

Lebanon City School District

Five Year Forecast Financial Report

November, 2023

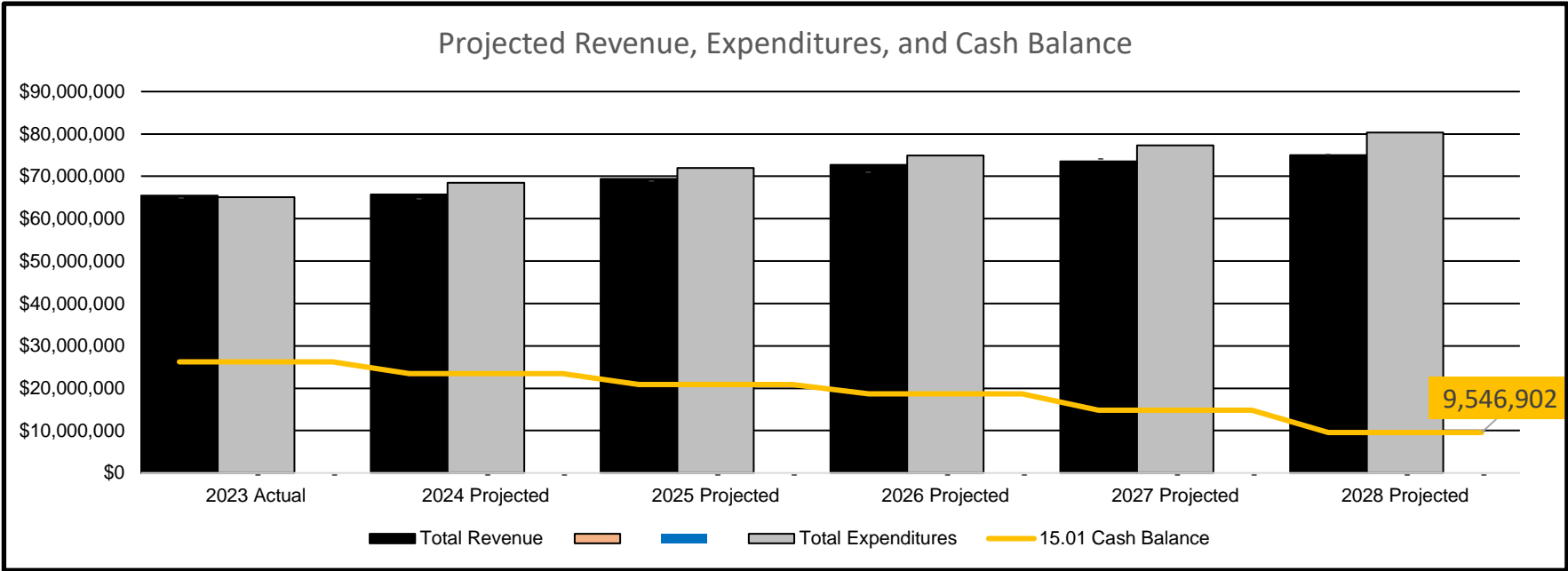
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Forecast Purpose/Objectives

- 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 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	26,220,438	23,471,690	20,897,114	18,653,264	14,841,048
+ Revenue	65,696,524	69,376,693	72,657,187	73,496,827	75,000,876
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(68,445,273)	(71,951,268)	(74,901,037)	(77,309,042)	(80,295,023)
= Revenue Surplus or Deficit	(2,748,749)	(2,574,575)	(2,243,851)	(3,812,215)	(5,294,146)
Line 7.020 Ending Balance with renewal/new levies	23,471,690	20,897,114	18,653,264	14,841,048	9,546,902

Analysis Without Renewal Levies Included:

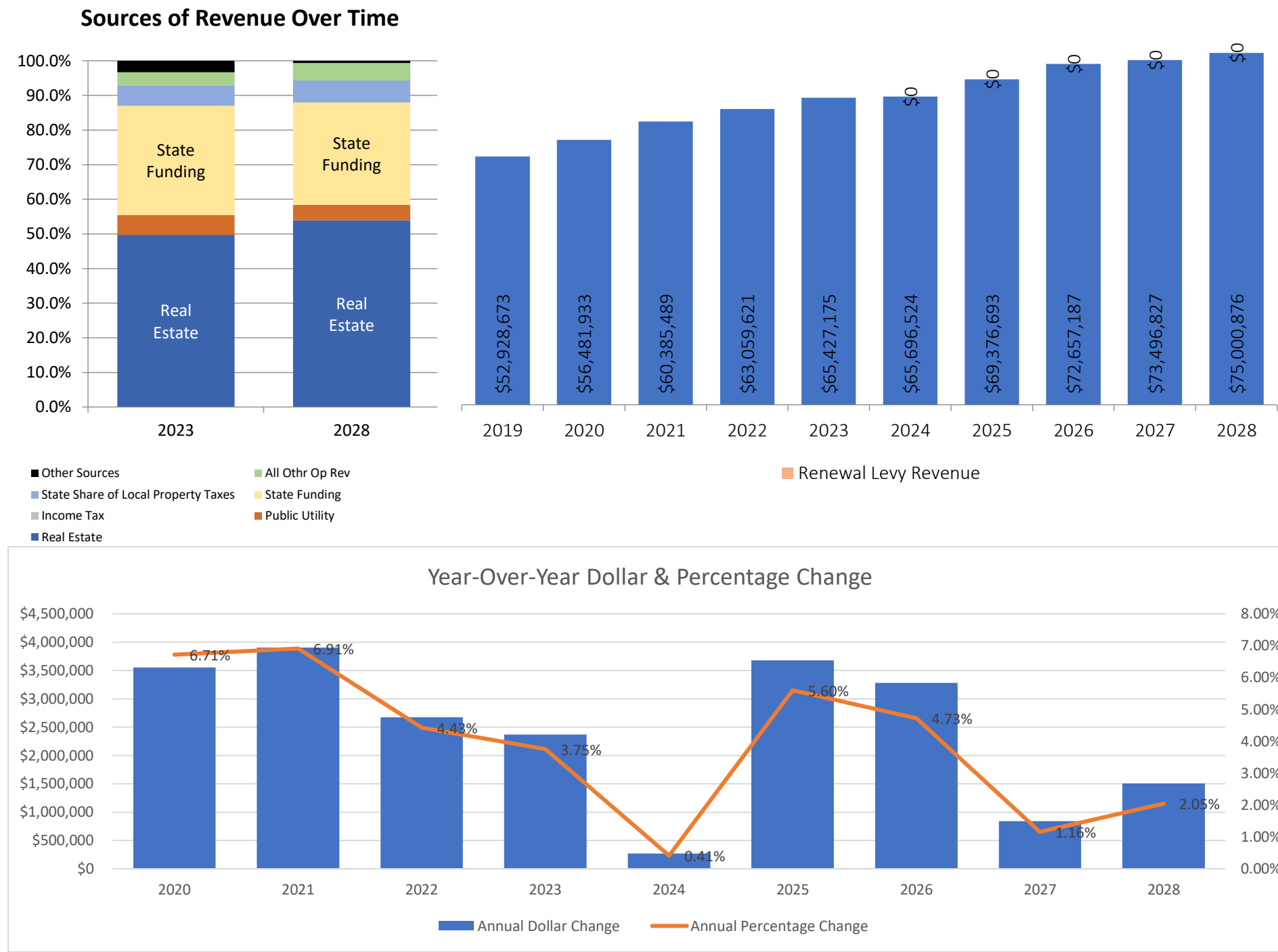
Revenue Surplus or Deficit w/o Levies	(2,748,749)	(2,574,575)	(2,243,851)	(3,812,215)	(5,294,146)
Ending Balance w/o Levies	23,471,690	20,897,114	18,653,264	14,841,048	9,546,902

In FY 2024 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$2,748,749 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$5,294,146 The district would need to cut its FY 2028 projected expenses by 6.59% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2024 and is projected to worsen by FY 2028. 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 \$40,509,356 in FY 2024. The state's share of the calculated Base Cost total is \$10,622,476 or \$2,171 per pupil.

