

Loveland City School District

# Five Year Forecast Financial Report

December, 2023

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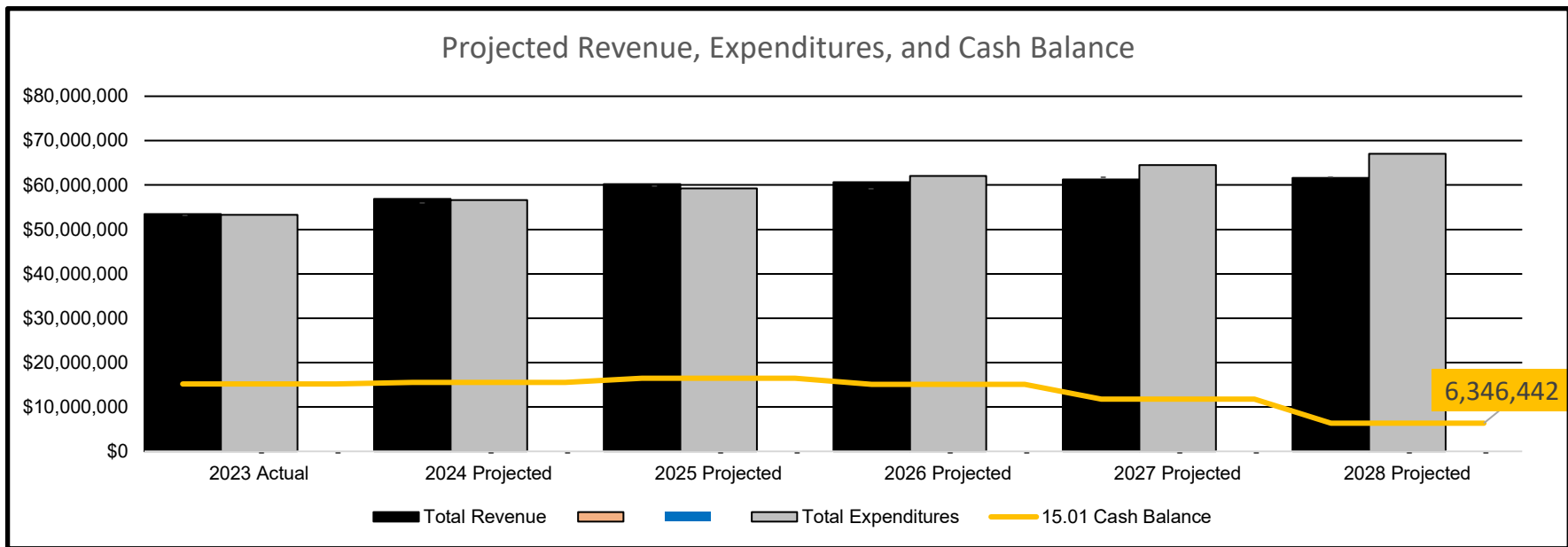
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### Forecast Purpose/Objectives

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 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	15,215,336	15,505,971	16,474,390	15,086,781	11,790,316
+ Revenue	56,896,305	60,225,972	60,641,336	61,239,885	61,615,590
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(56,605,670)	(59,257,553)	(62,028,944)	(64,536,350)	(67,059,464)
= Revenue Surplus or Deficit	290,635	968,419	(1,387,608)	(3,296,465)	(5,443,874)
Line 7.020 Ending Balance with renewal/new levies	15,505,971	16,474,390	15,086,781	11,790,316	6,346,442

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	290,635	968,419	(1,387,608)	(3,296,465)	(5,443,874)
Ending Balance w/o Levies	15,505,971	16,474,390	15,086,781	11,790,316	6,346,442

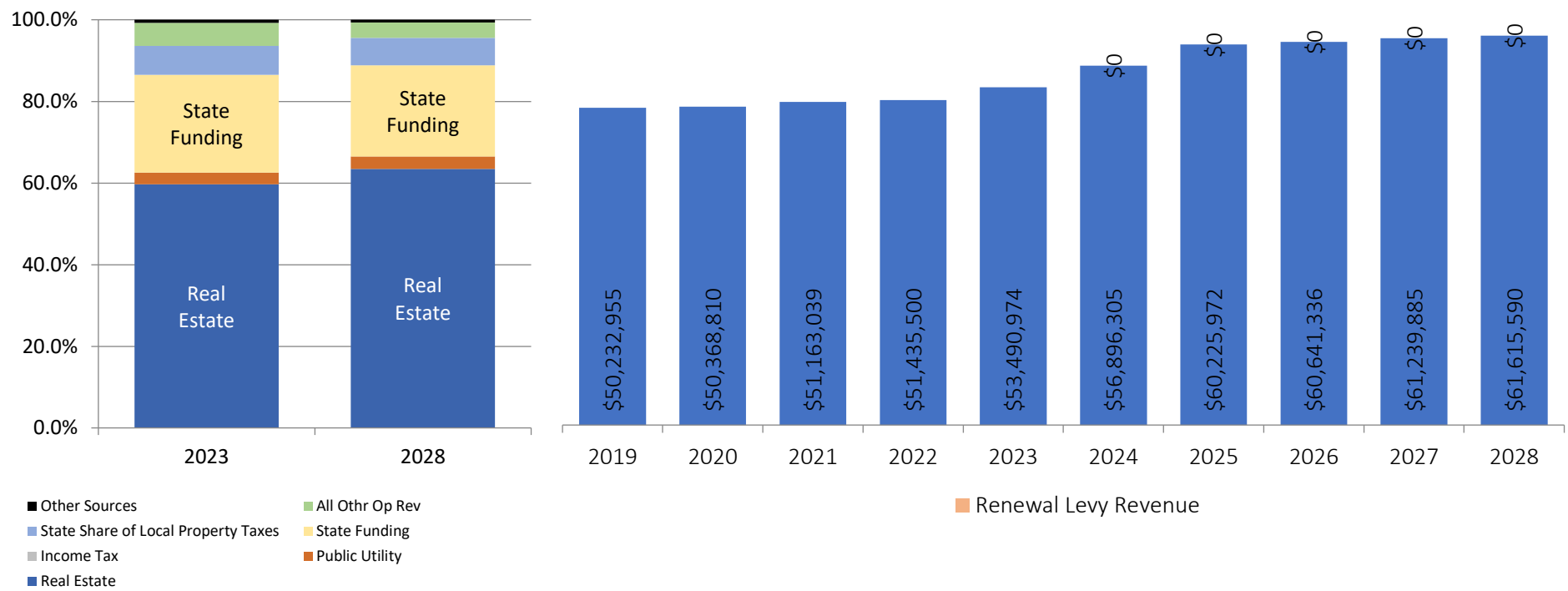
In FY 2024 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$290,635 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$5,443,874. The district would need to cut its FY 2028 projected expenses by 8.12% 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.

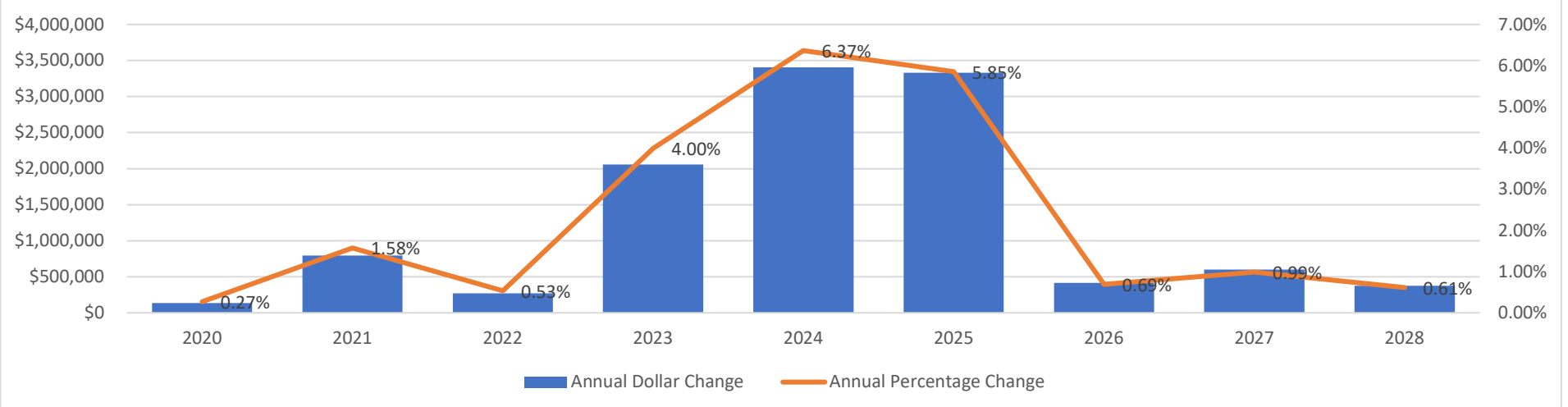
Ohio adopted the Fair School Funding Plan (FSFP) in FY 2022. The plan was continued with increasing phase-in of the formula results. In FY 2024 the per pupil base cost calculations were updated from FY 2018 cost data to FY 2022. For Loveland City School District the calculated Base Cost total is \$32,771,397 in FY 2024. The state's share of the calculated Base Cost total is \$3,563,980 or \$923 per pupil.

## Revenue Sources and Forecast Year-Over-Year Projected Overview

### Sources of Revenue Over Time



### Year-Over-Year Dollar & Percentage Change



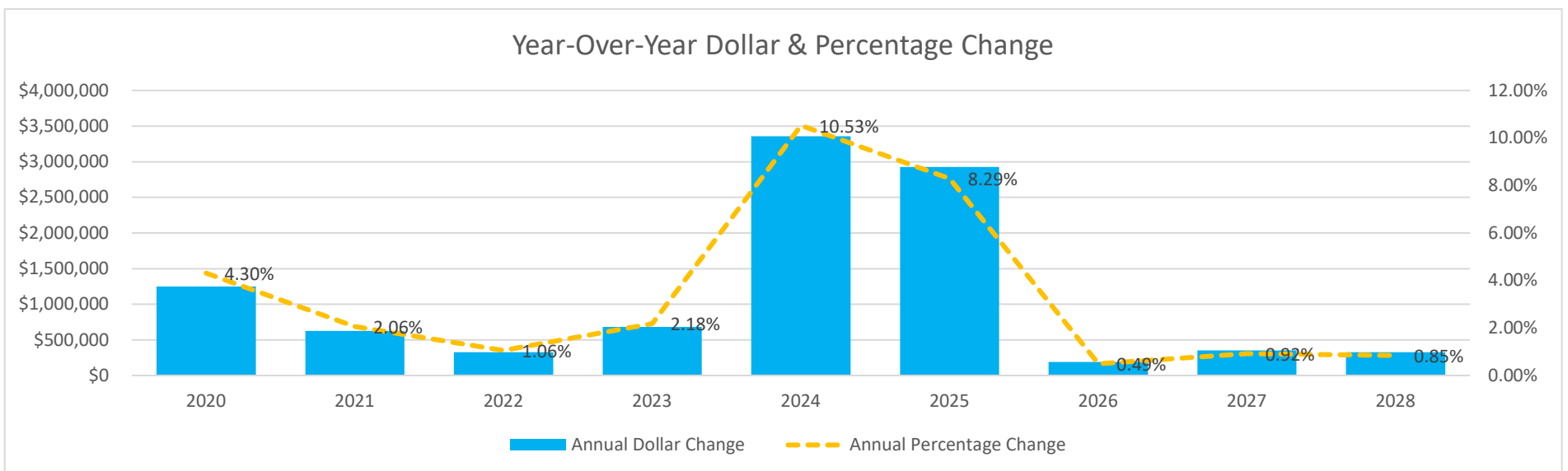
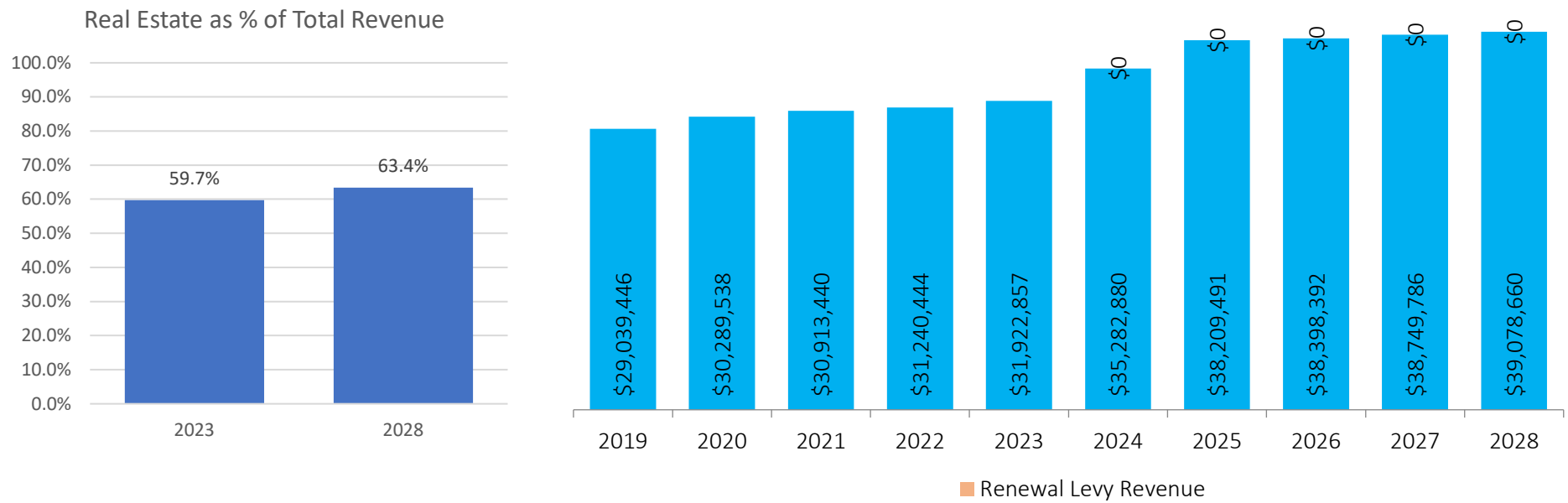
4-Year Historical Actual Average Annual Dollar Change Compared to 5-year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total revenue increased 1.59% or \$814,505 annually during the past 4-Year period and is projected to increase 2.90% or \$1,624,923 annually through FY2028. Real Estate has the most projected average annual variance compared to the historical average at \$710,308
Real Estate	720,853	1,431,161	\$710,308	
Public Utility	\$83,077	\$69,869	(\$13,208)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$191,212)	187,938	\$379,150	
Prop Tax Alloc	\$18,518	\$69,269	\$50,751	
All Othr Op Rev	\$228,651	(\$127,457)	(\$356,107)	
Other Sources	(\$45,382)	(\$5,857)	\$39,525	
<b>Total Average Annual Change</b>	<b>814,505</b>	<b>1,624,923</b>	<b>\$810,419</b>	
	1.59%	2.90%	1.31%	

