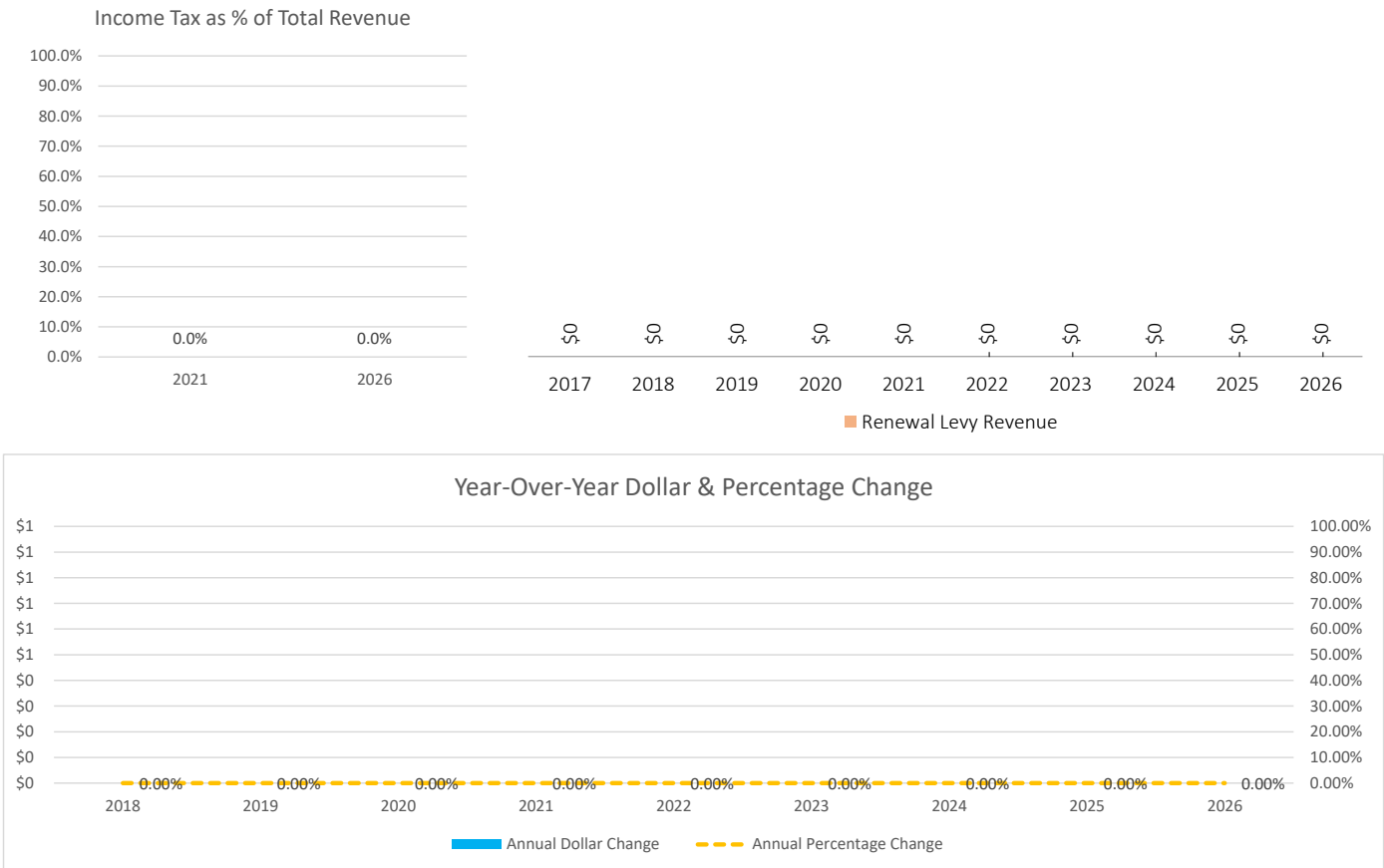
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2020	57,056,300	4,879,920	57.30	(0.25)	99.3%
2021	66,491,750	9,435,450	55.04	(2.26)	100.0%
2022	68,991,750	2,500,000	54.90	(0.15)	99.8%
2023	70,991,750	2,000,000	54.78	(0.12)	99.8%
2024	72,491,750	1,500,000	54.16	(0.62)	99.8%
2025	73,991,750	1,500,000	54.07	(0.09)	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 55.04 mills. The forecast is modeling an average gross collection rate of 99.82%. The revenue changed historically at an average annual dollar amount of \$228,504 and is projected to change at an average annual dollar amount of \$35,104 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.

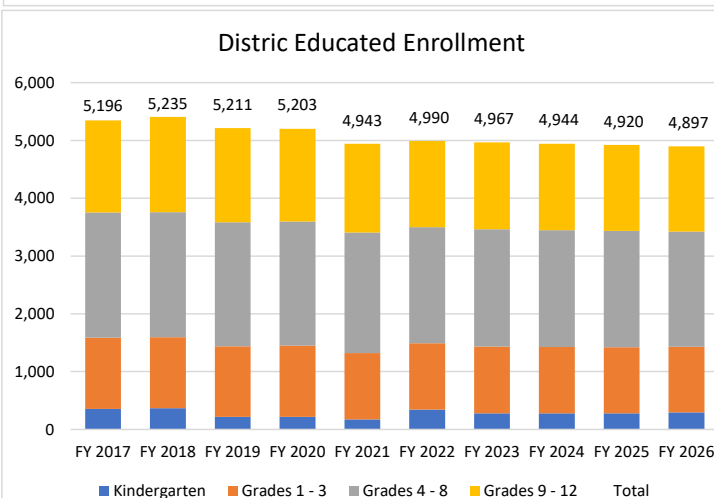
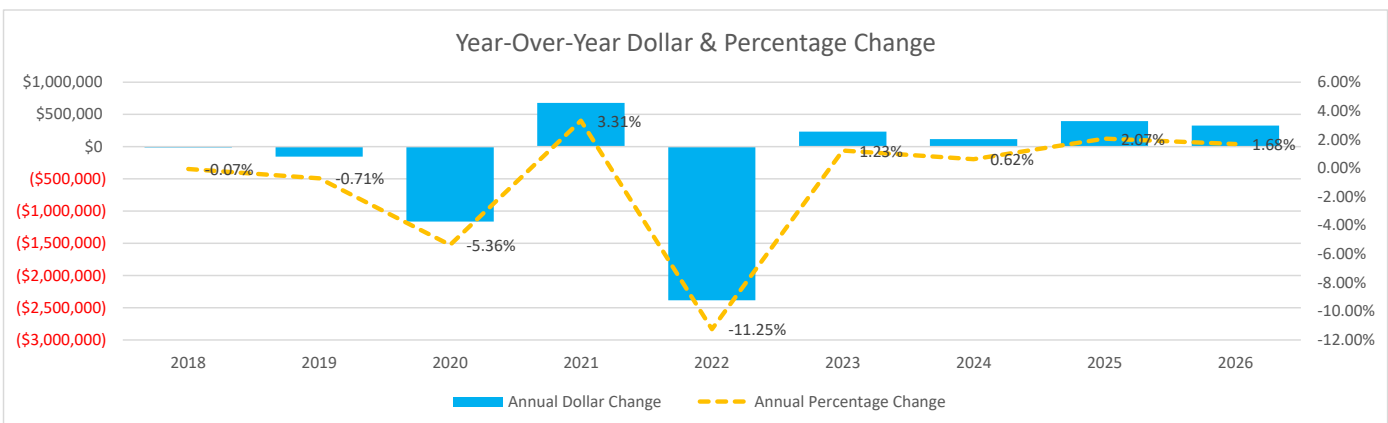
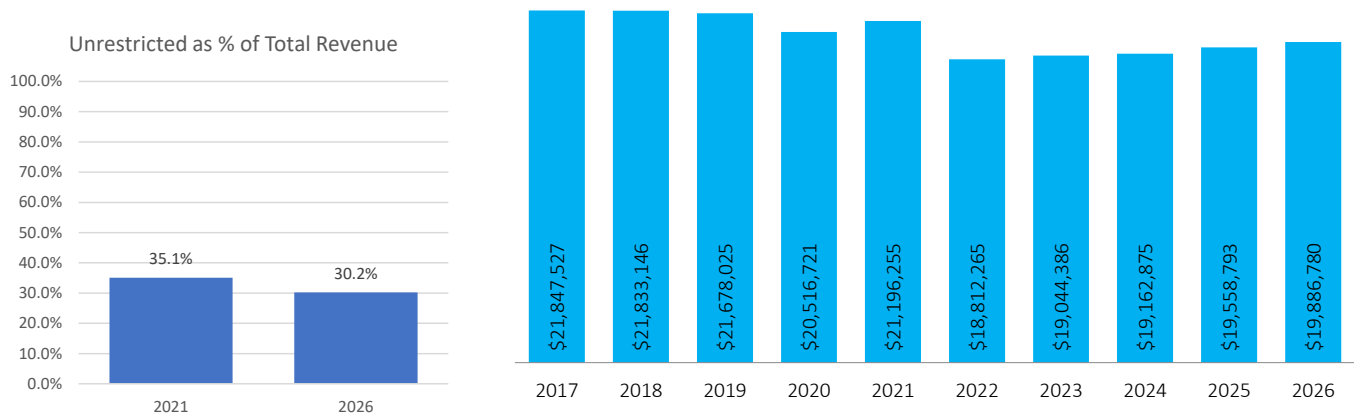


The district does not have an income tax levy.

