

SPRINGBORO COMMUNITY CITY SCHOOLS

REVISED FIVE YEAR FORECAST 2012-2016

Approved May 24, 2012

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 impacted by the economy:

- The County Auditor completed the triennial update of the county's property values in 2009. Residential values decreased 12%. During the same update, commercial property values remained relatively stable at only a 0.9% increase.
- The County Auditor is conducting a triennial update for 2012. The forecast assumes a change of 0% 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 for new construction is assumed in the forecast for residential values. Evidence of a stronger economy will be required to increase these estimates. The forecast assumes a 3% new construction increase in commercial values for calendar year 2012.
- The general property tax revenue represents 55% of the district's revenue.

Impact: With the above valuation assumptions, and renewing its current emergency levy, the revenue projections are as follows:

1.01 Real Estate Tax Revenue	Projected				
	2012	2013	2014	2015	2016
Actual Amount Received in Prior Year	24,448,722	23,964,411	24,260,168	24,459,885	24,662,451
Adjustments to prior year amount:	Be sure to complete the Levy Devaluation Worksheet to determine if you need to enter millage adjustments for negative Reappraisal/Updates and BOR's.				
% Increase in Valuation Due to New Const.	1.78%	1.18%	1.18%	1.18%	1.19%
Dollar Increase due to new construction.	302,506	195,758	199,716	202,566	205,471
Val Updates & Re-appraisals (if at millage floor)	0	0	0	0	0
Val Updates & Re-app. (if above millage floor)	-6,156	0	0	0	22,214
TPP Adjustment	(1,158,773)	100,000			
Adjust to Actual	378,111	-	-	-	
Analysis of Projected Levy Variables					
Using Information from Modeling Worksheet					
Prop. Tax Renewal / Replacement					
Ag / Res Millage (Renewal)	-	-	-	-	-
Comm / Ind Millage (Renewal)	-	-	-	-	-
11.02 R.E. Collect (Renewal) Above Millage Floor	0	0	0	0	0
11.02 Emerg/Subst Renew Collections - R.E.	0	0	3,922,338	3,623,546	7,773
Total Projected (NO NEW MILLAGE)	23,964,411	24,260,168	24,459,885	24,662,451	24,890,136
Total RE Carried to TOP of 5year	23,964,411	24,260,168	20,537,546	17,116,566	17,336,478
Projected Real Estate Valuations	857,719,695	867,834,518	878,096,619	888,508,853	907,119,133
Percentage Change in Valuation	1.18%	1.18%	1.18%	1.19%	2.09%

In fiscal year 2011, Springboro received a one-time payment for the settlement of the valuation dispute for Rocky's Express Pipeline. An adjustment in FY12 has been made to back those monies out for this year. In addition, the emergency levy is reflected as submitted to voters for renewal consideration in an election to be held before 12/31/2013.

Overall, if the levy is renewed, the real estate tax revenue is projected to grow an average of \$196,000 per year for 2013 through 2016. The growth is due to the district's assumed new construction.

Tangible Personal Property Tax – Line 1.02

- An increase in Tangible Personal Property occurred during 2010 through 2012 due to the recent completion of the Rockies Express Gas Line.
- The table below reflects historical tangible personal property tax revenue and the start-up impact of Rockies Gas Line starting in 2010:

F.Y.	F.Y.	F.Y.	F.Y.
2008	2009	2010	2011
830,478	443,563	2,030,749	2,637,746
-21.00%	-46.59%	357.83%	29.89%

- Rockie's filed a tax appeal with the State to lower their values. The forecasted revenue projections are all based on the lower appealed values. Rockies won their appeal which means that this revenue source is projected to remain at the fiscal year 2012 level of \$3,265,911.

Impact: With the above assumptions, and renewing its current emergency levy, the revenue projections are as follows:

