

Loveland City School District

Fiscal Year  
**2026**  
October

Financial  
Forecast  
Report



*Loveland*  
CITY SCHOOL DISTRICT

Prepared By:

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Loveland City School District

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## **Forecast Purpose/Objectives**

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

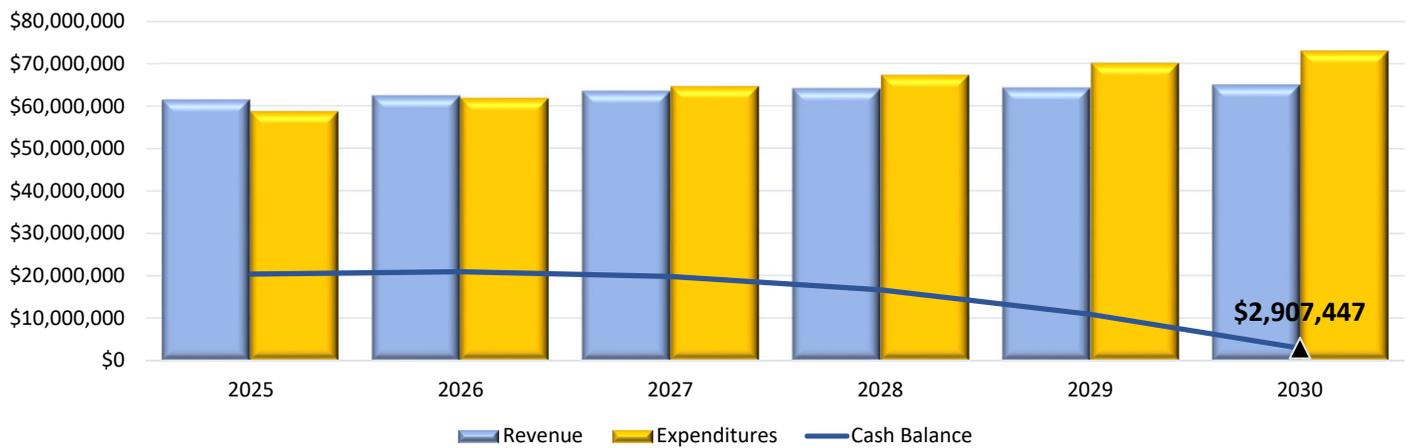
1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 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

## Projected Revenue, Expenditures, and Cash Balance



## Financial Forecast Summary

	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030
Beginning Balance (Line 7.010) <i>*Includes Renewal/New Levy Revenue, see Disclosures</i>	20,374,687	20,959,702	19,835,692	16,682,367	10,927,673
+ Revenue	62,498,732	63,577,910	64,192,018	64,394,300	65,046,844
- Expenditures	(61,913,718)	(64,701,919)	(67,345,344)	(70,148,994)	(73,067,070)
= Revenue Surplus or Deficit	585,015	(1,124,009)	(3,153,325)	(5,754,694)	(8,020,226)
Line 7.020 Ending Balance with Renewal/New Levies	20,959,702	19,835,692	16,682,367	10,927,673	2,907,447

## Financial Summary Notes

Expenditure growth is projected to outpace revenue change. By the end of 2030, the cash balance is projected to decline by a total of \$17,467,240 compared to 2025. For fiscal year 2030, expenditures are currently projected to exceed revenue, resulting in a revenue shortfall the final year of the forecast period.

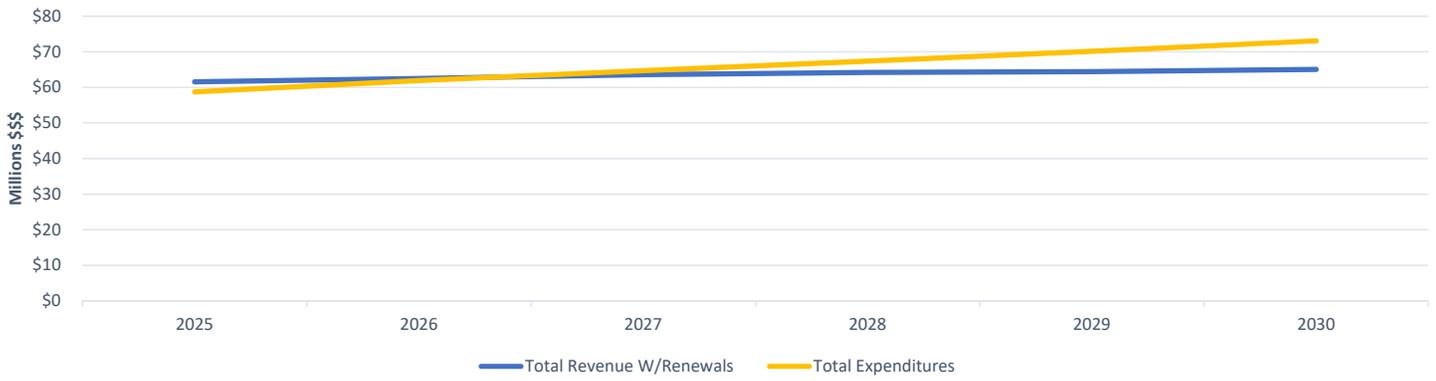
For revenue, projected change is expected to be less than the historical average. Over the past five years, revenue increased by 4.13% (\$2,238,947 annually). However, it is projected to increase by 1.11% (\$696,659 annually) through fiscal year 2030. Notably, All Othr Op Rev, is expected to be \$932,164 less per year compared to history, and is the biggest driver of trend change on the revenue side.

For expenses, projected change is forecasted to increase at a faster pace than the historical trend. Expenditures increased EW89 by 2.15% (\$1,115,546 annually) during the past 5-year period, and are projected to increase by 4.46% (\$2,863,473 annually) through 2030. The forecast line with the most change on the expense side, Salaries, is anticipated to be \$904,075 more per year in the projected period compared to historical averages.

Disclosure Items:	2026	2027	2028	2029	2030
Modeled Renewal Levies - Annual Amount	-	-	-	-	-
Modeled New Levies - Annual Amount	-	-	-	-	-
Encumbrances (not subtracted from Cash Balance)	-	-	-	-	-

# Forecast Analysis

## Revenue Compared to Expenditures

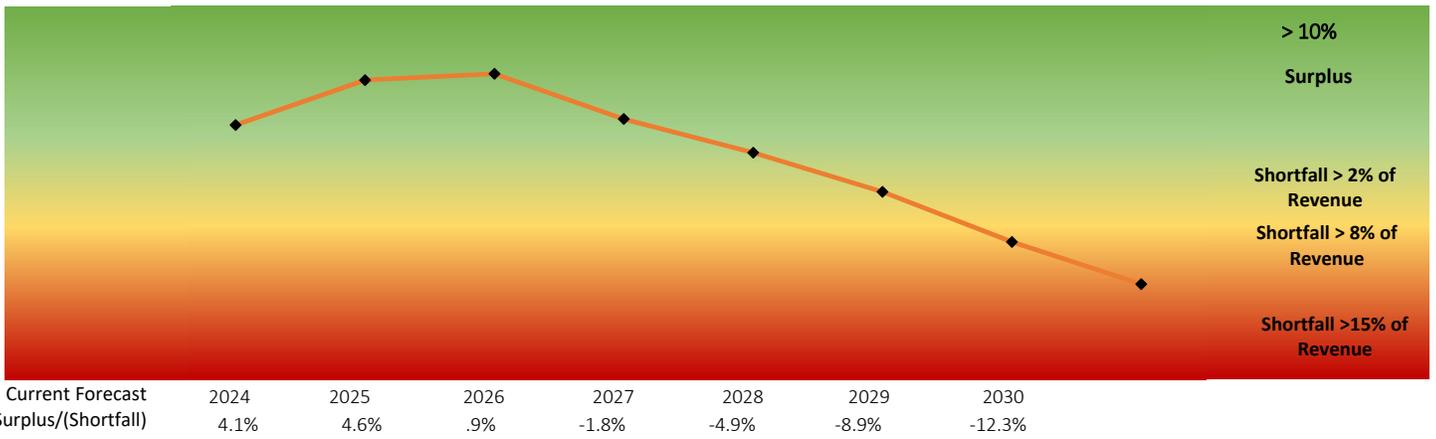


From 2026 to 2030, total revenues are projected to change by 1.11%

Expenditure change is expected to outpace revenue change.

