



Loveland City School District

Five Year Forecast Financial Report

November, 2020

Kevin Hawley, Treasurer/CFO

Table of Contents

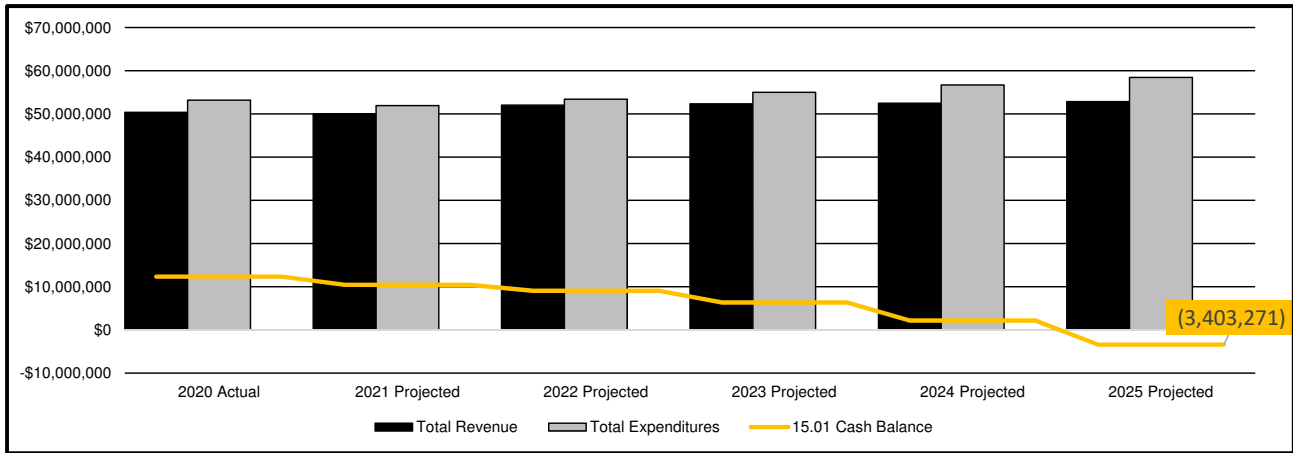
	<u>Page</u>
Table of Contents	2
Forecast Summary	3
Revenue Sources and Forecast Year-Over-Year Projected Overview	4
1.010 - General Property Tax (Real Estate)	5
1.020 - Public Utility Personal Property	6
1.030 - Income Tax	7
1.035 - Unrestricted Grants-in-Aid	8
1.040 & 1.045 - Restricted Grants-in-Aid	9
1.050 - Property Tax Allocation	10
1.060 - All Other Operating Revenues	11
2.070 - Total Other Financing Sources	12
Expenditures Overview	13
3.010 - Personnel Services	14
3.020 - Employee Benefits	15
3.030 - Purchased Services	16
3.040 - Supplies and Materials	17
3.050 - Capital Outlay	18
3.060 - 4.060 - Intergovernmental & Debt	19
4.300 - Other Objects	20
5.040 - Total Other Financing Uses	21
Five Year Forecast	22

Forecast Purpose/Objectives

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

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

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



Note: Cash balance includes any existing levy modeled as renewed during the forecast.
Cash balance is not reduced for encumbrances.

Financial Forecast

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Beginning Balance	12,342,002	10,435,927	9,052,974	6,378,236	2,179,702
+ Revenue	50,021,321	52,018,346	52,329,567	52,479,170	52,839,605
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(51,927,396)	(53,401,300)	(55,004,305)	(56,677,704)	(58,422,578)
= Revenue Surplus or Deficit	(1,906,075)	(1,382,953)	(2,674,738)	(4,198,535)	(5,582,972)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	10,435,927	9,052,974	6,378,236	2,179,702	(3,403,271)

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	(1,906,075)	(1,382,953)	(2,674,738)	(4,198,535)	(5,582,972)
Ending Balance w/o Levies	10,435,927	9,052,974	6,378,236	2,179,702	(3,403,271)

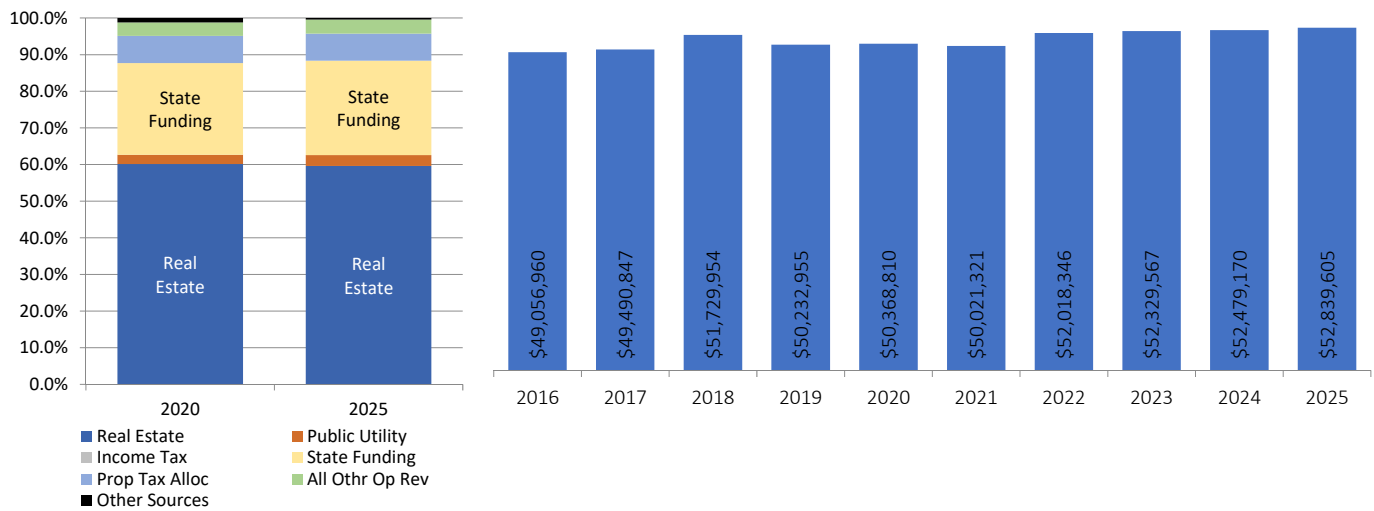
In FY 2021 a revenue shortfall is expected. This means that expenditures are expected to be greater than revenue by \$1,906,075 in FY 2021. The main reasons for this is a decrease in state funding by approximately \$1 million and other revenue due to no tuition for kindergarten and preschool and lower interest because of decreasing cash balance and lower interest rates

By the last year of the forecast, FY 2025, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$5,582,972. The district would need to cut its FY 2025 projected expenses by 9.56% in order to balance its budget without additional revenue.

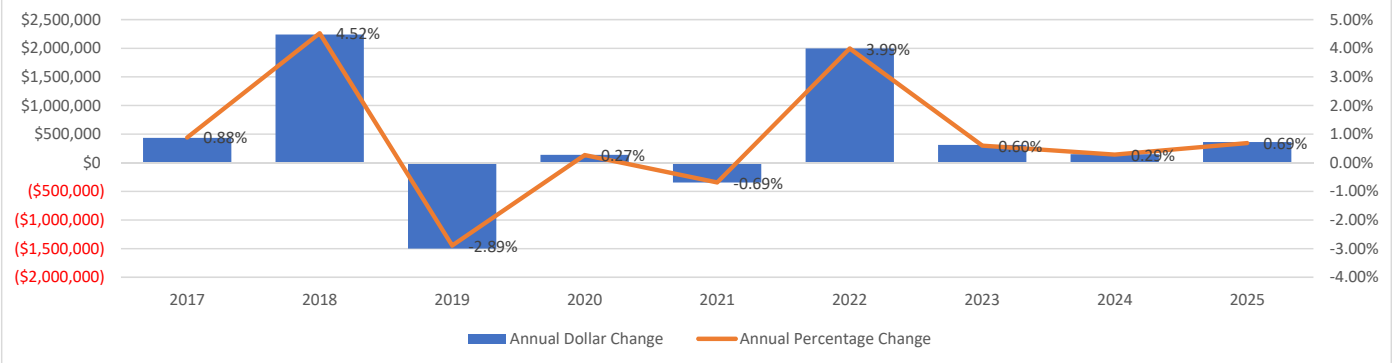
The district's cash balance is positive at year-end in FY 2021 and is projected to worsen by FY 2025. A worsening cash balance can erode the district's financial stability over time. The district has continued to make changes in the budget and services within the district. These changes have significantly changed the financial direction of the district in the forecast. There are variables that may impact the financial health of the district in the near future but the district continues to show the commitment to good fiscal stewardship.

