August 2026
Financial Forecast

John Espy, Treasurer/CFO

Loveland
CITY SCHOOL DISTRICT

OAC/ORC Requirements

- Require a Board of Education to submit a five-year projection of operational revenues and expenditures along with assumptions to the Ohio Department of Education prior to <u>October 15th</u> and an update by <u>the last day of February</u> of FY26. FY27 and beyond has required filings by <u>August 31st</u> and <u>the last day of February.</u>

- Required funds to be included in the five-year forecast are:
    - General Funds (001)
    - Any special cost center associated with general fund money

Five Year Forecast = General Fund

001	**General (FYF)**
002	Bond Retirement
003	Permanent Improvement
006	Food Service
009	Uniform School Supplies
018	Public School Support
200s	Student Managed Activities
300s	District Managed Activities
400s	State Grants
500s	Federal Grants

State Funding Information

1. Go to www.lovelandschools.org
2. Navigate to Administration/Treasurer
3. State Funding Analysis Document will be available in the Important Documents section.

What has changed since October? (Revenues)

- The FY 2026–FY 2027 state budget completed the school-funding formula phase-in but retained FY 2022 base-cost inputs. This effects categorical spending for the district adversely.
- House Bill 186, enacted in December 2025, changed property-tax growth for districts affected by the 20-mill floor. This could have impacts on future funding for the district.
- Property-tax growth that districts may have reasonably forecast under the prior law is now constrained, flattened, or reduced.
- This is particularly significant because districts cannot simply replace the lost recurring revenue with additional local revenue without voter approval.

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What has changed since October? (Expenditures)

- Threshold Cost Reimbursements: Continued expenditure adjustments are strategically aligned with general fund allocations to maximize eligibility for threshold cost reimbursements.
- Projected Personnel Savings: Staff retirements and resignations—coupled with the district's strategic replacement plan—are projected to yield over $1,000,000 in net savings, primarily realized in FY28 and beyond. While long-term salary and benefit obligations will decrease, initial severance payouts are reflected as transfers out to the 035 Retirement Fund. Consequently, short-term overall expenditure growth appears elevated but is expected to normalize as retirement rates align with historical baselines prior to changes in the STRS retirement system.
- Energy Cost Containment: To mitigate ongoing operational costs, the district is advancing an LED lighting upgrade funded via the 003 Permanent Improvement Fund, reducing future demand on the General Fund.

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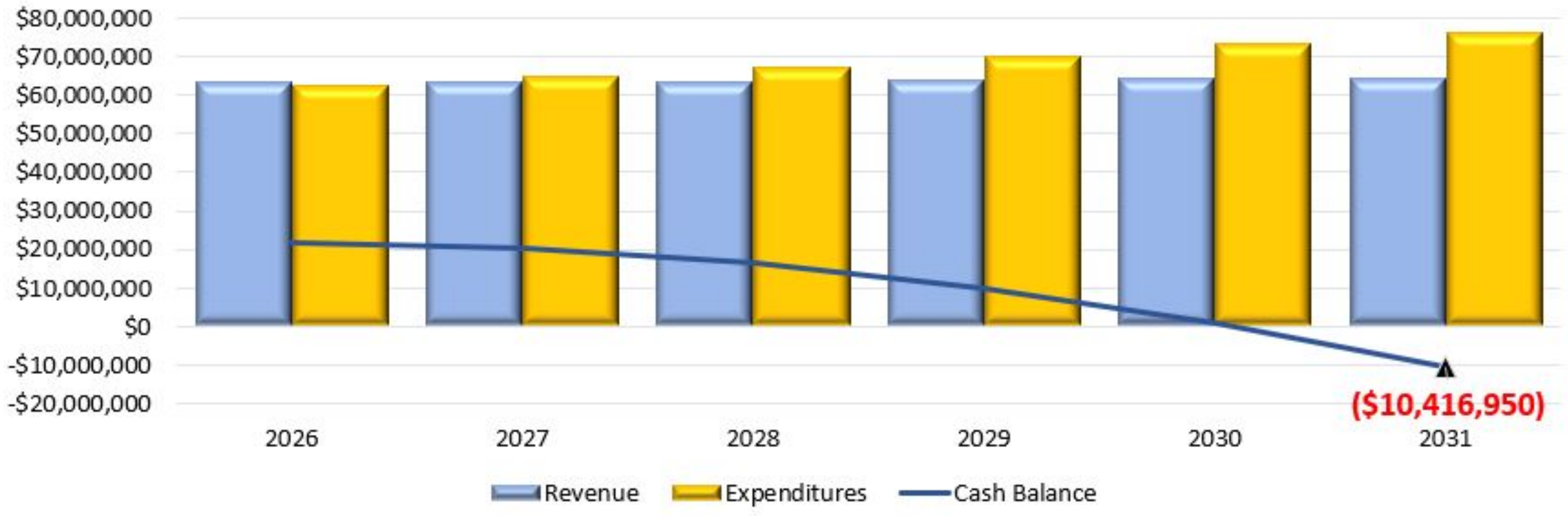
Forecast Summary

