



LEBANON CITY SCHOOL DISTRICT - - WARREN COUNTY

Five Year Forecast Financial Report

October, 2018

Eric Sotzing, Treasurer

Table of Contents

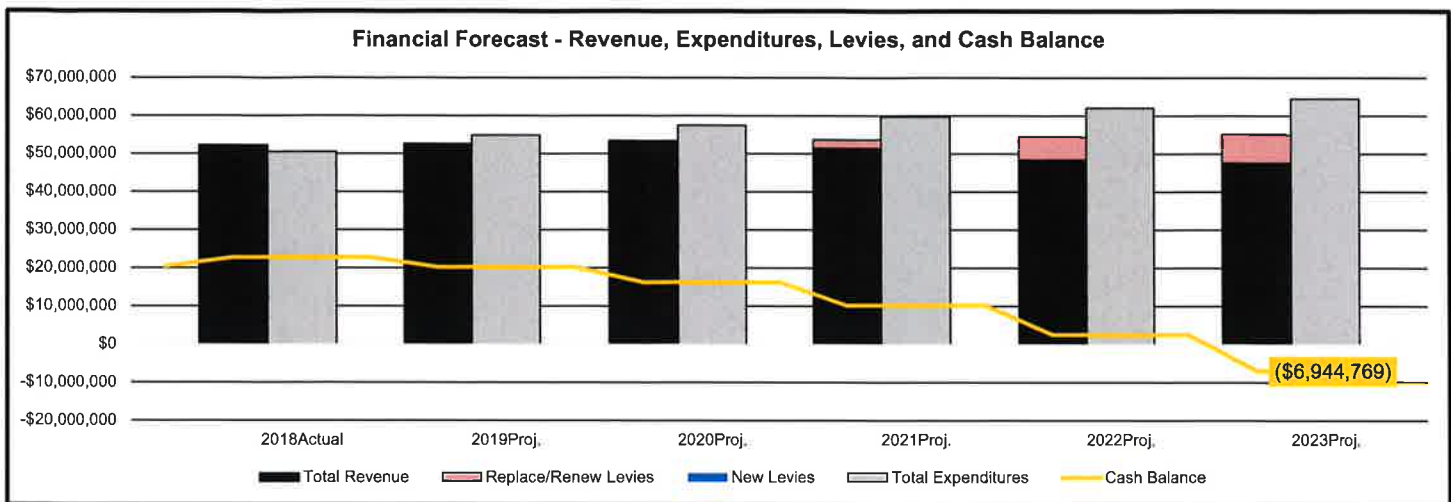
| | <u>Page</u> |
|--|-------------|
| Table of Contents | 2 |
| Forecast Summary | 3 |
| Revenue Sources and Forecast Year-Over-Year Projected Overview | 4 |
| 1.010 - General Property Tax (Real Estate) | 5 |
| 1.020 - Public Utility Personal Property | 6 |
| 1.030 - Income Tax | 7 |
| 1.035 - Unrestricted 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.



LEBANON CITY SCHOOL DISTRICT - - WARREN COUNTY

Financial Forecast

| | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Beginning Balance | 23,513,890 | 21,280,815 | 17,271,238 | 11,252,919 | 3,550,944 |
| + Revenue | 52,640,254 | 53,459,816 | 51,470,670 | 48,419,904 | 47,602,104 |
| + Proposed Renew/Replacement Levies | - | - | 2,244,048 | 5,950,259 | 7,412,342 |
| + Proposed New Levies | - | - | - | - | - |
| - Expenditures | (54,873,329) | (57,469,393) | (59,733,037) | (62,072,138) | (64,510,159) |
| = Revenue Surplus or Deficit | (2,233,075) | (4,009,577) | (6,018,319) | (7,701,975) | (9,495,713) |
| Ending Balance with renewal levies Note: Not Reduced for Encumbrances | 21,280,815 | 17,271,238 | 11,252,919 | 3,550,944 | (5,944,769) |

Analysis Without Renewal Levies Included:

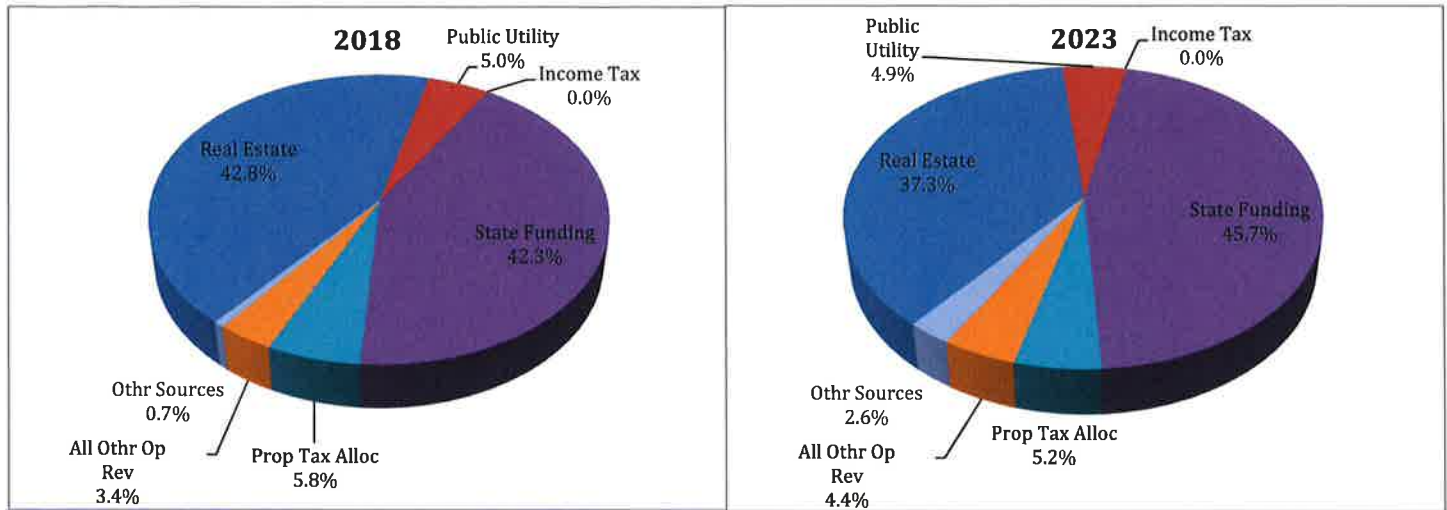
| | | | | | |
|---------------------------------------|-------------|-------------|-------------|--------------|--------------|
| Revenue Surplus or Deficit w/o Levies | (2,233,075) | (4,009,577) | (8,262,367) | (13,652,234) | (16,908,055) |
| Ending Balance w/o Levies | 21,280,815 | 17,271,238 | 9,008,871 | (4,643,363) | (21,551,418) |

This report outlines the status of the District's finances for the future and conforms to the reporting requirements established by the Ohio Department of Education and the Ohio Auditor of State. The forecast will be reviewed and adopted by the Community Audit Advisory Committee (CAAC) and presented to the Board of Education for approval. It is important to note that the forecast is an estimate based upon current financial information, logical estimates and assumptions. The data is provided in summary form and includes the major operational funds of the District. Programs and services provided through state and federal grants are not included in this report.

This forecast is designed to outline in broad terms the general financial direction of the District. It is intended to be a general guide to indicate trends or patterns over the next five years. The forecast as prepared includes only those decisions or actions specifically taken by the School District in terms of staffing levels, building utilization, and educational program offerings. As with any financial projection, estimates tend to be less accurate the further into the future they are projected.

The CAAC committee reviews the forecast on a periodic basis to determine if material changes are needed to maintain the financial stability of the District. If revenues or expenditures are expected to change by more than 5% from the original projection, the Committee will review and revise the forecast as necessary and present these changes to the Board of Education.