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



Year-Over-Year Dollar & Percentage Change



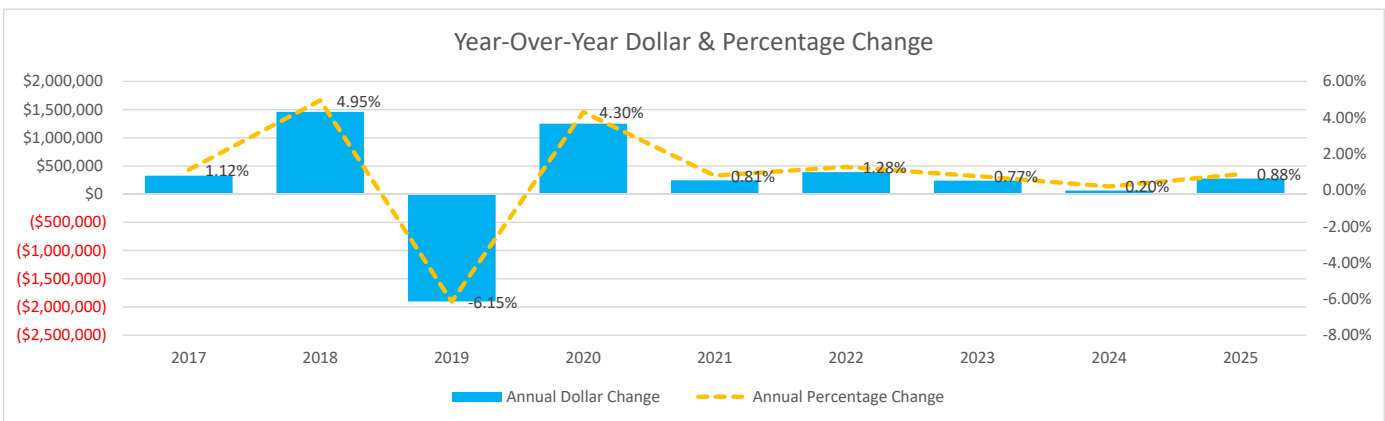
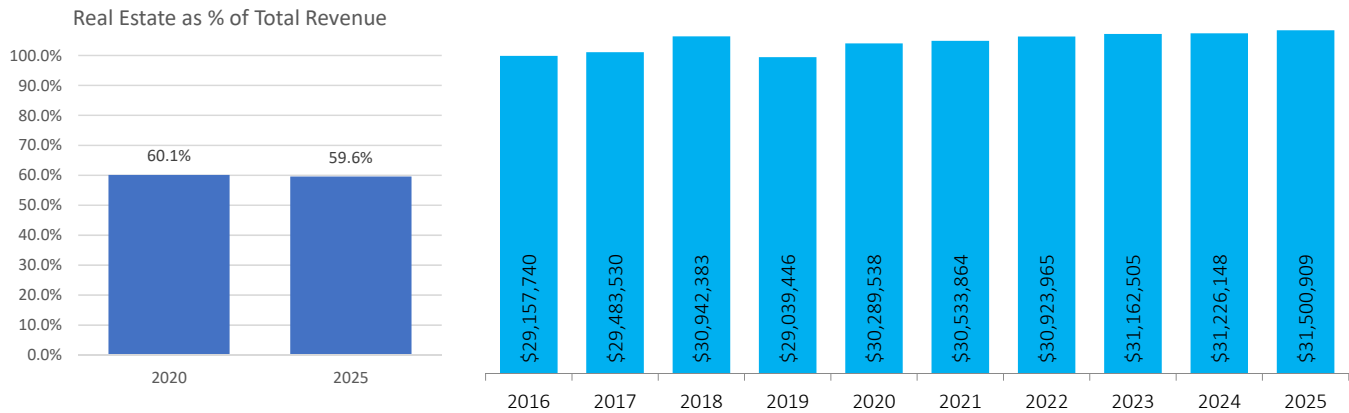
3-Year Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Real Estate	\$268,669	\$242,274	(\$26,395)	Total revenue increased 0.63% or \$292,655 annually during the past five years and is projected to increase 0.97% or \$494,159 annually through FY2025. State Funding has the most projected average annual variance compared to the historical average at \$519,167
Public Utility	\$71,187	\$54,793	(\$16,394)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$309,839)	\$209,329	\$519,167	
Prop Tax Alloc	\$10,395	\$28,075	\$17,680	
All Othr Op Rev	\$126,234	\$34,876	(\$91,358)	
Other Sources	\$126,008	(\$75,188)	(\$201,196)	
Total Average Annual Change	\$292,655	\$494,159	\$201,504	
	0.63%	0.97%	0.34%	

Note: Expenditure average annual change is projected to be > \$1,050,120 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).



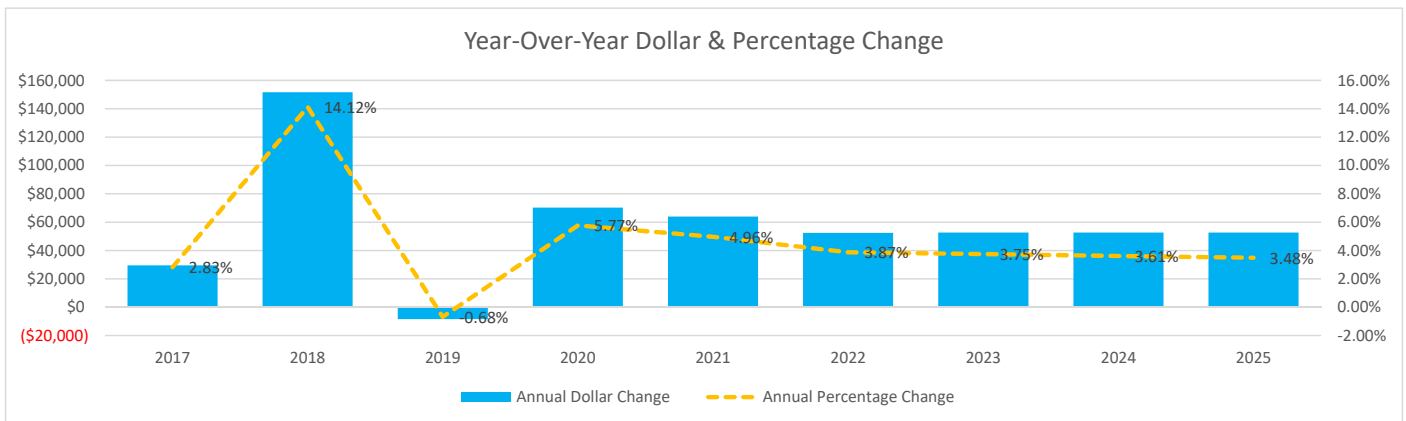
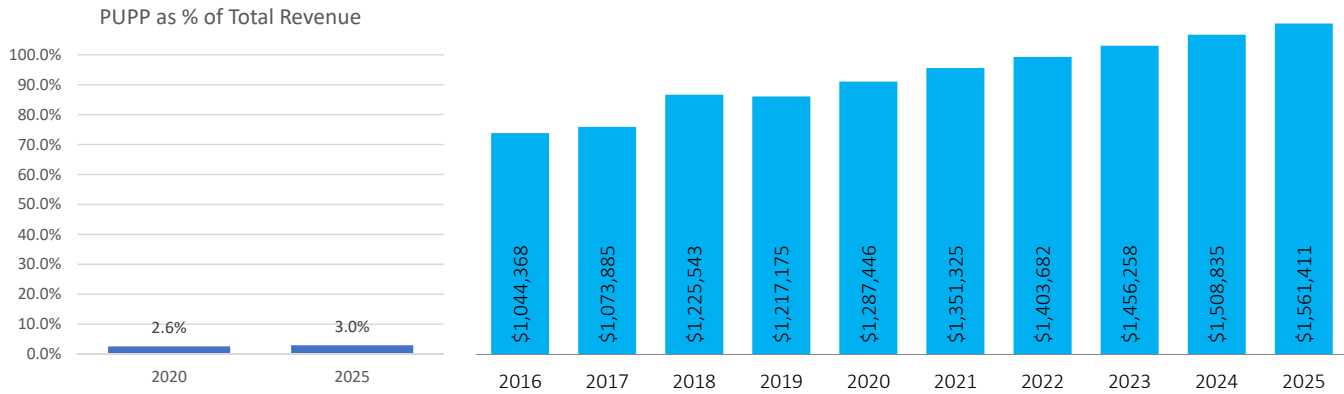
Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	
2019	869,424,060	8,034,160	39.30	-	42.06	-	99.6%
2020	936,587,219	67,163,159	36.68	(2.62)	40.80	(1.26)	99.0%
2021	942,982,219	6,395,000	36.66	(0.02)	40.51	(0.29)	101.0%
2022	949,377,219	6,395,000	36.65	(0.02)	40.23	(0.28)	99.5%
2023	1,010,217,219	60,840,000	34.79	(1.85)	39.50	(0.73)	99.5%
2024	1,016,902,219	6,685,000	34.77	(0.02)	39.22	(0.28)	99.5%

Real estate property tax revenue accounts for 60.14% of total revenue. Class I or residential/agricultural taxes make up approximately 93.86% of the real estate property tax revenue. The Class I tax rate is 36.68 mills in tax year 2020. The projections reflect an average gross collection rate of 99.7% annually through tax year 2024. The revenue changed at an average annual historical rate of 1.03% and is projected to change at an average annual rate of 0.79% through FY 2025.

The collection rate projection for 2019 is currently based on the first half collections the district has received year to date. Due to the COVID19 concerns the district has pulled back slightly on collection rates for 2020 with some delinquencies being collected in 2021. Future years are based on typical collection rates of non delinquency payments. The value changes for 2020 and 2023 are for triennial/appraisal updates in our two main counties, Clermont and Hamilton. These are based on the current environment and historical trends.

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.

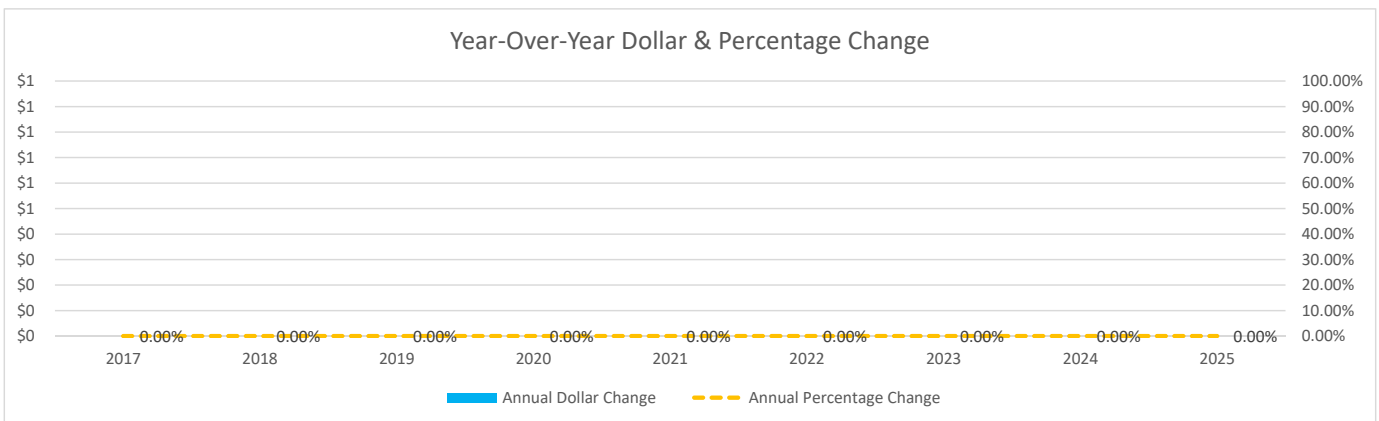
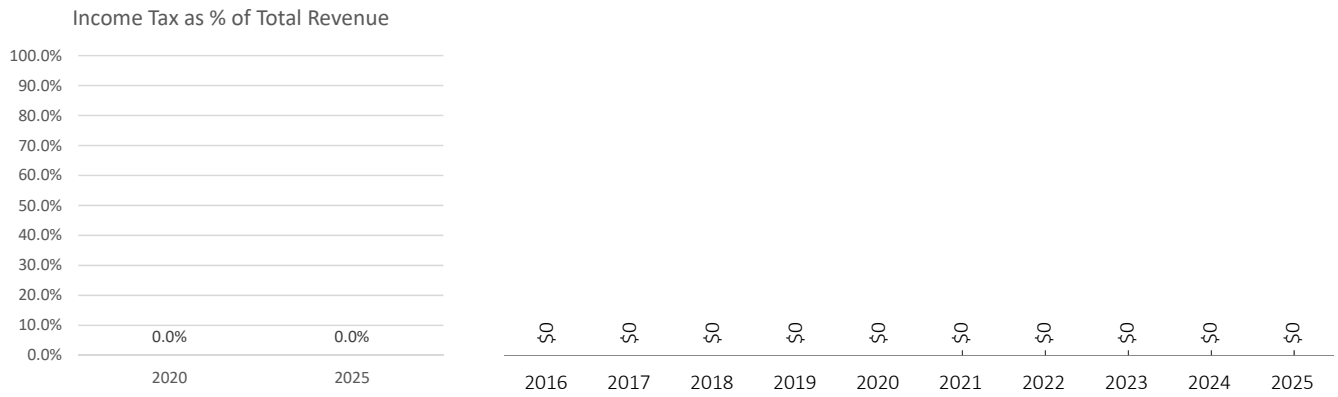


