

Springboro Community City School District

Five Year Forecast Financial Report

October, 2022

Terrah Stacy, Treasurer/CFO

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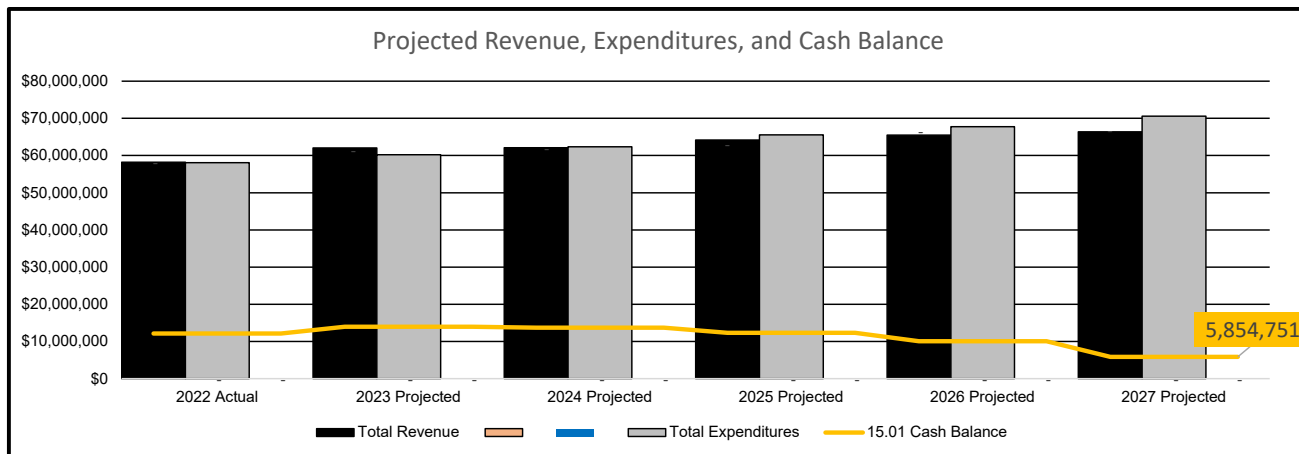
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Forecast Purpose/Objectives

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.



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

Financial Forecast	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	12,137,145	13,957,461	13,720,685	12,333,038	10,049,284
+ Revenue	62,041,600	62,131,374	64,158,596	65,468,137	66,402,912
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(60,221,283)	(62,368,150)	(65,546,243)	(67,751,890)	(70,597,445)
= Revenue Surplus or Deficit	1,820,317	(236,776)	(1,387,648)	(2,283,754)	(4,194,533)
Line 7.020 Ending Balance with renewal/new levies	13,957,461	13,720,685	12,333,038	10,049,284	5,854,751

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	1,820,317	(236,776)	(1,387,648)	(2,283,754)	(4,194,533)
Ending Balance w/o Levies	13,957,461	13,720,685	12,333,038	10,049,284	5,854,751

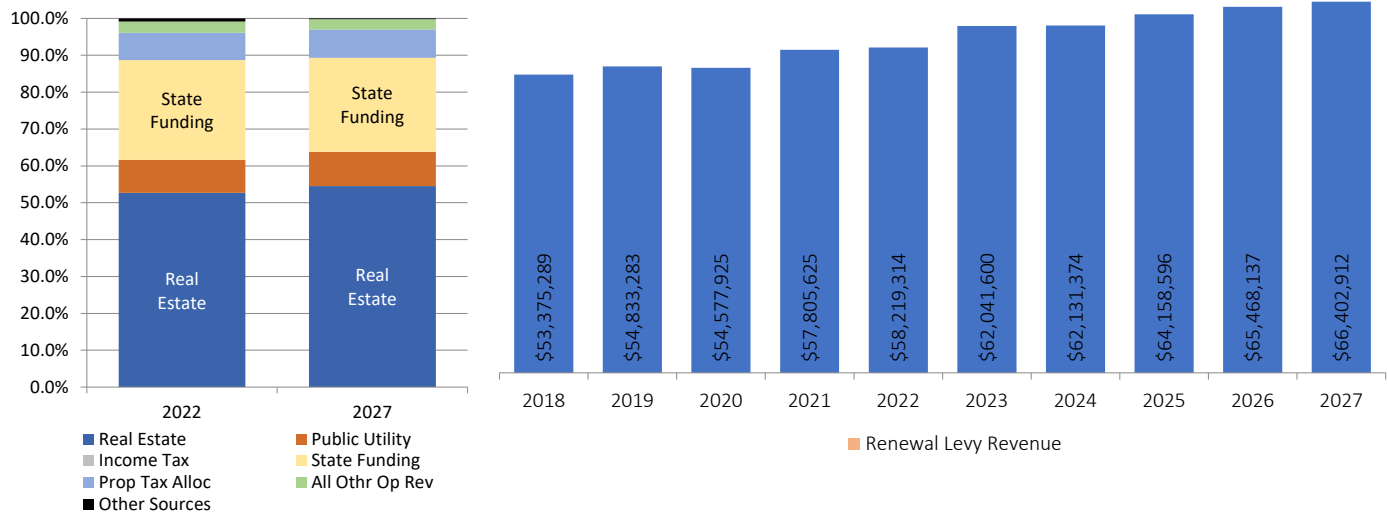
In FY 2023 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$1,820,317 in FY 2023. By the last year of the forecast, FY 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$4,194,533. The district would need to cut its FY 2027 projected expenses by 5.94% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2023 and is projected to worsen by FY 2027. A worsening cash balance can erode the district's financial stability over time.

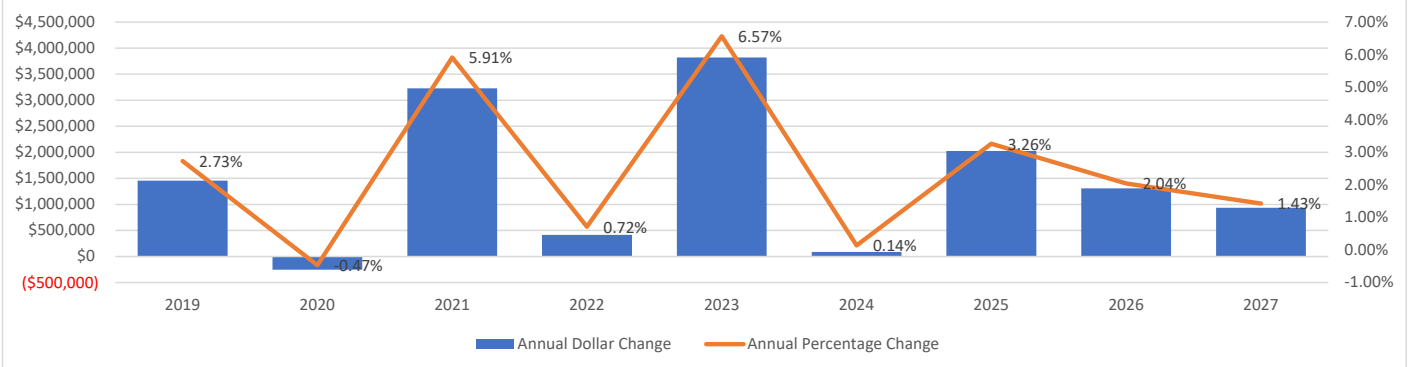
This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in FY 2022. The district expects a combined impact of \$872,775 in FY 2023. This forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2023. A detailed state funding supplement to this forecast has been prepared and should be reviewed and considered part of the forecast assumptions.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



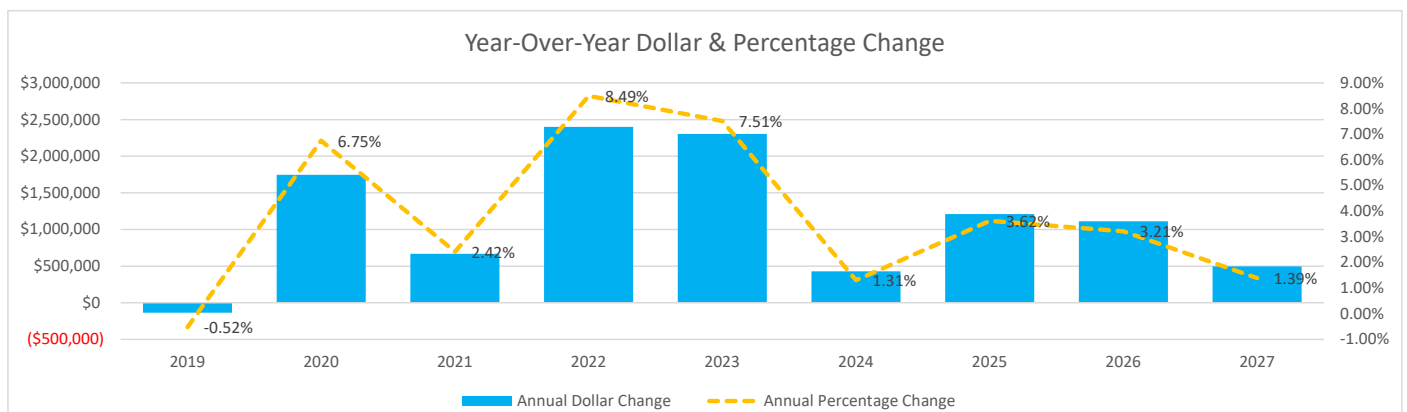
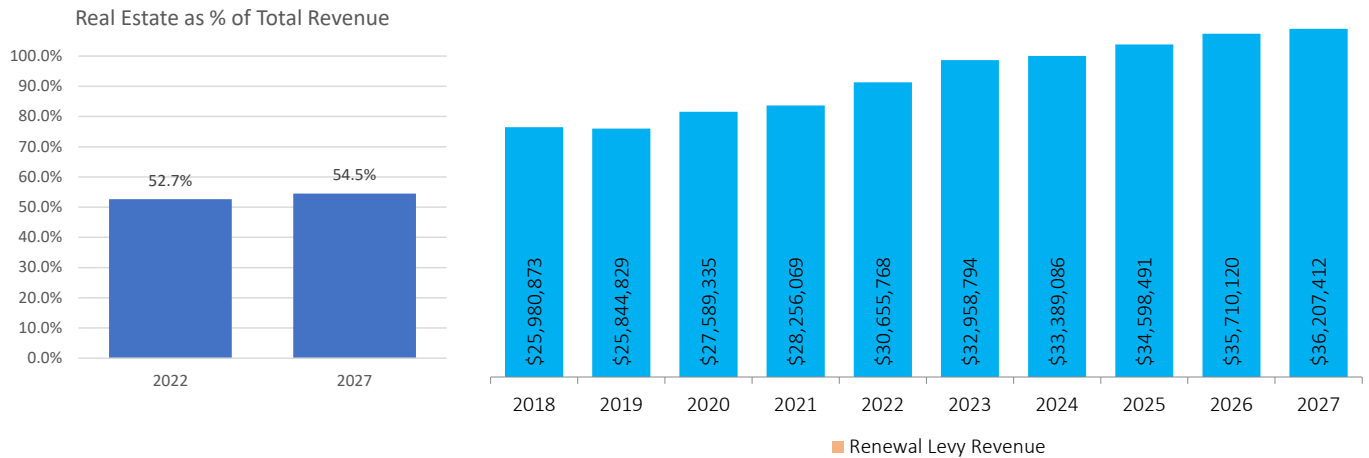
5-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total revenue increased 2.87% or \$1,598,461 annually during the past 5-Year period and is projected to increase 2.56% or \$1,636,720 annually through FY2027. State Funding has the most projected average annual variance compared to the historical average at \$248,494
Real Estate	1,053,648	1,110,329	\$56,680	
Public Utility	\$198,528	\$190,725	(\$7,804)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$17,362)	231,132	\$248,494	
Prop Tax Alloc	\$138,299	\$160,584	\$22,285	
All Othr Op Rev	\$136,758	\$12,635	(\$124,122)	
Other Sources	\$88,589	(\$68,685)	(\$157,274)	
Total Average Annual Change	1,598,461	1,636,720	\$38,259	
	2.87%	2.56%	-0.31%	