From 2026 to 2030, total expenses are projected to change by 4.46%

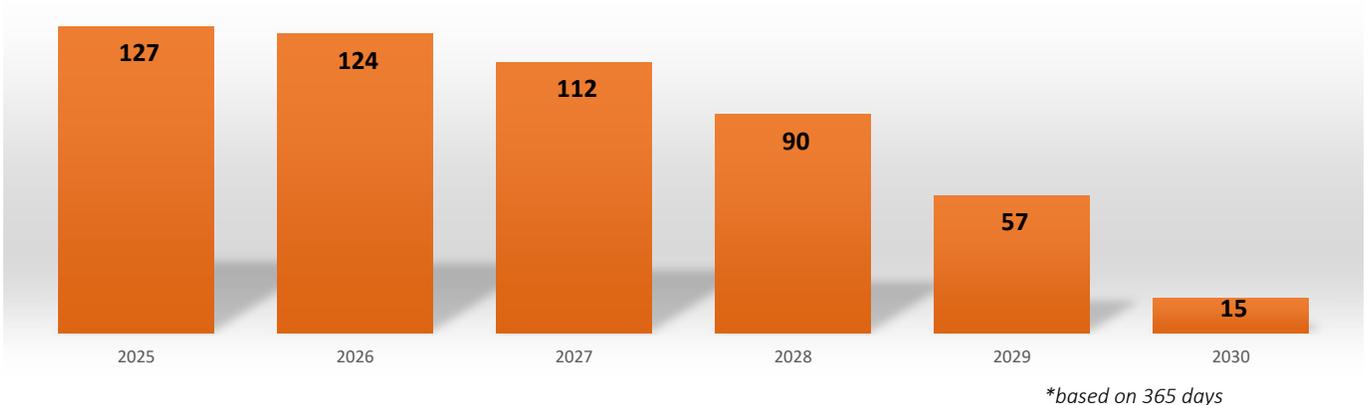
## Revenue Surplus/(Shortfall) as a Percentage of Revenue



The district is trending toward revenue shortfall with the expenditures growing faster than revenue. A revenue increase of 8.94% is needed to balance the budget in fiscal year 2030, or a \$8,020,226 reduction in expenditures.

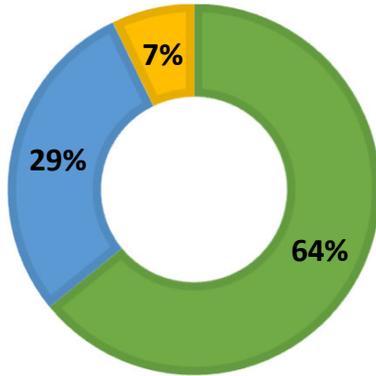
- The largest contributor to the projected revenue trend is the change in All Othr Op Rev.
- The expenditure most impacting the changing trend is Salaries.

## Days Cash on Hand at Fiscal Year-end



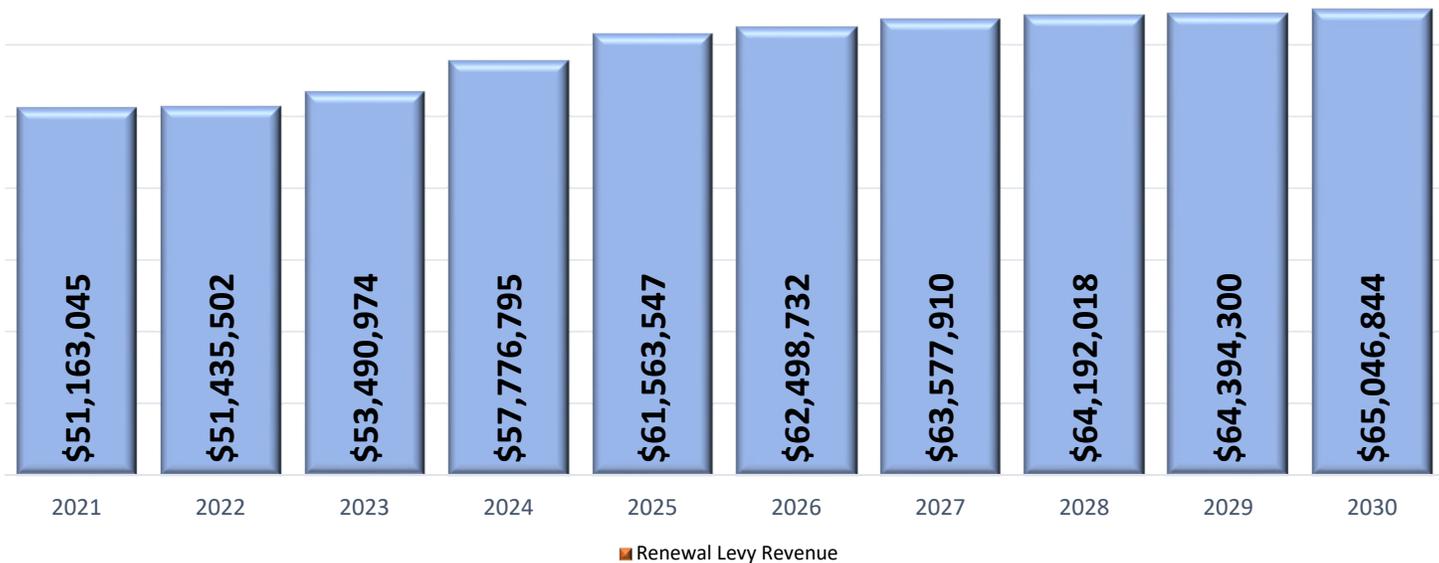
# Revenue Overview

## Revenue Sources



Local Taxes	
Real Estate Tax	60.94%
Public Utility Tax	3.18%
Income Tax	0.00%
State Sources	
State Funding	21.50%
Restricted Aid	0.71%
State Share of Local Tax	6.47%
All Other Revenue	
Other Revenue	5.97%
Other Sources	1.22%

## Annual Revenue Actual + Projected



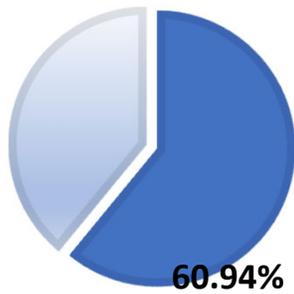
## Historic Revenue Change versus Projected Revenue Change

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	Over the past five years, revenue increased by 4.13% (\$2,238,947 annually). However, it is projected to increase by 1.11% (\$696,659 annually) through fiscal year 2030. Notably, All Othr Op Rev, is expected to be \$932,164 less per year compared to history, and is the biggest driver of trend change on the revenue side.
Real Estate	\$1,348,135	\$552,649	(\$795,486)	
Public Utility	\$92,205	\$82,493	(\$9,712)	
Income Tax	\$0	\$0	\$0	
State Funding	\$167,988	\$150,836	(\$17,151)	
State Share of Local Property Taxes	\$53,194	\$40,404	(\$12,790)	
All Othr Op Rev	\$651,822	(\$280,342)	(\$932,164)	
Other Sources	(\$74,395)	\$150,619	\$225,015	
<b>Total Average Annual Change</b>	<b>\$2,238,947</b> 4.13%	<b>\$696,659</b> 1.11%	<b>(\$1,542,288)</b> -3.03%	

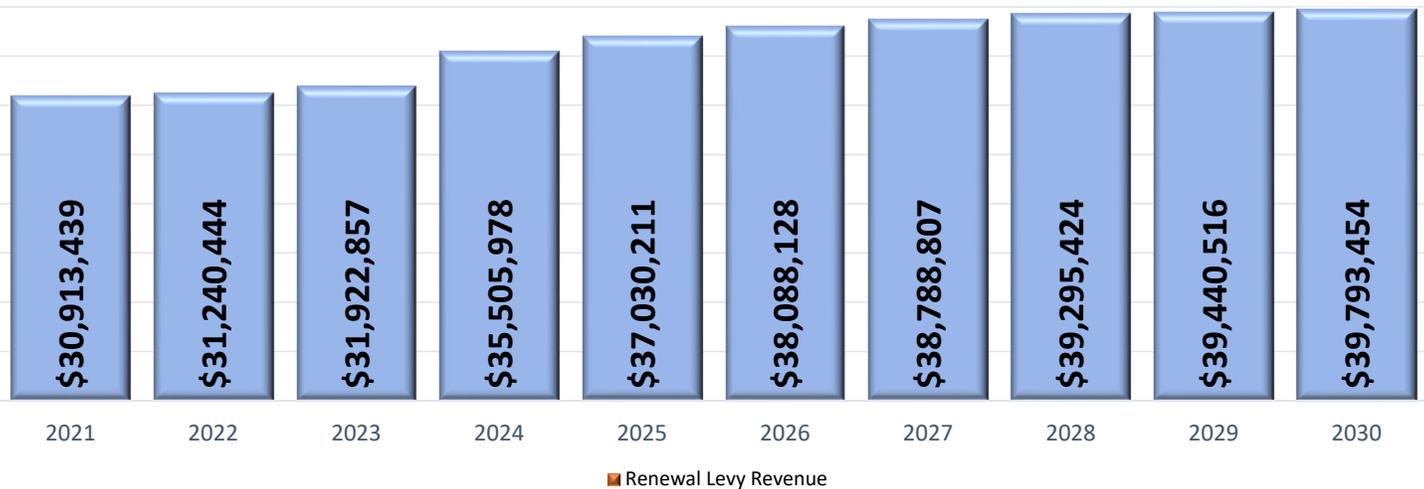
For Comparison:  
 Expenditure average annual change is projected to be > \$2,863,473 On an annual average basis, expenditures are projected to grow faster than revenue.

