



# Financial Forecast Update

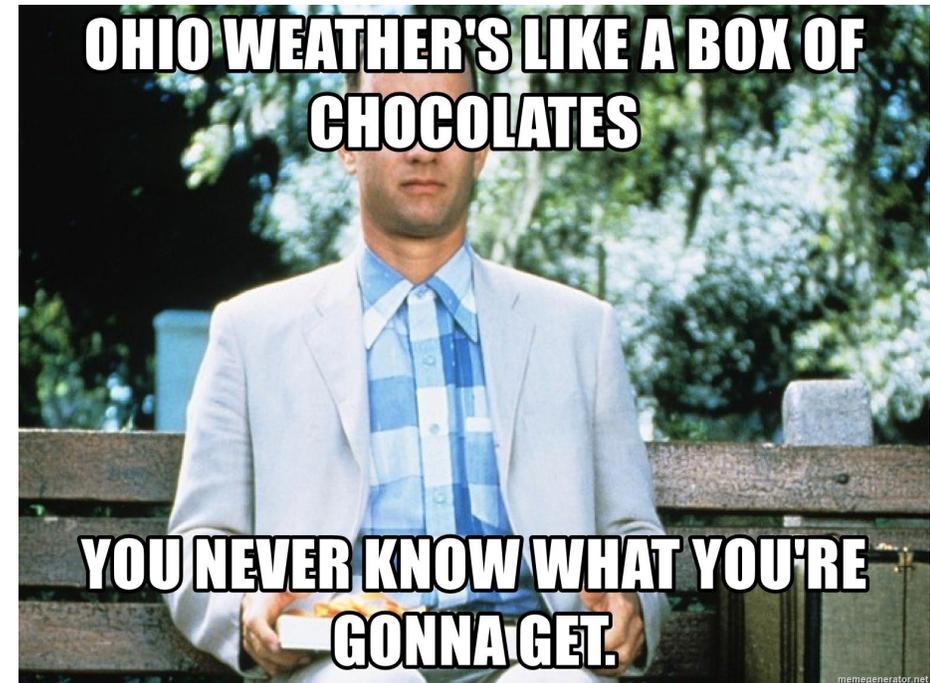
Presented February 17, 2026

Karen R. Ervin

Treasurer/CFO

# What Is A Financial Forecast?

- Google dictionary: “A prediction or estimate of future events, especially coming weather or a financial trend”
- Based on what we know today, in this moment (a snapshot) - Based on what we have seen in the past (historical data) and what we anticipate will occur (future trends)
- Ohio Revised Code: “projections of operational revenues & expenditures”



# Financial Forecast - WHY?

## Required by Ohio Law

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ORC 5705.391 requires districts to submit financial forecast twice each year



## Planning for the Future

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Projects revenues, expenses, and fund balances



## Early Warning System

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Identify financial risks early



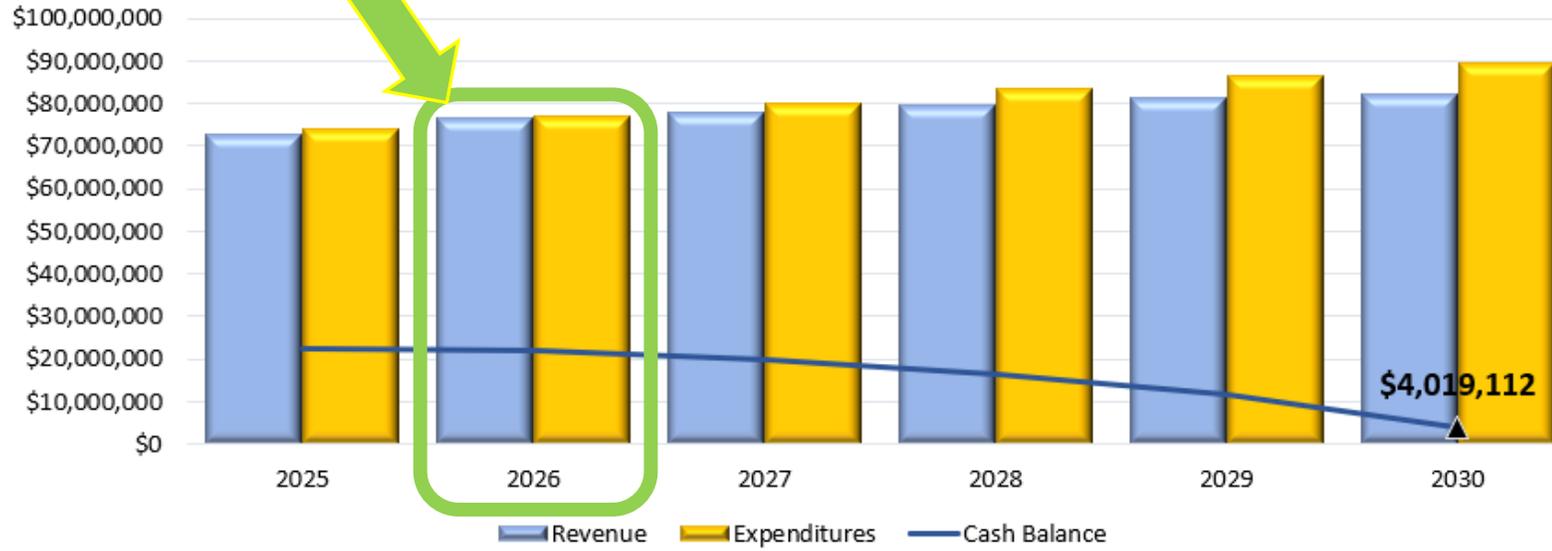
## Public Accountability

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Clear financial outlook for the community