**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.

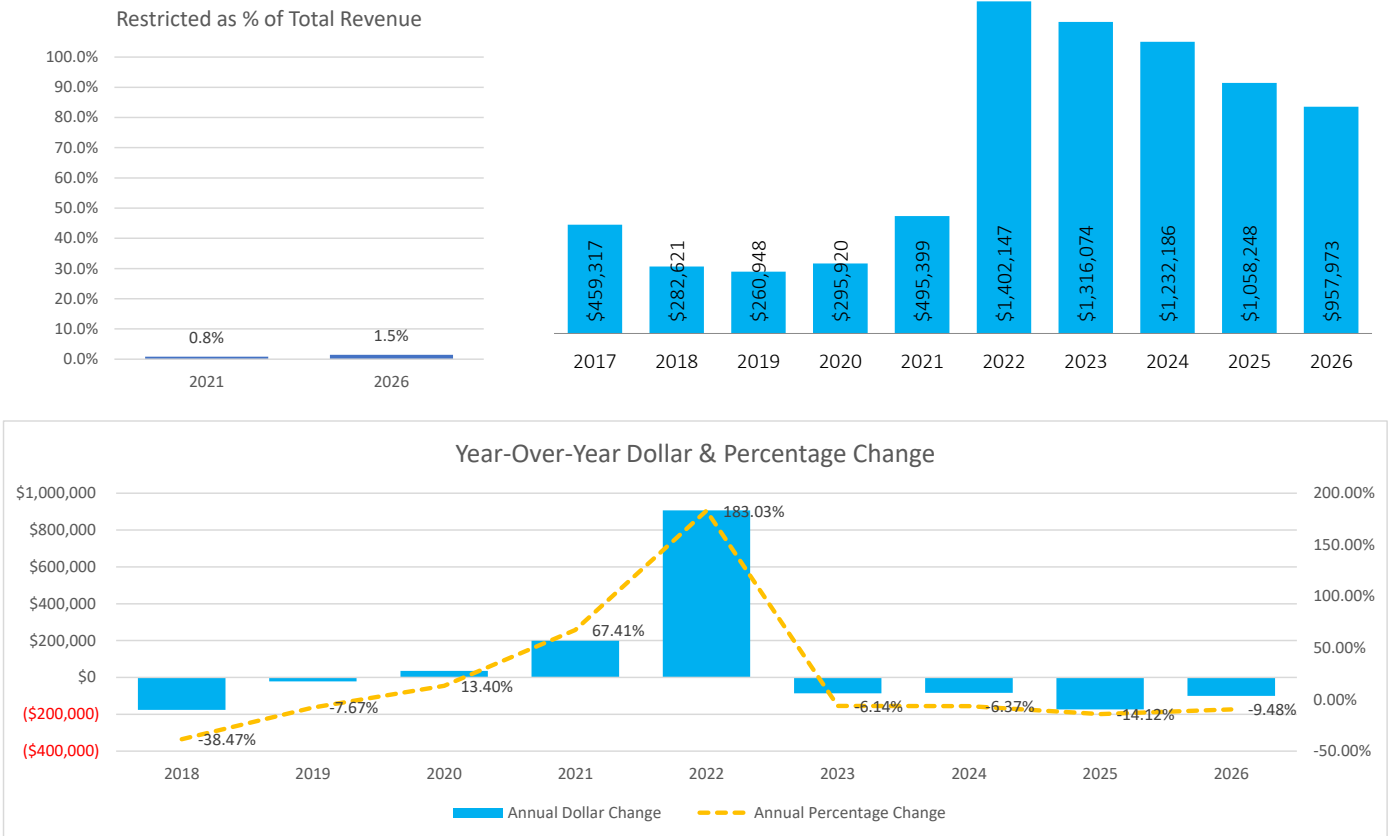
For Lebanon City School District the calculated Base Cost total is \$37,122,842 in FY 2022.

The state's share of the calculated Base Cost total is \$11,378,384 or \$2,280 per pupil.

The FSFP change to district educated enrollment could be lower than the district's historical formula funded enrollment but also potentially reduces 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

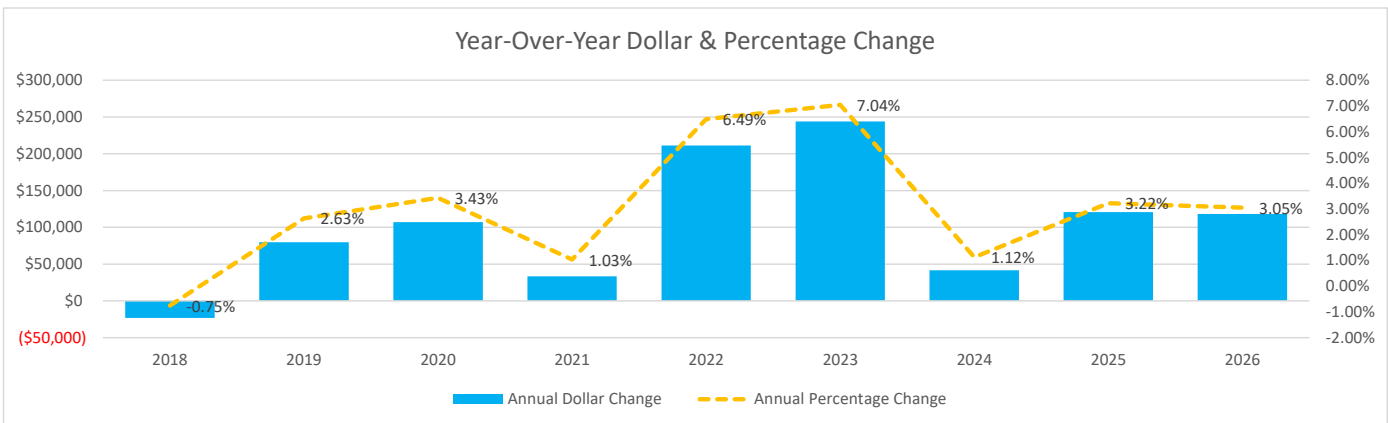
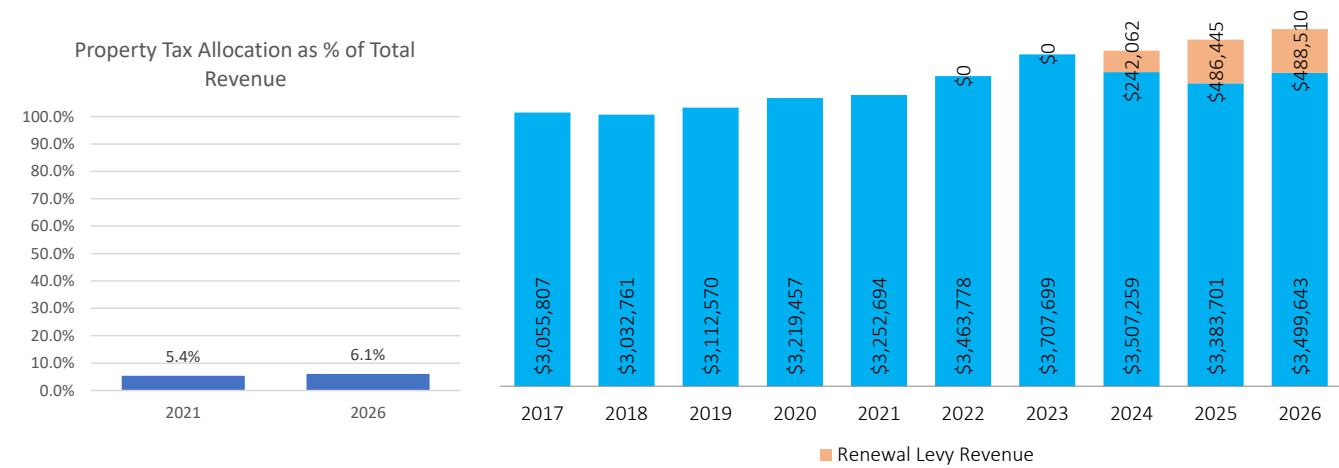
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$92,515. 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 \$658,204. 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.