### 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).



Real estate property tax revenue accounts for 60.94% of total district general fund revenue.



#### Key Assumptions & Notes

Values, Tax Rates and Gross Collections							Gross Collection Rate Including Delinquencies
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class 2 Rate	Change	
2024	1,323,695,800	2,270,060	31.80	-	38.02	-	98.2%
2025	1,329,855,800	6,160,000	31.78	(0.01)	37.91	(0.11)	99.1%
2026	1,518,340,800	188,485,000	28.36	(3.42)	36.68	(1.22)	99.1%
2027	1,524,950,800	6,610,000	28.35	(0.01)	36.49	(0.19)	99.1%
2028	1,531,560,800	6,610,000	28.34	(0.01)	36.30	(0.19)	99.1%
2029	1,639,910,800	108,350,000	26.80	(1.54)	35.20	(1.10)	99.1%

Class I, or residential/agricultural taxes make up approximately 91.48% of the real estate property tax revenue. The Class I tax rate is 31.78 mills in tax year 2025. The projections reflect an average gross collection rate of 99.1% annually through tax year 2029. The revenue changed at an average annual historical rate of 4.16% and is projected to change at an average annual rate of 1.45% through fiscal year 2030.

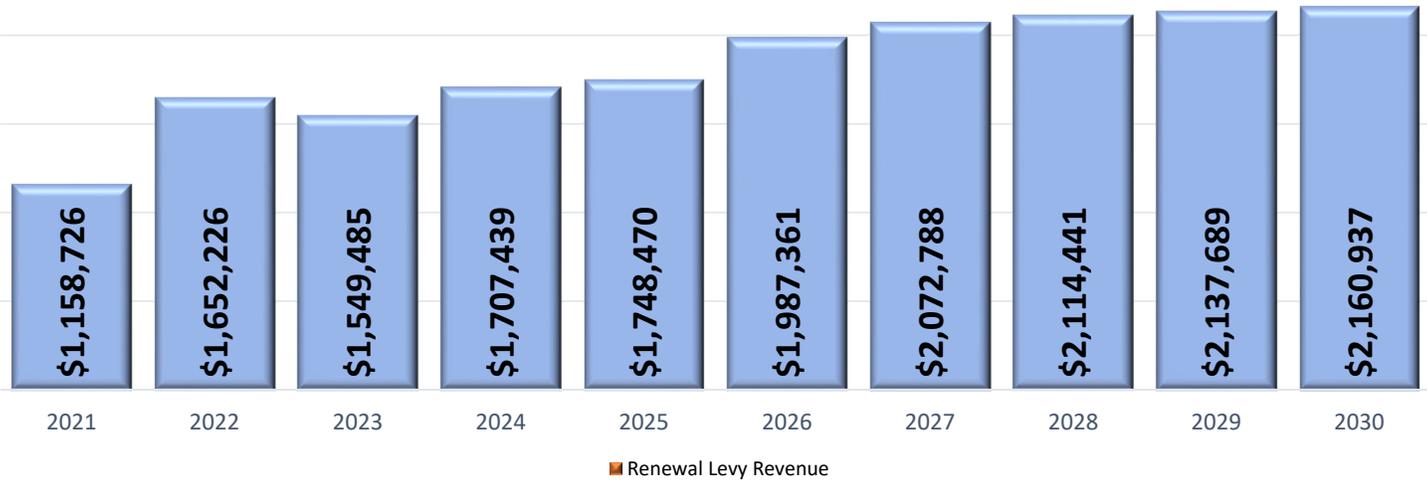
Loveland City Schools passed a 4.9 Mill operating levy in May 2023. This along with a 35.59% property valuation increase tied to Clermont and Hamilton Counties going through the 2023 reappraisal, led to an effective millage rate decrease of 4.88 mills to 32.02 of the 80.24 fully voted mills. This is due to the reduction factor tied to HB 920, passed in 1976, that prevents the school district from seeing additional revenue due to property valuation increases. While LCSD did receive increased revenue from inside millage, this was forecasted prior to receiving and was not an unplanned surplus in new funding.

### 1.020 - Public Utility Personal Property

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



Public Utility Personal Property tax revenue accounts for 3.18% of total district general fund revenue.



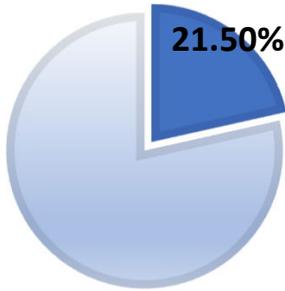
#### Key Assumptions & Notes

Values and Tax Rates					Gross Collection Rate Including Delinquencies
Tax Year	Valuation	Value Change	Full Voted Rate	Change	
2024	25,610,390	1,953,760	80.24	-	94.0%
2025	26,360,390	750,000	80.24	-	96.6%
2026	27,135,390	775,000	80.24	-	96.6%
2027	27,435,390	300,000	80.24	-	96.6%
2028	27,735,390	300,000	80.24	-	96.6%
2029	28,035,390	300,000	80.24	-	96.6%

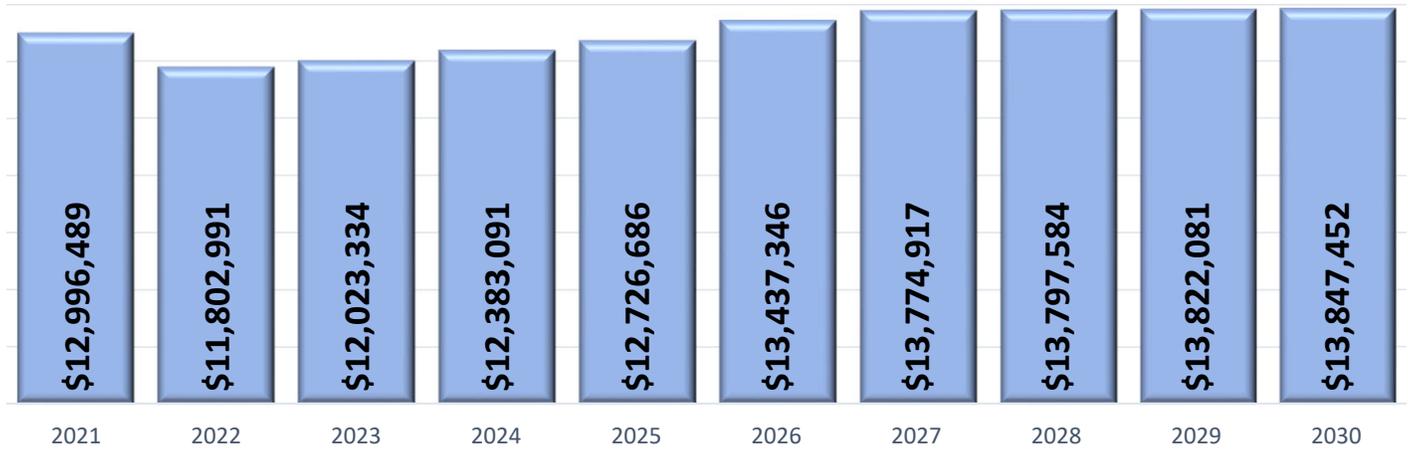
The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. The property is taxed at the full voted tax rate which in tax year 2025 is 80.24 mills. The forecast is modeling an average gross collection rate of 96.58%. The revenue changed historically at an average annual dollar amount of \$92,205 and is projected to change at an average annual dollar amount of \$82,493 through fiscal year 2030.