Note: Expenditure average annual change is projected to be > \$2,762,634 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	979,096,450	22,400,620	36.90	-	37.50	-	99.4%
2023	1,313,989,320	334,892,870	32.03	(4.88)	38.15	0.65	98.7%
2024	1,335,674,320	21,685,000	31.68	(0.35)	37.96	(0.19)	98.7%
2025	1,341,834,320	6,160,000	31.67	(0.01)	37.87	(0.09)	98.7%
2026	1,440,319,320	98,485,000	29.85	(1.82)	36.80	(1.07)	98.7%
2027	1,446,929,320	6,610,000	29.84	(0.01)	36.63	(0.17)	98.7%

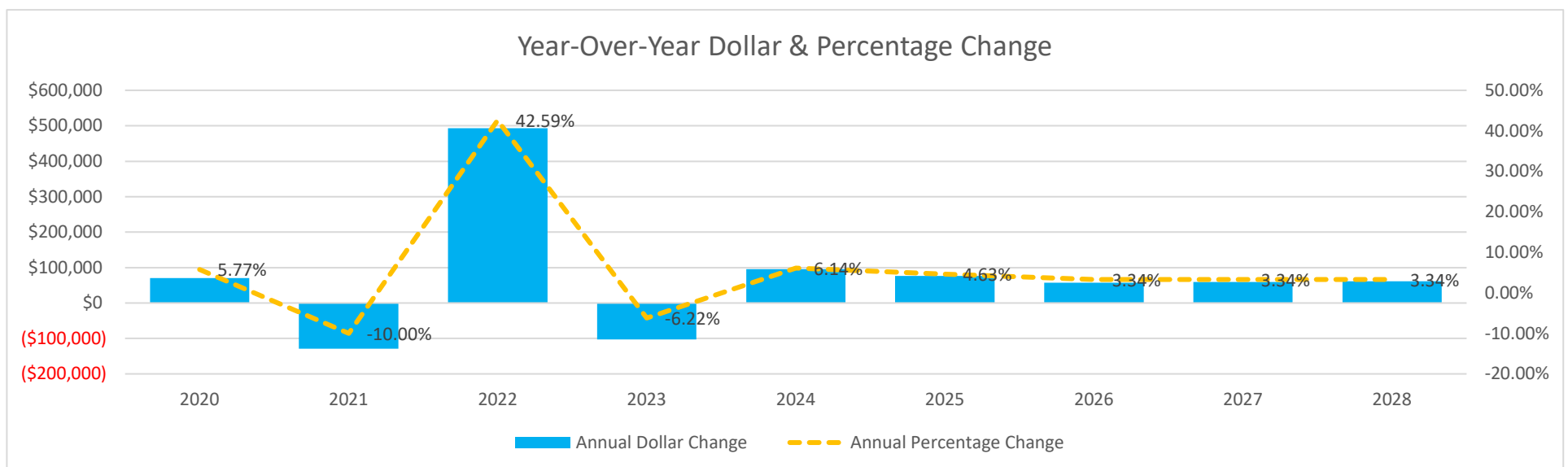
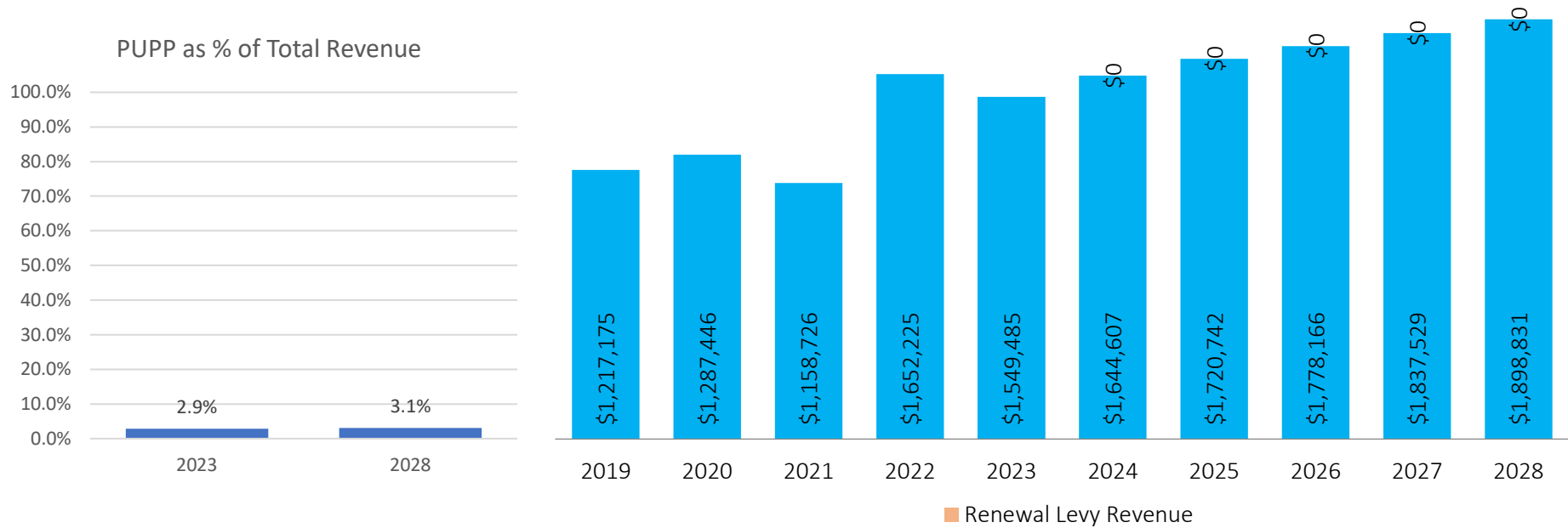
Real estate property tax revenue accounts for 59.68% of total revenue. Class I or residential/agricultural taxes make up approximately 92.99% of the real estate property tax revenue. The Class I tax rate is 32.03 mills in tax year 2023. The projections reflect an average gross collection rate of 98.7% annually through tax year 2027. The revenue changed at an average annual historical rate of 2.40% and is projected to change at an average annual rate of 4.22% through FY 2028.

This line item has been updated to include Hamilton County reappraisal and Clermont County updated valuations. The affect of these changes occur over two fiscal years. Warren County will have a reappraisal this year to be included for the following two fiscal years. These are significant increases in excess of 30% however, only Loveland's inside millage affects increases to property taxes. This has nothing to do with the recently approved 4.9 mill tax levy. The District will recieve no more revenues from the levy than what voters approved last May.

*\*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	21,039,940	577,120	75.34	-	97.0%
2023	21,739,940	700,000	80.24	4.90	99.5%
2024	22,464,940	725,000	80.24	-	96.6%
2025	23,214,940	750,000	80.24	-	96.6%
2026	23,989,940	775,000	80.24	-	96.6%
2027	24,789,940	800,000	80.24	-	96.6%

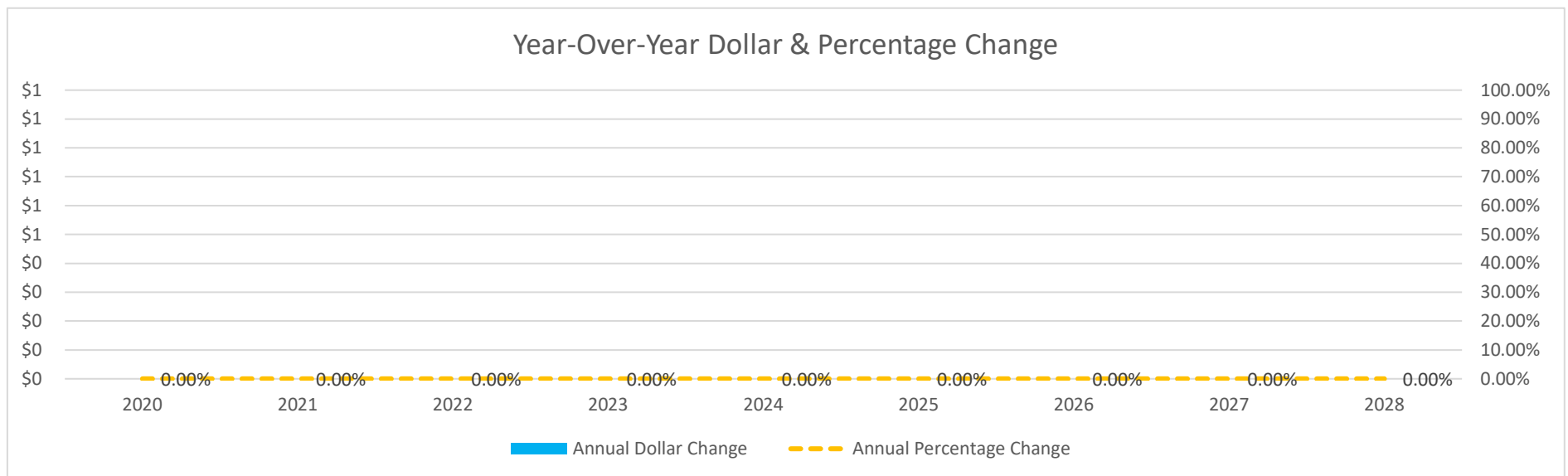
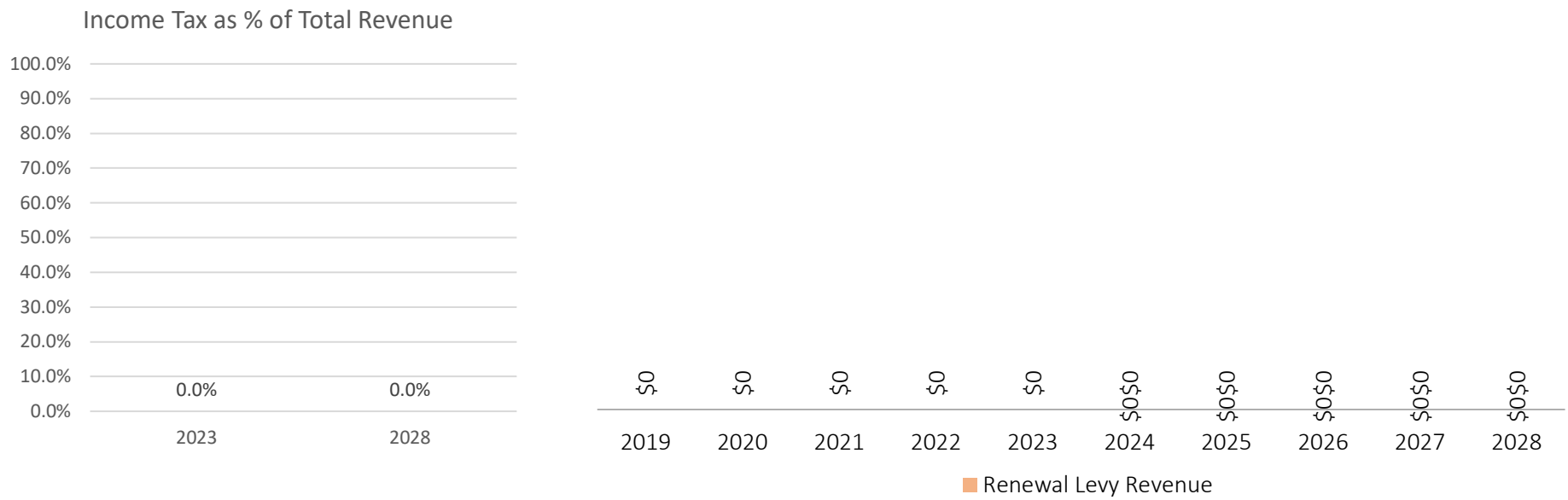
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 2.90% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 80.24 mills. The forecast is modeling an average gross collection rate of 97.20%. The revenue changed historically at an average annual dollar amount of \$83,077 and is projected to change at an average annual dollar amount of \$69,869 through FY 2028.