Note: Expenditure average annual change is projected to be > \$2,508,916 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	
2021	1,460,028,870	233,231,040	25.43	-	26.12	-	99.9%
2022	1,485,258,530	25,229,660	25.42	(0.01)	26.05	(0.07)	99.9%
2023	1,510,008,530	24,750,000	25.40	(0.02)	25.78	(0.28)	99.9%
2024	1,607,708,530	97,700,000	25.16	(0.24)	25.49	(0.29)	99.9%
2025	1,631,258,530	23,550,000	25.15	(0.01)	25.43	(0.06)	99.9%
2026	1,654,808,530	23,550,000	25.14	(0.01)	25.36	(0.06)	99.9%

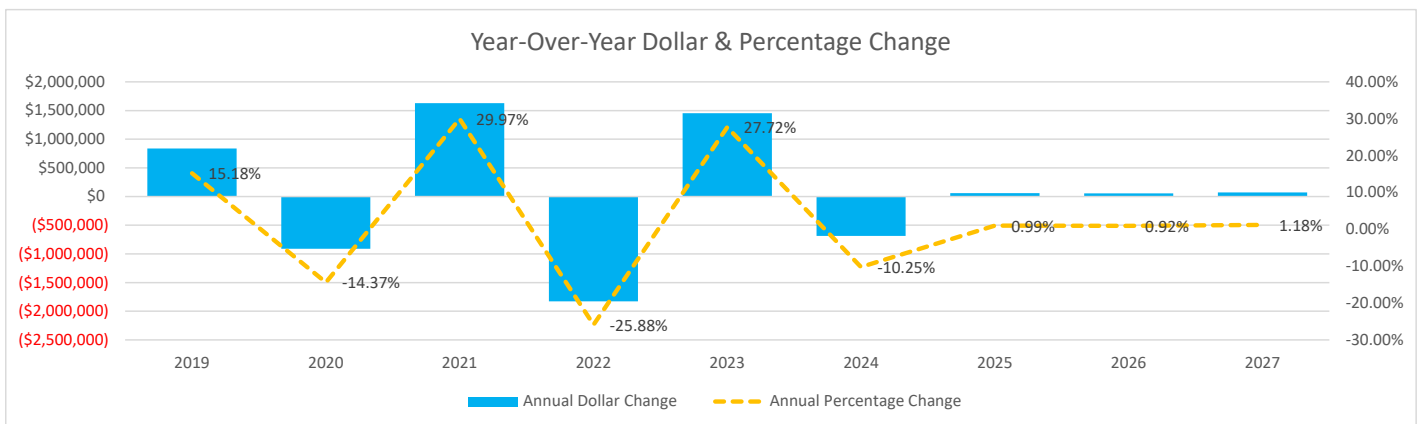
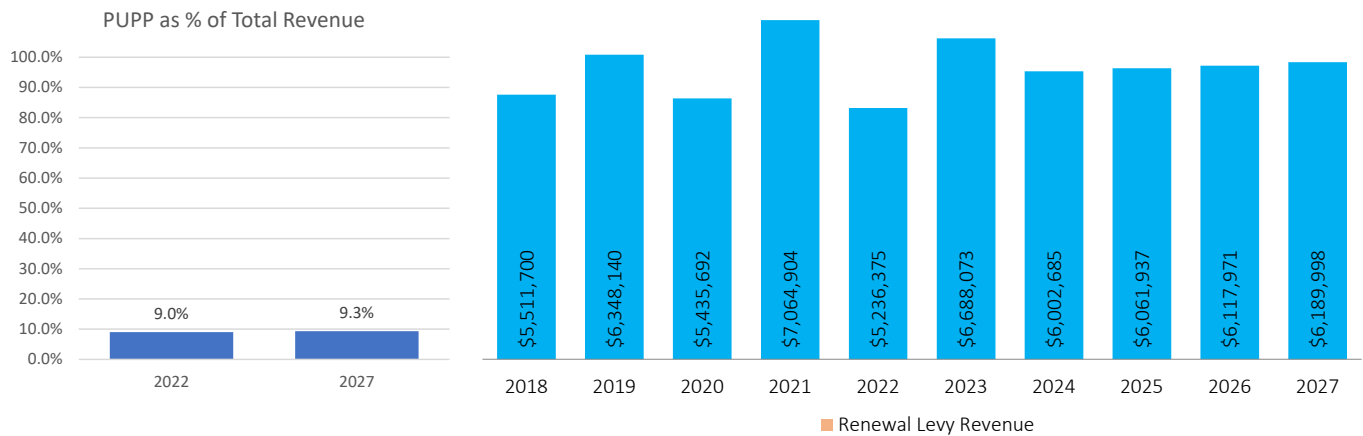
Real estate property tax revenue accounts for 52.66% of total revenue. Class I or residential/agricultural taxes make up approximately 91.45% of the real estate property tax revenue. The Class I tax rate is 25.42 mills in tax year 2022. The projections reflect an average gross collection rate of 99.9% annually through tax year 2026. The revenue changed at an average annual historical rate of 3.81% and is projected to change at an average annual rate of 3.21% through FY 2027.

Preliminary 2022 new construction estimates have been input which resulted in an additional 1,679,660 in value for tax year 2022 (1/2 FY23, 1/2 FY24). Delinquent taxes of 736k were collected for the 2021 tax year (collected in 2022), which exceeded estimates by 300k. This added additional revenue for FY23. Adjusted collection rates slightly due to trend data.

*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	
2021	132,323,600	(729,040)	48.64	(0.87)	100.0%
2022	133,823,600	1,500,000	48.63	(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)	91.9%
2025	138,323,600	1,500,000	48.36	(0.01)	92.0%
2026	139,823,600	1,500,000	48.35	(0.01)	92.1%

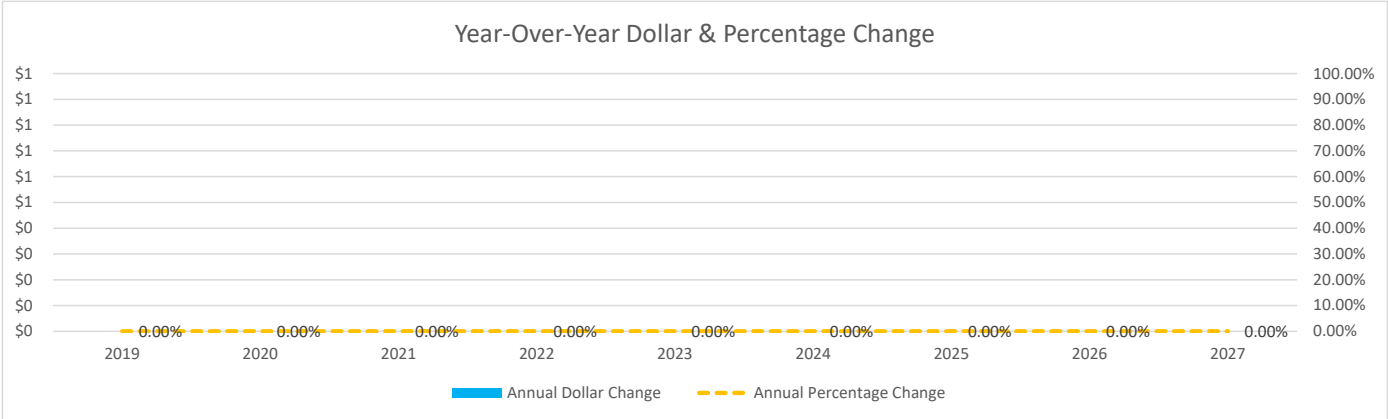
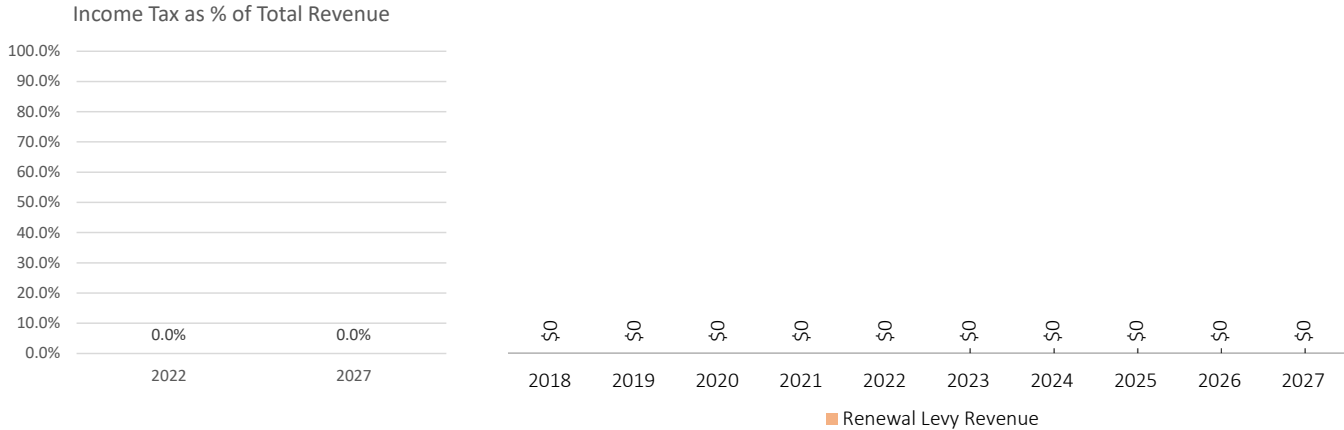
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 8.99% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 48.63 mills. The forecast is modeling an average gross collection rate of 91.88%. The revenue changed historically at an average annual dollar amount of \$198,528 and is projected to change at an average annual dollar amount of \$190,725 through FY 2027.