### 1.035 - Unrestricted Grants-in-Aid

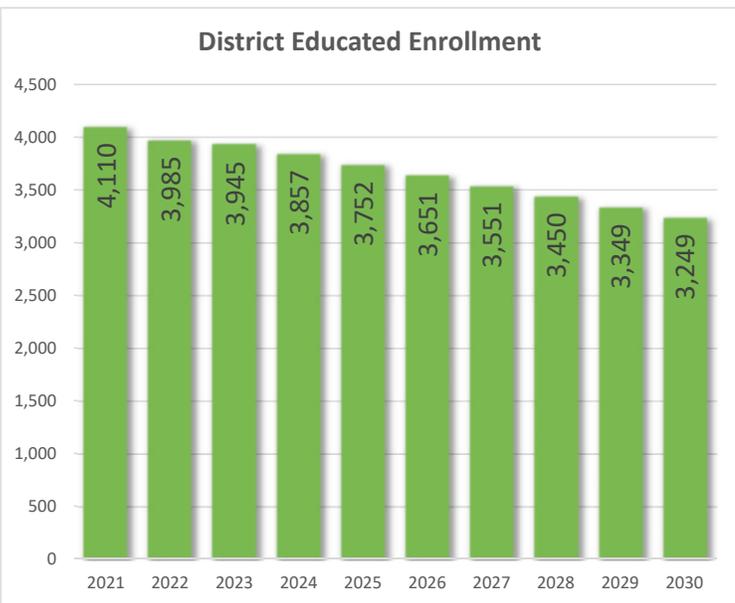
Funds received through the State Foundation Program with no restriction.



Unrestricted State Aid revenue accounts for 21.50% of total district general fund revenue.



#### Key Assumptions & Notes



Beginning in fiscal year 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.

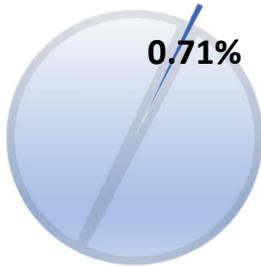
For Loveland City School District, the calculated Base Cost total is \$31,416,717 in 2026.

The State's Share of the calculated Base Cost total is \$2,978,386, or \$816 per pupil.

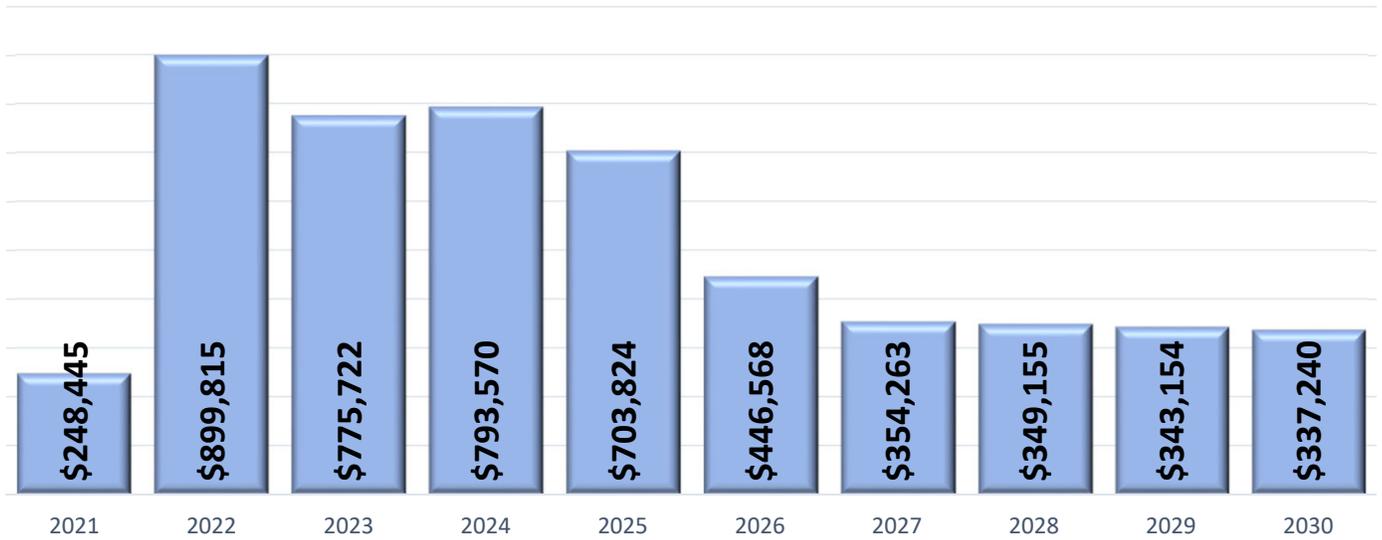
The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts, which impacts the expense side of the forecast.

### 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 State Aid revenue accounts for 0.71% of total district general fund revenue.



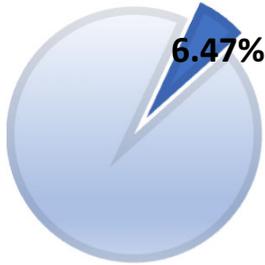
#### Key Assumptions & Notes

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 -\$65,330 and is projected to change annually on average by -\$73,317. Restricted funds represent 0.71% of the district's total revenue. Starting in fiscal year 2022, the district's Success & Wellness funding became restricted; the state's share of this funding recorded as restricted is \$195,117. 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.

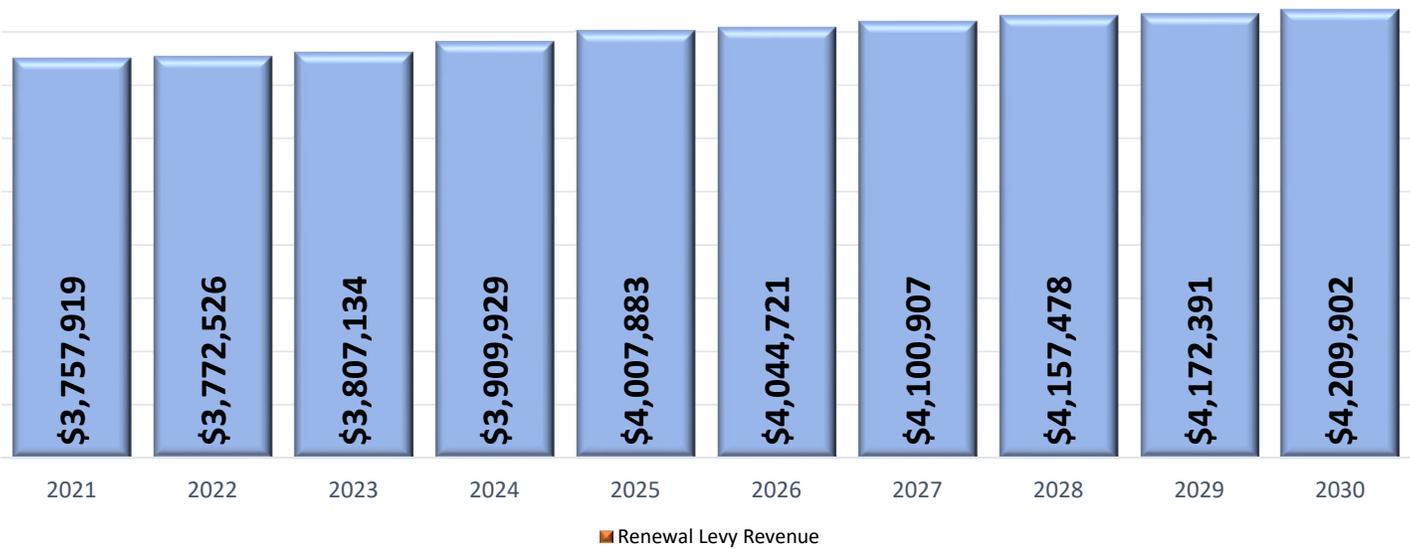
In June, 2023 HB33, the new budget bill, was signed into law. The new biennium budget will continue the Fair School Funding Plan phase in. HB33 changed the base cost component calculation to 2022 cost data, from 2018, which was significant for many districts. Loveland is a guarantee funded district, meaning that the state guarantees that we will receive the same amount of funding as the year before. Therefore, the changes mentioned above have no effect on Loveland's funding. If legislation is ever passed to reduce the guarantee Loveland could lose significant funding. Loveland's enrollment would have to increase by over 1600 students to come off of the guarantee. The only area of unrestricted state funding where we are able to see some growth is in transportation funding. Transportation funding is outside of the guarantee. The minimum state share for transportation funding is moving to 50%. Loveland's transportation state share was 10%, is now 37.5% and will gradually move to 50% by 2027, which represents the increased funding above. Additionally, in restricted revenue, LCS saw a one time revenue for high quality instructional materials tied to the Science of Reading initiatives at the state level. This accounted for the increase in FY24 and forecasted increase for FY25. Beginning in July 2025 (FY26), HB96 provided the district with modest increases as well as increases tied to the star rating of Ohio's state report card. The amounts of the increase are \$591,183 and \$226,356 for FY26 and FY27, respectively. This equates to an increase equivalent of .82% and .31% in FY26 and FY27, respectively, while the August 2025 CPI rate was at 2.9%.

