

Springboro Community City School District

Five Year Forecast Financial Report

May,2022

Terrah Stacy - Treasurer/CFO

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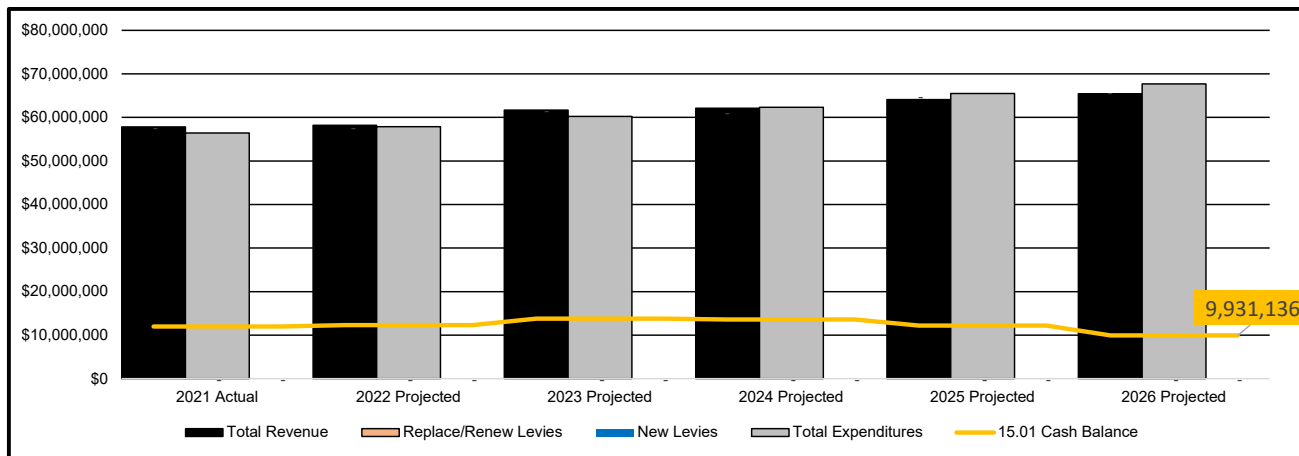
Forecast Purpose/Objectives

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	11,970,698	12,291,531	13,783,050	13,567,089	12,197,215
+ Revenue	58,184,062	61,712,955	62,102,087	64,124,226	65,429,035
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(57,863,230)	(60,221,435)	(62,318,047)	(65,494,099)	(67,695,114)
= Revenue Surplus or Deficit	320,832	1,491,520	(215,961)	(1,369,874)	(2,266,080)
Line 7.020 Ending Balance with renewal/new levies	12,291,531	13,783,050	13,567,089	12,197,215	9,931,136

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	320,832	1,491,520	(215,961)	(1,369,874)	(2,266,080)
Ending Balance w/o Levies	12,291,531	13,783,050	13,567,089	12,197,215	9,931,136

In FY 2022 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$320,832 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 \$2,266,080. The district would need to cut its FY 2026 projected expenses by 3.35% in order to balance its budget without additional revenue.

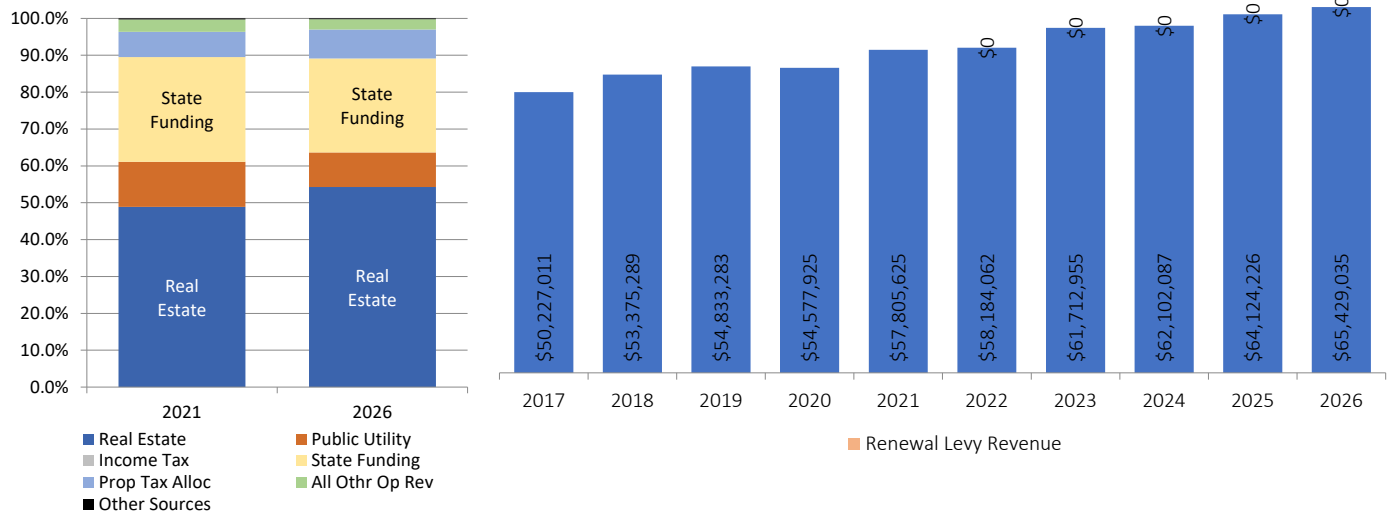
The district's cash balance is positive at year-end in FY 2022 and is projected to worsen by FY 2026. A worsening cash balance can erode the district's financial stability over time.

This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$815,667 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.

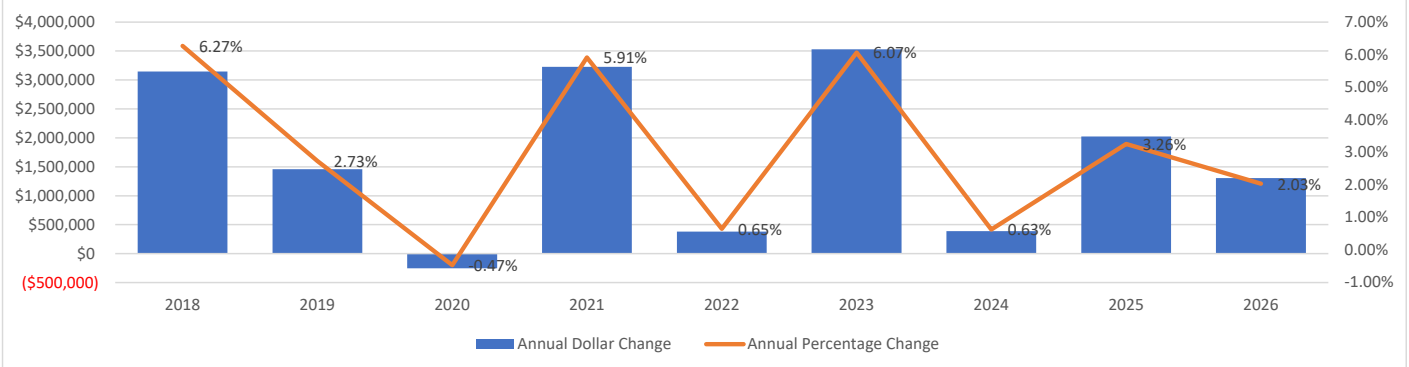
guarantee district in FY 2022.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



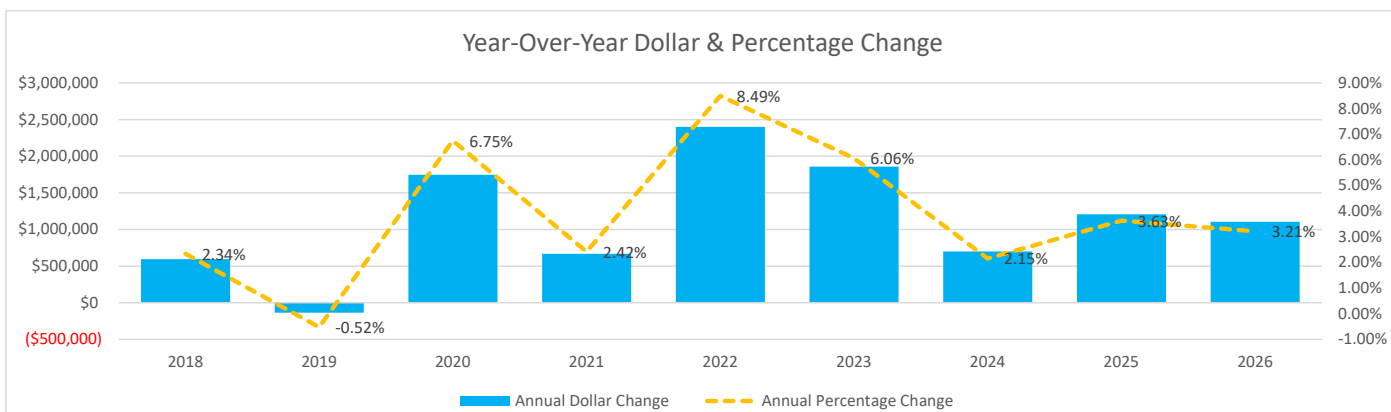
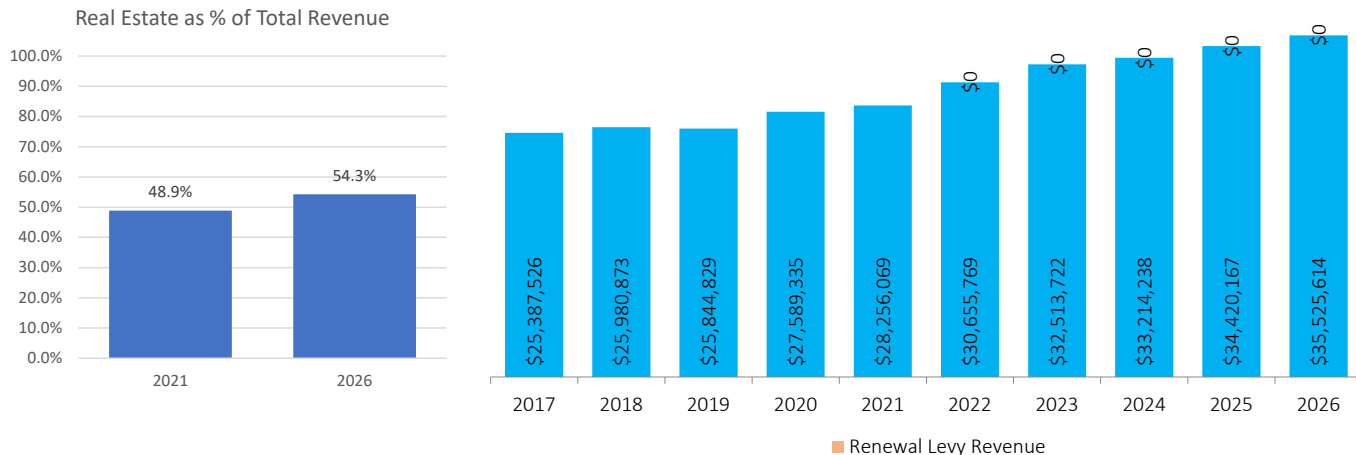
5-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 3.74% or \$2,028,256 annually during the past 5-Year period and is projected to increase 2.45% or \$1,524,682 annually through FY2026. Public Utility has the most projected average annual variance compared to the historical average at - \$863,808
Real Estate	788,830	1,453,909	\$665,079	
Public Utility	\$673,196	(\$190,612)	(\$863,808)	
Income Tax	\$0	\$0	\$0	
State Funding	\$318,396	51,368	(\$267,028)	
Prop Tax Alloc	\$80,876	\$230,663	\$149,787	
All Othr Op Rev	\$146,214	(\$17,962)	(\$164,176)	
Other Sources	\$20,743	(\$2,684)	(\$23,427)	
Total Average Annual Change	2,028,256 3.74%	1,524,682 2.45%	(\$503,574) -1.30%	

Note: Expenditure average annual change is projected to be > \$2,251,672 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).



