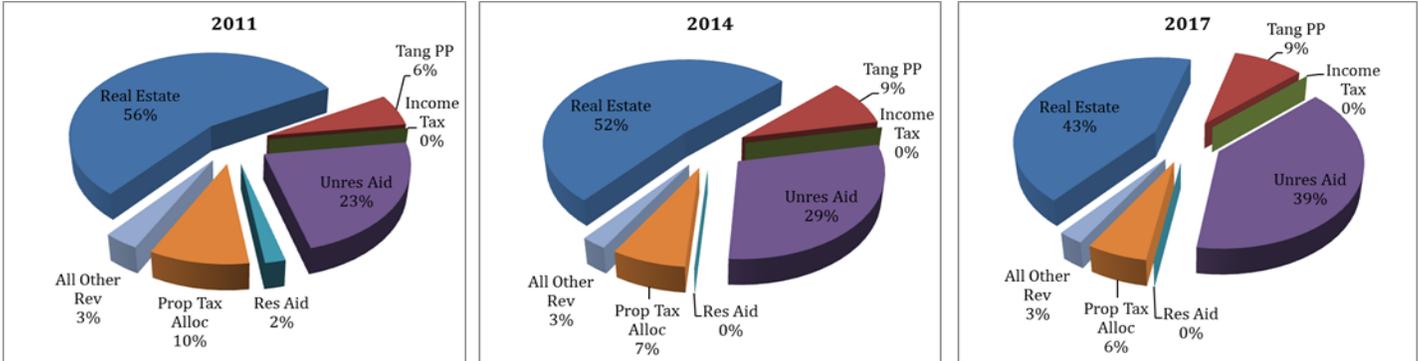


SPRINGBORO COMMUNITY CITY SCHOOLS
 FIVE YEAR FORECAST 2014-2018
 Approved October 24, 2013

REVENUE ASSUMPTIONS

The forecast requires that assumptions be made about future events to support projections. The following assumptions were made in preparing this forecast.



General Property Tax Line 1.01

The district’s real estate tax revenue is impacted by operating tax rates and taxable property values. While the district’s tax rates have not been increased by vote, the taxable property values have been affected by the economy:

- The County Auditor has conducted a triennial update for 2012. This resulted in changes to the valuations. The forecast assumes a change of -3% in residential values and commercial values. New construction continues to add to the valuation of the District. During the past three years, new construction added about 1.27% each year. A projected 1% increase in new construction is assumed in the forecast for residential values. Evidence of a stronger economy will be required to increase these estimates.
- The District assumes that the County Auditor is collecting taxes at a 98.2% rate based on historical collection rates. Delinquent taxes are assumed to be collected at \$250,000/year, which may be a conservative estimate and may understate revenues.
- The general property tax revenue represents 52% of the district’s revenue.

The emergency levy is reflected to expire in 2014. The forecast shows the reduction of half of the collection in FY14 and half in FY15. The 2008 emergency levy expires on 12/31/2013. In July 2013, the Board of Education determined that the renewal levy millage will be reduced 1.5 mills. The renewal levy revenue is included in line 11.20 of this forecast.

Tax Revenue	Fiscal Year >>	2013	2014	2015	2016	2017	2018
Total Taxes Levied for Fiscal Year		\$27,409,497	\$23,168,646	\$19,088,922	\$19,297,041	\$19,507,256	\$19,698,304
Rollback and Homestead from Ohio		(\$3,507,688)	(\$2,988,625)	(\$2,466,306)	(\$2,493,127)	(\$2,520,218)	(\$2,544,854)
Current Taxes Unpaid		(\$473,992)	(\$301,256)	(\$249,371)	(\$252,098)	(\$254,838)	(\$257,334)
Adjustment for Collection Split		(\$8,201)	(\$94,556)	\$2,099	\$2,603	\$2,146	\$2,168
Past Delinquencies Collected		\$777,087	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0
Total		\$23,989,726	\$25,820,005	\$20,734,110	\$16,742,386	\$16,922,604	\$17,148,284
Dollar Change over Prior year		\$1,837,228	(\$5,085,896)	(\$3,991,724)	\$180,218	\$181,081	\$44,599
Percentage Change over Prior Year		8%	-20%	-19%	1%	1%	0%

The emergency levy is reflected to expire in 2014. The above graph shows the reduction of half of the collection in FY14 and half in FY15. The 2008 emergency levy expires on 12/31/2013. The renewal levy revenue is included in line 11.20 of this forecast.