### 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 tax revenue accounts for 6.47% of total district general fund revenue.



#### Key Assumptions & Notes

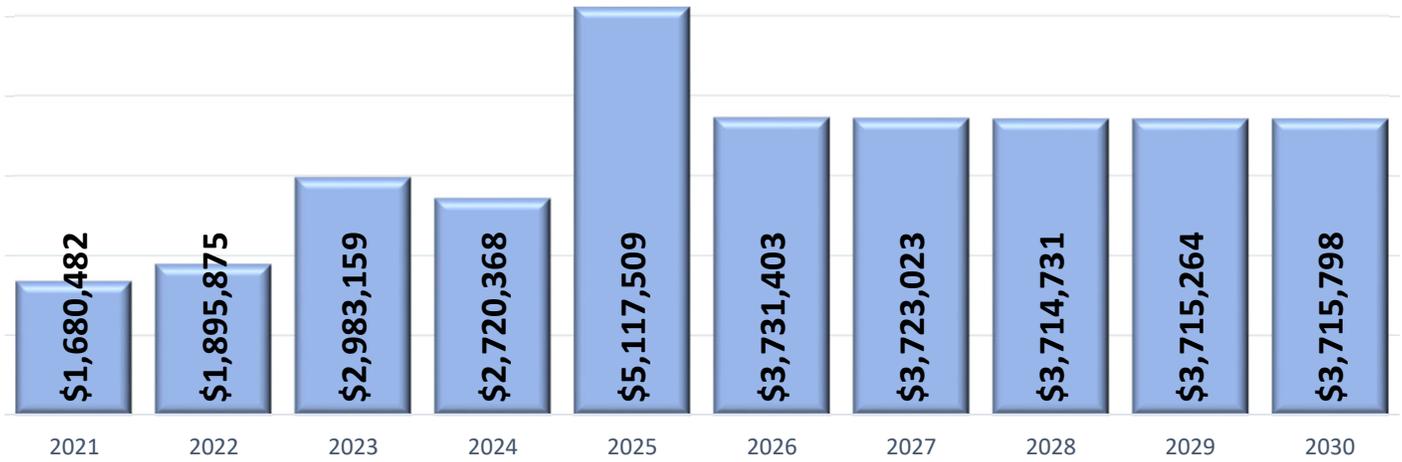
State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions to their tax bill. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In fiscal year 2026, approximately 9.5% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 0.7% 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.



All Other Revenue accounts for 5.97% of total district general fund revenue.



#### Key Assumptions & Notes

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 \$651,822. The projected average annual change is -\$280,342 through fiscal year 2030.

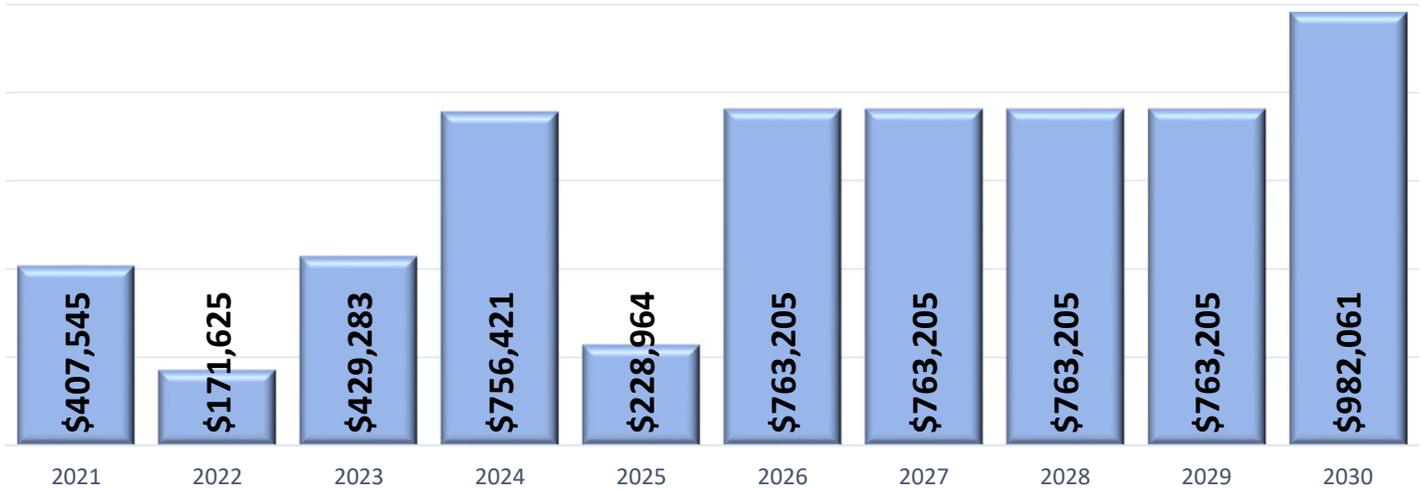
The district began school fee calls in FY25 that led to collecting outstanding fees for full day kindergarten and pay to participate fees. This has an effect on instructional fees as well, however, those fees are not deposited into the general fund. Additionally, the district was able to receive 2.5 years of TIF payments tied to delays with the Ohio Department of Taxation. This led to the one time "spike" in funds, however, the property tax revenue was reduced commensurate with this payment. The district expects both fee collections and TIF payments to stabilize in the current and future fiscal years leading to the projection presented in this revenue area. Interest income also was higher than past years and is conservatively projected to be near FY25 revenue levels.

## 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.



Other Sources of revenue accounts for 1.22% of total district general fund revenue.



### Key Assumptions & Notes

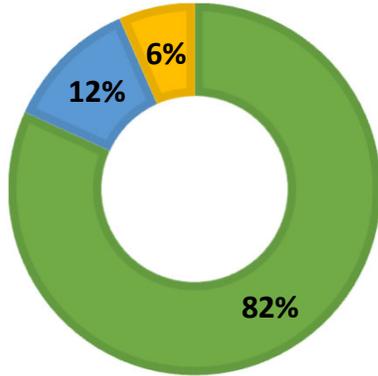
	FORECASTED					
	2025	2026	2027	2028	2029	2030
Transfers In	-	-	-	-	-	-
Advances In	-	-	-	-	-	-
All Other Financing Sources	228,964	763,205	763,205	763,205	763,205	982,061

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In 2025 the district receipted \$0 as advances-in and is projecting advances of \$0 in fiscal year 2026. 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 \$763,205 in 2026 and average \$817,919 annually through 2030.

This are was impacted by the delayed medicaid reimbursement tied to FY24. The assumptions show that the delay will continue in future years, and will be adjusted on February 2026 should the reimbursement for FY25 be received prior to that time.

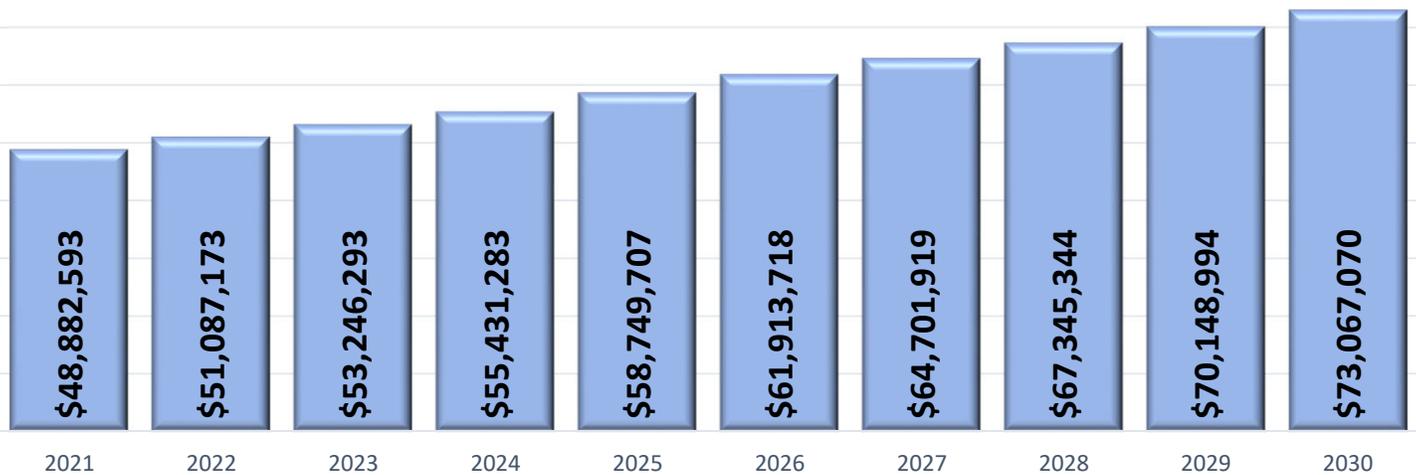
# Expenditure Overview

## Expenditure Categories



Personnel Costs	
Salaries	60.95%
Benefits	20.84%
Purchased Services	
	11.61%
All Other Expenditures	
Supplies, Capital, Debt, Other Obj	5.57%
Other Uses	1.03%