1.020 Tangible Personal Property Tax	Projected				
	2012	2013	2014	2015	2016
Actual Amount Received in Prior Year	2,637,746	3,608,775	3,608,775	3,608,775	3,608,775
Adjustments to prior year amount:	Be sure to complete the Levy Devaluation Worksheet to determine if you need to enter millage adjustments for negative Reappraisal/Updates and BOR's.				
Projected PT % Increases	-100.00%	0.00%	0.00%	0.00%	0.00%
Dollar Impact of Projected % Increases	0	0	0	0	0
Projected Pub Util % Increase	27.33%	0.00%	0.00%	0.00%	0.00%
Dollar Impact of Projected Pub Util % Increase	587,691	0	0	0	0
Adjust to actual	383,338	-	-	-	-
Total Projected (NO NEW MILLAGE)	3,608,775	3,608,775	3,608,775	3,608,775	3,608,775
Total Tangible Carried to TOP of 5year	3,608,775	3,608,775	3,313,947	3,022,356	3,031,207
Tangible Property Valuation	59,647,115	59,647,115	59,647,115	59,647,115	59,647,115
Percentage Change in Valuation	0.00%	0.00%	0.00%	0.00%	0.00%
Tang. Pers. Val. as a Percentage of Total Valuation	7%	7%	6%	6%	6%

Unrestricted Grants-In-Aid – Line 1.035

Line 1.035 represents the districts per pupil basic aid funding from the State of Ohio. The table shows a loss of \$873,887, due to the loss of the stimulus funds.

2011 Versus 2012 Funding

Ohio Basic Aid Per Pupil:	2011	2012
Funded Students	5,692	5,759
Basic Aid Per Student	\$1,933	\$1,752
	\$11,002,636	\$10,089,768
Guarantee to Assure 2011 Levels without Federal Funding		\$38,981
Total Basic Aid Funding	\$11,002,636	\$10,128,749
Year-Over-Year Change		-\$873,887

- For the years 2013 through 2016 the district is projecting line 1.035 state funding to increase by about \$83,000 per year, or an annual average of 1.2%
- Additionally the district is projecting to continue receiving a subsidy for high performance that amounted to \$97,913 in 2012. The district is also projecting to receive special education transportation funding of \$124,598 and preschool funding of \$13,295. The district is currently projecting these revenue sources to continue at 2012 levels in 2013 through 2016.

Restricted Grants-In-Aid - Line 1.04

- Restricted Grants-In-aid reflects one-time 2012 revenue of \$575,000 for the federal government's stimulus subsidy known as EdJobs. This revenue is not projected to continue after 2012.
- The district also is projecting to receive funding for career technical education of \$6,400, and catastrophic special education funding (state's partial reimbursement for high-cost special needs children) of \$46,600 for each year of the forecast (2012 through 2016).

- 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 for taxpayers with handicap or elderly status. These discounts are known as rollback and homestead deductions.

In 2012, the district is projecting this revenue to be \$3,500,000, and increase only about \$26,000 per year in 2013 through 2016 in response to new construction growth, as mentioned in line 1.01 (local real estate tax revenue).

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 projected for 2013 through 2016.

All Other Revenues – Line 1.06

The Board of Developmental Disabilities agreed to pay the district \$5,000 per special needs pre-school student, per year, beginning September 1, 2009. This amounts to an estimated \$480,000 per year for 3 years. FY12 will be the last year the district receives this revenue.

The district will be moving extra-curricular revenue to the 300 fund. This will result in Pay-to-Participate revenue to be moved, reducing the general fund revenue by approximately \$379,000.

Casino revenue will start to flow to schools starting in FY14. While, we have seen estimate that states that the district will be receiving approximately \$500,000, we are very unsure of this estimate. Therefore, we are assuming a conservative casino revenue assumption of \$250,000.

SPRINGBORO COMMUNITY CITY SCHOOLS

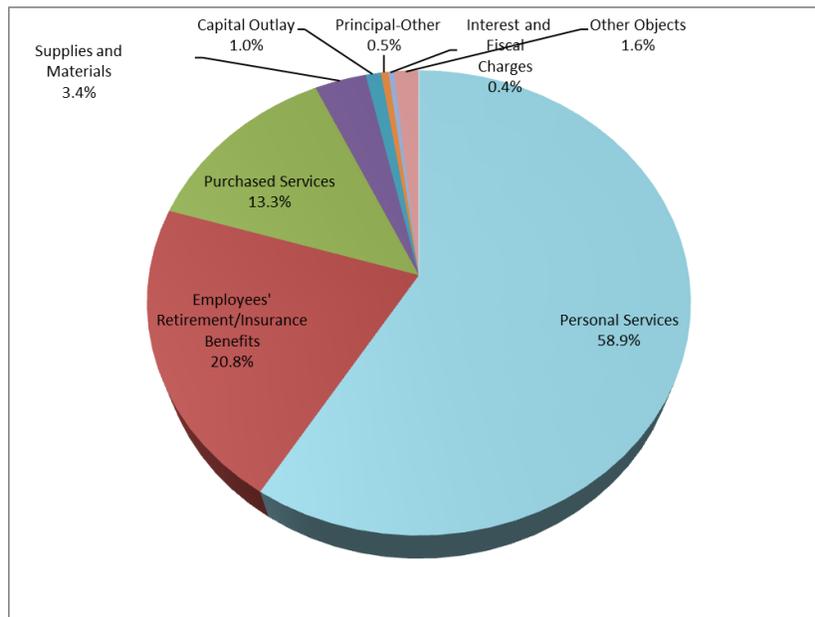
REVISED FIVE YEAR FORECAST 2012-2016
Updated May 17, 2012