Tangible Personal Property Tax – Line 1.02

- Rockies Pipeline filed a tax appeal with the State to lower their values. The forecasted revenue projections are all based on the lower appealed values.
- The additional revenue of 419,947 received for 2012/13 school year was due to Rockies. At the time the County Auditor certified budget figures, Rockies was going to pay on a tax value of 30,259,140. The final close out value for 2011 Tax Year in our district was 35,035,650. The new value in our district for 2012 Tax Year is 34,152,190. This adds an additional revenue of \$2,475,215 over this forecast period.
- A decrease in taxes is reflected in the forecast starting in FY14 due to expiration of current 2008 emergency levy.
- A new pipeline is currently being buried across the State. The completion estimate has the increase in valuation of the Districts tax revenues starting in January 2015 (second half of FY15).
- The emergency levy is reflected to expire in 2014. The forecast shows the reduction of half of the collection in FY14 and half in FY15. The 2008 emergency levy expires on 12/31/2013. In July 2013, the Board of Education determined that the renewal levy millage will be reduced 1.5 mills. The renewal levy revenue is included in line 11.20 of this forecast.

Unrestricted Grants-In-Aid – Line 1.035

- For the years 2014 through 2018 the district is projecting line 1.035, based on the funding plan passed by the State in June 2013. The new state foundation funding concept is the money follows the student.
- The funding level increase is capped at 6.25% and 10.5% in 2014 and 2015 respectively. The assumption assumes 0% for the years 2016-2018. State Aid is allocated by the legislature every two (2) years and it is unknown what the amount will be beyond FY 15
- The enrollment data used to estimate the number of students to calculate the State funding level is based on 2010 census data for Springboro schools and the three-year change in student enrollment.

Restricted Grants-In-Aid - Line 1.04

- The district also is projecting to receive funding for career technical education of \$6,400, and catastrophic special education funding. The district will continue to monitor and apply for grants that will help the district meet the needs of the community.

Property Tax Allocation – Line 1.05

- The primary source of revenue in this line item is the state's reimbursement for discounted local real estate property taxes. In essence, Ohio discounts residential tax bills by 12.5%. Additionally, there is a discount applied to taxpayers with a handicap or elderly status. These discounts are known as rollback and homestead deductions. The 12.5% will not be applied to any levy passed after 1-1-2013.
- In 2012 the district also received a phased down payment for its loss of personal property tax revenue. The personal property tax revenue was lost due to Ohio's tax policy changes in 2005. The reimbursement has dwindled to only \$42,000 in 2012, and there is no reimbursement starting in 2013.

The emergency levy is reflected to expire in 2014. The forecast shows the reduction of half of the collection in FY14 and half in FY15. The 2008 emergency levy expires on 12/31/2013. In July 2013, the Board of Education determined that the renewal levy millage will be reduced 1.5 mills, from \$9,270,300 to \$7,916,500. The renewal levy revenue is included in line 11.20 of this forecast.