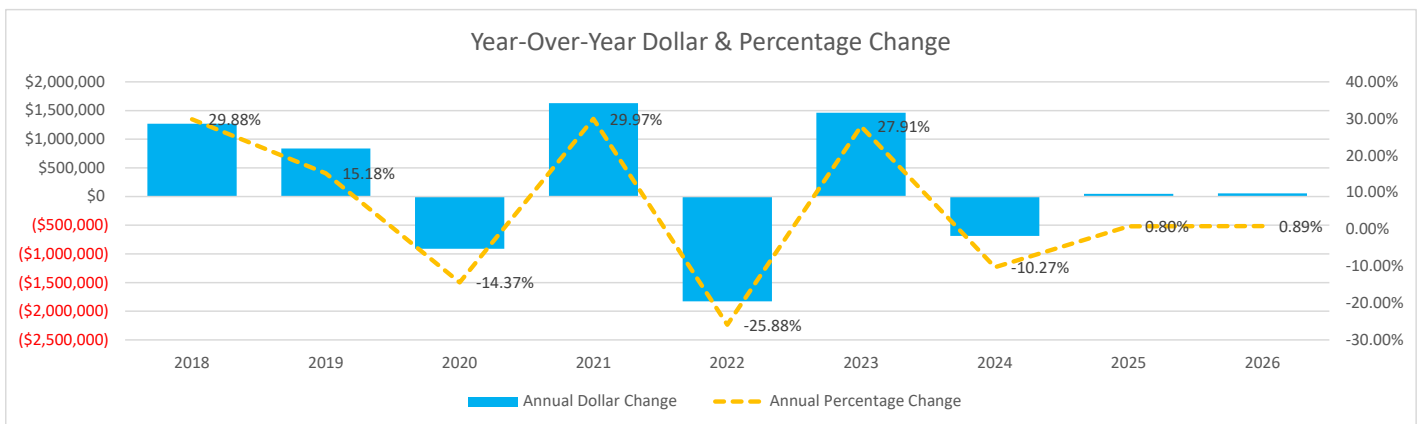
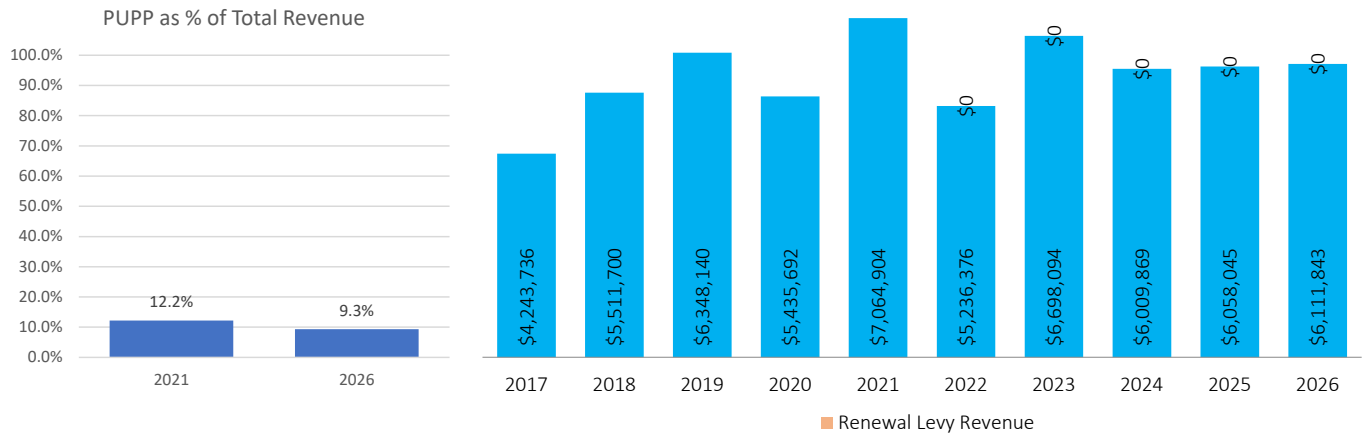
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2020	1,226,797,830	34,460,140	26.30	-	27.04	-	99.9%
2021	1,460,028,870	233,231,040	25.43	(0.87)	26.11	(0.93)	99.8%
2022	1,483,578,870	23,550,000	25.41	(0.01)	26.05	(0.07)	99.8%
2023	1,508,328,870	24,750,000	25.40	(0.02)	25.77	(0.28)	99.8%
2024	1,606,028,870	97,700,000	25.16	(0.24)	25.48	(0.29)	99.8%
2025	1,629,578,870	23,550,000	25.15	(0.01)	25.42	(0.06)	99.8%

Real estate property tax revenue accounts for 48.88% of total revenue. Class I or residential/agricultural taxes make up approximately 91.22% of the real estate property tax revenue. The Class I tax rate is 25.43 mills in tax year 2021. The projections reflect an average gross collection rate of 99.8% annually through tax year 2025. The revenue changed at an average annual historical rate of 2.96% and is projected to change at an average annual rate of 4.37% 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	133,052,640	5,880,090	49.51	(0.20)		98.5%
2021	132,323,600	(729,040)	48.64	(0.87)		100.0%
2022	133,823,600	1,500,000	48.62	(0.01)		91.8%
2023	135,323,600	1,500,000	48.61	(0.02)		91.8%
2024	136,823,600	1,500,000	48.37	(0.24)		91.8%
2025	138,323,600	1,500,000	48.36	(0.01)		91.8%

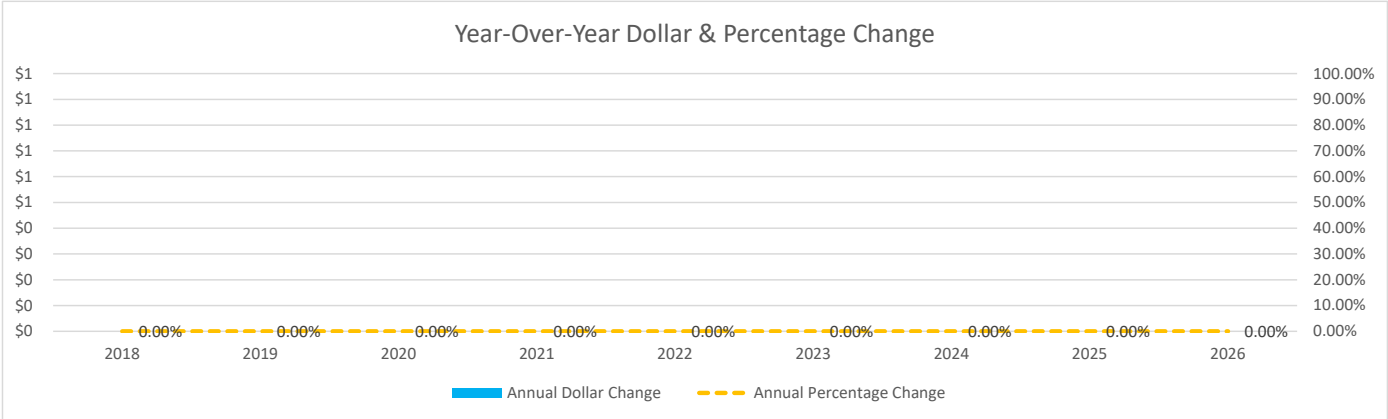
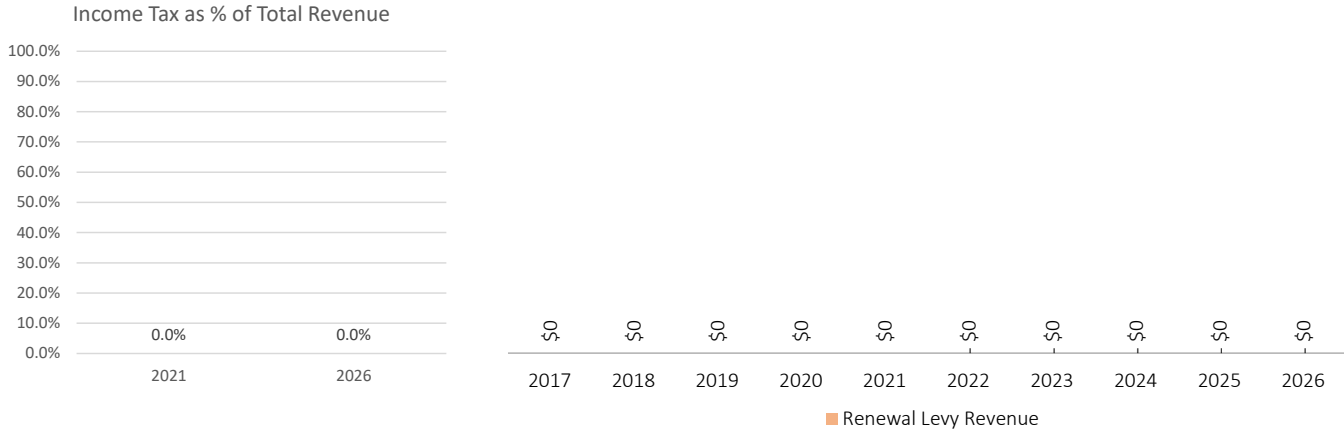
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 12.22% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 is 48.64 mills. The forecast is modeling an average gross collection rate of 93.41%. The revenue changed historically at an average annual dollar amount of \$673,196 and is projected to change at an average annual dollar amount of -\$190,612 through FY 2026.