Public Utility Personal Property (PUPP) has not been updated with this forecast. PUPP changes are reported from the Dept. of Taxation and will be included with the May Forecast.

*\*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.

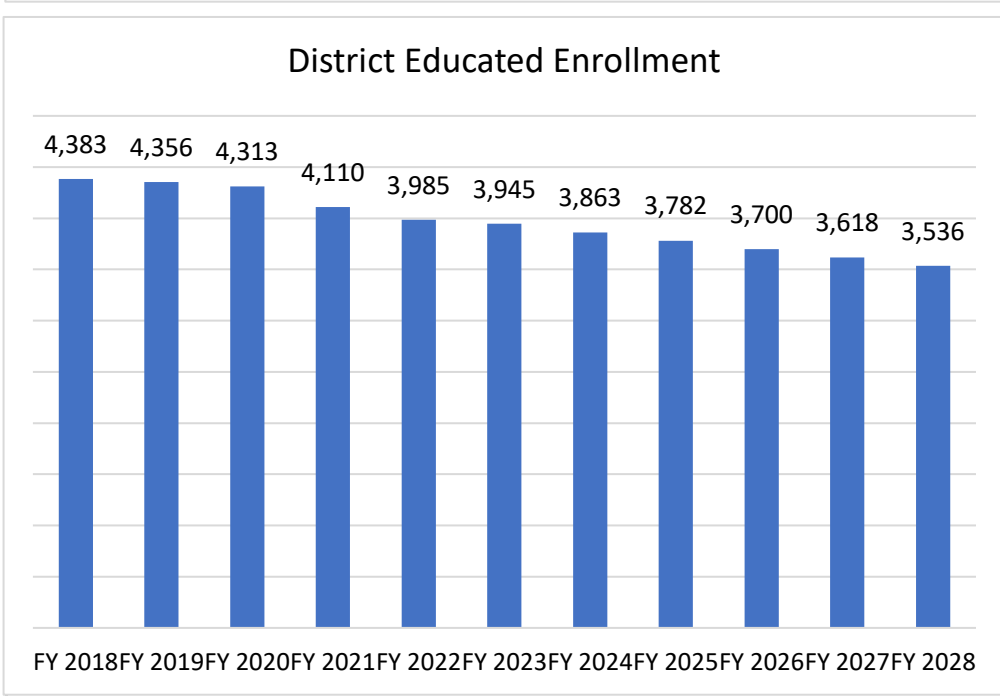
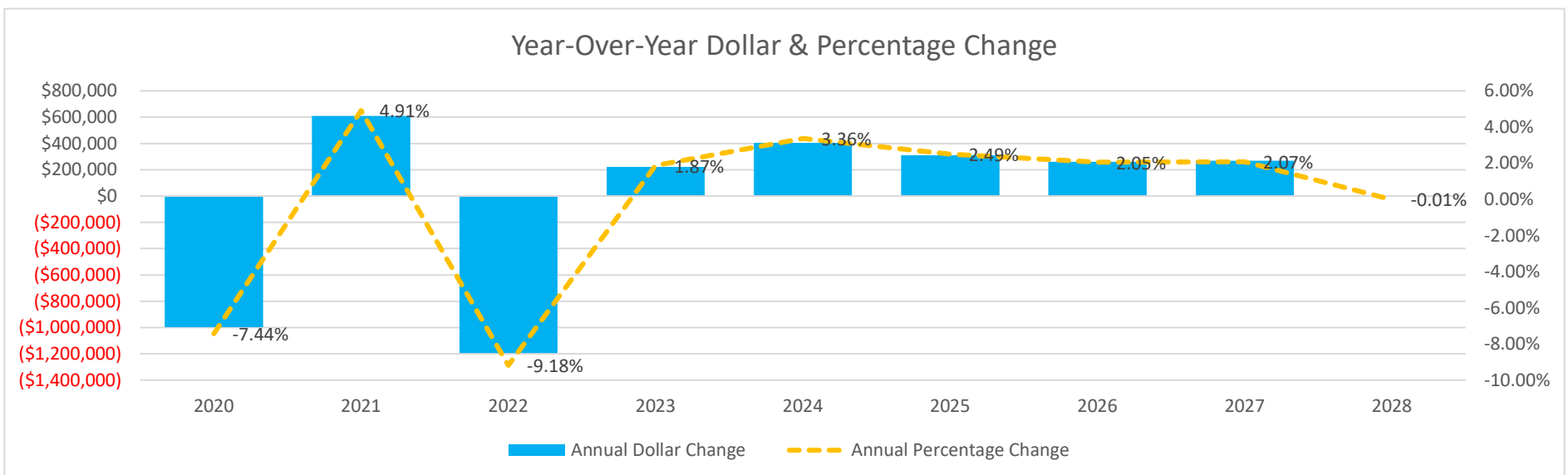
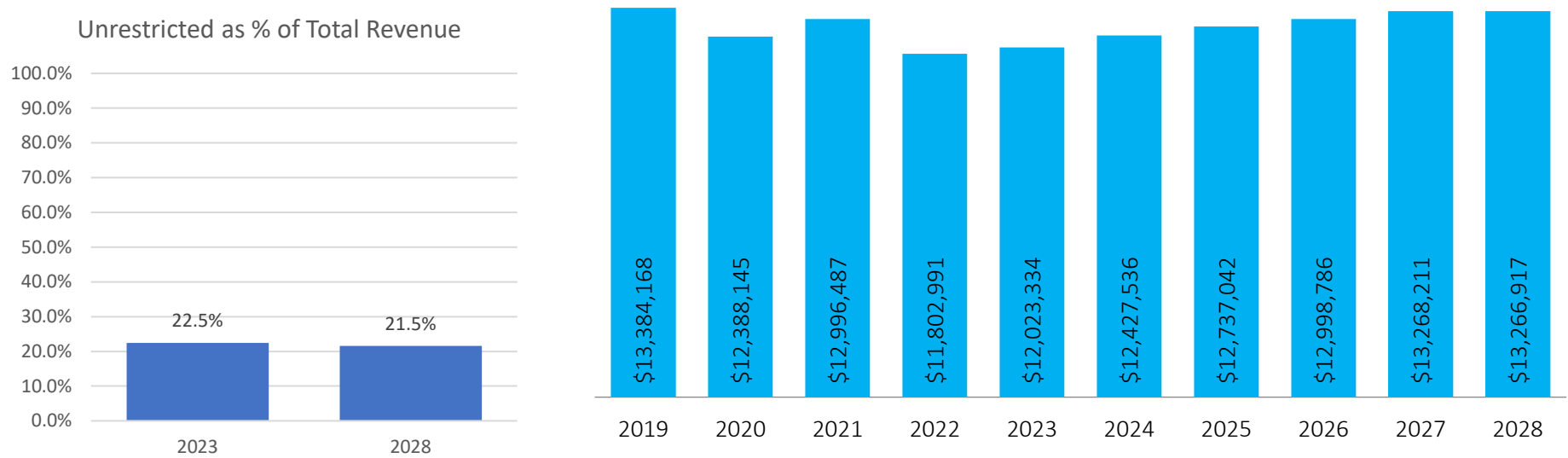


The district does not have an income tax levy.

*\*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.

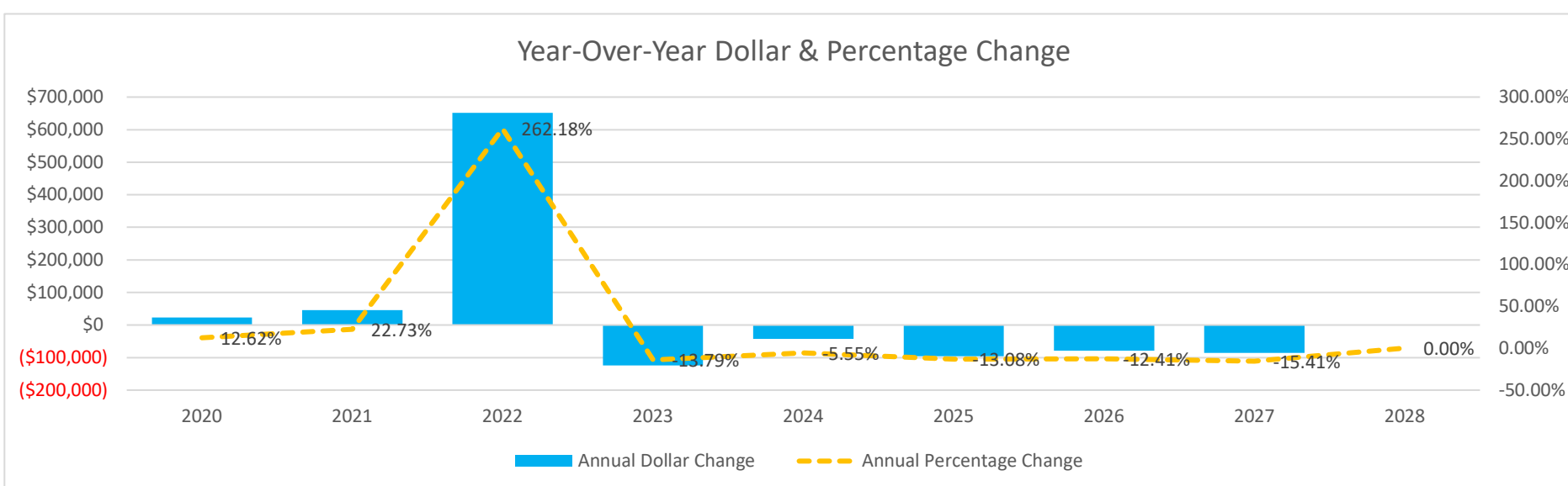
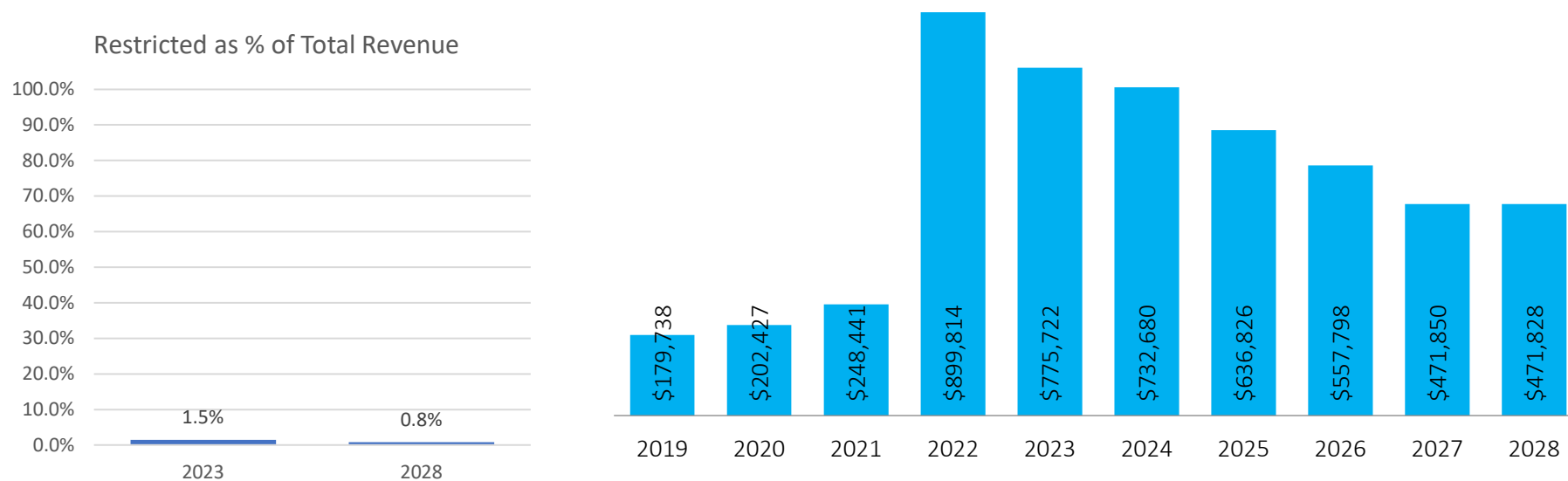
For Loveland City School District the calculated Base Cost total is \$32,771,397 in FY 2024. The state's share of the calculated Base Cost total is \$3,563,980 or \$923 per pupil.

The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts.