Projected Revenue, Expenditures, and Cash Balance



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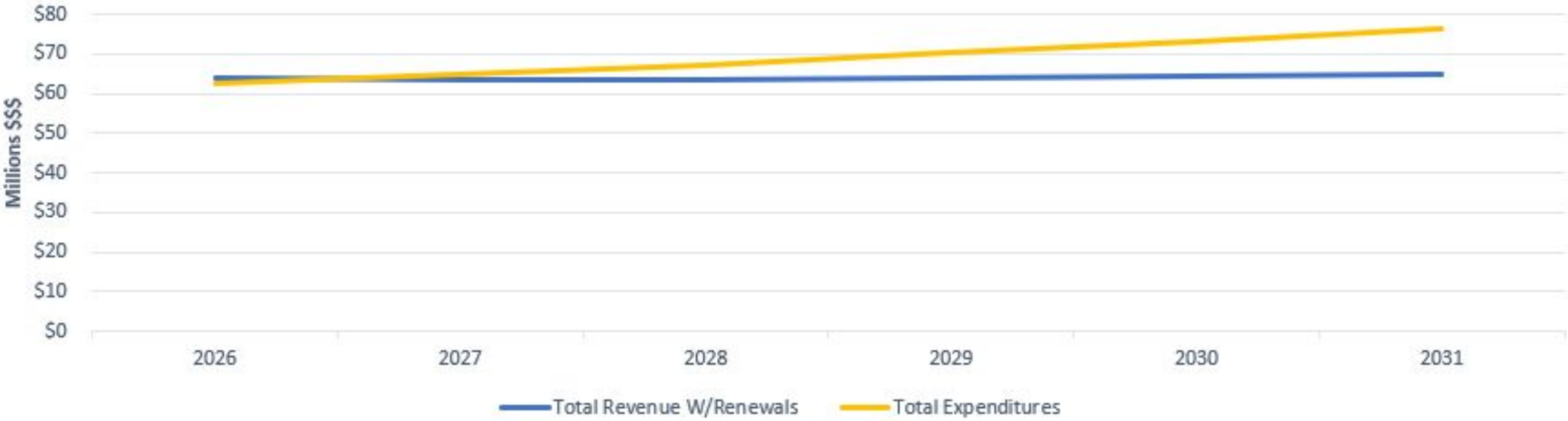
Projected Revenues and Expenditures



From 2027 to 2031, total revenues are projected to change by 0.30% annually.

Expenditure change is expected to outpace revenue change.

From 2027 to 2031, total expenses are projected to change by 4.09% annually

Abbreviated Forecast

	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031
Beginning Balance (Line 7.010) **Includes Renewal/New Levy Revenue, see Disclosures*	21,686,517	20,144,535	16,483,525	9,994,703	1,171,318
+ Revenue	63,402,813	63,734,098	63,889,196	64,491,503	64,742,057
- Expenditures	(64,944,796)	(67,395,108)	(70,378,018)	(73,314,887)	(76,330,325)
= Revenue Surplus or Deficit	(1,541,983)	(3,661,010)	(6,488,822)	(8,823,384)	(11,588,268)
Line 7.020 Ending Balance with Renewal/New Levies	20,144,535	16,483,525	9,994,703	1,171,318	(10,416,950)

LCSD is now projected to be in deficit spending through each year of the forecasted period.

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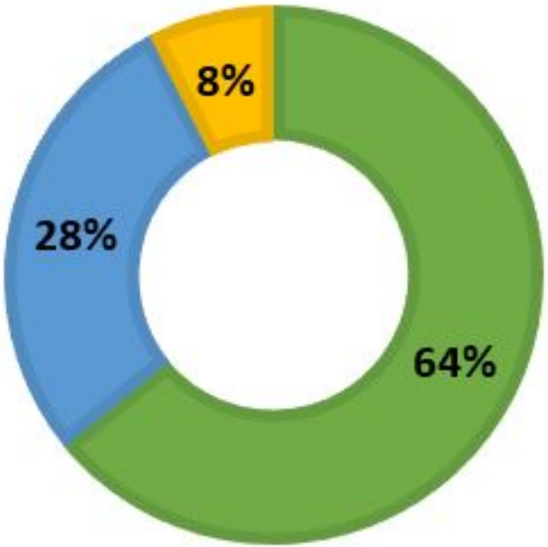
Revenues