The Rockies Express Pipeline filed a tax appeal with the Ohio Department of Taxation. The forecast has been adjusted beginning in FY22 for the 529k annual anticipated reduction. By statute, the public utility is only required to pay the appealed value while awaiting a decision. Since there is no deadline on when the decision needs to be made, it could take years. If the appeal is denied, or a different value is established, the forecast will be adjusted. In addition to this appeal, both the Rockies Express and Vectran paid their public utility taxes after the deadline, so their payments will not be received until the next settlement (around September). This reduced FY22 by approx. 971k, this is anticipated to be received in FY23. The district is working on statewide advocacy regarding the Rockies Appeal.

**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.

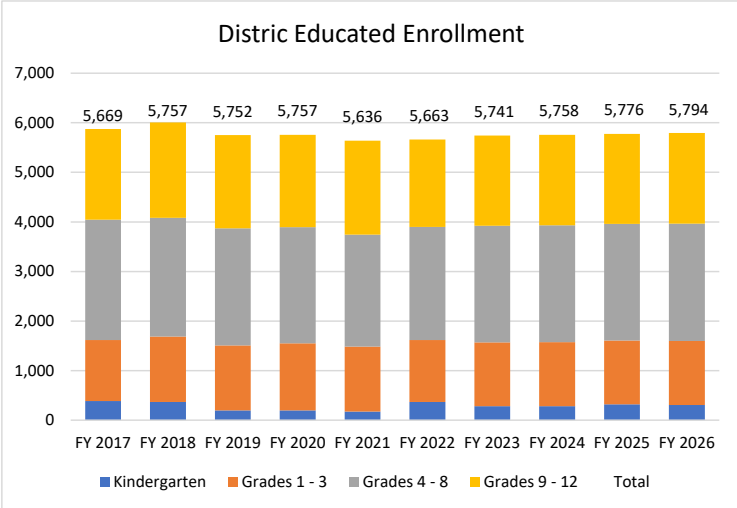
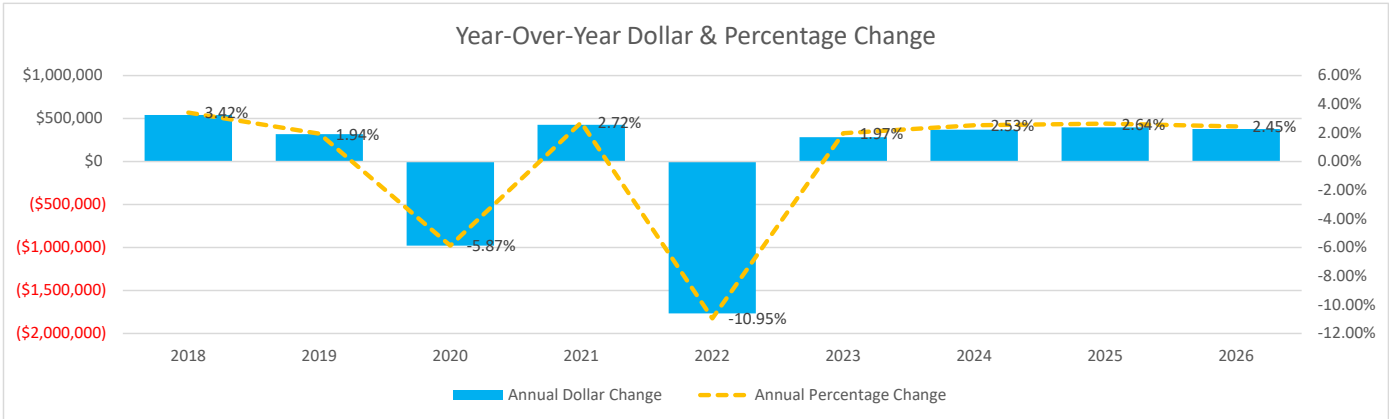
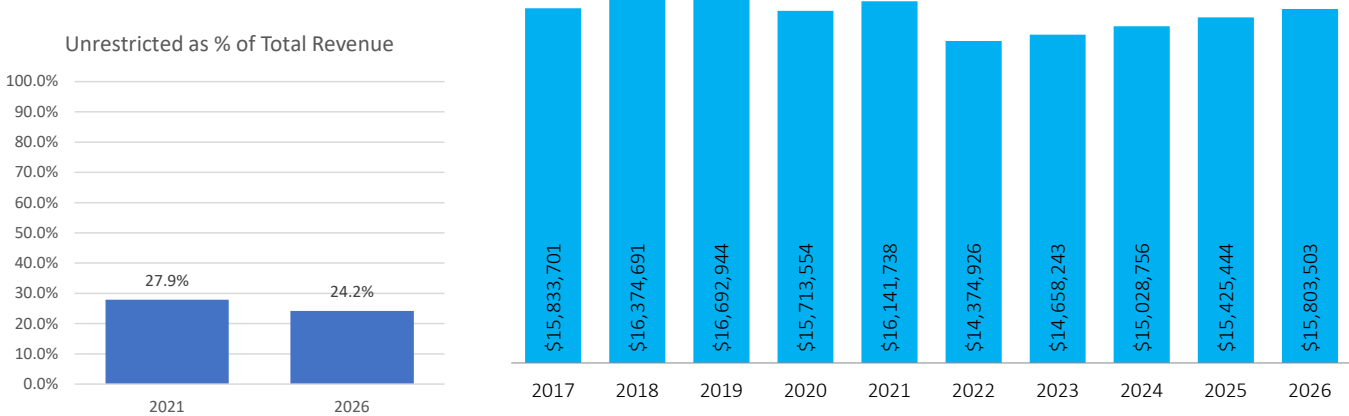


The district does not have an income tax levy.

*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



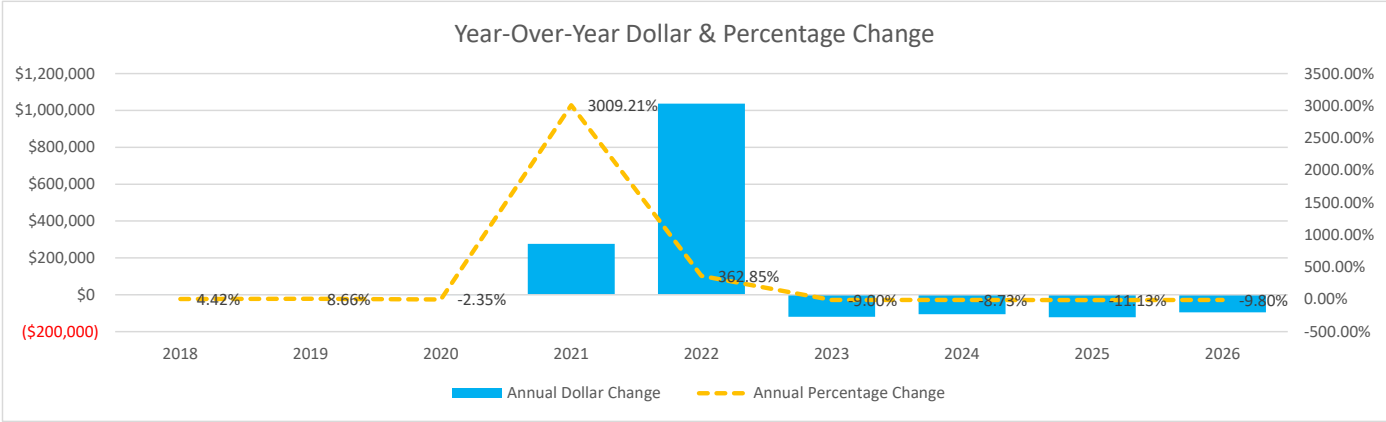
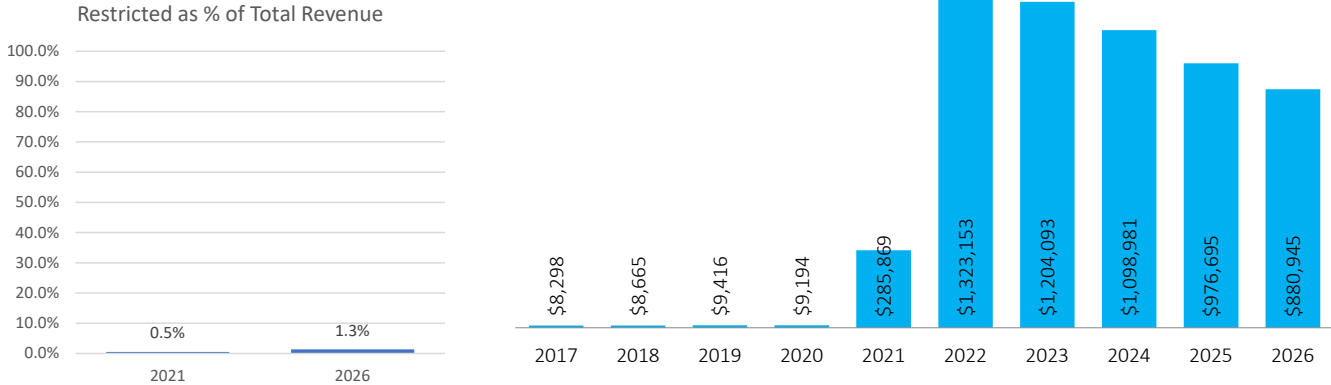
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual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

For Springboro Community City School District the calculated Base Cost total is \$41,221,945 in FY 2022. The state's share of the calculated Base Cost total is \$5,689,209 or \$1,005 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 \$1,746,150 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