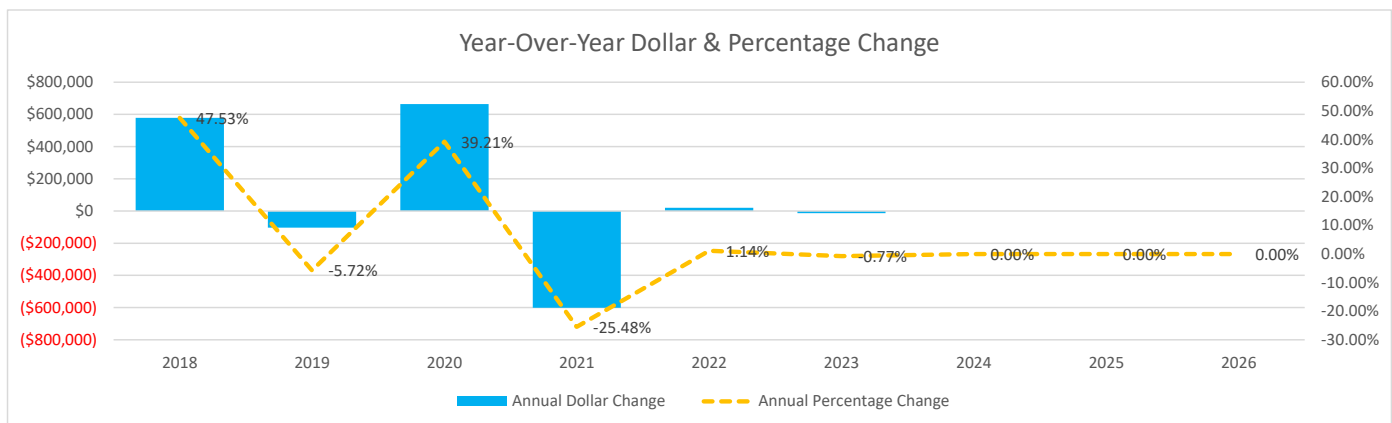
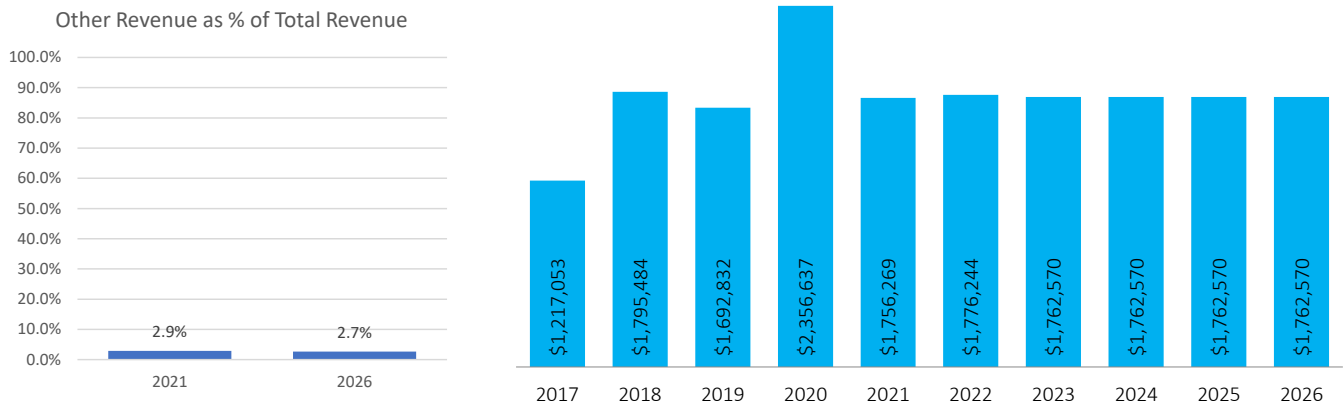


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, 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

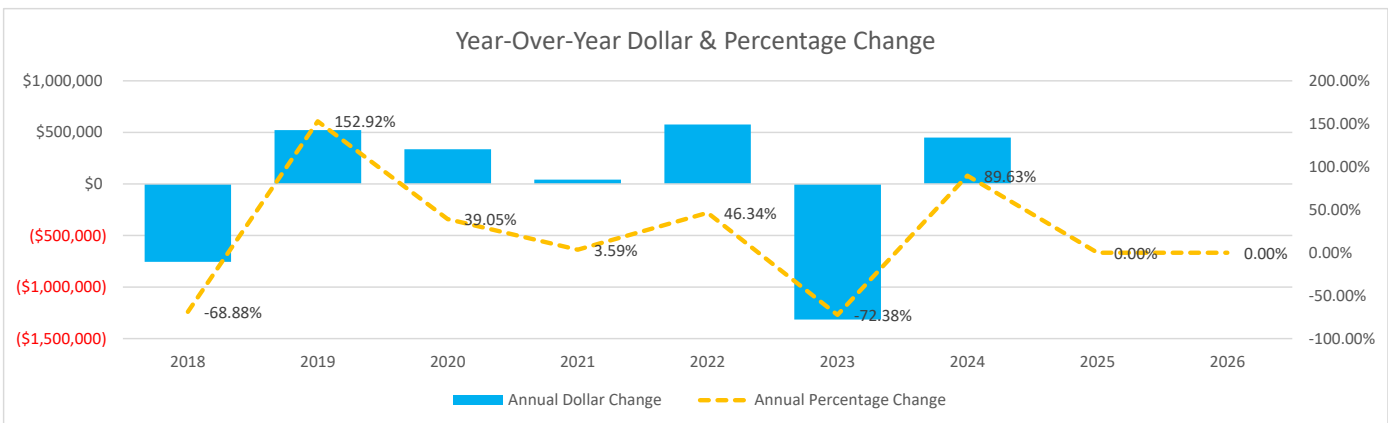
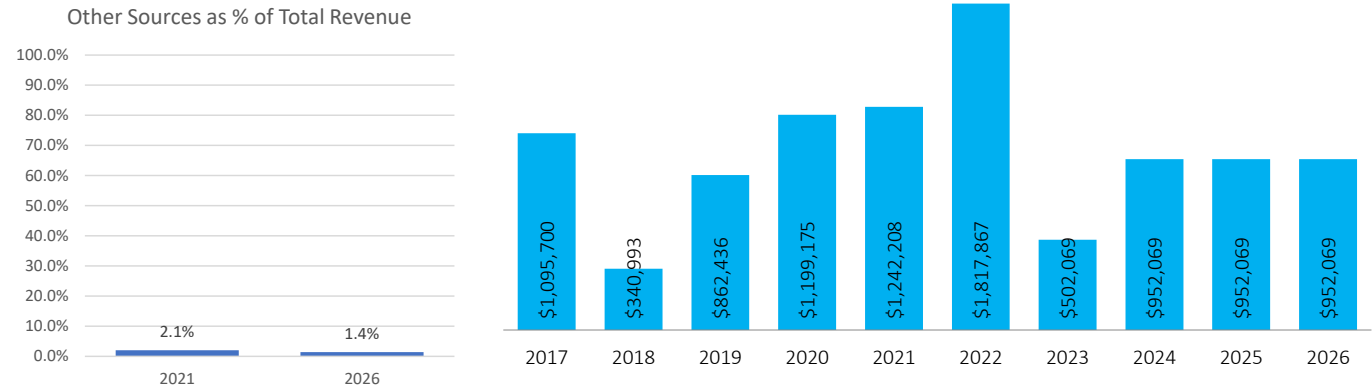
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$123,185. The projected average annual change is \$1,260 through FY 2026. The FSFP 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.