Projected Revenue, Expenditures, and Cash Balance



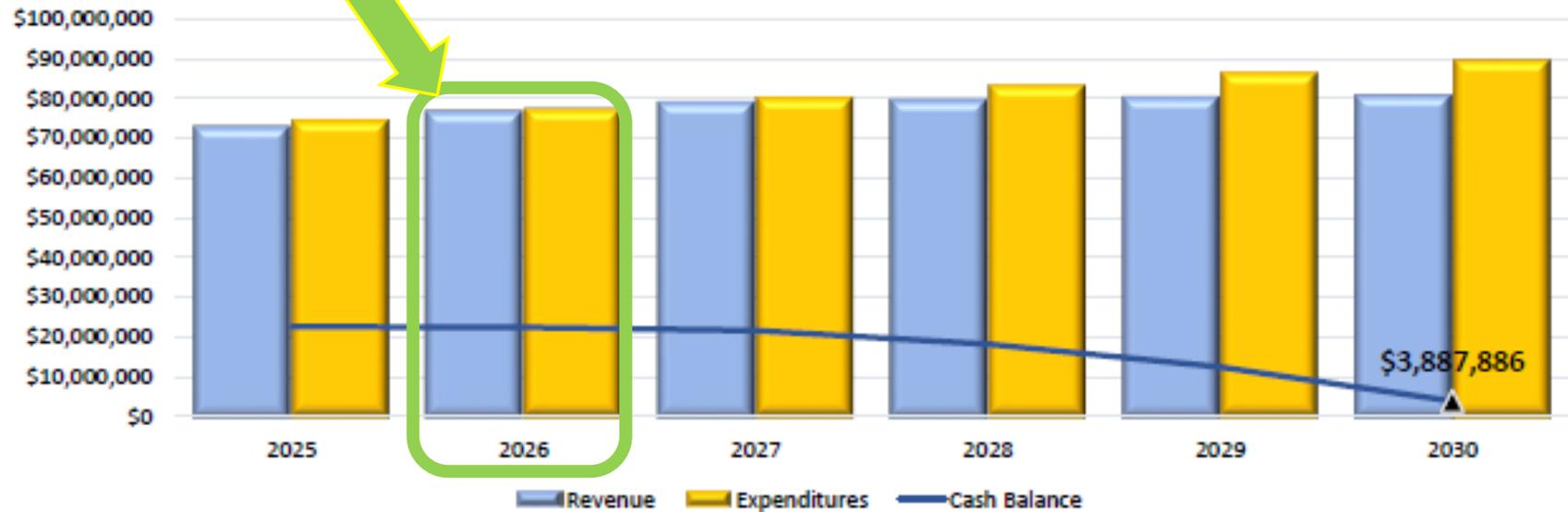
*Prior Forecast*

OCT

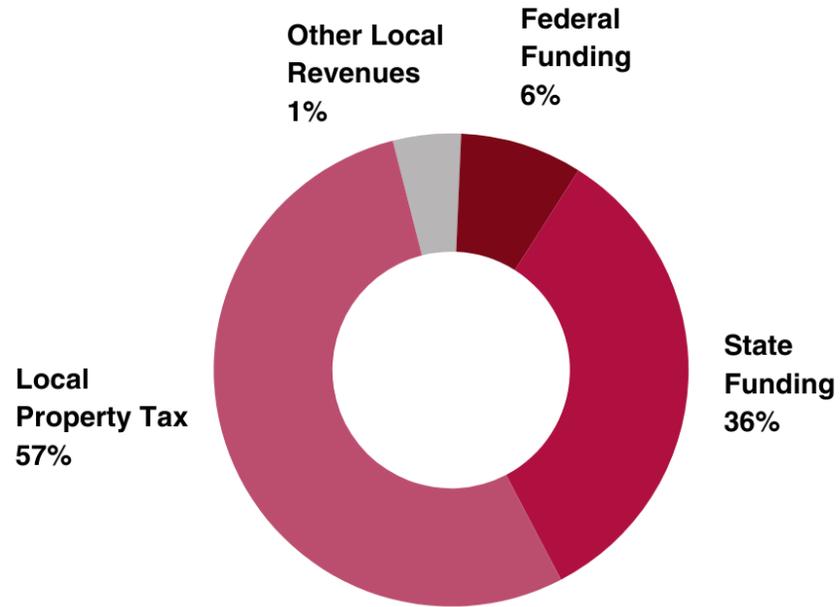
*Current Forecast*

FEB

Projected Revenue, Expenditures, and Cash Balance



# Behind the Budget: LCS General Fund Sources



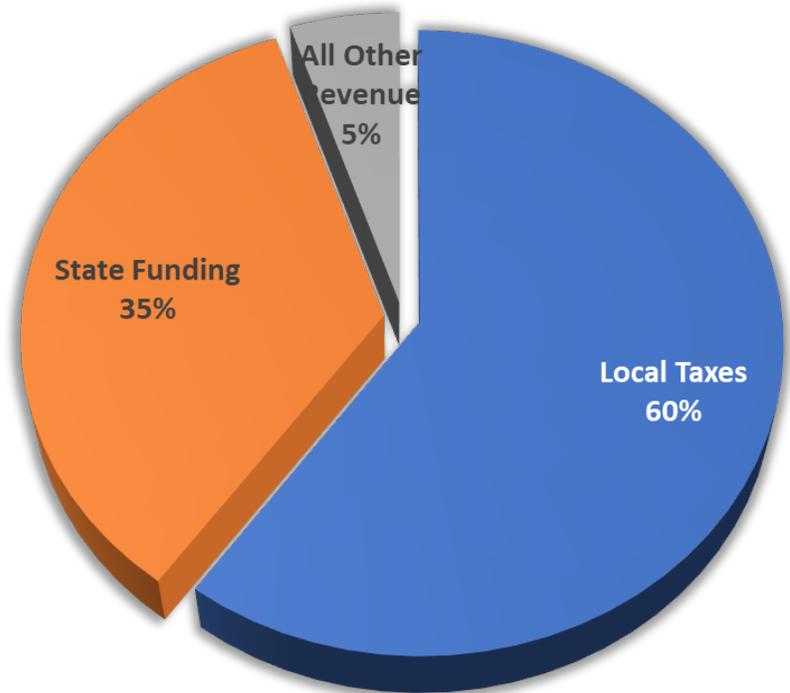
Actual Data as of year-end close June 30, 2025



**LEBANON CITY SCHOOLS**

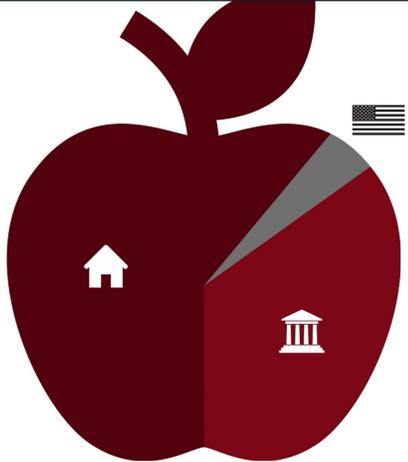
# Forecast Overview

## Current Fiscal Year Projected Revenue Analysis



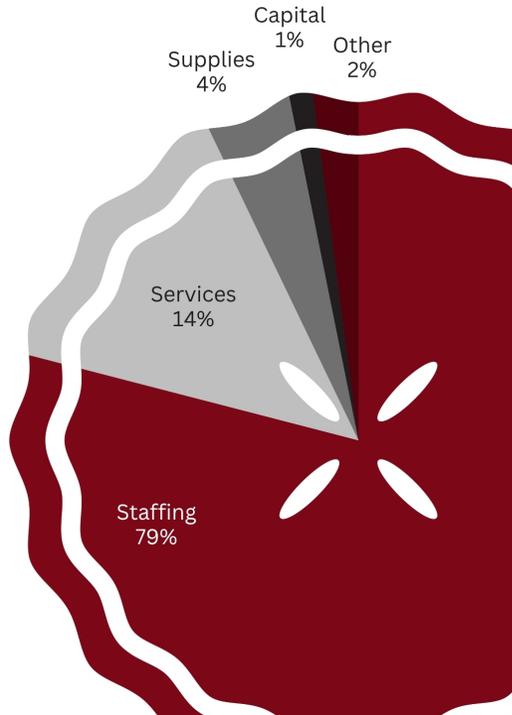
# The School Funding Pie & What It Pays For: General Fund