Revenue Sources and Forecast Year-Over-Year Projected Overview

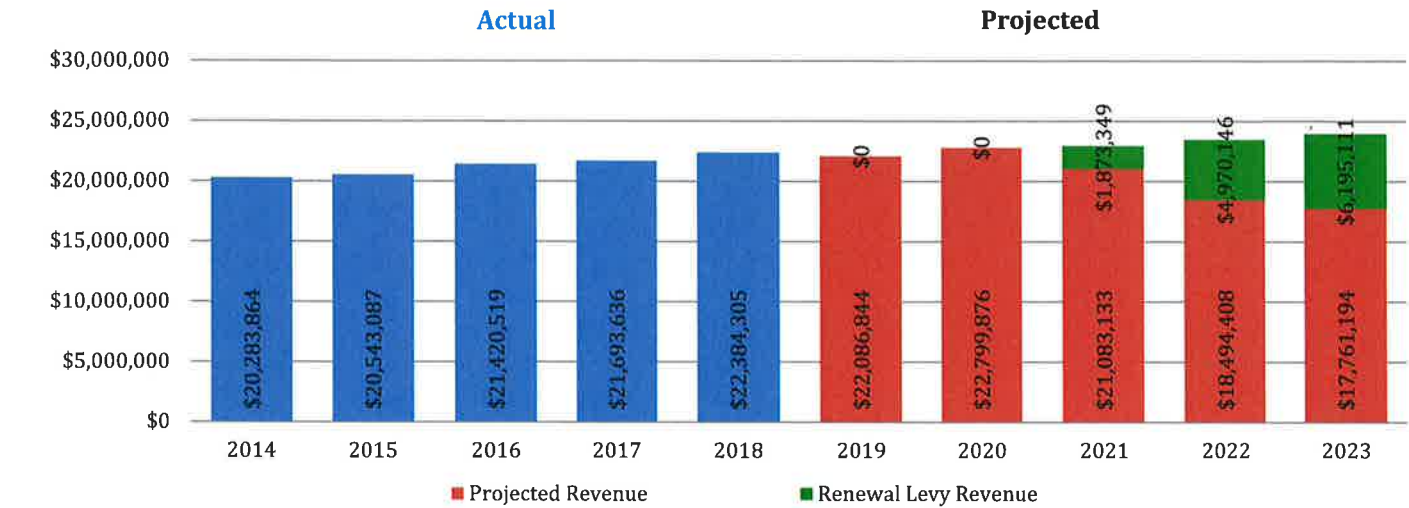


| | Prev. 5-Year Avg. Annual Change | PROJECTED | | | | | 5-Year Avg. Annual Change |
|---------------------------|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------------|
| | | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 | |
| Revenue: | | | | | | | |
| 1.010-Real Estate | 1.98% | -1.33% | 3.23% | 0.69% | 2.21% | 2.10% | 1.38% |
| 1.020-Public Utility | 1.50% | -0.54% | 1.13% | 0.78% | 0.49% | 0.60% | 0.49% |
| 1.030-Income Tax | n/a | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 1.035-State Funding | 5.64% | -0.85% | -0.16% | -0.02% | -0.02% | -0.02% | -0.21% |
| 1.040-Restricted Aid | 52.59% | -39.08% | -7.49% | 0.63% | 0.34% | 0.43% | -9.03% |
| 1.045-Restr Federal SFSF | -100.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 1.050-Property Tax Alloc | -0.78% | 1.17% | 2.26% | 0.73% | 2.51% | 2.44% | 1.82% |
| 1.060-All Other Operating | 8.25% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| 1.070-Total Revenue | 3.38% | -1.00% | 1.59% | 0.49% | 1.25% | 1.21% | 0.71% |
| | | | | | | | |
| 2.070-Total Other Sources | 36.58% | 259.24% | 0.00% | 0.00% | 0.00% | 0.00% | 51.85% |
| 2.080-Total w/Other Srcs | 3.20% | 0.70% | 1.56% | 0.48% | 1.22% | 1.18% | 1.03% |

Total revenues for the district are to remain relatively flat over the life of the forecast. It is important to note that the format of this model excludes renewal levies in the real estate revenue calculation and, therefore, shows a reduction in the those values as if the renewal was not approved. However, the renewal of these levies are critical to the financial health of the district. It is important to note that the three year operating levy was graciously renewed by voters during the May 2, 2017 election and significantly stabilizes the District's existing property tax revenue stream and the five-year emergency levy will need to be renewed in calendar year 2021.

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).



| | FORECASTED | | | | | |
|---------------------------|------------|------------|------------|------------|------------|------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total With Renewal Levies | 22,384,305 | 22,086,844 | 22,799,876 | 22,956,482 | 23,464,554 | 23,956,305 |
| YOY \$ Change | 690,669 | (297,461) | 713,032 | 156,606 | 508,073 | 491,750 |
| YOY % Change | 3.2% | -1.3% | 3.2% | 0.7% | 2.2% | 2.1% |

| | | | | | | |
|-----------------------------|-------|-------|-------|-------|-------|-------|
| Percentage of Total Revenue | 42.8% | 42.0% | 42.6% | 42.7% | 43.2% | 43.5% |
|-----------------------------|-------|-------|-------|-------|-------|-------|

| Values, Tax Rates and Gross Collections | | | | | | | Gross Collection Rate Including Delinquencies |
|---|---------------|--------------|--------------|--------|---------------|--------|---|
| Tax Yr | Valuation | Value Change | Class I Rate | Change | Class II Rate | Change | |
| 2017 | 840,802,250 | 18,191,640 | 29.51 | (0.59) | 29.86 | (0.37) | 100.1% |
| 2018 | 941,448,611 | 100,646,361 | 27.49 | (2.02) | 27.49 | (2.37) | 99.8% |
| 2019 | 949,915,582 | 8,466,970 | 27.42 | (0.07) | 27.49 | 0.00 | 99.8% |
| 2020 | 958,473,165 | 8,557,583 | 27.36 | (0.07) | 27.49 | 0.00 | 99.8% |
| 2021 | 1,004,377,691 | 45,904,527 | 27.03 | (0.32) | 27.24 | (0.25) | 99.8% |
| 2022 | 1,017,377,691 | 13,000,000 | 26.94 | (0.09) | 27.08 | (0.16) | 99.8% |

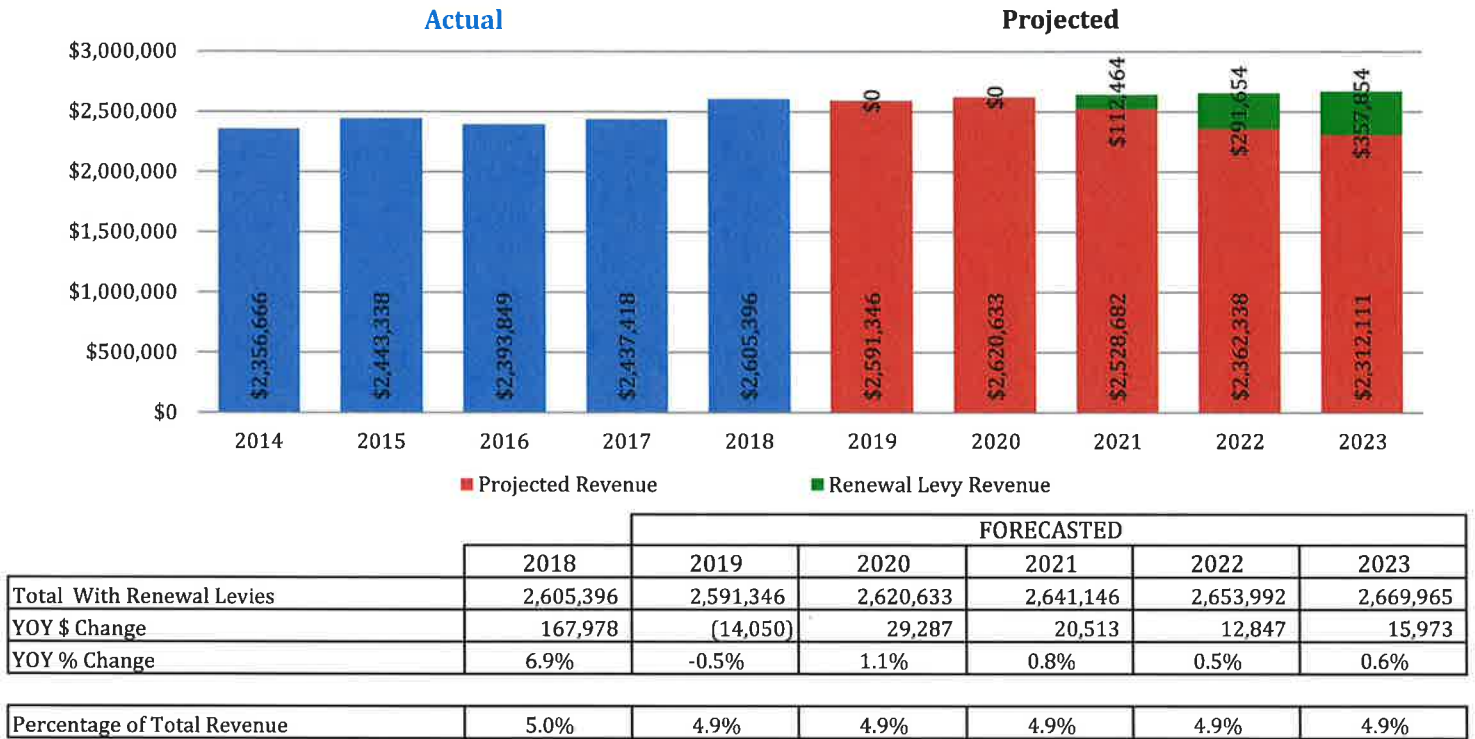
Warren County property values were reappraised in 2018 resulting in an increase of approximately 10% in total property valuation in the district. This valuation change is expected to reduce the Class I Effective millage to the 20 mill floor resulting in an increase in local property taxes collected. Class II effective millage will approach the 20 mill floor in the future and future increases in valuation could result in increased property tax revenues in the future. It is expected that both residential and commercial tax revenue will increase modestly in the future due to updated reappraisal values and new construction.

The District has two emergency levies. The three-year emergency operating levy generating \$4.2 million annually was first passed in November 2005 and renewed May 2, 2017. The five-year emergency levy was approved on the November 2011 and renewed in 2016 generates \$3 million dollars annually. It is critically important to maintain the District's local revenue that these levies are renewed in the future. It is assumed that the emergency operating levies will be renewed throughout the forecast period which is not only consistent with Ohio Revised Code but also historical evidence both locally and across the state.