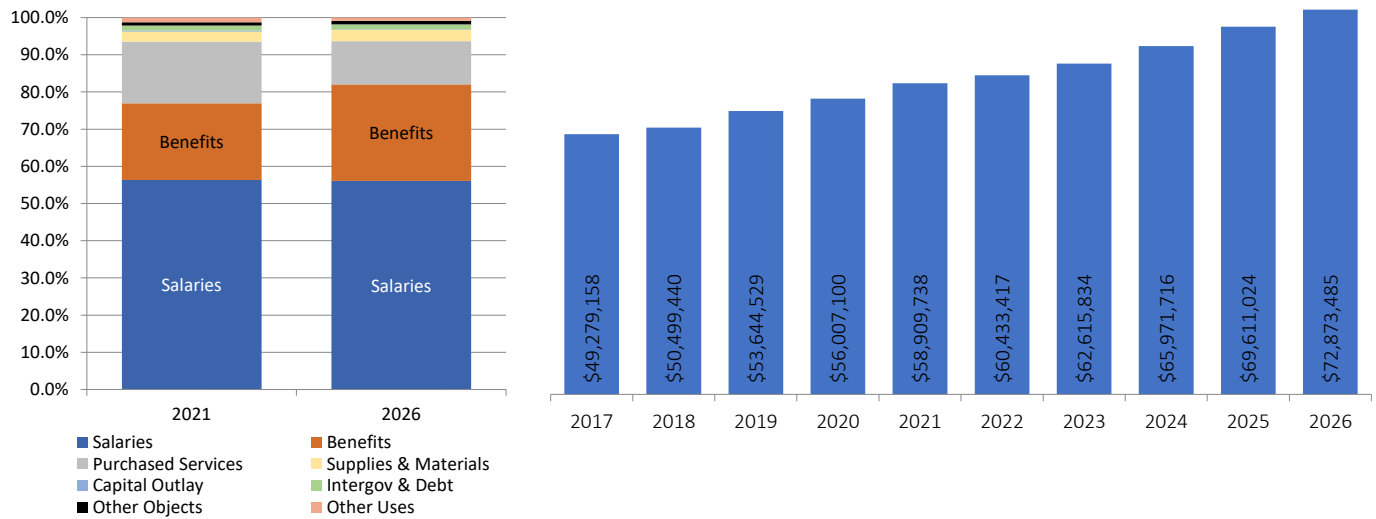


	2021	FORECASTED				
		2022	2023	2024	2025	2026
Transfers In	-	2,069	2,069	2,069	2,069	2,069
Advances In	869,273	1,210,717	-	450,000	450,000	450,000
All Other Financing Sources	372,935	605,081	500,000	500,000	500,000	500,000

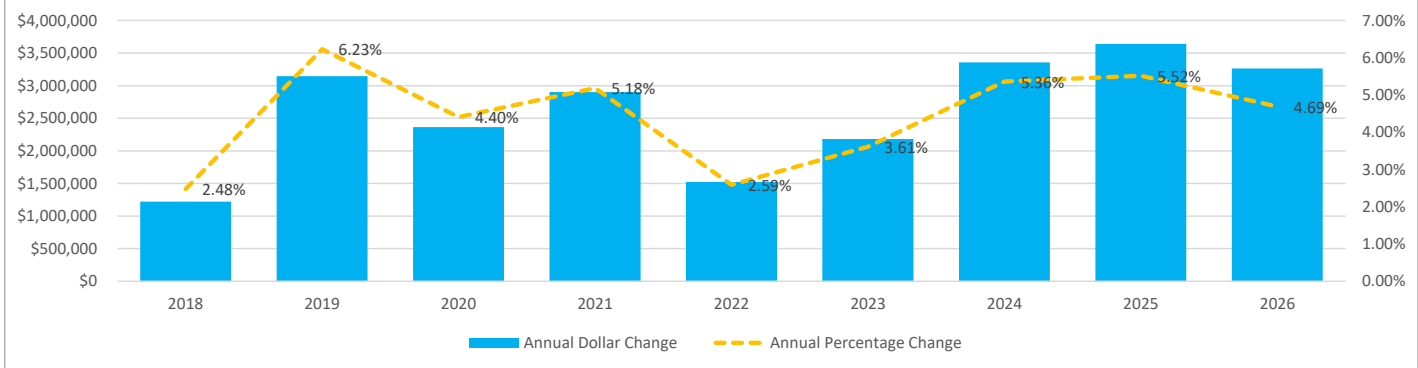
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2021 the district receipted \$869,273 as advances-in and is projecting advances of \$1,210,717 in FY 2022. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$605,081 in FY 2022 and average \$500,000 annually through FY 2026.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



5-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 3.70% or \$1,985,237 annually during the past 5-Year period and is projected to increase 4.74% or \$2,792,749 annually through FY2026. Benefits has the largest projected average annual variance compared to the historical average at \$951,949.
Salaries	1,410,333	1,531,210	\$120,877	
Benefits	\$411,619	\$1,363,568	\$951,949	
Purchased Services	\$548,357	(\$267,005)	(\$815,362)	
Supplies & Materials	\$56,283	\$120,737	\$64,454	
Capital Outlay	(\$14,639)	(\$4,586)	\$10,053	
Intergov & Debt	\$71,374	\$34,906	(\$36,468)	
Other Objects	\$6,028	\$34,034	\$28,006	
Other Uses	(\$504,117)	(\$20,113)	\$484,004	
Total Average Annual Change	\$1,985,237 3.70%	\$2,792,749 4.74%	\$807,512 1.04%	

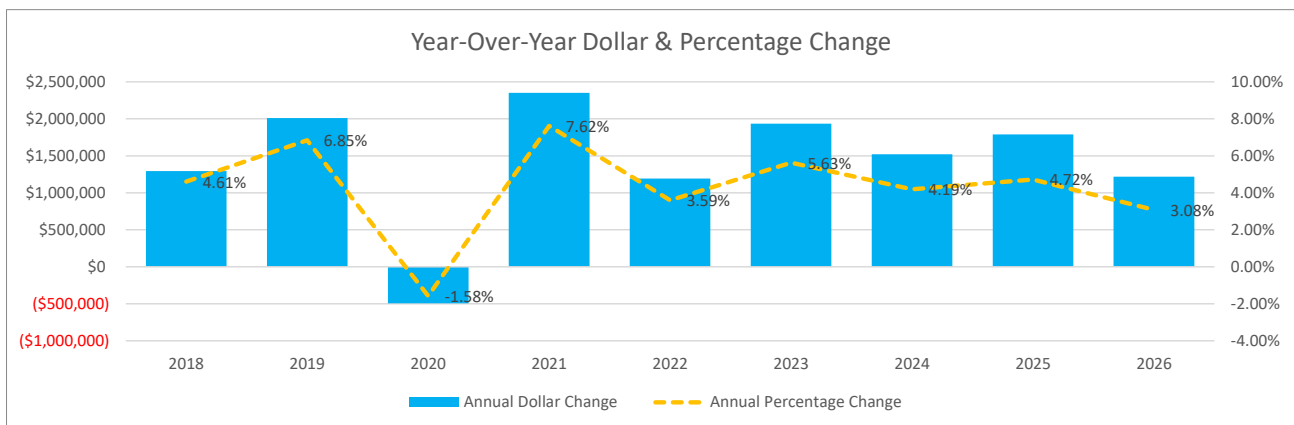
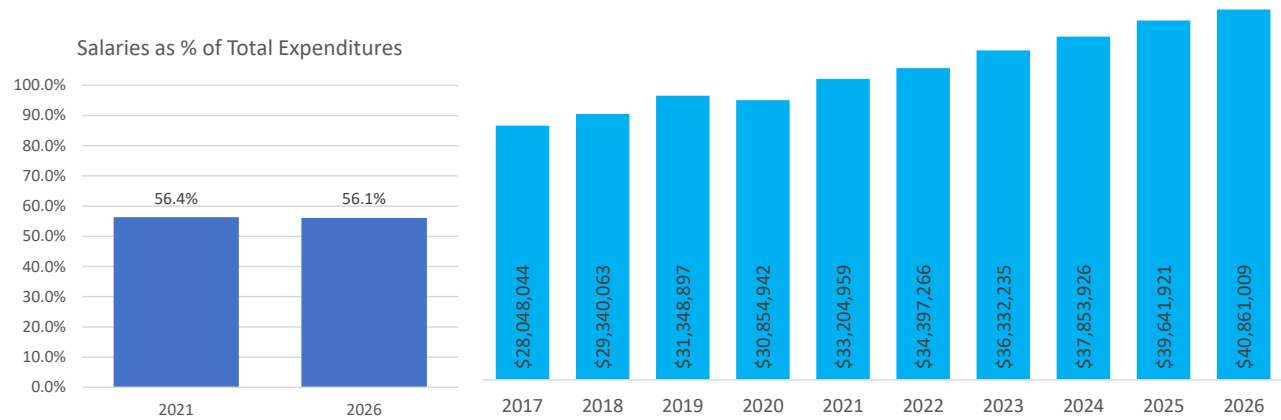
Note: Revenue average annual change is projected to