1.040 & 1.045 - Restricted Grants-in-Aid

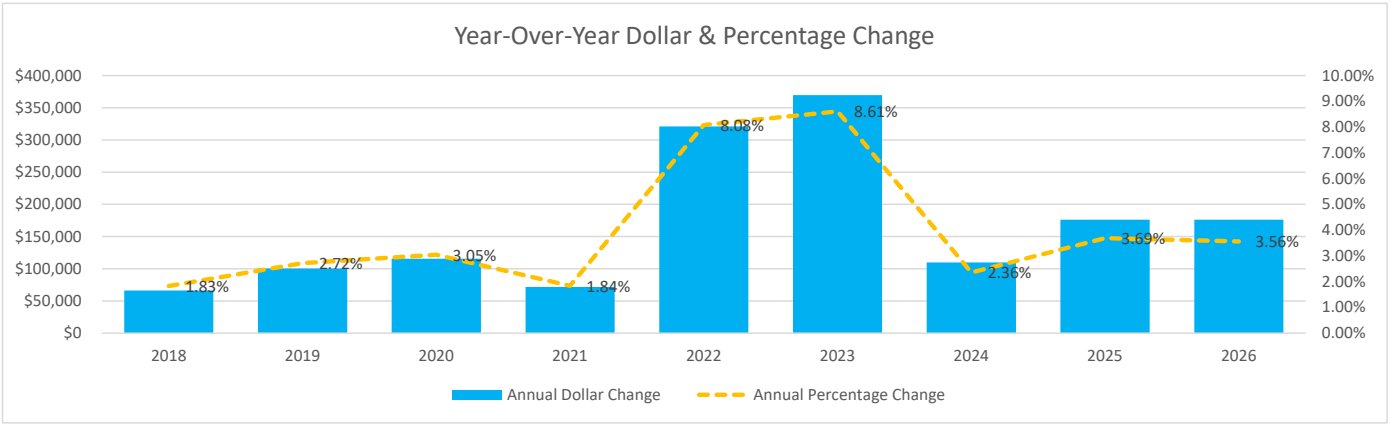
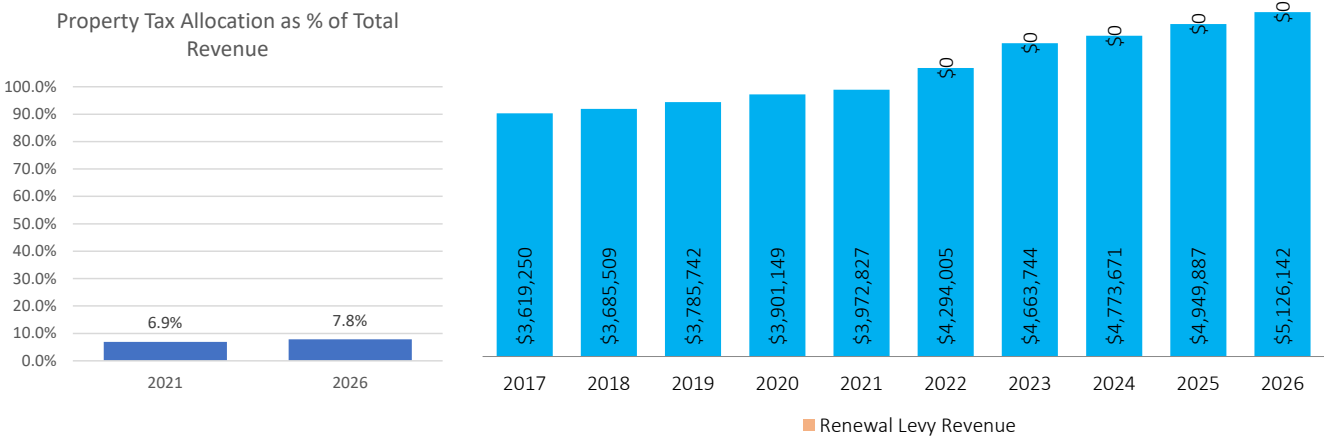
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$92,401 and is projected to change annually on average by \$119,015. Restricted funds represent 0.49% 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 \$497,832. 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.

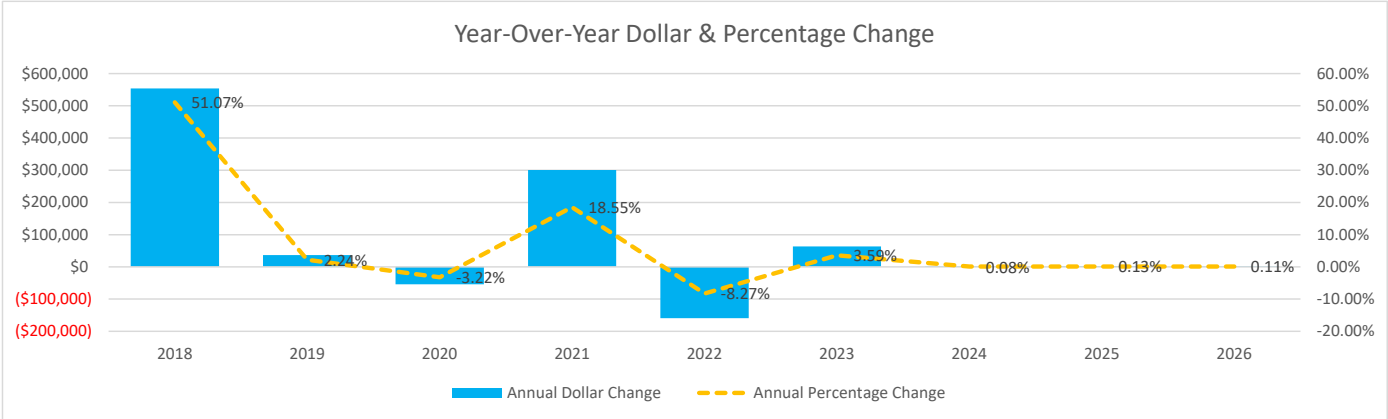
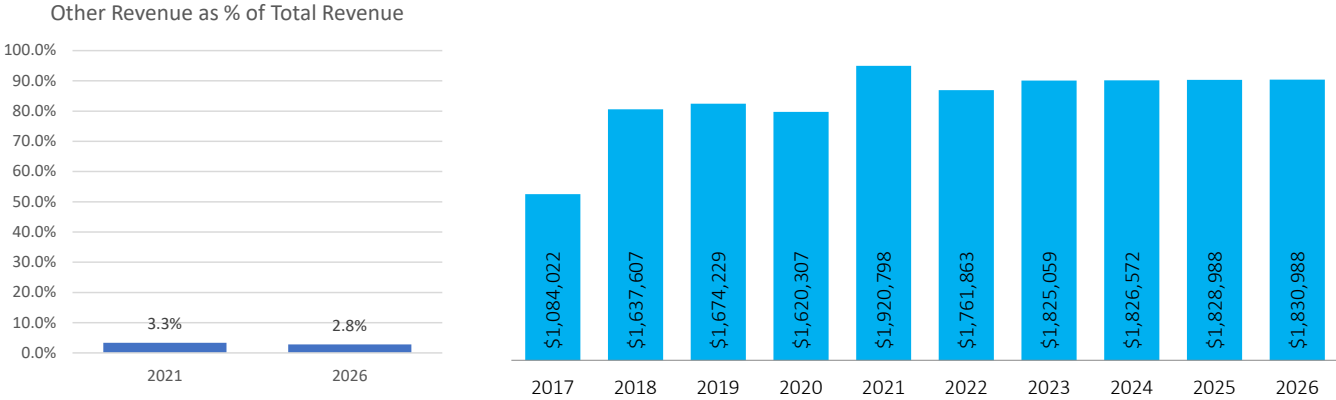


Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2022, approximately 12.2% 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

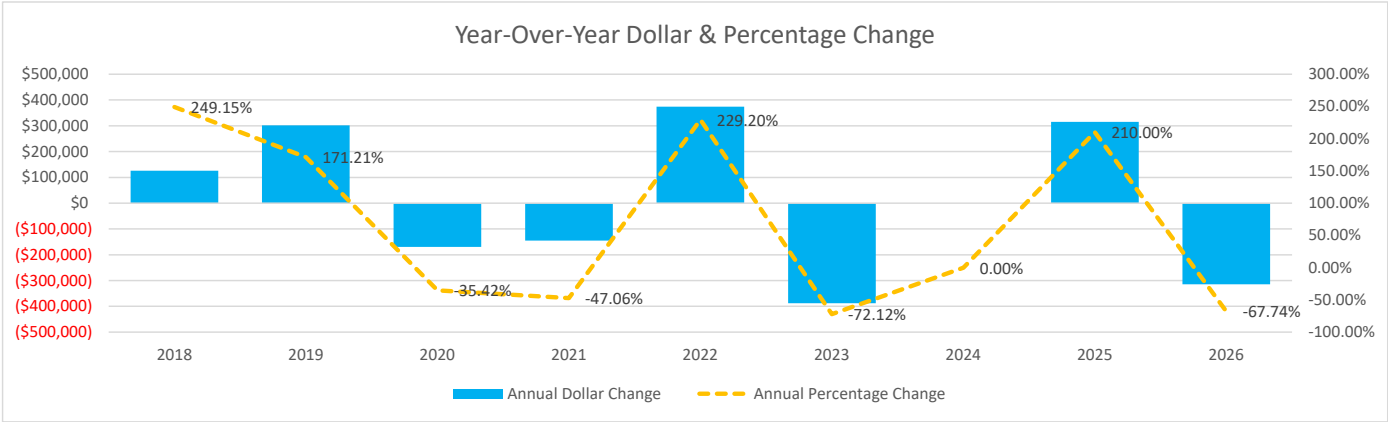
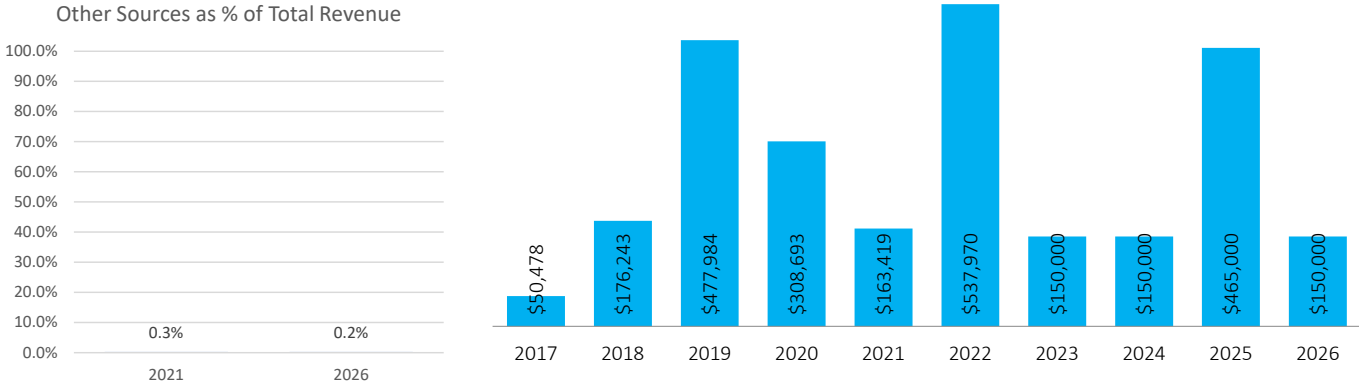
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$146,214. The projected average annual change is -\$17,962 through FY 2026. The FSP 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 \$50 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.