**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.



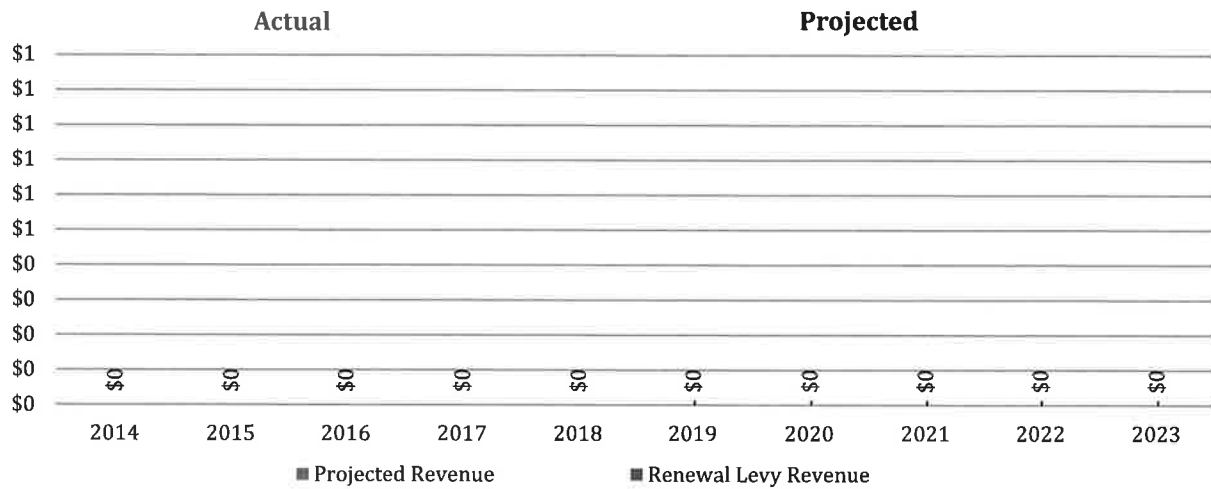
| Values and Tax Rates | | | | | Gross Collection Rate Including Delinquencies |
|----------------------|------------|--------------|-----------------|--------|--|
| Tax Year | Valuation | Value Change | Full Voted Rate | Change | |
| 2017 | 49,143,230 | 3,078,120 | 53.45 | (0.54) | 100.0% |
| 2018 | 49,590,001 | 446,771 | 52.60 | (0.85) | 100.0% |
| 2019 | 50,041,240 | 451,239 | 52.53 | (0.07) | 100.0% |
| 2020 | 50,496,991 | 455,751 | 52.47 | (0.07) | 100.0% |
| 2021 | 50,957,300 | 460,309 | 52.14 | (0.32) | 100.0% |
| 2022 | 51,457,300 | 500,000 | 52.05 | (0.09) | 100.0% |

Beginning in tax year 2006 Tangible Personal Property tax assessments were reduced by 25% per year with the exception of Public Utility Personal Property Tax. This forecast reflects that reduction and only includes the Public Utility Personal Tangible Property tax in Fiscal Year 2011 and beyond. Beginning in Fiscal Year 2011, there was an increase in Public Utility Personal Property tax values due to the Rockies Express pipeline in 2011 and an additional pipeline was completed in 2015. It is expected that Public Utility Personal Property tax values will remain relatively constant of the remainder of the forecast.

**Projected % trends include renewal levies*

1.030 - Income Tax

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



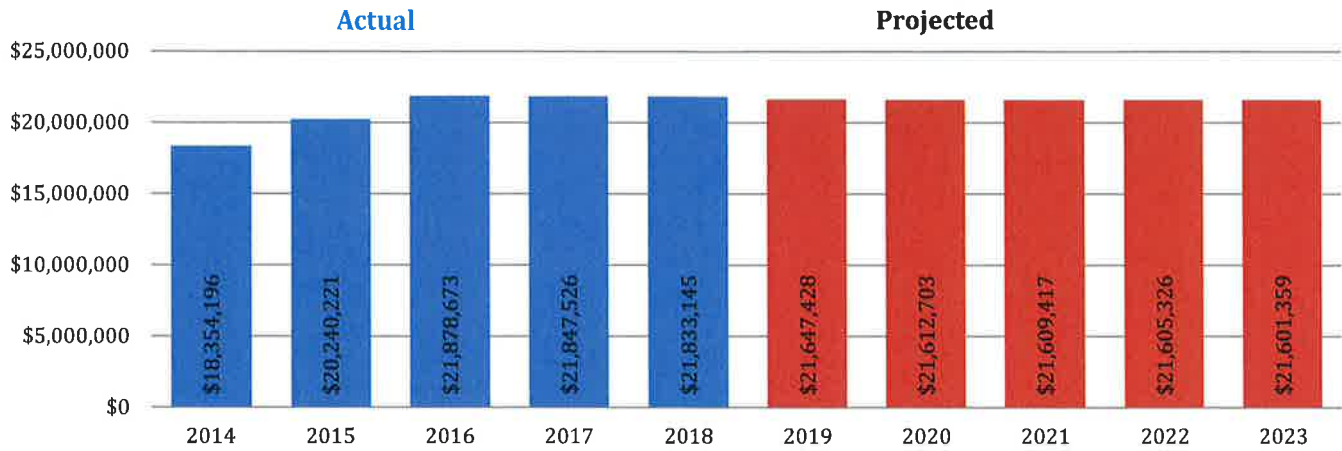
| | FORECASTED | | | | | |
|-----------------------------|------------|------|------|------|------|------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total | - | - | - | - | - | - |
| YOY \$ Change | - | - | - | - | - | - |
| YOY % Change | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Percentage of Total Revenue | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

The District currently receives no revenue from local income tax sources. Although, this option is being explored for future operating levies.

**Projected % trends include renewal levies*

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

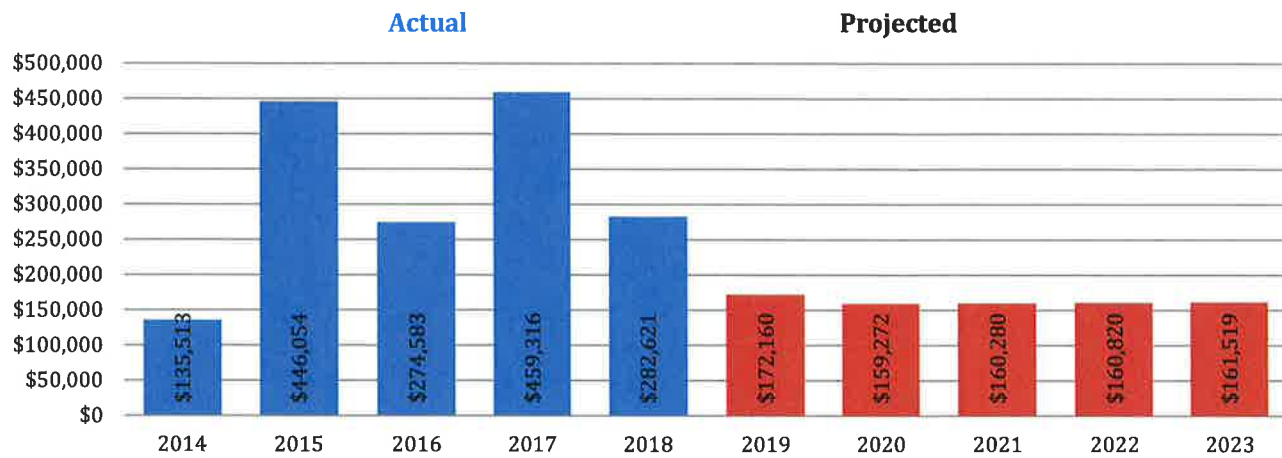


| | FORECASTED | | | | | |
|------------------------------------|------------|------------|------------|------------|------------|------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total | 21,833,145 | 21,647,428 | 21,612,703 | 21,609,417 | 21,605,326 | 21,601,359 |
| YOY \$ Change | (14,381) | (185,717) | (34,725) | (3,286) | (4,091) | (3,967) |
| YOY % Change | -0.1% | -0.9% | -0.2% | 0.0% | 0.0% | 0.0% |
| Percentage of Total Revenue | 41.8% | 41.1% | 40.4% | 40.2% | 39.7% | 39.3% |
| Core Funding Per Pupil | 6,010 | 6,020 | 6,100 | 6,200 | 6,200 | 6,200 |
| State Share Index (SSI) | 43.8% | 43.8% | 42.1% | 42.1% | 40.0% | 40.0% |
| State Core Funding Per Pupil | 2,630 | 2,634 | 2,569 | 2,611 | 2,480 | 2,480 |
| Formula ADM (Funded Student Count) | 5,487 | 5,416 | 5,394 | 5,362 | 5,294 | 5,239 |
| Funding Status | Guarantee | Guarantee | Guarantee | Guarantee | Guarantee | Guarantee |

It is important to note that this forecast is based upon current Ohio law. However, State educational funding has gone through a series of changes over the last several years and was completely revised in 2013. District unrestricted aid is expected to remain relative stable over the life of the forecast due to the district's relative property valuation as compared to the valuation of other districts in the state, changes in student enrollment, and median household income in comparison to the median income of the State. Lebanon City School District's enrollment is stable, our per pupil property valuation is slightly lower than the State Average, and our median income is slightly above the State average median income. The District is currently on the Guarantee and expected to remain on the guarantee throughout the forecast. It is important to note that if the current funding model were to eliminate the guarantee District revenues would decline. In addition, the District will not see any increase in revenue for increased student enrollment until the guarantee is satisfied which is currently \$1.2 million or 368 students for Fiscal Year 2019. It is further assumed that this formula will continue through the life of the forecast.