## Annual Expenditures Actual + Projected



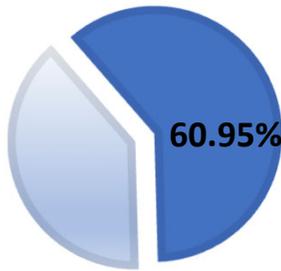
## Historic Expenditures Change versus Projected Expenditures Change

	Historical Average Annual \$\$ Change	Projected Average Annual \$\$ Change	Projected Compared to Historical Variance	
Salaries	\$591,607	\$1,495,682	\$904,075	Expenditures increased EW89 by 2.15% (\$1,115,546 annually) during the past 5-year period, and are projected to increase by 4.46% (\$2,863,473 annually) through 2030. The forecast line with the most change on the expense side, Salaries, is anticipated to be \$904,075 more per year in the projected period compared to historical averages.
Benefits	\$93,276	\$865,026	\$771,749	
Purchased Services	\$200,421	\$393,347	\$192,926	
Supplies & Materials	\$133,920	\$103,713	(\$30,207)	
Capital Outlay	(\$56,821)	(\$754)	\$56,066	
Intergov & Debt	\$0	\$0	(\$0)	The district did use some ESSER funds on staffing that have now been brought into the forecast. This was approved by the BOE in the spring of 2024 to go into place during the 2024-25 school year and beyond.
Other Objects	\$49,502	\$36,099	(\$13,402)	
Other Uses	\$103,640	(\$29,640)	(\$133,280)	
<b>Total Average Annual Change</b>	<b>\$1,115,546</b>	<b>\$2,863,473</b>	<b>\$1,747,927</b>	
	2.15%	4.46%	2.31%	

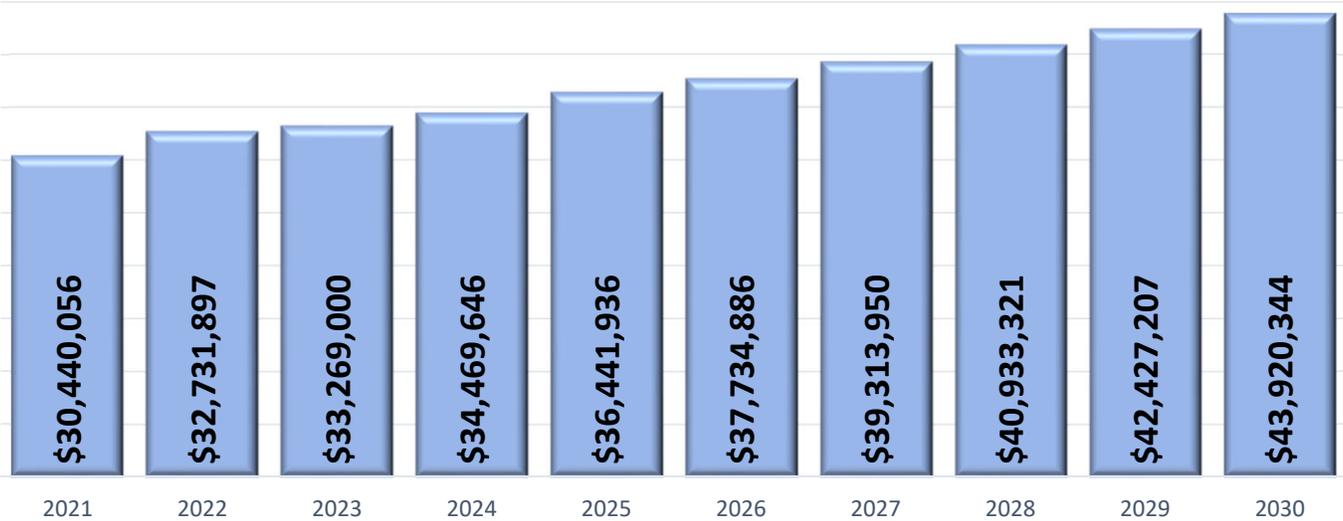
For Comparison: Revenue average annual change is projected to be > \$696,659 On an annual average basis, revenues are projected to grow slower than expenditures.

### 3.010 - Personnel Services

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



Salaries account for 60.95% of the district's total general fund spending.



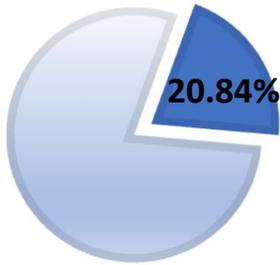
#### Key Assumptions & Notes

Salaries represent 60.95% of total expenditures and increased at a historical average annual rate of 1.88% (or \$591,607). This category of expenditure is projected to grow at an annual average rate of 3.80% (or \$1,495,682) through fiscal year 2030. The projected average annual rate of change is 1.92% more than the five year historical annual average.

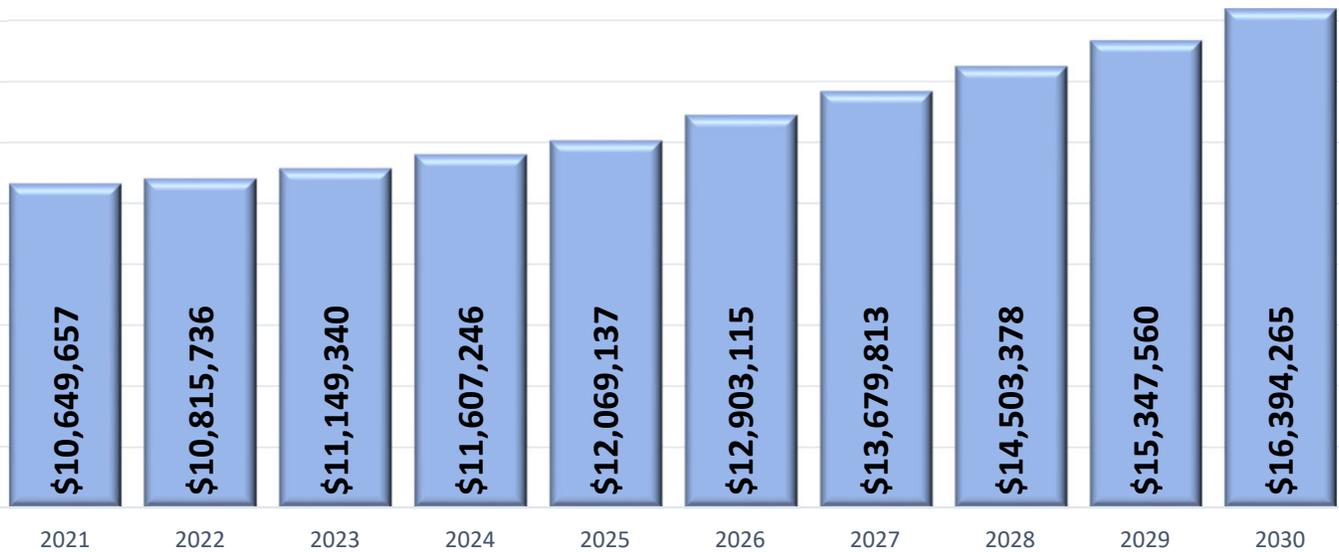
Loveland City Schools manages staffing through careful consideration when staff resign or retire. This results in a regular in/out savings that assumes a net \$175,000 reduction in FY26 that will compound over the remainder of the five year forecast.

### 3.020 - Employees' Benefits

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



Benefits account for 20.84% of the district's total general fund spending.