Revenue Sources and Forecast Year-Over-Year Projected Overview



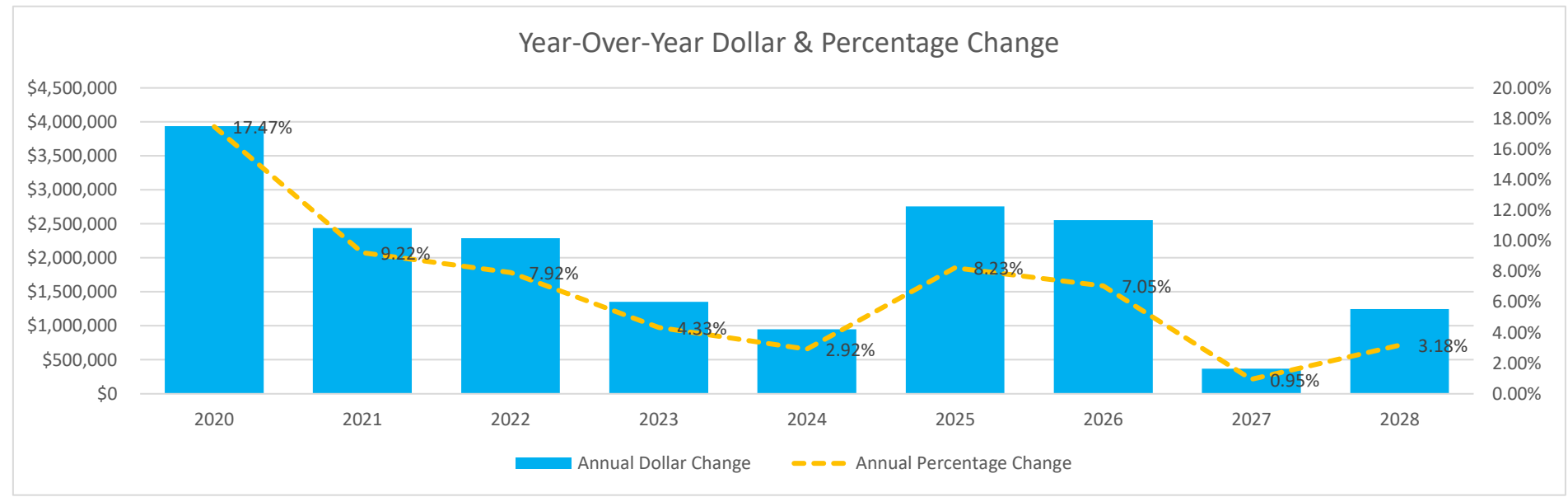
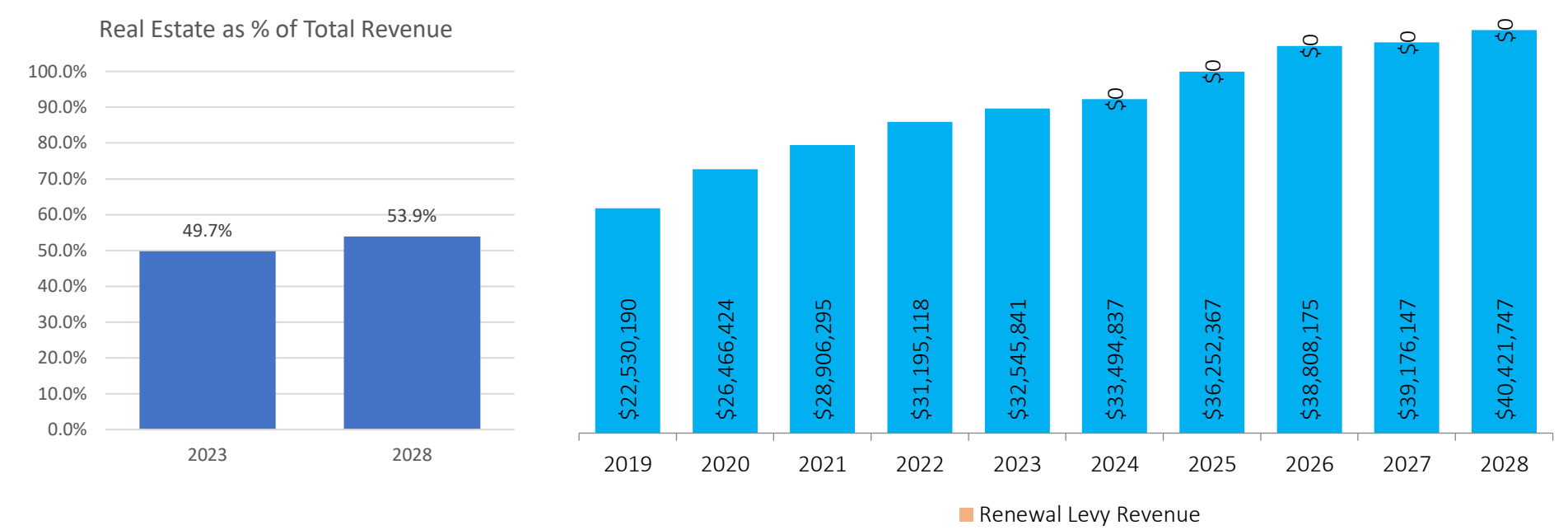
4-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 5.45% or \$3,124,625 annually during the past 4-Year period and is projected to increase 2.79% or \$1,914,740 annually through FY2028. Real Estate has the most projected average annual variance compared to the historical average at - \$928,731
Real Estate	2,503,913	1,575,181	(\$928,731)	
Public Utility	\$239,564	(\$69,612)	(\$309,177)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$319,552)	301,240	\$620,791	
Prop Tax Alloc	\$151,123	\$199,124	\$48,001	
All Othr Op Rev	\$222,850	\$242,677	\$19,828	
Other Sources	\$326,728	(\$333,869)	(\$660,597)	
Total Average Annual Change	3,124,625 5.45%	1,914,740 2.79%	(\$1,209,885) -2.66%	

Note: Expenditure average annual change is projected to be > \$3,051,129 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).



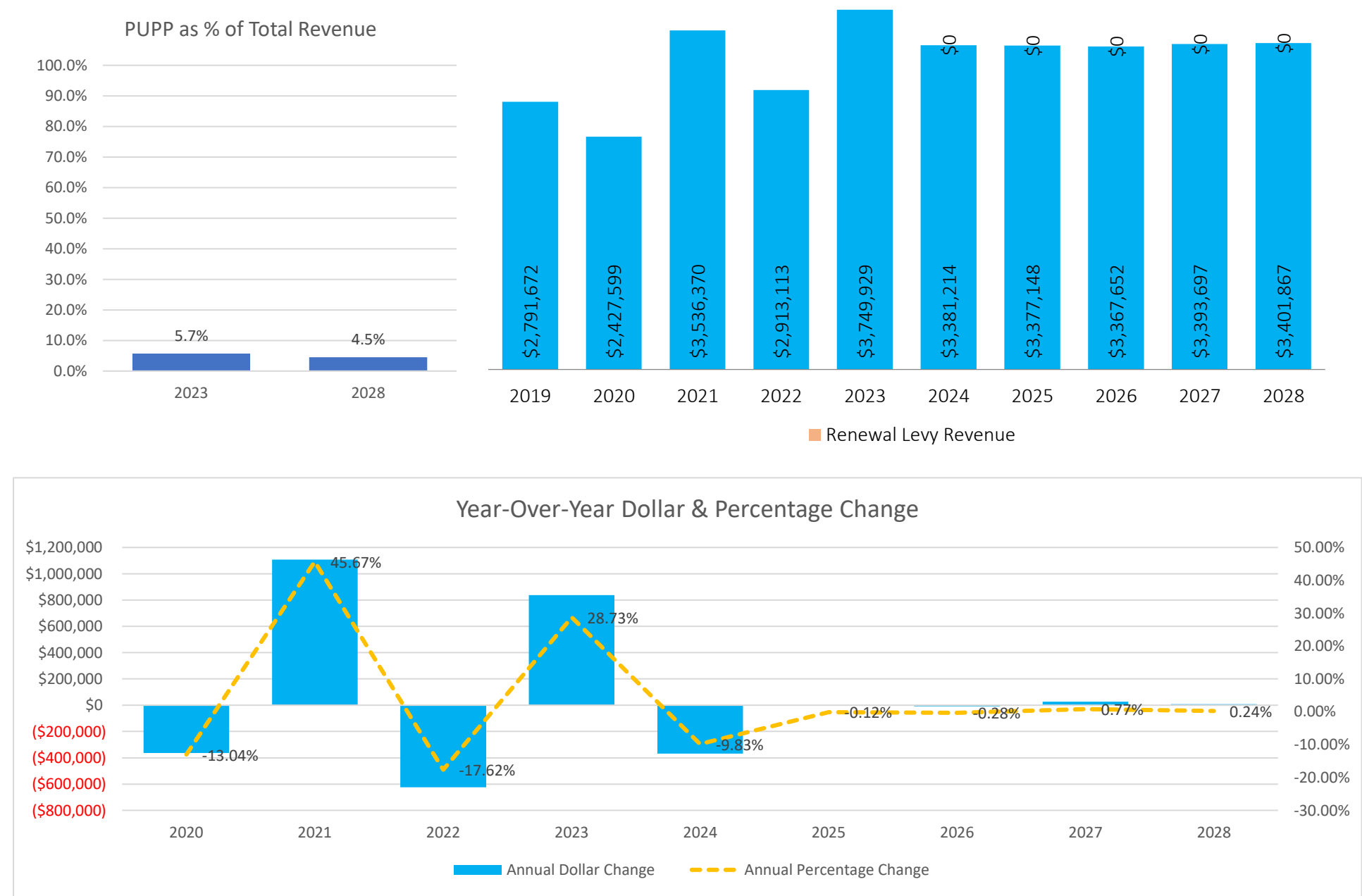
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2022	1,240,189,040	40,573,840	29.64	-	30.44	-	100.5%
2023	1,259,489,040	19,300,000	29.66	0.02	30.39	(0.05)	100.0%
2024	1,530,639,040	271,150,000	28.10	(1.55)	28.62	(1.77)	100.0%
2025	1,546,039,040	15,400,000	28.09	(0.01)	28.56	(0.06)	100.0%
2026	1,561,439,040	15,400,000	28.09	(0.01)	28.50	(0.06)	100.0%
2027	1,671,089,040	109,650,000	27.64	(0.45)	27.95	(0.55)	100.0%

Real estate property tax revenue accounts for 49.74% of total revenue. Class I or residential/agricultural taxes make up approximately 84.86% of the real estate property tax revenue. The Class I tax rate is 29.66 mills in tax year 2023. The projections reflect an average gross collection rate of 100.0% annually through tax year 2027. The revenue changed at an average annual historical rate of 9.73% and is projected to change at an average annual rate of 4.47% through FY 2028.

*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.