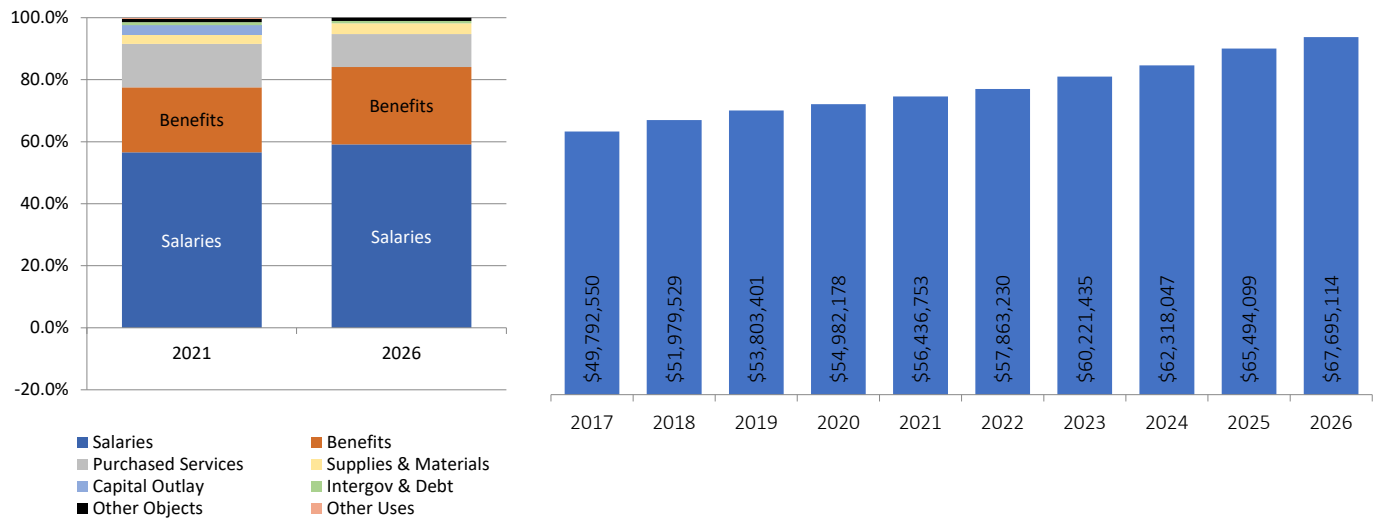
	2021	2022	2023	FORECASTED		
				2024	2025	2026
Transfers In	-	-	-	-	-	-
Advances In	-	62,970	-	-	-	-
All Other Financing Sources	163,419	475,000	150,000	150,000	465,000	150,000

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 \$0 as advances-in and is projecting advances of \$62,970 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 \$475,000 in FY 2022 and average \$228,750 annually through FY 2026.

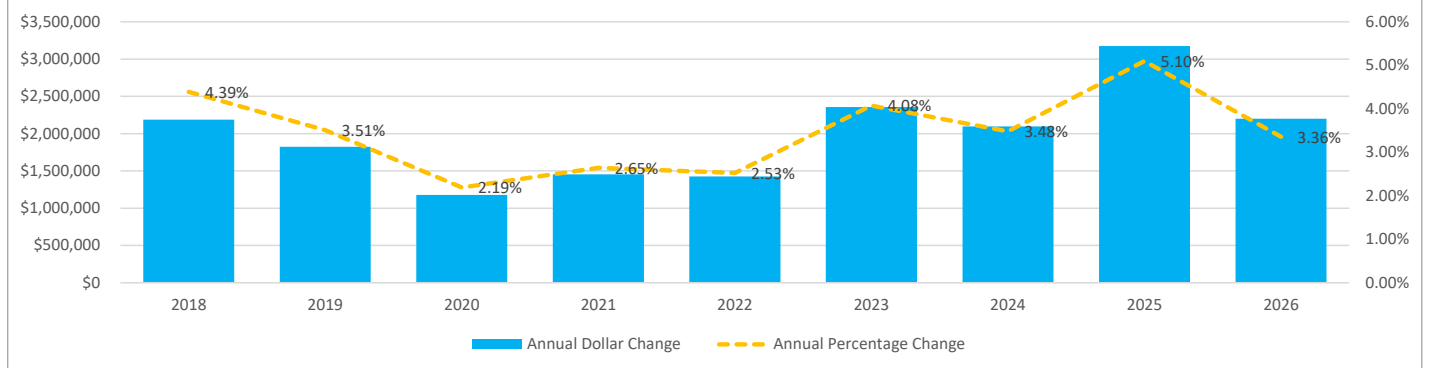
For FY22 \$310k was added for a REA assessment fee refund from the County Auditor. This occurs every three years. An estimate of 315k was also added to FY25 for this anticipated assessment fee.

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 3.20% or \$1,709,989 annually during the past 5-Year period and is projected to increase 3.99% or \$2,251,672 annually through FY2026. Benefits has the largest projected average annual variance compared to the historical average at \$554,954.
Salaries	1,188,637	1,618,451	\$429,814	
Benefits	\$453,752	\$1,008,706	\$554,954	
Purchased Services	\$200,032	(\$139,021)	(\$339,054)	
Supplies & Materials	(\$67,485)	\$124,279	\$191,764	
Capital Outlay	\$159,988	(\$331,845)	(\$491,832)	
Intergov & Debt	(\$73,494)	(\$13,713)	\$59,781	
Other Objects	\$12,552	\$9,409	(\$3,143)	
Other Uses	(\$163,993)	(\$24,594)	\$139,399	
Total Average Annual Change	\$1,709,989	\$2,251,672	\$541,683	
	3.20%	3.99%	0.79%	

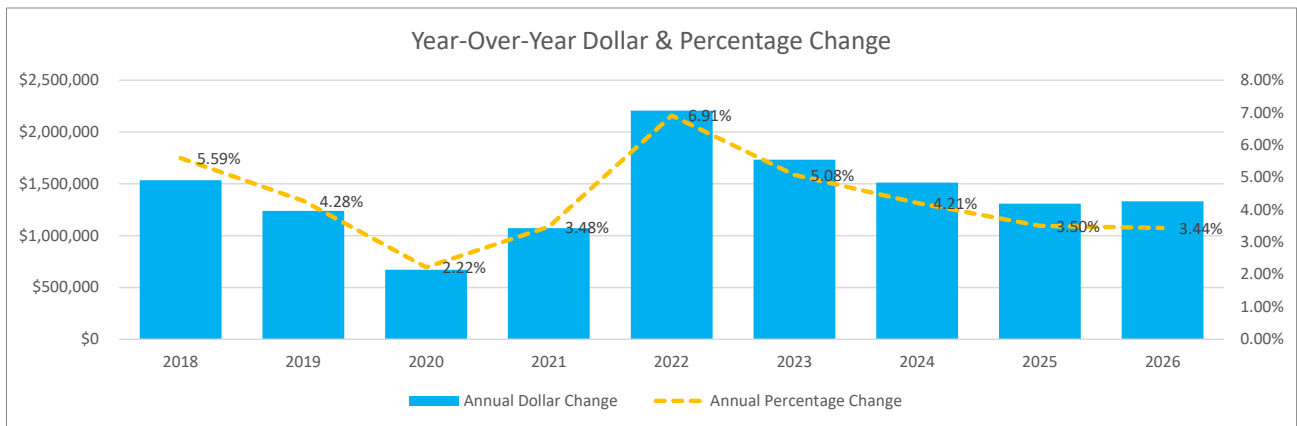
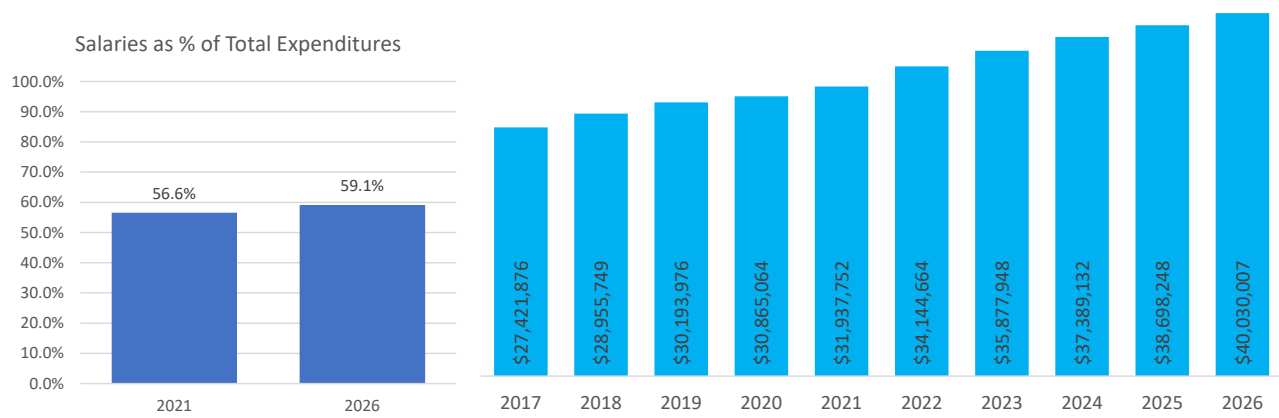
Note: Revenue average annual change is projected to

be > \$1,524,682

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.