## Revenues



	Local	58%
	State	36%
	Federal	6%

## Corresponding Expenses

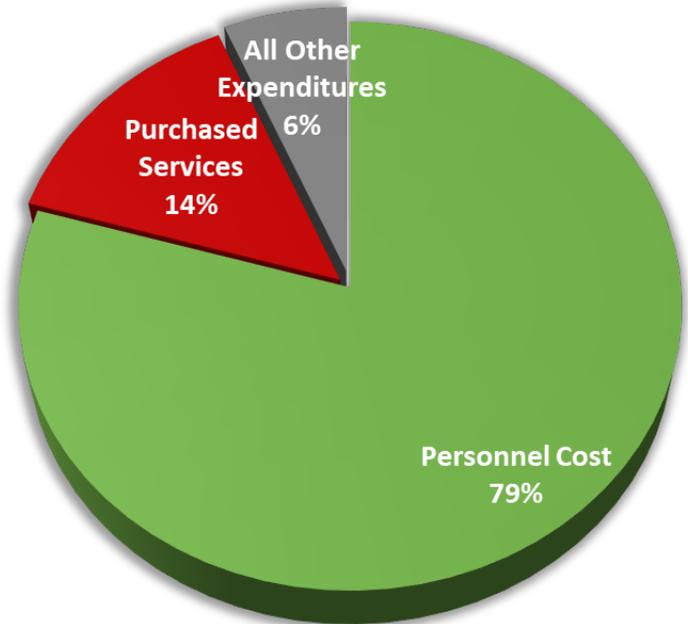


**LEBANON CITY SCHOOLS**

Actual Data as of year-end close June 30, 2025

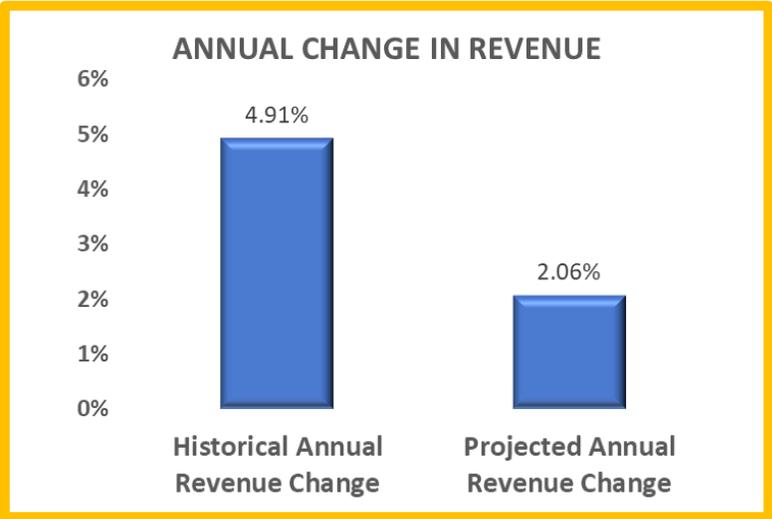
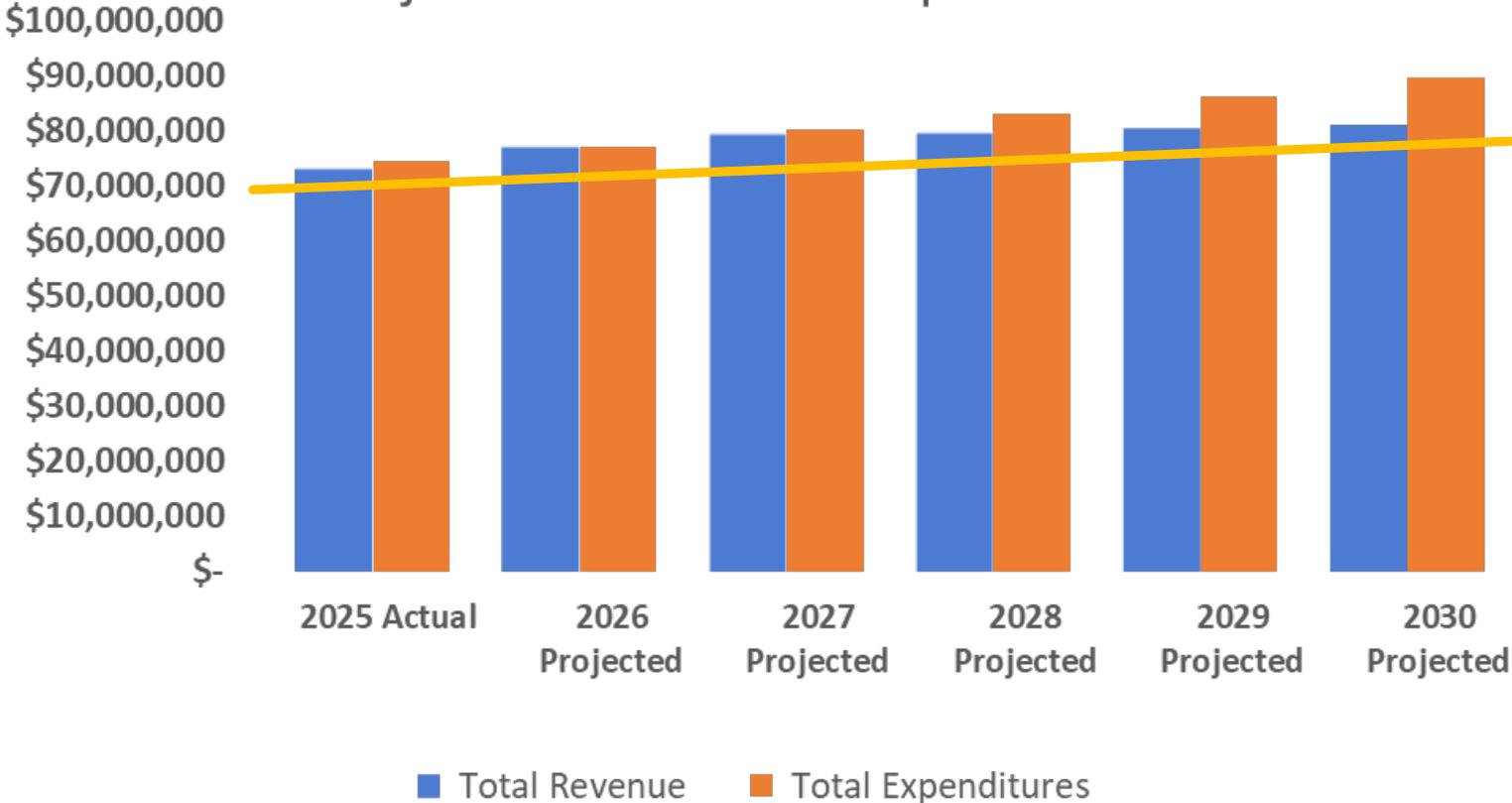
# Forecast Overview