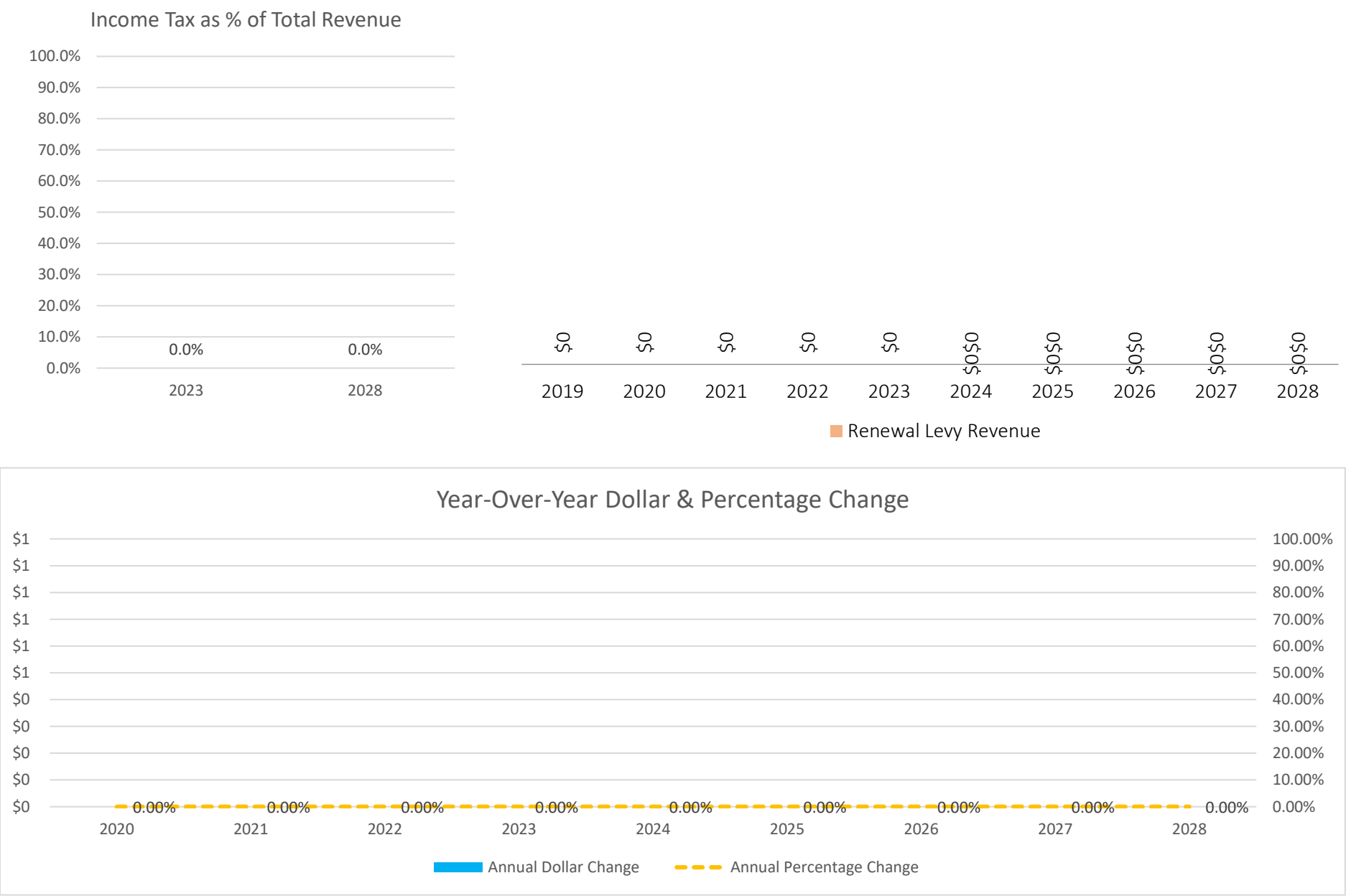
Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2022	67,132,220	640,470	54.75	(0.29)	89.6%
2023	62,477,797	(4,654,423)	54.77	0.02	90.1%
2024	62,977,797	500,000	53.21	(1.55)	100.0%
2025	63,477,797	500,000	53.20	(0.01)	100.0%
2026	63,977,797	500,000	53.20	(0.01)	100.0%
2027	64,477,797	500,000	52.75	(0.45)	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 5.73% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 54.77 mills. The forecast is modeling an average gross collection rate of 98.02%. The revenue changed historically at an average annual dollar amount of \$239,564 and is projected to change at an average annual dollar amount of -\$69,612 through FY 2028.

*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.

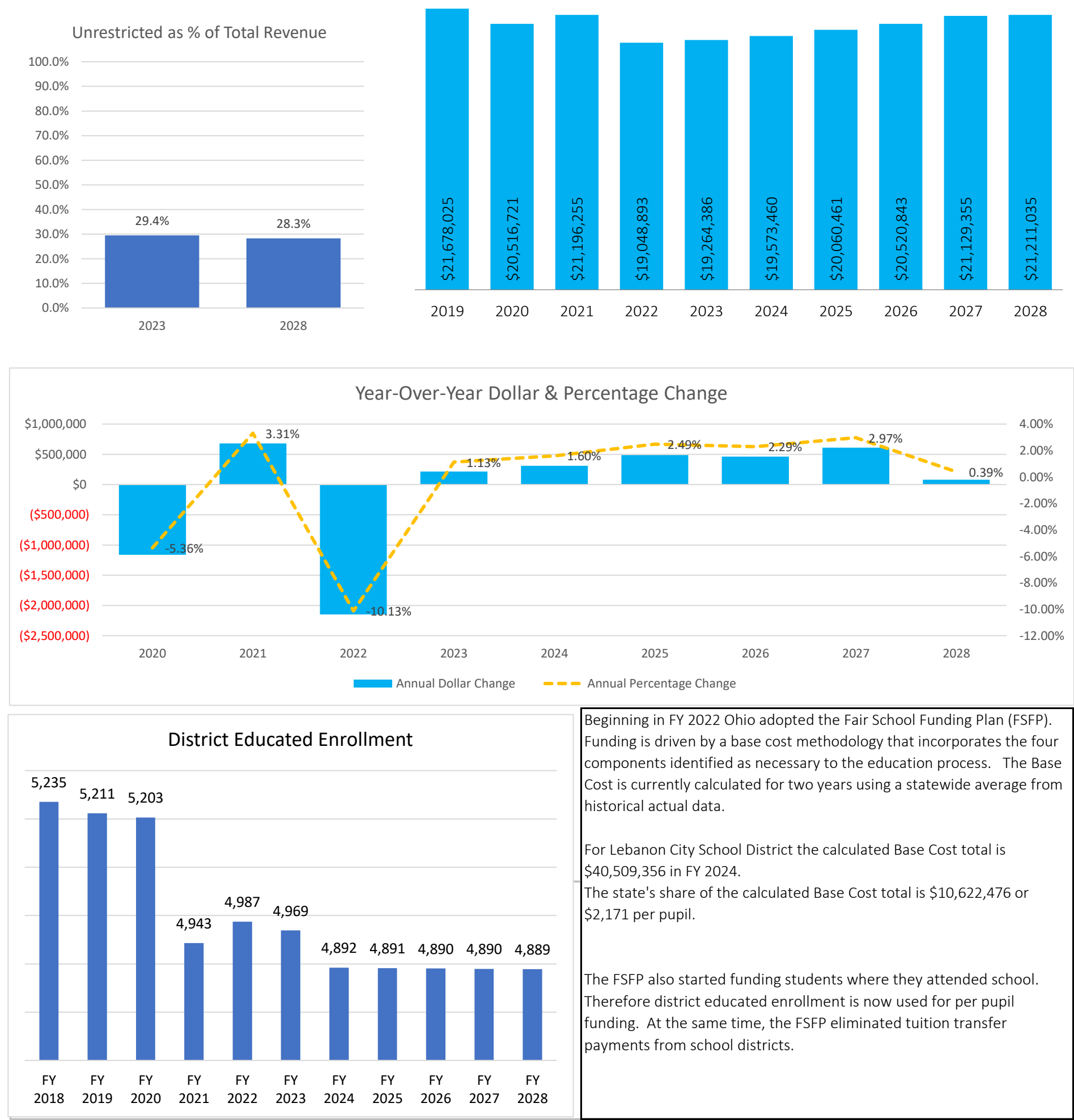


The district does not have an income tax levy.

**Projected % trends include renewal levies*

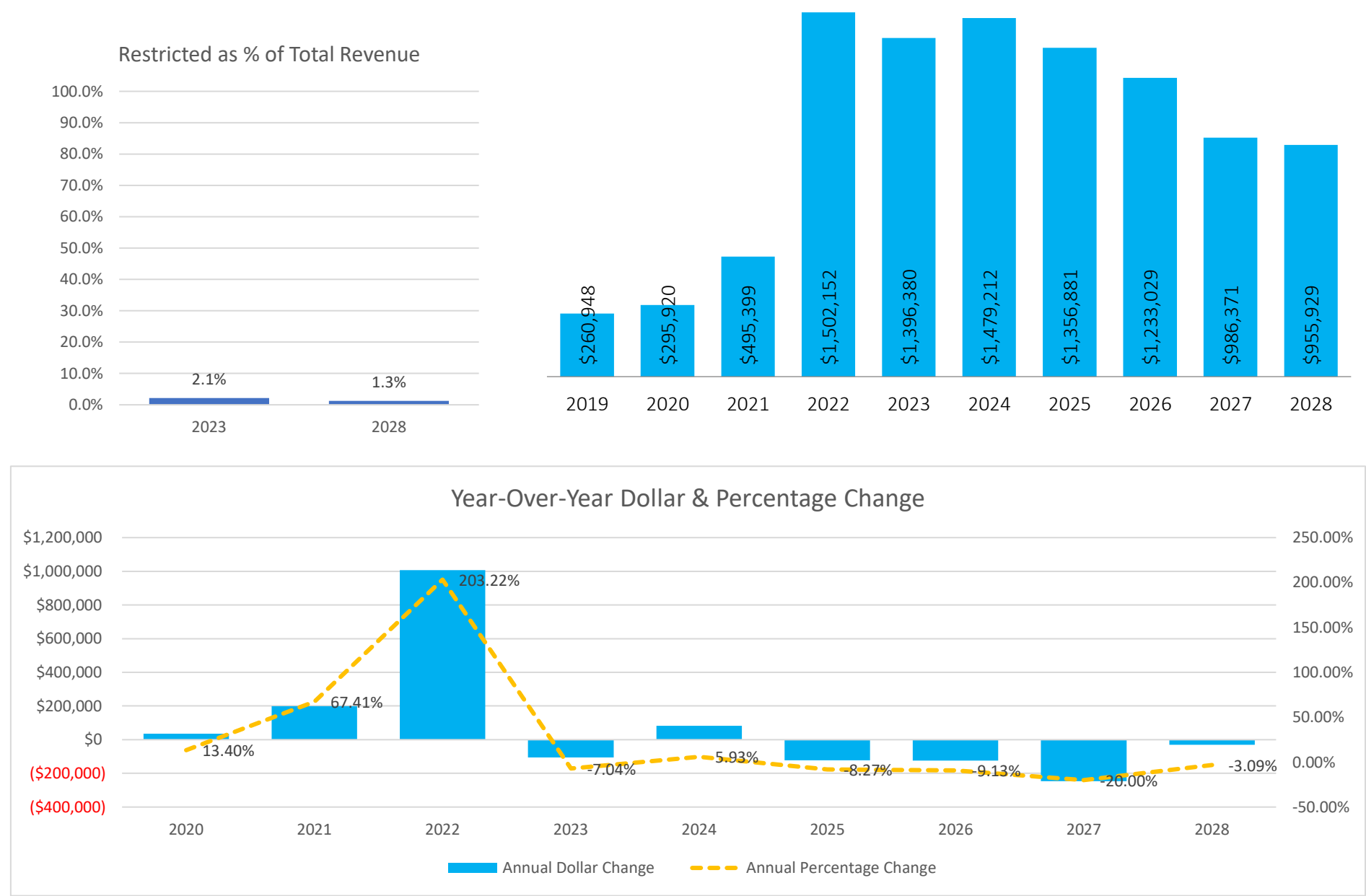
1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



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 \$366,820 and is projected to change annually on average by -\$88,090. Restricted funds represent 2.13% 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 \$598,860. 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.