1.040 & 1.045 - Restricted Grants-in-Aid

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

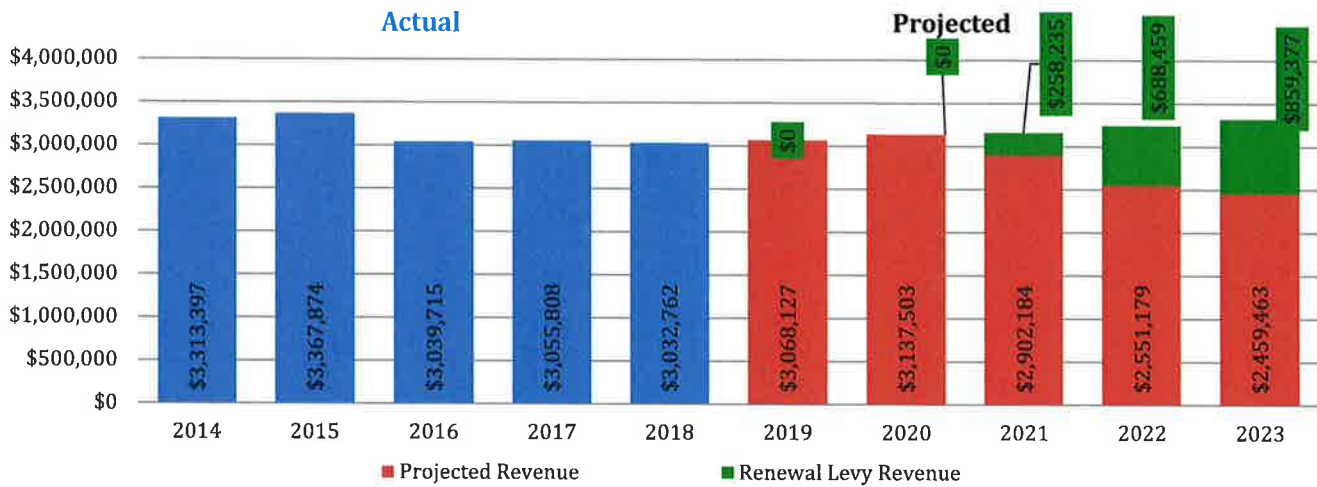


| | FORECASTED | | | | | |
|--------------------------------------|------------|-----------|----------|---------|---------|---------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total | 282,621 | 172,160 | 159,272 | 160,280 | 160,820 | 161,519 |
| YOY \$ Change | (176,695) | (110,461) | (12,888) | 1,008 | 540 | 699 |
| YOY % Change | -38.5% | -39.1% | -7.5% | 0.6% | 0.3% | 0.4% |
| Percentage of Total Revenue | 0.5% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| Economic Disadvantaged Funding | 56,163 | 55,209 | 72,082 | 73,089 | 73,630 | 74,329 |
| Percentage of Disadvantaged Students | 20.6% | 20.5% | 22.3% | 22.3% | 22.3% | 22.3% |

Restricted funds are those in which the State requires spending to be done following a specific guideline. This forecast assumes that only Career Tech Funding and catastrophic special education funding will occur in the future.

1.050 - Property Tax Allocation

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



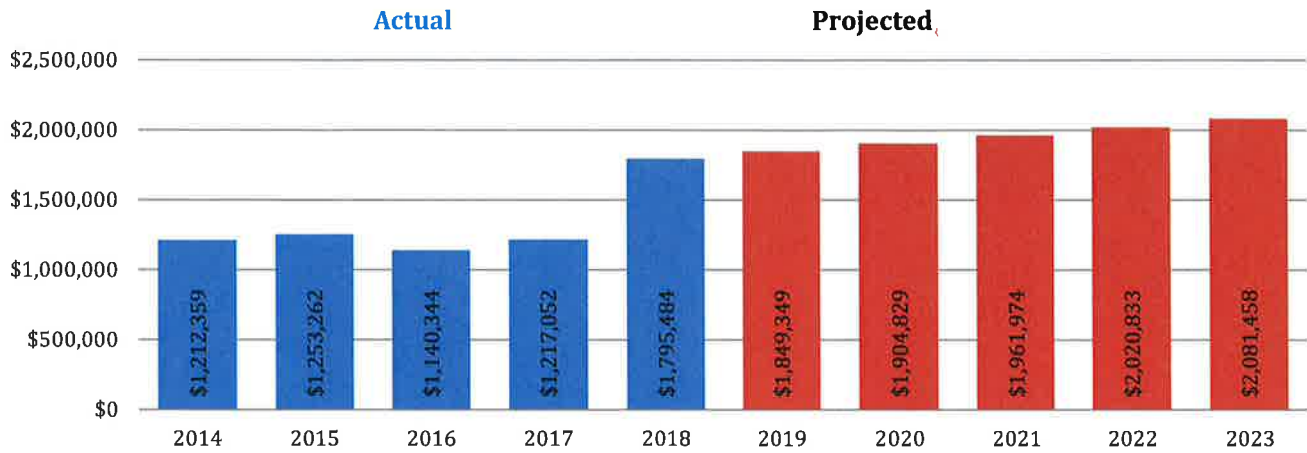
| | 2018 | FORECASTED | | | | |
|--|-----------|------------|-----------|-----------|-----------|-----------|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total With Renewal Levies | 3,032,762 | 3,068,127 | 3,137,503 | 3,160,419 | 3,239,638 | 3,318,840 |
| YOY \$ Change | (23,046) | 35,365 | 69,376 | 22,916 | 79,218 | 79,203 |
| YOY % Change | -0.8% | 1.2% | 2.3% | 0.7% | 2.5% | 2.4% |
| Percentage of Total Revenue | 5.8% | 5.8% | 5.9% | 5.9% | 6.0% | 6.0% |
| % of Residential Real Estate 10% Rollback | 9.98% | 9.98% | 9.98% | 9.98% | 9.98% | 9.98% |
| % of Residential Real Estate 2.5% Rollback | 1.93% | 1.93% | 1.93% | 1.93% | 1.93% | 1.93% |
| % of Residential Real Estate Homestead | 2.22% | 2.22% | 2.22% | 2.22% | 2.22% | 2.22% |

All real property taxpayers receive a 10.0% credit or rollback on their tax bills that is "reimbursed" by the State of Ohio in the form of the Homestead and Rollback Exemption. Homeowners are eligible for an additional 2.5% homestead exemption if they live in their home and it is on a parcel that is less than 2.5 acres. The Homestead and Rollback exemption was eliminated for new and replacement levies passed on or after November 5, 2013 by House Bill 59. However, this change will not affect the total revenue of the District but will significantly impact taxpayers that will no longer receive the reduced rate created by the exemption. The District is anticipating that Rollback and Homestead Exemption will remain in its current form over the life of the forecast for existing levies. New levies in the future will not result in an increase in this line item but will be accounted for entirely in the property tax line items.

**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.

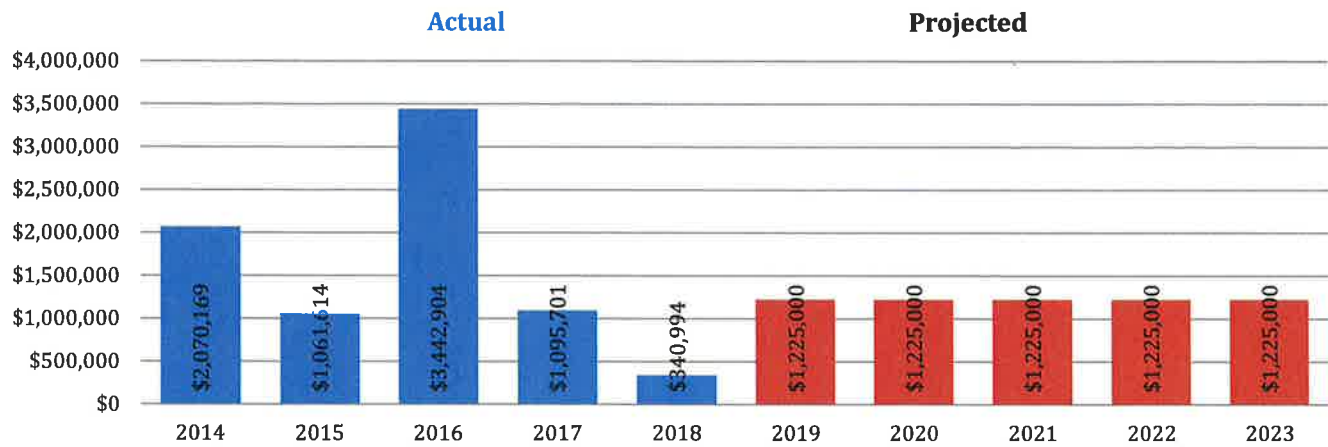


| | FORECASTED | | | | | |
|-----------------------------|------------|-----------|-----------|-----------|-----------|-----------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total | 1,795,484 | 1,849,349 | 1,904,829 | 1,961,974 | 2,020,833 | 2,081,458 |
| YOY \$ Change | 578,432 | 53,865 | 55,480 | 57,145 | 58,859 | 60,625 |
| YOY % Change | 47.5% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Percentage of Total Revenue | 3.4% | 3.5% | 3.6% | 3.7% | 3.7% | 3.8% |

Typically other local revenue consists of extra-curricular participation fees, commissions, rental income and summer school tuition. It is important to note that the District increased pay to participate fees for the 2012 fiscal year and it is assumed that those fees will continue over the life of the forecast. The District also earns interest on accumulated cash reserves. However, interest rates have been near historical lows and it has significantly reduced interest income. This line item also includes additional revenue from the casino gaming in Ohio. This line item is anticipated to grow at a modest rate of 3% annually over the life of the forecast.