### 1.040 & 1.045 - Restricted Grants-in-Aid

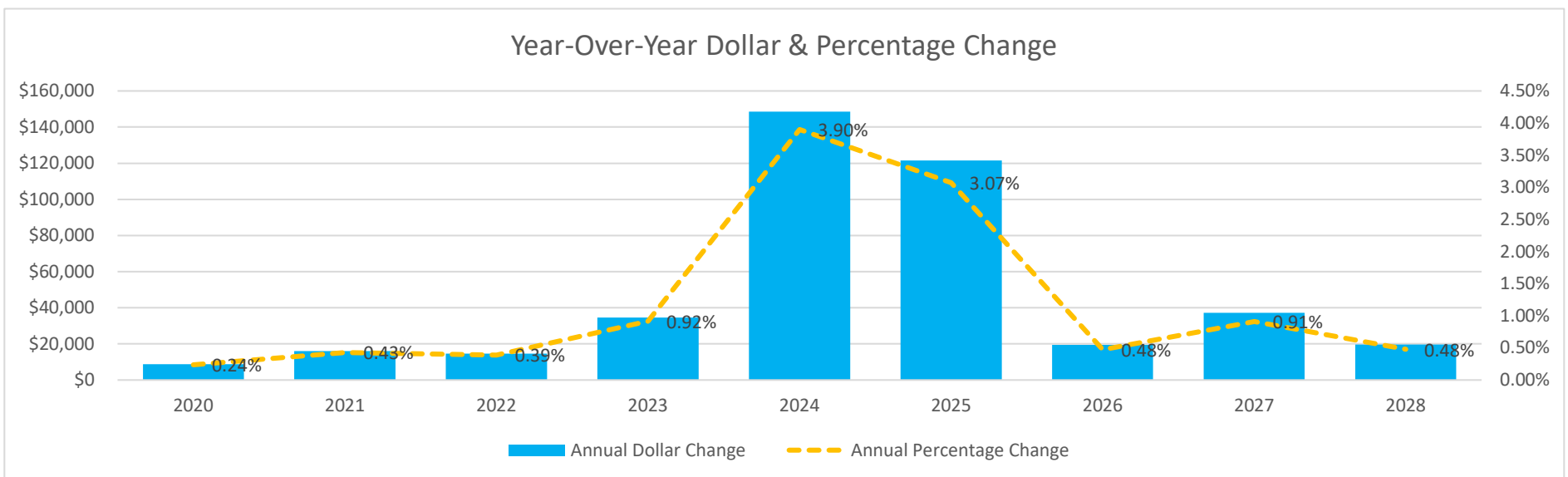
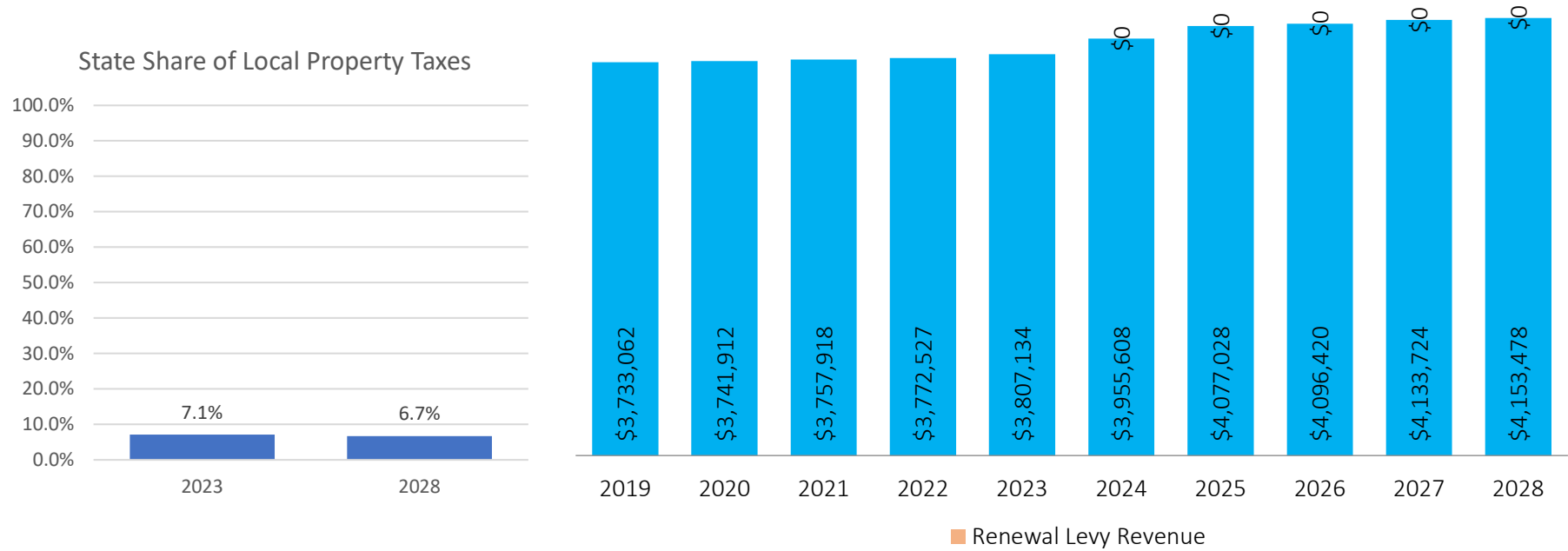
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 \$191,098 and is projected to change annually on average by -\$60,779. Restricted funds represent 1.45% 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 \$315,967. 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.

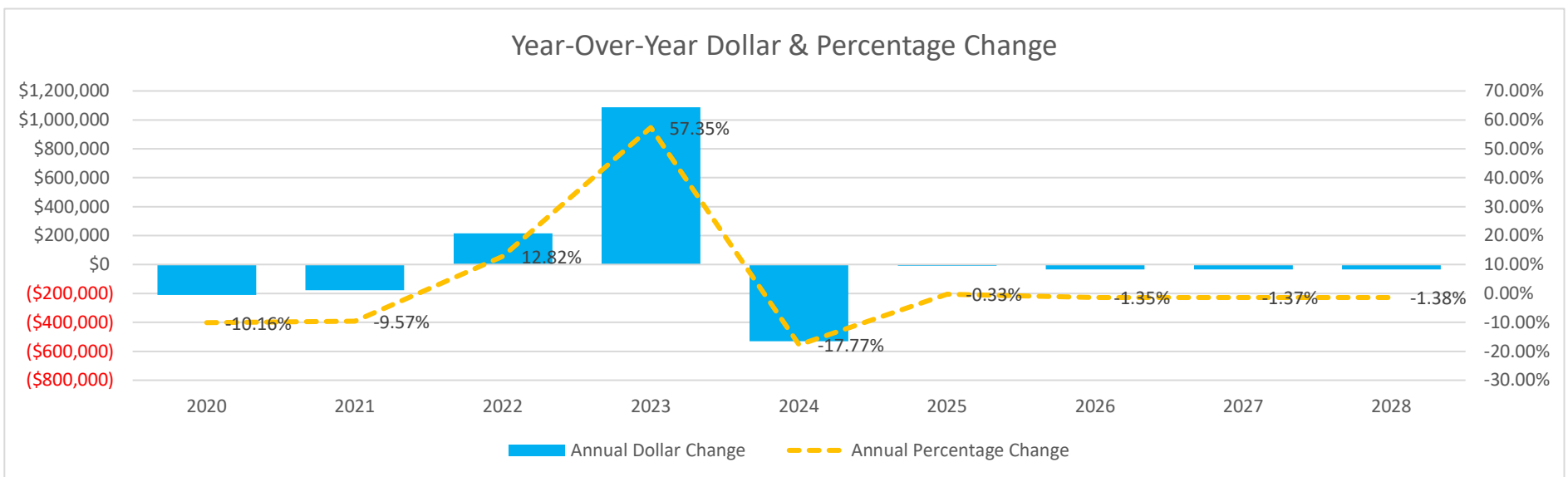
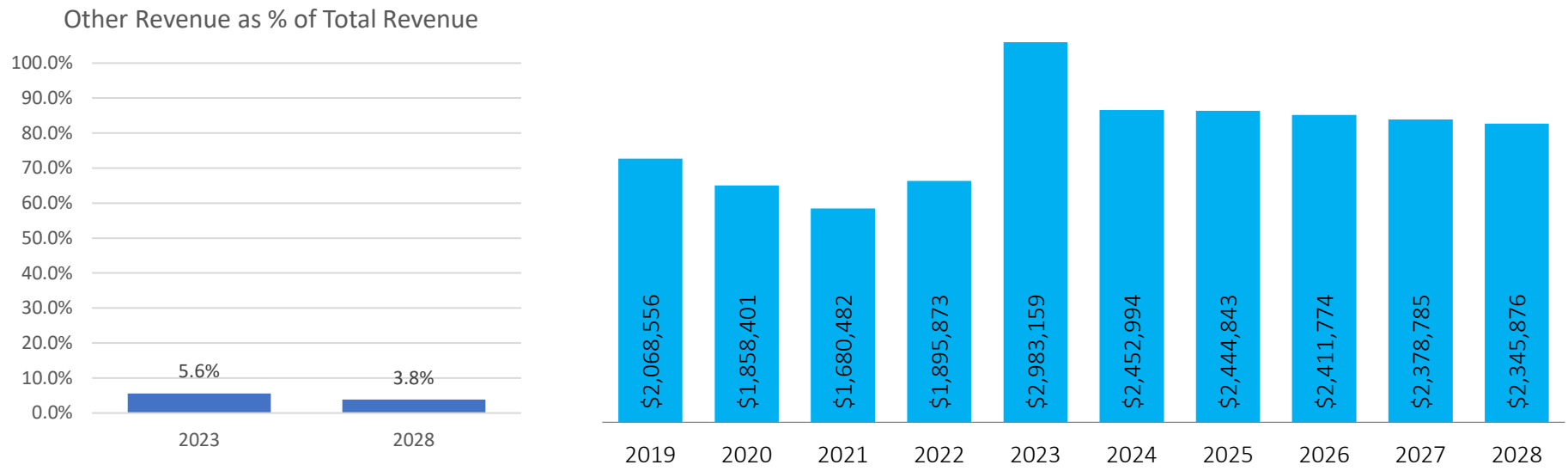


State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2024, approximately 9.4% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 0.9% will be reimbursed in the form of qualifying homestead exemption credits.

\*Projected % trends include renewal levies

### 1.060 - All Other Operating Revenues

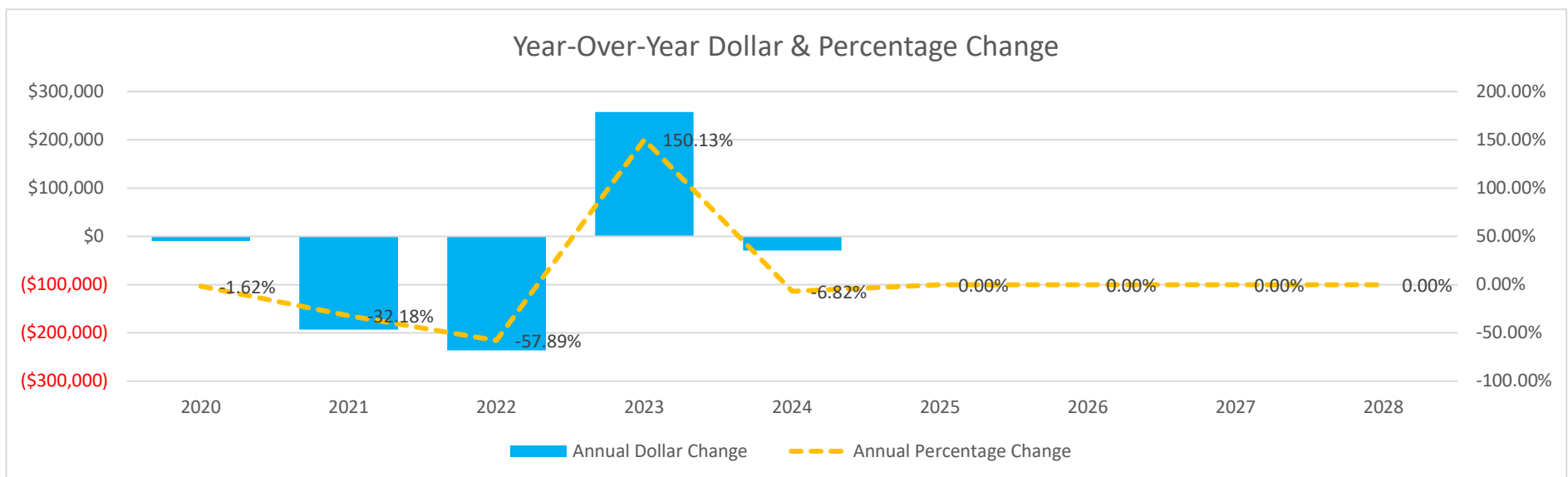
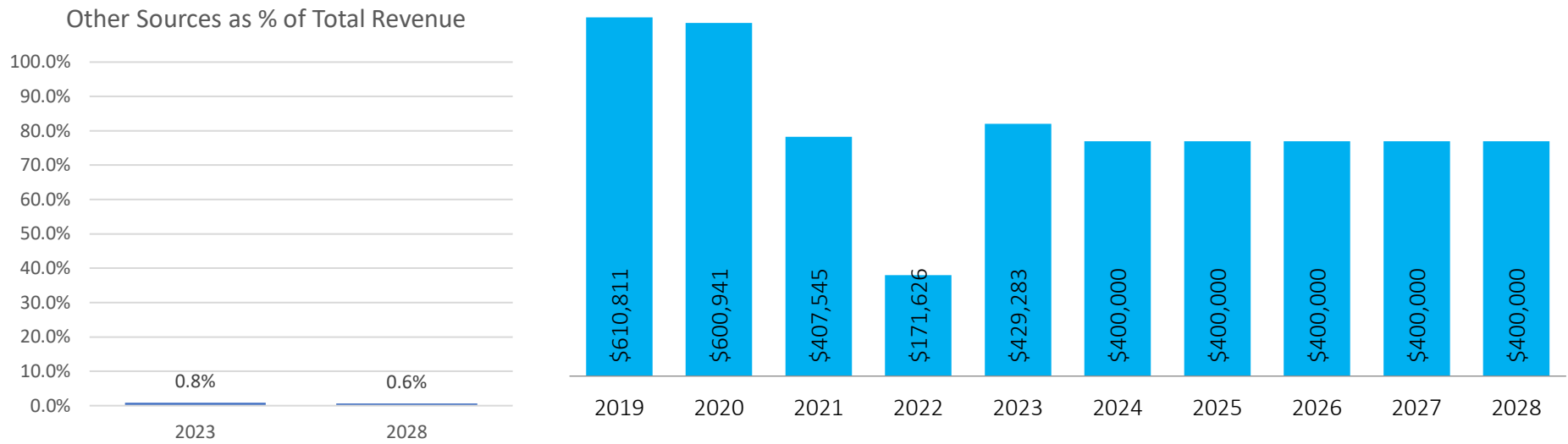
Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



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 \$228,651. The projected average annual change is -\$127,457 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.