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 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.

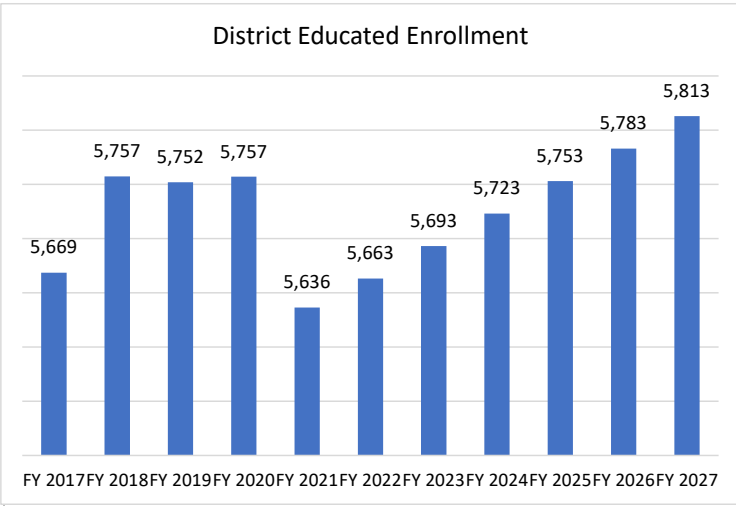
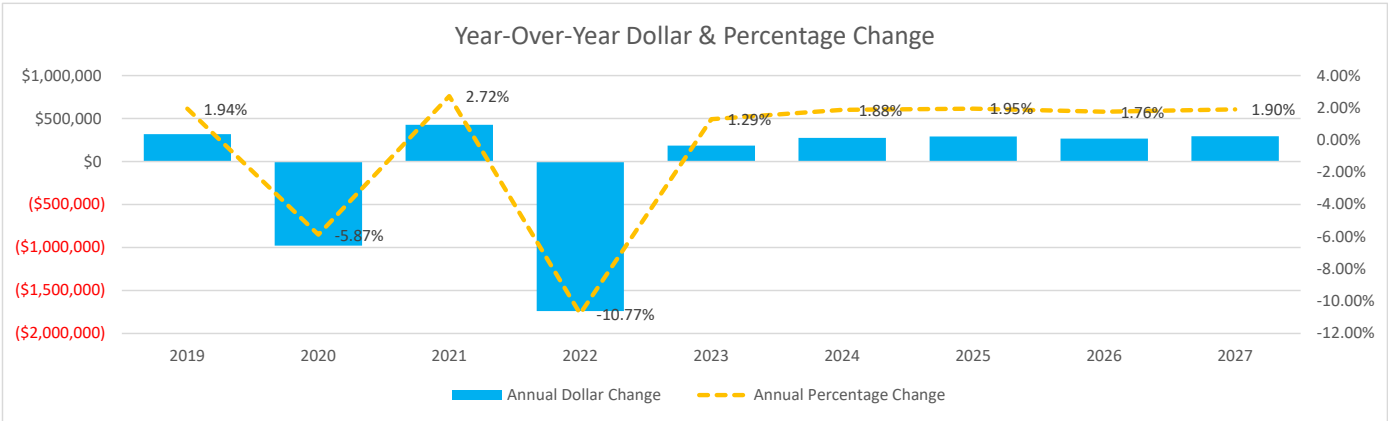
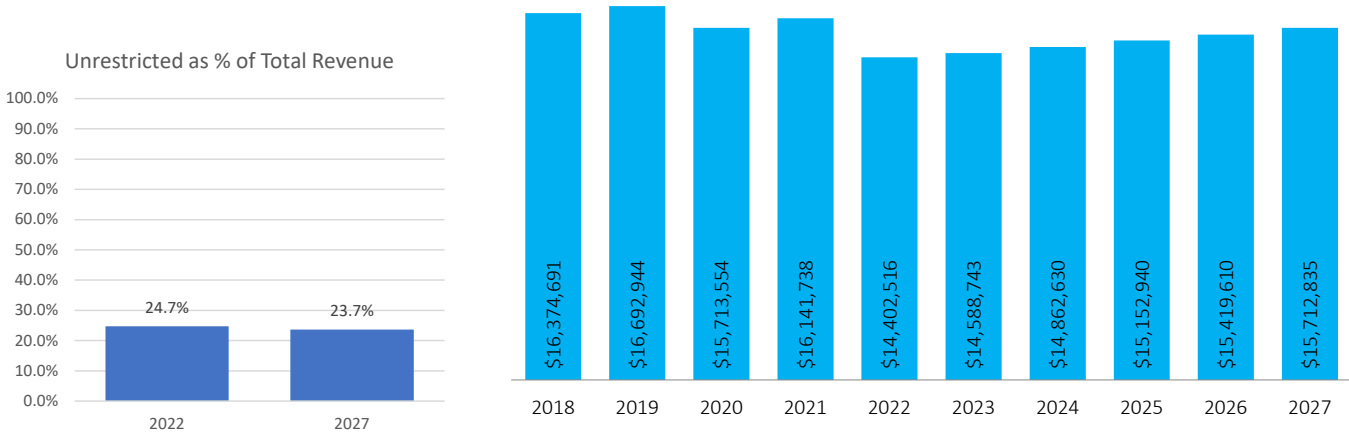


The district does not have an income tax levy.

*Projected % trends include renewal levies

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



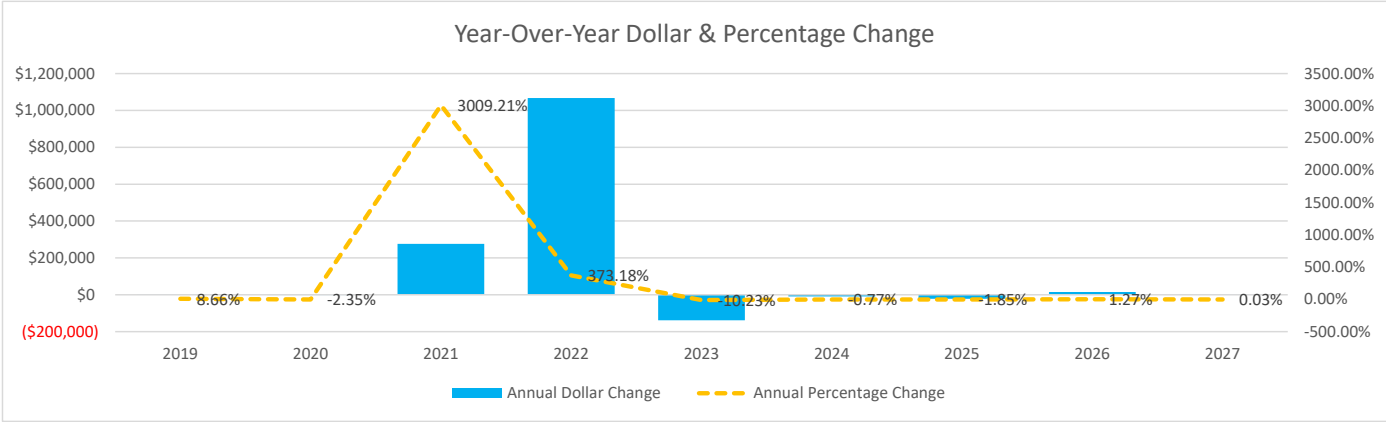
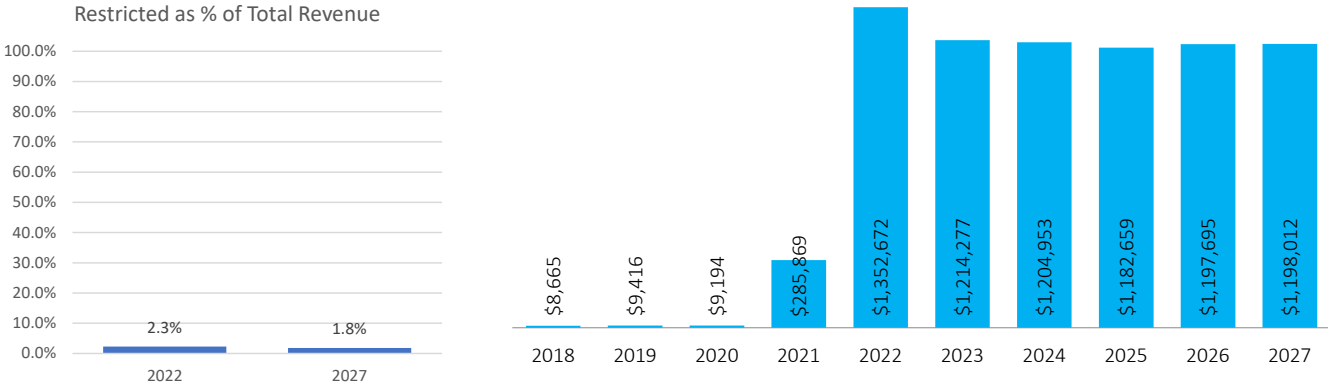
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual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

For Springboro Community City School District the calculated Base Cost total is \$41,361,641 in FY 2023. The state's share of the calculated Base Cost total is \$3,809,669 or \$669 per pupil.

For reference: CF63 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.