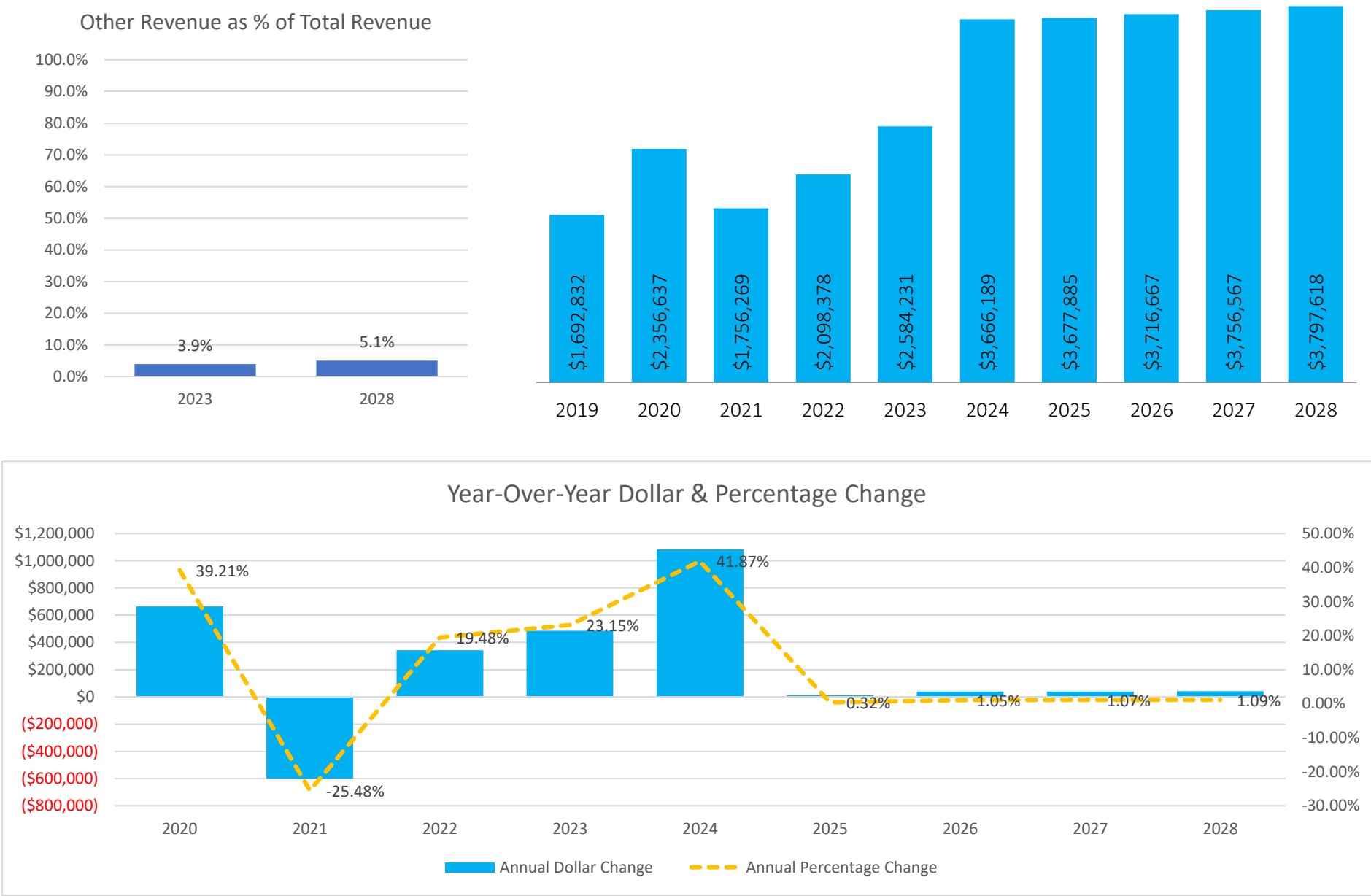


State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2024, approximately 10.4% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.2% will be reimbursed in the form of qualifying homestead exemption credits.

*Projected % trends include renewal levies

1.060 - All Other Operating Revenues

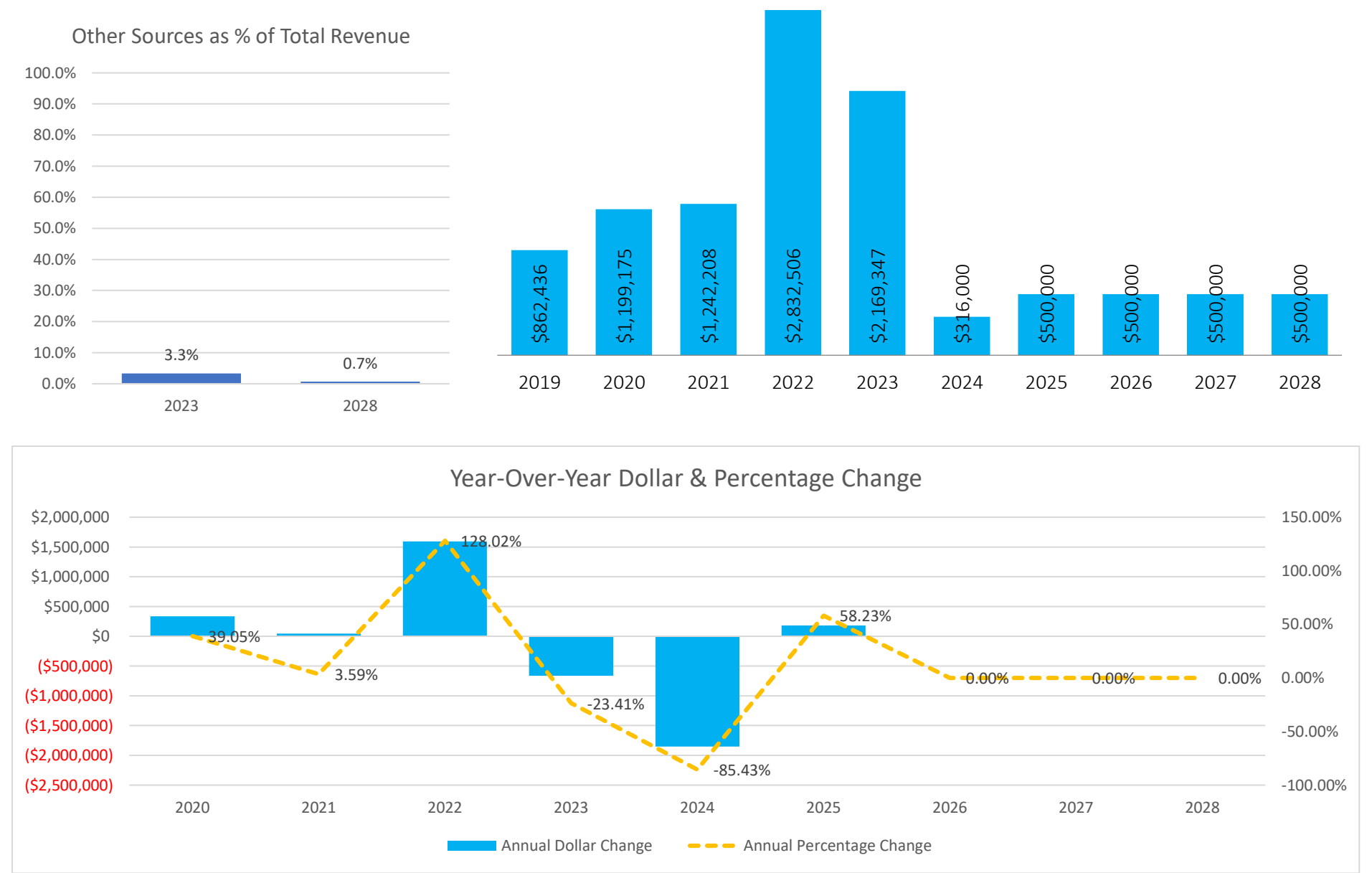
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$222,850. The projected average annual change is \$242,677 through FY 2028.

2.070 - Total Other Financing Sources

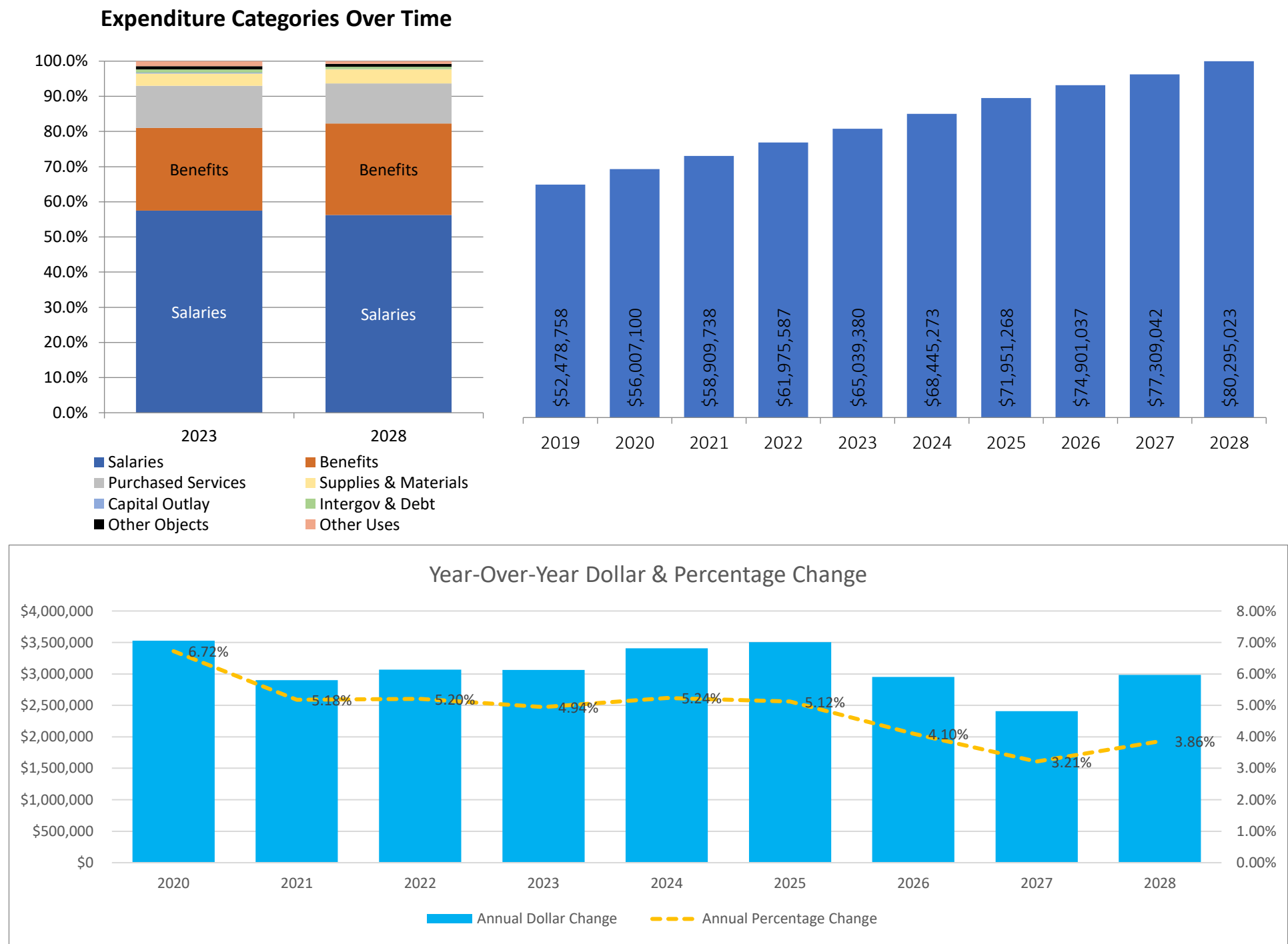
Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



		FORECASTED				
	2023	2024	2025	2026	2027	2028
Transfers In	29,580	-	-	-	-	-
Advances In	1,710,073	116,000	300,000	300,000	300,000	300,000
All Other Financing Sources	429,694	200,000	200,000	200,000	200,000	200,000

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district receipted \$1,710,073 as advances-in and is projecting advances of \$116,000 in FY 2024. 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 \$200,000 in FY 2024 and average \$200,000 annually through FY 2028.

