

LITTLE MIAMI LOCAL SCHOOL DISTRICT  
BOARD OF EDUCATION  
SPECIAL SESSION  
MAY 23, 2011  
6 P.M.

The Little Miami Board of Education of the Little Miami Local School District, Warren County, Ohio met in special session on May 23, 2011 at 6 p.m. in the Little Miami Junior High School, 5290 Morrow-Cozaddale Road, Morrow, Ohio 45152.

Call to Order and Roll Call

Mrs. Hamburg called the meeting to order at 6:02 p.m.

ROLL CALL:

Mrs. Dunbar	Arrived at 6:21 p.m.
Mrs. Hamburg	Present
Mrs. Black	Present
Mrs. Grice	Present
Mr. Cremeans	Present

Resolution 11-077 Adopt the Agenda

Mrs. Grice moved and Mr. Cremeans seconded a motion to adopt the agenda.

ROLL CALL:

Mrs. Grice	Yes
Mr. Cremeans	Yes
Mrs. Black	Yes
Mrs. Hamburg	Yes

MOTION CARRIED

Resolution 11-078 Executive Session

Mr. Cremeans moved and Mrs. Black seconded a motion for the Board to enter into executive session for a post-audit meeting with Plattenburg & Associates, the district's auditors.

ROLL CALL:

Mr. Cremeans	Yes
Mrs. Black	Yes
Mrs. Hamburg	Yes
Mrs. Grice	Yes

MOTION CARRIED

The Board entered into executive session at 6:04 p.m.

Special Session

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Resolution 11-079 Return to Regular Session

Mrs. Hamburg moved and Mrs. Black seconded a motion to return to regular session.

ROLL CALL:

Mrs. Black	Yes
Mrs. Hamburg	Yes
Mrs. Dunbar	Yes
Mrs. Grice	Yes
Mr. Cremeans	Yes

MOTION CARRIED

The Board returned to regular session at 7:25 p.m.

Resolution 11-080 Five Year Financial Forecast

Mrs. Grice moved and Mr. Cremeans seconded a motion to approve the five-year financial forecast, notes and assumptions.