2.070 - Total Other Financing Sources

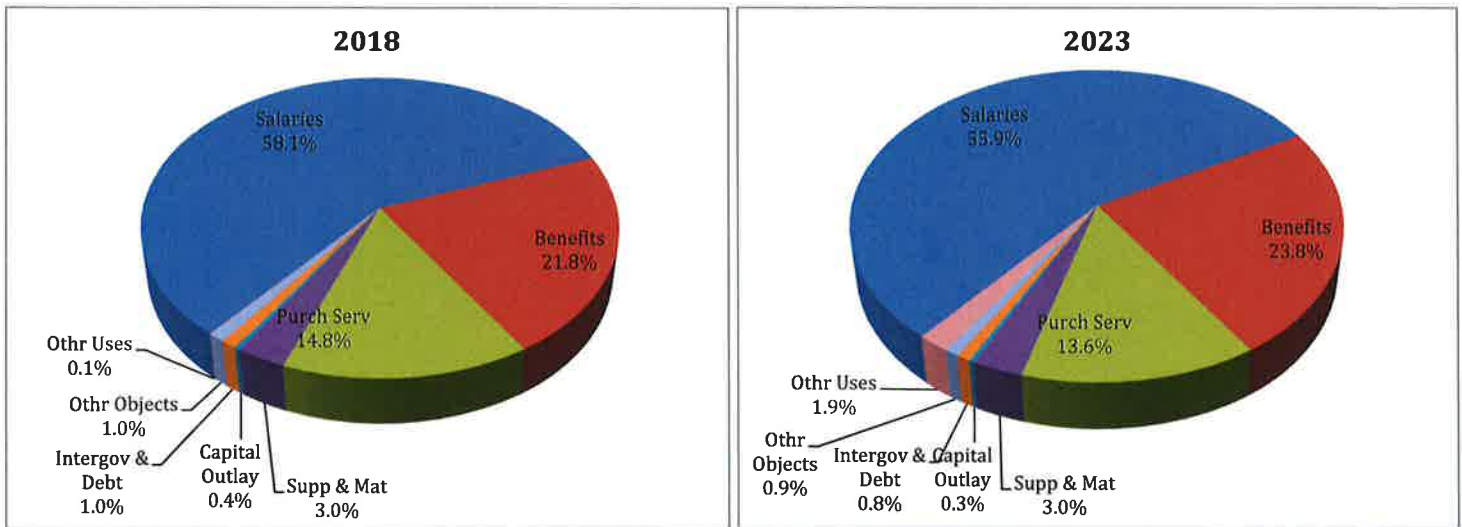
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



| | FORECASTED | | | | | |
|-----------------------------|------------|-----------|-----------|-----------|-----------|-----------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total | 340,994 | 1,225,000 | 1,225,000 | 1,225,000 | 1,225,000 | 1,225,000 |
| YOY \$ Change | (754,707) | 884,006 | - | - | - | - |
| YOY % Change | -68.9% | 259.2% | 0.0% | 0.0% | 0.0% | 0.0% |
| Percentage of Total Revenue | 0.7% | 2.3% | 2.3% | 2.3% | 2.3% | 2.2% |
| Transfers In | 310 | - | - | - | - | - |
| Advances In | 8,361 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |

This line primarily represents the return of temporary monies made to funds experiencing cash flow shortfalls. Advances are not permanent and must always be returned. It is important to note that this is merely an accounting transaction required by law and an offsetting entry is made in the Advances Out section of expenses.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

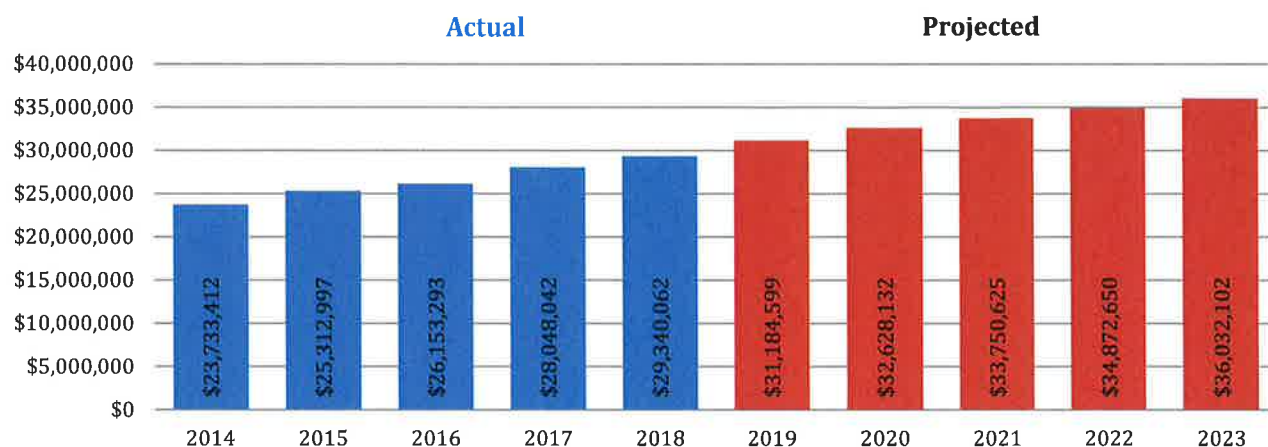


| | Prev. 5-Year Avg. Annual Change | PROJECTED | | | | | 5-Year Avg. Annual Change |
|----------------------------|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------------|
| | | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 | |
| Expenditures: | | | | | | | |
| 3.010-Salaries | 4.18% | 6.29% | 4.63% | 3.44% | 3.32% | 3.32% | 4.20% |
| 3.020-Benefits | 3.21% | 8.50% | 6.78% | 6.28% | 6.27% | 6.31% | 6.83% |
| 3.030-Purchased Services | 2.89% | 4.34% | 3.00% | 3.00% | 3.00% | 3.00% | 3.27% |
| 3.040-Supplies & Materials | 0.95% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| 3.050-Capital Outlay | 23.53% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| 3.060-Intergov | -86.40% | n/a | n/a | n/a | n/a | n/a | n/a |
| 4.010-4.060-Debt | -1.82% | 2.17% | 1.90% | -0.96% | 2.04% | 0.00% | 1.03% |
| 4.300-Other Objects | 5.07% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| 4.500-Total Expenditures | 3.50% | 6.36% | 4.84% | 4.02% | 4.00% | 4.01% | 4.64% |
| 5.040-Total Other Uses | 114.64% | 3081.83% | 0.00% | 0.00% | 0.00% | 0.00% | 616.37% |
| 5.050-Total w/Other Uses | 3.10% | 8.66% | 4.73% | 3.94% | 3.92% | 3.93% | 5.03% |

Overall expenditures are anticipated to grow at a modest rate over the life of the forecast. It is important to note that expenditures are expected to exceed revenues beginning in Fiscal Year 2019 forcing the district to utilize cash reserves to satisfy current expenses. It is critical to the long-term financial stability of the District to explore strategies to address this disparity. Options to explore must include revenue generation and cost reduction strategies. It is expected that the District will seek additional property or income tax revenues in 2019 for collection in 2020.