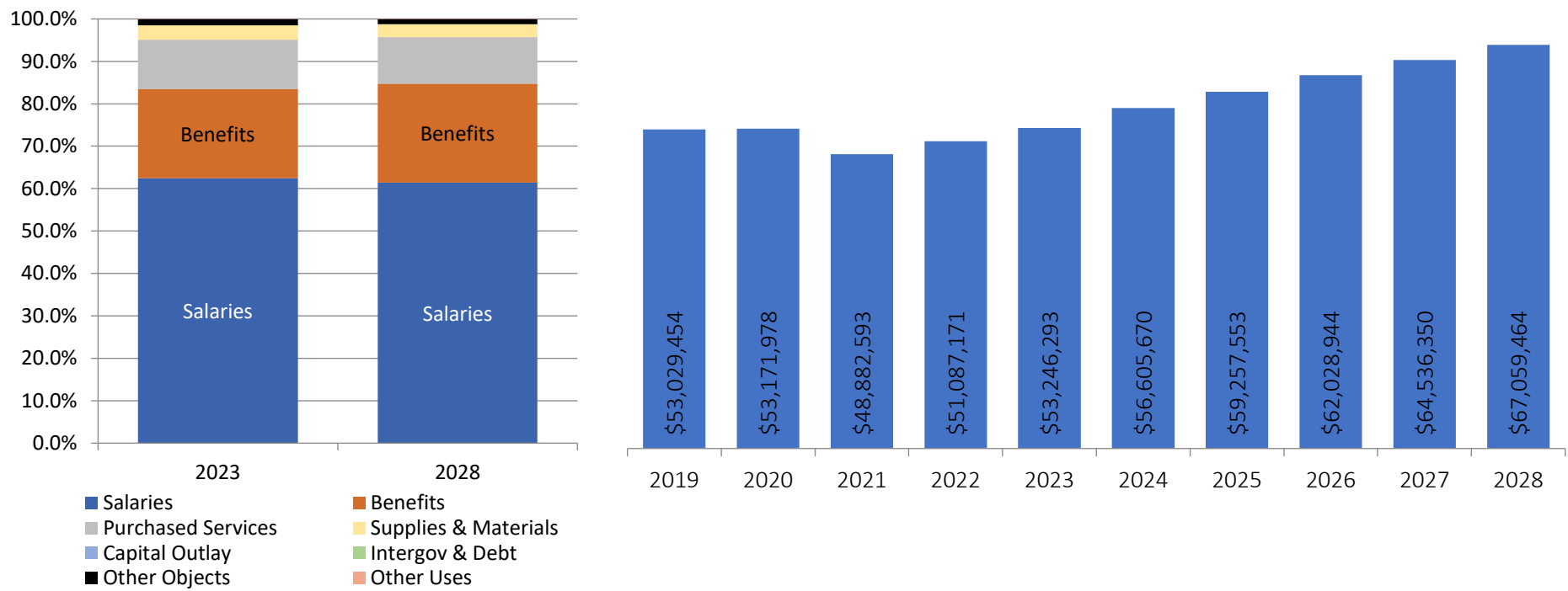


	2023	FORECASTED				
	2023	2024	2025	2026	2027	2028
Transfers In	-	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	429,283	400,000	400,000	400,000	400,000	400,000

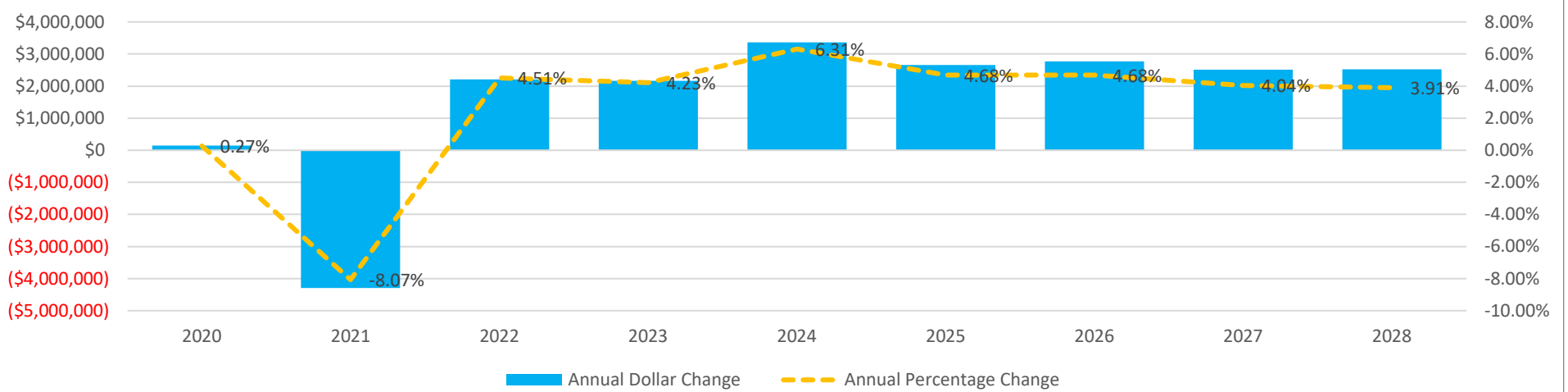
Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district receipted \$0 as advances-in and is projecting advances of \$0 in FY 2024. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$400,000 in FY 2024 and average \$400,000 annually through FY 2028.

## Expenditure Categories and Forecast Year-Over-Year Projected Overview

### Expenditure Categories Over Time



### Year-Over-Year Dollar & Percentage Change



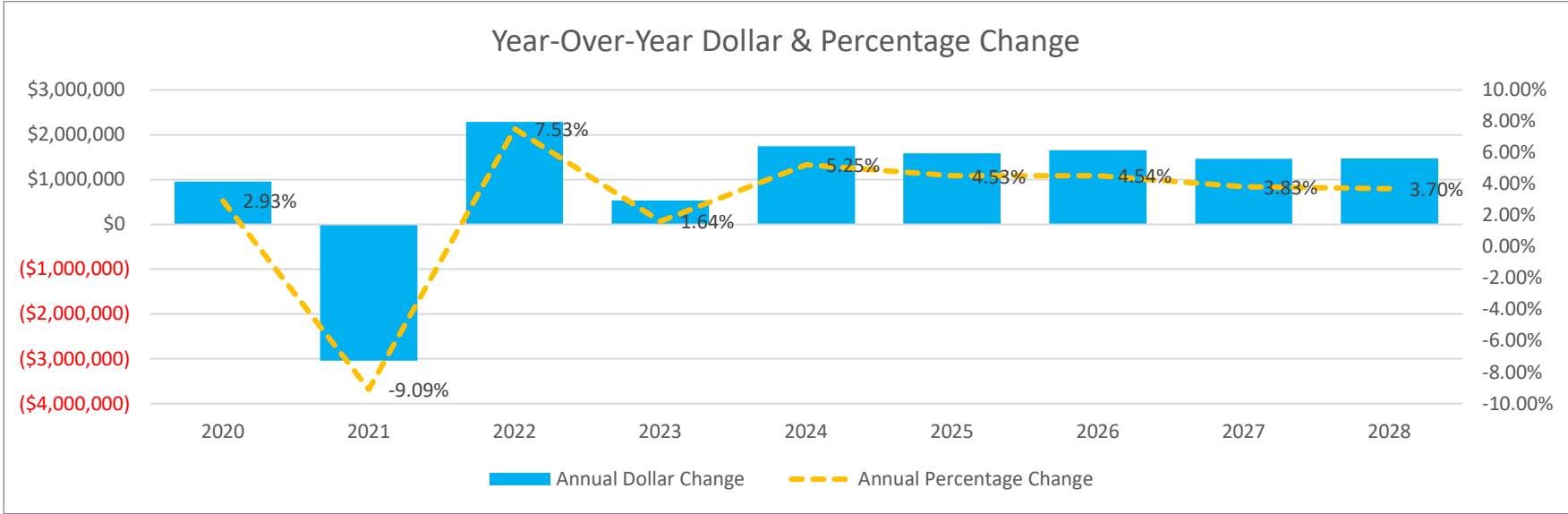
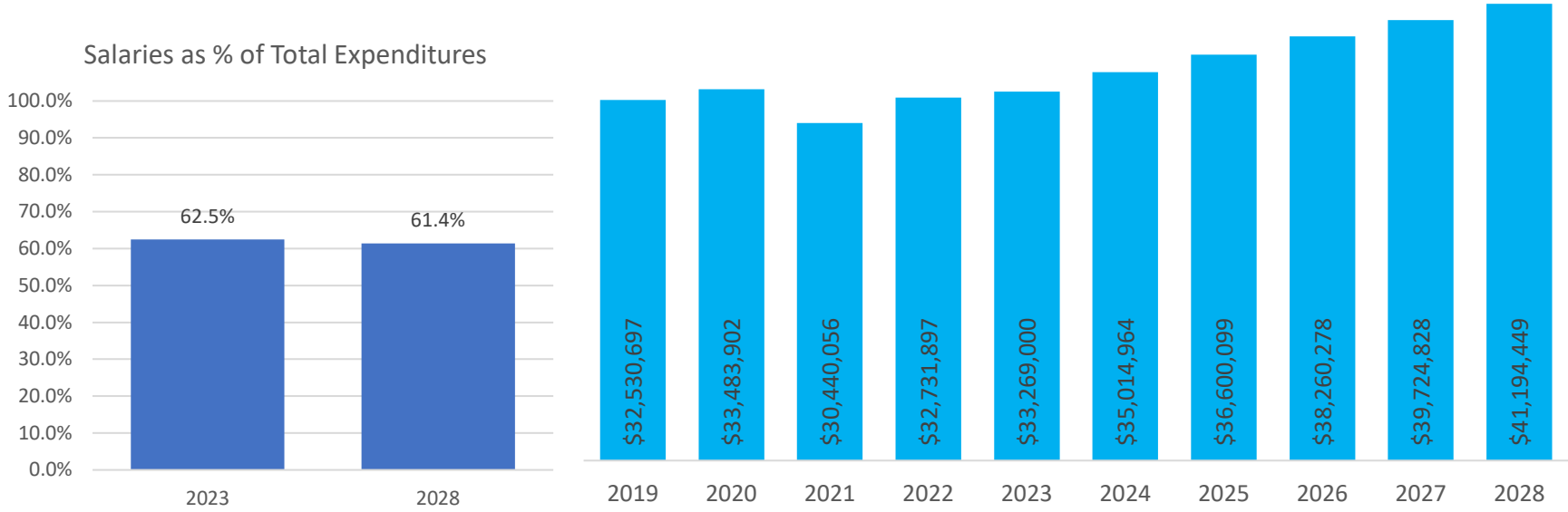
4-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	Total expenditures increased 0.23% or \$54,210 annually during the past 4-Year period and is projected to increase 5.19% or \$2,762,634 annually through FY2028. Salaries has the largest projected average annual variance compared to the historical average at \$1,400,514.
Salaries	184,576	1,585,090	\$1,400,514	
Benefits	(\$38,428)	\$900,017	\$938,445	
Purchased Services	\$106,348	\$231,230	\$124,882	
Supplies & Materials	(\$140,425)	\$43,769	\$184,194	
Capital Outlay	(\$85,981)	(\$807)	\$85,174	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$43,241	\$3,335	(\$39,906)	
Other Uses	(\$15,122)	\$0	\$15,122	
<b>Total Average Annual Change</b>	<b>\$54,210</b>	<b>\$2,762,634</b>	<b>\$2,708,424</b>	
	0.23%	5.19%	4.95%	

Note: Revenue average annual change is projected to be > \$1,624,923. On an annual average basis, revenues are projected to grow slower than expenditures.