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 2012, the district will spend 93% of its budget on three categories:

- Personal Services (Salaries) 59%
- Employee Benefits 21%
- Purchased Services 13%



Zero-Base Budgeting

Starting in FY2013, the district will be using zero-based budgeting. All budgets being at \$0 and must be built based on needs.

This approach allowed each administrator to build the budget to meet the needs of their school/department to ensure the needs of all students are being met. Each administrator shared their budget with the Budget and Finance Committee. The committee appreciated the review and has not made changes to the budgets. The district will have to further review budgets and may make some changes to achieve a balanced budget.

Personal Services – Line 3.01

Line 3.01 reflects all general fund salaries for the district. Salaries account for 59% of the district’s expenditures in 2012. Salaries are projected to change as follows:

3.01 Salaries	Projected				
	2012	2013	2014	2015	2016
Actual Amount Expended in Prior Year	24,827,578	24,827,578	24,592,613	24,266,403	24,266,403
Adjustments to prior year amount:					
Annual Percentage Change (Step & Classification)	0.00%	0.00%	0.00%	0.00%	0.00%
Calculated Dollar Increase	0	0	0	0	0
Annual Negotiated Raises - Blended (%) (all positions)	0.00%	0.00%	0.00%	0.00%	0.00%
Extra-curricular salaries move to 300 fund		(318,307)			
Planned New Hires	-	175,000	-	-	-
Merit Pay	-		(222,317)		
ADD HS busing	-	75,000			
Total Projected	24,827,578	24,592,613	24,266,403	24,266,403	24,266,403
Percentage Change	0%	-0.9%	-1.3%	0.0%	0.0%

- There is no provision for any negotiated increases or experience steps throughout the forecasted period.
- 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.
- To meet the requirements of state law, the district has created a committee of teachers and administrators, to evaluate compensation based on merit pay. This committee will be piloting different plans at various schools during FY13.
- All extra-curricular salaries will be moved to the 300 fund, resulting in a decrease of salary cost to the general fund.
- 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. Also, Minor adjustments are made for retirements, additional staffing, and busing in future years.
- The current five year forecast includes only those obligations that are currently negotiated. Because the current negotiated agreements are in place through June 2013, it is impossible to forecast future salary step and base increase/decrease expenses over and above the current cost. Changes to the benefit package are subject to negotiations. Therefore, there are no changes in the five year forecast until the conclusion of negotiations.
- Enrollment numbers will be reviewed every year to determine the actual need. The table below is the district enrollment assumptions.

ADM Forecasts	Forecasted				
	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
20.010 Kindergarten - October Count	414	414	414	414	414
20.015 Grades 1-12 - October Count	5,298	5,334	5,336	5,348	5,327

Employees Retirement/Insurance benefits - Line 3.02

Line 3.02 represents about 21% 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. EPC presented next year's health insurance premium which has decreased by 1%. Beyond, 2013, the future cost of medical benefits is uncertain. The Patient Protection and Affordable Care Act has been challenged in court, and its future is unclear. The Act promises to reduce the cost of health insurance premiums for employers, estimates vary as to how much, and if all or portions of the law are overturned by court action those savings may or may not be realized. Whatever path the law takes, the district intends to mirror trends in the private sector with respect to managing the overall cost of employee benefits. Further, changes to the Ohio State Teachers Retirement System are anticipated to induce more retirees than usual creating a more youthful workforce and resulting in a lower medical insurance risk and therefore lower premiums.

Given the uncertainty and the inability to quantify the potential savings in health insurance the district will take a conservative approach and forecast medical insurance costs at the 2012 rate through 2016.