FY27 Revenue Summary

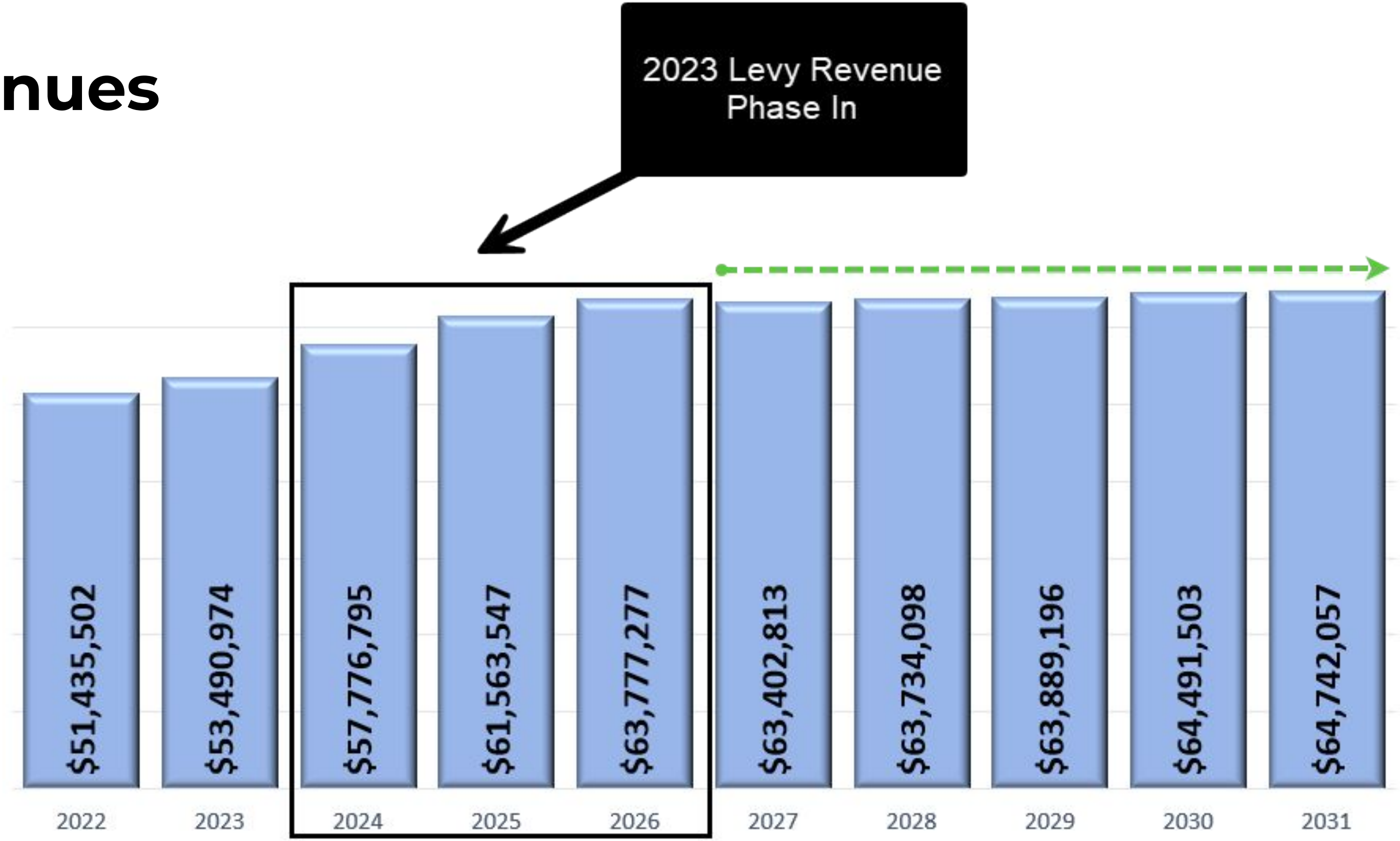


Local Taxes	
Real Estate Tax	60.78%
Public Utility Tax	3.33%
Income Tax	0.00%

State Sources	
State Funding	21.34%
Restricted Aid	0.56%
State Reimb Prop Tax Cr	6.46%

All Other Revenue	
Other Revenue	6.57%
Other Sources	0.96%

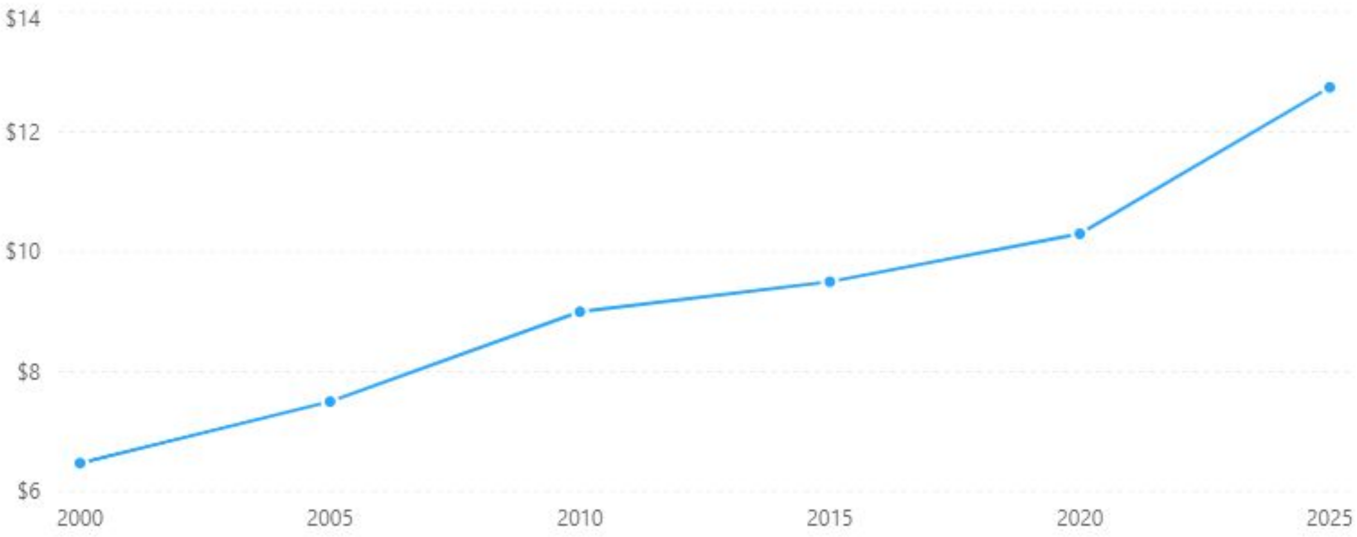
Revenues



2023 Levy Revenue Phase In
$51,435,502
$53,490,974
$57,776,795
$61,563,547
$63,777,277
$63,402,813
$63,734,098
$63,889,196
$64,491,503
$64,742,057
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031

State Share of Public Education Funding (2000-2025)

State revenue received by Ohio public schools, measured in nominal dollars.