<b>MIAMI LOCAL SCHOOLS</b>								
<b>EXPENDITURES AND CHANGES IN FUND BALANCES</b>								
<b>AND FORECASTED OPERATING FUND</b>								
	Actual			Forecasted				
	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
<b>KEY ASSUMPTIONS:</b>								
- No levy passes								
- \$1.1 million of budget cuts entering FY12								
- No cuts restored at any point								
- 14% cut in state funding in FY12, 1.9% increase in state funding FY13								
<b>Revenue:</b>								
1.010 General Property Tax (Real Estate)	13,592,803	14,384,275	14,521,157	14,957,039	15,148,772	15,323,197	15,500,001	15,681,203
1.020 Tangible Personal Property Tax	419,533	233,073	42,759	21,314	0	0	0	0
1.030 Income Tax	0	0	0	0	0	0	0	0
1.035 Unrestricted Grants-in-Aid	5,372,795	10,441,939	9,515,735	9,413,547	9,068,897	9,241,897	9,241,897	9,241,897
1.040 Restricted Grants-in-Aid	97,300	149,960	543,739	1,059,399	127,651	52,748	52,748	52,748
1.050 Property Tax Allocation	2,090,930	2,282,450	2,478,811	2,804,378	2,258,878	2,293,351	2,307,834	2,330,595
1.090 All Other Revenues	3,015,930	1,371,351	1,117,839	817,639	817,639	542,639	542,639	542,639
<b>1.070 Total Revenues</b>	<b>27,590,352</b>	<b>28,861,028</b>	<b>28,519,850</b>	<b>28,873,295</b>	<b>27,421,807</b>	<b>27,443,812</b>	<b>27,848,030</b>	<b>27,859,015</b>
<b>Other Financing Sources:</b>								
2.010 Proceeds from Sale of Notes	4,840,000	0	1,000,000	2,000,000	0	0	0	0
2.020 State Emergency Loans and Advancements	0	0	0	5,071,000	0	0	0	0
2.040 Operating Transfers-In	0	3,259	0	0	0	0	0	0
2.050 Advances-In	77,945	145,317	256,454	0	200,000	200,000	200,000	200,000
2.090 All Other Financing Sources	14,788	1,857	29,735	0	0	0	0	0
<b>2.070 Total Other Financing Sources</b>	<b>4,932,733</b>	<b>151,243</b>	<b>1,286,143</b>	<b>7,071,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>2.080 Total Revenues and Other Financing Sources</b>	<b>32,523,085</b>	<b>29,012,271</b>	<b>29,806,003</b>	<b>35,944,295</b>	<b>27,621,807</b>	<b>27,643,812</b>	<b>27,848,030</b>	<b>28,059,015</b>
<b>Expenditures:</b>								
3.010 Personal Services	17,419,575	18,328,510	16,599,572	16,278,179	16,684,796	16,370,794	16,768,504	17,176,081
3.020 Employee Retirement/Insurance Benefits	5,697,376	5,527,300	5,810,725	6,963,551	7,265,135	7,731,995	8,453,243	9,314,930
3.030 Purchased Services	3,454,438	3,553,072	4,758,958	4,760,859	5,178,863	5,578,781	5,982,096	6,388,916
3.040 Supplies and Materials	1,039,329	947,471	937,296	840,417	865,529	1,041,598	1,072,546	1,105,032
3.050 Capital Outlay	2,224,448	229,340	21,735	458,733	425,000	5,000	5,000	5,000
3.090 Intergovernmental	0	0	0	0	0	0	0	0
3.095 Debt Service	0	0	0	0	0	0	0	0
4.010 Principal-M (History Only)	1,018,750	0	1,000,000	0	0	0	0	0
4.020 Principal-Notes	0	0	0	2,000,000	0	0	0	0
4.030 Principal-State Loans - #1	0	0	0	0	2,539,500	2,539,500	0	0
4.035 Principal-State Loans - #2	0	0	0	0	0	0	0	0
4.040 Principal-State Loans - #3	0	0	0	0	0	0	0	0
4.045 Principal-State Loans - #4	0	0	0	0	0	0	0	0
4.050 Principal-State Advances	0	0	0	0	0	0	0	0
4.055 Principal-HS 254 Loans	0	0	0	0	361,795	0	0	0
4.060 Principal-Other	0	0	0	1,950,000	0	0	0	0
4.080 Interest and Fiscal Charges	12,853	0	2,944	3,000	0	0	0	0
4.300 Other Objects	461,859	492,578	472,053	441,525	450,395	459,362	468,950	477,323