## Current Fiscal Year Projected Expenditure Analysis



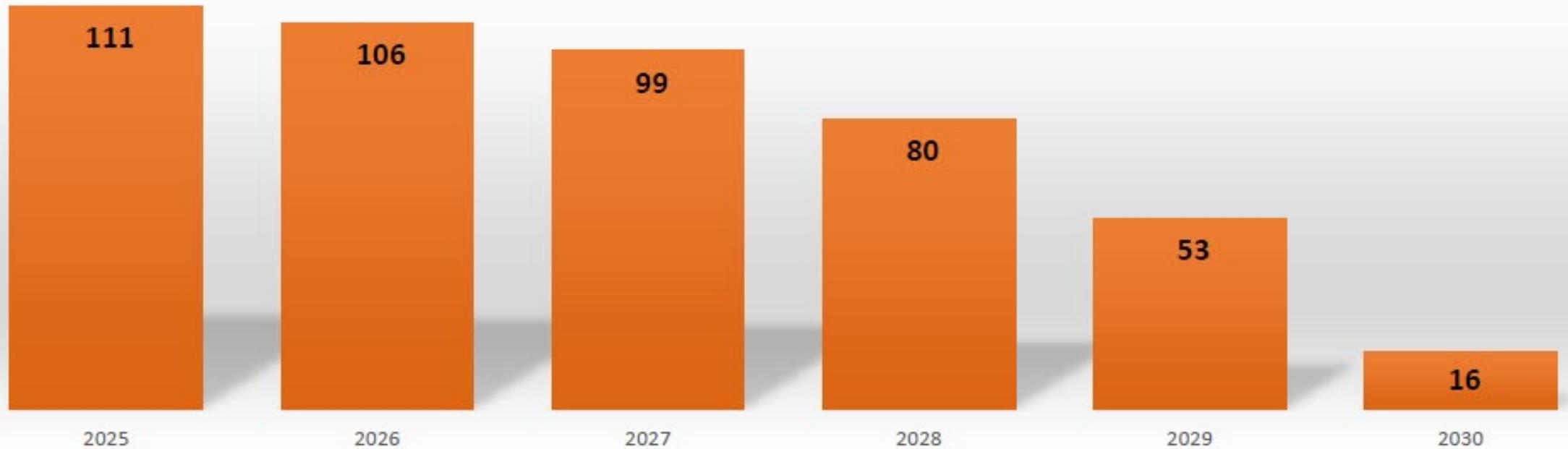
# Forecast Overview

### Projected Revenue vs Expenditures



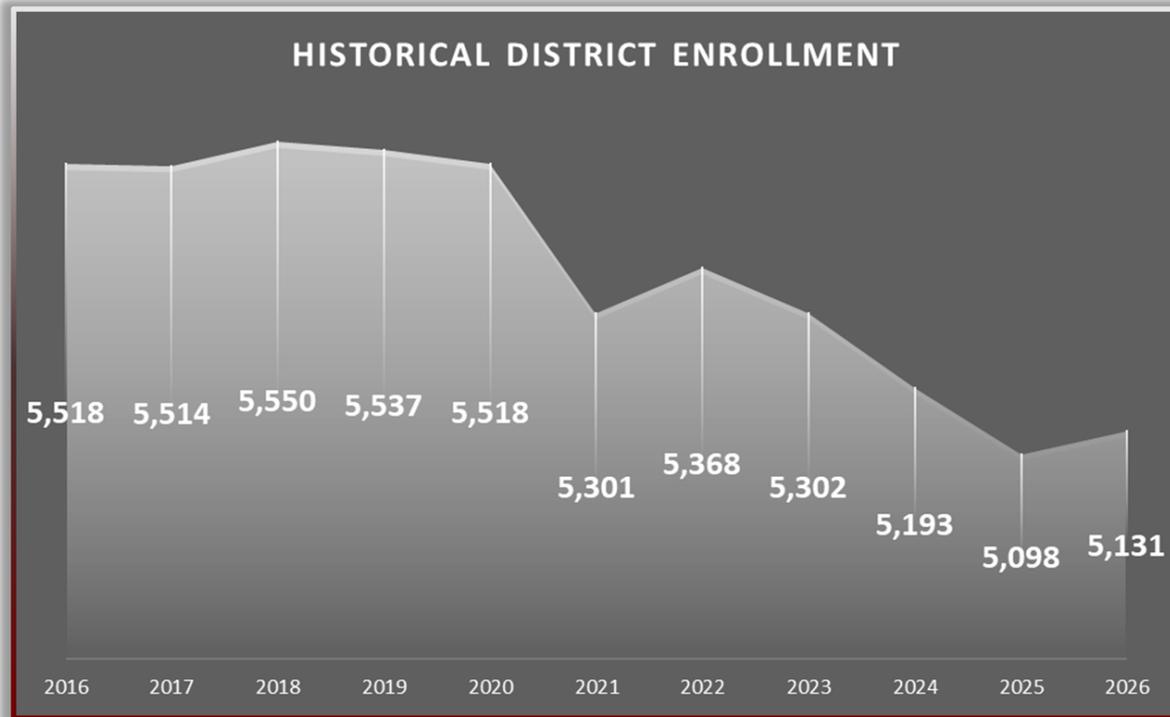
# Forecast Overview

Days Cash on Hand at Fiscal Year-end



*\*based on 365 days*

# Overview



## Per Pupil Spending in Warren County



State Average Per Student

**\$16,310**

**VS**

DISTRICT	PER STUDENT
<b>Carlisle</b>	<b>\$16,518</b>
Franklin	\$15,891
Loveland	\$15,420
Mason	\$14,698
Kings	\$14,597

DISTRICT	PER STUDENT
<b>Lebanon</b>	<b>\$14,017</b>
Clinton-Massie	\$13,810
Wayne	\$13,635
Little Miami	\$13,346
Springboro	\$11,550



**LEBANON CITY SCHOOLS**

Source: FY24 State Cupp Report (ODEW)

# Assumptions: Current Forecast vs Prior

**Current Forecast Annual Difference (Over/Under) Compared to Base Forecast**

State Line Item No	State Line Item No and Description	Amount				
		2026	2027	2028	2029	2030
<b>Total</b>		\$167,212	\$831,334	\$-322,829	\$-1,297,805	\$-1,548,999
<b>Property Taxes</b>		\$856,742	\$1,427,188	\$358,100	\$-539,430	\$-710,120
	1.010 General Property Tax (Real Estate)	\$517,491	\$809,030	\$-114,037	\$-880,095	\$-1,033,086
	1.020 Tangible Personal Property Tax	\$341,603	\$640,282	\$594,036	\$553,200	\$552,096
	1.050 State Share of Local Property Taxes	\$-2,352	\$-22,124	\$-121,899	\$-212,535	\$-229,130
	11.020 Property Tax - Renewal or Replacement	\$0	\$0	\$0	\$0	\$0
<b>Income Taxes</b>		\$0	\$0	\$0	\$0	\$0
	11.010 Income Tax - Renewal	\$0	\$0	\$0	\$0	\$0
<b>State Aid</b>		\$-280,385	\$-311,126	\$-374,544	\$-460,583	\$-549,938
	1.035 Unrestricted State Grants-in-Aid	\$-246,883	\$-268,489	\$-331,529	\$-417,185	\$-506,276
	1.040 Restricted State Grants-in-Aid	\$-33,502	\$-42,637	\$-43,015	\$-43,398	\$-43,662
<b>All Other Revenue</b>		\$-409,145	\$-284,728	\$-306,385	\$-297,792	\$-288,941
	1.060 All Other Revenues	\$-330,380	\$-322,280	\$-313,937	\$-305,344	\$-296,493
	2.040 Operating Transfers-In	\$25	\$25	\$25	\$25	\$25
	2.050 Advances-In	\$-86,317	\$30,000	\$0	\$0	\$0
	2.060 All Other Financing Sources	\$7,527	\$7,527	\$7,527	\$7,527	\$7,527

**REVENUES**



# Assumptions: Revenues

## Consistent Trends

- Property Value Growth due to reappraisal
- Property Value Growth due to new construction
- Input actual data as it becomes available

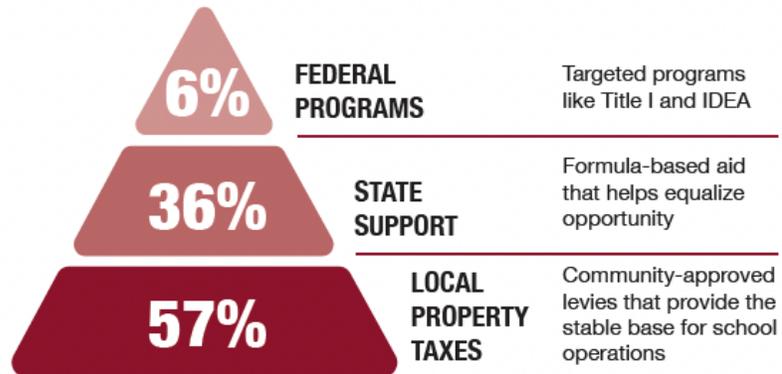
## Newer Impacts

- Enrollment trending down
- Property Tax Reform approved by the Ohio legislation