Values and Tax Rates					Gross Collection Rate
Tax Year	Valuation	Value Change	Full Voted Rate	Change	Including Delinquencies
2019	17,519,410	906,250	75.34	0.86	100.9%
2020	18,219,410	700,000	75.11	(0.23)	99.7%
2021	18,919,410	700,000	75.11	-	100.0%
2022	19,619,410	700,000	75.11	-	100.0%
2023	20,319,410	700,000	75.11	-	100.0%
2024	21,019,410	700,000	75.11	-	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 2.56% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2020 is 75.11 mills. The forecast is modeling an average gross collection rate of 99.95%. The revenue changed historically at an average annual dollar amount of \$71,187 and is projected to change at an average annual dollar amount of \$54,793 through FY 2025.

1.030 - No Income Tax

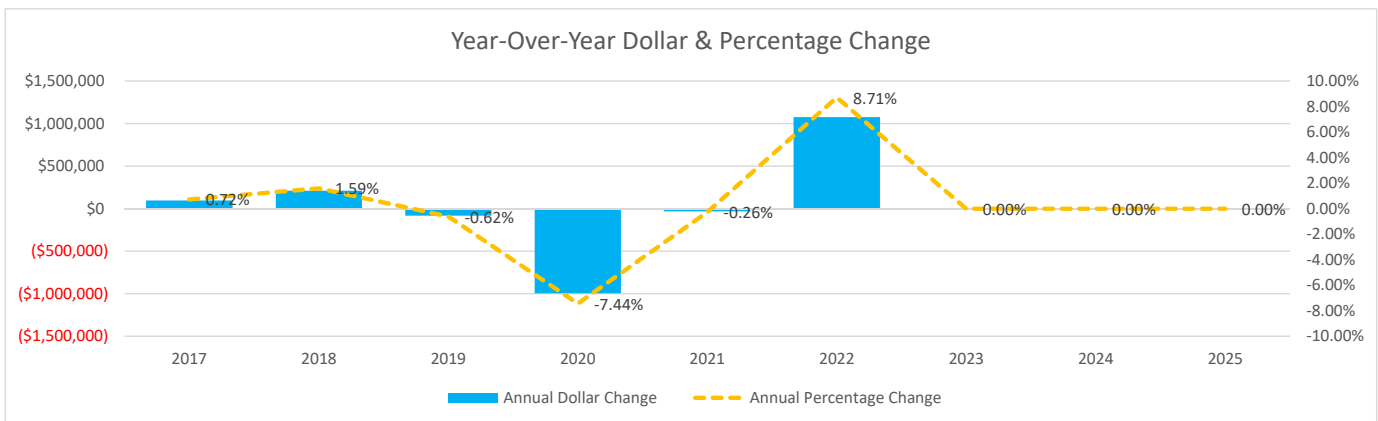
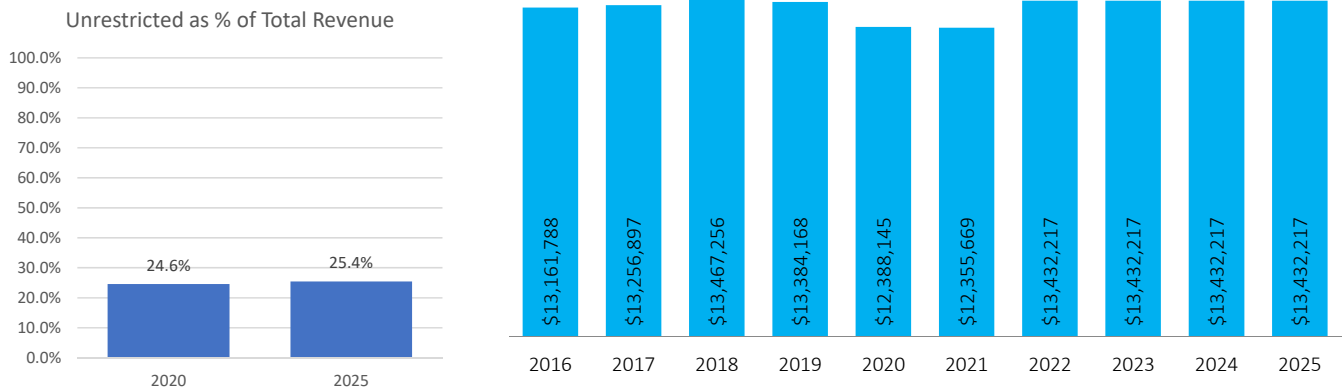
Revenue collected from income tax earmarked specifically to support schools with a voter approved tax by residents of the school district; separate from federal, state and municipal income taxes.



The district does not have an income tax levy.

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

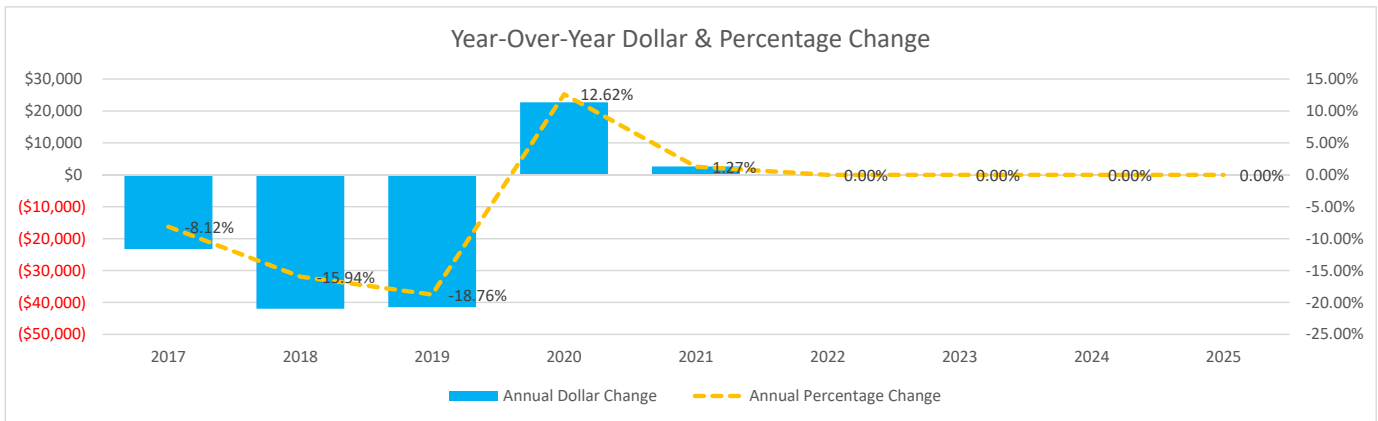
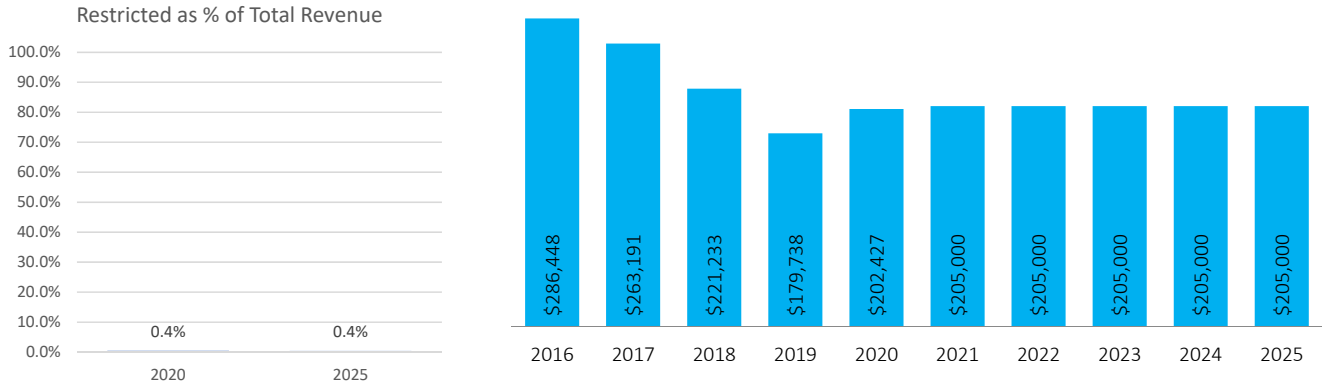


The FY 2019 per pupil and foundation revenue amount is the base aid amount used in FY 2019. In addition to its FY 2021 base funding amount of \$12,795,315 the district calculated FY 2021 categorical funding such as spec. ed., preschool, casino of \$517,688. Projected amounts less than the FY 2019 base indicate state budget cuts and other assumed change. For fiscal year 2022 - 2025, the district is projecting an average annual increase of 2.18%. Note: Wellness funding is not included in these calculations.

The significant decreases in state funding for 2020 and 2021 are based on the state decreasing school funding by approximately \$1 million annually due to state revenue shortfalls because of the COVID19 pandemic. The slight decrease in 2021 vs. 2020 is due to lower casino revenue for 2021 due to the shutdown for 3 months. For 2022 and beyond, the district is projecting pre-pandemic funding. The district is currently on the "guarantee" which means as enrollment fluctuates the district will not receive increased/decreased revenue. This fiscal year is the end of the current biennial budget. Therefore, any significant changes in legislation for school funding or another statewide shutdown can have significant impact on the forecast.