<b>4.500 Total Expenditures</b>	<b>32,318,930</b>	<b>30,178,571</b>	<b>30,703,643</b>	<b>33,716,283</b>	<b>33,787,024</b>	<b>33,723,030</b>	<b>32,750,341</b>	<b>34,467,880</b>
<b>Other Financing Uses</b>								
5.010 Operating Transfers-Out	113,688	110,000	67,500	0	0	0	0	0
5.020 Advances-Out	145,317	68,526	187,678	0	200,000	200,000	200,000	200,000
5.030 All Other Financing Uses	40,000	4,324	30,887	0	0	0	0	0
<b>5.040 Total Other Financing Uses</b>	<b>299,005</b>	<b>182,850</b>	<b>286,065</b>	<b>0</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>5.090 Total Expenditures and Other Financing Uses</b>	<b>32,618,015</b>	<b>30,361,521</b>	<b>30,989,708</b>	<b>33,716,283</b>	<b>33,987,024</b>	<b>33,923,030</b>	<b>32,950,341</b>	<b>34,667,880</b>
<b>Excess of Rev &amp; Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>-85,930</b>	<b>-1,349,250</b>	<b>-1,183,915</b>	<b>2,228,022</b>	<b>-5,365,217</b>	<b>-6,279,219</b>	<b>-5,105,251</b>	<b>-6,638,864</b>
<b>Cash Balance July 1 - End Proposed Renewal/ Replacement and New Levies</b>	<b>1,059,339</b>	<b>973,509</b>	<b>-375,741</b>	<b>-1,559,657</b>	<b>668,365</b>	<b>-5,695,853</b>	<b>-11,978,071</b>	<b>-17,081,322</b>
<b>7.020 Cash Balance June 30</b>	<b>973,509</b>	<b>-375,741</b>	<b>-1,559,657</b>	<b>668,365</b>	<b>-5,695,853</b>	<b>-11,978,071</b>	<b>-17,081,322</b>	<b>-23,725,195</b>
<b>8.010 Estimated Encumbrances June 30</b>	<b>317,065</b>	<b>403,762</b>	<b>337,423</b>	<b>725,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
<b>Reservation of Fund Balance</b>								
9.010 Textbooks and Instructional Materials	209,375	45,155	490,000	269,529	0	0	0	0
9.020 Capital Improvements	0	0	0	0	0	0	0	0
9.030 Budget Reserve	0	0	0	0	0	0	0	0
9.040 DPVA	0	0	0	0	0	0	0	0
9.050 Debt Service	0	0	0	0	0	0	0	0
9.055 Property Tax Advances	0	0	0	0	0	0	0	0
9.070 Bus Purchases	0	0	0	0	0	0	0	0
9.080 Subtotal	<b>209,375</b>	<b>45,155</b>	<b>490,000</b>	<b>269,529</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance June 30 for Certification of Appropriations</b>	<b>447,089</b>	<b>-624,578</b>	<b>-2,387,063</b>	<b>-326,264</b>	<b>-5,995,853</b>	<b>-12,278,071</b>	<b>-17,381,322</b>	<b>-24,020,185</b>
<b>Rev from Replacement/Renewal Levies</b>								
11.010 Income Tax - Renewal	0	0	0	0	0	0	0	0
11.020 Property Tax - Renewal or Replacement	0	0	0	0	0	0	0	0
11.030 Cumulative Balance of Replacement/Renewal Levies	0	0	0	0	0	0	0	0
<b>Fund Balance June 30 for Certification of Contracts, Salary and Other Obligations</b>	<b>447,089</b>	<b>-624,578</b>	<b>-2,387,063</b>	<b>-326,264</b>	<b>-5,995,853</b>	<b>-12,278,071</b>	<b>-17,381,322</b>	<b>-24,020,185</b>
<b>Revenue from New Levies</b>								
13.010 Income Tax - New	0	0	0	0	0	0	0	0
13.020 Property Tax - New	0	0	0	0	0	0	0	0
13.030 Cumulative Balance of New Levies	0	0	0	0	0	0	0	0
14.010 Revenue from Future State Advancements	0	0	0	0	0	0	0	0
<b>15.010 Unreserved Fund Balance June 30</b>	<b>447,089</b>	<b>-624,578</b>	<b>-2,387,063</b>	<b>-326,264</b>	<b>-5,995,853</b>	<b>-12,278,071</b>	<b>-17,381,322</b>	<b>-24,020,185</b>
<b>ADM Forecasts</b>								
20.010 Kindergarten - October Count				321	321	321	321	321
20.015 Grades 1-12 - October Count				3,687	3,537	3,537	3,537	3,537
20.02 Kindergarten - February Count				321	321	321	321	321
20.025 Grades 1-12 - February Count				3,687	3,537	3,537	3,537	3,537