3.020 Employees Retirement & Benefits		Projected				
		2012	2013	2014	2015	2016
Actual Amount Expended in Prior Year		9,036,399	8,876,399	8,818,805	8,746,611	8,771,611
Adjustments to prior year amount:						
Health Insurance Percentage Increase in Premium		0.00%	0.00%	0.00%	0.00%	0.00%
Calculated Dollar Increase in Premium		0	0	0	0	0
Salary Driven Fringe % (Retir, Mdcare, Wrk Cmp)		16.00%	16.00%	16.00%	16.00%	16.00%
Calculated Retirement System & Other Increases		0	-37,594	-52,194	0	0
Adjust to Actuals		(115,000)	-	-	-	-
New Hires		-	25,000	25,000	25,000	25,000
Reduction of Pick-up		(45,000)	(45,000)	(45,000)		
Total Projected		8,876,399	8,818,805	8,746,611	8,771,611	8,796,611
Percentage Change		-1.8%	-0.6%	-0.8%	0.3%	0.3%

- The retirement pick-up for administrators is being phased out and will end in FY14. The total reduction once fully eliminated is \$90,000 per year.
- The Employee portion of health insurance increased from 10% in 2011, to 15% in 2012, which is where the district experienced a majority of its reduction.
- The FY13 health insurance decreased by 1%, but the dental insurance increased by 8%, results 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 2013, it is impossible to forecast future benefit increase/decrease expenses over and above the current cost. Our current commitment for health benefits will carry us through October 2013. Changes to the benefit package are subject to negotiations. Therefore, there are no changes in the five year forecast until the conclusion of negotiations.

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, as well as other types of services (repairs, attorneys, etc.) used by the district.

The community experienced a very mild winter this reduce our cost during FY12. The expected increase for FY13 is approximately \$200,000

Special education costs for students that require out of district placement are expected to increase, resulting in an increase cost of \$150,000.

The Board of Education legal services has increased by \$200,000 based on upcoming negotiations and other legal needs.

The district has continued and will continue to maintain the district buildings. This routine maintenance is budgeted to increase \$ 100,000 over FY12

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 are cost are expected to increase \$60,000 starting in FY13.

3.030 Purchased Services	Projected				
	2012	2013	2014	2015	2016
Actual Amount Expended in Prior Year	5,642,187	4,938,745	5,606,672	5,612,267	5,602,262
Adjustments to prior year amount:					
Annual Percentage Change	2.00%	0.00%	0.00%	0.00%	0.00%
Calculated Dollar Increase (open enroll backed out)	108,224	0	0	0	0
Open Enrollment-Out (Inc / Decr from Prior Year)	-12,666	5,458	5,595	-6,265	17,878
EPC fee	-	-	-	(3,740)	-
Reduce tuition and PD	-	(50,000)	-	-	-
Adjust to actuals	(799,000)	712,469	-	-	-
Total Projected	4,938,745	5,606,672	5,612,267	5,602,262	5,620,140
	-12%	14%	0%	0%	0%

The following represents the deductions (expended as purchased services) from the district’s state funding for transfers and services such as those provided by the county education service center, as well as transfers to other education providers (community schools, open enrollment, etc.):

Transfers and Adjustments:	
Educational Service Center Deduction	-779,630.49
Open Enrollment Adjustments	-198,394.90
Transfer for students educated by Community Schools	-511,078.28
Transfer for students educated by STEM Schools	-54,510.62
Transfer for students receiving Educational Choice Scholarships	0.00
Other Adjustments	-52,510.11

These costs (deductions from state funding) are all reflected in the purchased service line item.

Supplies and Materials – Line 3.04

The supply budget comprises about 3% of the district’s budget.

The FY13 adjustment to actual is based on the budgets that the administrators prepared using the zero-based budget model to meet the needs of the students. \$120,000 of the adjustment is for a one-time purchase of textbooks to supplement the common core curriculum being implemented. This purchase has been removed for future years.