Source: Ohio Auditor of State, Longitudinal School Finance Study. FY2000: $6.473B; FY2025: $12.744B.

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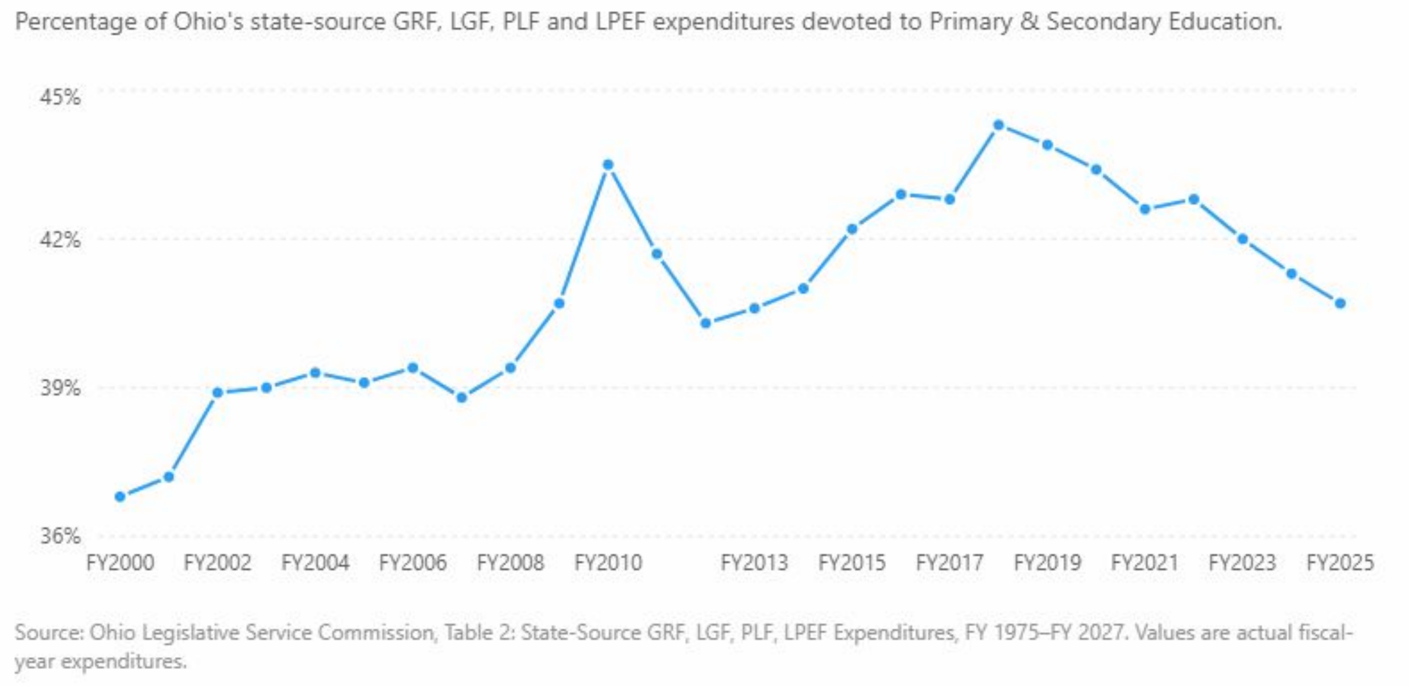
State Revenue - % of State Budget for Public Education



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State Revenue Key Takeaways

- Ohio is contributing more than ever in dollars to public education while the percentage of state budget allocated to public education is becoming smaller.
  - “**Ohio ranked 45th among the 50 states** in the percentage of public-school operating revenue provided by state sources, according to U.S. Census/NCES data analyzed by the Ohio Auditor of State; Ohio's state share fell from 44.8% in 2002 to 34.2% in 2022.” - Ohio Education Policy Institute
- State funding that is not in line with actual expenditure trends is forcing many school districts to rely on local funding to continue to meet student needs.
- Property tax reform, while needed, is creating additional uncertainty for many school districts.