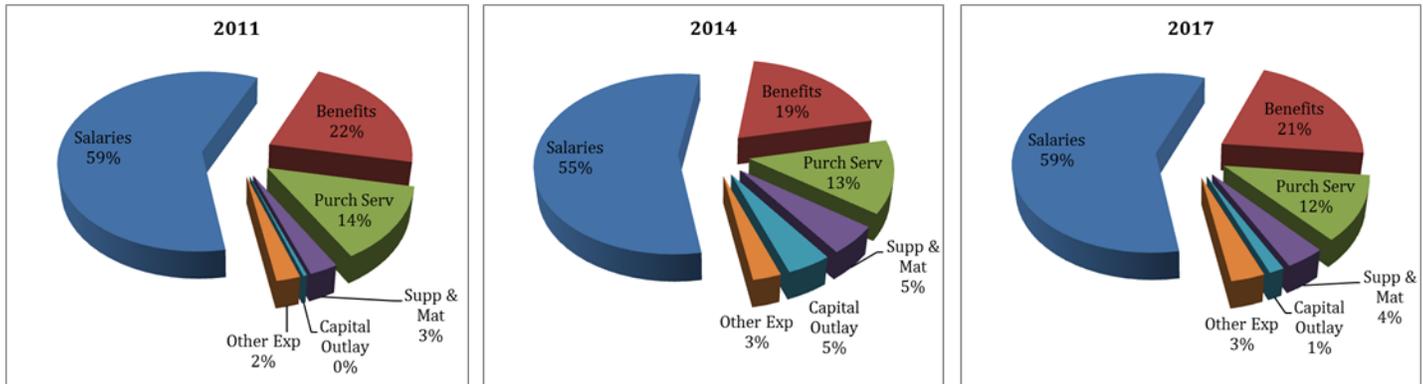
All Other Revenues – Line 1.06

- Casino revenue started to flow to schools in FY13. Estimates are that schools will receive \$51/per student in years FY14-FY18. This will generate about \$290,000 per annum for the District.
- The District started the Preschool program in FY14. This program will be charging tuition which will result in revenue of \$77,600. This is based on \$45/week for 48 students for 36 weeks)

SPRINGBORO COMMUNITY CITY SCHOOLS
 REVISED FIVE-YEAR FORECAST 2013-2017
 Updated May 23, 2013

EXPENDITURE ASSUMPTIONS

The forecast requires that assumptions be made about future events to support projections. The following assumptions were made in preparing this forecast.



In 2014, the district will spend 87% of its budget on three categories:

- Personal Services (Salaries) 55%
- Employee Benefits 19%
- Purchased Services 13%

Zero-Base Budgeting

Starting in FY2013, the district implemented zero-based budgeting concept. All budgets began at \$0 and are developed based on need for each department

- This approach allowed each administrator to build the budget to meet the needs of their school/department to ensure that the needs of all students are being met. Administrators shared their budget with the Budget and Finance Committee.

Elementary Merger

- During the 2012-13 school year, the District merged the four elementary buildings into two. This allowed the District to function at a higher instructional level and also, be more cost effective. This resulted in a reduction in administrative salaries by \$30,000 in FY13. The savings for FY14- FY17 is projected to be \$150,000. The assumption is that no additional teachers will be added for FY14 based on projected student enrollment numbers.

Personal Services – Line 3.01

- Line 3.01 reflects all general fund salaries for the district. Salaries account for 55% of the district's expenditures in 2013. Salaries are projected to change as follows:
- Movement from one degree to another, known as an education 'column increase' in pay for staff members is estimated to cost approximately \$78,000 for 2014.
- In July 2013, District settled a contract with the certified staff that included longevity steps and a 2% increase on the base for FY14 and FY15.
- In July 2013, the District settled a contract with the non-certified staff that included restoring experience step advancement and a \$1000 payment each year for all employees for years FY14-FY16.

ASSUMPTIONS-Continued

- There is no provision for any negotiated increases or experience steps throughout the forecasted years of FY16-FY18 for certified staff and FY17-FY18 for non-certified staff.
- There was a merit pay stipend paid in 2012, it amounted to \$222,317 and is projected to continue at this level in 2013 per the negotiated agreement. One hundred percent of all employees received the excellence stipend. This was eliminated for FY14.
- All band and athletic extra-curricular salaries and benefits were moved to the 300 fund in FY 13, resulting in a decrease of salaries to the general fund of \$495,811.97/year .
- The board's approved staffing plan is included in 2013. This includes additional staffing levels that are projected to increase the salaries by \$175,000.
- The current five-year forecast includes only those obligations that are currently negotiated. Because the current negotiated agreements are in place through June 2015 for certified staff and FY16 for non-certified staff, it is impossible to forecast future salary step and base increase/decrease expenses over and above the current cost. Changes to the salaries are subject to negotiations. Therefore, there are no further changes projected in the five-year forecast until the conclusion of negotiations.
- Enrollment numbers will be reviewed annually to determine the actual demand. The assumption is based on census and historical information.
- The District is now running the Preschool program. In the past this program has been run by the Warren County ESC. This program increases salaries by \$636,000/year. The expenses paid to Warren County ESC will be reduced in Other Objects (4.3)
- During the 2012-13 school year, the central office administrative team reviewed the efficiencies of the teaching staff of the District. The following efficiencies will be relative and based on real time student data.
 - The following will be reduced: 3.5 High school positions, Some supplemental and extended day contracts, stipends for evening events, Paraprofessional, and reduction in salary for HS work coordinator and gifted coordinator from the WCESC (savings of \$495,000).
 - The following will be added: 3 Reading Intervention teachers, 1.5 gifted teachers, .5 Language Arts Teachers at JH, Tech Staff, Secondary Specialist at Central Office and Professional Development for Staff (cost of \$495,000)
 - This plan is cost neutral resulting in no increase or decrease to any cost area of the forecast.
- The District did an EPC retirement buyout in June 2013. 34 staff members began retiring in June 2013 and retirements will continue through July 2014. Those at the higher end of salary schedule are retiring and being replaced by those at the beginning per the EPC buyout plan. The savings for those retiring begins in FY14. The savings projection is as follows: FY14 is \$436,298 and FY15 is 170,688. The total savings over this 5- year forecast is \$2,257,256.
- The EPC retirement buyout included a severance package for the employee. The cost of the severance package is as follows: FY14 \$284,594, FY15 \$435,677, FY16 \$435,677 and FY17 \$151,301. The total cost is \$1,307,249.