Expenditure Categories and Forecast Year-Over-Year Projected Overview



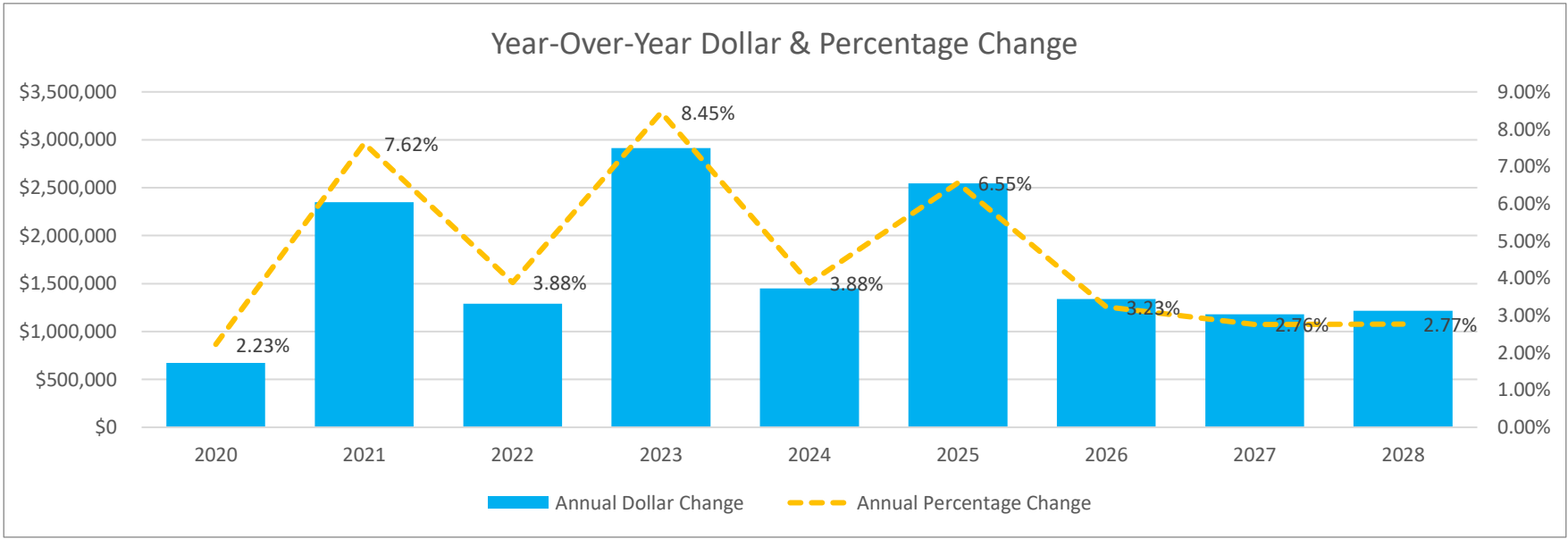
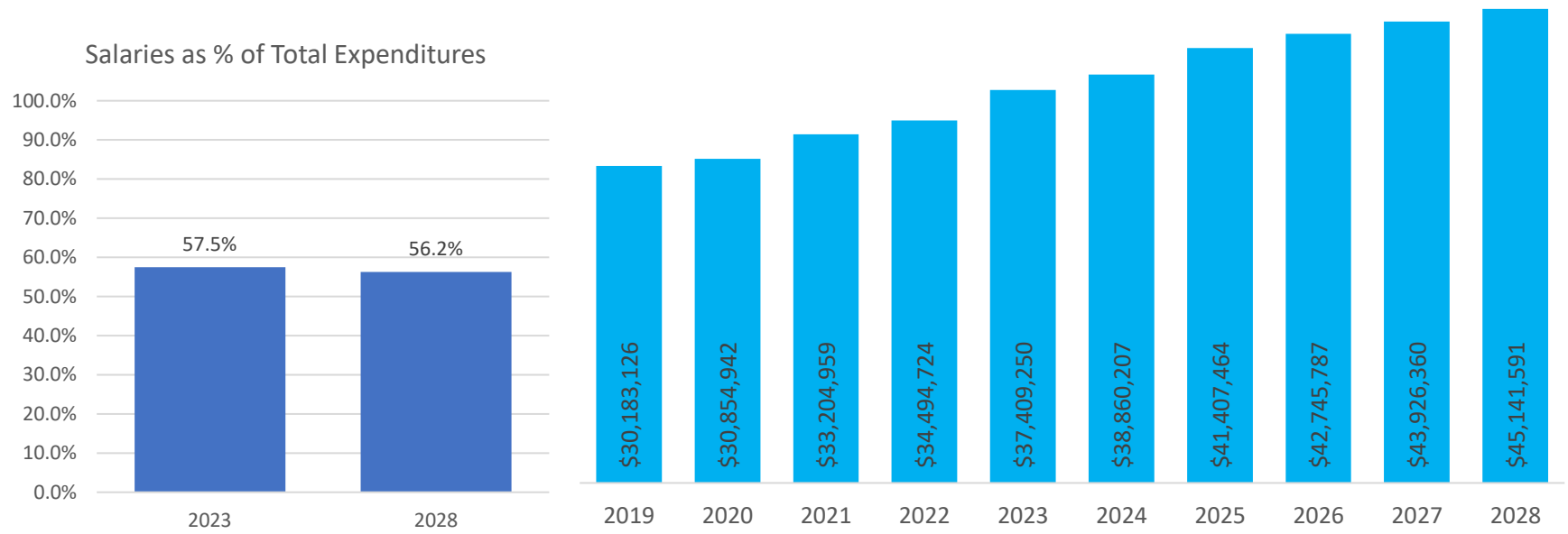
4-Year Historical Actual Average Annual Dollar Change
Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 5.51% or \$3,140,156 annually during the past 4-Year period and is projected to increase 4.69% or \$3,051,129 annually through FY2028. Benefits has the largest projected average annual variance compared to the historical average at \$333,114.
Salaries	1,806,531	1,546,468	(\$260,063)	
Benefits	\$800,202	\$1,133,316	\$333,114	
Purchased Services	\$116,744	\$261,462	\$144,718	
Supplies & Materials	\$174,613	\$178,280	\$3,667	
Capital Outlay	\$2,245	(\$9,347)	(\$11,593)	
Intergov & Debt	\$27,869	(\$4,008)	(\$31,877)	
Other Objects	\$88,618	\$8,536	(\$80,083)	
Other Uses	\$123,333	(\$63,577)	(\$186,910)	
Total Average Annual Change	\$3,140,156	\$3,051,129	(\$89,027)	
	5.51%	4.69%	-0.82%	

Note: Revenue average annual change is projected to be > \$1,914,740 On an annual average basis, revenues are projected to grow slower than expenditures.

3.010 - Personnel Services

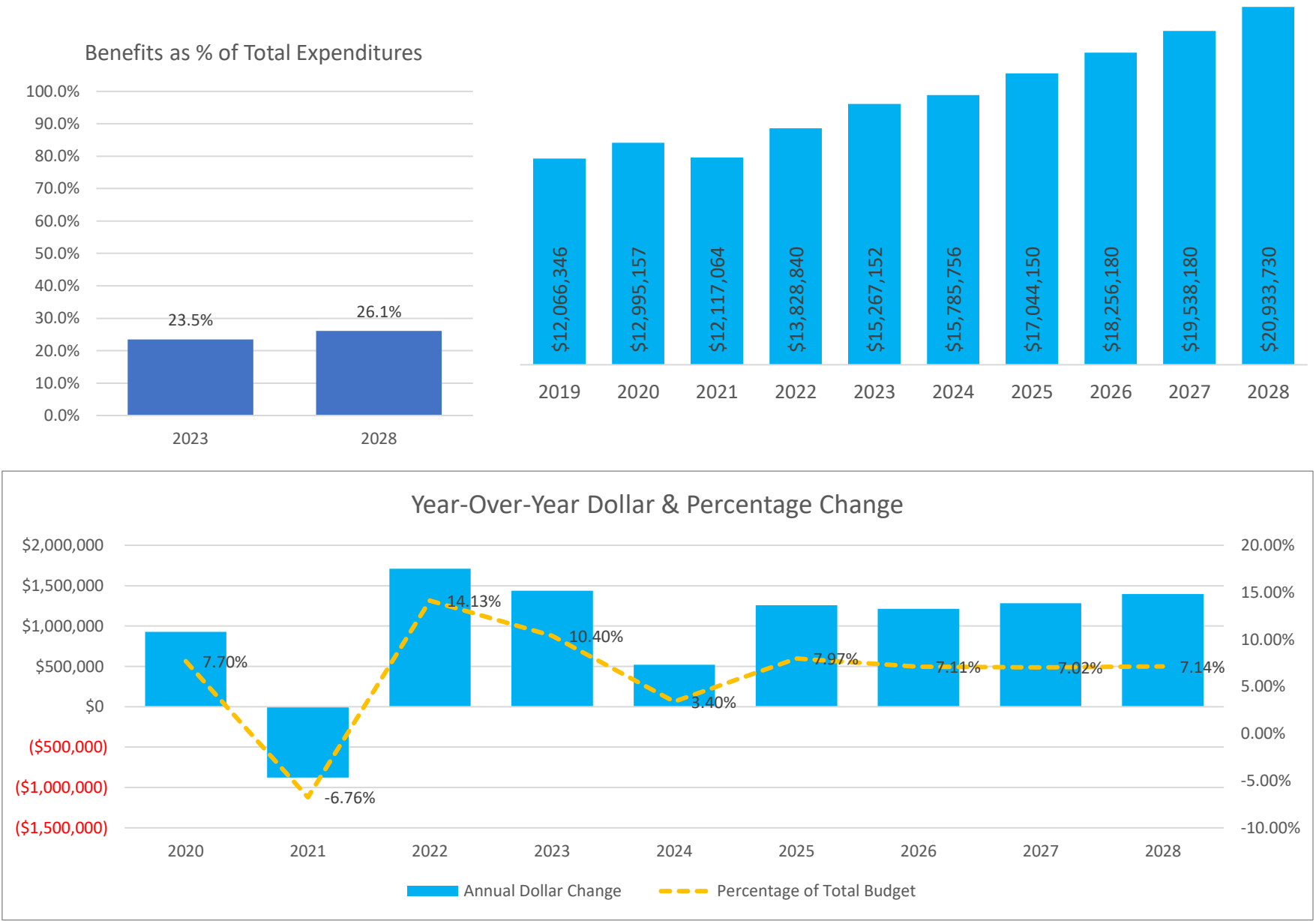
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 57.52% of total expenditures and increased at a historical average annual rate of 5.54% or \$1,806,531. This category of expenditure is projected to grow at an annual average rate of 3.84% or \$1,546,468 through FY 2028. The projected average annual rate of change is -1.71% less than the five year historical annual average.