3.010 - Personnel Services

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



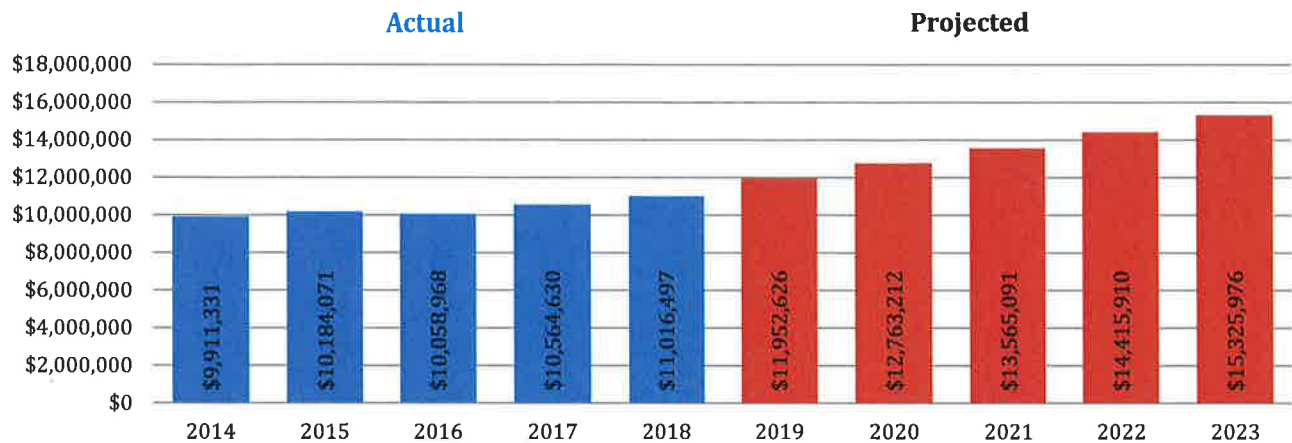
| | FORECASTED | | | | | |
|----------------------------|------------|------------|------------|------------|------------|------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total | 29,340,062 | 31,184,599 | 32,628,132 | 33,750,625 | 34,872,650 | 36,032,102 |
| YOY \$ Change | 1,292,020 | 1,844,537 | 1,443,533 | 1,122,493 | 1,122,025 | 1,159,452 |
| YOY % Change | 4.6% | 6.3% | 4.6% | 3.4% | 3.3% | 3.3% |
| Percentage of Total Budget | 58.1% | 56.8% | 56.8% | 56.5% | 56.2% | 55.9% |

Staffing is based upon the program for the 2018-19 school year. In 2011, the District implemented significant cuts in an effort to reduce expenditures. At the core of those reductions was a three year freeze base wages and experience steps through December 2013 for all employees. Beginning in Fiscal Year 2015, increases in salary for experience was reinstated for the remainder of the forecast. In addition, base salaries were increased 1% effective January 2014, 2% for Fiscal Year 2015, 3% for Fiscal Year 2016, 2.75% for Fiscal Year 2017, 2.5% for Fiscal Year 2018, 3% for 2019 and 2.25% for 2020.

In general, staffing is expected to remain relatively constant over the life of the forecast as enrollment is expected to remain relatively stable. The forecast also assumes that base salary increases for all staff an average of 1 % in Fiscal Year 2021 and beyond.

3.020 - Employees' Benefits

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



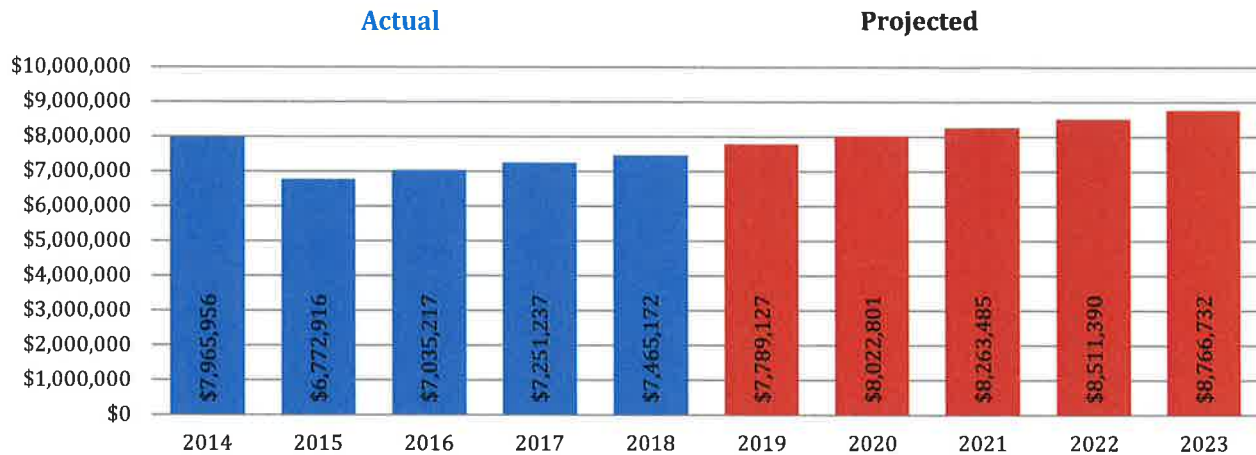
| | FORECASTED | | | | | |
|----------------------------|------------|------------|------------|------------|------------|------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total | 11,016,497 | 11,952,626 | 12,763,212 | 13,565,091 | 14,415,910 | 15,325,976 |
| YOY \$ Change | 451,867 | 936,129 | 810,586 | 801,879 | 850,819 | 910,066 |
| YOY % Change | 4.3% | 8.5% | 6.8% | 6.3% | 6.3% | 6.3% |
| Percentage of Total Budget | 21.8% | 21.8% | 22.2% | 22.7% | 23.2% | 23.8% |

The District is required by law to pay 14% of employees' salary into the State Teachers Retirement System and School Employees Retirement System. It's also required of the District to pay 1.45% of salaries to Medicare and approximately 1% to the State Worker's Compensation Program. With the cost of the District's share of retirement, Medicare and worker's compensation insurance, we contribute 16.56% of salaries. No significant changes are forecasted for the District's contribution to in retirement, Medicare and worker's compensation beyond the increases due to the staff and wage increases. The District has experienced significant increases in health insurance rates historically. The District realized a 10.6% increase in rates for Fiscal Year 2008, 2.3% decrease for Fiscal Year 2009, 4.95% increase for Fiscal Year 2010, 23.2% increase in Fiscal Year 2011, 4.38% increase in Fiscal Year 2012, 16% increase for Calendar Year 2013, 9.7% increase in Calendar Year 2014, a 4.1% increase in 2015, a .5% increase in 2016, and a .1% decrease in 2017. In addition, the district and staff received a one month premium holiday in fiscal year 2018.

In 2012, the District agreed to make significant changes to our health insurance program to pool health care costs to reduce premiums and reduce risk. At the core of the change is the decision to join the Southwest Ohio Organization School Health (SWOOSH) healthcare consortium. The decision was made to incorporate both life insurance and dental insurance in the consortium for the same benefits. Health insurance premiums have trended significantly lower than anticipated due to lower increases in recent years due to SWOOSH transitioning from a fully insured platform to self-insurance. Future premium increases are currently anticipated to increase approximately 8% annually for the remaining years of the forecast. Dental and life insurances are estimated to respectively rise 5% and 3% annually.

3.030 - Purchased Services

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



| | FORECASTED | | | | | |
|----------------------------|------------|-----------|-----------|-----------|-----------|-----------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total | 7,465,172 | 7,789,127 | 8,022,801 | 8,263,485 | 8,511,390 | 8,766,732 |
| YOY \$ Change | 213,935 | 323,955 | 233,674 | 240,684 | 247,905 | 255,342 |
| YOY % Change | 3.0% | 4.3% | 3.0% | 3.0% | 3.0% | 3.0% |
| Percentage of Total Budget | 14.8% | 14.2% | 14.0% | 13.8% | 13.7% | 13.6% |

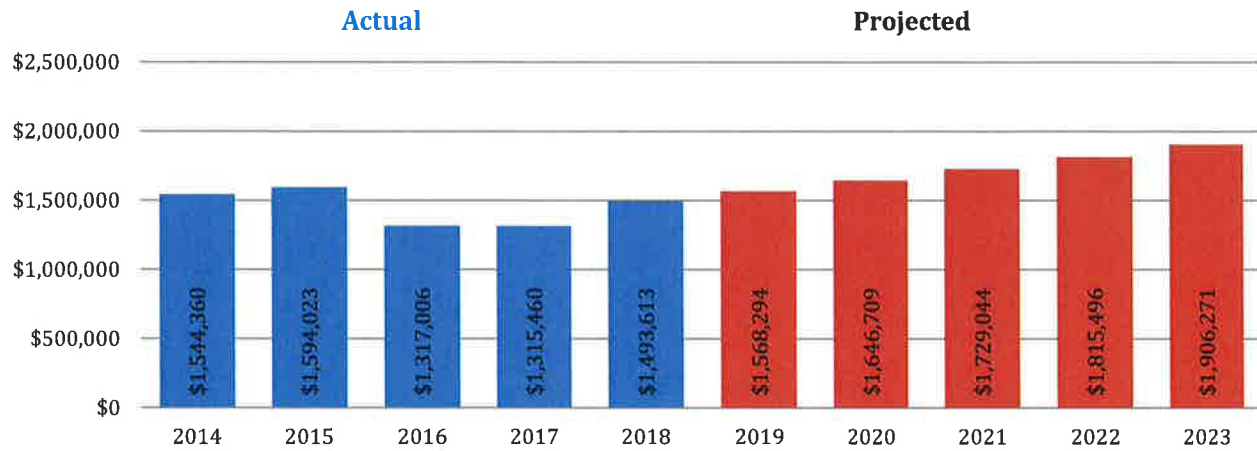
Projected increases in purchased services are the result of additional building space to maintain, increased utility costs, increased specialized services for students, students enrolling in charter schools and other districts through open enrollment. Purchased services are anticipated to increase approximately 3% annually which is consistent with prior year increases.