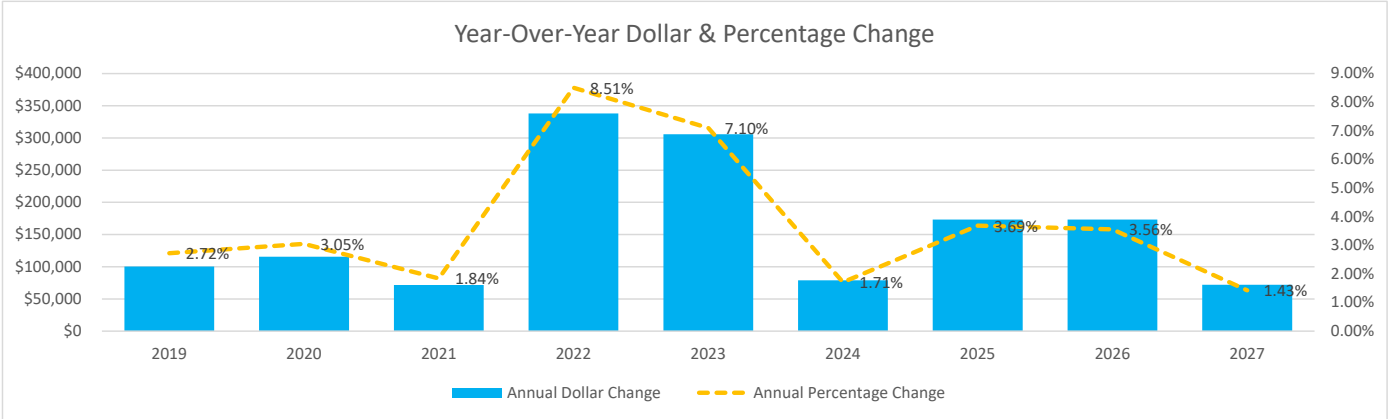
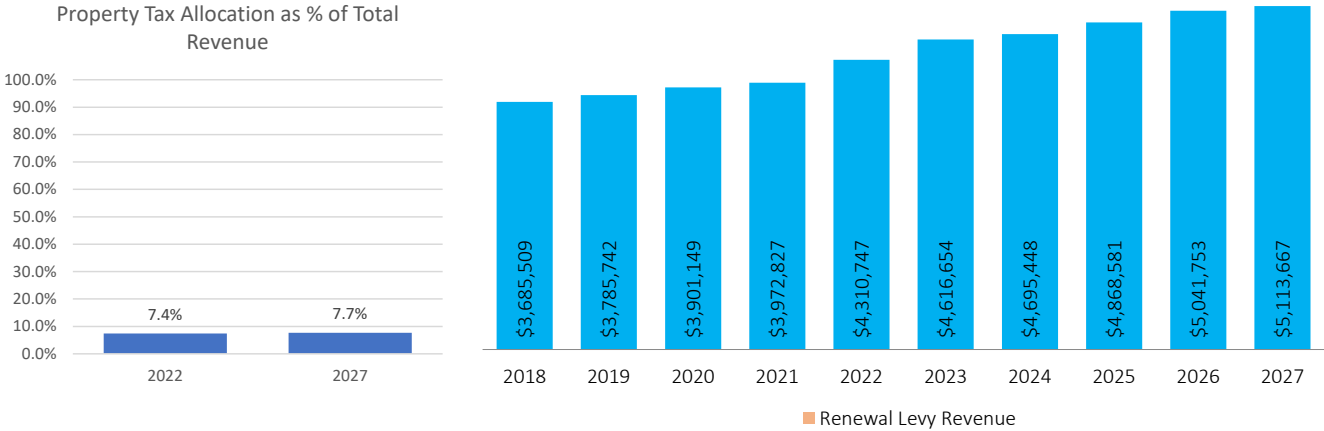


Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$447,752 and is projected to change annually on average by -\$30,932. Restricted funds represent 2.32% of total revenue. 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 \$419,517. 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.

Currently restricted funds from the State are for: Student Wellness and Success Funds \$436,906, DPIA \$2,731, English Learner Aid \$4,639, Gifted Education \$222,055, and CAT cost reimbursement (estimate 550k).

1.050 - Property Tax Allocation

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



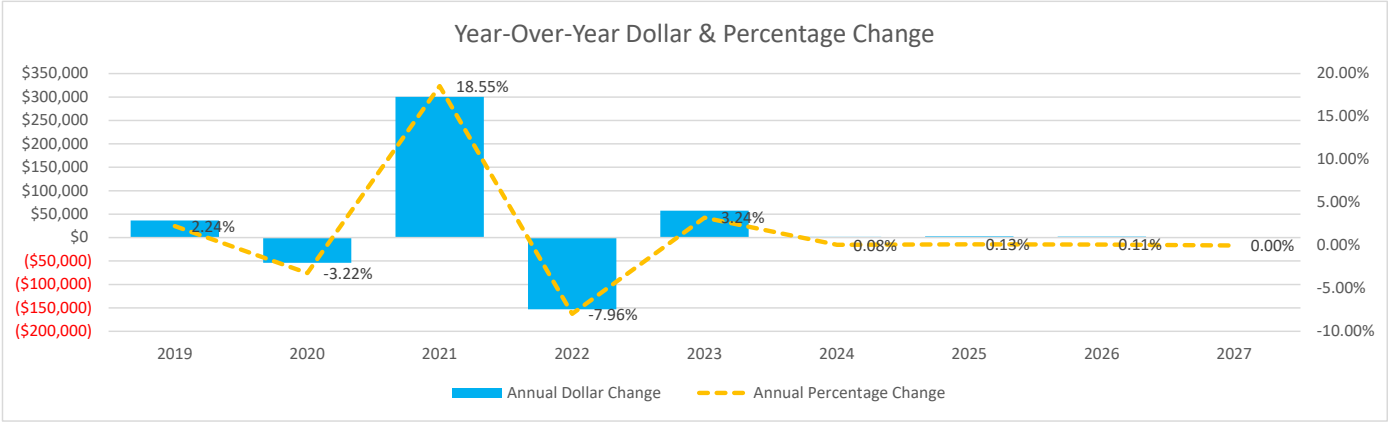
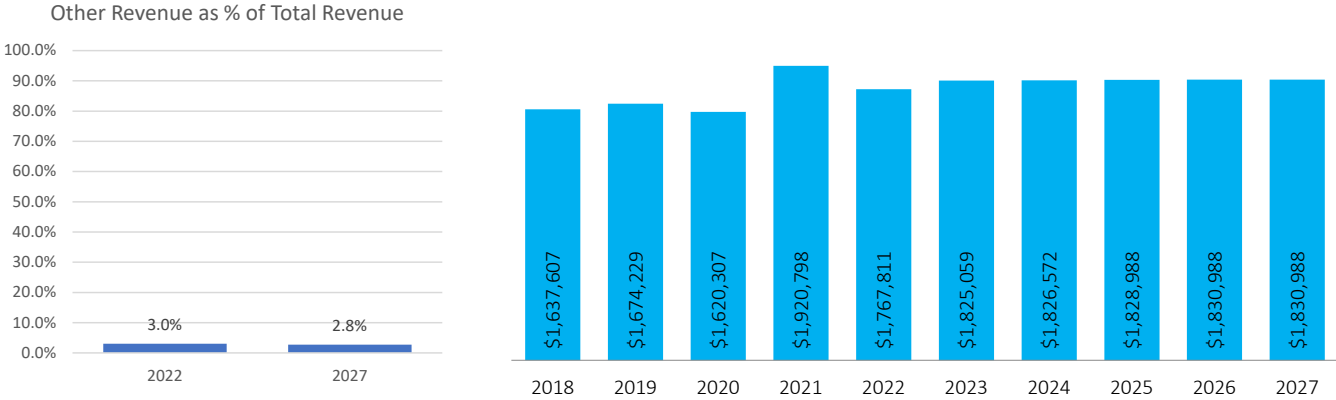
Property tax allocation primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2023, approximately 12.1% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.0% will be reimbursed in the form of qualifying homestead exemption credits.

Homestead Credits have been lowered slightly due to less residents over 65 who have a total household income of \$34,600 remain in Springboro.

*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.

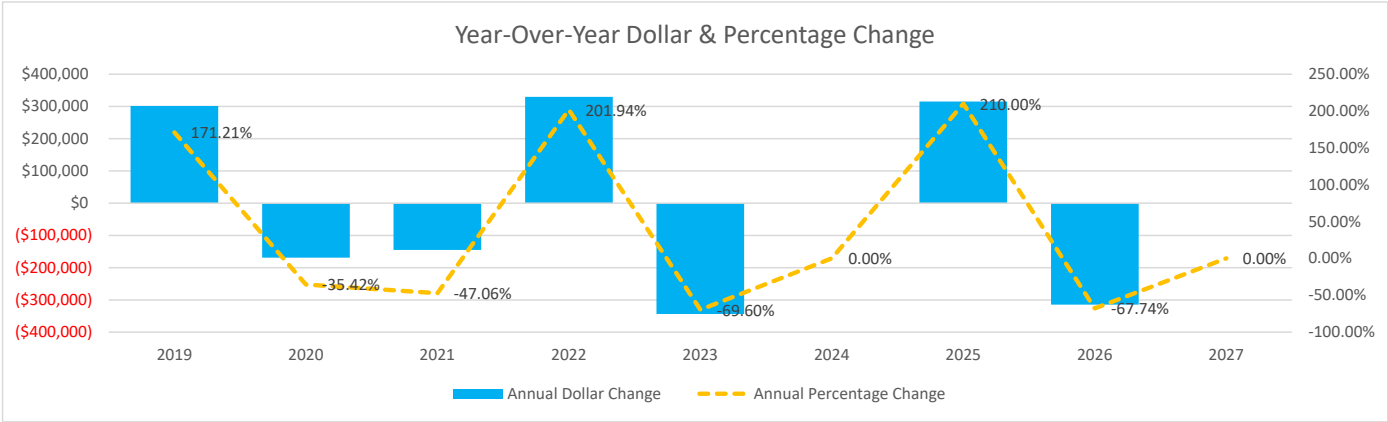
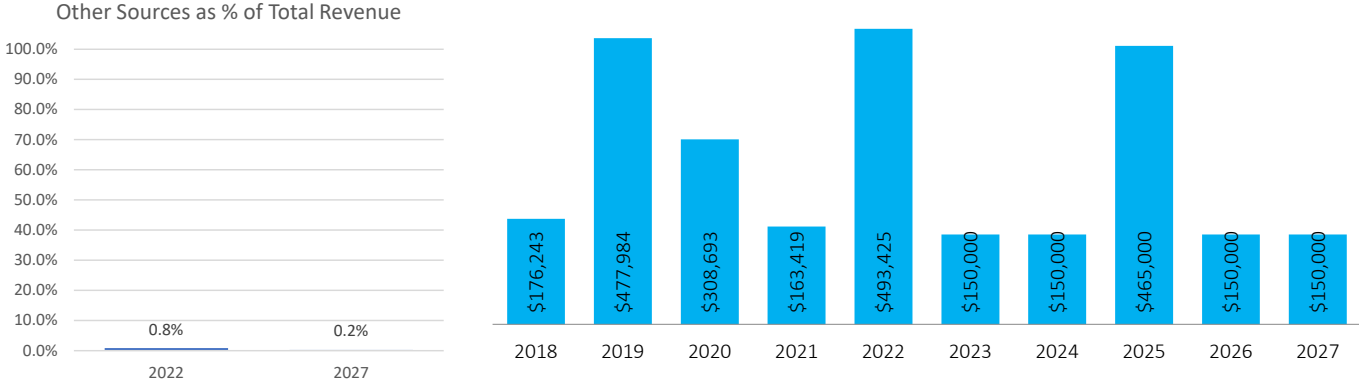


Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$136,758. The projected average annual change is \$12,635 through FY 2027. The FSPF 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.

