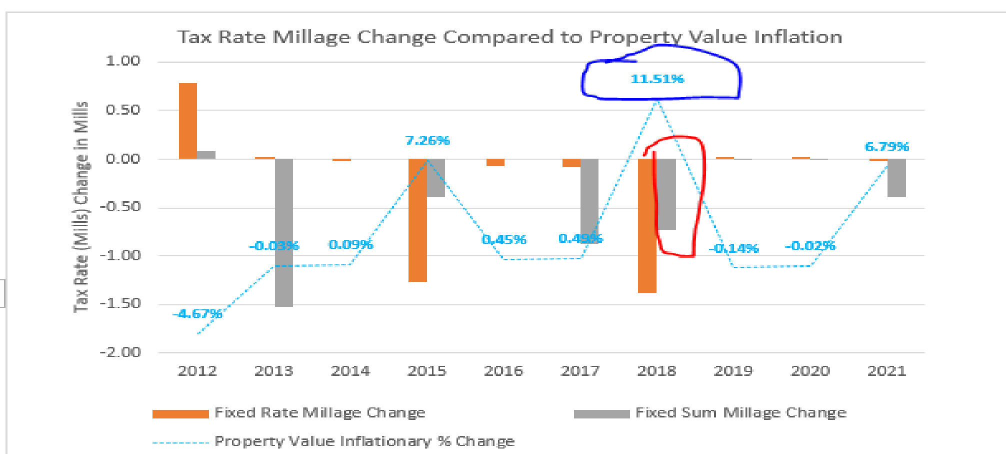
May 2018 - Update:

<u>Revenue Highlights</u>

In December 2017 an updated forecast was presented just to show the potential effects of the passage of the substitute continuing levy as well as the increased value of the Texas Eastern Pipeline. In addition we discussed that the 2018 triennial update may cause us to hit the 20 mill floor if more than a 10% valuation increased occurred during the triennial update.

  - You will see on page 5 that the anticipated reappraisal for 2018 is showing growth of 13.2% in residential real estate property values. This is anticipated to reduce our effective tax rate by 2.12 mills (H.B.920) and cause us to hit the 20 mill floor. As a result the forecast anticipates increases in property tax revenue due to inflationary property value growth for all of our levies with the exception of the substitute continuing levy.
- The substitute continuing levy is for a set dollar amount with growth only for new construction. So even though we will be at the floor, the rate of this levy will still be reduced as inflation occurs in order for us only to receive the flat dollar amount of 7,916,500 per year. Then new construction only revenue will be realized for this levy as communicated during the levy process. (see chart below)

Tax Year	Inflationary Change on Agricultural & Residential Property Values	Fixed Rate Levy Tax Rate (Mills)	Change	Substitute Fixed Sum Levy Tax Rate (Mills)	Change	Total Tax Rates (Mills)	Total Tax Rate (Mills) Change from Prior Year
2012	-4.67%	22.8119	0.78	10.30	0.09	33.11	0.87
2013	-0.03%	22.8167	0.00	8.78	-1.52	31.60	-1.52
2014	0.09%	22.8005	-0.02	8.78	0.00	31.58	-0.02
2015	7.26%	21.5309	-1.27	8.38	-0.40	29.91	-1.67
2016	0.45%	21.4575	-0.07	8.38	0.00	29.84	-0.07
2017	0.49%	21.3788	-0.08	7.51	-0.87	28.88	-0.95
2018	11.51%	20.0000	-1.38	6.78	-0.73	26.78	-2.11
2019	-0.14%	20.0207	0.02	6.78	0.00	26.80	0.02
2020	-0.02%	20.0240	0.00	6.77	-0.01	26.79	0.00
2021	6.79%	20.0000	-0.02	6.37	-0.40	26.37	-0.42



The additional revenue in FY18 under property taxes is due to the new tax law that encouraged taxpayers to accelerate their payments of taxes in FY2018 which will reduce taxes in FY19. Beginning in FY19 increases are representative of the inflationary growth from the 2018 reappraisal.

Public Utility – Public utility values increased 32% in 2016, collection in 2017, and 11.5% in 2017, collection in 2018. There is also slightly larger collections in FY18 than anticipated due to a new tax law that of accelerated payments in FY18 and will lower the FY19 collection amounts.

State Foundation – The states per pupil share is $6,010 in FY18, of that total Springboro receives 2,212 per pupil (36.74% of the state share index). The state share index (SSI) is projected to decrease to 28.5% by FY22. As values increase locally, we receive less per pupil from the state as part of the funding formula.

Property Tax Allocation – This represents the 12.5% of rollback and homestead credits for owner occupied homes, and disabled senior citizens. This brings in about 3.6 million per year.

