FIVE YEAR FORECAST
MAY 2019 UPDATE

Revenue

Real Estate Taxes - As discussed in October of 2018, the district anticipated an increase of 13.6% in real estate taxes for the triennial re-appraisal.

The actual increase came in at 13.8% for residential class I real estate, increasing our revenue for the May update by over 164k for this fiscal year, and 335k for FY20 and beyond, this increase includes additional inside millage for new construction.

Springboro home values continue to improve, resulting in a millage reduction of 2.17 mills due to HB920, resulting in the district hitting the statutory 20 mill floor.

Since the district has returned to the 20 mill floor, as property value inflation occurs, the district will generate some additional revenue that has been anticipated conservatively within the forecast.

Public Utility Personal Property - The Public utility tax rate is always the full voted tax rate, which is currently 49.82 mills. This tax rate is then multiplied by the “value” of the public utility from their most recent tax return filing.

The district’s Public Utility Values have increased significantly over the last several years due to pipelines running through the district that have increased in value. Year over year the revenue will fluctuate, as this revenue stream is based off the value of the pipeline from the previous year.

There is an increase in revenue for FY19 of 836k, and a decrease in FY20 public utility revenue due to Duke Energy paying their full year tax bill upfront, instead of ½ now, and ½ in July.

The additional revenue from October to May for FY19 and beyond in public utility was due to an increase in public utility value for existing pipelines, which were not contested. This increase, as discussed earlier this year added 2.6 million over the forecast period. This was due to a value increase of 11.6% in 2017, and 12.8% increase in 2018 for collections in 2019. However, outside of these two years, the average growth is 1.2% annually in through 2022.

Unrestricted - State Funding - No change to the forecast as of now in this area from October to May. Currently there are two proposed funding plans for the next year. A new “Fair Funding Model” backed by Cupp and Patterson, that has been proposed to replace the current funding model, as well as the Governor’s proposal which keeps the existing funding model, with additional add-ons for pre-school, and mental health. The current proposal keeps our district flat, and the other would provide a significant increase of nearly 1 million dollars per year. Recent discussions suggest that although the Fair Funding Model looks like a good plan, there may not be enough time to thoroughly vet this funding plan before signing off on the budget bill.

Property Tax Allocation - The property tax allocation are the rollback and homestead credits that homeowners receive off their tax bills. The state then reimburses the district for a resident who is a property owner (10%), and (2.5%) if the owner occupies the residence. These state credits are reduced from local taxpayer's tax bills, and reimbursed to the district by the state. In the 2013 budget bill, these credits were eliminated for all new money levies after 2013. Taxpayers will still receive these credits on all existing levies passed prior to 2013; any substitute levy passed is not considered new money and will also continue to receive these tax credits. These amounts are increasing in the forecast similarly to the property tax line due to the 13.8% increase for the triennial update, and returning to the 20 mill floor. The change from October to May is an increase of 19k.

All other Operating Revenue - This line represents all other revenue not specified above including interest off investments, school fees, excess cost tuition, and miscellaneous revenue. This forecast line has increased 105,000 from October to reflect what is occurring within these areas. The largest single increase is this area is investment interest due to investment activities which are anticipated to be 125k this year. This is a 47k increase over last year and since 2013 where investment interest totalled $7,456, this amount has nearly doubled each year since.

Expenditures

Personnel - Personnel costs anticipated for FY19-FY23 have remained the same from the October forecast through May 2019. We are running right on budget through April, and cash flows for May and June are sufficient to finish the year at or under budget.

Note: The negotiated agreements for our certified and classified unions are in place through FY20, with a reopener in FY21 for salaries and benefits. Depending on the outcome of negotiations, FY21 and beyond will change. Currently for FY21 and beyond, there is a step for all staff, a.5% increase for lateral column changes, and a 1% increase anticipated for staffing changes.

Benefits - This line represents the boards' portion of retirement, Medicare, Medical, Dental, Vision, and Life insurance plans. We have been notified that we will receive a 22% increase in medical premiums effective January 1, 2020. The negotiated agreement allows the board to offer another plan if increases go over 10%. The Financial Insurance Team comprised of SEA, SCEA, administration, and a board member have begun looking at plan change options in an attempt to reduce the 22% increase that is coming. For the May forecast, FY20 has been updated to assume a 10% increase in health insurance premiums effective January 1, 2020, whereas an 8% was originally assumed in the October forecast, resulting in an increase to FY20 of 48k. However, benefits are coming in nearly 49k under budget for FY19. With that savings being carried forward to FY20, the net result for healthcare remains virtually the same.

The projections for FY20 thru FY23 have an 8% yearly increase anticipated for medical insurance costs. Depending on the outcome of potential insurance changes, the October 2019 forecast will be updated to reflect any additional changes.

The forecast reflects the increase in Retirement, and Medicare costs per statute due to the negotiated agreements reached for certified and classified staff. For FY19, costs reflect the $55,000 for tuition reimbursement that has been part of the negotiated agreement for several years, with the first payout year being FY19.