Items for all other revenue are: preschool tuition, Student and PTP fees, Bunnell Hill TIF, and interest from investment activities.

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.



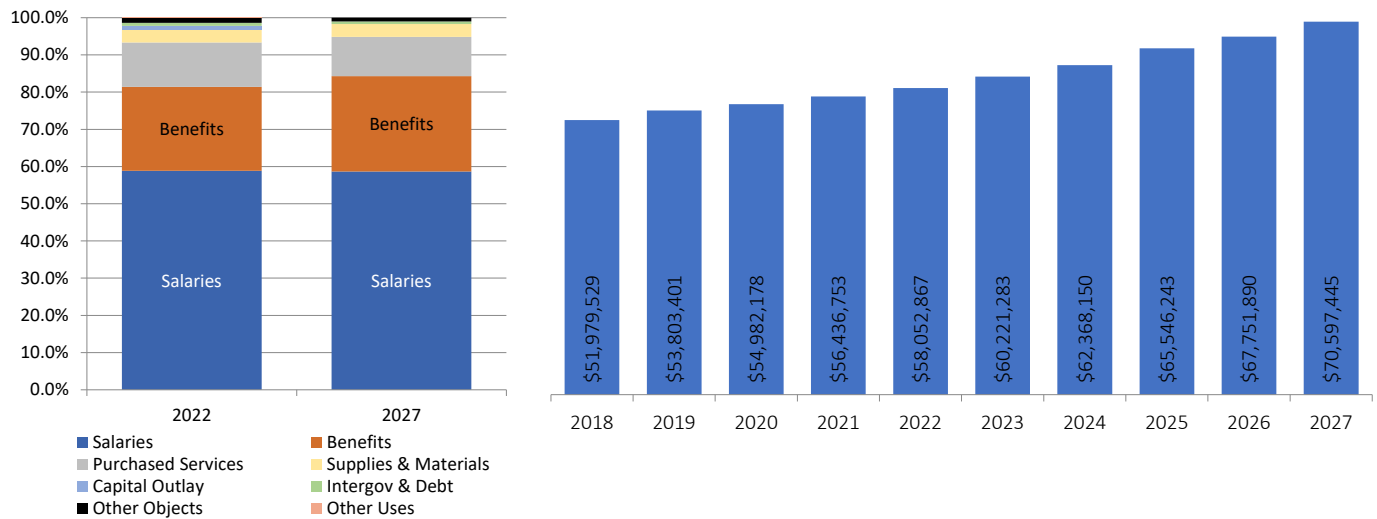
	2022	2023	2024	FORECASTED		
				2025	2026	2027
Transfers In	-	-	-	-	-	-
Advances In	62,970	-	-	-	-	-
All Other Financing Sources	430,455	150,000	150,000	465,000	150,000	150,000

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2022 the district receipted \$62,970 as advances-in and is projecting advances of \$0 in FY 2023. 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 \$150,000 in FY 2023 and average \$228,750 annually through FY 2027.

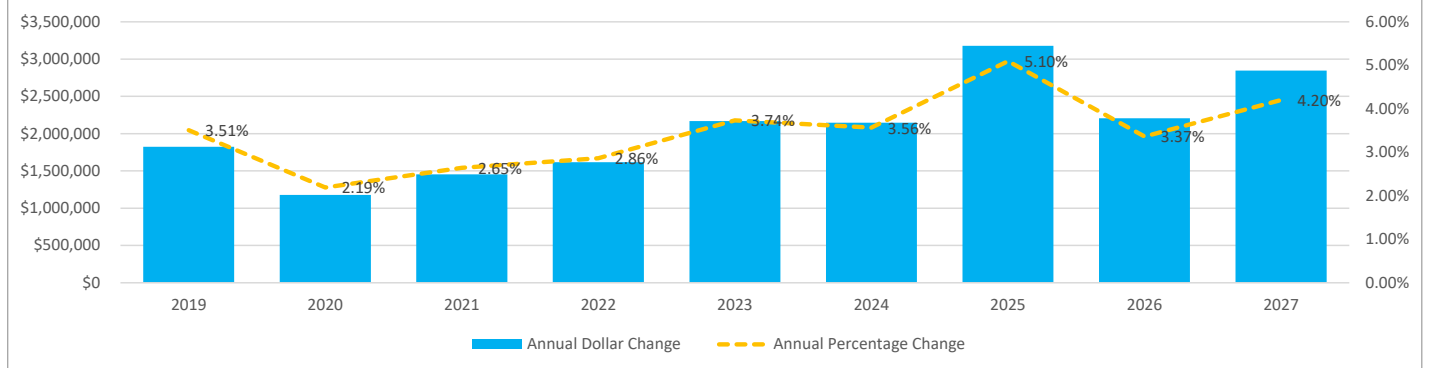
Typically refunds of prior year expenses, BWC premium reimbursements, and for FY25, that is the anticipate REA assessment fee that the county auditor does an assessment on every 3 years.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



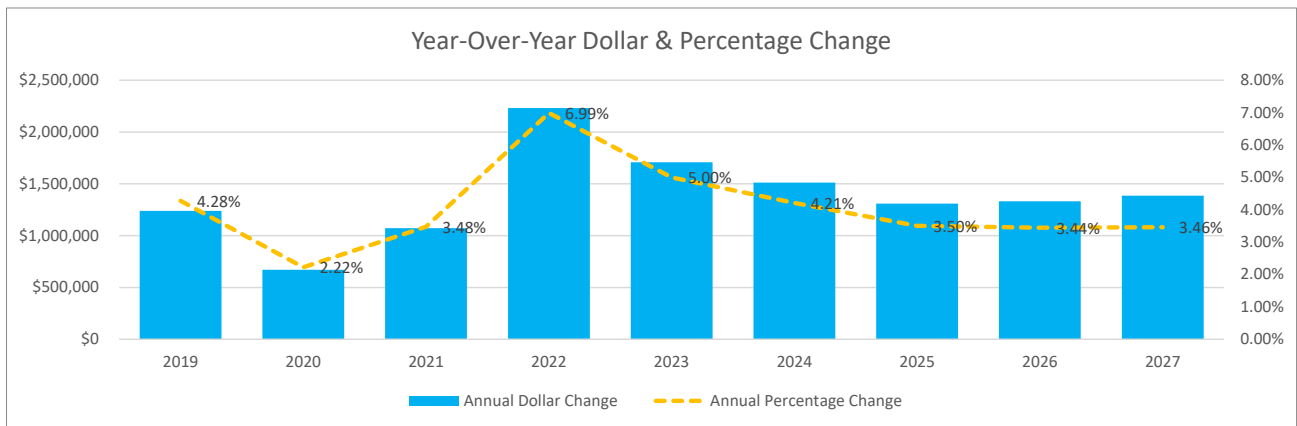
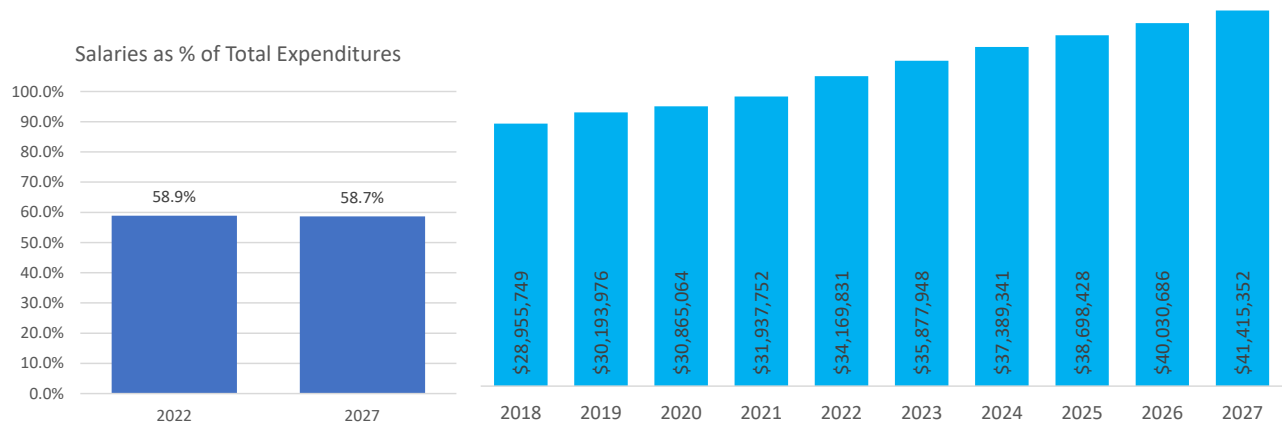
5-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Total expenditures increased 3.00% or \$1,652,063 annually during the past 5-Year period and is projected to increase 4.32% or \$2,508,916 annually through FY2027. Purchased Services has the largest projected average annual variance compared to the historical average at \$326,513.
Salaries	1,348,864	1,449,104	\$100,240	
Benefits	\$740,836	\$1,000,129	\$259,293	
Purchased Services	(\$222,473)	\$104,040	\$326,513	
Supplies & Materials	\$7,762	\$84,034	\$76,272	
Capital Outlay	(\$101,691)	(\$111,243)	(\$9,552)	
Intergov & Debt	\$99,231	(\$2,248)	(\$101,479)	
Other Objects	\$32,528	(\$10,900)	(\$43,427)	
Other Uses	(\$70,368)	(\$4,000)	\$66,368	
Total Average Annual Change	\$1,652,063	\$2,508,916	\$856,852	
	3.00%	4.32%	1.32%	

Note: Revenue average annual change is projected to be > \$1,636,720 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.