3.020 - Employees' Benefits

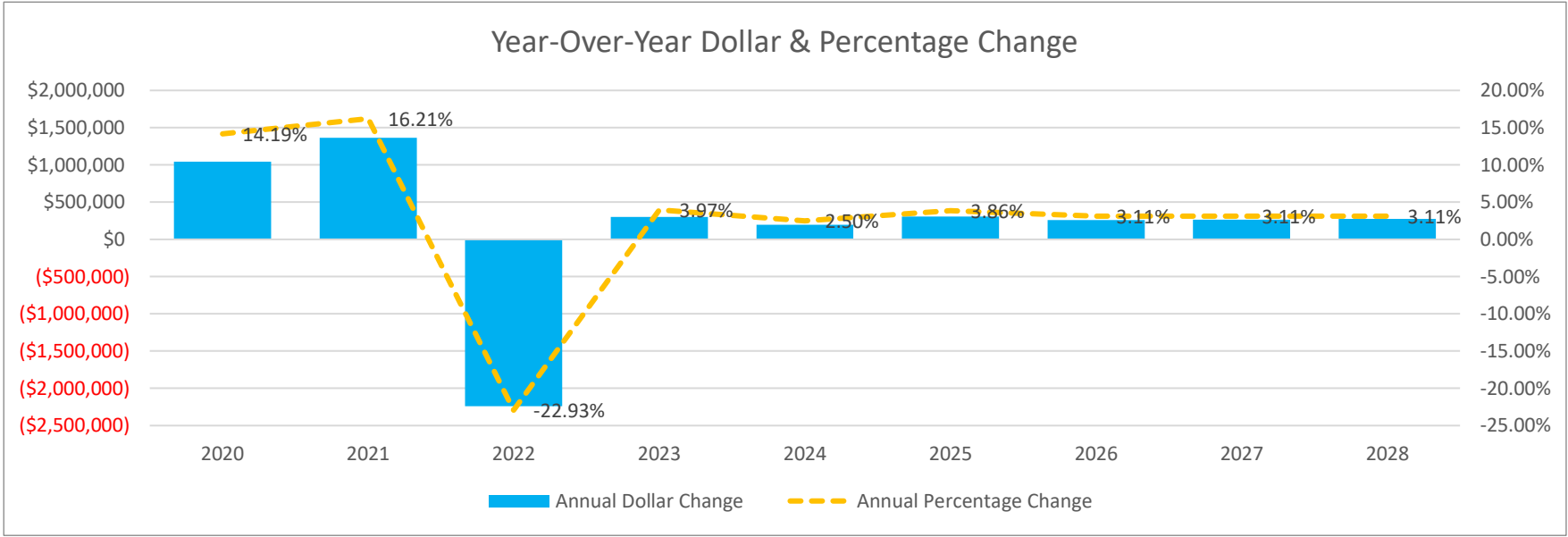
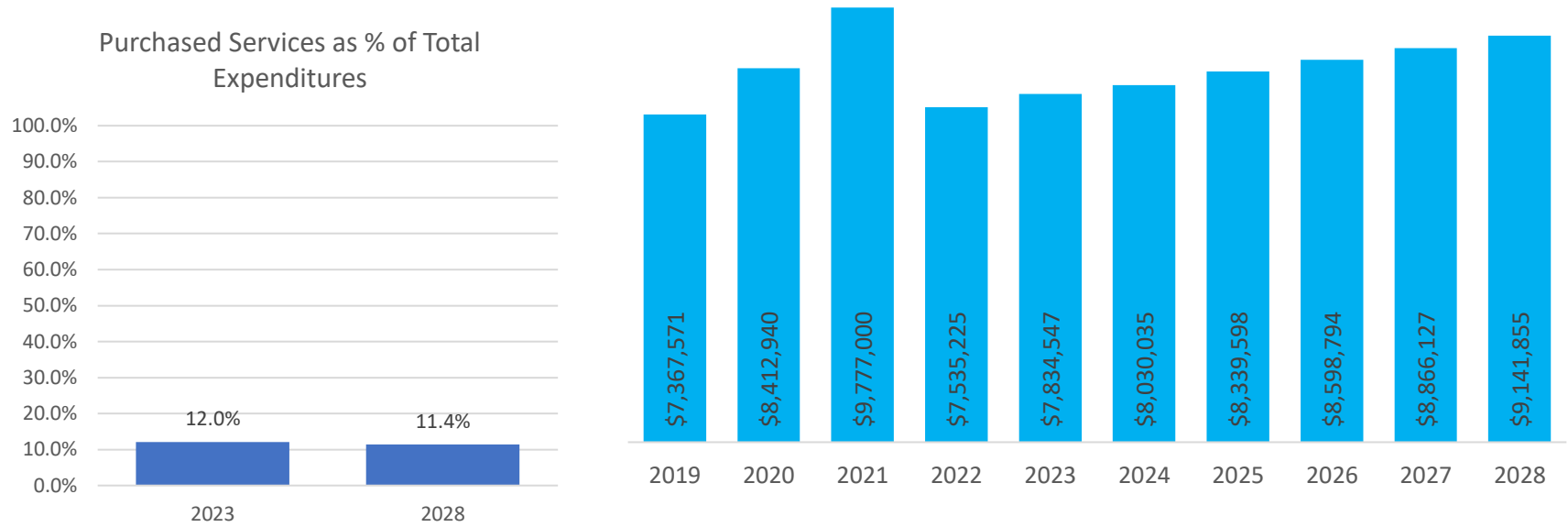
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 23.47% of total expenditures and increased at a historical average annual rate of 6.37% This category of expenditure is projected to grow at an annual average rate of 6.53% through FY 2028. The projected average annual rate of change is 0.16% more than the five year historical annual average.

3.030 - Purchased Services

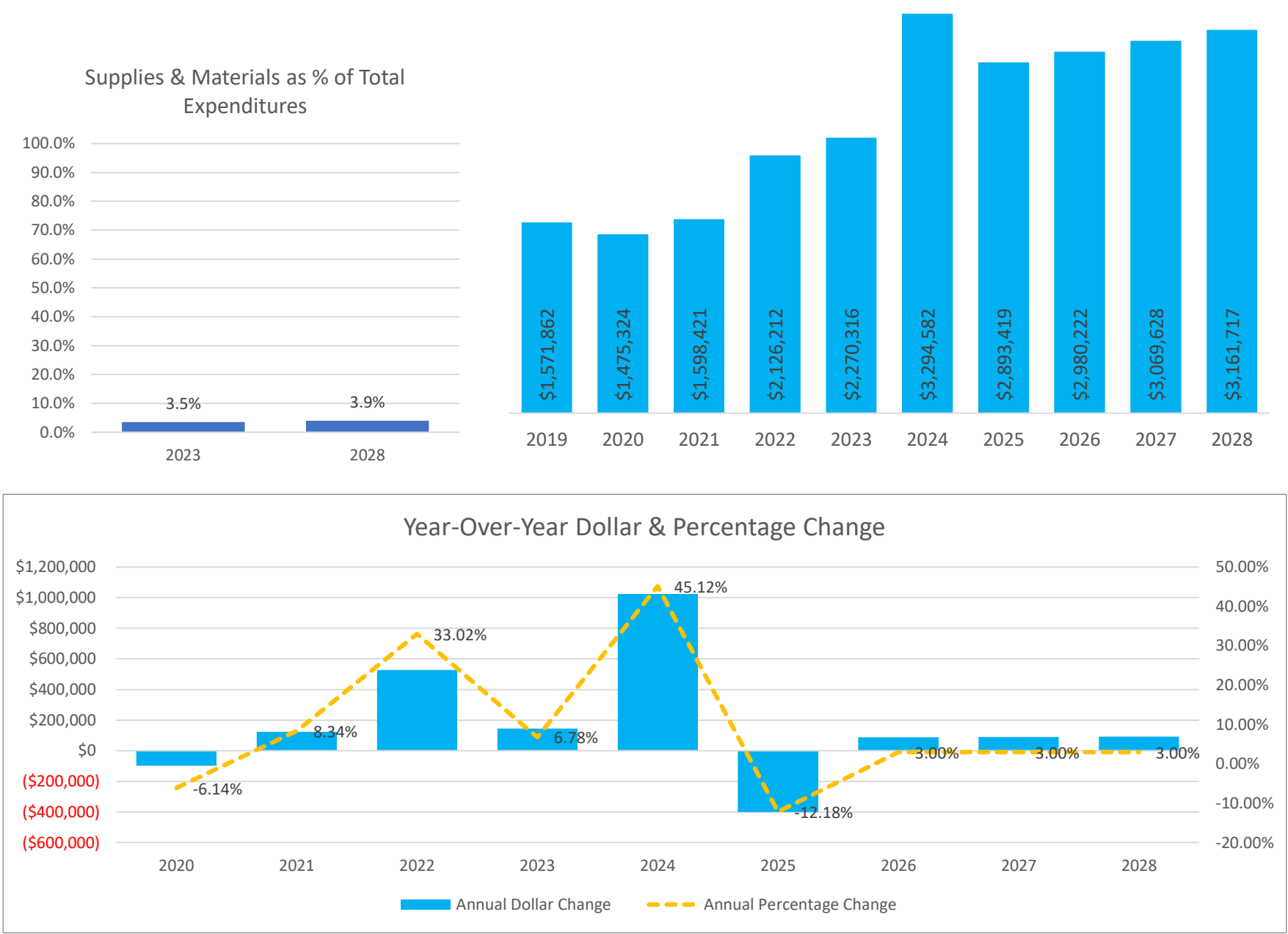
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 12.05% of total expenditures and increased at a historical average annual rate of 2.86%. This category of expenditure is projected to grow at an annual average rate of 3.14% through FY 2028. 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