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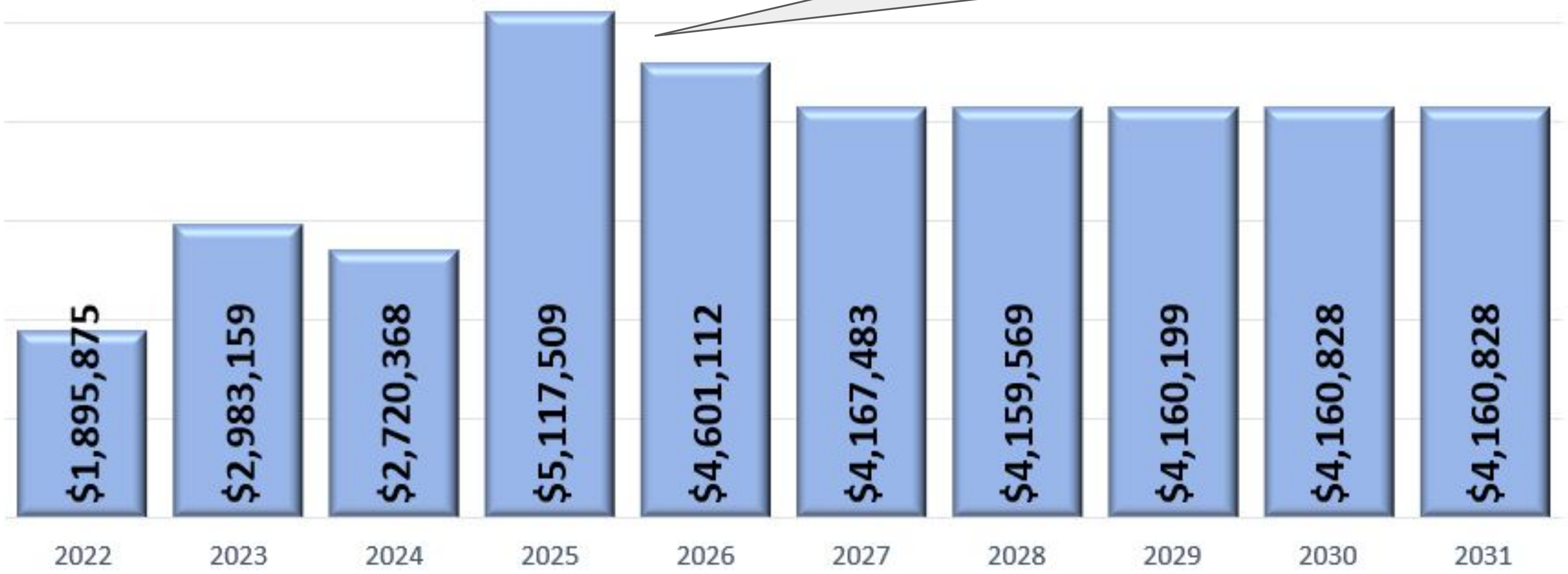
All Other Revenue

Items that led to the one year spike are: one time sinking fund disbursement and Symmes Township TIF payment for CY2022, 2023, and first half of 2024



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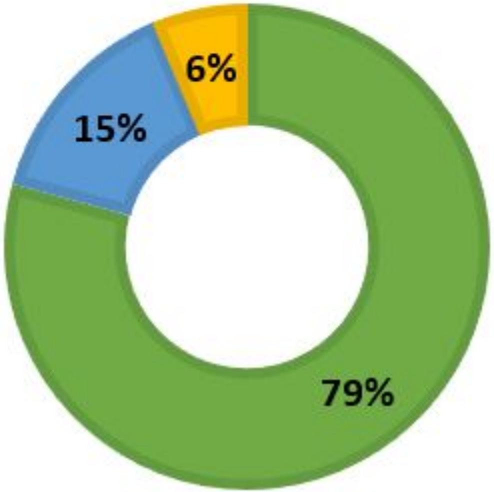
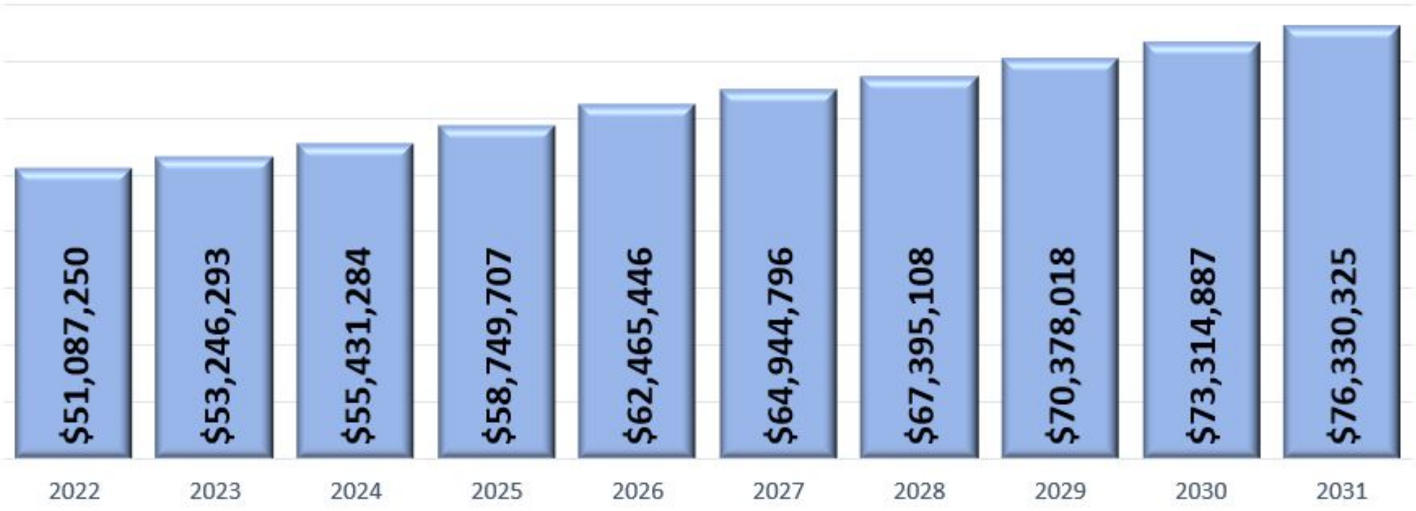
Expenditures

FY27 Expenditure Summary



Personnel Costs	
Salaries	58.74%
Benefits	20.42%
Purchased Services	14.52%
All Other Expenditures	
Supplies, Capital, Debt, Other Obj	4.78%
Other Uses	1.54%