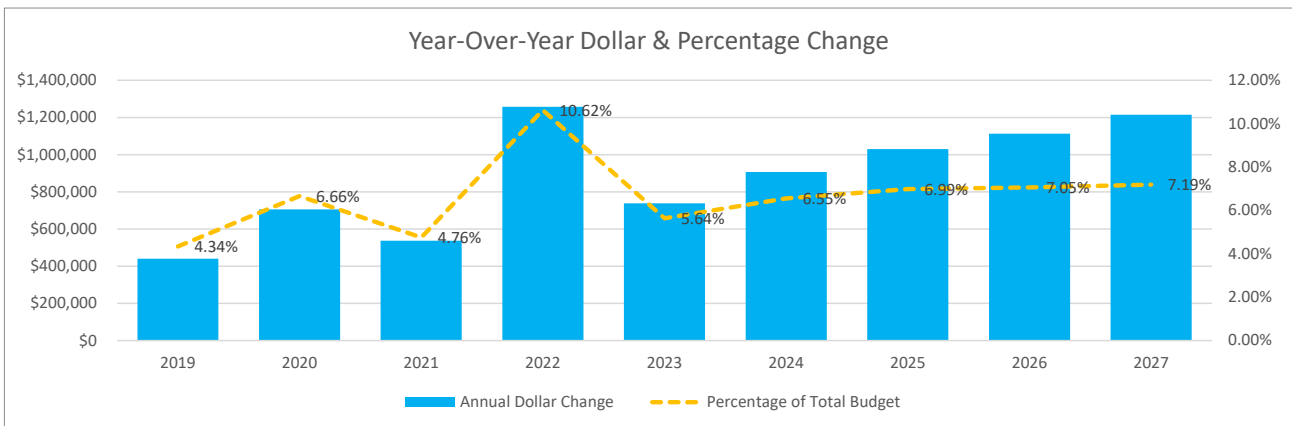
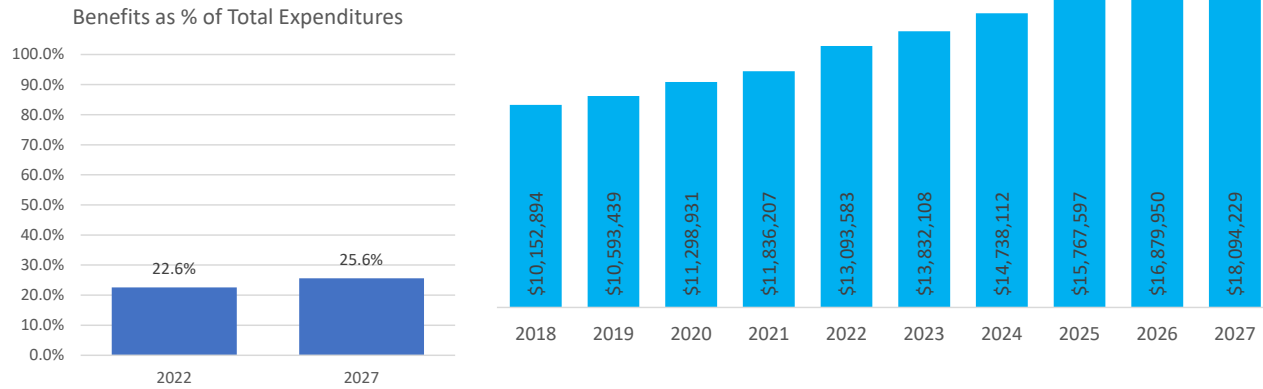


Salaries represent 58.86% of total expenditures and increased at a historical average annual rate of 4.32% or \$1,348,864. This category of expenditure is projected to grow at an annual average rate of 3.75% or \$1,449,104 through FY 2027. The projected average annual rate of change is -0.57% less than the five year historical annual average.

The current negotiated agreement with both certified and classified unions end June 30, 2024.

3.020 - Employees' Benefits

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

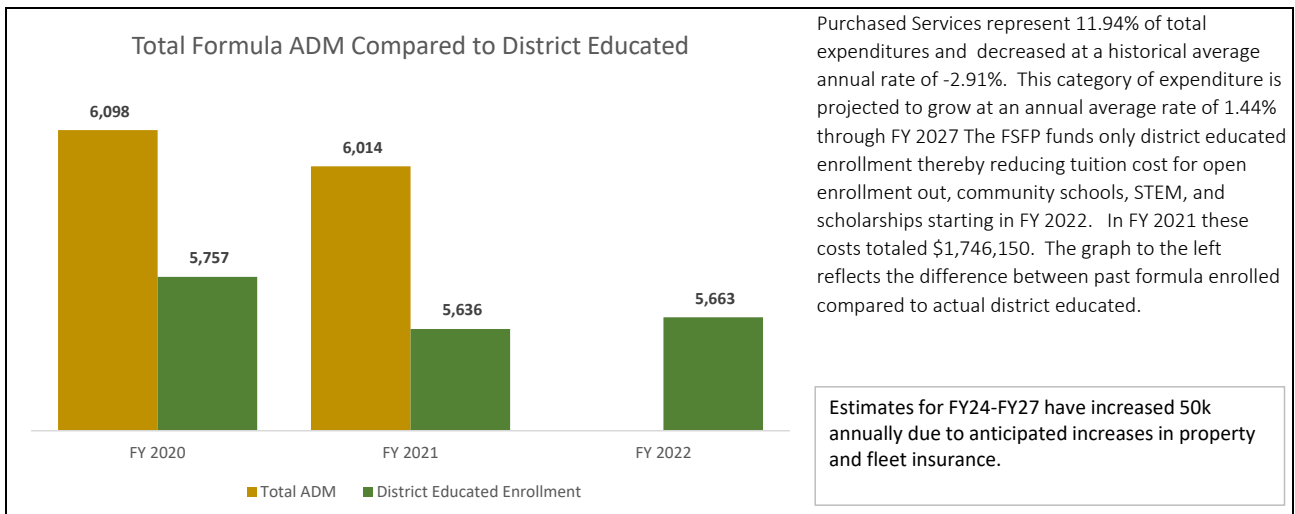
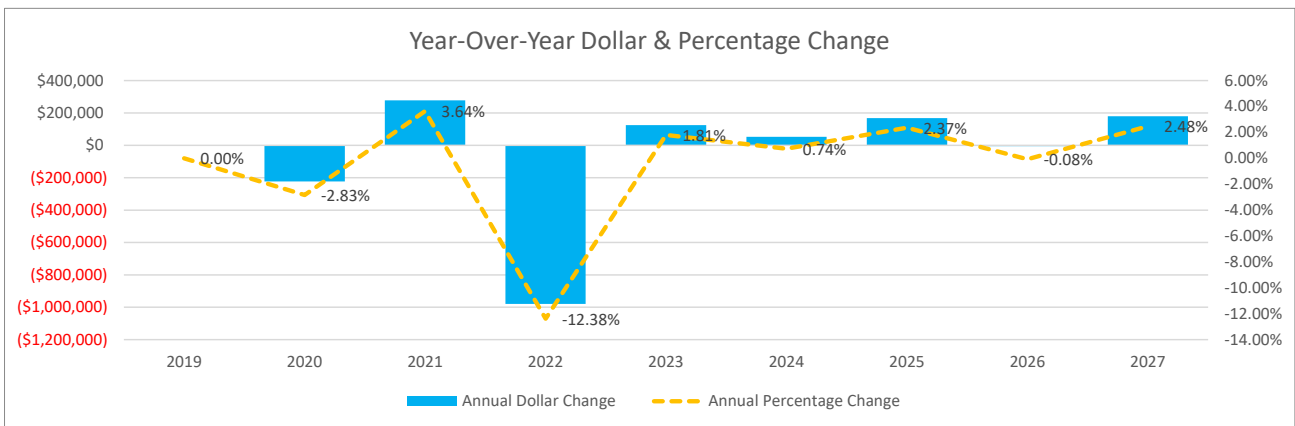
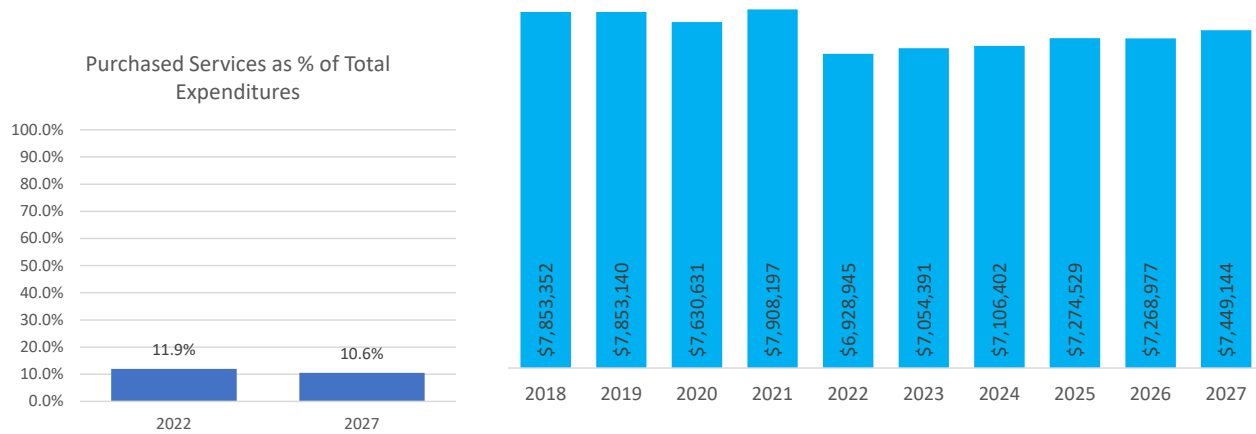


Benefits represent 22.55% of total expenditures and increased at a historical average annual rate of 6.50%. This category of expenditure is projected to grow at an annual average rate of 6.31% through FY 2027. The projected average annual rate of change is -0.20% less than the five year historical annual average.

Health Benefits are estimated to increase 10% annually throughout the forecast. Any variance up or down will change the yearly estimates. Additionally, enrollment changes will effect this line.

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.