**Five Year Forecast Footnotes/Assumptions  
General Fund Only  
Little Miami Local SD  
Updated 5/17/11**

Dear Reader,

The attached General Fund forecast is based upon years of historical data and a list of assumptions for revenues and expenditures for the five-year period July 1, 2010 through June 30, 2015. This forecast is adopted with the knowledge that it is a work-in progress and with the understanding that it has been adjusted for all relevant factors that the Board is aware of as of 5/17/11. The following revenue and expenditure assumptions are critical to the reader's understanding and use of this five-year forecast.

A series of assumptions were developed in order to arrive at the individual income and expense amounts presented. **These assumptions are based upon information known at the time the projections were developed and will lose some of their validity as we project further into the future.** Extra caution is urged when analyzing the out years of these fiscal projections. Because we are attempting to look four years into the future, several significant assumptions were made that have a significant impact on the bottom line. For example, we assumed a 0% base salary raises for all staff for each of the 5 years in the forecast. There were also revenue assumptions made regarding state funding. Little Miami received approximately 33% of its total revenues from the state's basic aid formula in FY2010, with an additional 2% coming from federal stimulus dollars that are part of the state foundation formula for FY' 10 and FY' 11. The current state budget was adopted in HB1 in July 2009 and runs through 6/30/11.

The new state biennial budget (HB153) for FY' 12 and FY' 13 is currently in the legislative process. The Governor's proposal includes a significant reduction in state funding for the district (approx. 14%). State funding will be discussed in more detail below.

In addition, assumptions are made with regard to changes in assessed property value (both real and personal tangible). The assumptions made with regard to state funding and property values significantly affect this forecast, and are made based on information known to the best of the district's knowledge as of 5/17/11.

As we look into the future and try to successfully manage the district's budget, we try to do so while knowing that some items in a school district's budget are controllable, while others are not. For example:

Non-Controllable Budget Variables:

- Inflation
- Student Enrollment
- Judicial Actions
- Legislative Actions
- Other (Natural Disaster, etc.)

Controllable Budget Variables:

- Staffing Levels (Some Legislative Restrictions)
- Salaries (Some Legislative Restrictions)
- Program Offerings (Some Legislative Restrictions)
- Transportation Services (Some Legislative Restrictions)
- Discretionary Spending (Approximately 5% of Budget)

## **REVENUE ASSUMPTIONS:**

### **REAL ESTATE VALUE ASSUMPTIONS:**

Property values are established each year by the County Auditor based on new construction and property value reappraisals or updates. Due to the Triennial Update/Reappraisal, property values are reappraised every 6 years, with a valuation update being performed in the third year between each reappraisal. The Little Miami Local School District encompasses parts of two counties; Warren and Clermont, with the lion share of value coming from Warren County. Of the total property valuation of the district, Warren County property values account for approximately 99%.

The current economy is having a significant impact on the anticipated local tax revenues for the district. Historical property valuation increases are extremely different than what the district is projecting going forward. This difference is due to the downturn in economic climate from one or two years ago to today. A triennial update took place in calendar year 2009 for collection in calendar year 2010 in Warren County. The result was an 8.37% *decrease* in property valuation (compared with the last triennial update at a 13.7% *increase* in 2003). A property value reappraisal took place in Warren County in calendar year 2006 for collection in calendar year 2007 and will take place again in 2012. The 2012 reappraisal is anticipated to result in a 3% increase in property valuation (the last 2 reappraisals in 2000 and 2006 resulted in an average increase of 16.45%). In addition, new construction is anticipated to add only 1% per year into the future. This is down from the 9.42% average annual increase over the past 10 years. These expected valuation changes have been factored into the projection for district property values and the related property tax revenues.

For tax year 2010 (collection year 2011), Little Miami Local SD has full voted operating revenue millage of 31.74 mills on residential/agricultural and commercial/industrial property. However, due to the rollback effects of H.B. 920, the district is collecting property taxes for operating revenue at an effective rate of 22.1 effective mills. This is the same rate as tax year 2009 (collection year 2010), but is a change from tax years 2006-2008. In those 3 years, LM was at 20 mills, which is the floor/minimum in Ohio. The increase of 2.1 mills became effective in tax year 2009 (collection year 2010) as a result of the 8.37% decrease in property valuation from the 2009 triennial update. Due to the effect of HB 920, as property values increase, millage rates decrease (down to a minimum of 20 mills) in Ohio. For 2009, the opposite effect took place. As property values decreased, millage rates increased (from 20 mills to 22.1 mills). This did NOT increase the amount of revenue the district is receiving. To the contrary, the net result of the decrease in property value (even after the increase in millage) was that the district actually lost approximately \$100K in revenue per year to the general fund.

### **INCOME OR EARNINGS TAX:**

Little Miami Local School District does not collect any income or earnings taxes.