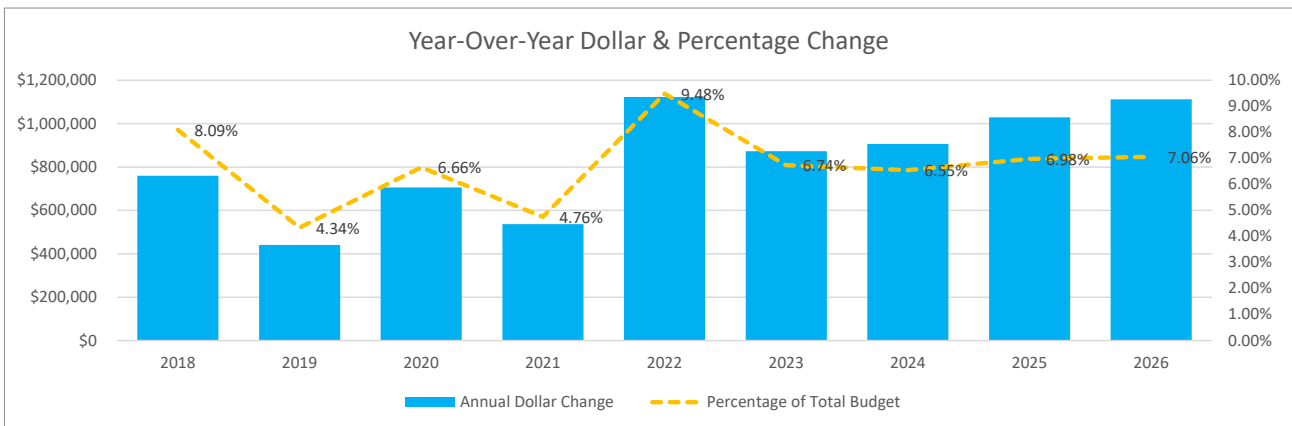
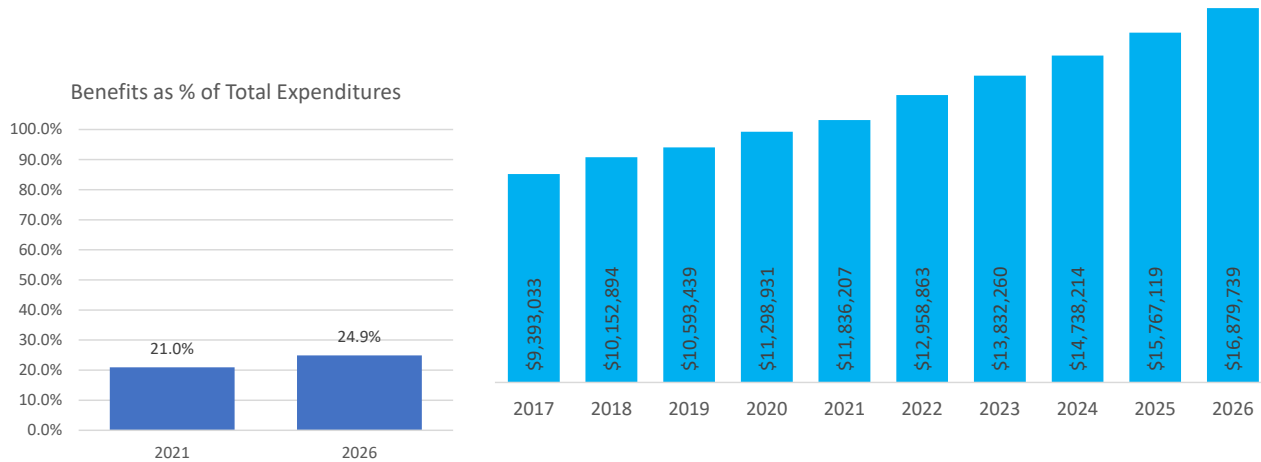


Salaries represent 56.59% of total expenditures and increased at a historical average annual rate of 3.98% or \$1,188,637. This category of expenditure is projected to grow at an annual average rate of 4.35% or \$1,618,451 through FY 2026. The projected average annual rate of change is 0.37% more than the five year historical annual average.

Currently the district's negotiated agreement go through FY24. For FY25&FY26, the district assumes a 1.5% increase annually for staffing changes and column changes. Additionally, the forecast assumes steps per law.

3.020 - Employees' Benefits

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

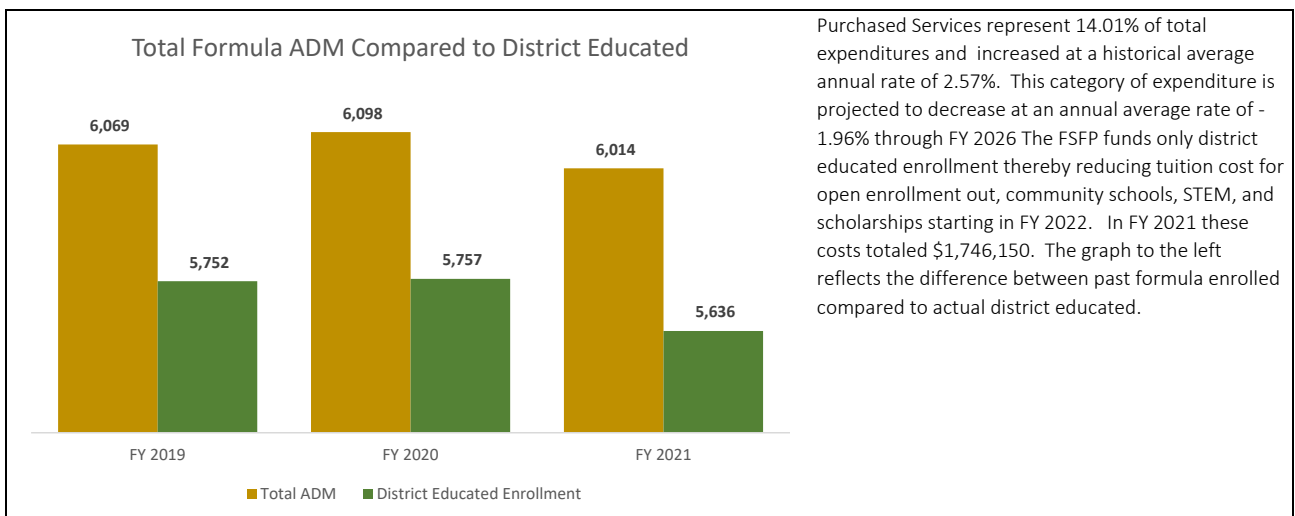
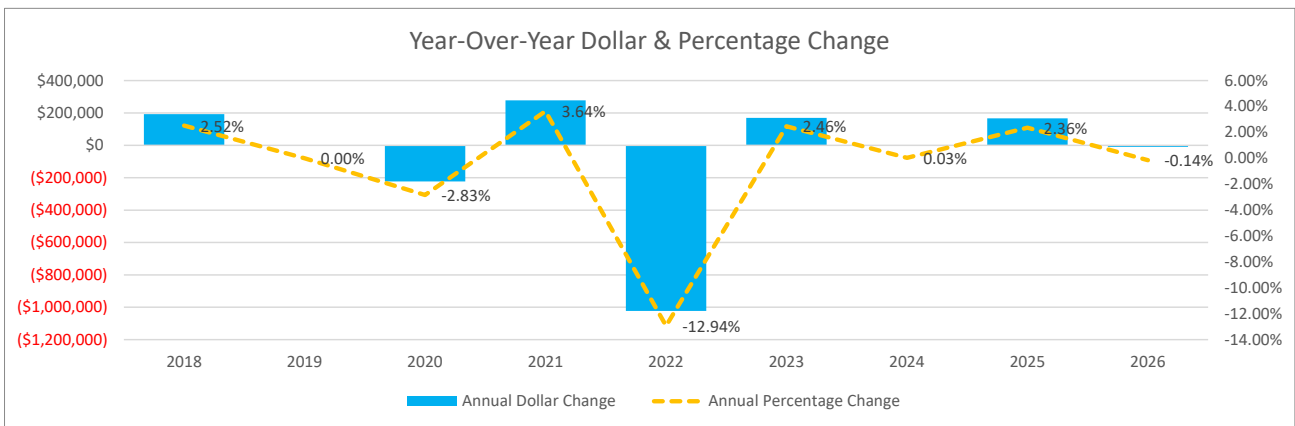
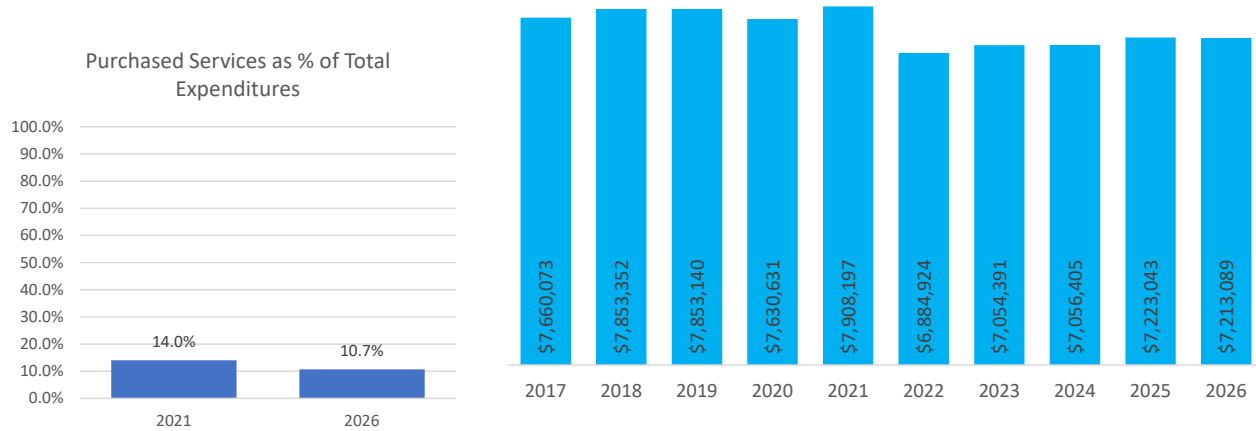


Benefits represent 20.97% of total expenditures and increased at a historical average annual rate of 4.26%. This category of expenditure is projected to grow at an annual average rate of 6.80% through FY 2026. The projected average annual rate of change is 2.54% more than the five year historical annual average.

The district estimates a 10% annually increase for health insurance premiums. For 2023, the district will receive a 7% increase. This 1 year increase will also lower the cost of future increases as the increase will be based off a lower premium. This will save the district approx 835k over the forecast period. A 1% increase in health insurance premiums costs approx 70k. The district assumes a 10% annually for FY24-FY26.

3.030 - Purchased Services

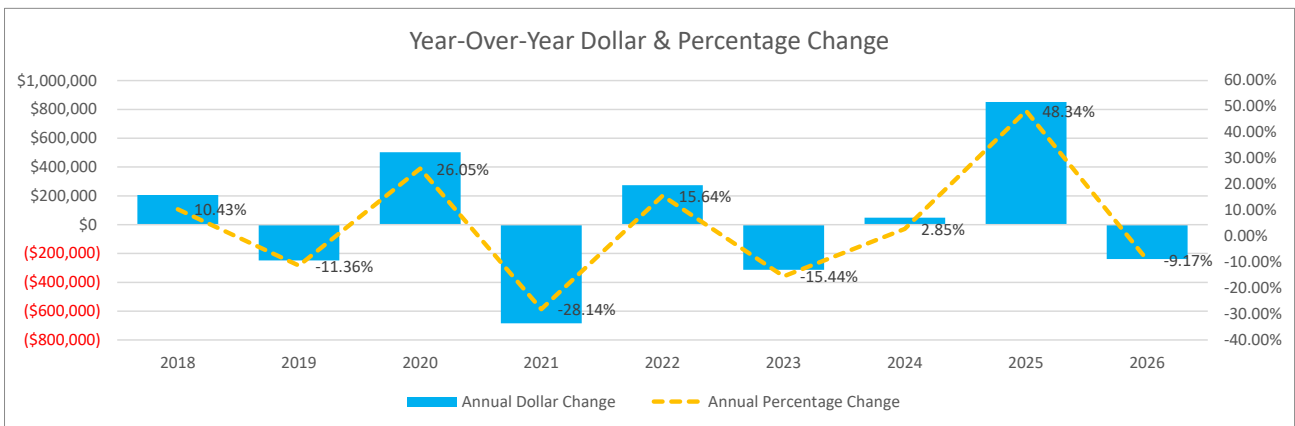
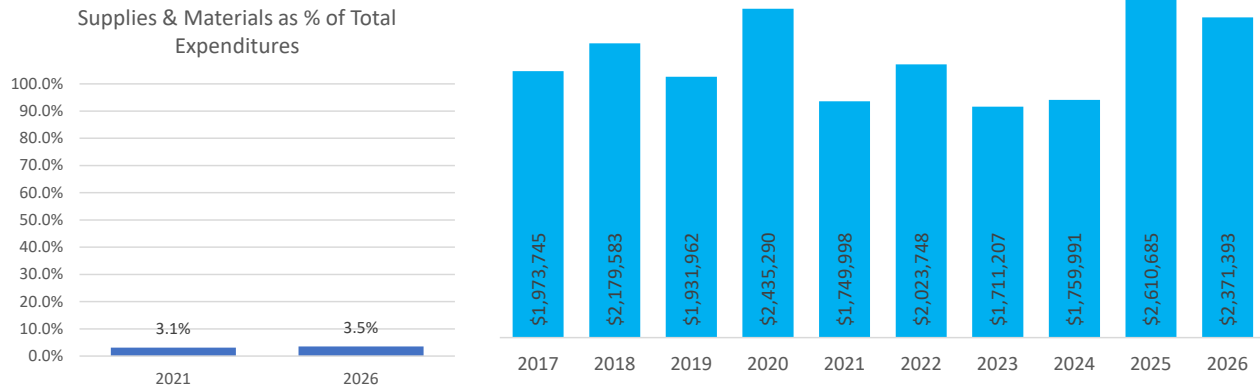
Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utilities costs and other services which the school district may purchase.