The Net EPC savings to the District is \$1,266,109, including benefits below.

Employees Retirement/Insurance benefits - Line 3.02

- Line 3.02 represents about 19% of the district's expenditures. Expenditures include 14% of salaries as the employer share of payment to the State Teachers Retirement System, 2% of salaries for worker's compensation insurance, and costs associated with employee medical benefits.
- During FY 2011, the district enrolled with EPC, a large health care consortium.
- The retirement pick-up for administrators has been phased out for FY14. The total reduction once fully eliminated is \$90,000 per year.

ASSUMPTIONS-Continued

- The Patient Protection and Affordable Care Act is starting to take shape. EPC has informed the District that due to the provisions of this law, the District's health insurance premiums in FY14 and FY15 will increase 6.5% each year. The Act also has specific requirements for benefits for employees that exceed 29 hours/week.
- The Employee portion of health insurance was increased to 20% of the premium beginning in October 2013.
- The FY13 health insurance decreased by 1%, but the dental insurance increased by 8%, resulting in a net -0- change.
- The current five year forecast includes only those obligations that are currently negotiated. Because the current negotiated agreements are in place through June 2015 for certified staff and FY16 for non-certified, it is impossible to forecast the future benefit increase/decrease expenses over and above the current cost. Changes to salaries are subject to negotiations. Consequently, there are no changes included in the five year forecast until the end of negotiations.
- The EPC retirement buyout, mentioned above in 3.01, will decrease retirement and Medicare benefits. The reductions will be \$61,081 in FY14 and \$23,896 in FY15. The total savings for this 5-year forecast is \$316,012.
- Line 3.02 represents about 19% of the district's expenditures. Expenditures include 14% of salaries as the employer share of payment to the State Teachers Retirement System, 2% of salaries for worker's compensation insurance, and costs associated with employee medical benefits.

Purchased Services – Line 3.03

- Purchased services consume about 13% of the district's budget. This line item covers utilities, tuition paid to other districts and community schools, salaries (instructional services), as well as other types of services (repairs, attorneys, etc.) used by the district.
- The Board of Education legal services budget has decreased by \$100,000 in FY14 due to the completion of negotiations. The forecast includes \$130,000 for day-to-day legal expenses and \$50,000 for Board of Education legal services. FY15 forecast includes \$250,000 for legal expenses associated with negotiations.
- In September, the School Safety Committee issued its report and identified the need for building safety and security changes. The forecast includes \$100,000 in FY14 and \$150,000 in FY15 for safety related building improvements. Also included is \$30,000 each year for safety related training.
- The Board of Education budget for FY 14 includes \$75,000 for budget initiatives, such as essay contests, programs related to funding principals special events and community education programs. Also included in the budget is \$25,000 for ordinary board expenses and board member training. FY 15 to FY 18 is forecast at this level.
- Not all of our students are able to be transported by buses. In those cases, we contract with other carriers to transport those students. Based on the needs of those students our costs are expected to increase \$60,000 starting in FY13.
- To address the foreseen enrollment growth at the High School, the district is evaluating online learning programs including the possibility of renovating the Media Center to create an online learning environment. Previously, this was identified as an unmet need. The forecast includes \$15,000 for design services and \$100,000 for renovation costs.
- Starting in FY14, the District will be commencing its own pre-school program. The cost paid to Warren County ESC, which did handle the program will be eliminated. The price was

ASSUMPTIONS-Continued

\$667,152.