# Property Tax Reform

**The strength of our schools  
begins at the foundation –  
LOCAL SUPPORT.**



## Your Tax Dollars Info Guide



Understanding How  
Lebanon City Schools  
are Funded

*and how your tax dollars  
make a difference*

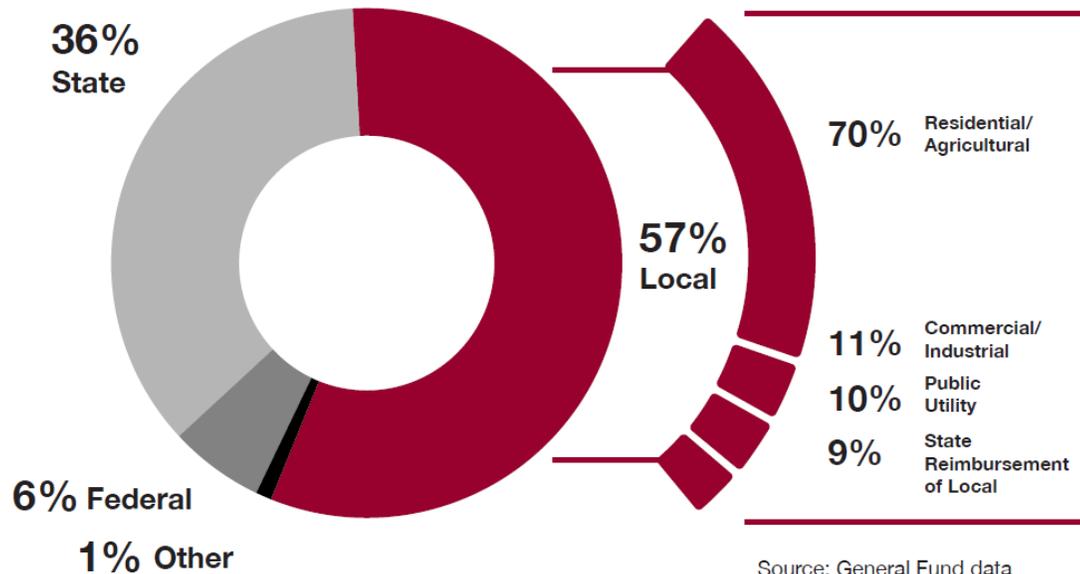


*Your dollars power  
our classrooms,  
our students,  
and our future.*

**Responsible. Reflective. Respectful.**

# Property Tax Funding @ LCS

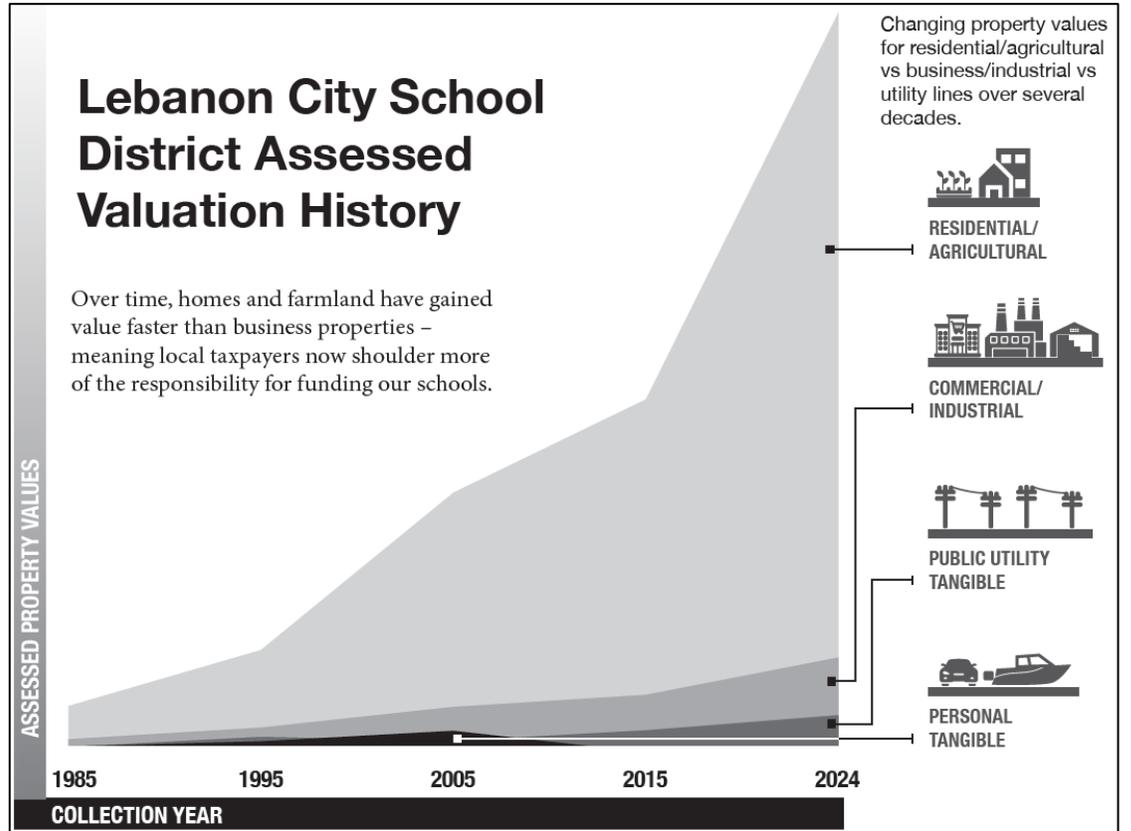
## Understanding Your Property Tax Contribution



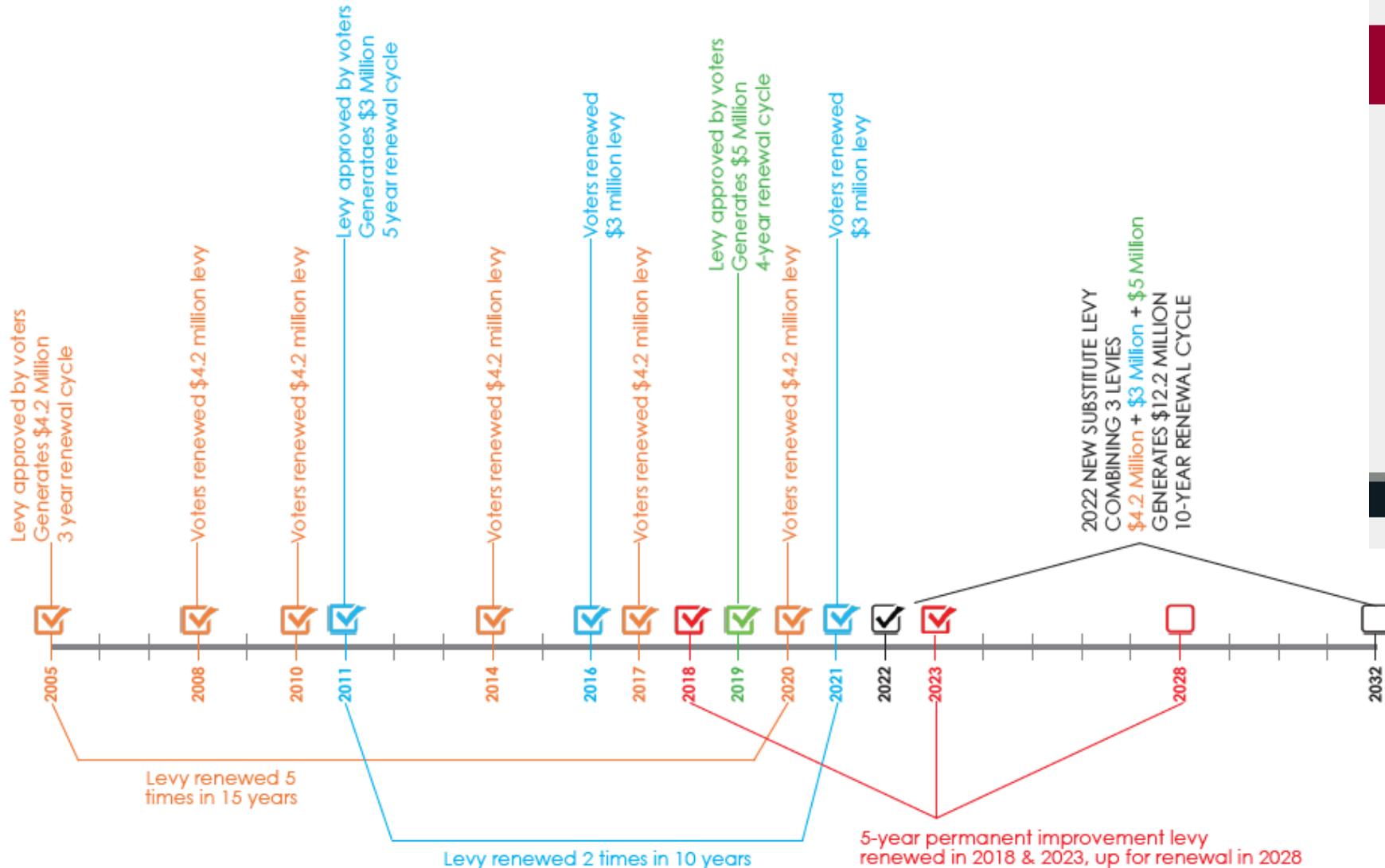
Source: General Fund data as of June 30, 2025