Purchased Services represent 14.01% of total expenditures and increased at a historical average annual rate of 2.57%. This category of expenditure is projected to decrease at an annual average rate of -1.96% through FY 2026. The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. In FY 2021 these costs totaled \$1,746,150. The graph to the left reflects the difference between past formula enrolled compared to actual district educated.

3.040 - Supplies & Materials

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

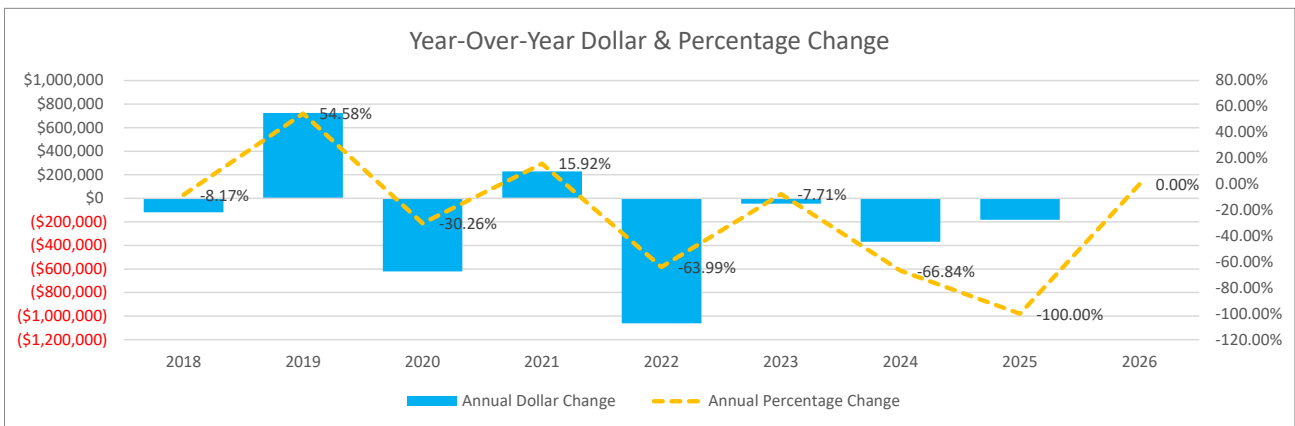
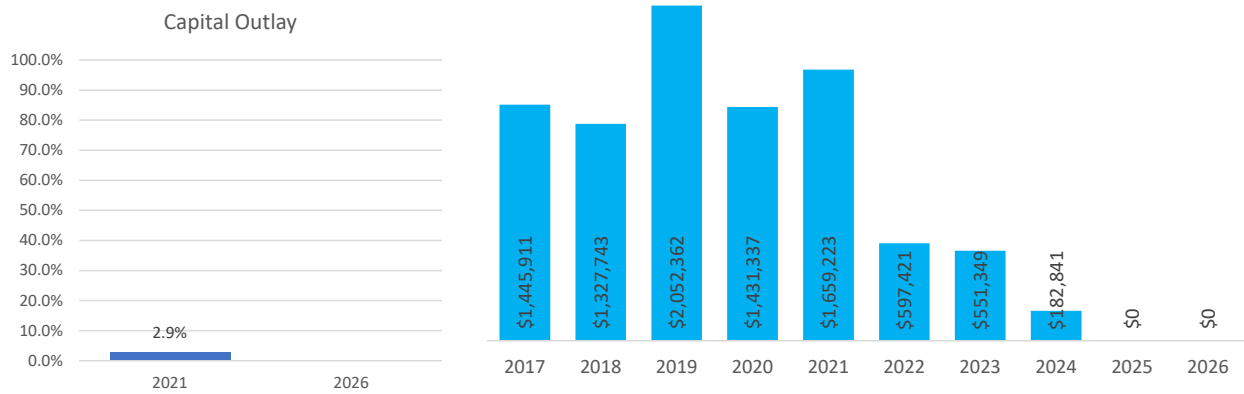


Supplies & Materials represent 3.10% of total expenditures and decreased at a historical average annual rate of -3.29%. This category of expenditure is projected to grow at an annual average rate of 5.93% through FY 2026. The projected average annual rate of change is 9.22% more than the five year historical annual average.

For FY22, ESSER funds were used for a textbook adoption, reducing the textbook line by 260k. However, fuel overages and supply chain issues have impacted the supplies line. The district anticipates to be 135k under budget for FY22. For FY23 and FY24, qualifying expenses will be moved to ESSER funds, reducing the anticipated general fund expenditures. For FY25, supply expenses are anticipated at their normal level. In addition, the 5 year science and math curriculum textbook renewal will occur increasing expenses for this year.

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.

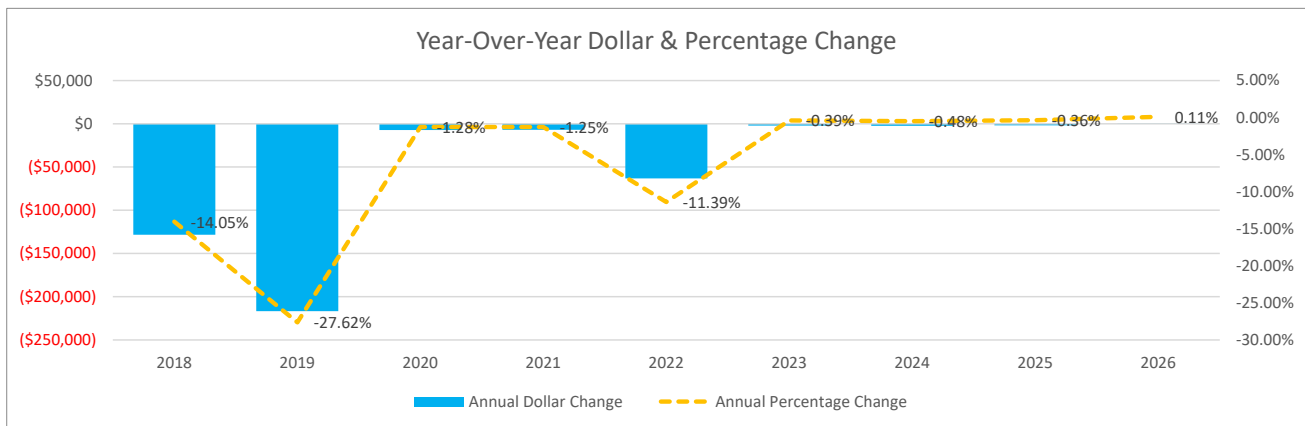
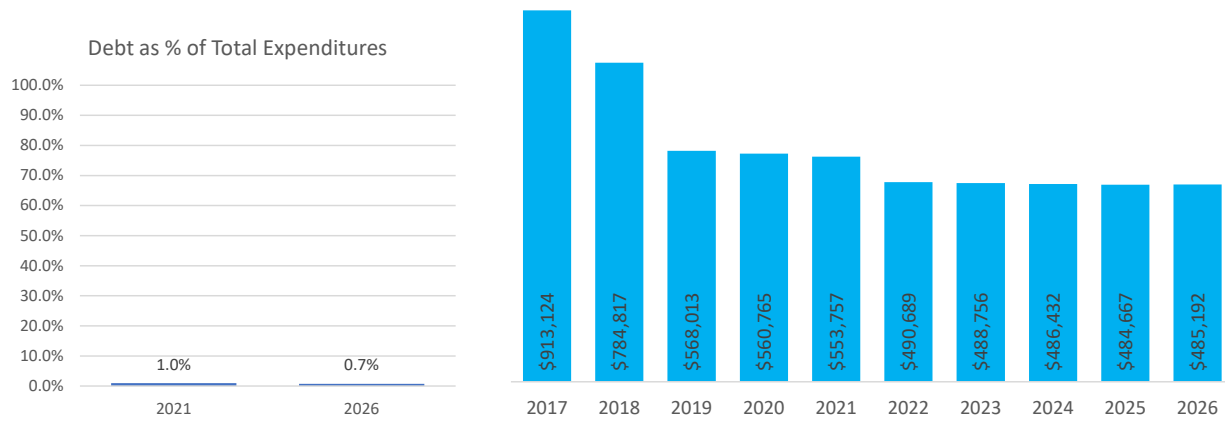


Capital Outlay represent 2.94% of total expenditures and increased at a historical average annual amount of \$159,988. This category of expenditure is projected to decrease at an annual average rate of -\$331,845 through FY 2026. The projected average annual change is less than the five year historical annual average.

The General fund Capital needs line is anticipated to be by zero by 2025. This is due to the passage of the permanent improvement levy in May of 2021.

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.