3 teachers + 6 aides – \$517,143.30
 Part-time Itinerate Teachers - \$97,917.51
 Therapy (OT & PT 3 days and SLP 5 days) - \$181,972.00
 Total Salaries - \$797,032.81
 Minus Unit Funding – (\$52,120.44)
 Total paid to Warren County ESC - \$667,152.37

Supplies and Materials – Line 3.04

- The supply budget comprises about 5% of the district’s budget.
- The forecast includes the provision for textbooks purchases, educational software, and necessary technology equipment for student instruction of \$600,000 each year through FY 16 FY14-FY16 and \$200,000 FY 17.

Capital Outlay (4%) – Line 3.050

- In October of 2012, the District prepared a capital improvement estimate assessing long-term facility related repairs and replacements. This plan is being used as a template to address district long term capital needs and deficiencies. The total plan over the 2013-2017 forecast term reflected \$5.6M. The district has prioritized \$3.5 million, described below. The remaining balance of \$2.1 million is noted as an unmet need which will be reviewed annually and may be adjusted accordingly pending available funding
- Capital improvement over the next five years include replacing the roof at Clearcreek Elementary, repaving and resurfacing the districts blacktop, repairing brick and stucco in various buildings, patching roof sections in other buildings, upgrading some mechanical items, and repairing bleachers. The following amounts are included each year for capital improvements:

FY14	FY15	FY16	FY17
\$1,239,836.94	\$956,714.24	\$701,050.02	\$603,507.02

The sum of this plan is \$3,501,108.22 and the plan will be reviewed quarterly to adjust or amend as needs arise.

- The technology department has completed the district's building wireless program and all buildings have been upgraded for high density access to support online learning and testing. The district has developed a “Project 21” technology plan that began during the 2013 fiscal year and will be implemented over the next 5 years. This plan focuses on making sure that classrooms are equipped with the latest instructional tools for both students and staff, ensures high density wireless access in all buildings for both instructional purposes and assessment purposes (PARCC) or other online testing. Due to the District’s investment, the District was selected to pilot the State of Ohio’s PARCC’s program. “Project 21” is a technology plan that focuses on bringing instructional tools and district infrastructure up to a level needed to meet the demand and rigor of 21st century skills.

- The forecast includes \$911,799 to implement technology plans for acquisitions from 2014-2018. This technology will be strategically placed throughout the District to give our students the best learning environment and ensure that the District is test ready. Below is the technology plan:

	2013-14	2014-15	2015-16	2016-17	2017-18
Teachers					
Grades K-2		iPad Mini/Tablet 60 ipads @ \$329.00 \$19,470	iPad Mini/Tablet 60 ipads @ \$329.00 \$19,470	iPad Mini/Tablet 60 ipads @ \$329.00 \$19,470	
Grades 3-5	Chromebook 1 cart per ELA 10 carts= 300 devices, plus cart \$271 each device, \$1400 cart (10) \$95,300	Chromebook 1 cart per ELA 4 carts=120 devices, plus cart \$271 each device, \$1400 cart (4) \$8,120		Replacement/maintain Chrome \$15,000	Replacement/maintain Chrome \$15,000