### **STATE REVENUE ESTIMATES:**

#### **State Foundation Revenue PASS Form:**

The current funding formula is derived from the Evidenced Based Model (EBM) of funding and utilizes a form referred to as the PASS (Pathway to Student Success) form. This model calls for the use of inputs/factors based on the number of students in various grade levels, and is not a "per pupil" funding formula. This formula resulted in a 1% decrease in funding for FY' 11 and a 2% decrease for FY' 12.

Up until the 2009-2010 school year, the district's Student Enrollment had been growing at a varied rate between 4.67% and 8.02% per year over the previous 6 years. With the loss of services and a couple neighboring districts moving to Open Enrollment, the district's enrollment growth slowed to 10 new

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students for FY2010. For FY2011, enrollment decreased by 250 kids as of October count week, and a total of 315 kids as of April, 2011. Beyond FY' 11, the district is projecting a loss of an additional 150 students for FY' 12, and then 0% growth per year in enrollment for future years beyond FY' 12 due to the current status of the district. Enrollment growth will most likely start again at some point in the future, but that will partially depend on how soon the district gets back on its feet financially.

The Property Valuation of the district has been projected based on data currently known, such as impact of the 2009 Triennial Update and future estimates of new construction. See the Real Estate Value Assumptions section above for more discussion.

With the continued troubles/shortfalls in the State of Ohio budget, the burden of funding is expected to continue shifting more toward the local taxpayer. Little Miami is collecting taxes at an effective rate of 22.1 mills.

Based upon the current draft version of HB153, starting in FY2012, the district is anticipating a total decrease in state funding of 14%. This 14% includes the tangible personal property (TPP) phase out of 3.7% (this is actually a part of the Property Tax Allocation line in the forecast), plus the SFSF dollars of 6.4% (this is part of the Restricted Grants in Aid line in the forecast in FY' 11), plus a loss in basic foundation aid of 3.9% (Unrestricted Grants in Aid line). In FY' 13, a 1.9% increase is projected.

HB153 is still in the legislative process, so these numbers will mostly likely fluctuate up until the new budget becomes effective on 7/1/11.

Again, it is very important to note that the projections in this 5 year forecast are based on **estimates and assumptions** that are made to the best of the district's knowledge as of 5/17/11. It is impossible to predict with certainty what the district's financial picture will look like 3-5 years out.

All of these factors will influence Little Miami's State Foundation revenue in the future. The district's State Foundation formulas and information can be found on the ODE website.

### **RESTRICTED GRANTS IN AID:**

There are two main pieces in the restricted grants in aid category. The district is anticipating receiving some one time grant revenues through the federal Ed Jobs bill. Current estimates show Little Miami receiving approximately \$445,000. Approximately \$370,000 of these revenues are expected to be received in as restricted grants in FY2011. The remaining \$75,000 is expected to be received in FY' 12, and no additional funds are expected to be received beyond FY' 12. The second piece is the SFSF monies that are flowing through the state foundation formula. Current state estimates show this amount \$640,745 for FY2011. As noted above, the SFSF is not anticipated to be received in FY' 12 and beyond.

### **PROPERTY TAX ALLOCATION:**

This line represents funding that comes from the Ohio General Assembly. The G/A gives a credit to property taxpayers. They give 10% for owners, and an additional 2.5% for those who live in their homes. Furthermore, they also give a credit to senior citizens up to a certain dollar threshold. The property owners receive the credit, and then the G/A pays that tax in their place and gives it to local schools. This bulk of line represents that payment from the General Assembly. The reimbursement for property tax exemptions and rollbacks includes the Homestead exemption and the 10% rollback and 2.5% rollback that local taxpayers receive as a "discount" on their property taxes that the state then picks up the tab and reimburses local school districts for this loss. This is anticipated to amount to approx. \$2.6 million in FY' 11 and will change as district property valuations change.

The second part of this line item is the Tangible Personal Property tax loss reimbursements. As the TPP taxes are being phased out, the impact on schools has been phased out gradually. In the Governor's budget for FY'12, the proposal is to phase this out more quickly. As such, the district is anticipating losing the entire amount of this reimbursement in FY'12 (approx. \$370K).