## Lebanon City School District Assessed Valuation History

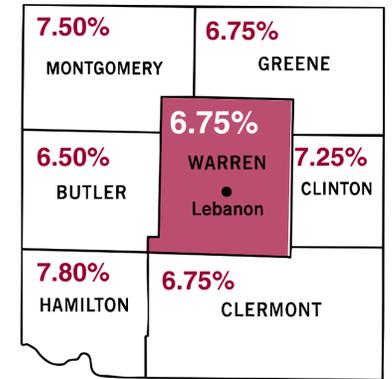
Over time, homes and farmland have gained value faster than business properties – meaning local taxpayers now shoulder more of the responsibility for funding our schools.



# Lebanon City School District's Levy History



## Property Tax Comparison by County



LEBANON CITY SCHOOLS

Source: Ohio Department of Taxation

# How Property Taxes are Calculated

- Property is taxed on 35% of its market value



$$\text{\$300,000} \times 35\% = \text{\$105,000}$$

## What is a "Mill"?



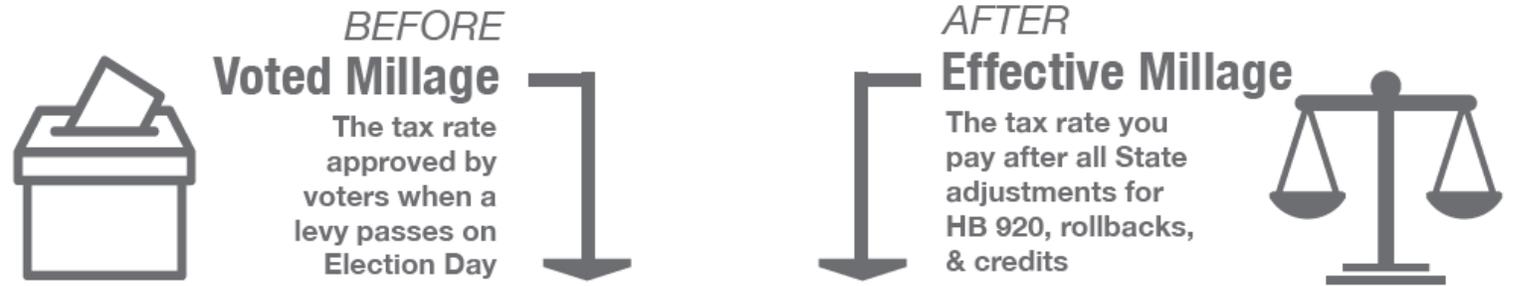
A *mill* equals one-tenth of a cent, or \$1 of tax for every \$1,000 of taxable value.

### Example Tax Calculation:

$$\text{\$105,000 taxable value} / 1,000 \times 16 \text{ mills} = \text{\$1,680}$$

# Rate Reduction

## Lebanon City School's Voted Millage vs Effective Millage - HB 920 in Action



### HB 920

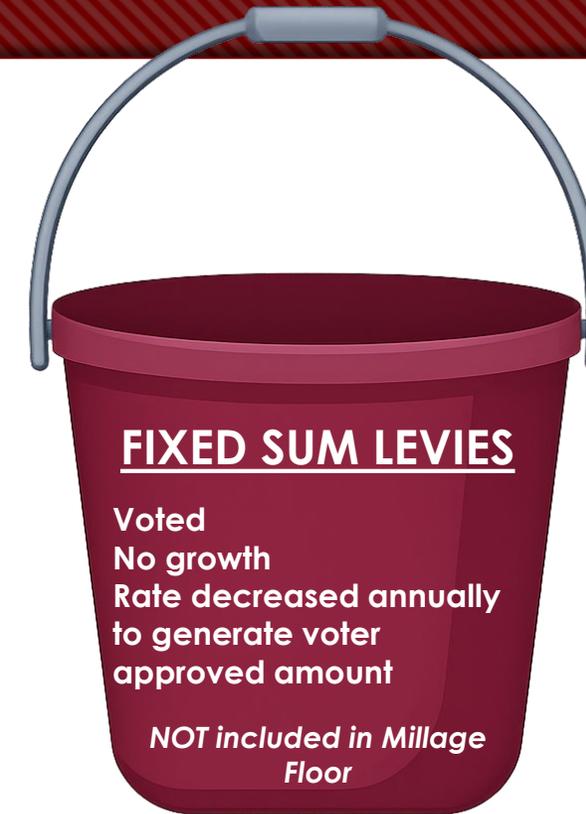
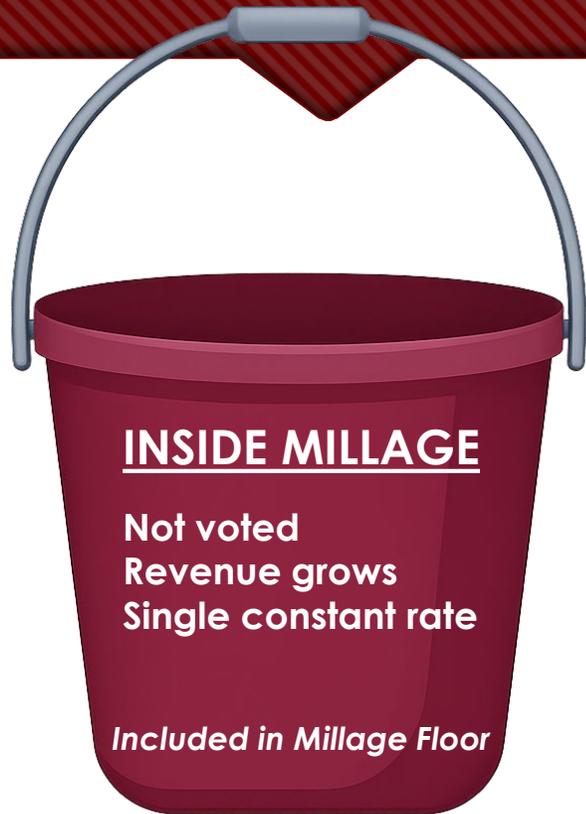
- Passed to prevent automatic tax increases
- Limits revenue from voted levies
- As property values rise, effective millage is reduced & revenue stays flat