Expenditures



Factors Impacting Yearly Expenditure Growth

- Insurance rate projected increases (5.24% from historic 6.32%)
- Experience increases projected (3.32% from historic 3.8%)
- Purchased Services (6.54% from historic 4.39%)

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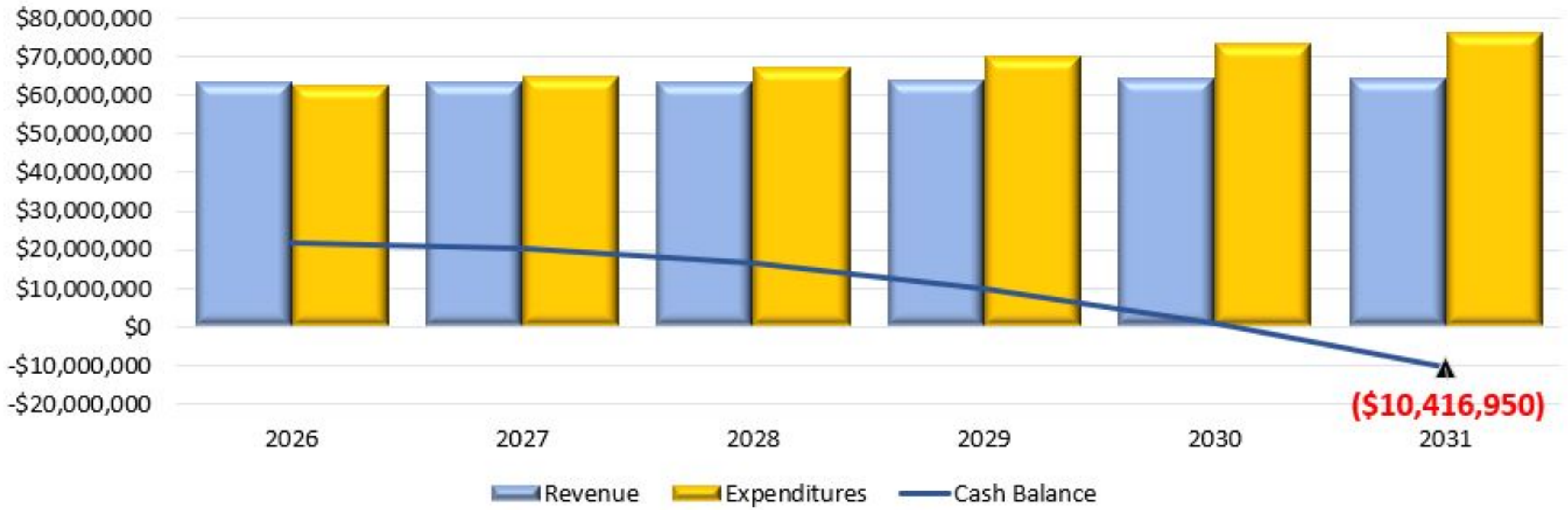
The Forecast and the Effect on the Cash Balance