The contract with Warren County Education Service Center is expected to increase approximately 5% annually. In the past, the Warren County Educational Service Center operated the preschool program. Beginning in 2015, the preschool program was restructured resulting in a reduction in this line item.

Utilities are also a concern to the District. We have contracted with Vista Consulting to review our energy use and identify potential areas to reduce costs. We have initially invested in software to measure energy consumption in the District and measure the impact of cost reduction strategies. In addition, we have implemented behavioral changes in the District to reduce energy costs by turning off computers, lights and eliminating unnecessary energy utilizing appliances. We have estimated that equipment upgrades will also result in significant energy savings. However beginning in 2015, significant additional square footage will be added to the district requiring additional utilities and maintenance. The initial impact of this has been estimated within the forecast but additional information will be available as the OFCC construction project develops. There is also significant cost associated with moving the existing Junior High to their new building and Berry Intermediate to their temporary location at the former JH site.

3.040 - Supplies & Materials

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

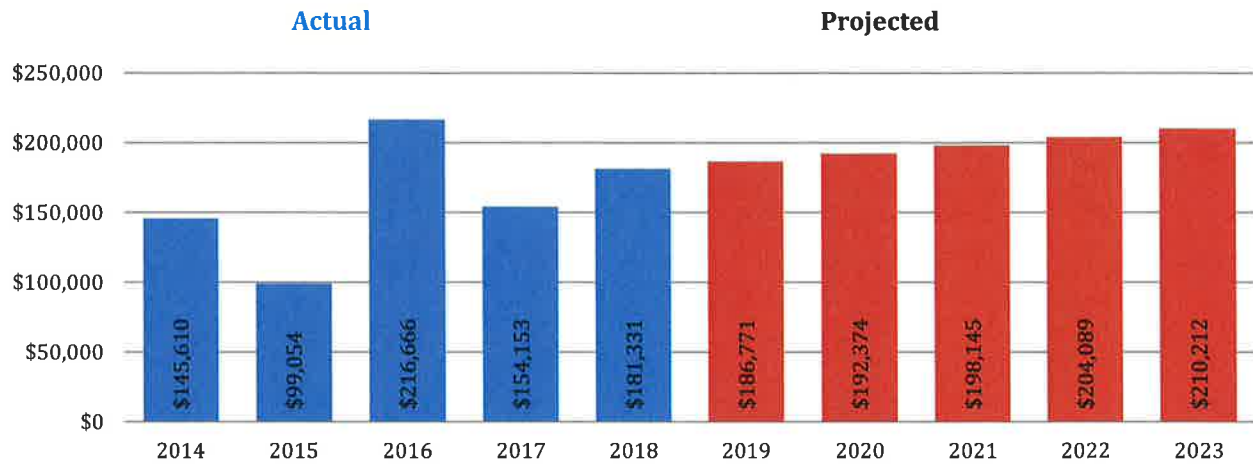


| | FORECASTED | | | | | |
|----------------------------|------------|-----------|-----------|-----------|-----------|-----------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total | 1,493,613 | 1,568,294 | 1,646,709 | 1,729,044 | 1,815,496 | 1,906,271 |
| YOY \$ Change | 178,153 | 74,681 | 78,415 | 82,335 | 86,452 | 90,775 |
| YOY % Change | 13.5% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Percentage of Total Budget | 3.0% | 2.9% | 2.9% | 2.9% | 2.9% | 3.0% |

Supplies and materials purchases are estimated to increase at 3% annually in the forecast due in part to increased building square footage as a result of the OFCC Building project expected to be completed in 2018.

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.

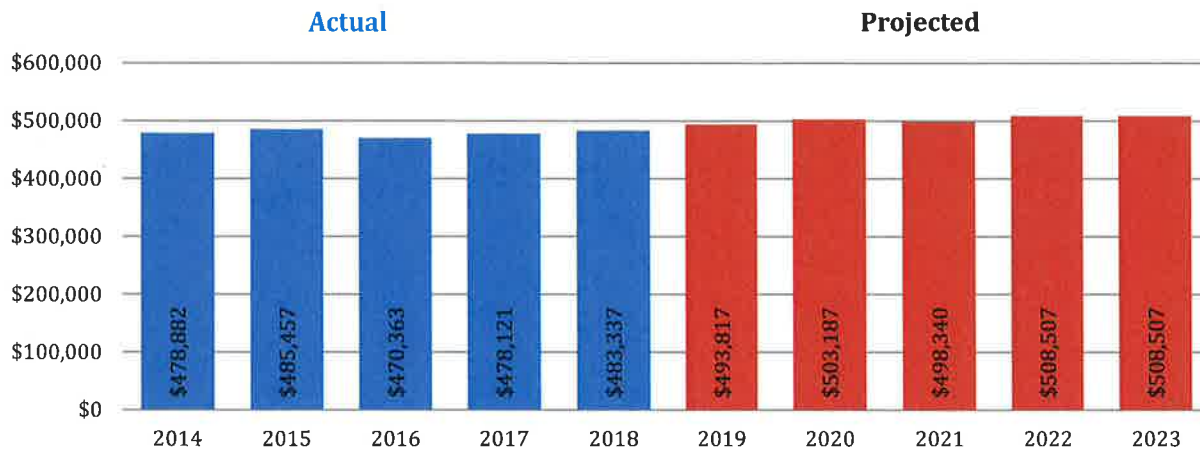


| | FORECASTED | | | | | |
|----------------------------|------------|---------|---------|---------|---------|---------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total | 181,331 | 186,771 | 192,374 | 198,145 | 204,089 | 210,212 |
| YOY \$ Change | 27,178 | 5,440 | 5,603 | 5,771 | 5,944 | 6,123 |
| YOY % Change | 17.6% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Percentage of Total Budget | 0.4% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |

It is anticipated that these expense will increase 3% annually in the future. The District does maintain a permanent improvement fund that currently purchases most of these items.

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.



| | FORECASTED | | | | | |
|----------------------------|------------|---------|---------|---------|---------|---------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total | 483,337 | 493,817 | 503,187 | 498,340 | 508,507 | 508,507 |
| YOY \$ Change | 5,216 | 10,480 | 9,370 | (4,847) | 10,167 | - |
| YOY % Change | 1.1% | 2.2% | 1.9% | -1.0% | 2.0% | 0.0% |
| Percentage of Total Budget | 1.0% | 0.9% | 0.9% | 0.8% | 0.8% | 0.8% |

The District has two outstanding debt issues that are the responsibility of the General Operating Fund and are consequently included in the five-year forecast

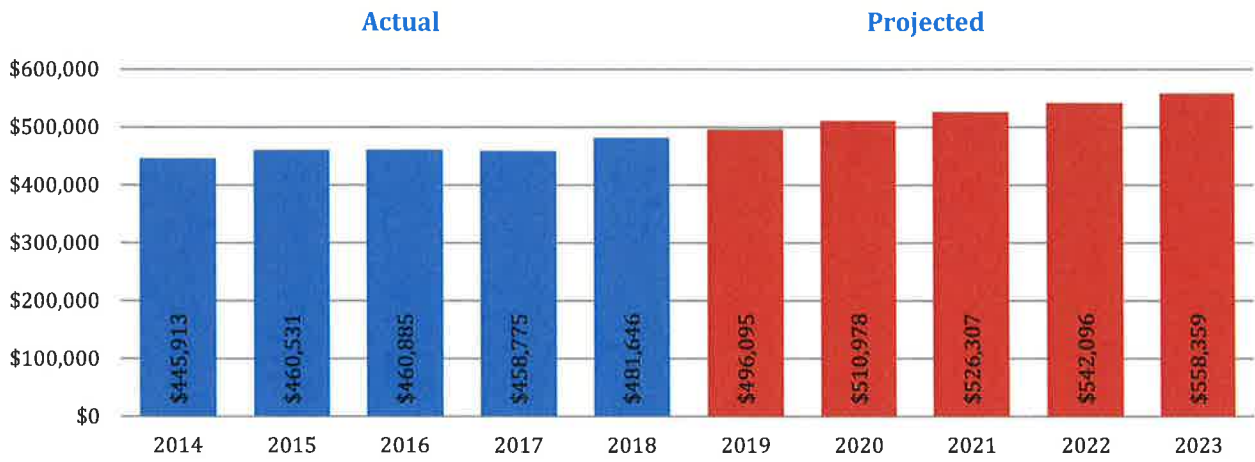
Line 4.050 represents the payment for the House Bill 264 energy management program that was recently funded this year. The repayment of this debt will be through the associated saving in energy costs from upgraded equipment and behavioral changes.

Line 4.055 represents the payment of the refinanced Certificates of Participation (COPS) issued to fund the locally funded initiatives (LFI) in the construction of the high school and elementary. The LFI's included additional classrooms at Bowman Elementary and Lebanon High School. The principal for this issue is detailed on line item 4.055.

Line 4.06 represents the interest cost for both of these issues. The issues are financed at fixed rate and cannot increase in cost over time.

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.