**20-mill Floor**

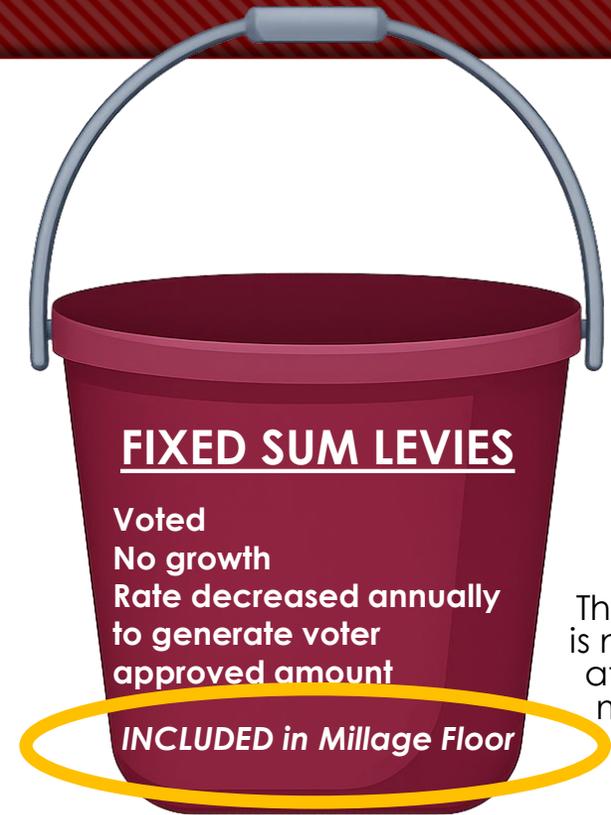
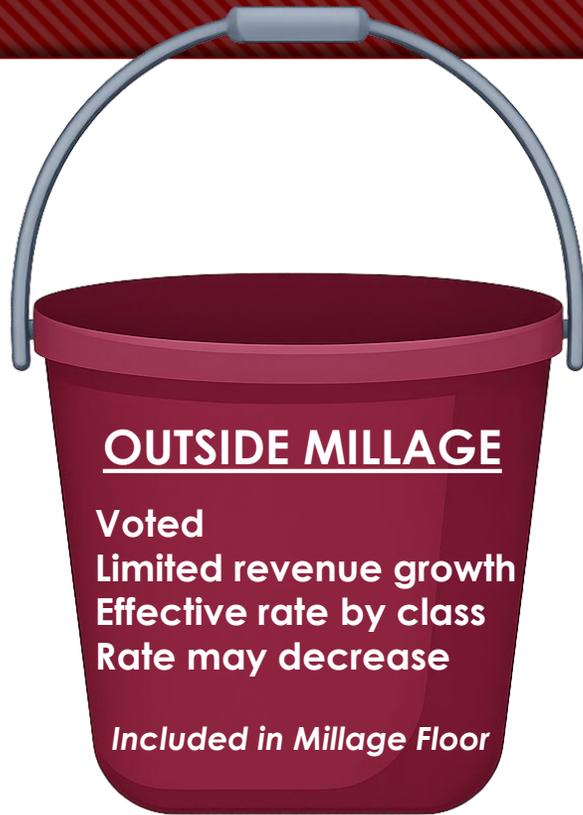
CURRENT LEVY Year/Description	VOTED MILLAGE	EFFECTIVE MILLAGE TY 2024	DIFFERENCE
1976 Current Expense	28.70	10.211	-18.489
1980 Current Expense	5.30	2.187	-3.113
1994 Current Expense	6.50	2.992	-3.508
1998 Permanent Improvement	2.00	0.779	-1.221
2013 Classroom Facilities	0.50	0.259	-0.241
<b>TOTALS</b>	<b>38.00</b>	<b>16.428</b>	

# Levy Types & Changing Effective Tax Rates - Original



Note: Until a district reaches the State minimum millage, referred to as the “20-mill floor,” a district’s outside millage (fixed rate levies) are adjusted downward to offset inflationary valuation growth.

# Levy Types & Changing Effective Tax Rates - Reformed



The District  
is no longer  
at the 20-  
mill floor

All growth capped at inflation

Fixed sum levies may only be renewed one time in the future.

When seeking a new levy, the authorized types of levies have been limited.

# Lebanon's Property Values Over Time

## Historical Total Property Value Change



Residential / Agricultural = 85% of the total value  
Commercial, Industrial, Public Utility Tangible = 15% of the total value

\*\* (triennial update)

\* (full reappraisal)

# Impact to Millage Calculation and 20-Mill Floor

Class I	TY2024	TY2025	TY2026	TY2027	TY2028	TY2029
Inside Mills	4.61	4.61	4.61	4.26	4.26	4.26
Effective Outside Mills	15.39	15.39	15.34	13.07	13.03	12.99
Original Floor Calculation	20.00	20.00	19.95	17.32	17.29	17.25
Fixed Sum Mills	7.66	7.49	7.45	6.51	6.49	6.47
Total NEW Effective Mills			27.40	23.83	23.78	23.72