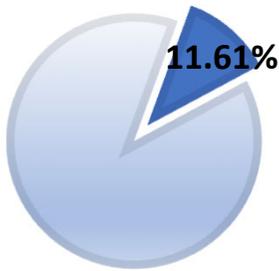
#### Key Assumptions & Notes

Benefits represent 20.84% of total expenditures and increased at a historical average annual rate of 0.90%. This category of expenditure is projected to grow at an annual average rate of 6.32% through fiscal year 2030. The projected average annual rate of change is 5.41% more than the five year historical annual average.

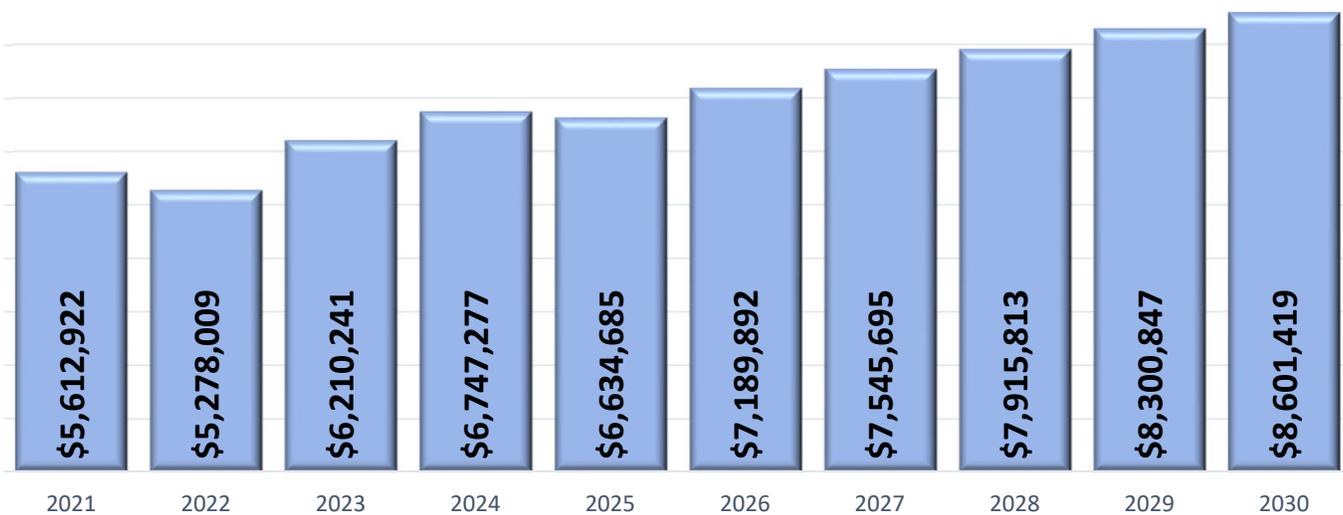
Loveland City Schools is part of the Greater Cincinnati Insurance Consortium (GCIC). The increase in health care premiums for FY26 is known at 4.5%. The GCIC has had a 10 year average increase of 4% with max being 10% and the minimum being 0%. Due to the increased projected cost of prescription drugs, FY27 through FY29 assume an 8% increase with FY30 assuming a 10% increase to be conservative on this volatile expenditure type that is the second largest for the school district.

### 3.030 - Purchased Services

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



Purchased Services account for 11.61% of the district's total general fund spending.



#### Key Assumptions & Notes

Purchased Services represent 11.61% of total expenditures and increased at a historical average annual rate of 3.67%. This category of expenditure is projected to grow at an annual average rate of 5.34% through fiscal year 2030. Starting in 2022, the Fair School Funding Plan (State Funding) only accounted for district educated enrollment, thereby reducing district tuition costs for open enrollment 'out,' community schools, STEM, and scholarship students. This change resulted in lower district costs, but also less per pupil state revenue since per pupil funding is now paid directly by the state to the district students attend.

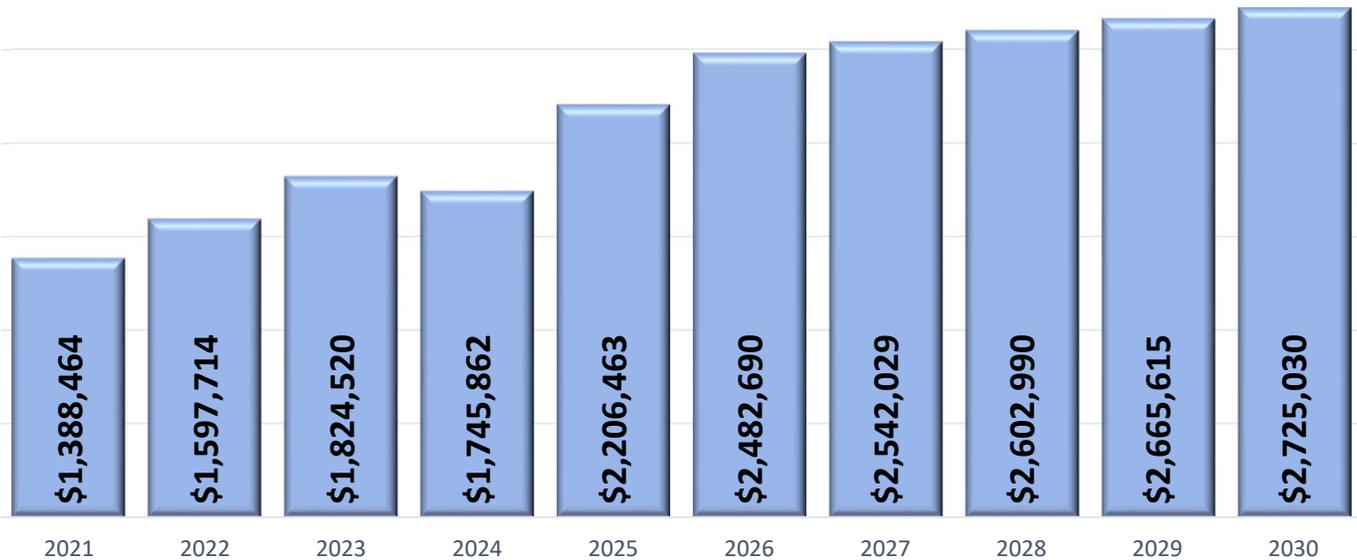
Beginning in FY26, LCSD is moving contracted special education expenses to the general fund with the historic expenses moving to the 516 IDEA fund. This allows LCSD to claim these funds towards threshold costs to receive payment on these expenses from the state of Ohio. The district will see a net benefit of this assuming the percentage of reimbursement remains the same from the state of Ohio, which is based on the number of school districts requests reimbursement.

### 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 and Materials account for 4.01% of the district's total general fund spending.



#### Key Assumptions & Notes

Supplies & Materials represent 4.01% of total expenditures and increased at a historical average annual rate of 8.34%. This category of expenditure is projected to grow at an annual average rate of 4.39% through fiscal year 2030. The projected average annual rate of change is 3.95% less than the five year historical annual average.

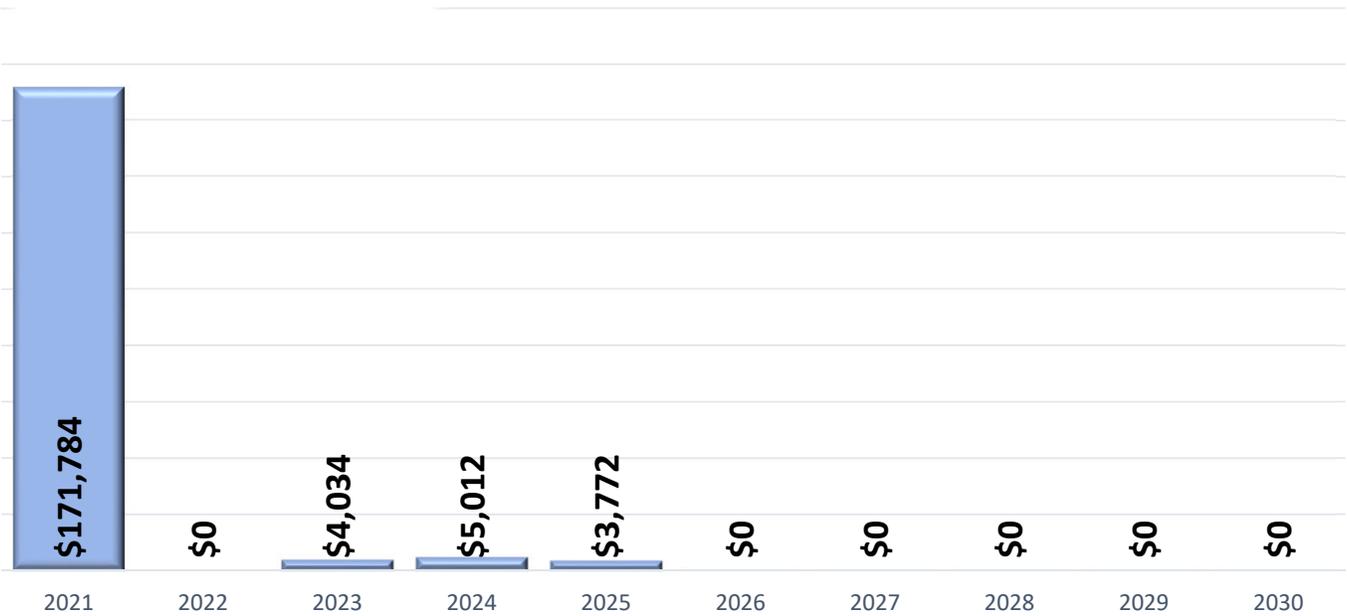
Projected increases are tied to curriculum adoption projections for FY26 and future years. Both hardcopy curriculum and digital curriculum fall into this category.