be > \$1,092,001

On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

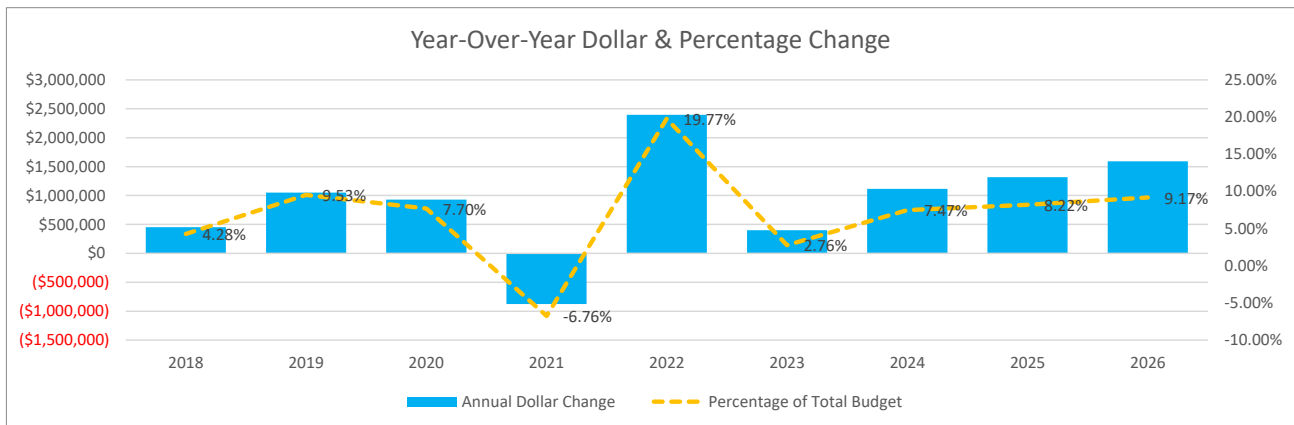
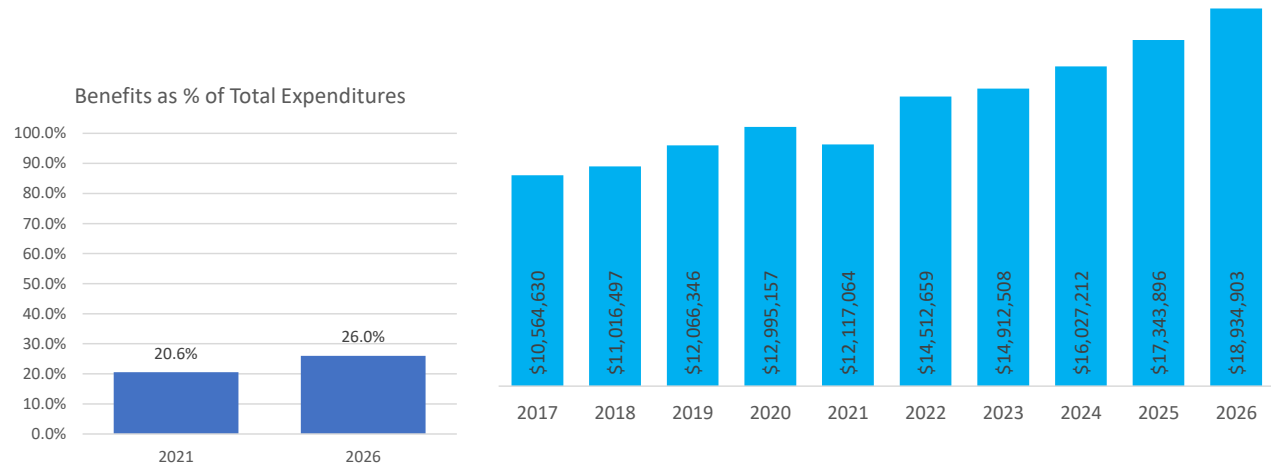
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 56.37% of total expenditures and increased at a historical average annual rate of 4.62% or \$1,410,333. This category of expenditure is projected to grow at an annual average rate of 4.05% or \$1,531,210 through FY 2026. The projected average annual rate of change is -0.57% less than the five year historical annual average.

3.020 - Employees' Benefits

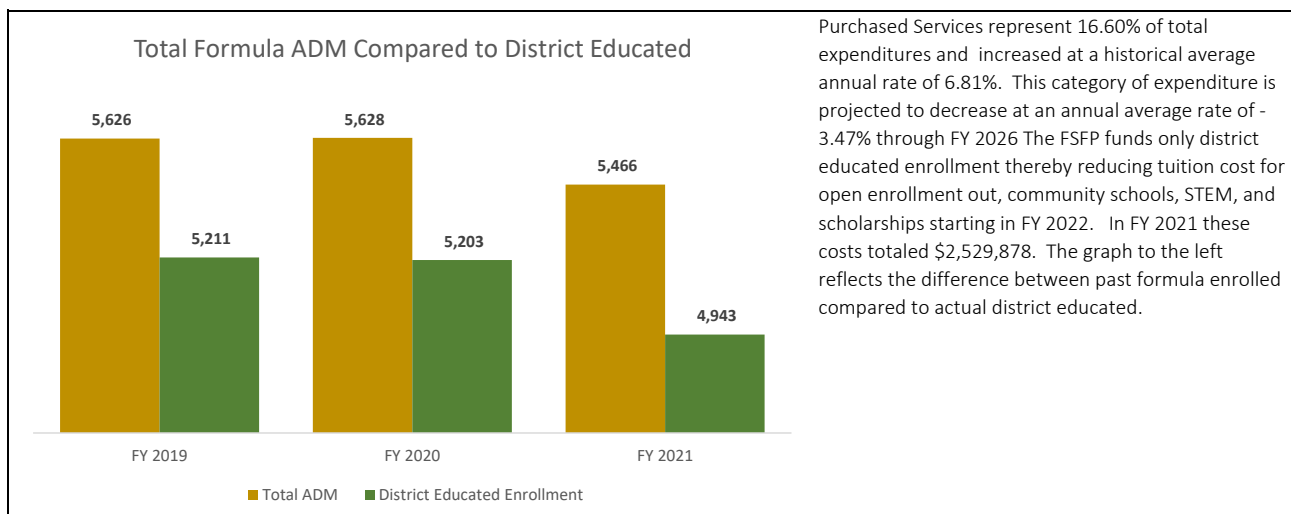
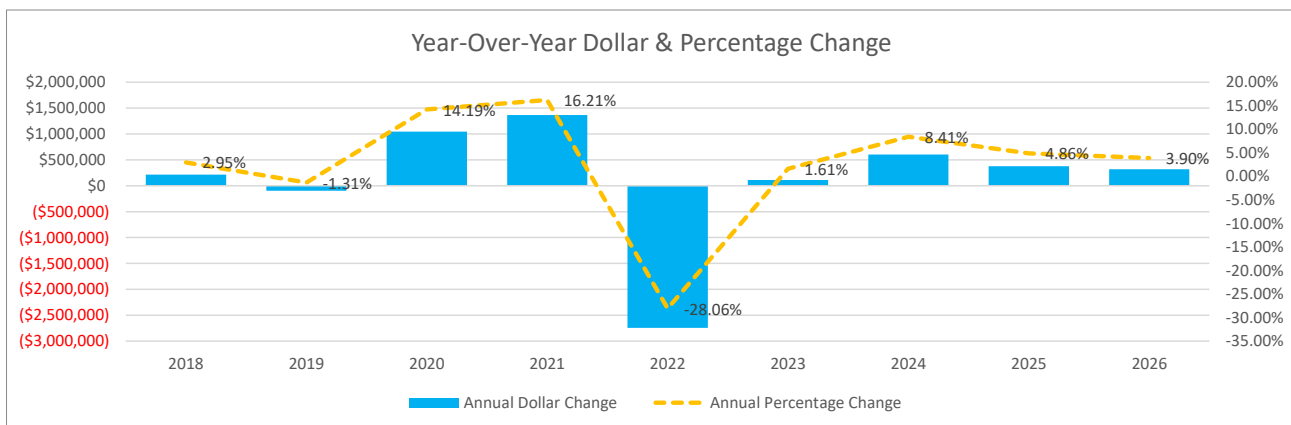
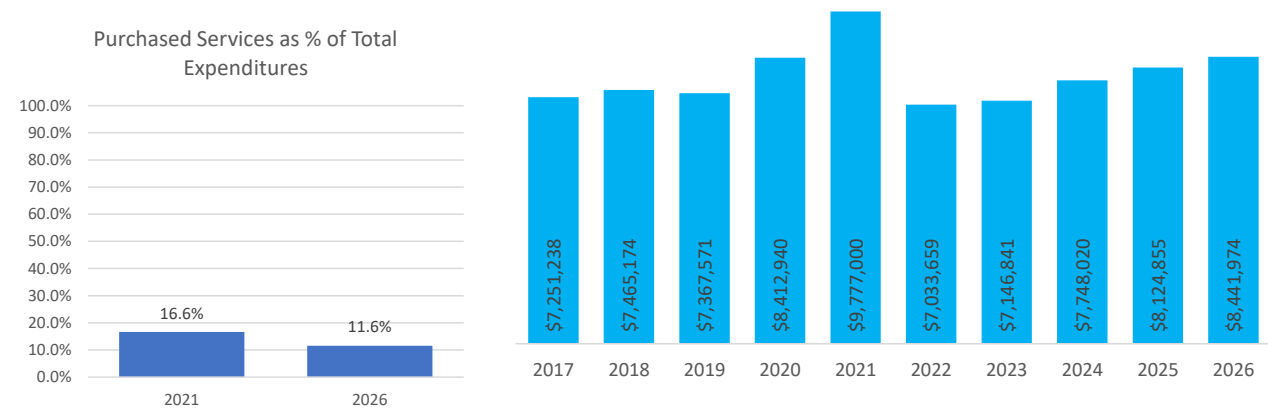
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 20.57% of total expenditures and increased at a historical average annual rate of 3.50%. This category of expenditure is projected to grow at an annual average rate of 8.34% through FY 2026. The projected average annual rate of change is 4.84% more than the five-year historical annual average.