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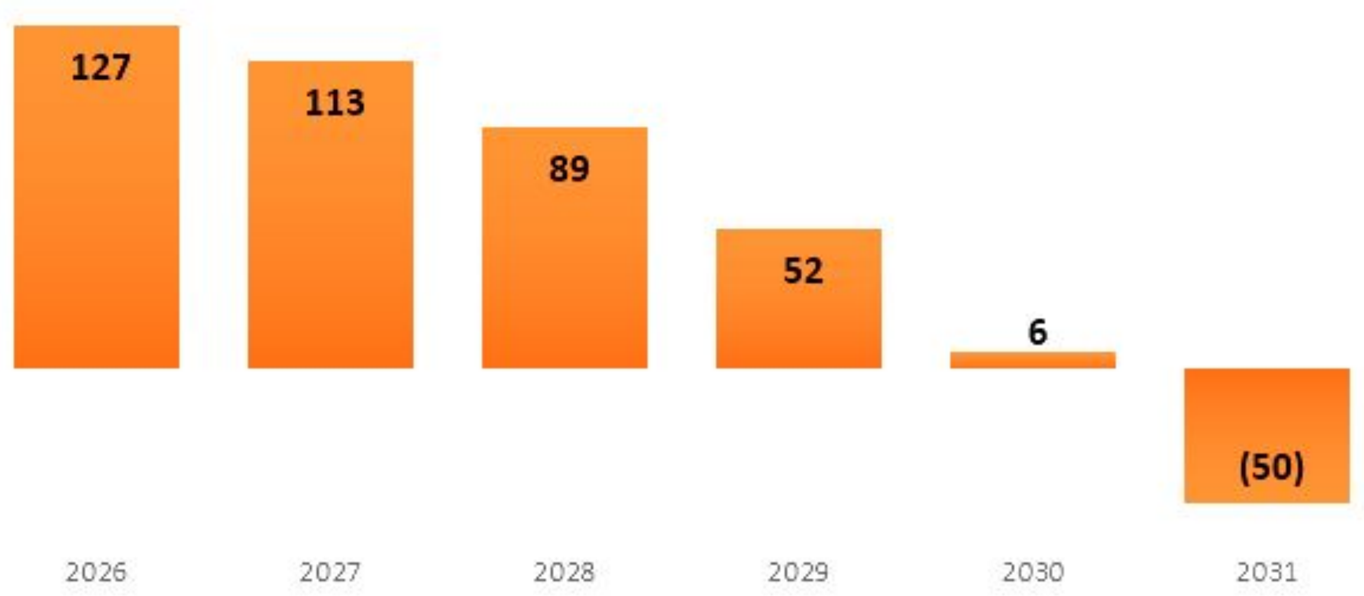
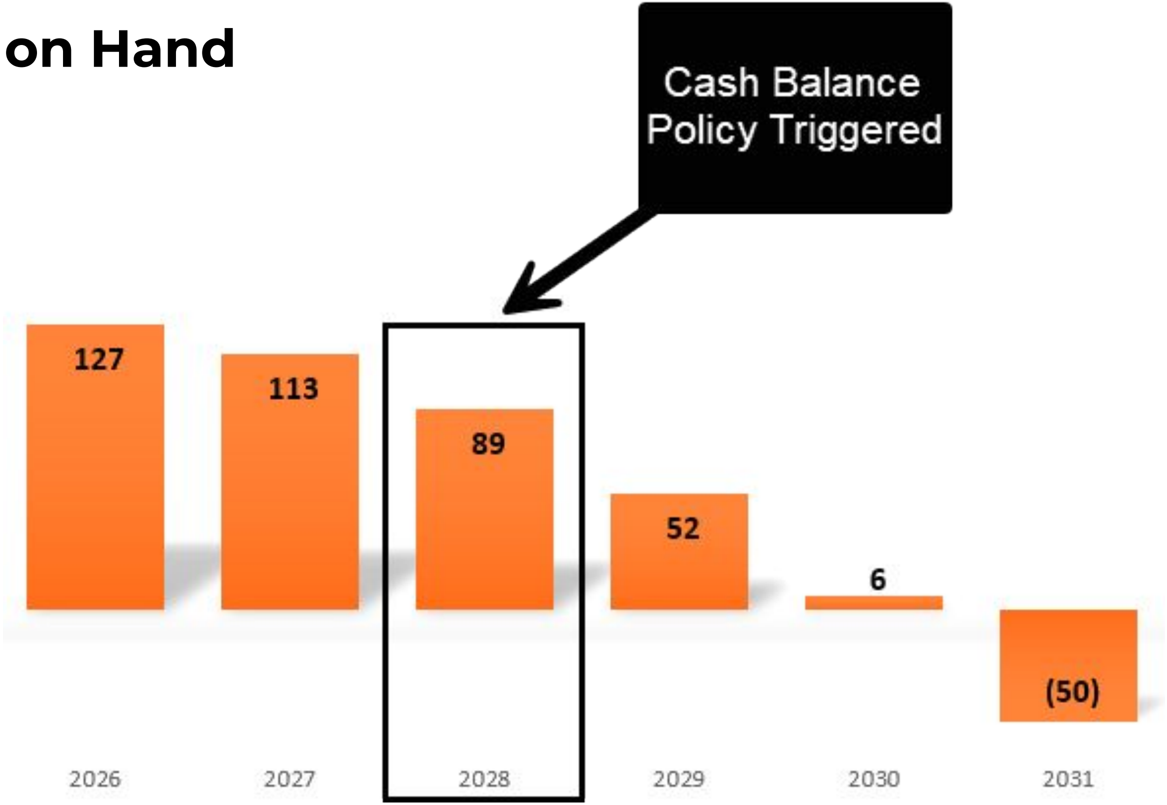
Days Cash on Hand