1.040 & 1.045 - Restricted Grants-in-Aid

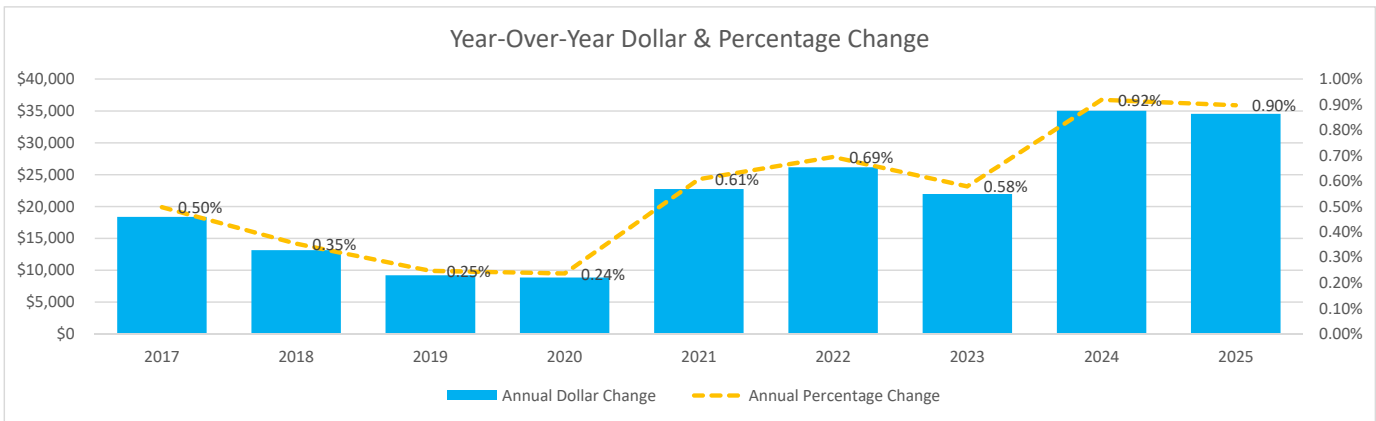
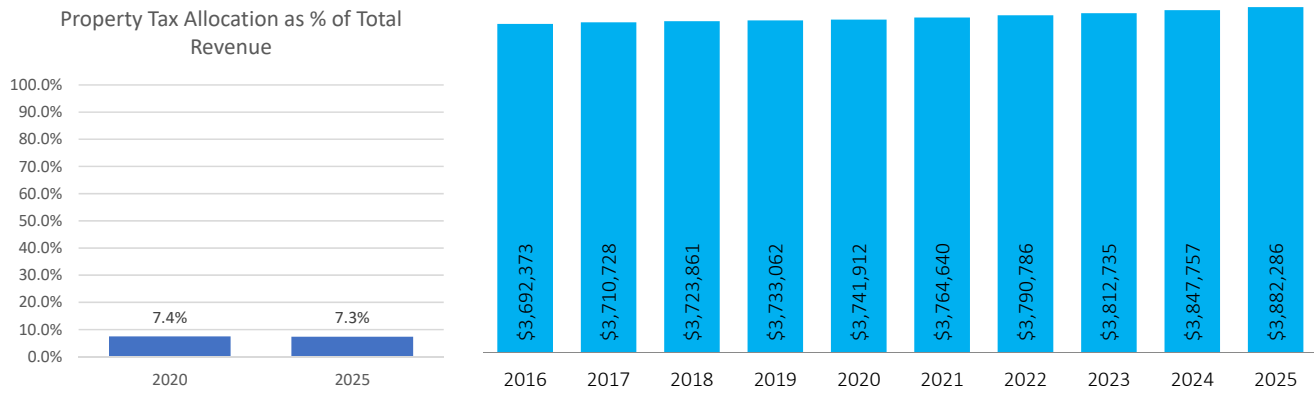
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



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 -\$20,255 and is projected to change annually on average by \$515. Restricted funds represent 0.40% of total revenue. The largest portion of revenue comes from Catastrophic Aid which is a reimbursement of a portion of special education expenses.

1.050 - Property Tax Allocation

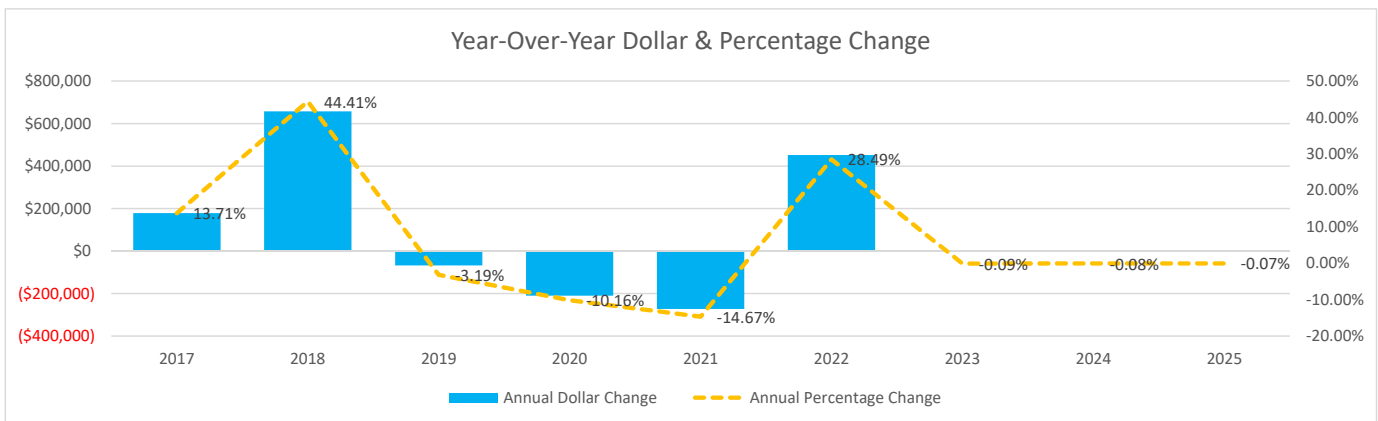
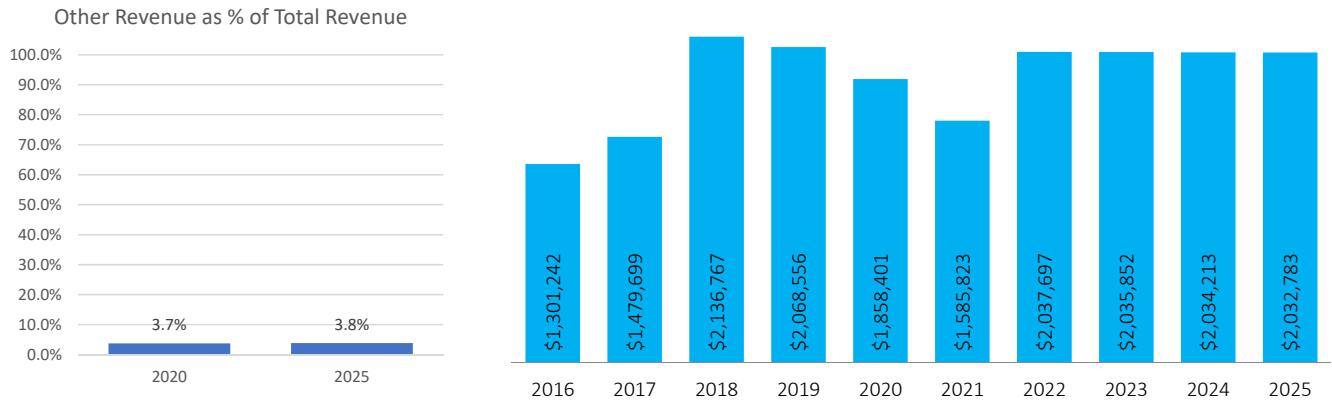
Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



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 2021, approximately 10.6% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.1% will be reimbursed in the form of qualifying homestead exemption credits.

1.060 - All Other Operating Revenues

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

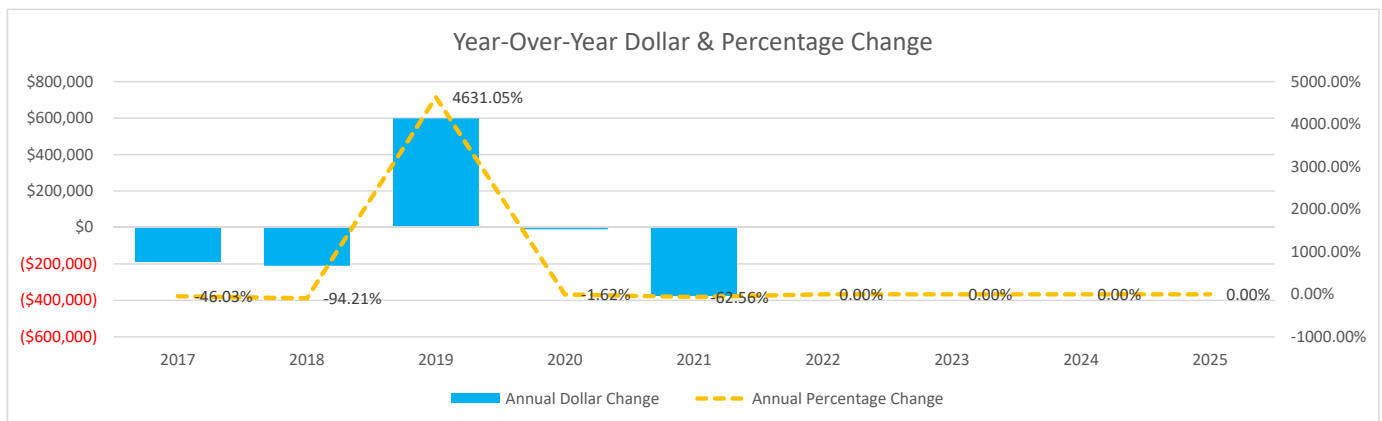
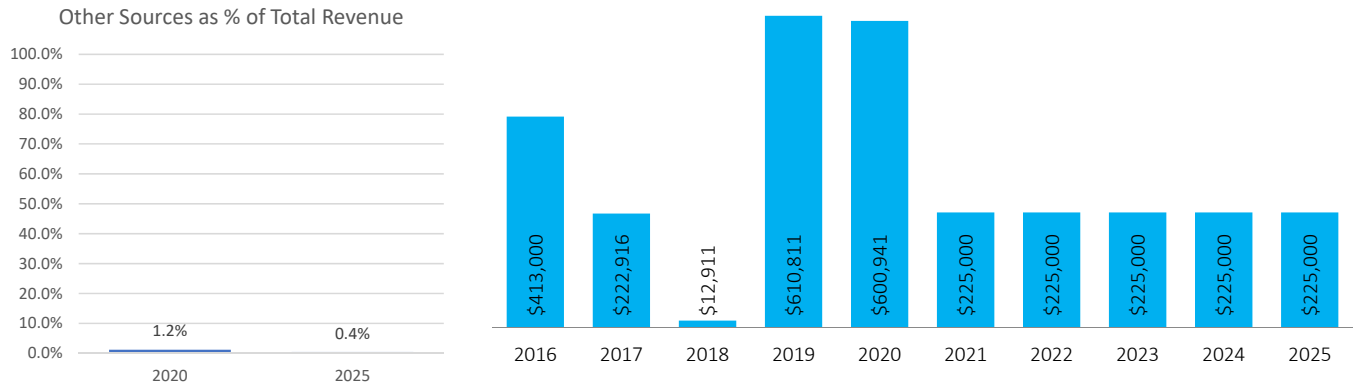


Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$126,234. The projected average annual change is \$34,876 through FY 2025.