**OTHER REVENUES:**

The district anticipates multiple sources of other revenue in this forecast. The first source of other revenues is from investment earnings. The district anticipates receiving investment earnings based upon the amount of cash the district has on hand over the next 5 years. Interest income will increase and decrease as the cash position of the General Fund fluctuates over the forecast period and as market interest rates change. Funds are invested in low-risk investments. Predominately, the district's investments consist of government agency bonds, commercial paper that receives the highest rating possible, and certificates of deposit and interest bearing sweep accounts. Security of the public funds collected by the district is the top priority of the treasurer's office.

Other revenues also include the pay to participate fees for extra-curricular activities, and for FY'10-FY'12, some reimbursements from the Warren County MRDD for costs associated with educating preschool students with disabilities.

**EXPENDITURE ASSUMPTIONS**

Little Miami Local School District is in the finishing stages of a locally funded construction project after a \$62.5 million bond issue was passed in May 2006. This project includes a new Junior High School, new Intermediate School, additions to the existing High School, and renovations to other Elementary buildings within the district. The renovations began in FY2008 and are anticipated to continue through FY2011. The High School addition opened in August 2008 (adding 64,499 sq. ft), while the new Junior High School (114,200 sq. ft) and Intermediate School (109,148 sq. ft) opened in September 2009. These new buildings have and will continue to have an effect on the district's operating expenses beginning in FY2008 and beyond. These anticipated effects have been factored into this 5 year forecast.

In addition, the operating tax levies that were on the ballot in November 2008, May 2009, November, 2009, February 2010, May 2010, November 2010 and May 2011 did not pass. As a result, the district has greatly reduced operating expenses to the general over the past few years. These savings include reductions in staff, transportation services, building closures (Morrow ES and Butlerville ES), the future building closure of Maineville ES, and pay to participate fees for extra curricular activities. Expense reductions will be expanded on below.

**WAGES:**

The district employs 3 groups of employees; certified, classified, and exempted employees. The certified staff is represented by LMTA, the classified staff are represented by OASPE Local 516, and the exempted staff do not work with a labor union.

The labor employment contracts for both the classified staff (OAPSE) and certified staff (LMTA) run through the current fiscal year 2011.

Annual base salary increases for FY'11 are assumed to be 0%. Commitments for FY2012 and beyond will be negotiated between the Board and labor unions. A 0% base salary increase is assumed for FY12 - FY'15 for LMTA, OAPSE, and Exempted staff.

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In addition to these base salary increases, the district also pays step increases, which have been calculated at approximately 2.43%.

As noted above, the district has been growing at a relatively rapid pace up until FY'10, increasing enrollment by between 4.67% and 8.02% between FY2002 and FY2009. Total enrollment grew by more than 50% between FY2002 and FY2009. Along with this growth has come a need for additional teaching, classroom, and administrative staff. For FY'11, enrollment was down by 250 students for October count week. Moving forward, no additional teaching or administrative staff have been budgeted for the next 5 years. A slight increase has been projected for educational aides based solely on the needs and requirements for special needs students.

All of the above factors play into the anticipated wage increases in this 5 year forecast. The staffing additions/deletions assumptions included in this forecast are as follows:

There were many teachers that left the District following the 2009-2010 school-year. Depending on subject areas, some were replaced and some were not. The net decrease was 6.5 FTE going into FY2011. This has been reflected in the forecast as well.

Moving into FY'12, there are 12.2 FTE teachers that are anticipated to be cut.

### **FRINGE BENEFITS:**

The two primary components of fringe benefits are medical insurance and retirement costs. The district provides full or partial coverage for medical, dental, vision, and life insurance.

STRS/SERS and Medicare costs are calculated as a flat percentage of wages. Medical insurance costs and increases vary year to year as a result of various factors (claims, changes in coverage, etc.).

The reductions in medical insurances, STRS/SERS charges, and Medicare charges that resulted from the staff reductions identified above have all been factored into the forecast.