Days Cash on Hand



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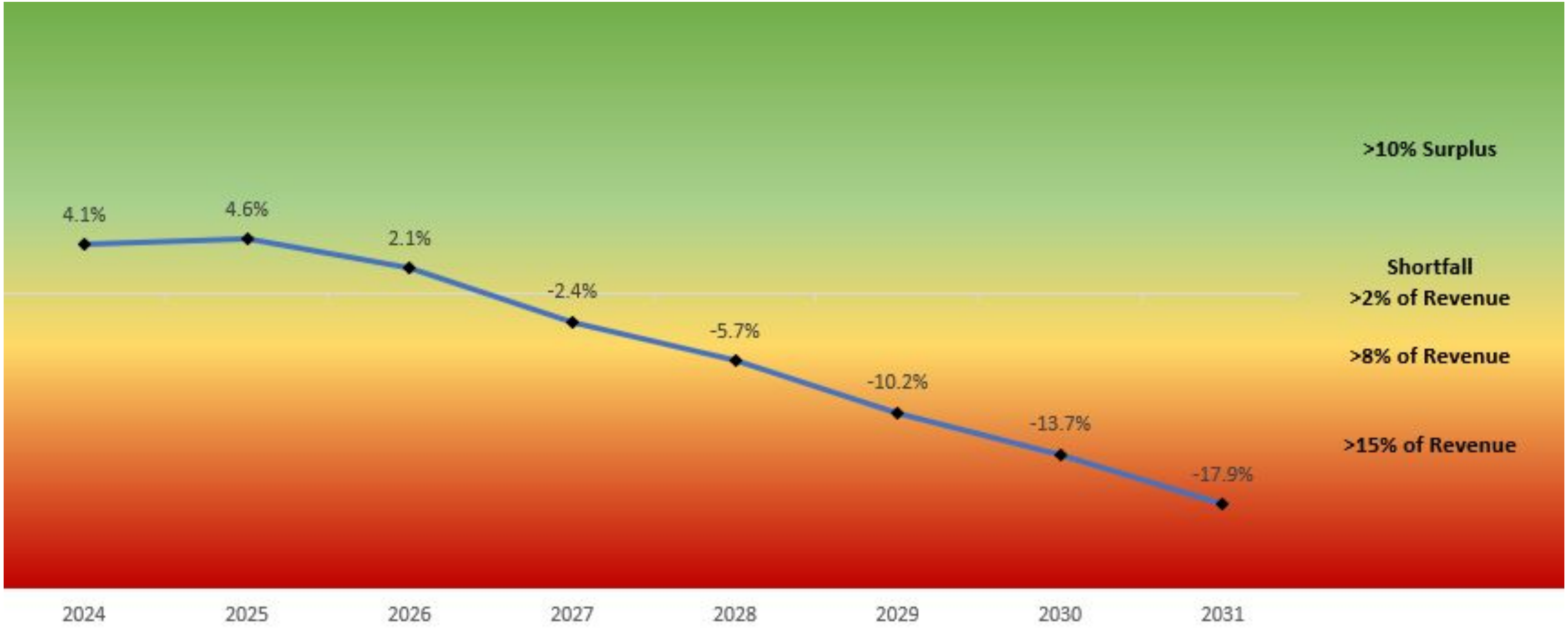
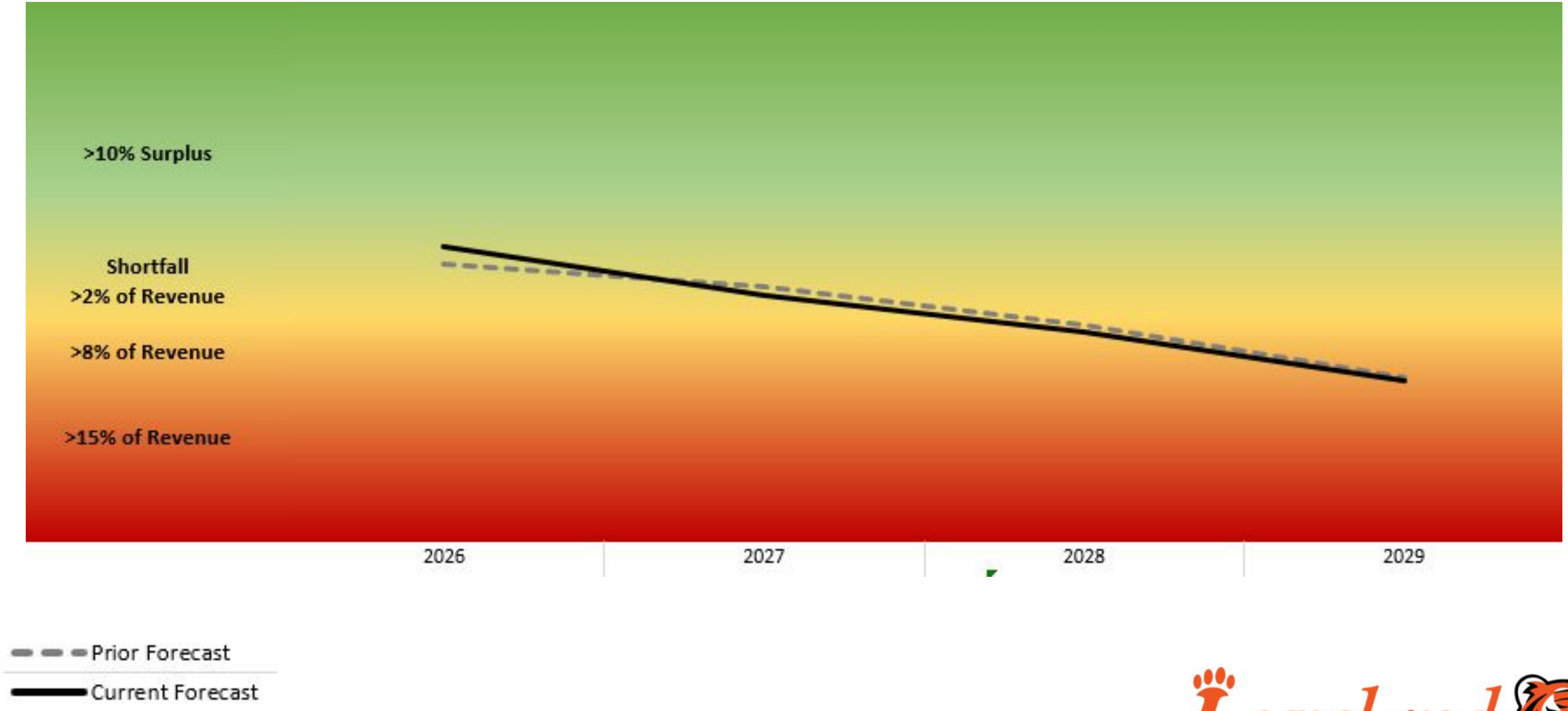
Days Cash on Hand - Forecast Comparison

Forecast and Fiscal Stressors



Forecast and Fiscal Stressors - Comparing February and August



Key Takeaways

- Expenditures are expected to outpace revenues in FY27 - the past three forecasts also projected this.
- The BOE by way of the CAT team will evaluating expenditures and revenues to provide a path forward.
- The last levy, passed in May of 2023, will have lasted beyond its expected timeline of 3 years, as LCSD did not place a levy on the ballot in May 2026.

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FINANCE FRIDAYS

Helpful Links

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