The significant reduction in revenue in 2021 is due to the district not receiving tuition for kindergarten and preschool and significantly reduced interest payments due to a lower interest rate environment and reduced cash balance. These reductions in revenue began in 2020 in the spring due to COVID19. The district is planning on revenue coming back to pre-COVID19 levels except for interest rates and reduced cash balance which is reflected in minimal decreases in revenue through the forecasted years."

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.

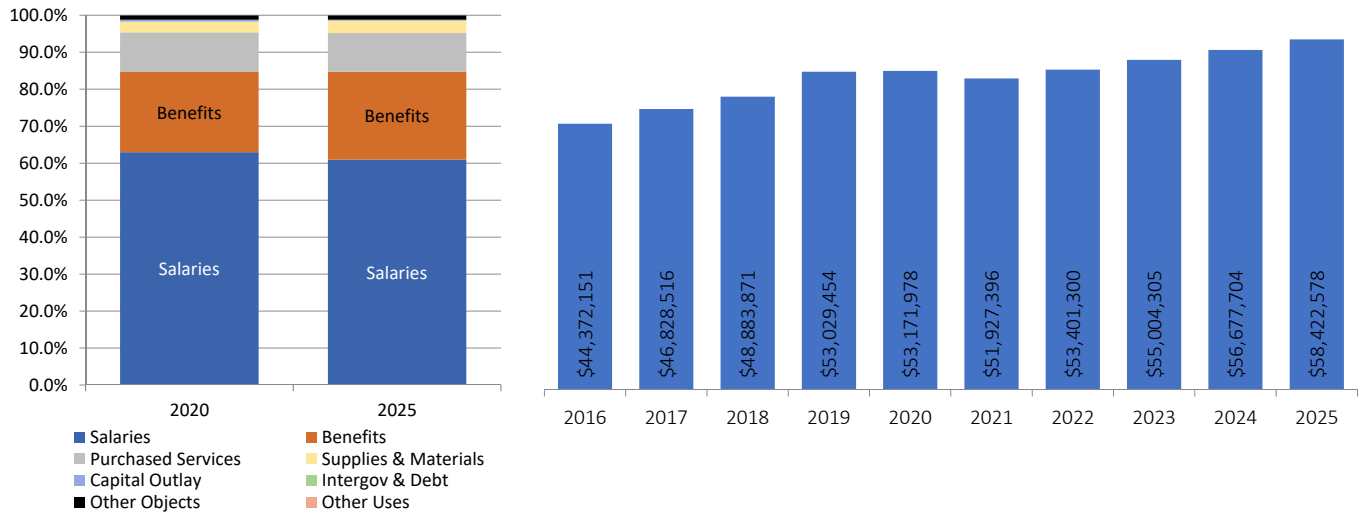


	2020	2021	2022	FORECASTED		
				2023	2024	2025
Transfers In	-	-	-	-	-	-
Advances In	60,489	-	-	-	-	-
All Other Financing Sources	540,452	225,000	225,000	225,000	225,000	225,000

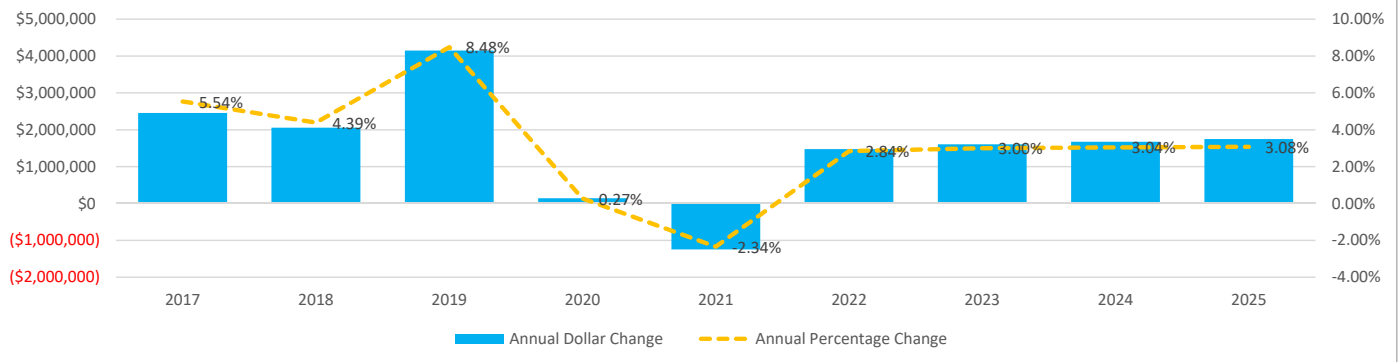
Other sources includes revenue that is generally classified as non-operating and are typically Medicaid reimbursements. At this point the district is estimating one payment per year. In FY 2020 the district receipted \$60,489 as advances-in and is projecting advances of \$0 in FY 2021. The district also 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 \$225,000 in FY 2021 and average \$225,000 annually through FY 2025.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

Expenditure Categories Over Time



Year-Over-Year Dollar & Percentage Change



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

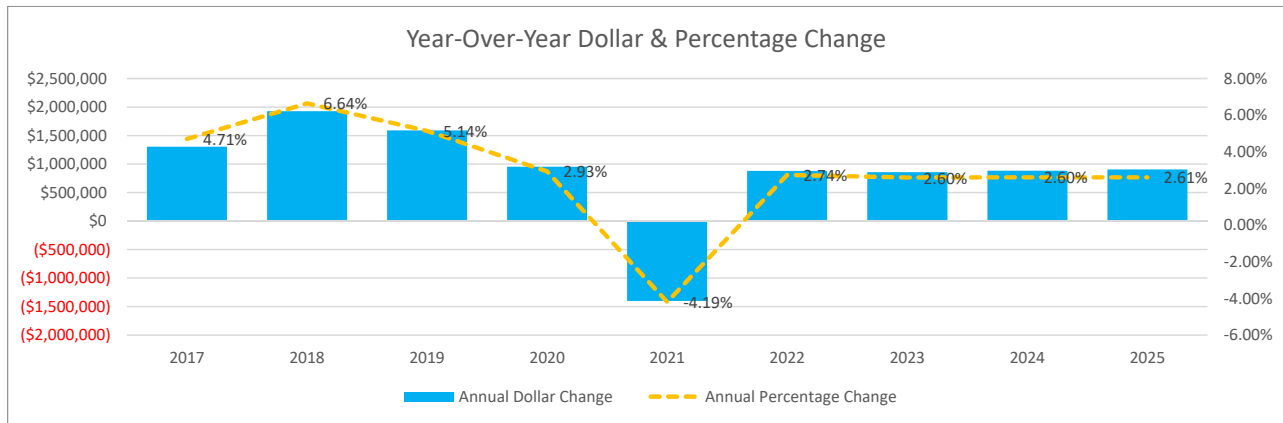
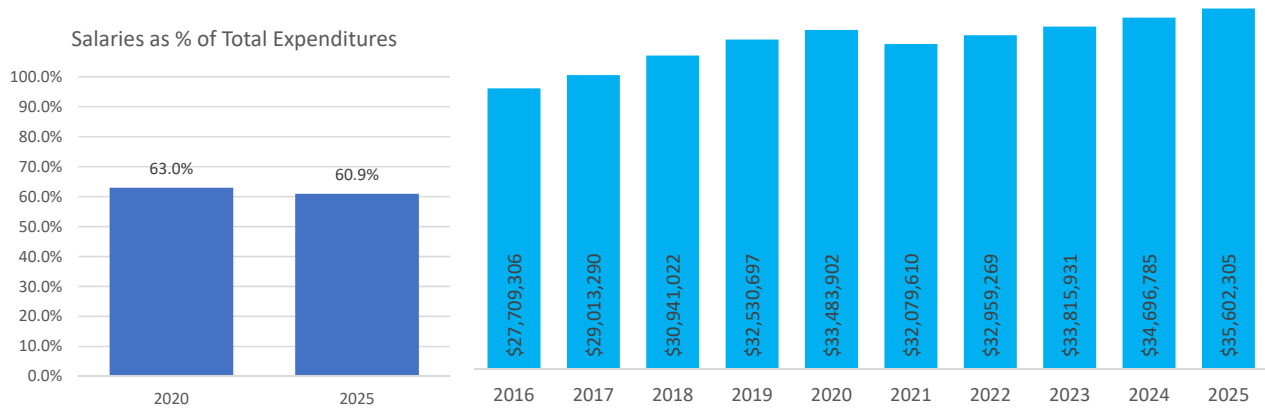
	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	
Salaries	\$1,490,204	\$423,681	(\$1,066,524)	Total expenditures increased 4.38% or \$2,114,487 annually during the past five years and is projected to increase 1.97% or \$1,050,120 annually through FY2025. Salaries has the largest projected average annual variance compared to the historical average at - \$1,066,524.
Benefits	\$595,458	\$457,755	(\$137,703)	
Purchased Services	\$265,872	\$99,317	(\$166,555)	
Supplies & Materials	(\$170,162)	\$79,658	\$249,820	
Capital Outlay	(\$68,141)	(\$22,575)	\$45,566	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$1,257	\$12,285	\$11,028	
Other Uses	\$0	\$0	\$0	
Total Average Annual Change	\$2,114,487 4.38%	\$1,050,120 1.97%	(\$1,064,367) -2.40%	

Note: Expenditure average annual change is projected to be > \$1,050,120

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.