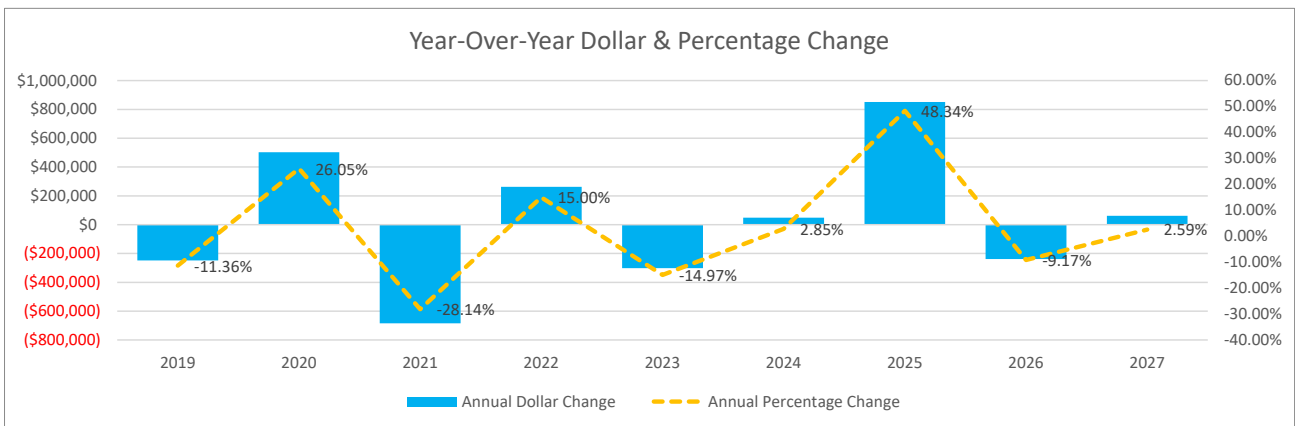
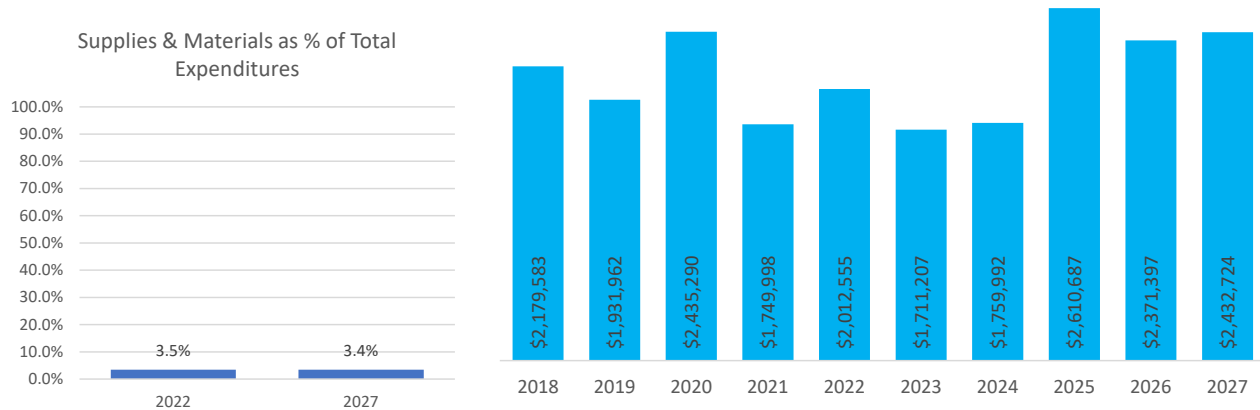


Purchased Services represent 11.94% of total expenditures and decreased at a historical average annual rate of -2.91%. This category of expenditure is projected to grow at an annual average rate of 1.44% through FY 2027. The FSFP funds only district educated enrollment thereby reducing tuition cost for 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.

Estimates for FY24-FY27 have increased 50k annually due to anticipated increases in property and fleet insurance.

3.040 - Supplies & Materials

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

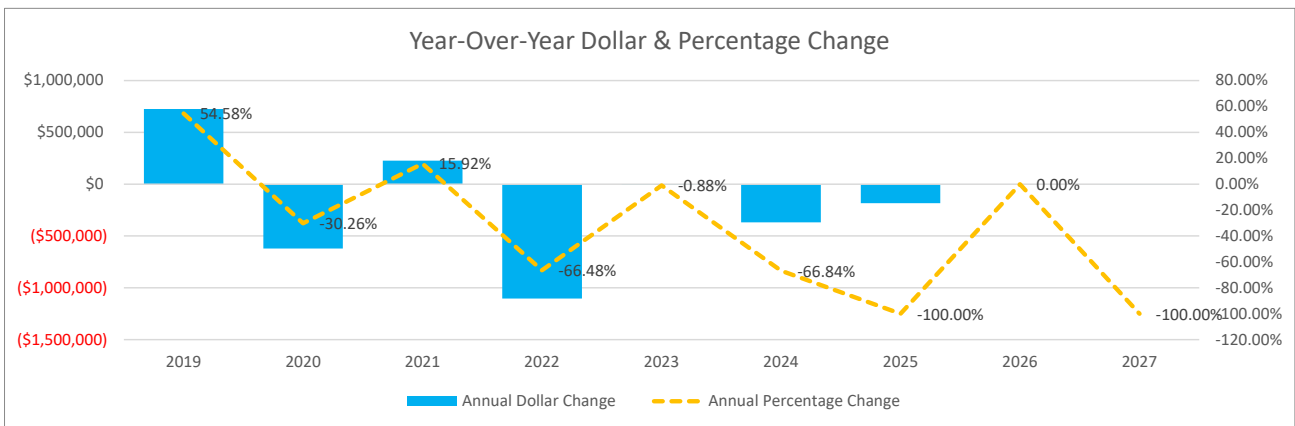
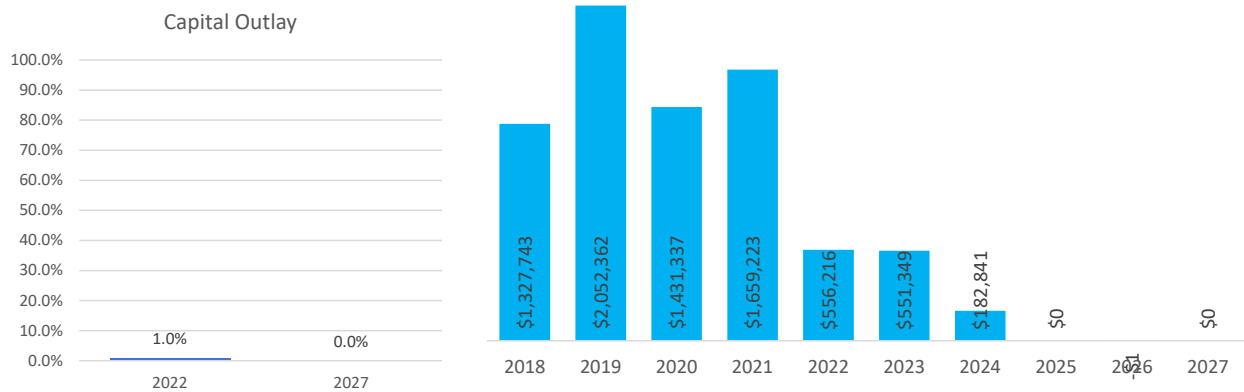


Supplies & Materials represent 3.47% of total expenditures and increased at a historical average annual rate of 0.38%. This category of expenditure is projected to grow at an annual average rate of 3.86% through FY 2027. The projected average annual rate of change is 3.48% more than the five year historical annual average.

Supplies and Materials are anticipated to return to pre-pandemic estimates after ESSER funds are exhausted. FY25 and beyond are back to current estimates based off pre-pandemic trends with updated costs of supplies and materials.

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.

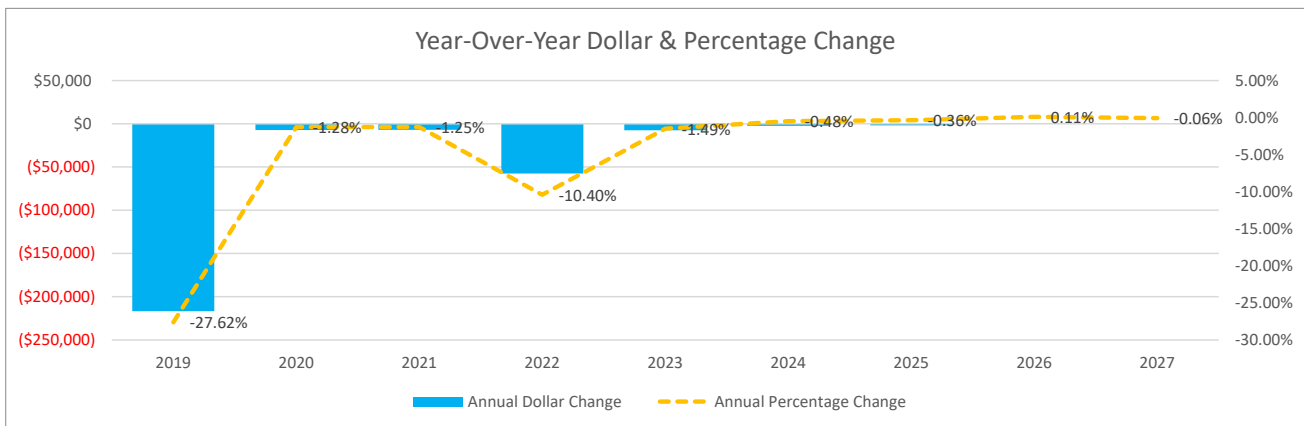
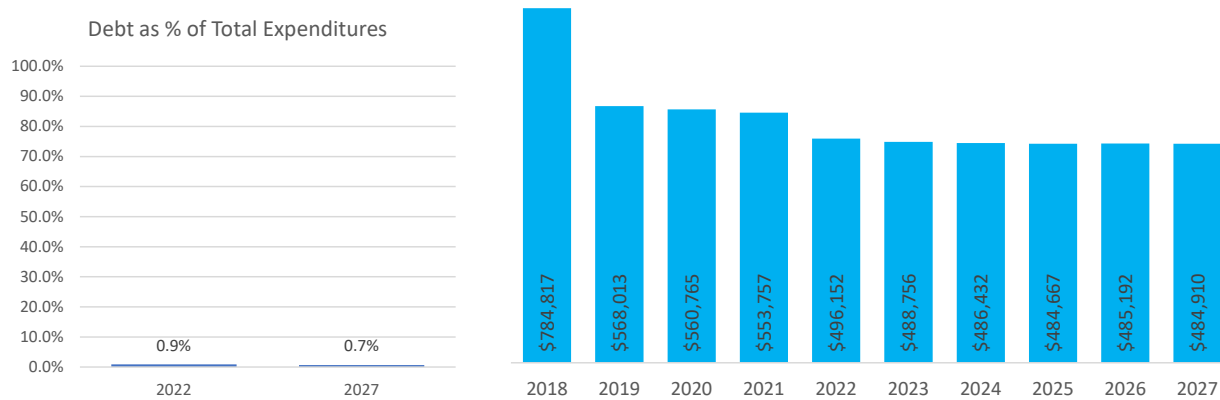


Capital Outlay represent 0.96% of total expenditures and decreased at a historical average annual amount of -\$101,691. This category of expenditure is projected to decrease at an annual average rate of -\$111,243 through FY 2027. The projected average annual change is less than the five year historical annual average.

With the passage of the permanent improvement levy, capital needs are being charged to the PI fund. There may be expenses moved from supplies to capital as needed throughout the forecast. If this occurs, you will notice supplies will be reduced, and capital needs will be increased. The permanent improvement levy does not generate enough annually to cover all capital expenses district wide.

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.