All Other Operating Revenue – This line represents school fees, investment earnings, excess cost tuition, and other misc. revenue. At the beginning of the school year we added athletics back to the general fund and eliminated the board transfer into the athletic fund. Pay to Participate Fees for Athletics is now also part of this fund. We have received $327,945 so far this year in PTP fees for athletics.

Expenditure Highlights

Forecast Compare

Comparison of Previous Forecast Amounts to Current Forecasted Numbers
F.Y. 2018

		Column A	Column B	Column C	Column D
		Previous Forecast Amounts For F.Y. 2018 Prepared on:	Current Forecast Amounts For F.Y. 2018 Prepared on:	Dollar Difference Between Previous and Current	Percent Difference Between Previous and Current
	Revenue:	Oct '17 renewals pass	5/9/2018		
1	Real Estate & Property Allocation	$29,002,875	$29,648,901	$646,025	2.2%
2	Public Utility Personal Property	$5,048,256	$5,511,700	$463,444	9.2%
3	Income Tax	$0	$0	$0	n/a
4	State Foundation Restricted & Unrestricted	$16,250,465	$16,262,033	$11,569	0.1%
5	Other Revenue	$1,447,354	$1,488,354	$41,000	2.8%
6	Other Non Operating Revenue	$153,398	$165,926	$12,528	8.2%
7	Total Revenue	$51,902,348	$53,076,915	$1,174,567	2.3%
	Expenditures:				
8	Salaries	$29,033,242	$29,051,240	$17,998	0.1%
9	Fringe Benefits	$9,694,407	$10,213,348	$518,941	5.4%
10	Purchased Services	$8,545,769	$8,028,986	-$516,782	-6.0%
11	Supplies, Debt, Capital Outlay & Other	$4,738,516	$4,708,516	-$30,000	-0.6%
12	Other Non Operating Expenditures	$0	$0	$0	n/a
13	Total Expenditures	$52,011,933	$52,002,091	-$9,843	0.0%
14	Revenue Over/(Under) Expenditures	-$109,585	$1,074,824	$1,184,410	2.3%*
15	Ending Cash Balance	$8,470,852	$9,655,261	$1,184,410	2.3%*

In looking at expenditures from October until now, we are a total of $9,843.00 difference than what we anticipated in October. As you can see benefits were up and purchased services are down. We had multiple people out last year on leave of absences causing our benefits to go down last year and purchased services (long-term sub costs) to go up. This year those individuals are back causing the fluctuation to go the other way, keep the forecast in line.

Personnel – For FY19 we have added a Personnel Director, a counselor, special ed coordinator (this was paid to the ESC in FY18, and will be under personnel for FY19 reducing the purchased services cost.

Benefits – The district received notification of a 10% renewal increase from our insurance consortium that will go into effect January 1, 2019. For FY19 I have built in a 7.5% increase as we will not have a full year increase only December –June. The district pays premiums a month in advance. Going forward, I have changed the forecasted increases to 9% for Fy20, and 8% for FY20 and FY21, whereas we had a 7% projected for each year previously.

Purchased Services – For FY19 we have projected 450k for College Credit Plus tuition, this will be monitored in-case some of the new previsions put into place will lower costs, if this occurs we can adjust the forecast accordingly. We have also added a modular lease to the forecast with an FY19 costs of 198k for the first year, and 102k for remainder of the 8 year loan. We anticipate lowering some of our special ed expenses in FY19 due to placement.

Supplies – the only change that has occurred with supplies is we have moved 130k of the textbook allocation from FY18 and moved it to FY19. We have lowered cash flows for FY19 based on expenditures from FY18, so this line has changed only slightly from the October forecast assumptions.

Capital Outlay – The only change from October to May for equipment is 220k for classroom furniture and a walkway for the new modular building at Clearcreek. Everything else has remained consistent from the October Forecast to now.

UNMET NEEDS

There are still several unmet needs that the district has not been able to set aside the funds in full to pay for in this forecast period. The most notable ones are as follows:

Remaining Window Replacement at the HS - $400,000

Purchase of additional vehicles and replacement maintenance vehicles - $60,000

Purchase of additional and replacement grounds equipment - $40,000

Additional Parking Lots for High School, Five Points and Clearcreek $300,000

Additional paving to relieve drop-off/pick-up at the intermediate school – $200,000

Upgrade/update security cameras district wide - $200,000

Complete paving existing lots by 2022 - $500,000

Possible increase to buildings should there be an increase in building permits - $250,000 per room.

Educare building build out - $2,000,000

Update/Upgrade Auditorium sounds system, lighting panel, stage lights, curtains, riggings and control room - $400,000