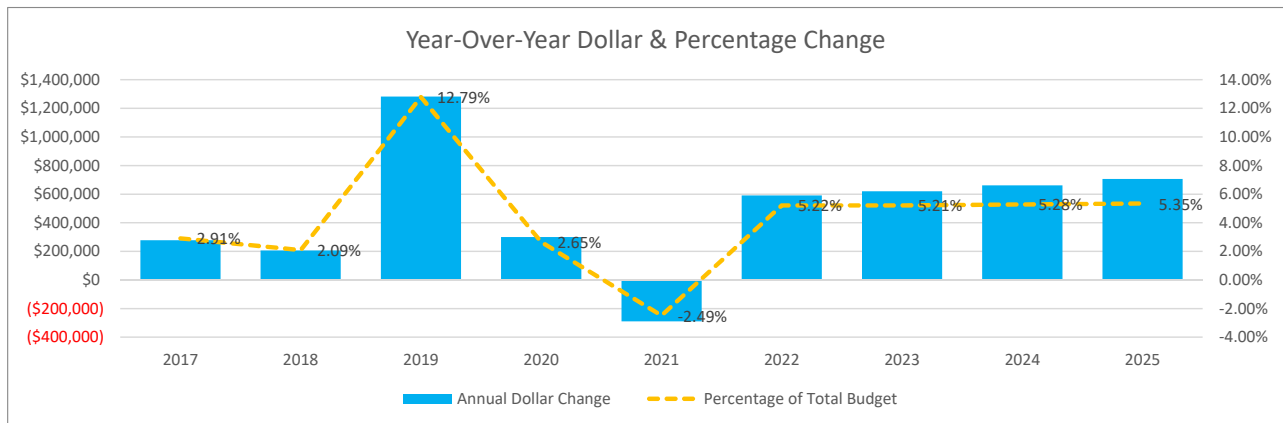
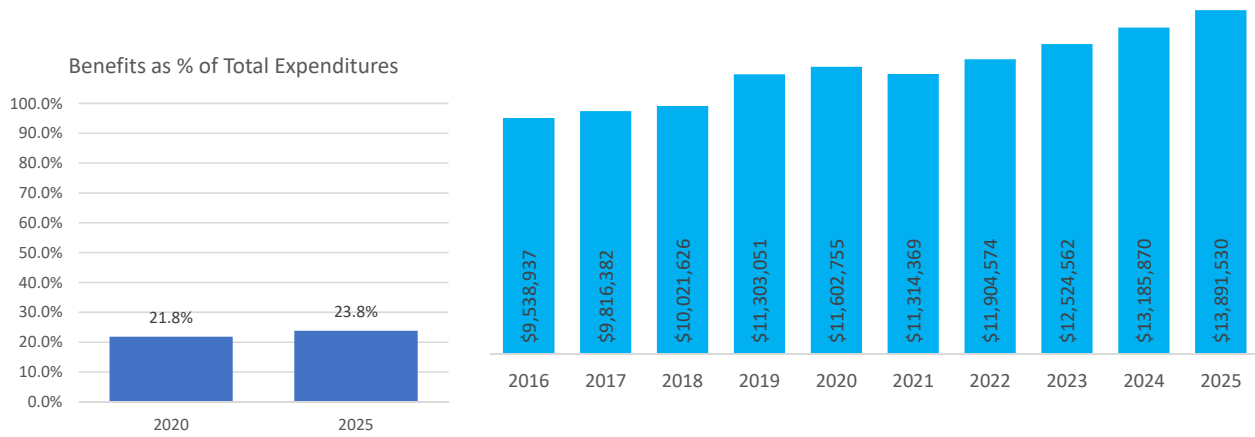


Salaries represent 62.97% of total expenditures and increased at a historical average annual rate of 4.90% or \$1,490,204. This category of expenditure is projected to grow at an average annual rate of 1.27% or \$423,681 through FY 2025. The projected average annual rate of change is -3.63% less than the five year historical annual average.

The district has seen significant changes in salaries due to reductions in force because of two failed levies, absorbing positions that were lost due to attrition and outsourcing substitutes. Also administrators and exempt office staff did not take a forecasted base pay increase of 2% this year. This amount is fairly minimal, approximately \$60,000. The future assumptions are a rollover from the May forecast that currently has 1% base increases to salaries and step increases that are consistent with the salary schedules. The district is currently in a year where they will negotiate both union contracts and any changes will impact future forecasted years.

3.020 - Employees' Benefits

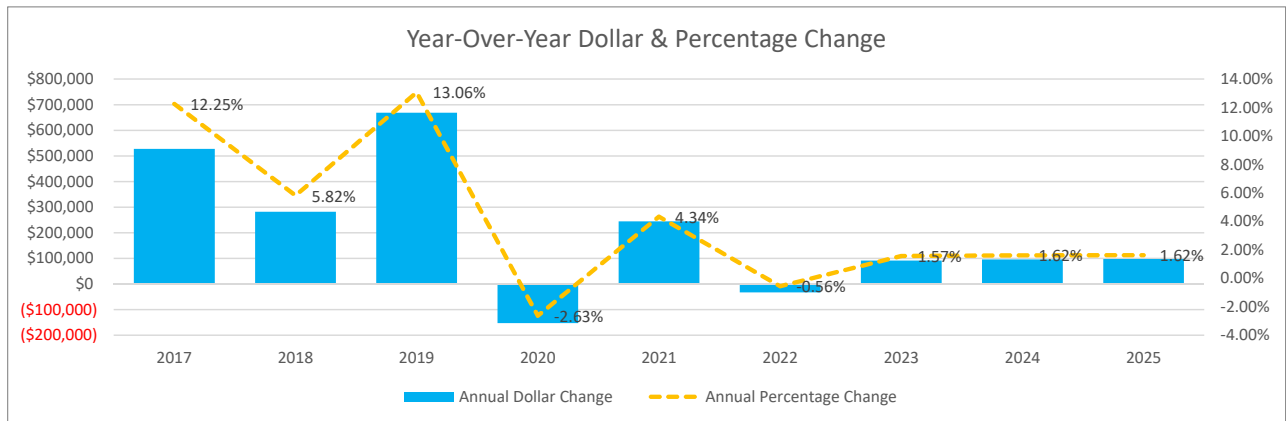
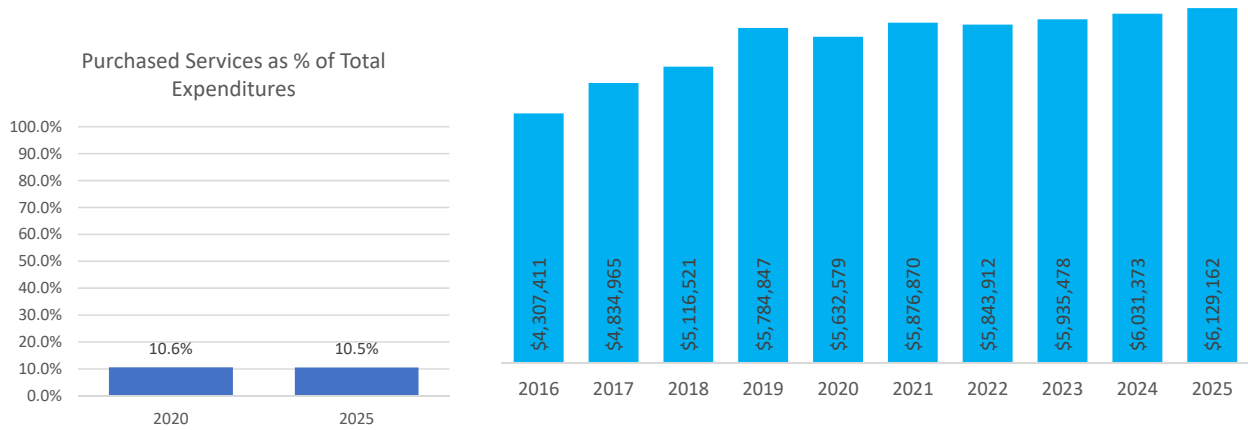
Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits represent 21.82% of total expenditures and increased at a historical average annual rate of 5.84%. This category of expenditure is projected to grow at an annual average rate of 3.71% through FY 2025. The rate of change is based on pension payments due to increased payroll and an 8% annual increase per actuarial assumptions through the forecasted years. The projected average annual rate of change is -2.13% less 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.