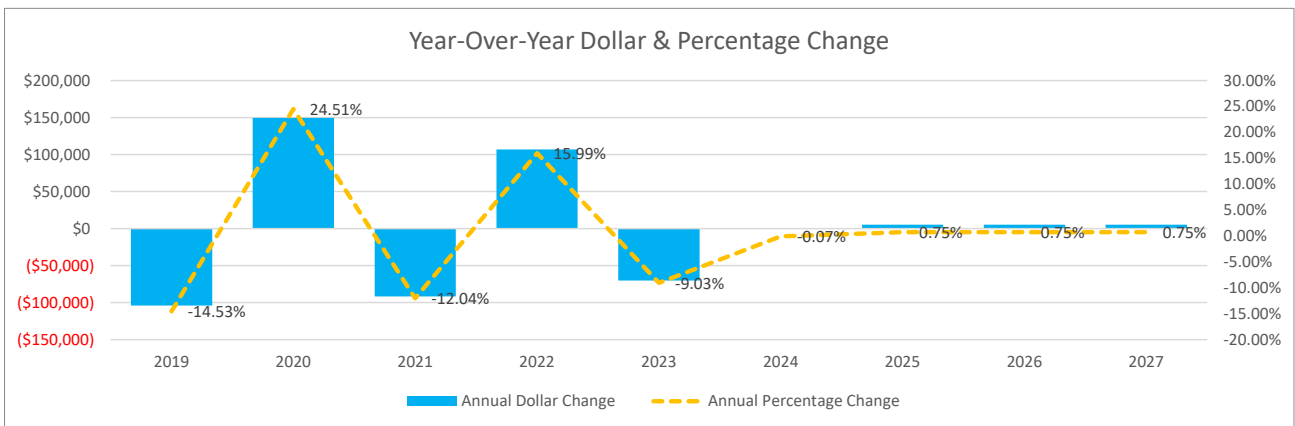
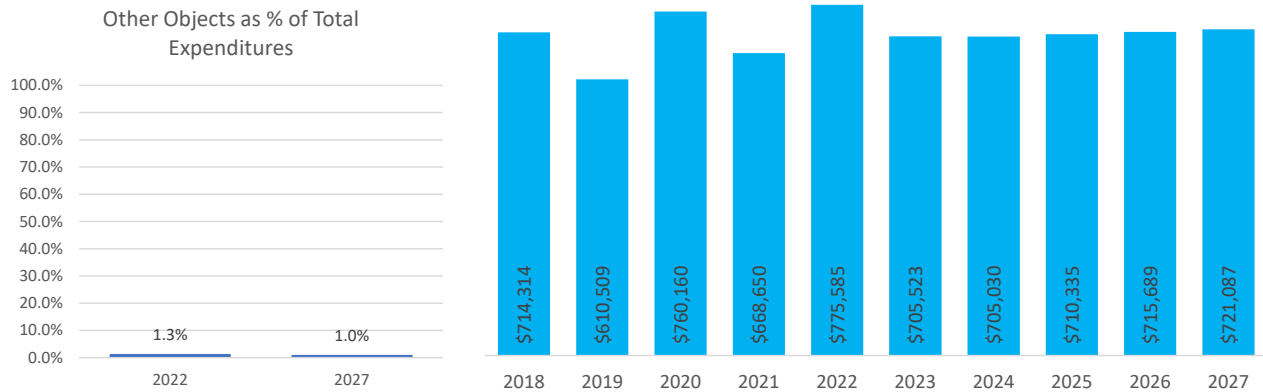


The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

District Debt

4.300 - Other Objects

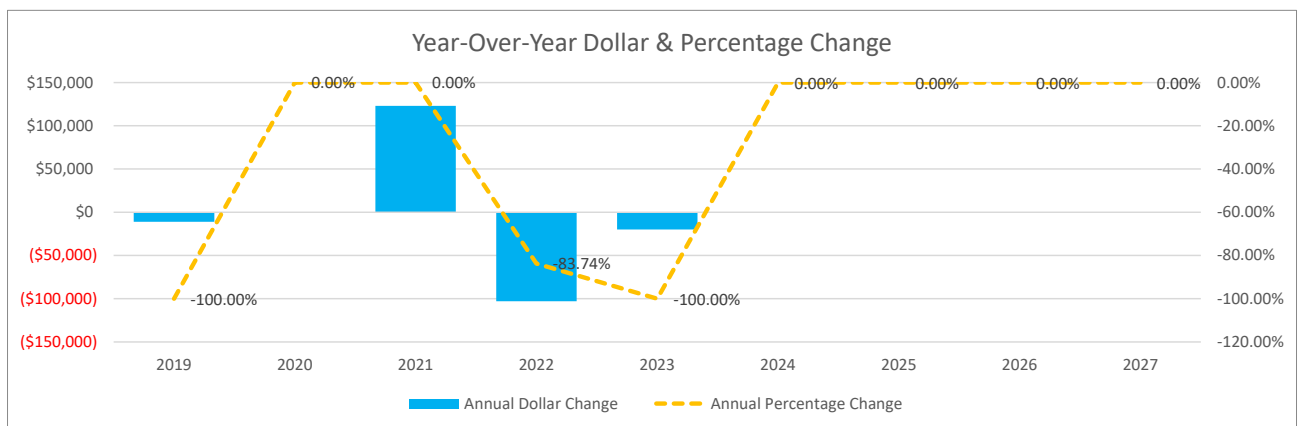
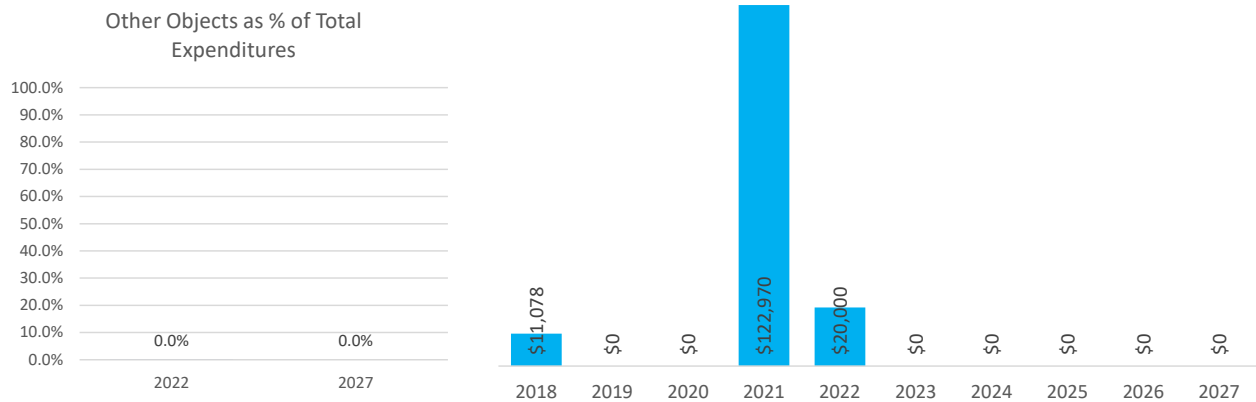
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.34% of total expenditures and increased at a historical average annual rate of 4.61%. This category of expenditure is projected to decrease at an annual average rate of -1.53% through FY 2027. The projected average annual rate of change is -6.14% 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					
	2022	2023	2024	2025	2026	2027
Transfers Out	20,000	-	-	-	-	-
Advances Out	-	-	-	-	-	-
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 2022 the district had no advances-out and has no advances-out forecasted through FY 2027. The district can also move general funds permanently to other funds and as the schedule above presents, the district has no transfers forecasted through FY 2027. 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				
	2022	2023	2024	2025	2026	2027
Revenue:						
1.010 - General Property Tax (Real Estate)	30,655,768	32,958,794	33,389,086	34,598,491	35,710,120	36,207,412
1.020 - Public Utility Personal Property	5,236,375	6,688,073	6,002,685	6,061,937	6,117,971	6,189,998
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	14,402,516	14,588,743	14,862,630	15,152,940	15,419,610	15,712,835
1.040 - Restricted Grants-in-Aid	1,352,672	1,214,277	1,204,953	1,182,659	1,197,695	1,198,012
1.050 - Property Tax Allocation	4,310,747	4,616,654	4,695,448	4,868,581	5,041,753	5,113,667
1.060 - All Other Operating Revenues	1,767,811	1,825,059	1,826,572	1,828,988	1,830,988	1,830,988
1.070 - Total Revenue	57,725,889	61,891,600	61,981,374	63,693,596	65,318,137	66,252,912
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	430,455	150,000	150,000	465,000	150,000	150,000
2.070 - Total Other Financing Sources	493,425	150,000	150,000	465,000	150,000	150,000
2.080 - Total Rev & Other Sources	58,219,314	62,041,600	62,131,374	64,158,596	65,468,137	66,402,912
Expenditures:						
3.010 - Personnel Services	34,169,831	35,877,948	37,389,341	38,698,428	40,030,686	41,415,352
3.020 - Employee Benefits	13,093,583	13,832,108	14,738,112	15,767,597	16,879,950	18,094,229
3.030 - Purchased Services	6,928,945	7,054,391	7,106,402	7,274,529	7,268,977	7,449,144
3.040 - Supplies and Materials	2,012,555	1,711,207	1,759,992	2,610,687	2,371,397	2,432,724
3.050 - Capital Outlay	556,216	551,349	182,841	-	(1)	-
Intergovernmental & Debt Service	496,152	488,756	486,432	484,667	485,192	484,910
4.300 - Other Objects	775,585	705,523	705,030	710,335	715,689	721,087
4.500 - Total Expenditures	58,032,867	60,221,283	62,368,150	65,546,243	67,751,890	70,597,445
Other Financing Uses						
5.010 - Operating Transfers-Out	20,000	-	-	-	-	-
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	20,000	-	-	-	-	-
5.050 - Total Exp and Other Financing Uses	58,052,867	60,221,283	62,368,150	65,546,243	67,751,890	70,597,445
6.010 - Excess of Rev Over/(Under) Exp	166,447	1,820,317	(236,776)	(1,387,648)	(2,283,754)	(4,194,533)
7.010 - Cash Balance July 1 (No Levies)	11,970,698	12,137,145	13,957,461	13,720,685	12,333,038	10,049,284
7.020 - Cash Balance June 30 (No Levies)	12,137,145	13,957,461	13,720,685	12,333,038	10,049,284	5,854,751
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	50,000	100,000	150,000	200,000
10.010 - Fund Bal June 30 for Cert of App	12,137,145	13,957,461	13,670,685	12,233,038	9,899,284	5,654,751
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	12,137,145	13,957,461	13,670,685	12,233,038	9,899,284	5,654,751
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	12,137,145	13,957,461	13,670,685	12,233,038	9,899,284	5,654,751