Purchased Services - The purchased services line makes up nearly 15% of the entire general fund budget in FY19. This category includes tuition paid to other districts, utilities, sub costs, CCP tuition, Community Schools and Open Enrollment Tuition. In October the forecast assumed FY19 costs would be $8,319,716, Since October 3 bus leases have been moved to the capital fund lowering the anticipated expenditures for this line by $361k.

For May 2019, the net expenditures in purchased services after removing the 361k for buses to capital are anticipated at come in at $7,983,360, which is a difference of $336,000. The net difference of 25k, is attributed to small variances within this category. Such as a large decrease of 122k in Community Schools Tuition, while an increase in sub costs by about 95k to date, small variances in special ed tuition also contributed to the slight increase. Since the bus lease was moved to capital, the purchased services line has been lowered for FY19 through FY23 due to this change in coding.

Supplies - The October forecast anticipated $2,150,092 for supplies in FY19. Supplies are coming in under budget, the May 2019 forecast has been reduced by 95k to reflect this. The savings is attributed to a portion of the textbook allotment that was set aside and not used. The textbook plan for FY20 through FY23 remain the same from the previous forecasts:FY20 $800,000, FY21 $500,000, and $450,000 for FY22 and FY23.

Capital Outlay - The forecast for October 2018 set aside $500,000 for capital needs in order to address the most significant items on the district's capital needs plan.In addition, the connector for the new modular at Clearcreek, the modular itself, and upfront installation costs were also set aside for FY19.

As stated above, 3 bus leases were moved from purchased services and re-coded to capital, reducing that line by $361k, and increasing this line by the same. This wasn't an increase in costs, just a movement to show costs in this line, verse the purchased services line.

The Forecast from October 2018 to May 2019 has changed by $745,357, of that $361k was moved from purchased services for a net increase to this line of 384k.

The additional $384k in Items that became necessary to complete this year that were above the allotted 500k were:

Box Truck - $33k
HVAC controls at Educare to tie into our HVAC controls system $63k
Fire Alarm Panel Replacement (HS) $44k
Additional carts, chairs, tables, wall repairs, $45k
Window/Door Replacement (SI) $22k
High School Stage Drapery $42k
Refinishing and Painting of the High School Gym Floor $105k
Asphalt Repairs $30k

For FY20, an additional $100,000 has been set aside to address additional capital needs that exceed the $500,000 allotment. Even with this additional investment for FY20, as well as $500k for FY21-FY23, there remains an increasing number of unmet needs not allocated for within the current forecast due to the resources available for allocation.

Overall Takeaways

Revenue overall has increased by $1,520,545 from the October forecast to May for FY19. Of the increase $836,000 is attributed to a public utility company paying a full year tax bill, instead of just half. FY20 has been reduced due to the timing of revenue coming in FY19. Additionally, public utility values have increased, which has also added the additional revenue. With the finalization of the triennial reappraisal, the district also realized a slight increase above anticipated in Class I Real Estate as discussed above.
The forecast still shows significant challenges. Although revenue has improved from the pipeline companies, and additional increases in property values, the districts expenses continue to outpace the current resources provided, in each of the next four forecasted years
(line 6.010).

**** There is a continued need for additional revenue to meet the current level of district offerings over the forecast period. Potential revenue changes in state funding or in an additional pipeline not currently being taxed, could reduce the amount needed within the forecast period.**

Expenditures Overall expenditures are within ½ of a percent compared to the October Forecast for FY19, and for the overall forecast, expenses have only changed 116k in total from FY19-FY23.

END OF YEAR CASH BALANCE RESERVE POLICY	FY19	FY20	FY21	FY22	FY23
BEGINNING BALANCE	$ 9,976,197.00	$ 10,416,645.00	$ 9,102,545.00	$ 7,502,391.00	$ 5,392,085.00
REVENUE	$ 54,731,710.00	$ 55,362,227.00	$ 56,739,869.00	$ 58,334,463.00	$ 59,849,915.00
			$ -	$ -	$ -
EXPENDITURES	$ 54,291,262.00	$ 56,676,327.00	$ 58,340,023.00	$ 60,444,769.00	$ 62,756,274.00
EXCESS OF REVENUE OVER OR UNDER EXPENDITURES	$ 440,448.00	$ (1,314,100.00)	$ (1,600,154.00)	$ (2,110,306.00)	$ (2,906,359.00)
CASH BALANCE AS OF JUNE 30TH	$ 10,416,645.00	$ 9,102,545.00	$ 7,502,391.00	$ 5,392,085.00	$ 2,485,726.00
OPTIONS					
DAYS OF TRUE CASH ON HAND TO OPERATE	70	59	47	33	14
30 DAYS CASH ON HAND	$ 4,462,295.51	$ 4,658,328.25	$ 4,795,070.38	$ 4,968,063.21	$ 5,158,049.92
60 DAYS CASH ON HAND	$ 8,924,591.01	$ 9,316,656.49	$ 9,590,140.77	$ 9,936,126.41	$ 10,316,099.84
CASH BALANCE AS PERCENTAGE OF EXPENDITURES	19.19%	16.06%	12.86%	8.92%	3.96%
10% OF YEARLY EXPENDITURES	$ 5,429,126.20	$ 5,667,632.70	$ 5,834,002.30	$ 6,044,476.90	$ 6,275,627.40