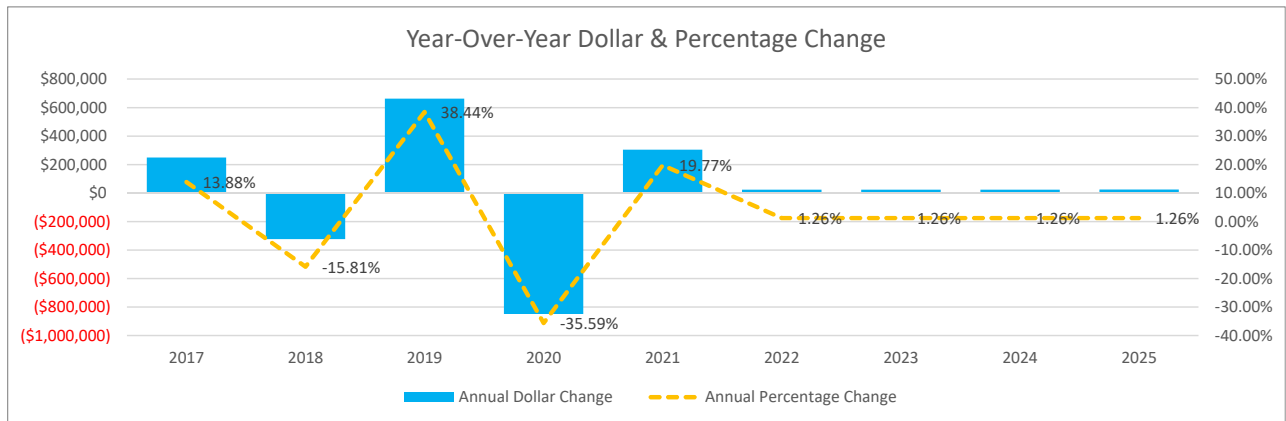
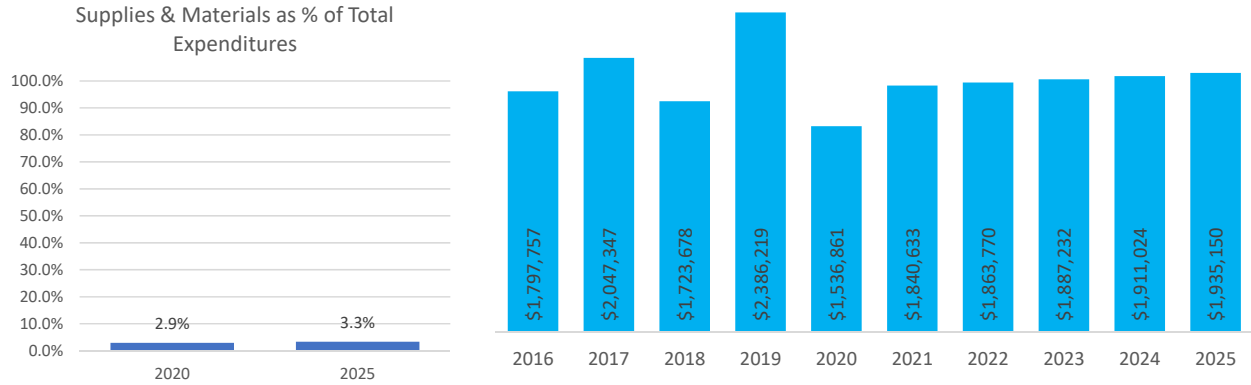


Purchased Services represent 10.59% of total expenditures and increased at a historical average annual rate of 5.42%. This category of expenditure is projected to grow at an annual average rate of 1.72% through FY 2025. The projected average annual rate of change is -3.70% less than the five year historical annual average.

The drop in expenses in 2020 is due to the COVID19 epidemic impacts in the spring of 2020. There were reductions in budgets due to the failed levies but the increase in 2021 is due to substitutes being outsourced and being moved from the salary line item and the increase in community school attendance. The district has seen an increase in enrollment, almost double, to community schools. This deduction to community schools is charged to the district in the purchased services line item. The district is estimating those numbers will decline to pre-COVID19 levels in 2022.

3.040 - Supplies & Materials

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

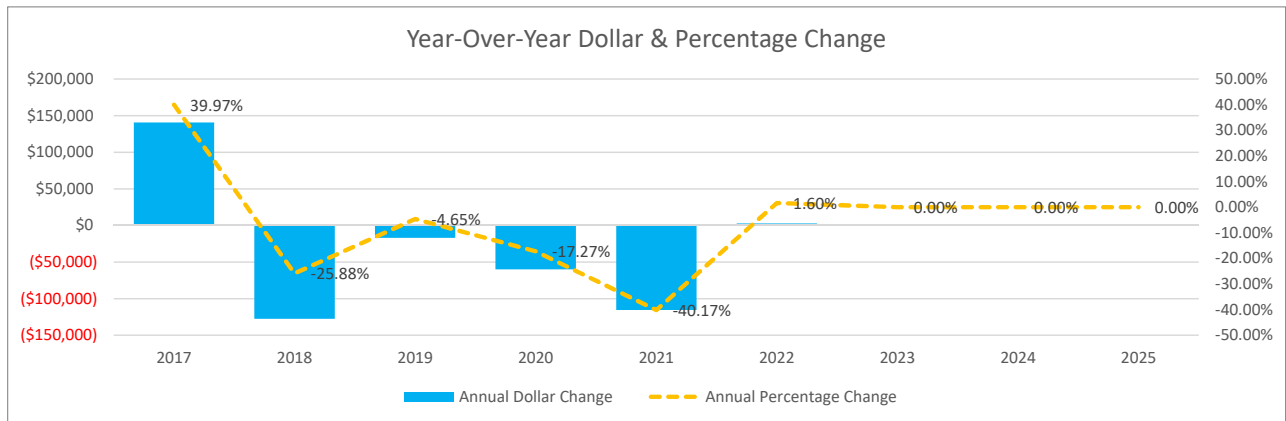
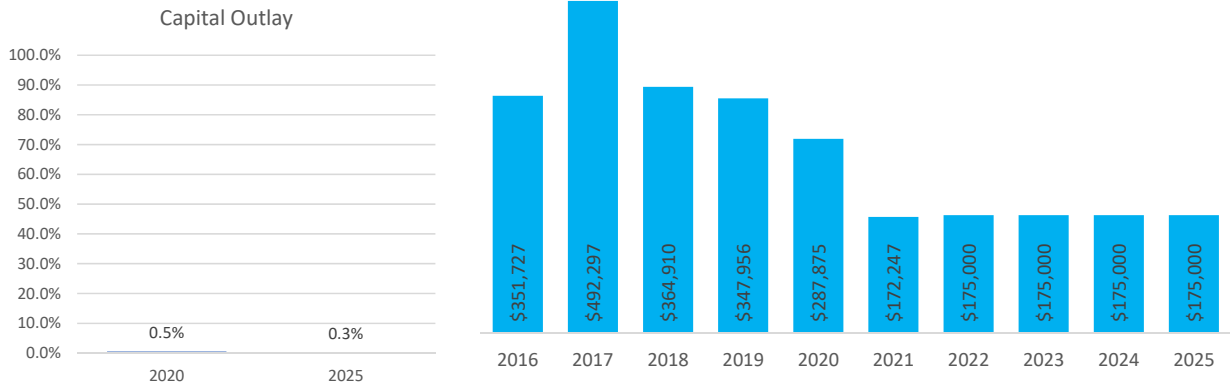


Supplies & Materials represent 2.89% of total expenditures and decreased at a historical average annual rate of -4.32%. This category of expenditure is projected to grow at an annual average rate of 4.96% through FY 2025. The projected average annual rate of change is 9.28% more than the five year historical annual average.

Supplies expenses decreased substantially at the end of 2020 due to COVID19. 2021 is a resumption of previous supply needs with some cuts from the failed levies. There are minimal costs due to COVID19 at this point as these expenses are being covered by grants and other sources.

3.050 - Capital Outlay

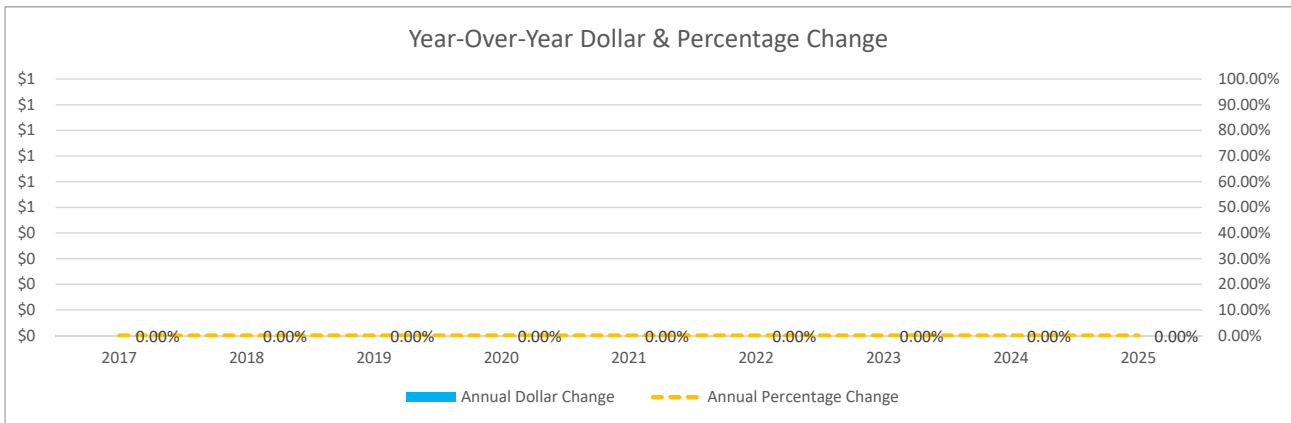
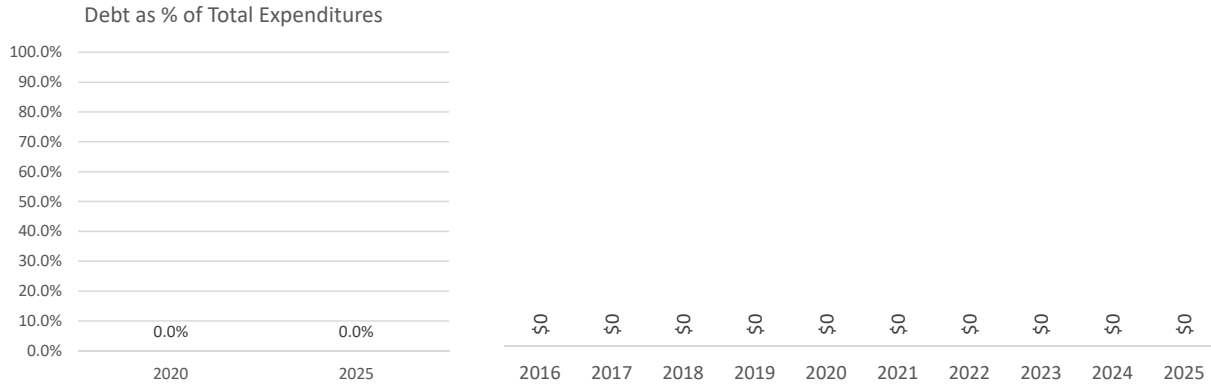
This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay represent 0.54% of total expenditures and decreased at a historical average annual amount of -\$68,141. This category of expenditure is projected to decrease at an annual average amount of -\$22,575 through FY 2025. The projected average annual change is more than the five year historical annual average. The updated expenses are focused primarily on our one to one chromebook lease program needs for 7th and 10th grade. These students pay a fee to lease a device and is captured in our other revenue line item.