### 3.010 - Personnel Services

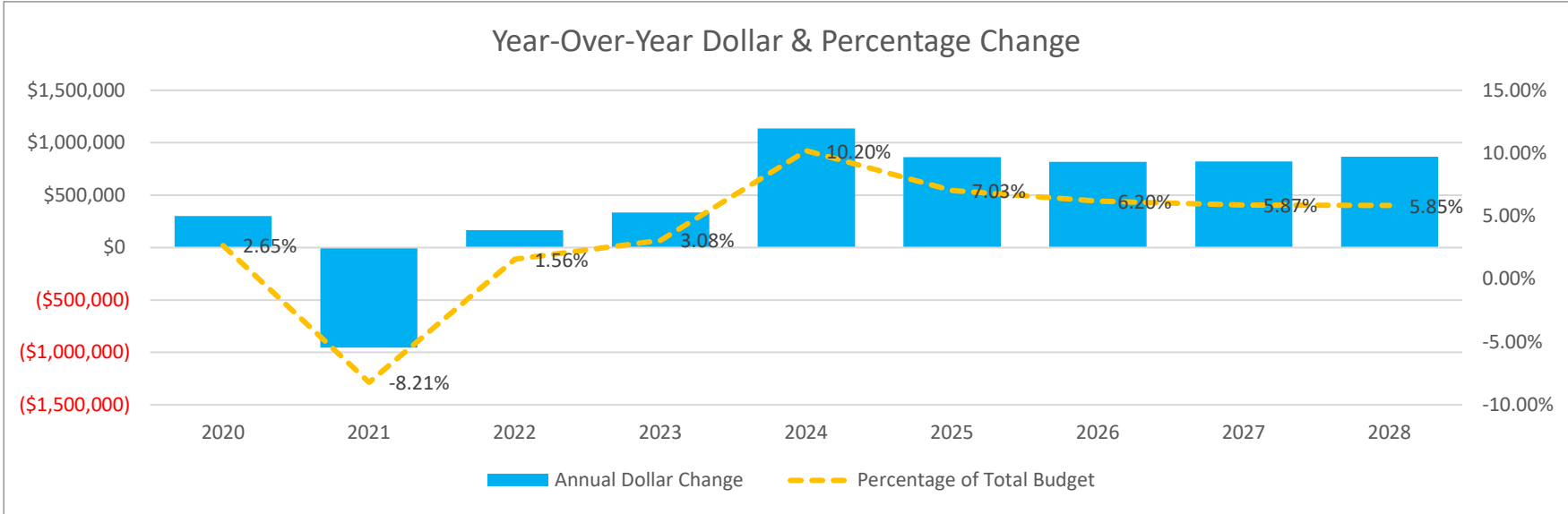
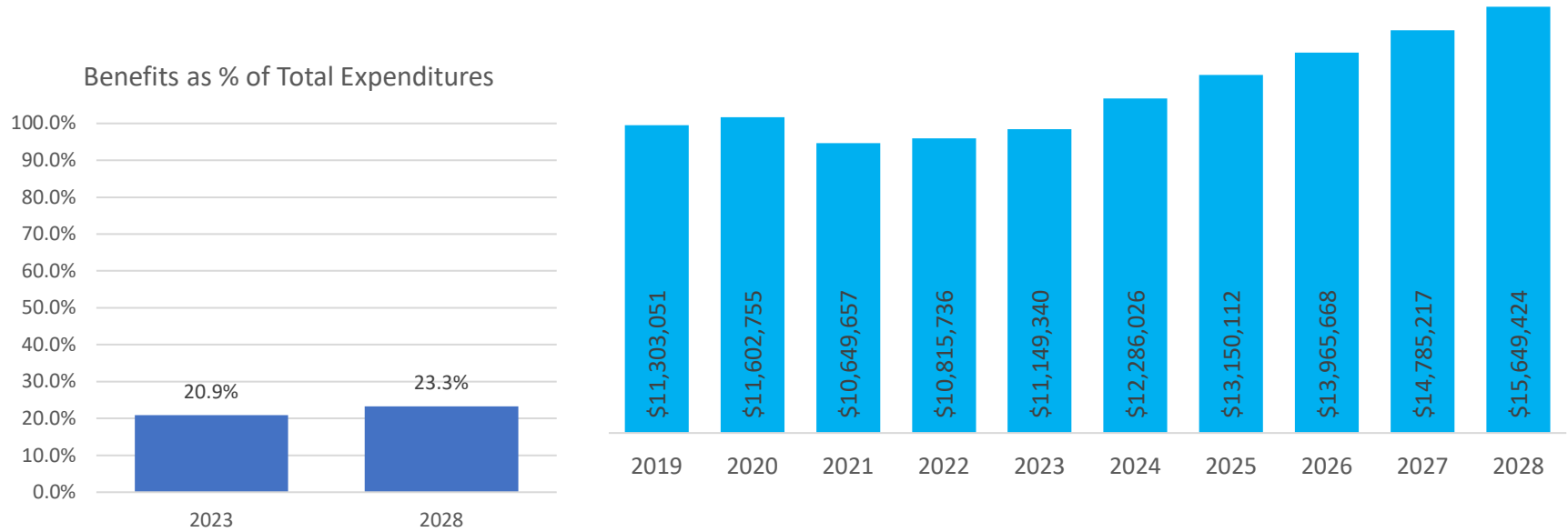
Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.



Salaries represent 62.48% of total expenditures and increased at a historical average annual rate of 0.75% or \$184,576. This category of expenditure is projected to grow at an annual average rate of 4.37% or \$1,585,090 through FY 2028. The projected average annual rate of change is 3.62% more than the five year historical annual average.

### 3.020 - Employees' Benefits

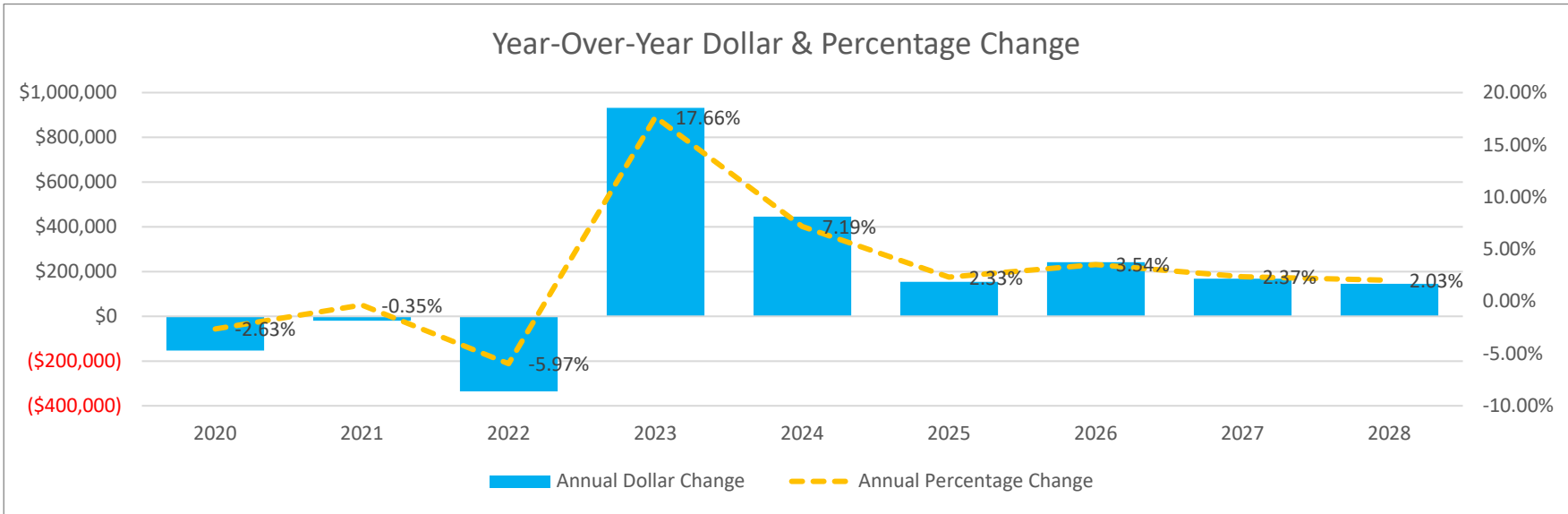
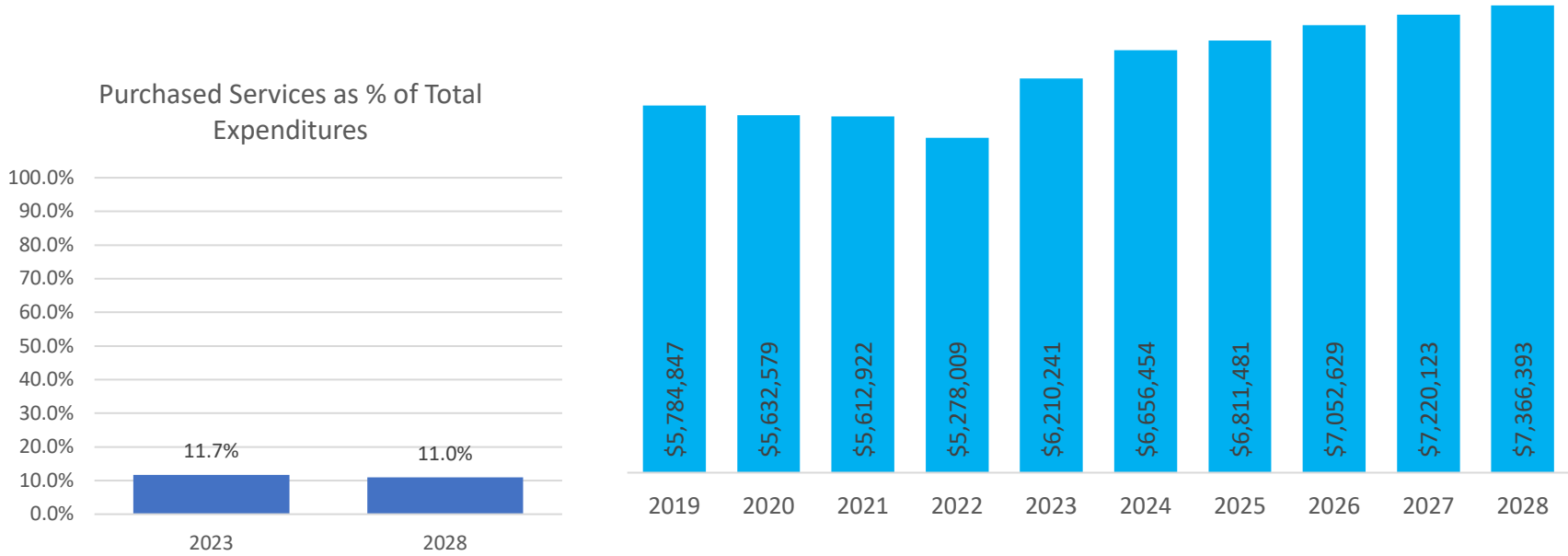
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 20.94% of total expenditures and decreased at a historical average annual rate of -0.23%. This category of expenditure is projected to grow at an annual average rate of 7.03% through FY 2028. The projected average annual rate of change is 7.26% 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.

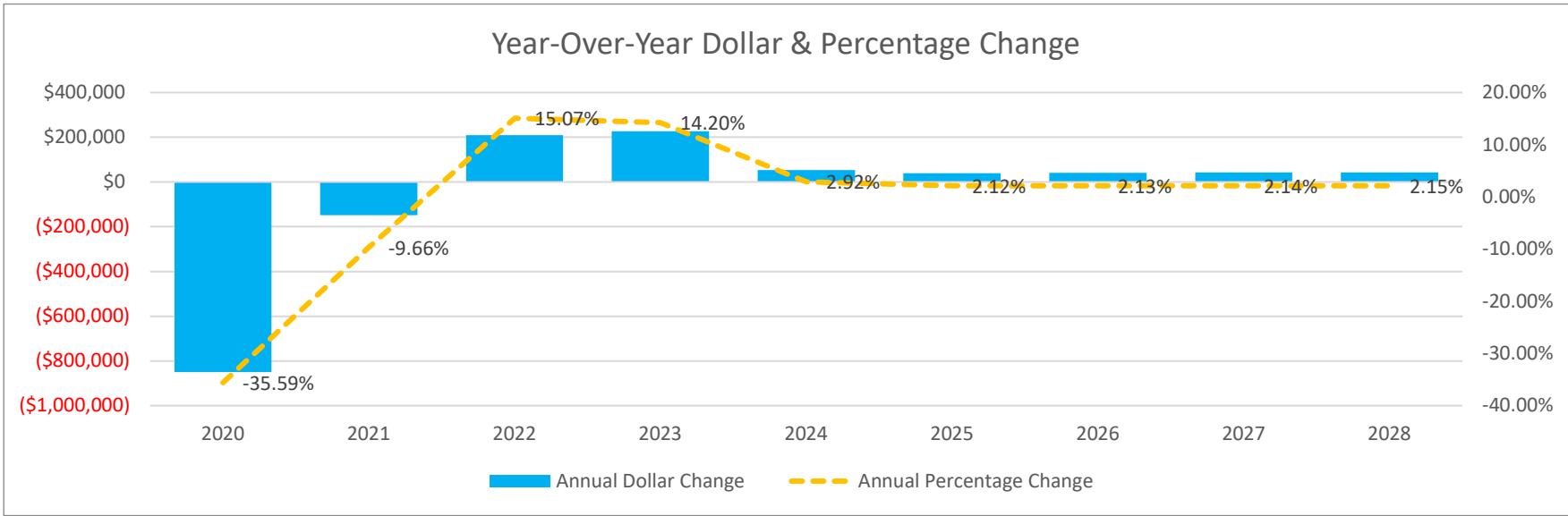
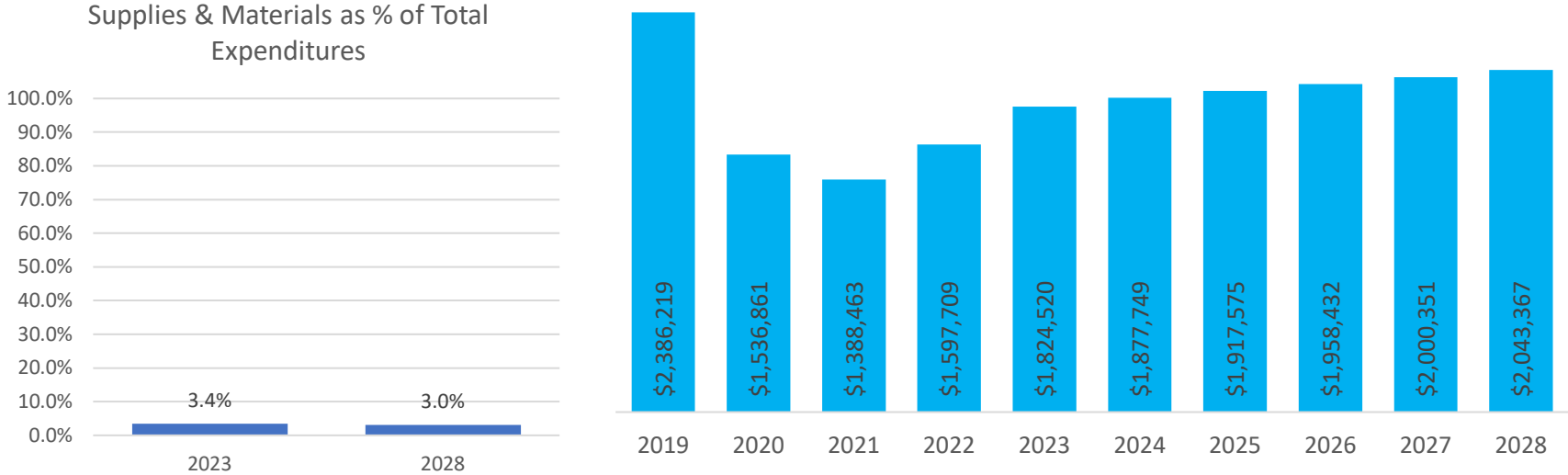