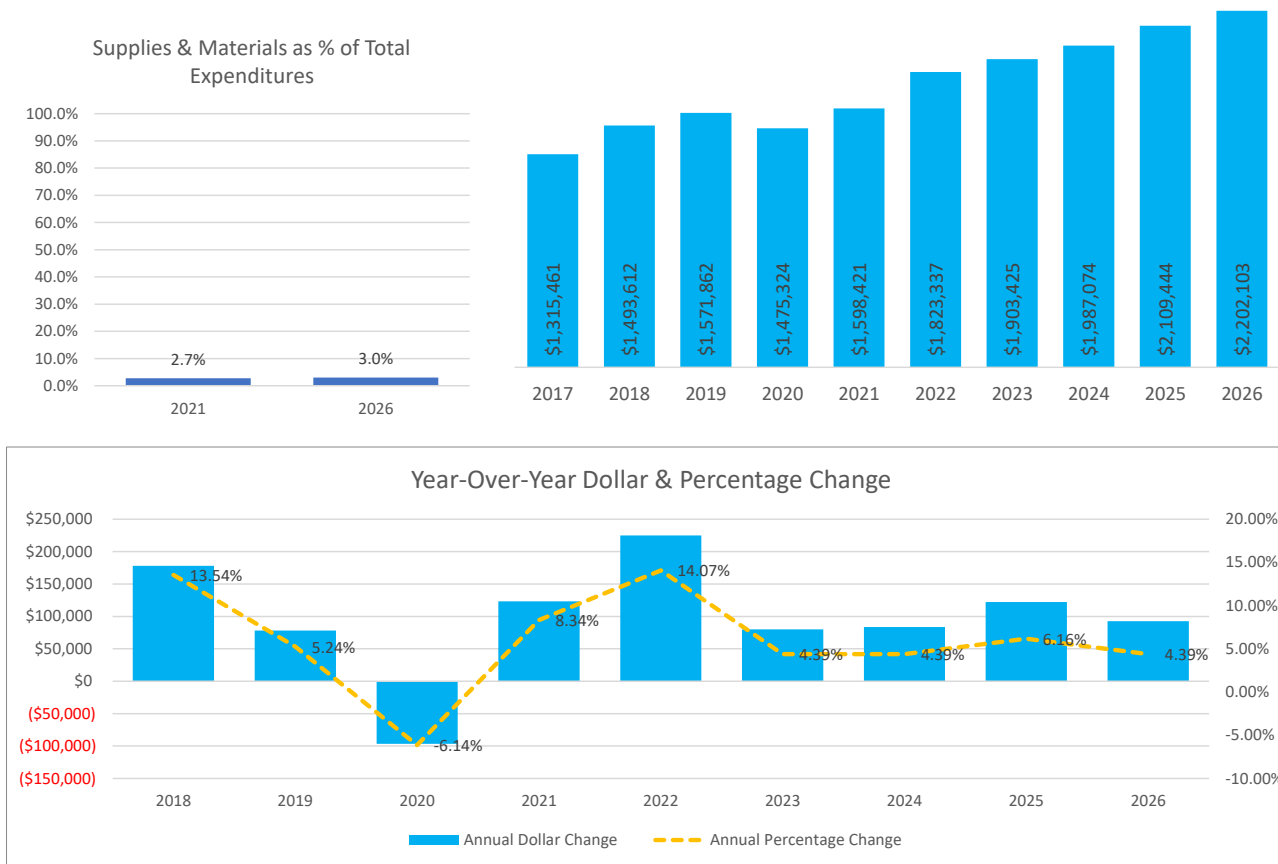
3.030 - Purchased Services

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.



3.040 - Supplies & Materials

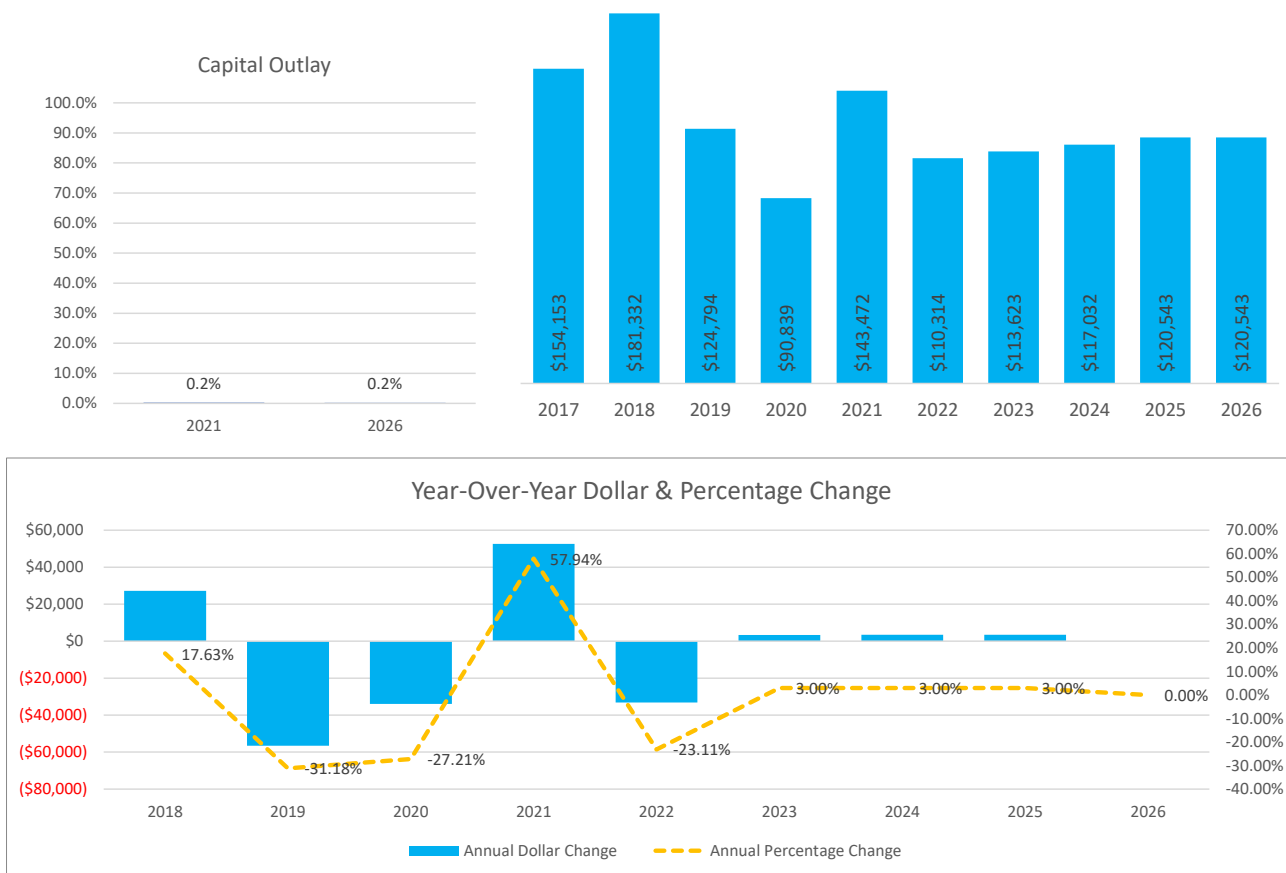
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 2.71% of total expenditures and increased at a historical average annual rate of 3.78%. This category of expenditure is projected to grow at an annual average rate of 6.02% through FY 2026. The projected average annual rate of change is 2.25% more than the five year historical annual average.