3.060-4.060 - Intergovernmental & Debt

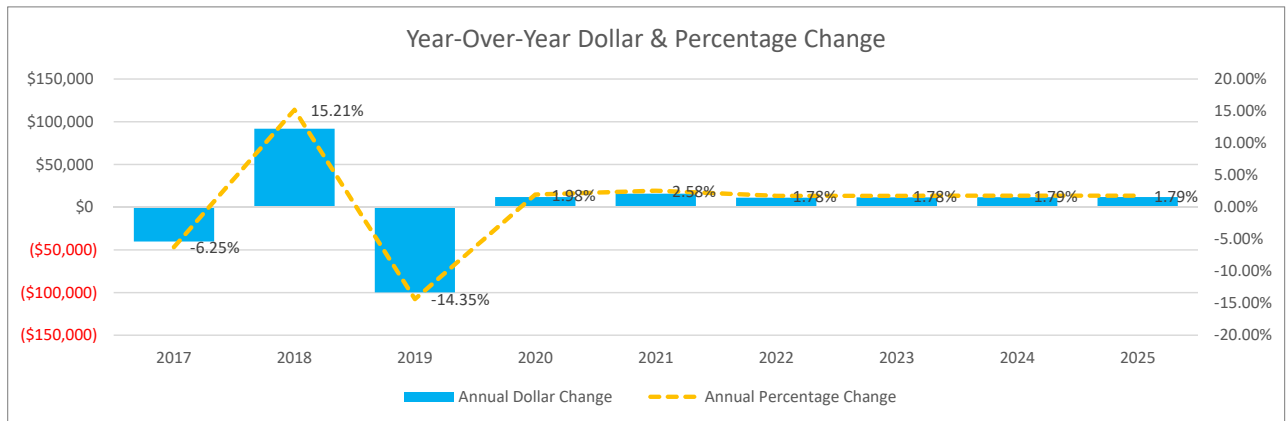
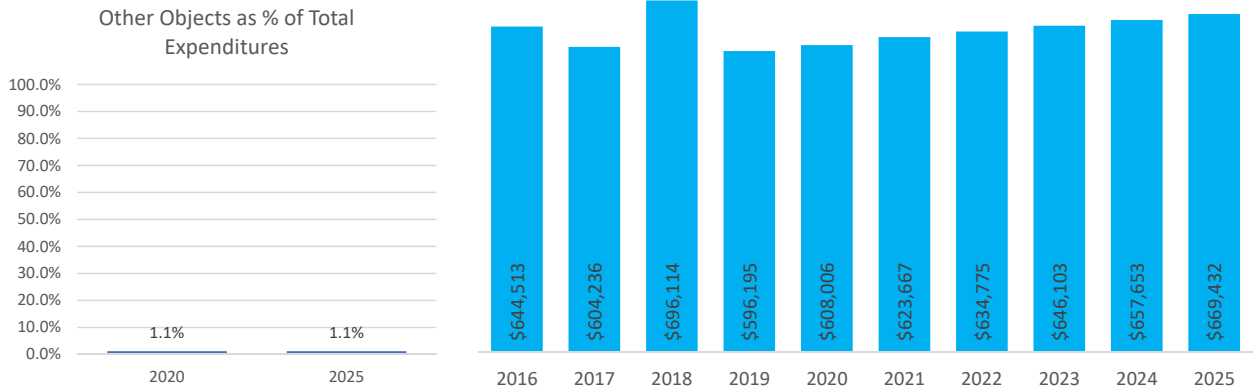
These lines account for pass through payments, as well as monies received by a district on behalf of another governmental entity, plus principal and interest payments for general fund borrowing.



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

4.300 - Other Objects

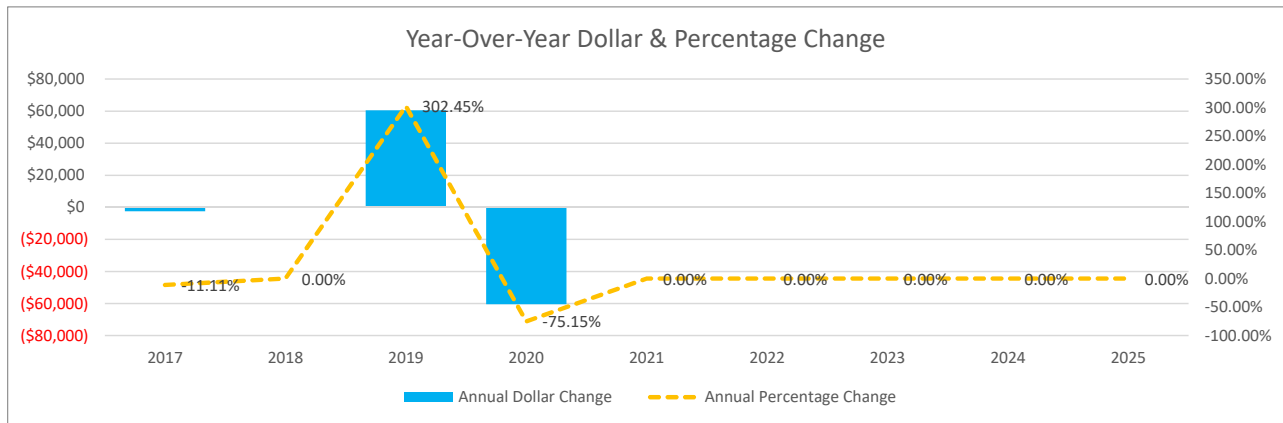
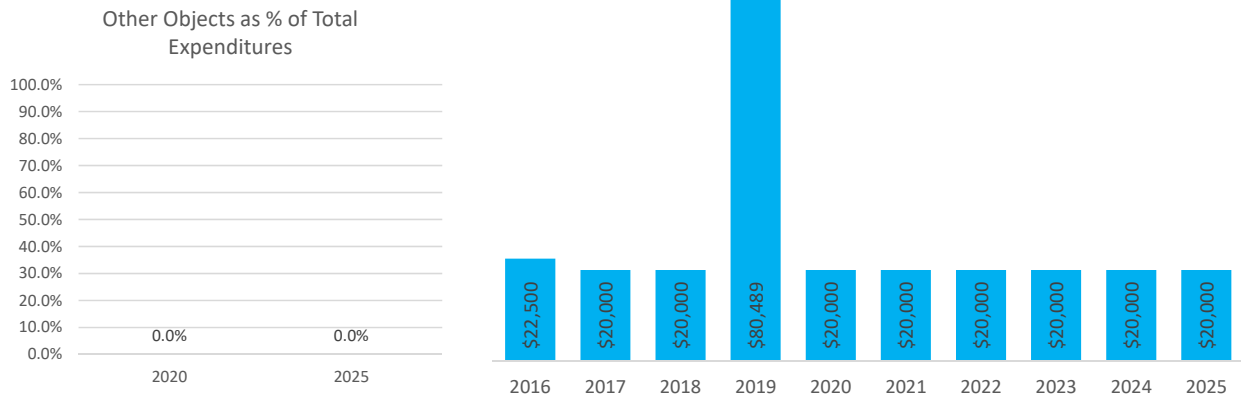
Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



Other Objects represent 1.14% of total expenditures and increased at a historical average annual rate of 0.94%. This category of expenditure is projected to grow at an annual average rate of 1.94% through FY 2025. The projected average annual rate of change is 1.00% more than the five year historical annual average. The primary expense line item are the fees for the collection of taxes.

5.040 - Total Other Financing Uses

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



	FORECASTED					
	2020	2021	2022	2023	2024	2025
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 transfers to a fund for turf replacement on the main athletic field. In FY 2020 the district had no advances-out and has no advances-out forecasted through FY 2025. The table above presents the district's planned transfers.

Loveland City School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2020	2021	2022	2023	2024	2025
Revenue:						
1.010 - General Property Tax (Real Estate)	30,289,538	30,533,864	30,923,965	31,162,505	31,226,148	31,500,909
1.020 - Public Utility Personal Property	1,287,446	1,351,325	1,403,682	1,456,258	1,508,835	1,561,411
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	12,388,145	12,355,669	13,432,217	13,432,217	13,432,217	13,432,217
1.040 - Restricted Grants-in-Aid	202,427	205,000	205,000	205,000	205,000	205,000
1.050 - Property Tax Allocation	3,741,912	3,764,640	3,790,786	3,812,735	3,847,757	3,882,286
1.060 - All Other Operating Revenues	1,858,401	1,585,823	2,037,697	2,035,852	2,034,213	2,032,783
1.070 - Total Revenue	49,767,870	49,796,321	51,793,347	52,104,567	52,254,170	52,614,606
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	60,489	-	-	-	-	-
2.060 - All Other Financing Sources	540,452	225,000	225,000	225,000	225,000	225,000
2.070 - Total Other Financing Sources	600,941	225,000	225,000	225,000	225,000	225,000
2.080 - Total Rev & Other Sources	50,368,810	50,021,321	52,018,346	52,329,567	52,479,170	52,839,605
Expenditures:						
3.010 - Personnel Services	33,483,902	32,079,610	32,959,269	33,815,931	34,696,785	35,602,305
3.020 - Employee Benefits	11,602,755	11,314,369	11,904,574	12,524,562	13,185,870	13,891,530
3.030 - Purchased Services	5,632,579	5,876,870	5,843,912	5,935,478	6,031,373	6,129,162
3.040 - Supplies and Materials	1,536,861	1,840,633	1,863,770	1,887,232	1,911,024	1,935,150
3.050 - Capital Outlay	287,875	172,247	175,000	175,000	175,000	175,000
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	608,006	623,667	634,775	646,103	657,653	669,432
4.500 - Total Expenditures	53,151,978	51,907,396	53,381,300	54,984,305	56,657,704	58,402,578
Other Financing Uses						
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
5.050 - Total Exp and Other Financing Uses	53,171,978	51,927,396	53,401,300	55,004,305	56,677,704	58,422,578
6.010 - Excess of Rev Over/(Under) Exp	(2,803,168)	(1,906,075)	(1,382,953)	(2,674,738)	(4,198,535)	(5,582,972)
7.010 - Cash Balance July 1 (No Levies)	15,145,170	12,342,002	10,435,927	9,052,974	6,378,236	2,179,702
7.020 - Cash Balance June 30 (No Levies)	12,342,002	10,435,927	9,052,974	6,378,236	2,179,702	(3,403,271)
		Reservations				
8.010 - Estimated Encumbrances June 30	-	-	-	-	-	-
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	12,342,002	10,435,927	9,052,974	6,378,236	2,179,702	(3,403,271)
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	12,342,002	10,435,927	9,052,974	6,378,236	2,179,702	(3,403,271)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	12,342,002	10,435,927	9,052,974	6,378,236	2,179,702	(3,403,271)