Unmet Needs that Remain:

Window Replacement at High School: 500k, (replacing 100k per year)
Additional parking lots for HS and Dennis $80k
Additional paving to relieve drop-off and pickup at SI $40k
Complete Paving of existing lots by 2021 $600k
District Camera System Upgrade $200k
Building Room Permits/Additions $250k
EduCare Build Out for district utilization $2 million
Upgrade Auditorium sound system, lighting, and control room $100k
Upgrade Auditorium Floor $80k
Replace Bleachers at JH $100k
Furniture Replacement Plan $200k
Carpet/flooring replacement $300k
New Bus Replacement Plan Cycle
Vehicle Replacement Plan $80k

Additional Future Projects that need costed:
Locker for String Instruments and band SI
Relamp HS Gym
LED lights in lobby at Dennis
Roofs preventative maintenance plan
Asphalt maintenance plan
Traffic flow study on all grounds
Update all buildings key way systems
Update fire systems
Update radio systems
Update pa systems
Update playground equipment

Replace mulch playgrounds with rubber mat pads
Replace outside restroom doors at SI/Controls

**** The district has begun a Master Planning process that has involved a Facilities Assessment study with Architect Firm SHP. Additional items may be determined during this process and will be added to the unmet needs list.**

Springboro Community City Schools
Five Year Forecast

	Actual	FORECASTED				
Fiscal Year:	2018	2019	2020	2021	2022	2023
Revenue:						
1.010 - General Property Tax (Real Estate)	25,980,873	25,844,828	27,546,883	28,060,386	29,389,303	30,643,594
1.020 - Public Utility Personal Property	5,511,700	6,348,139	5,449,677	6,240,340	6,292,489	6,343,601
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	16,374,691	16,616,476	16,711,461	16,714,767	16,714,571	16,713,092
1.040 - Restricted Grants-in-Aid	8,665	9,473	9,075	9,138	9,138	9,136
1.050 - Property Tax Allocation	3,685,509	3,799,519	3,980,502	4,064,276	4,266,441	4,466,181
1.060 - All Other Operating Revenues	1,637,606	1,638,519	1,564,629	1,550,962	1,562,521	1,574,311
1.070 - Total Revenue	53,199,044	54,256,954	55,262,227	56,639,869	58,234,463	59,749,915
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	-	-	-	-
2.050 - Advances-In	-	-	-	-	-	-
2.060 - All Other Financing Sources	176,243	474,756	100,000	100,000	100,000	100,000
2.070 - Total Other Financing Sources	176,243	474,756	100,000	100,000	100,000	100,000
2.080 - Total Rev & Other Sources	53,375,287	54,731,710	55,362,227	56,739,869	58,334,463	59,849,915
Expenditures:						
3.010 - Personnel Services	28,955,749	30,246,297	31,751,749	32,965,453	34,225,436	35,533,463
3.020 - Employee Benefits	10,152,892	10,692,239	11,462,583	12,122,466	12,826,897	13,579,126
3.030 - Purchased Services	8,234,592	7,983,360	8,138,952	8,318,408	8,524,114	8,734,308
3.040 - Supplies and Materials	2,179,583	2,054,128	2,658,295	2,394,662	2,386,756	2,433,826
3.050 - Capital Outlay	946,503	2,117,747	1,467,502	1,342,502	1,342,502	1,342,502
Intergovernmental & Debt Service	784,816	567,701	561,000	553,758	489,689	477,000
4.300 - Other Objects	714,314	629,790	636,246	642,774	649,375	656,049
4.500 - Total Expenditures	51,968,449	54,291,262	56,676,327	58,340,023	60,444,769	62,756,274
Other Financing Uses						
5.010 - Operating Transfers-Out	11,078	-	-	-	-	-
5.020 - Advances-Out	-	-	-	-	-	-
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	11,078	-	-	-	-	-
5.050 - Total Exp and Other Financing Uses	51,979,527	54,291,262	56,676,327	58,340,023	60,444,769	62,756,274
6.010 - Excess of Rev Over/(Under) Exp	1,395,760	440,448	(1,314,100)	(1,600,154)	(2,110,306)	(2,906,359)
7.010 - Cash Balance July 1 (No Levies)	8,580,437	9,976,197	10,416,645	9,102,545	7,502,391	5,392,085
7.020 - Cash Balance June 30 (No Levies)	9,976,197	10,416,645	9,102,545	7,502,391	5,392,085	2,485,726