ASSUMPTIONS-Continued

	Replacement/Fix Chrome Books	Replacement/Fix Chrome Books	Replacement/Fix Chrome Books		
	\$5,000	\$5,000	\$10,000		
	LABS/ELA	LABS	LABS	LABS? STEM?	
	Replace with teacher machines	Replace Dennis Instructional Lab	Replace FP Instructional Lab		
	\$0	\$20,000	\$20,000		
Grades 6-8	BYOD/Blended Learning		BYOD	BYOD	BYOD
	Supplemental Chrome Cart	Supplemental Chrome Cart			
	SI	1 carts=30 devices, 1 cart (1400)			
	3 carts =90 devices, 0 cart	\$9,530			
	\$271 each device, 0 carts				
	\$24,390				
	JH				
	3 carts =90 devices, cart				
	\$271 each device, \$1400 cart (3)				
	\$28,590				
	LABS-replace w/ teacher machine	Replace Lab 1-SI	Replace 1-JH (have monitors)		
		\$20,000	\$10,000		
Grades 9-12	BYOD/Blended Learning		BYOD	BYOD	BYOD
	Supplemental Chrome Cart				
	HS				
	4 carts =120 devices, 4 carts				
	\$271 each device, \$1400 cart (4)				
	\$38,120				
	LABS-replace w/ teacher machine	Replace Instructional Lab			
	1 Art lab	\$40,000	Replace Instructional Lab		
	\$20,000	1 Art lab	\$20,000		
		\$20,000			
Chrome Boks	600 total chrome books	150 chrome books			
PAARC	Lease 36 month	Lease 36 month	Lease 36 month	Buy lease \$1 each	\$122,500
Teacher Laptops	\$92,163	\$92,163	\$92,163	\$350	
Total Cost	\$303,563	\$264,283	\$171,633	\$34,820	\$137,500

- An additional \$95,000 is forecast for Project 21 to bring all classrooms up to 21st Century needs. This is a total technology investment of 1,006,799.
- Starting in 2016, \$50,000 has been placed in the forecast each year to replace batteries for technology equipment.
- The Administration recently developed a replacement schedule for the aging bus fleet. This schedule projects the bus needs to effectively estimate useful life using generally accepted standards for age and mileage. This plan will be evaluated to insure it meets the district fiscal restraints as an ongoing need to transport our children safely.
- The District recently sold bonds valued at approximately \$1M for 11 busses in FY13 (see note 4.050). The replacement plan is as follows: FY14: 4 busses FY15: 2 busses (special Ed) FY16: 2 busses FY17: 2 busses. This is a total cost of \$850,000. This plan will be evaluated annually before the purchases are made.

Principal Notes – Line 4.050 and 4.055

- In FY02 the District borrowed funds to complete HB 264 building projects on 5 of the school buildings.
- In FY13 the District is borrowing approximately \$1M for 11 busses over 5 years. Paying for this loan will begin in 2014.
- The chart below represents the payback of the building projects and bus loan from FY12 to FY17.

4.055 - Principal - Other	Projections are not Based Upon Previous Fiscal Year					
Bus	-	15,000	205,000	210,000	215,000	215,000
Building	216,000	211,000	211,000	211,000	211,000	211,000
Note 2	-	-	-	-	-	-
Total [4.055]	-	216,000	226,000	416,000	421,000	426,000

Operating Transfers-Out – Line 5.010

- During FY14, the District will subsidize the athletic program \$180,000 - \$105,000 district subsidy and \$75,000 for the District Service Program
- Further discussion is needed between the Athletic Department and all Athletic booster groups to

determine how size and scope of all athletic programs, to will be funded starting in FY14.

Unmet Needs

- The district will annually monitor technology. The budget to actual should be brought to the Budget & Finance Committee quarterly. The committee would like to evaluate an evening tech support plan between now and the May 2014 forecast.
- A detailed maintenance / capital plan has been created. The district has not allocated money to address the ongoing cost of replacing carpet, painting, refinishing floors, installing tile, and upgrading its temperature control system. The district is exploring the possibility of a House Bill 264 project where it could upgrade some of its lighting, HVAC equipment, and other electrical components to capture a savings. The savings from this could be reinvested to address some of these unmet needs.
- The administration will provide quarterly updates to the Budget and Finance Committee regarding expenditures against plan and any updates as may be necessary regarding capital items. The unmet capital needs budget is \$2,127,336.
- The bus replacement schedule will project the bus needs to effectively estimate useful life using generally accepted standards for age and mileage. This plan will be evaluated to insure it meets the district fiscal restraints as an ongoing need to transport our children safely.
- The District will begin to assess and evaluate possible alternatives to the Jonathon Wright building. A facility utilization plan will be provided to the Budget and Finance Committee for a broader Board of Education and community discussion by the May 2014 forecast.
- Safety and Security Committee evaluated the safety needs of the district and made initial recommendations. \$250,000 has been budgeted FY14 and FY15 for initial improvements. Safety is an ongoing priority and future evaluations may identify additional needs.
- It is estimated that the initial cost for the total program will be \$250,000.