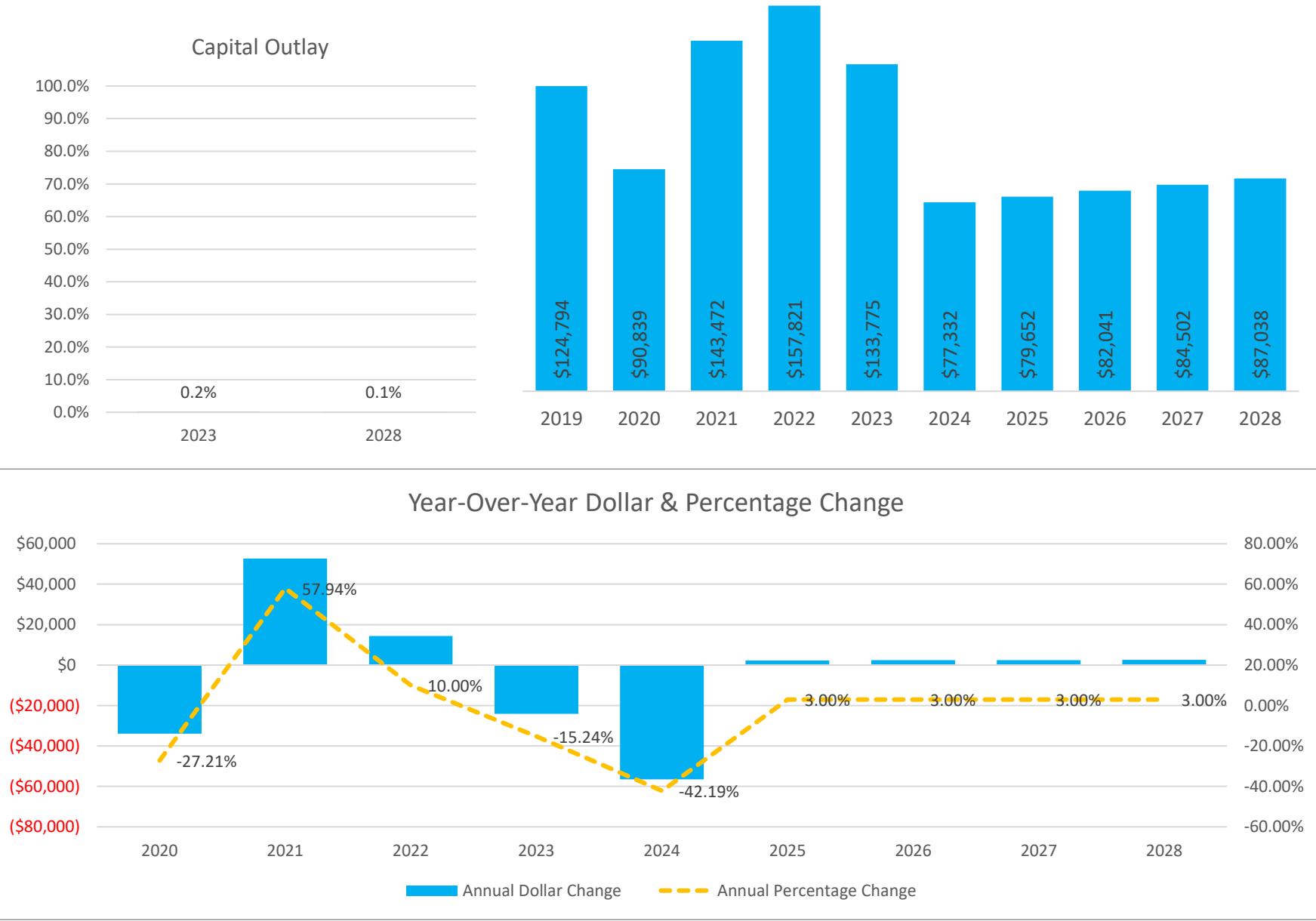
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 3.49% of total expenditures and increased at a historical average annual rate of 10.50%. This category of expenditure is projected to grow at an annual average rate of 8.39% through FY 2028. The projected average annual rate of change is -2.11% less than the five year historical annual average.

3.050 - Capital Outlay

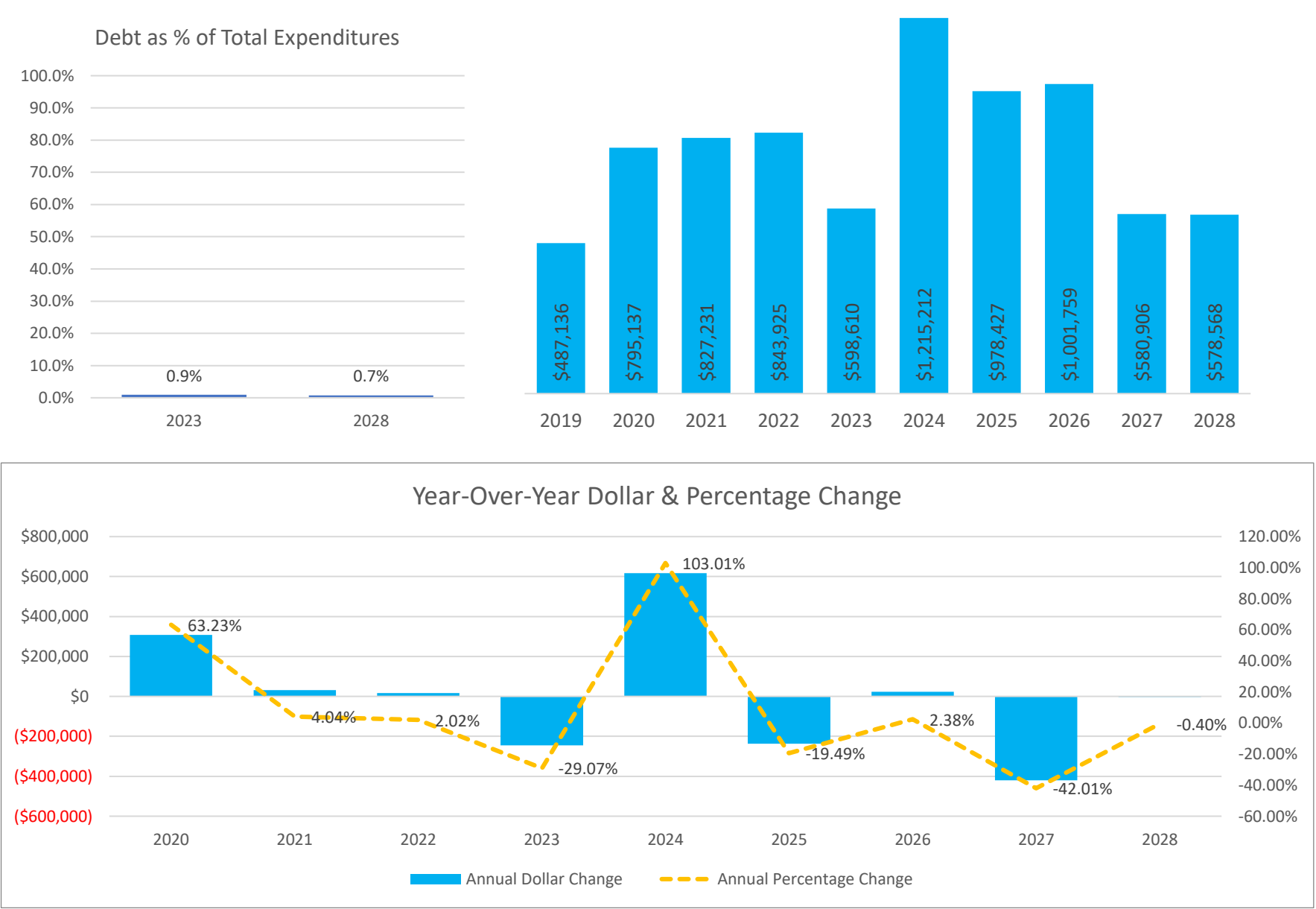
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.21% of total expenditures and increased at a historical average annual amount of \$2,245. This category of expenditure is projected to decrease at an annual average rate of -\$9,347 through FY 2028. The projected average annual change is less than the five year historical annual average.