3.050 - Capital Outlay

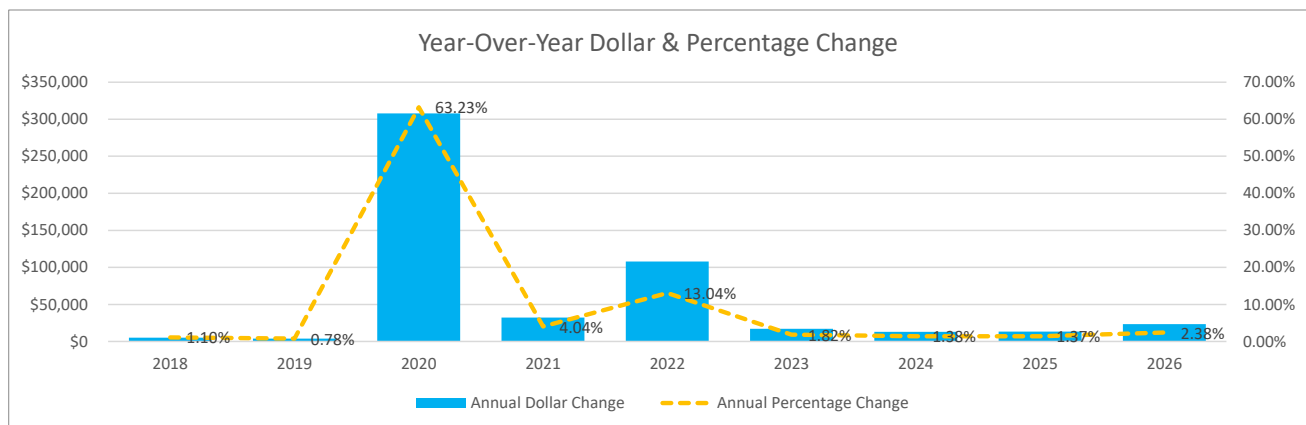
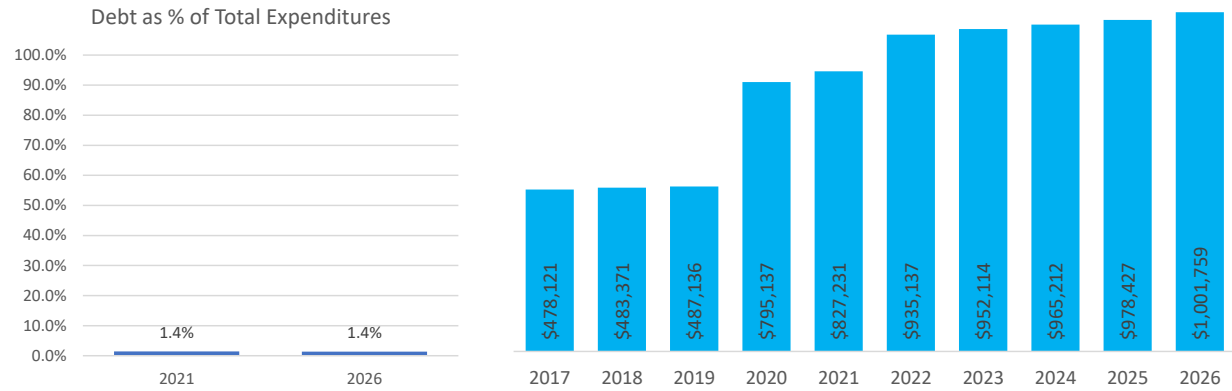
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.24% of total expenditures and decreased at a historical average annual amount of -\$14,639. This category of expenditure is projected to decrease at an annual average rate of -\$4,586 through FY 2026. The projected average annual change is more than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

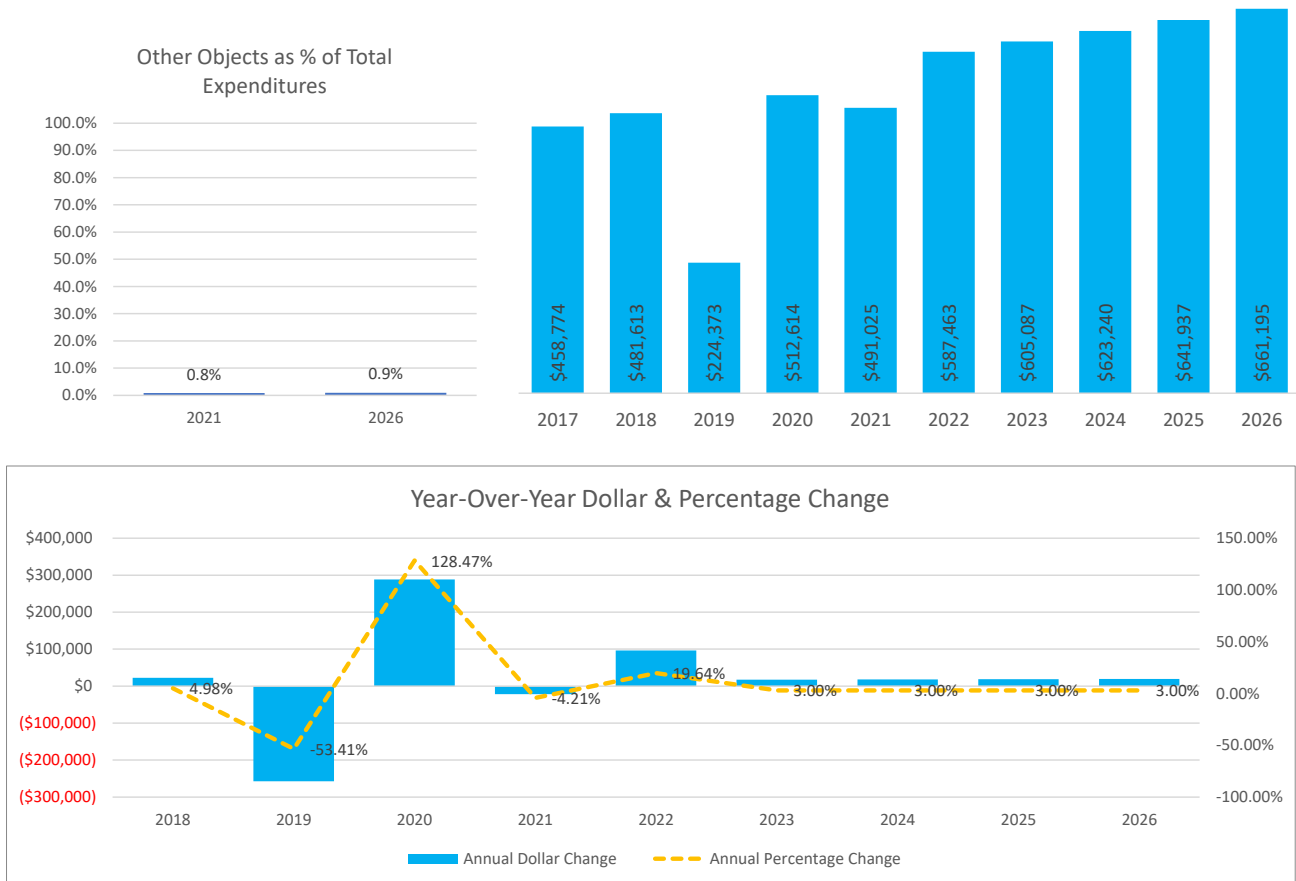
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