Purchased Services represent 11.66% of total expenditures and increased at a historical average annual rate of 2.18%. This category of expenditure is projected to grow at an annual average rate of 3.49% through FY 2028. The FSFP funds only district educated enrollment thereby reducing tuition cost for 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

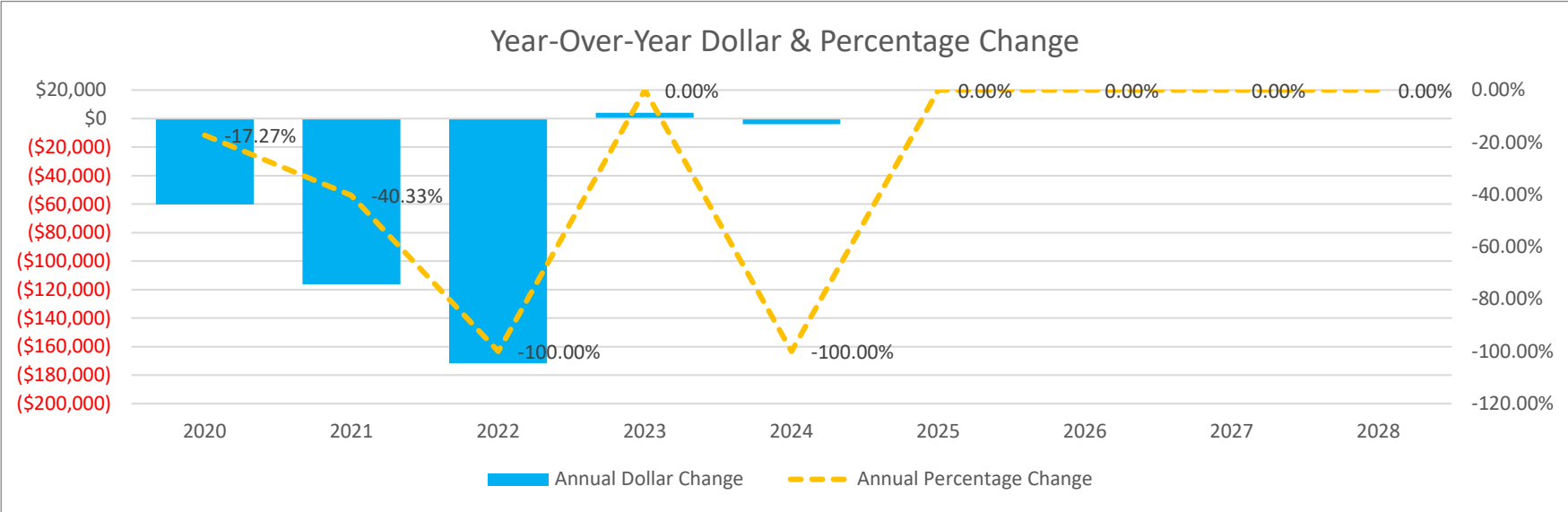
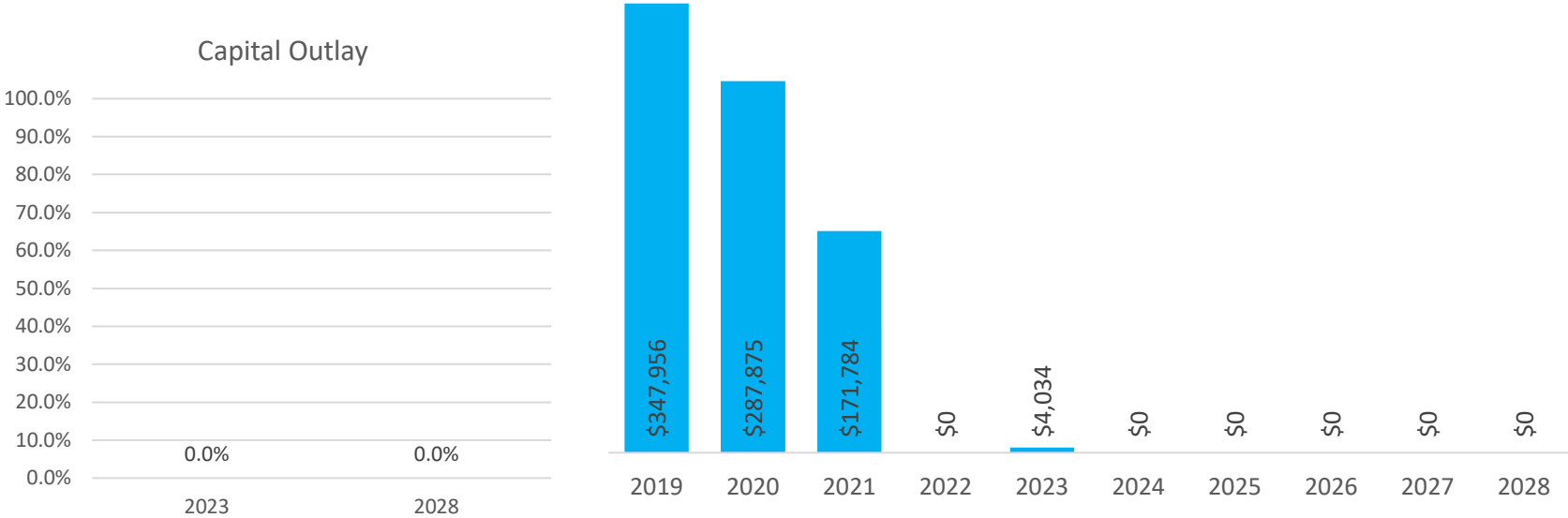
Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies & Materials represent 3.43% of total expenditures and decreased at a historical average annual rate of -4.00%. This category of expenditure is projected to grow at an annual average rate of 2.29% through FY 2028. The projected average annual rate of change is 6.29% more than the five year historical annual average.

### 3.050 - Capital Outlay

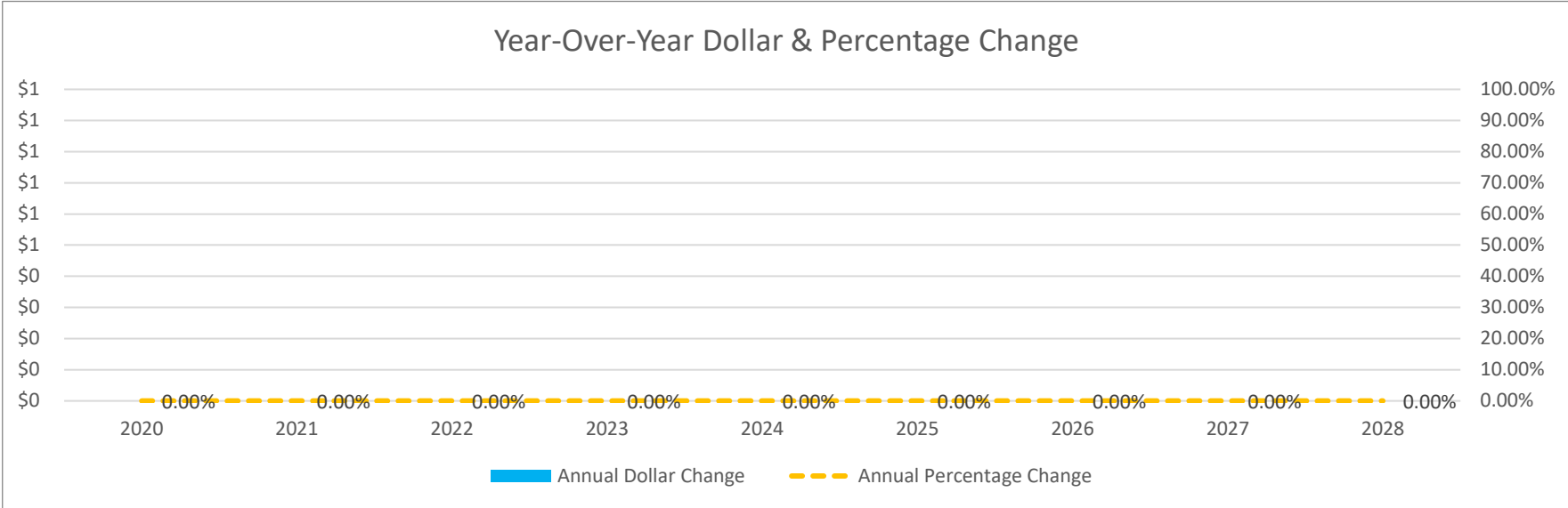
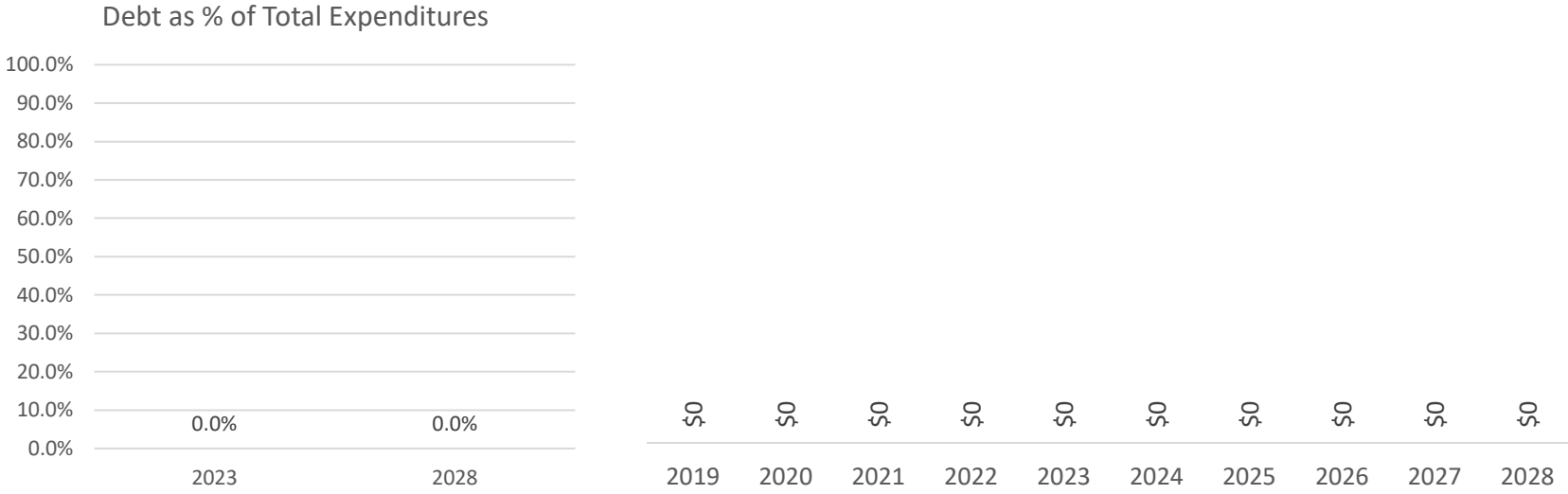
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.01% of total expenditures and decreased at a historical average annual amount of -\$85,981. This category of expenditure is projected to decrease at an annual average rate of -\$807 through FY 2028. The projected average annual change is more than the five year historical annual average.