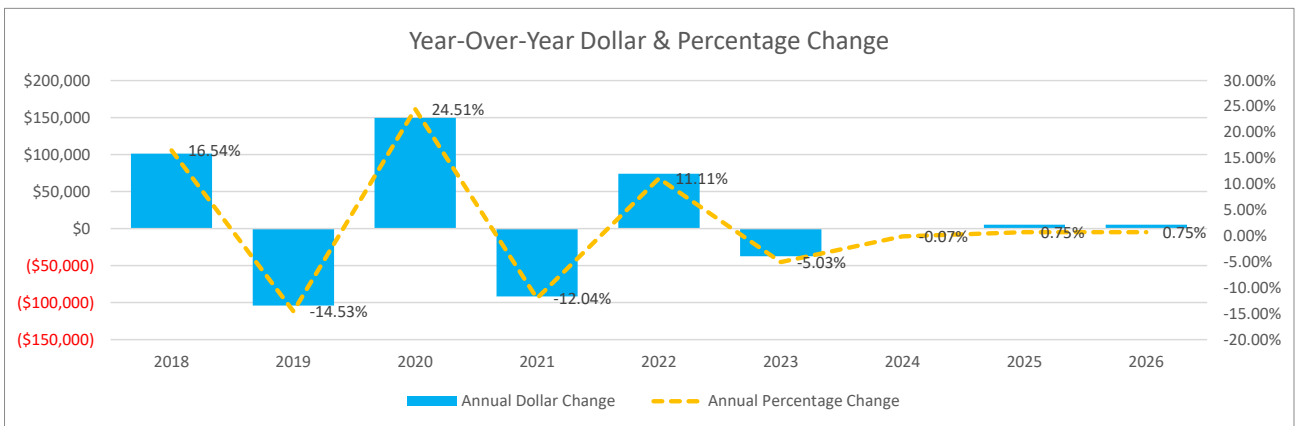
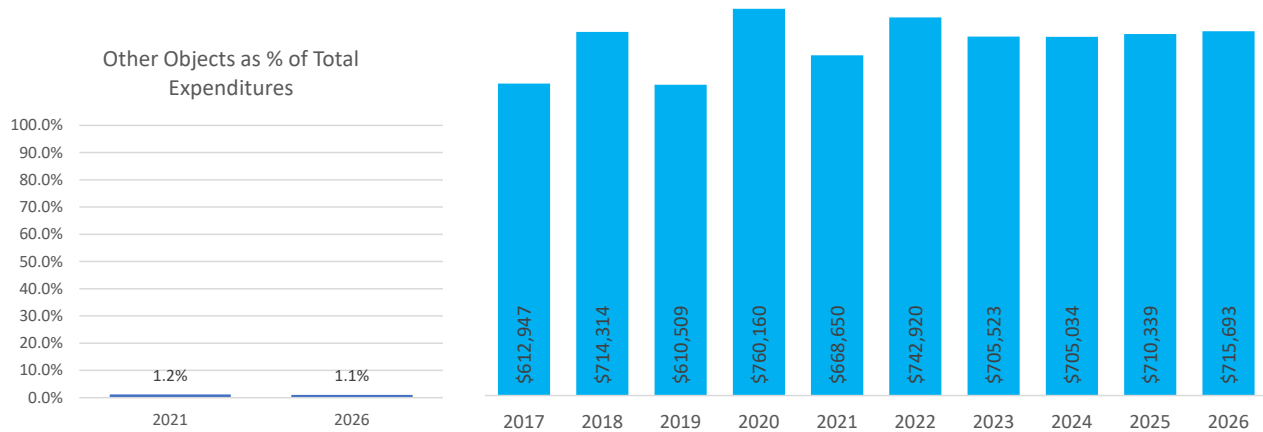


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

Year	Debt Amount
2017	\$913,124
2018	\$784,817
2019	\$568,013
2020	\$560,765
2021	\$553,757
2022	\$490,689
2023	\$488,756
2024	\$486,432
2025	\$484,667
2026	\$485,192

4.300 - Other Objects

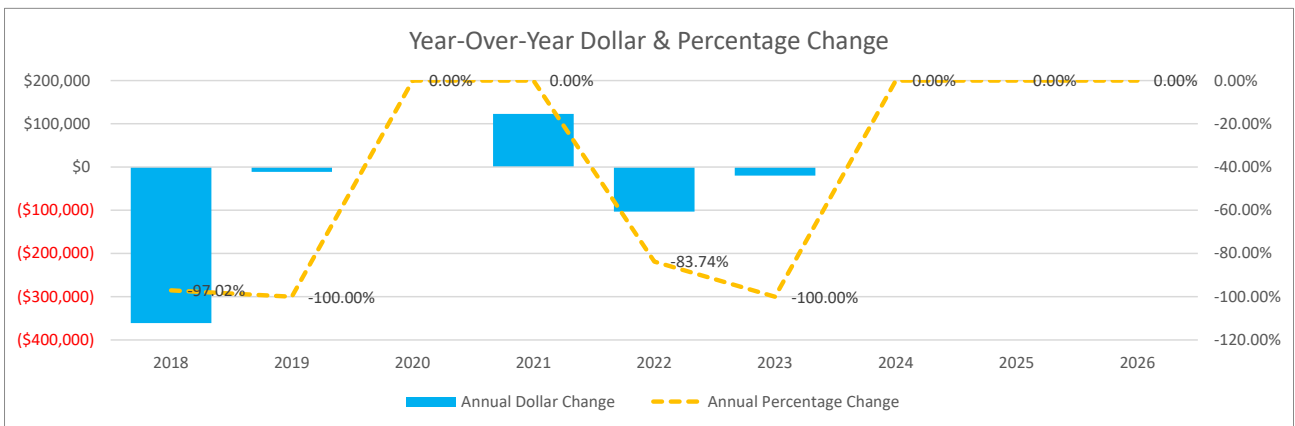
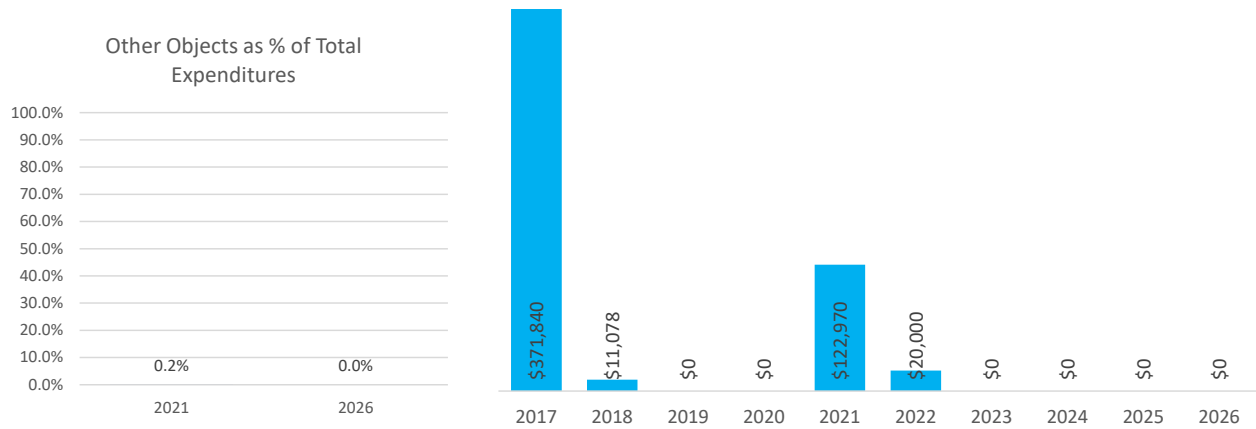
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.18% of total expenditures and increased at a historical average annual rate of 1.86%. This category of expenditure is projected to grow at an annual average rate of 1.31% through FY 2026. The projected average annual rate of change is -0.55% 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					
	2021	2022	2023	2024	2025	2026
Transfers Out	60,000	20,000	-	-	-	-
Advances Out	62,970	-	-	-	-	-
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 2021 the district had advances-out and has no 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.

Springboro Community City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2021	2022	2023	2024	2025	2026
Revenue:						
1.010 - General Property Tax (Real Estate)	28,256,069	30,655,769	32,513,722	33,214,238	34,420,167	35,525,614
1.020 - Public Utility Personal Property	7,064,904	5,236,376	6,698,094	6,009,869	6,058,045	6,111,843
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	16,141,738	14,374,926	14,658,243	15,028,756	15,425,444	15,803,503
1.040 - Restricted Grants-in-Aid	285,869	1,323,153	1,204,093	1,098,981	976,695	880,945
1.050 - Property Tax Allocation	3,972,827	4,294,005	4,663,744	4,773,671	4,949,887	5,126,142
1.060 - All Other Operating Revenues	1,920,798	1,761,863	1,825,059	1,826,572	1,828,988	1,830,988
1.070 - Total Revenue	57,642,206	57,646,092	61,562,955	61,952,087	63,659,226	65,279,035
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	62,970	-	-	-	-
2.060 - All Other Financing Sources	163,419	475,000	150,000	150,000	465,000	150,000
2.070 - Total Other Financing Sources	163,419	537,970	150,000	150,000	465,000	150,000
2.080 - Total Rev & Other Sources	57,805,625	58,184,062	61,712,955	62,102,087	64,124,226	65,429,035
Expenditures:						
3.010 - Personnel Services	31,937,752	34,144,664	35,877,948	37,389,132	38,698,248	40,030,007
3.020 - Employee Benefits	11,836,207	12,958,863	13,832,260	14,738,214	15,767,119	16,879,739
3.030 - Purchased Services	7,908,197	6,884,924	7,054,391	7,056,405	7,223,043	7,213,089
3.040 - Supplies and Materials	1,749,998	2,023,748	1,711,207	1,759,991	2,610,685	2,371,393
3.050 - Capital Outlay	1,659,223	597,421	551,349	182,841	(0)	(0)
Intergovernmental & Debt Service	553,757	490,689	488,756	486,432	484,667	485,192
4.300 - Other Objects	668,650	742,920	705,523	705,034	710,339	715,693
4.500 - Total Expenditures	56,313,783	57,843,230	60,221,435	62,318,047	65,494,099	67,695,114
Other Financing Uses						
5.010 - Operating Transfers-Out	60,000	20,000	-	-	-	-
5.020 - Advances-Out	62,970	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	122,970	20,000	-	-	-	-
5.050 - Total Exp and Other Financing Uses	56,436,753	57,863,230	60,221,435	62,318,047	65,494,099	67,695,114
6.010 - Excess of Rev Over/(Under) Exp	1,368,873	320,832	1,491,520	(215,961)	(1,369,874)	(2,266,080)
7.010 - Cash Balance July 1 (No Levies)	10,601,826	11,970,698	12,291,531	13,783,050	13,567,089	12,197,215
7.020 - Cash Balance June 30 (No Levies)	11,970,698	12,291,531	13,783,050	13,567,089	12,197,215	9,931,136
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	11,970,698	12,291,531	13,783,050	13,567,089	12,197,215	9,931,136
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	11,970,698	12,291,531	13,783,050	13,567,089	12,197,215	9,931,136
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	11,970,698	12,291,531	13,783,050	13,567,089	12,197,215	9,931,136

