

SPRINGBORO COMMUNITY CITY SCHOOLS

FIVE YEAR FORECAST 2009-2013

May 28, 2009

ASSUMPTIONS

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

REVENUES

1. General Property Tax, Tangible Personal Property Tax, Property Tax Allocation

New Construction

The Five year average for new residential construction has been 6.4%. Based upon the poor economy, we have reduced the next five years anticipated new construction revenue to an average of 2.8%.

Reappraisal/Update of Property Values

We are due for a triennial update in 2009 and a re-appraisal of our property values in 2012.

The last update in 2003 increased residential property values by 7.3%. Due to the struggles of the housing market we are reducing the 2009 update estimate to just 1%.

The last re-appraisal performed by the County Auditor was completed in 2006. That re-appraisal resulted in a 14% increase in residential home values. Due to the struggles of the housing market we are reducing the 2012 update estimate to just 3%.

2. Unrestricted Grants in Aid

State Foundation Program

Springboro Schools has seen an average increase in state foundation support of .3% over the last 3 years.

Unrestricted Grants in Aid (Continued)

State Foundation Program (Continued)

The current poor status of the state budget as well as House Bill 1 under consideration by the Senate must be considered. The current state budget has roughly a \$600,000 million dollar shortfall that must be filled. HB1 is the next biennium budget that provides for Springboro to receive no additional state dollars in 2010 and a reduction of -2% in FY2011. Based upon this information we are forecasting an average increase of 1.4% over the next 5 years.

3. All Other Revenues

Pay to Participate

Beginning in August 2008 the District instituted a Pay to Participate program for all athletes grades 7-12 and for the Extracurricular Band Programs. The failure of the May 2009 levy attempt has prompted the Board of Education to approve an increase of our Athletic and Band Pay to Participate fees to 100% of our program costs. Athletes will pay \$475 per sport in HS and \$350 in Junior High. Band members will pay \$300. The family cap will be \$1,900. We anticipate these fees will generate a maximum of \$700,000 in revenues.

Investment Return

The current economy, in its near recession status, has caused interest rates to be extremely low. We are looking at investment returns of 1% to 2% in FY2009. I do not anticipate rates to rise quickly and therefore have kept anticipated returns low through FY2013.

4. Proceeds from the Sale of Notes

The district issued a \$500,000 Tax Anticipation Note in FY2009 to partially fund the up front costs associated with the new High Deductible/Health Savings Account Insurance plan. This cost will be re-cooped and repaid during FY2010 in the form of reduced premiums.

EXPENDITURES

5. Personnel Services

Planned Staffing Changes

In order to balance our budget the Board has made significant cuts to our staffing plan. Our revised staffing plan calls for the following new dollars to be spent on hiring new staff.

2010	200,000
2011	400,000
2012	500,000
2013	500,000

Enrollment growth drove the need for \$1,000,000 in new hires for FY 2010. However with the failure of our May 2009 levy this need is not being met. The end result is that class sizes will increase significantly.

Salary Increases

Base pay increases are negotiated between the District Administration and the two bargaining units representing our teachers and support staff. Both unions have agreed to no base increase for FY2009 and to begin FY2010 without a base increase.

I have projected a 2.5% increase to the base pay of all employees each year beginning in FY2011 through FY2013.

Upon the failure of the May 2009 levy, the Board of Education authorized a fourth round of budget cuts effective FY2010. These cuts included \$661,000 in salary reductions via staff layoffs.

6. Employees Retirement//Insurance Benefits

Health Insurance

The District switched our medical prescription insurance from a traditional PPO to a High Deductible Health Plan with a corresponding Health Savings Account component.

This change means a 23% drop in premiums for both the district and the employees utilizing the health insurance plan. The district opted to use a majority of the savings to fund 80% of the employee's deductible. By going to a high deductible plan the district is prodding the employee to become more of a consumer and to be more selective about their utilization of the plan benefits. By being consumer driven the plan should see lower premium increases in future years. I have projected 10% increases in fiscal years 2011, 2012 and 2013.

7. Employees Retirement//Insurance Benefits (Continued)

Retirement Contribution

It is anticipated the School Teachers Retirement System will enact a ½% increase in the employer's contribution beginning in 2011 and in each subsequent year through 2013. I have included this increase in the Employees Retirement/Insurance Benefits line item.

8. Purchased Services

The Board of Education authorized a fourth round of budget cuts effective upon the failure of the May 2009 levy to go into effect FY2010. These purchased service cuts included a \$15,000 reduction in Professional Development and a \$100,000 reduction due to the closing of Jonathan Wright Elementary.

9. Supplies and Materials

The Board of Education authorized a fourth round of budget cuts upon the failure of the May 2009 levy to go into effect FY2010. These supply and material cuts included a \$300,000 reduction purchase new textbooks as well as a \$50,000 reduction in general classroom supplies and furniture.

10. Budget Reserve

The Board of Education has allocated \$1,008,209 to the Budget Reserve fund. These funds were generated from investments made with Bond issue moneys that were issued to construct the new elementaries. This amount equates to less than 1 payroll beginning in FY2010. This is the Board's rainy day fund and is to be spent only upon Board Resolution.

11. Average Daily Membership

Based upon our previous enrollment growth and our ADM enrollment projections, obtained by an outside company, we are projecting an average increase of 225 students per year for the period 2010 through 2013.