Cincinnati City School District, Ohio

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This report does not constitute a rating action.

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Credit Highlights

- S&P Global Ratings' long-term and underlying ratings on **Cincinnati City School District** (CCSD), Ohio's series 2006 (unlimited-tax) and series 2010 and 2011 limited-tax and general obligation (GO) bonds are 'AA-'.
- Our long-term rating on the district's series 2014 certificate of participation (COP) is 'A+'.
- The outlook on all the ratings is stable.

Rationale

Security

The unlimited-tax GO debt is voter approved and secured by the district's full faith credit and resources pledge and an agreement to levy ad valorem property taxes, without limit to rate or amount. The limited-tax GO debt involves energy conservation bonds (not voter approved) secured by CCSD's limited-tax GO pledge, payable within the 10-mill limitation. We rate the limited-tax GO debt at the same level as the unlimited, which reflects no significant limitations on the fungibility of resources.

The series 2014 COP is payable from rental payments from the district under a lease agreement and subject to appropriation. We rate the COP one notch lower than the GO rating to reflect annual appropriation risk.

Credit overview

The rating reflects our view of the district's strong regional economy, healthy available reserves, manageable debt burden, and limited additional capital needs. These strengths are offset by below-average incomes and use of general fund reserves in three of the last four audited years with another projected use of reserves in fiscal 2026.In response to the deficits, management is taking action to reduce expenditures, which supports the stable outlook.

CCSD provides educational services for grades pre-K-12 across 65 building facilities in Cincinnati and the surrounding area. Significant economic investment continues in the city and will provide stable property tax revenue, which accounts for over 50% of all revenue. However, recent statewide tax reform measures will lift the district off the 20-mill floor, meaning property tax

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revenue will see minimal organic growth going forward except for new construction. In the past three years, enrollment decreased by an average of 1.4% annually, totaling 33,993 in fiscal 2026. Officials project it will stabilize over the next couple of years, which we view as a reasonable assumption given stabilizing population trend in the city, though state aid will remain relatively flat. Because of a stagnant revenue environment, management will likely need to seek sources of new revenue in order to keep up with inflationary cost increases.

In three of the last four audited years, the district spent general fund reserves, most of which was strategic planning on infrastructure investments and instructional programs. Management reports the general fund will likely use approximately $10 million in fiscal 2026 (1.6% of the budget) as transportation costs increased due to higher fuel costs. This is slightly worse than original projections for the year that showed a small surplus. The fiscal 2027 general fund budget is balanced at $634.6 million. Management plans to reduce spending in fiscal 2027, mostly through positional cuts and transportation efficiencies, as well as seeking state grants. Officials are strongly considering placing a new operating levy on the November 2026 ballot, which could provide a significant general fund revenue increase. We expect available reserves will remain relatively stable over our two-year outlook horizon, though substantial growth in reserves will be predicated on successful passage of the levy.

The rating also reflects our view of:

- The district's location, which provides residents with full access to the diverse Cincinnati metropolitan statistical area economy that demonstrates consistent economic development and redevelopment. Although the local economy continues to expand, the city's incomes remain below average.
- Demonstrated track record of keeping reserves above 20% of general fund revenues in the past decade, which we expect will be sustained despite management's expectation of another slight general fund deficit in fiscal 2026. Management has been proactive to ensure future budgets are balanced through fiscal 2029 in its five-year forecast. Officials recently announced 111 position cuts that will save CCSD approximately $13 million entering fiscal 2027. In addition, officials are strongly considering an operating levy to be on the November 2026 ballot, which if passed, would likely generate an additional $65 million-$74 million of additional annual revenue. We recognize the district has a good history of voter support, which could help it pass the operating levy;
- Under state guidelines, the district formally updates its five-year forecast twice a year and uses historical trend analysis and various outside sources for revenue and expenditure assumptions. While we consider revenue assumptions to be conservative, expenditures are assumed to be exactly equal to revenues over the next three years. We believe this could be an optimistic assumption absent the board's previous track record of cutting spending. Furthermore, the district has seen small negative variances in recent years. Management provides monthly reports to the board on budget-to-actual results, and the board can amend the budget as needed. CCSD uses a rolling five-year forecast that is updated semiannually. It has a formal investment policy, and the board is provided with investment reports twice a year. Officials aim to keep a reserve of 60 days' cash on hand. We view the issuer's cyber risk mitigation measures as consistent with our view of its credit fundamentals.
- Manageable debt profile, with rapid debt amortization. Officials report the district likely won't issue additional debt until at least 2031. The district participates in state-administered pension and other postemployment benefits plans that are currently affordable and well funded. However, we believe this cost could escalate as funding discipline is only adequate. (For more