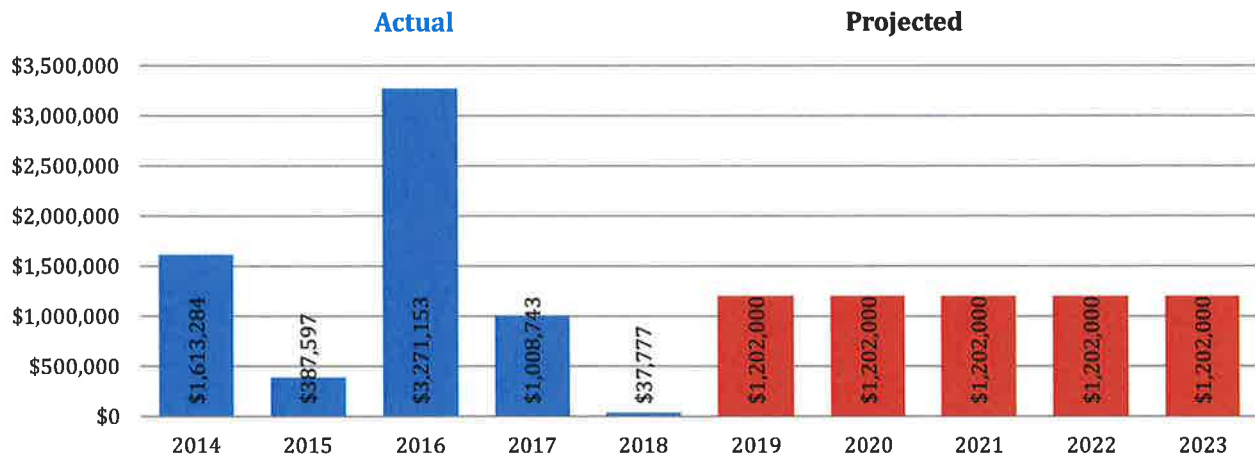


| | FORECASTED | | | | | |
|----------------------------|------------|---------|---------|---------|---------|---------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total | 481,646 | 496,095 | 510,978 | 526,307 | 542,096 | 558,359 |
| YOY \$ Change | 22,871 | 14,449 | 14,883 | 15,329 | 15,789 | 16,263 |
| YOY % Change | 5.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Percentage of Total Budget | 1.0% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% |

Any other costs not previously listed are other object expenses. These are assumed to increase 3% annually.

5.040 - Total Other Financing Uses

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



| | FORECASTED | | | | | |
|----------------------------|------------|-----------|-----------|-----------|-----------|-----------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total | 37,777 | 1,202,000 | 1,202,000 | 1,202,000 | 1,202,000 | 1,202,000 |
| YOY \$ Change | (970,966) | 1,164,223 | - | - | - | - |
| YOY % Change | -96.3% | 3081.8% | 0.0% | 0.0% | 0.0% | 0.0% |
| Percentage of Total Budget | 0.1% | 2.2% | 2.1% | 2.0% | 1.9% | 1.9% |
| Transfers Out | - | - | - | - | - | - |
| Advances Out | 37,777 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |

Transfers and Advances - Transfer are monies approved by the BOE to give to another fund to maintain a legal balance. Advances are monies loaned to other funds with the approval of the BOE to keep those funds legal and are merely an accounting transaction reflected in the forecast.

Outstanding Encumbrances - Encumbrances are legal financial obligations of the District that have not been expended at fiscal year-end. We have anticipated the same amount each fiscal year of \$1,200,000. In the event actual encumbrances are higher than anticipated on June 30, the expenditures in the aforementioned line items will be lower.

LEBANON CITY SCHOOL DISTRICT - - WARREN COUNTY

Five Year Forecast

| Fiscal Year: | Actual | FORECASTED | | | | |
|--|---------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Revenue: | | | | | | |
| 1.010 - General Property Tax (Real Estate) | 22,384,305 | 22,086,844 | 22,799,876 | 21,083,133 | 18,494,408 | 17,761,194 |
| 1.020 - Public Utility Personal Property | 2,605,396 | 2,591,346 | 2,620,633 | 2,528,682 | 2,362,338 | 2,312,111 |
| 1.030 - Income Tax | - | - | - | - | - | - |
| 1.035 - Unrestricted Grants-in-Aid | 21,833,145 | 21,647,428 | 21,612,703 | 21,609,417 | 21,605,326 | 21,601,359 |
| 1.040 - Restricted Grants-in-Aid | 282,621 | 172,160 | 159,272 | 160,280 | 160,820 | 161,519 |
| 1.050 - Property Tax Allocation | 3,032,762 | 3,068,127 | 3,137,503 | 2,902,184 | 2,551,179 | 2,459,463 |
| 1.060 - All Other Operating Revenues | 1,795,484 | 1,849,349 | 1,904,829 | 1,961,974 | 2,020,833 | 2,081,458 |
| 1.070 - Total Revenue | 51,933,713 | 51,415,254 | 52,234,816 | 50,245,670 | 47,194,904 | 46,377,104 |
| Other Financing Sources: | | | | | | |
| 2.010 - Proceeds from Sale of Notes | - | - | - | - | - | - |
| 2.020 - State Emergency Loans and Adv | - | - | - | - | - | - |
| 2.040 - Operating Transfers-In | 310 | - | - | - | - | - |
| 2.050 - Advances-In | 8,361 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| 2.060 - All Other Financing Sources | 332,323 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| 2.070 - Total Other Financing Sources | 340,994 | 1,225,000 | 1,225,000 | 1,225,000 | 1,225,000 | 1,225,000 |
| 2.080 - Total Rev & Other Sources | 52,274,707 | 52,640,254 | 53,459,816 | 51,470,670 | 48,419,904 | 47,602,104 |
| Expenditures: | | | | | | |
| 3.010 - Personnel Services | 29,340,062 | 31,184,599 | 32,628,132 | 33,750,625 | 34,872,650 | 36,032,102 |
| 3.020 - Employee Benefits | 11,016,497 | 11,952,626 | 12,763,212 | 13,565,091 | 14,415,910 | 15,325,976 |
| 3.030 - Purchased Services | 7,465,172 | 7,789,127 | 8,022,801 | 8,263,485 | 8,511,390 | 8,766,732 |
| 3.040 - Supplies and Materials | 1,493,613 | 1,568,294 | 1,646,709 | 1,729,044 | 1,815,496 | 1,906,271 |
| 3.050 - Capital Outlay | 181,331 | 186,771 | 192,374 | 198,145 | 204,089 | 210,212 |
| Intergovernmental & Debt Service | 483,337 | 493,817 | 503,187 | 498,340 | 508,507 | 508,507 |
| 4.300 - Other Objects | 481,646 | 496,095 | 510,978 | 526,307 | 542,096 | 558,359 |
| 4.500 - Total Expenditures | 50,461,658 | 53,671,329 | 56,267,393 | 58,531,037 | 60,870,138 | 63,308,159 |
| Other Financing Uses | | | | | | |
| 5.010 - Operating Transfers-Out | - | - | - | - | - | - |
| 5.020 - Advances-Out | 37,777 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 | 1,200,000 |
| 5.030 - All Other Financing Uses | - | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| 5.040 - Total Other Financing Uses | 37,777 | 1,202,000 | 1,202,000 | 1,202,000 | 1,202,000 | 1,202,000 |
| 5.050 - Total Exp and Other Financing Uses | 50,499,435 | 54,873,329 | 57,469,393 | 59,733,037 | 62,072,138 | 64,510,159 |
| 6.010 - Excess of Rev Over/(Under) Exp | 1,775,272 | (2,233,075) | (4,009,577) | (8,262,367) | (13,652,234) | (16,908,055) |
| 7.010 - Cash Balance July 1 (No Levies) | 21,738,618 | 23,513,890 | 21,280,815 | 17,271,238 | 9,008,871 | (4,643,363) |
| 7.020 - Cash Balance June 30 (No Levies) | 23,513,890 | 21,280,815 | 17,271,238 | 9,008,871 | (4,643,363) | (21,551,418) |
| | | | | | | |
| | Reservations | | | | | |
| 8.010 - Estimated Encumbrances June 30 | 717,531 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 9.080 - Reservations Subtotal | - | - | - | - | - | - |
| 10.010 - Fund Bal June 30 for Cert of App | 22,796,359 | 20,280,815 | 16,271,238 | 8,008,871 | (5,643,363) | (22,551,418) |
| Rev from Replacement/Renewal Levies | | | | | | |
| 11.010 & 11.020 - Renewal Levies | - | - | - | 2,244,048 | 5,950,259 | 7,412,342 |
| 11.030 - Cumulative Balance of Levies | - | - | - | 2,244,048 | 8,194,307 | 15,606,649 |
| 12.010 - Fund Bal June 30 for Cert of Obligations | 22,796,359 | 20,280,815 | 16,271,238 | 10,252,919 | 2,550,944 | (6,944,769) |
| Revenue from New Levies | | | | | | |
| 13.010 & 13.020 - New Levies | - | - | - | - | - | - |
| 13.030 - Cumulative Balance of New Levies | - | - | - | - | - | - |
| 15.010 - Unreserved Fund Balance June 30 | 22,796,359 | 20,280,815 | 16,271,238 | 10,252,919 | 2,550,944 | (6,944,769) |