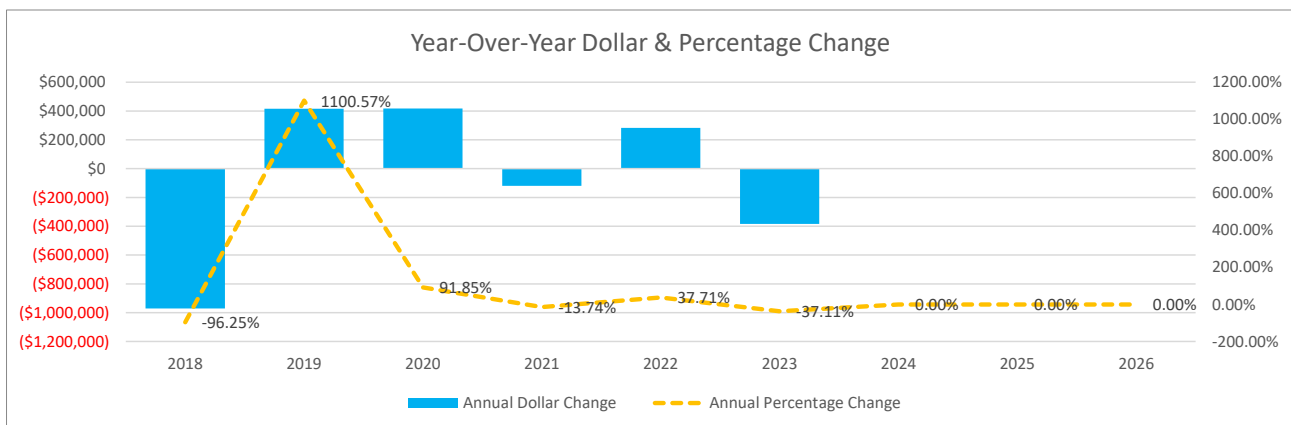
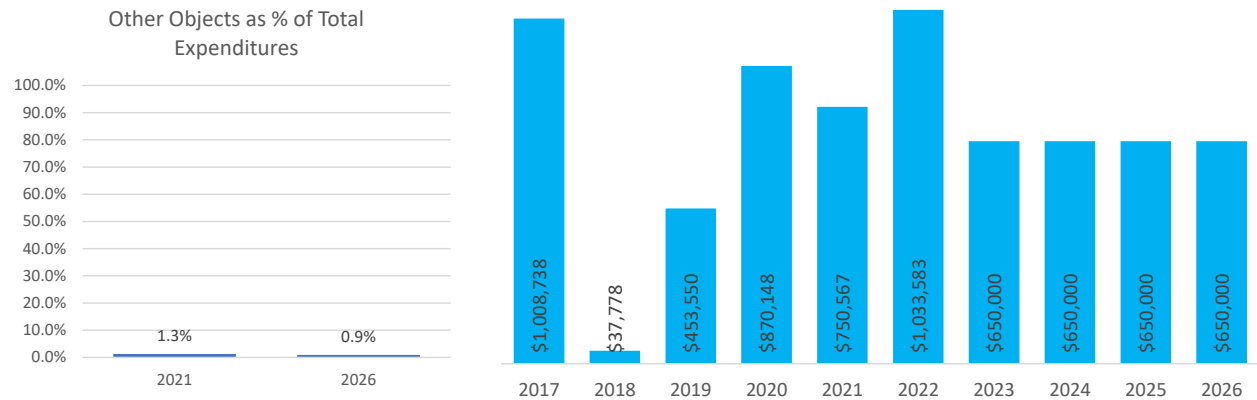
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 0.83% of total expenditures and increased at a historical average annual rate of 1.39%. This category of expenditure is projected to grow at an annual average rate of 5.46% through FY 2026. The projected average annual rate of change is 4.07% 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	FORECASTED				
		2022	2023	2024	2025	2026
Transfers Out	-	385,312	200,000	200,000	200,000	200,000
Advances Out	562,446	648,271	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 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	31,189,491	32,360,606	28,591,402	25,327,826	26,178,813
1.020 - Public Utility Personal Property	3,536,370	2,913,112	4,028,583	3,334,465	3,152,641	3,221,055
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	21,196,255	18,812,265	19,044,386	19,162,875	19,558,793	19,886,780
1.040 - Restricted Grants-in-Aid	495,399	1,402,147	1,316,074	1,232,186	1,058,248	957,973
1.050 - Property Tax Allocation	3,252,694	3,463,778	3,707,699	3,507,259	3,383,701	3,499,643
1.060 - All Other Operating Revenues	1,756,269	1,776,244	1,762,570	1,762,570	1,762,570	1,762,570
1.070 - Total Revenue	59,143,282	59,557,037	62,219,918	57,590,757	54,243,779	55,506,834
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	2,069	2,069	2,069	2,069	2,069
2.050 - Advances-In	869,273	1,210,717	-	450,000	450,000	450,000
2.060 - All Other Financing Sources	372,935	605,081	500,000	500,000	500,000	500,000
2.070 - Total Other Financing Sources	1,242,208	1,817,867	502,069	952,069	952,069	952,069
2.080 - Total Rev & Other Sources	60,385,489	61,374,904	62,721,987	58,542,826	55,195,848	56,458,903
Expenditures:						
3.010 - Personnel Services	33,204,959	34,397,266	36,332,235	37,853,926	39,641,921	40,861,009
3.020 - Employee Benefits	12,117,064	14,512,659	14,912,508	16,027,212	17,343,896	18,934,903
3.030 - Purchased Services	9,777,000	7,033,659	7,146,841	7,748,020	8,124,855	8,441,974
3.040 - Supplies and Materials	1,598,421	1,823,337	1,903,425	1,987,074	2,109,444	2,202,103
3.050 - Capital Outlay	143,472	110,314	113,623	117,032	120,543	120,543
Intergovernmental & Debt Service	827,231	935,137	952,114	965,212	978,427	1,001,759
4.300 - Other Objects	491,025	587,463	605,087	623,240	641,937	661,195
4.500 - Total Expenditures	58,159,172	59,399,835	61,965,834	65,321,716	68,961,024	72,223,485
Other Financing Uses						
5.010 - Operating Transfers-Out	-	385,312	200,000	200,000	200,000	200,000
5.020 - Advances-Out	562,446	648,271	450,000	450,000	450,000	450,000
5.030 - All Other Financing Uses	188,120	-	-	-	-	-
5.040 - Total Other Financing Uses	750,567	1,033,583	650,000	650,000	650,000	650,000
5.050 - Total Exp and Other Financing Uses	58,909,738	60,433,417	62,615,834	65,971,716	69,611,024	72,873,485
6.010 - Excess of Rev Over/(Under) Exp	1,475,751	941,487	106,153	(7,428,889)	(14,415,175)	(16,414,582)
7.010 - Cash Balance July 1 (No Levies)	23,272,860	24,748,611	25,690,098	25,796,251	18,367,362	3,952,187
7.020 - Cash Balance June 30 (No Levies)	24,748,611	25,690,098	25,796,251	18,367,362	3,952,187	(12,462,395)
		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	24,840,098	24,946,251	17,517,362	3,102,187	(13,312,395)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	4,693,311	9,386,609	9,386,593
11.030 - Cumulative Balance of Levies	-	-	-	4,693,311	14,079,920	23,466,513
12.010 - Fund Bal June 30 for Cert of Obligations	22,927,452	24,840,098	24,946,251	22,210,673	17,182,107	10,154,118
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	24,840,098	24,946,251	22,210,673	17,182,107	10,154,118