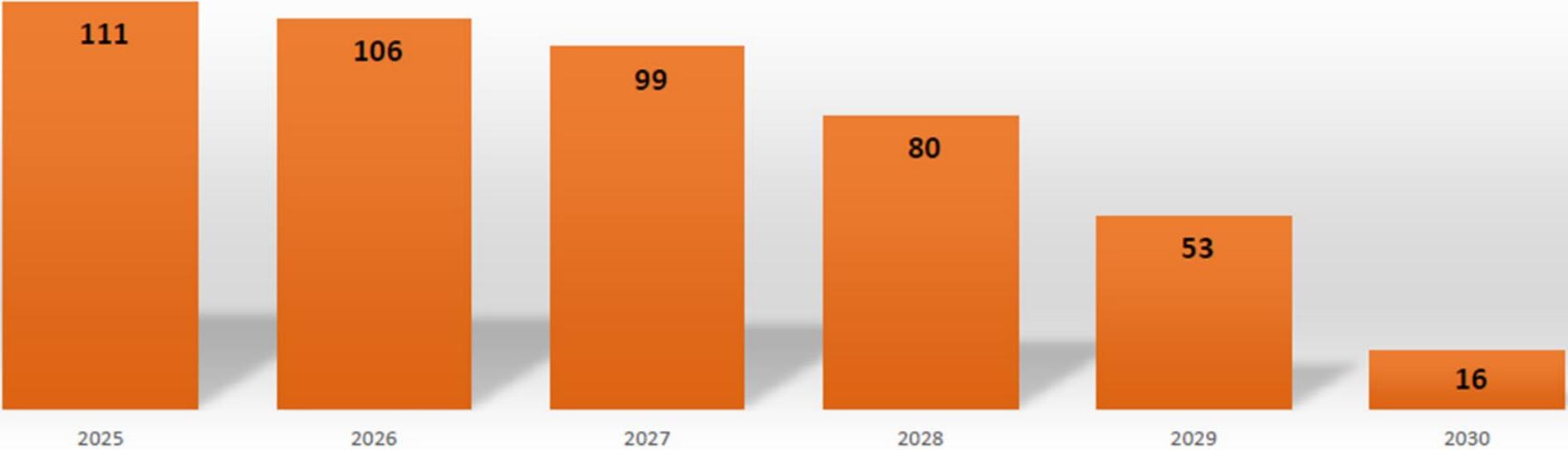
# Impact of Property Tax Reform

Current Forecast Annual Difference (Over/Under) Compared to Base Forecast						
State Line Item No	State Line Item No and Description	Amount				
		2026	2027	2028	2029	2030
<b>Total</b>		\$0	\$-46,508	\$-2,704,278	\$-5,099,966	\$-5,231,460
<b>Property Taxes</b>		\$0	\$-46,508	\$-2,704,278	\$-5,099,966	\$-5,231,460
	1.010 General Property Tax (Real Estate)	\$0	\$-41,951	\$-2,402,497	\$-4,500,528	\$-4,617,778
	1.020 Tangible Personal Property Tax	\$0	\$0	\$-17,013	\$-32,014	\$-32,226
	1.050 State Share of Local Property Taxes	\$0	\$-4,557	\$-284,768	\$-567,424	\$-581,456
	11.020 Property Tax - Renewal or Replacement	\$0	\$0	\$0	\$0	\$0
<b>Income Taxes</b>		\$0	\$0	\$0	\$0	\$0
	11.010 Income Tax - Renewal	\$0	\$0	\$0	\$0	\$0
<b>State Aid</b>		\$0	\$0	\$0	\$0	\$0
	1.035 Unrestricted State Grants-in-Aid	\$0	\$0	\$0	\$0	\$0
	1.040 Restricted State Grants-in-Aid	\$0	\$0	\$0	\$0	\$0
<b>All Other Revenue</b>		\$0	\$0	\$0	\$0	\$0
	1.060 All Other Revenues	\$0	\$0	\$0	\$0	\$0
	2.040 Operating Transfers-In	\$0	\$0	\$0	\$0	\$0
	2.050 Advances-In	\$0	\$0	\$0	\$0	\$0
	2.060 All Other Financing Sources	\$0	\$0	\$0	\$0	\$0

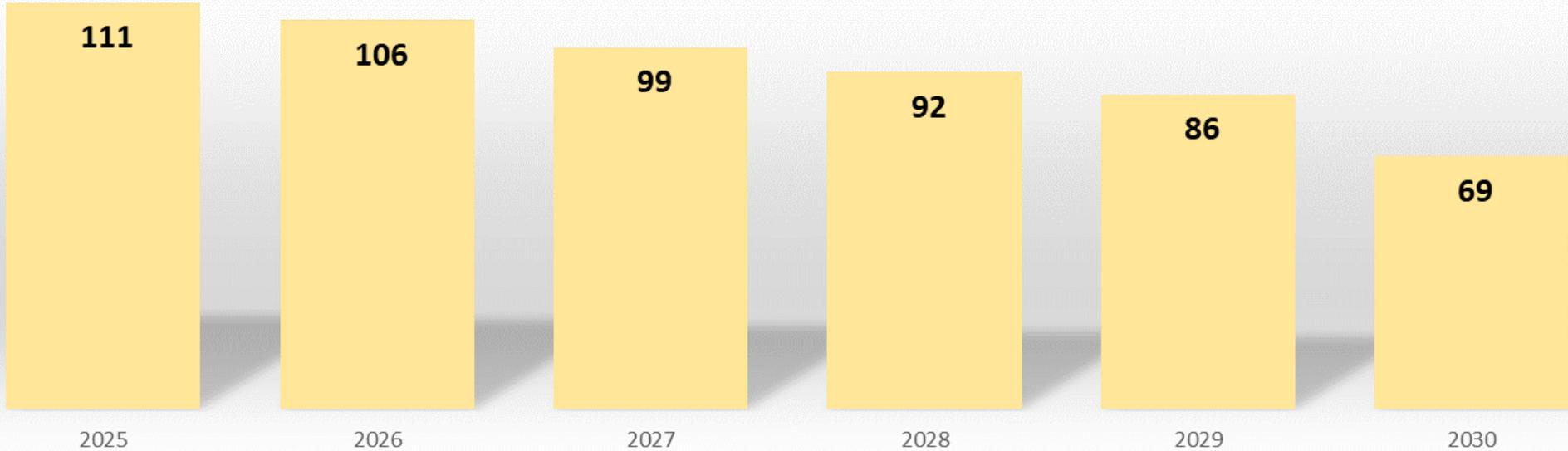
**Cumulative 4-Year Total  
= Loss of \$13M**

Days Cash on Hand at Fiscal Year-end

**Current  
Forecast**



**Current  
Forecast  
without  
Property  
Tax Reform**



# Impact to State Funding

- HB 186 caps revenue growth to the GDP inflator but does NOT change the inputs in the State funding formula, so the formula shows the District having additional wealth, which decreases the amount we receive from the formula
- Base Cost Data: Current formula uses inputs from FY2022. (It was last increased in FY2024 – the data at that point was from FY18)

**State guarantee of FY2020 revenues:**

Calculated FSFP Formula Funding (C+D+E)	\$4,875,121	\$4,530,206	\$4,459,017	\$4,393,007	\$4,324,940
.....Section III Formula Phase-in.....					
FY 2020 Guarantee Base Funding:	FY2026	FY2027	FY2028	FY2029	FY2030
2020 SFPR Base Funding w/o DPIA (Result 1)	\$17,558,115	\$17,558,115	\$17,558,115	\$17,558,115	\$17,558,115
FSFP Formula to FY20 Base Difference (F - G)	-\$12,682,994	-\$13,027,909	-\$13,099,098	-\$13,165,108	-\$13,233,175

# Unclear Future: Direct Quote from OASBO

- “The Ohio Department of Taxation, county auditors, and other state partners are actively working through the interpretation and implementation of recent changes from property tax reform legislation (HB 123, HB 129, HB 186, HB 309, HB 335).”
- “As details are finalized, districts should expect assumptions to evolve, and updated forecasts may be necessary.”

# Assumptions: Current Forecast vs Prior

## EXPENSES

State Line Item No and Description	Amount				
	2026	2027	2028	2029	2030
<b>Total</b>	<b>\$-127,162</b>	<b>\$-452,488</b>	<b>\$-470,168</b>	<b>\$-486,521</b>	<b>\$-503,522</b>
3.010 Personal Services	<b>\$-460,000</b>	<b>\$-481,122</b>	<b>\$-498,633</b>	<b>\$-515,000</b>	<b>\$-531,886</b>
3.020 Employees' Retirement/Insurance Benefits	\$157,568	<b>\$-107,901</b>	<b>\$-113,205</b>	<b>\$-118,523</b>	<b>\$-124,173</b>
3.030 Purchased Services	\$120,000	\$124,600	\$129,378	\$134,341	\$139,496
3.040 Supplies and Materials	<b>\$-75,000</b>	<b>\$-77,250</b>	<b>\$-79,568</b>	<b>\$-81,955</b>	<b>\$-84,413</b>
3.050 Capital Outlay	\$86,587	\$89,185	\$91,860	\$94,616	\$97,454
4.050 Principal-HB 264 Loans	\$0	\$0	\$0	\$0	\$0
4.055 Principal-Other	\$0	\$0	\$0	\$0	\$0
4.060 Interest and Fiscal Charges	\$0	\$0	\$0	\$0	\$0
4.300 Other Objects	\$0	\$0	\$0	\$0	\$0
5.010 Operating Transfers-Out	\$0	\$0	\$0	\$0	\$0
5.020 Advances-Out	\$43,683	\$0	\$0	\$0	\$0
5.030 All Other Financing Uses	\$0	\$0	\$0	\$0	\$0

# Financial Forecast – February 2026

## 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>	22,595,264	22,448,283	21,612,212	18,220,376	12,449,995
+ Revenue	76,906,127	79,132,464	79,666,608	80,378,015	80,850,437
- Expenditures	(77,053,108)	(79,968,535)	(83,058,444)	(86,148,396)	(89,412,546)
= Revenue Surplus or Deficit	(146,981)	(836,071)	(3,391,836)	(5,770,381)	(8,562,109)
Line 7.020 Ending Balance with Renewal/New Levies	22,448,283	21,612,212	18,220,376	12,449,995	3,887,886

# Monthly Financial Update

Questions?