3.060-4.060 - Intergovernmental & Debt

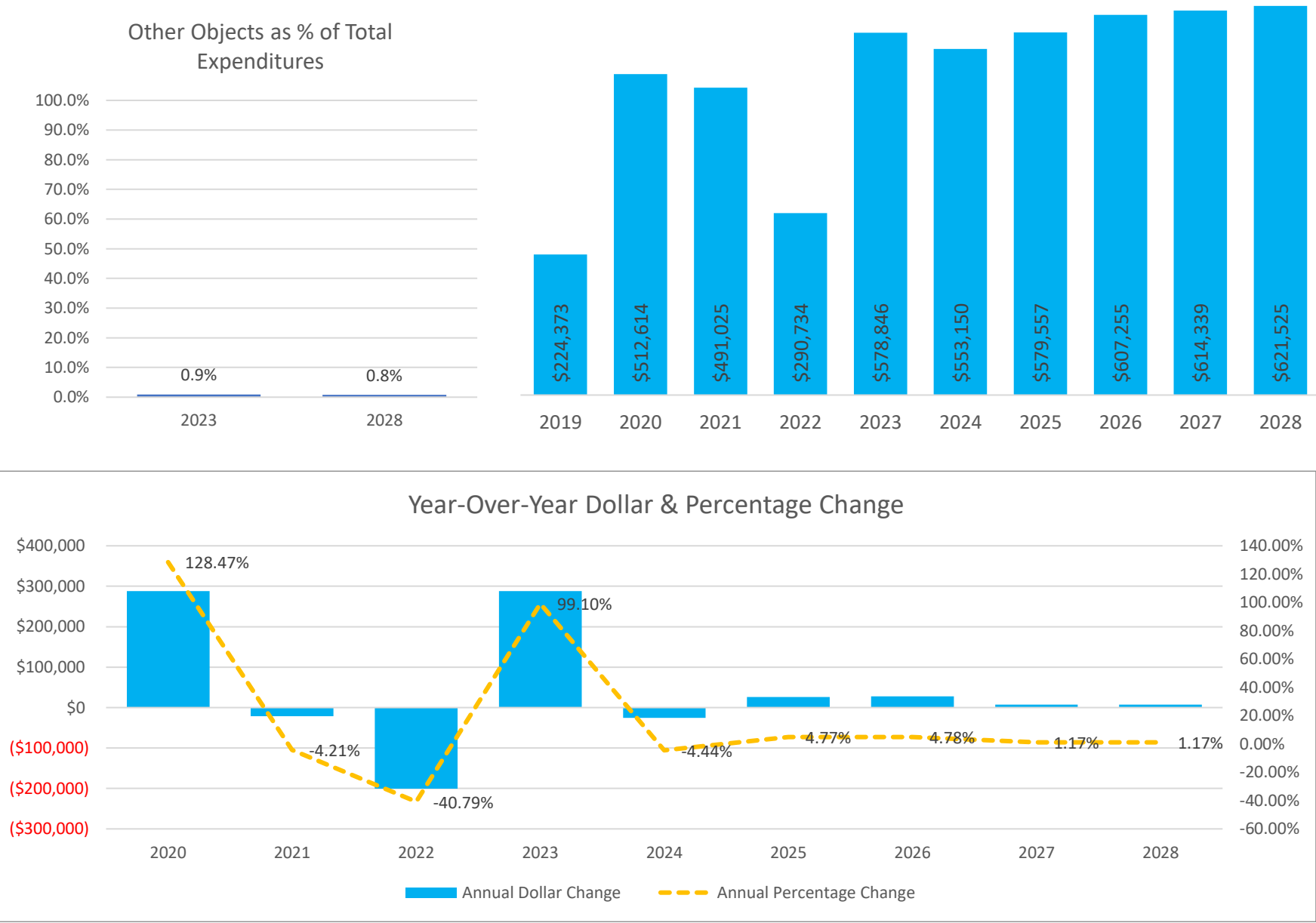
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

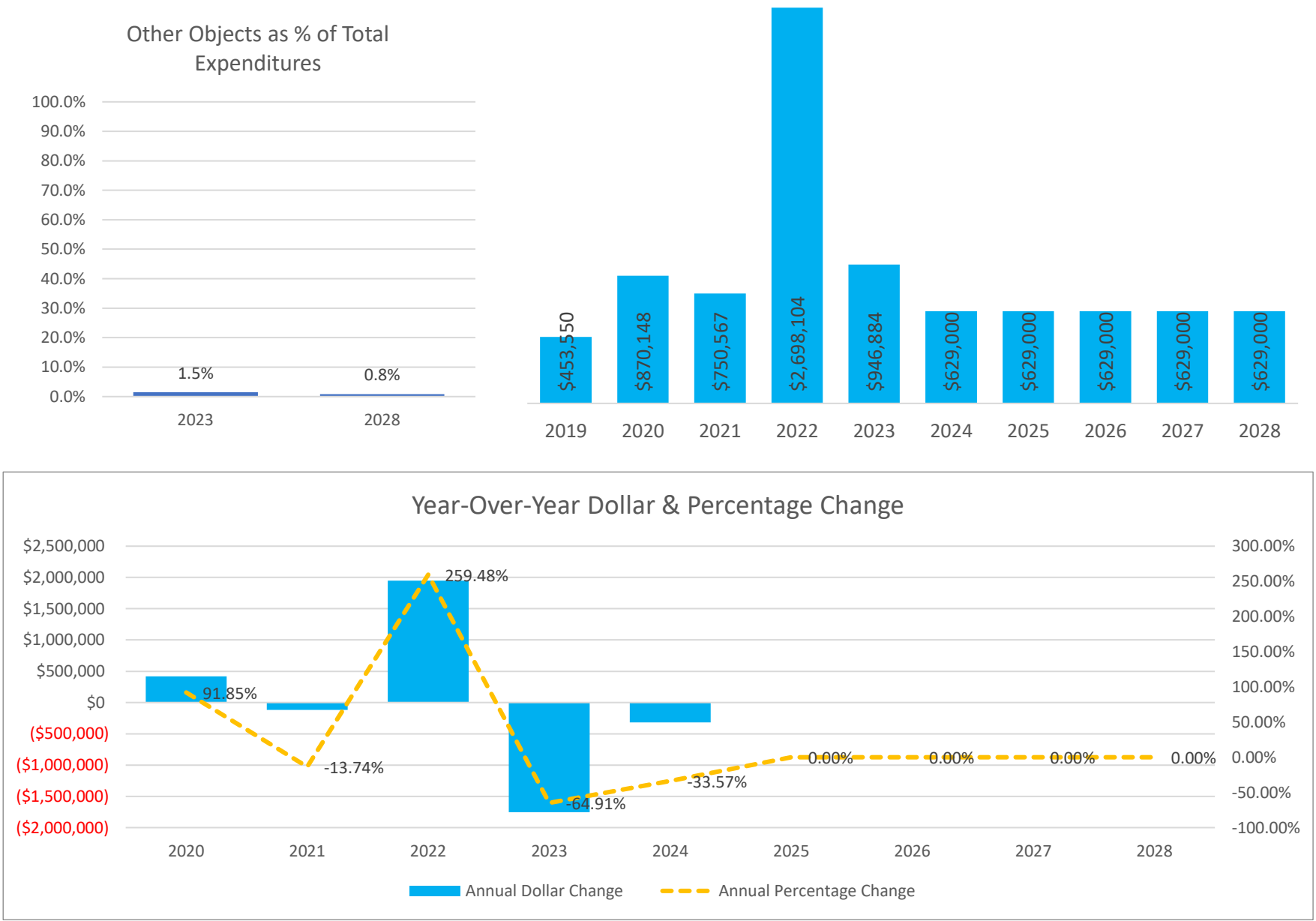
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 0.89% of total expenditures and increased at a historical average annual rate of 45.64%. This category of expenditure is projected to grow at an annual average rate of 1.49% through FY 2028. The projected average annual rate of change is -44.15% 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.



		FORECASTED				
	2023	2024	2025	2026	2027	2028
Transfers Out	29,018	329,000	329,000	329,000	329,000	329,000
Advances Out	917,866	300,000	300,000	300,000	300,000	300,000
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 2023 the district had advances-out and has advances-out forecasted through FY 2028. The district can also move general funds permanently to other funds and as the schedule above presents, the district has transfers forecasted through FY 2028. 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				
	2023	2024	2025	2026	2027	2028
Revenue:						
1.010 - General Property Tax (Real Estate)	32,545,841	33,494,837	36,252,367	38,808,175	39,176,147	40,421,747
1.020 - Public Utility Personal Property	3,749,929	3,381,214	3,377,148	3,367,652	3,393,697	3,401,867
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	19,264,386	19,573,460	20,060,461	20,520,843	21,129,355	21,211,035
1.040 - Restricted Grants-in-Aid	1,396,380	1,479,212	1,356,881	1,233,029	986,371	955,929
1.050 - State Share-Local Property Taxes	3,717,061	3,785,612	4,151,951	4,510,821	4,554,690	4,712,680
1.060 - All Other Operating Revenues	2,584,231	3,666,189	3,677,885	3,716,667	3,756,567	3,797,618
1.070 - Total Revenue	63,257,828	65,380,524	68,876,693	72,157,187	72,996,827	74,500,876
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	29,580	-	-	-	-	-
2.050 - Advances-In	1,710,073	116,000	300,000	300,000	300,000	300,000
2.060 - All Other Financing Sources	429,694	200,000	200,000	200,000	200,000	200,000
2.070 - Total Other Financing Sources	2,169,347	316,000	500,000	500,000	500,000	500,000
2.080 - Total Rev & Other Sources	65,427,175	65,696,524	69,376,693	72,657,187	73,496,827	75,000,876
Expenditures:						
3.010 - Personnel Services	37,409,250	38,860,207	41,407,464	42,745,787	43,926,360	45,141,591
3.020 - Employee Benefits	15,267,152	15,785,756	17,044,150	18,256,180	19,538,180	20,933,730
3.030 - Purchased Services	7,834,547	8,030,035	8,339,598	8,598,794	8,866,127	9,141,855
3.040 - Supplies and Materials	2,270,316	3,294,582	2,893,419	2,980,222	3,069,628	3,161,717
3.050 - Capital Outlay	133,775	77,332	79,652	82,041	84,502	87,038
Intergovernmental & Debt Service	598,610	1,215,212	978,427	1,001,759	580,906	578,568
4.300 - Other Objects	578,846	553,150	579,557	607,255	614,339	621,525
4.500 - Total Expenditures	64,092,496	67,816,273	71,322,268	74,272,037	76,680,042	79,666,023
Other Financing Uses						
5.010 - Operating Transfers-Out	29,018	329,000	329,000	329,000	329,000	329,000
5.020 - Advances-Out	917,866	300,000	300,000	300,000	300,000	300,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	946,884	629,000	629,000	629,000	629,000	629,000
5.050 - Total Exp and Other Financing Uses	65,039,380	68,445,273	71,951,268	74,901,037	77,309,042	80,295,023
6.010 - Excess of Rev Over/(Under) Exp	387,795	(2,748,749)	(2,574,575)	(2,243,851)	(3,812,215)	(5,294,146)
7.010 - Cash Balance July 1 (No Levies)	25,832,643	26,220,438	23,471,690	20,897,114	18,653,264	14,841,048
7.020 - Cash Balance June 30 (No Levies)	26,220,438	23,471,690	20,897,114	18,653,264	14,841,048	9,546,902
		Reservations				
8.010 - Estimated Encumbrances June 30	850,000	850,000	850,000	850,000	850,000	850,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	25,370,438	22,621,690	20,047,114	17,803,264	13,991,048	8,696,902
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies		-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	25,370,438	22,621,690	20,047,114	17,803,264	13,991,048	8,696,902
Revenue from New Levies						
13.010 & 13.020 - New Levies		-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	25,370,438	22,621,690	20,047,114	17,803,264	13,991,048	8,696,902