### 3.060-4.060 - Intergovernmental & Debt

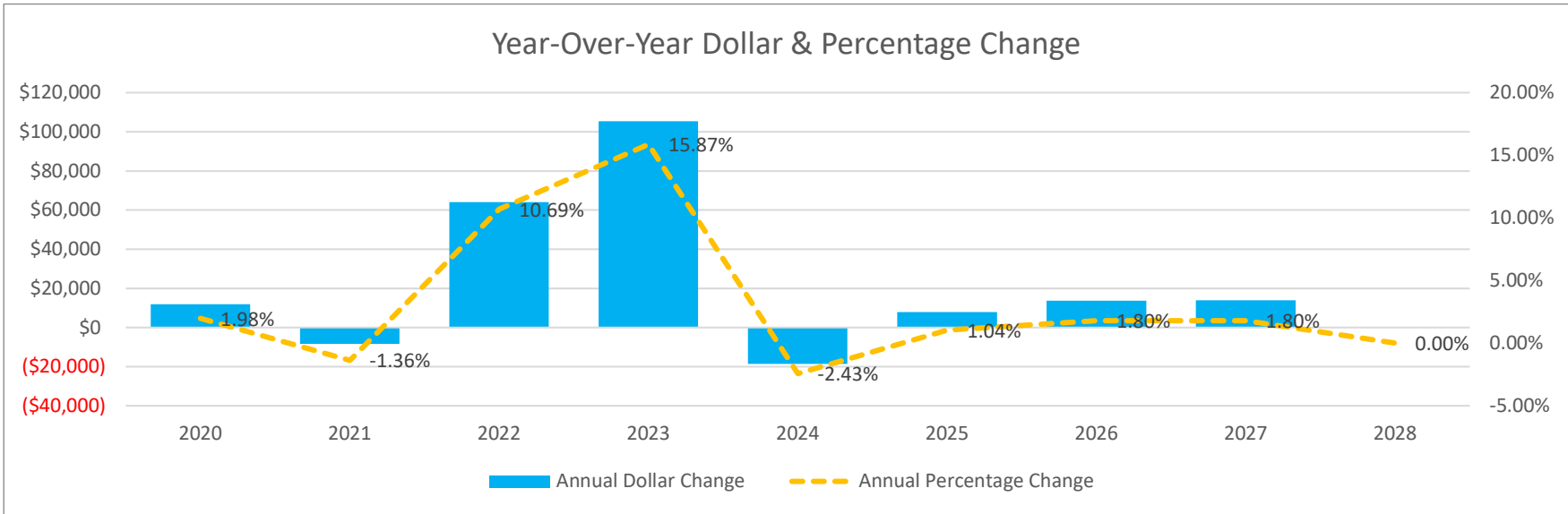
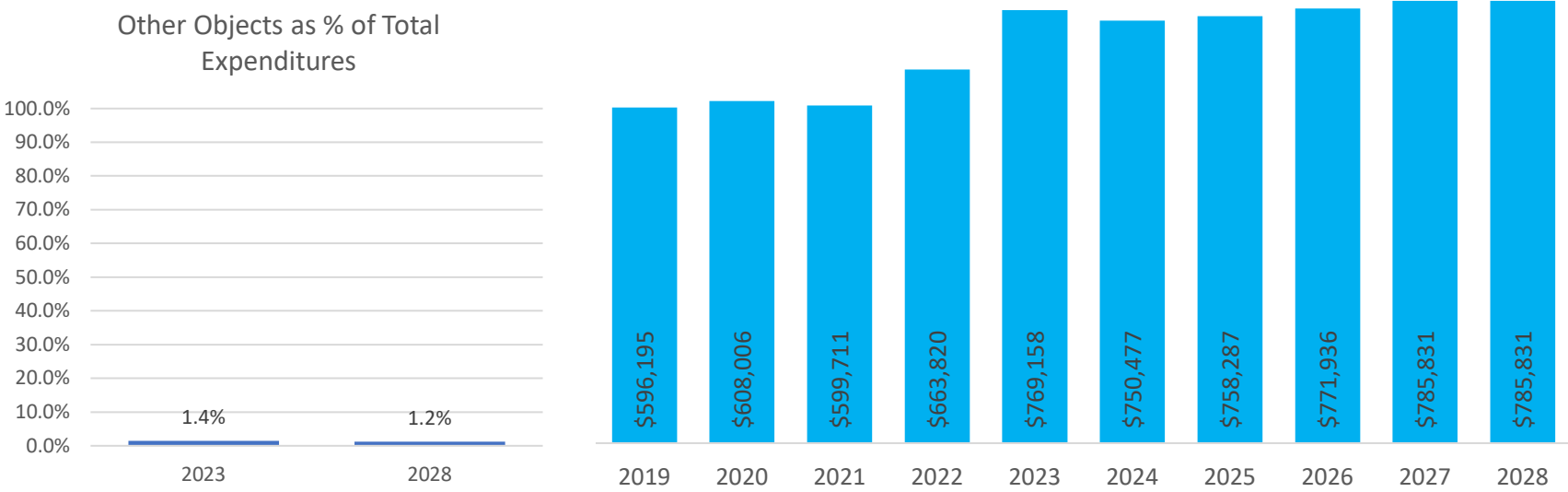
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

### 4.300 - Other Objects

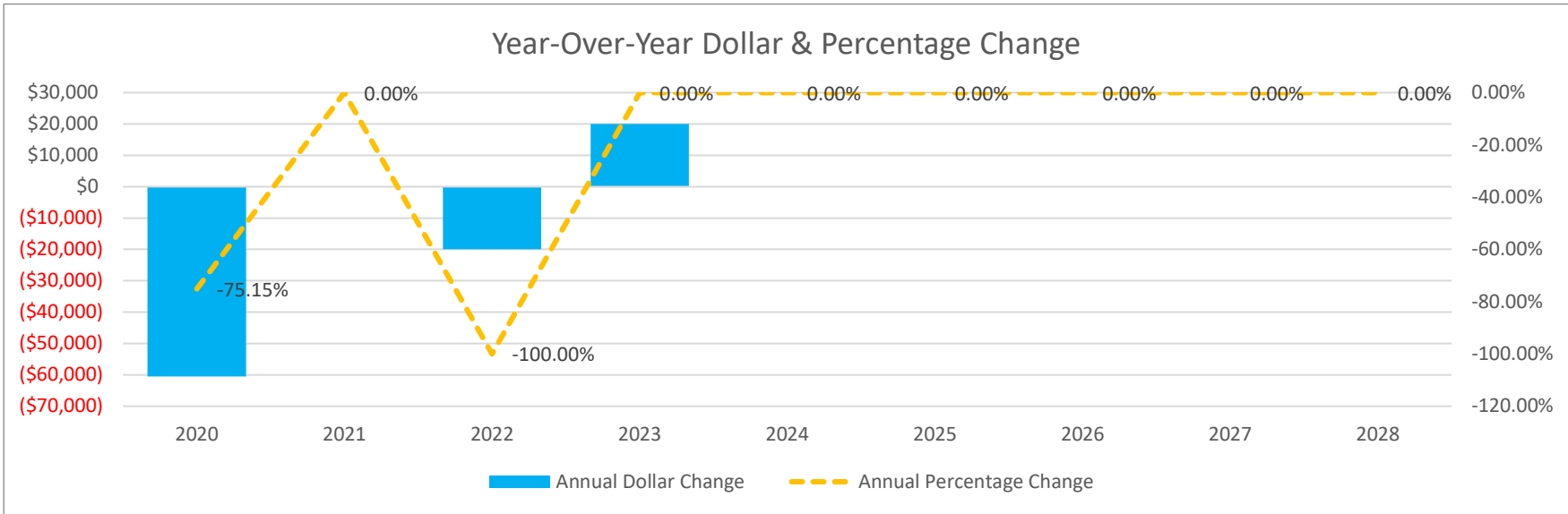
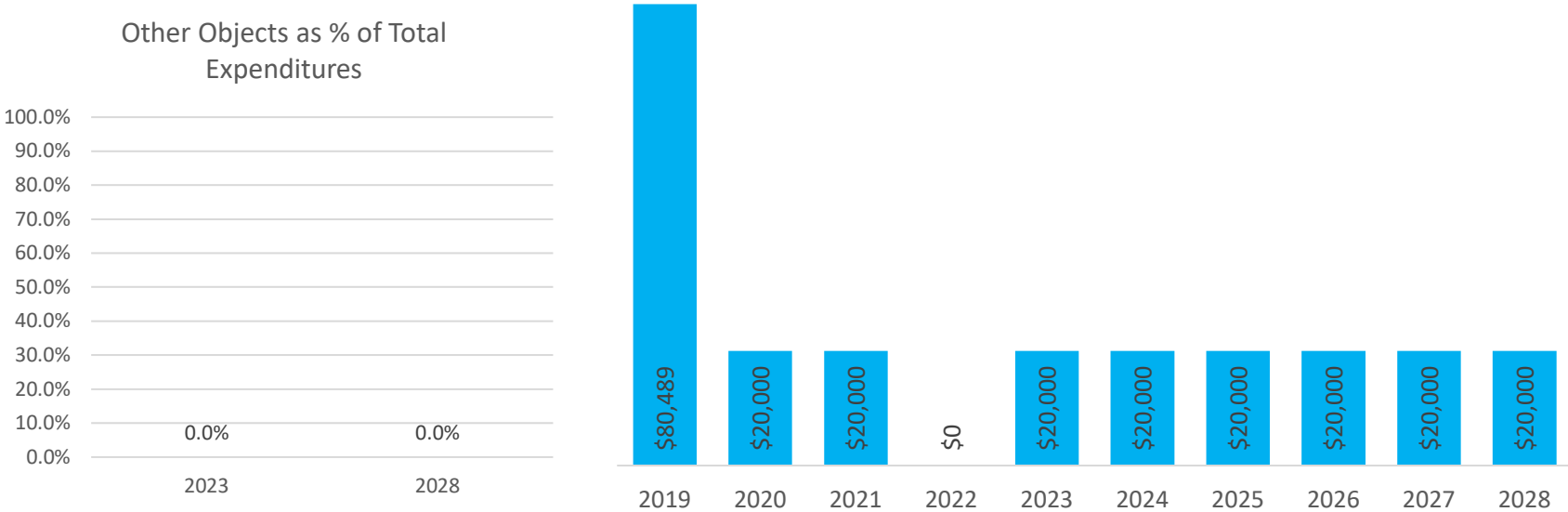
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.44% of total expenditures and increased at a historical average annual rate of 6.79%. This category of expenditure is projected to grow at an annual average rate of 0.44% through FY 2028. The projected average annual rate of change is -6.35% 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.



	2023	FORECASTED				
	2023	2024	2025	2026	2027	2028
Transfers Out	20,000	20,000	20,000	20,000	20,000	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 2023 the district had no advances-out and has no 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.

Loveland City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2023	2024	2025	2026	2027	2028
<b>Revenue:</b>						
1.010 - General Property Tax (Real Estate)	31,922,857	35,282,880	38,209,491	38,398,392	38,749,786	39,078,660
1.020 - Public Utility Personal Property	1,549,485	1,644,607	1,720,742	1,778,166	1,837,529	1,898,831
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	12,023,334	12,427,536	12,737,042	12,998,786	13,268,211	13,266,917
1.040 - Restricted Grants-in-Aid	775,722	732,680	636,826	557,798	471,850	471,828
1.050 - State Share-Local Property Taxes	3,807,134	3,955,608	4,077,028	4,096,420	4,133,724	4,153,478
1.060 - All Other Operating Revenues	2,983,159	2,452,994	2,444,843	2,411,774	2,378,785	2,345,876
<b>1.070 - Total Revenue</b>	<b>53,061,691</b>	<b>56,496,305</b>	<b>59,825,972</b>	<b>60,241,336</b>	<b>60,839,885</b>	<b>61,215,590</b>
<b>Other Financing Sources:</b>						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	429,283	400,000	400,000	400,000	400,000	400,000
2.070 - Total Other Financing Sources	429,283	400,000	400,000	400,000	400,000	400,000
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>53,490,974</b>	<b>56,896,305</b>	<b>60,225,972</b>	<b>60,641,336</b>	<b>61,239,885</b>	<b>61,615,590</b>
<b>Expenditures:</b>						
3.010 - Personnel Services	33,269,000	35,014,964	36,600,099	38,260,278	39,724,828	41,194,449
3.020 - Employee Benefits	11,149,340	12,286,026	13,150,112	13,965,668	14,785,217	15,649,424
3.030 - Purchased Services	6,210,241	6,656,454	6,811,481	7,052,629	7,220,123	7,366,393
3.040 - Supplies and Materials	1,824,520	1,877,749	1,917,575	1,958,432	2,000,351	2,043,367
3.050 - Capital Outlay	4,034	-	-	-	-	-
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	769,158	750,477	758,287	771,936	785,831	785,831
<b>4.500 - Total Expenditures</b>	<b>53,226,293</b>	<b>56,585,670</b>	<b>59,237,553</b>	<b>62,008,944</b>	<b>64,516,350</b>	<b>67,039,464</b>
<b>Other Financing Uses</b>						
5.010 - Operating Transfers-Out	20,000	20,000	20,000	20,000	20,000	20,000
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	20,000	20,000	20,000	20,000	20,000	20,000
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>53,246,293</b>	<b>56,605,670</b>	<b>59,257,553</b>	<b>62,028,944</b>	<b>64,536,350</b>	<b>67,059,464</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>244,681</b>	<b>290,635</b>	<b>968,419</b>	<b>(1,387,608)</b>	<b>(3,296,465)</b>	<b>(5,443,874)</b>
7.010 - Cash Balance July 1 (No Levies)	14,970,655	15,215,336	15,505,971	16,474,390	15,086,781	11,790,316
7.020 - Cash Balance June 30 (No Levies)	15,215,336	15,505,971	16,474,390	15,086,781	11,790,316	6,346,442
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	15,215,336	15,505,971	16,474,390	15,086,781	11,790,316	6,346,442
<b>Rev from Replacement/Renewal Levies</b>						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	15,215,336	15,505,971	16,474,390	15,086,781	11,790,316	6,346,442
<b>Revenue from New Levies</b>						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	15,215,336	15,505,971	16,474,390	15,086,781	11,790,316	6,346,442