### 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 account for 0.00% of the district's total general fund spending.

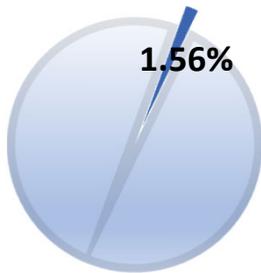


#### Key Assumptions & Notes

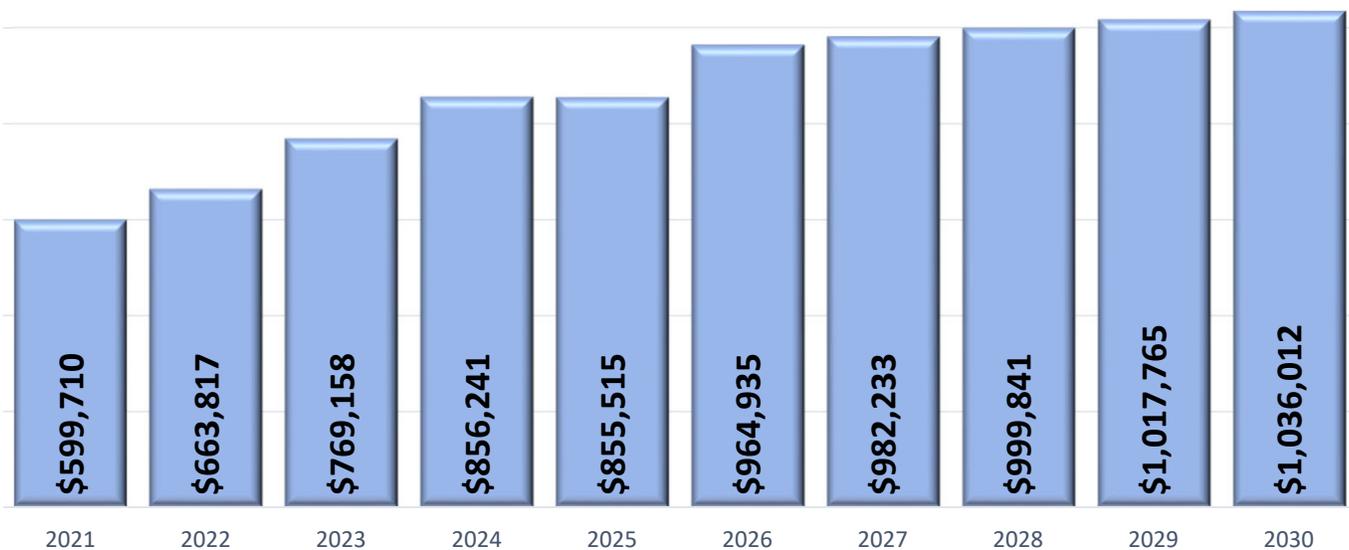
Capital Outlay represent 0.00% of total expenditures and decreased at a historical average annual amount of \$56,821. This category of expenditure is projected to decrease at an annual average rate of \$754 through 2030. The projected average annual change is more than the five year historical annual average.

### 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 account for 1.56% of the district's total general fund spending.



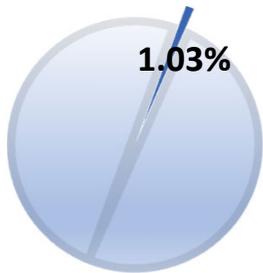
#### Key Assumptions & Notes

Other Objects represent 1.56% of total expenditures and increased at a historical average annual rate of 7.29%. This category of expenditure is projected to grow at an annual average rate of 3.99% through fiscal year 2030. The projected average annual rate of change is 3.29% less than the five year historical annual average.

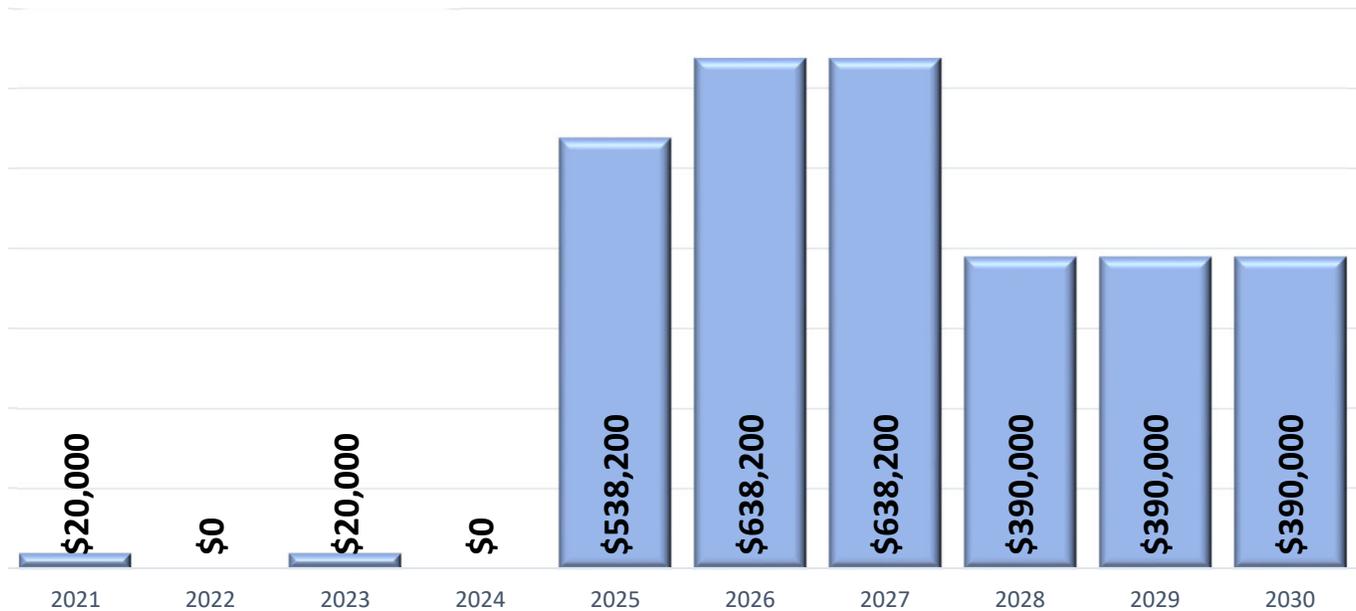
This category of expenses include primarily audit fees, county auditor property collection fees for current and delinquent property taxes.

### 5.040 - Total Other Financing Uses

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



Other Uses account for 1.03% of the district's total general fund spending.



#### Key Assumptions & Notes

	FORECASTED					
	2025	2026	2027	2028	2029	2030
Transfers Out	538,200	638,200	638,200	390,000	390,000	390,000
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 2025 the district had no advances-out and has no advances-out forecasted through fiscal year 2030. The district can also move general funds permanently to other funds, and as the schedule above presents, the district has transfers forecasted through fiscal year 2030. 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.

This expense category assumes a transfer of \$600,000 to the 035 Severance Fund, and a \$38,200 transfer to the 027 Worker's Compensation Fund in FY26 and FY27 with the a reduction in transfers in FY28 - FY30. This is tied to projected retirements within the district over the next several years due to STRS retirement requirement changes. Also, note that severance benefits have now been removed from the general fund (benefits category) as they will now be paid from Fund 035.