3.040 Supplies and Materials	Projected				
	2012	2013	2014	2015	2016
Actual Amount Expended in Prior Year	1,177,872	1,289,651	2,204,972	2,048,645	2,048,645
Adjustments to prior year amount:					
Annual Percentage Change	1.00%	0.00%	0.00%	0.00%	0.00%
Calculated Dollar Increase	11,779	0	0	0	0
Textbook Purchases		600,000	-	-	(600,000)
Previous year textbooks		(70,000)	(156,327)		
Adjust to actual	100,000	385,321			
Total Projected	1,289,651	2,204,972	2,048,645	2,048,645	1,448,645
	9.5%	71.0%	-7.1%	0.0%	-29.3%

- The forecast includes the provision for textbook adoption, textbooks purchased that are the basis for instruction for all students. \$70,000 will be budgeted for FY12 for a High School Science adoption. \$600,000 will be the budget for years FY13-FY15 to purchase replacement cost of textbooks and the new adoption.
- The new textbook adoption schedule will be as follows:
 - ✿ FY13 – Language Arts K-5, Science K-2
 - ✿ FY14 – Math K-5, Social Studies 6-12, Language Arts 9-12
 - ✿ FY15 – Science 3-10, Language Arts 6-8, Math 6-12, Social Studies K-5

The forecasted expenditure categories that follow each represent less than 2% of the district’s budget.

Capital Outlay (1%) – Line 3.050

- In FY 2012 the District will be purchasing equipment for the maintenance of grounds. The equipment will allow district staff to maintain the grounds and eliminate a contracted outside vendor.
- By 2013, the district will implement a district wide technology plan that will look at what type of electronic media will be adopted by building. Going forward, through this plan will be implemented at a district level to insure each building and child is equally being provided systems and support that meets the needs of the 21st century.
- Support organizations over the years have helped each building with technology investments. Implementing a district wide plan will give each department to work closely with their support organization to address these district wide building needs.
- A one-time purchase of technology equipment of \$185,608 is being made in FY13. This amount has been removed for future years.

- The District has budgeted \$150,000/year for technology upgrades beginning in FY12. The two year plan is as follows:
 - FY13 – Installation of wireless network for High School (including \$20,000 to enhance authentication process).
 - FY14 – Installation for wireless network at Dennis and Five Points

Principal Notes – Line 4.050 and 4.055

- In FY02 the District borrowed funds to complete building projects. This represents the payback of this loan.

4.050 & 4.055 - Principal Notes	Projected				
	2012	2013	2014	2015	2016
Principal - Other	211,000	211,000	211,000	211,000	211,000
Interest and Fiscal Charges	159,869	159,869	159,869	159,869	159,869
Total Projected	370,869	370,869	370,869	370,869	370,869

Operating Transfers-Out – Line 5.010

Operating Transfers-out increase significantly in 2013 due to the transfer of funds to the 300 fund to cover extra-curricular cost.

Unmet Needs Assumptions

There are a number of items the district will have to address in FY13 to accurately plan for future expenses. This assumption clearly acknowledges that this is a future expense that may be added to the October 2012, 5 year forecast. The 5 year forecast currently has the following unmet needs:

Technology- The regular budget for the district has dollars set aside for routine repairs and some replacement of computers. In addition to that the budget allows for infrastructure improvements for the next two years that will allow us to implement a complete wireless network in most of the district buildings. Currently the budget doesn't address replacement of computers or other infrastructure improvements in the last three years of the forecast. Given the nature of the rapidly changing world of technology it is impossible to accurately quantify the cost or need more than a couple of years out. This assumption acknowledges this and requires an ongoing process to account for future needs.

Capital Improvements- Although the district has continued to fund the routine maintenance and repairs of its facilities, there is not a comprehensive capital improvement plan in place for the district's infrastructure. In the spring of 2012 the district is partnering with the Ohio School Facilities Commission to develop a Master Facilities Plan. This should be completed by the fall of 2012 for potential inclusion with the October 2012 forecast. This plan should outline all of the district's larger capital improvements to include reviews of its' HVAC systems, roofs and other infrastructure needs.

Busses- The district has not purchased busses regular school busses since 2007. By not purchasing busses the last five years, the district has created a need to aggressively replace busses to catch the fleet up over the next five years. The transportation supervisor has outlined a detailed

ASSUMPTIONS-Continued

replacement plan for busses. At this time these expenses are not included in the forecast. This expense will be analyzed over the next couple of months to compare financing the new busses with purchasing them outright. Currently a new bus in the fleet costs \$75,000 each. Over the next five years the transportation supervisor projects that we will need to replace 31 buses. This is based on an age of 15 years old and 150,000 miles. This item will be considered for the October 2012 forecast.