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information on our view of the district's pension and other postemployment benefits plans, see "Pension Spotlight: Ohio," Aug 26, 2025.)

- Although physical risks are relevant for the local government sector, we consider the district's exposure to natural hazards, including flooding and extreme weather, low compared with national peers and in a nominal sense, and therefore not a material factor in our credit analysis.
- For more information on our institutional framework assessment for Ohio schools, see "Institutional Framework Assessment: Ohio Local Governments," Sept. 10, 2024.

Outlook

The stable outlook reflects our expectation that CCSD will sustain its healthy reserves considering recently implemented cuts and plans to go back to voters for an additional levy, and a manageable debt profile, supported by rapid debt amortization and the absence of significant additional debt plans over our outlook horizon.

Downside scenario

We could lower the rating if available reserves fell to levels no longer commensurate with those of peers without a credible plan to rebuild, which could occur if future levy requests are unsuccessful in generating additional revenue or if the district is unable to manage expenditure growth.

Upside scenario

A higher rating would be predicated on the district's ability to strengthen budgetary performance, resulting in the improvement of and sustainment of available reserves commensurate with those of higher-rated peers, coupled with strengthened economic metrics that are more in line with those of higher-rated peers.

Cincinnati City School District, Ohio--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.48
Economy	2.0
Financial performance	4
Reserves and liquidity	1
Management	2.65
Debt and liabilities	2.75

Cincinnati City School District, Ohio--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	--	--	149	152
County PCPI % of U.S.	--	--	108	109
Market value ($000s)	--	27,162,603	26,635,772	26,635,771
Market value per capita ($)	--	78,958	77,427	77,459

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Cincinnati City School District, Ohio--key credit metrics

	Most recent	2025	2024	2023
Top 10 taxpayers % of taxable value	--	11.3	10.9	10.0
County unemployment rate (%)	--	4.6	4.2	3.2
Local median household EBI % of U.S.	--	--	71	74
Local per capita EBI % of U.S.	--	--	92	96
Local population	--	--	344,012	343,871
Financial performance				
Operating fund revenues ($000s)	--	640,811	603,592	553,580
Operating fund expenditures ($000s)	--	640,599	588,043	575,206
Net transfers and other adjustments ($000s)	--	(13,343)	(14,293)	(34,102)
Operating result ($000s)	--	(13,131)	1,256	(55,728)
Operating result % of revenues	--	(2.0)	0.2	(10.1)
Operating result three-year average %	--	(4.0)	(4.0)	1.2
Enrollment	--	34,390	34,761	35,222
Reserves and liquidity				
Available reserves % of operating revenues	--	26.3	30.1	32.6
Available reserves ($000s)	--	168,839	181,851	180,554
Debt and liabilities				
Debt service cost % of revenues	--	9.4	7.1	8.7
Net direct debt per capita ($)	--	969	1,133	1,230
Net direct debt ($000s)	--	333,250	389,620	422,810
Direct debt 10-year amortization (%)	--	99	99	98
Pension and OPEB cost % of revenues	--	7.0	7.0	7.0
NPLs per capita ($)	--	1,610	1,610	1,748
Combined NPLs ($000s)	--	553,807	553,807	601,137

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List	
Current Ratings	
Cincinnati City Sch Dist, OH Issuer Credit Rating	AA-/Stable
Local Government	
Cincinnati City Sch Dist, OH Lease Appropriation	A+/Stable
Cincinnati City Sch Dist, OH Unlimited Tax General Obligation	AA-/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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