Effective January 1, 2007, the certified staff changed insurance plans from a traditional fully insured plan to a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA). This change has made a positive impact on lowering the district's health insurance premiums not only for 2007 but also for years to come. The Certified, Administrative, and Exempted staff plan has a \$4,000 deductible for the family plan and a \$2,400 deductible for the single plan.

Effective March 1, 2009, the OAPSE Local 516 also changed insurance plans from a fully insured plan to a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA). This change also is anticipated to make a positive impact on lowering premiums for years to come. The Classified/OAPSE staff plan has a \$3,000 deductible for the family plan and a \$1,500 deductible for the single plan.

The district's medical insurance renews on January 1<sup>st</sup> each year. The current estimated trend is 13.5% for medical insurance. This trend rate has been used for FY'12 – FY'15.

Beginning in FY2012, the district is anticipating an increase of 13.5% per year, in accordance with national trend data. In part, these trends are projected due to the new health care legislation that is affecting premiums.

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The previous LMTA contract included Board contributions to the certified staff's Health Savings Accounts. The previous contributions are being carried forward until a new contract is settled. These contributions are as follows:

Type	2009
Family	\$1,000
Single	\$900

The OAPSE contract includes Board contributions to the certified staff's Health Savings Accounts, and was only a 1 year contract. These contributions are as follows:

Type	2009
Family	\$2,000
Single	\$1,100

These contributions have been factored into the total cost of health insurances in this forecast as well.

Per STRS/SERS guidelines, Little Miami pays 14% of each employee's wages into the applicable retirement system (STRS or SERS), and pays the employee share (10%) for some exempted employees as well. This percentage has been projected to remain the same for the upcoming years for purposes of this forecast. Medicare is calculated at 1.45% of wages and has been projected to continue at that rate. In addition, worker's compensation premiums have been estimated between 0.8% and 1.15% of wages, depending on the year.

SB5 and HB153 may have an impact on the fringe benefits, and we will continue to monitor those bills to determine their potential impact on this forecast.

**PURCHASED SERVICES:**

Purchased services include services such as utilities, repairs, tuition and many others. The district estimates spending \$4.8 million in FY' 11 and \$5.2 million in FY' 12. These estimates include annual, inflationary increases of 3%.

As stated above, the district opened 2 new buildings (LMJH and LMIS) for the 2009-2010 school-year and closed 2 older buildings (Morrow ES and Butlerville ES). Utility cost estimates have been included for the new buildings and cost savings have been included from closing the older buildings. Also, Maineville ES will be closed at the end of FY' 11, and utility savings from this building have also been factored in.

Tuition is paid to other districts for LM students that desire to attend elsewhere through open enrollment or to Community Schools. Little Miami does not allow students to attend the district via open enrollment, and therefore, only loses revenues and does not gain them due to open enrollment. Historical and projected costs for open enrollment and community schools are as follows:

	FY2009	FY2010	FY2011 (Projected)
Open Enrollment	161,296,606	428,104,564	
Community Schools	649,214,852	375,840,000	

This population of students is expected to increase by 60 kids in FY' 12, after increasing by approx. 115 kids in FY' 10 and 70 kids in FY' 11. Beginning in FY' 13, an additional 50 kids per year has been factored in through FY' 15.

**SUPPLIES & MATERIALS:**

Supplies and materials include teacher resources, student supplies, maintenance supplies, fuel and many other items. Little Miami expects to spend approximately \$840K in FY'11 and \$865K in FY'12. The district has added an additional \$150K to supplies and materials for FY'13 to bring the number within the historical trend of the previous years. An inflationary increase in expenses of 3% per year has been added for FY'14 and FY'15.

**CAPITAL OUTLAY:**

Capital outlay expenses include expenses for any item that has a useful life of 5 years or greater, including equipment, technology, school buses, etc. In a typical year, the district is required to spend a minimum amount on capital outlay each year. This minimum is calculated by ODE based on the requirements of S.B. 345. The minimum amount required for Little Miami for FY'11 would be approximately \$652,000 and is expected to increase slightly each year going forward. If this amount is not met, the district carries either a balance or deficit from year to year. However, the district also has a Permanent Improvements Fund and anticipates that these amounts will be met and spent out of the P/I Fund rather than the General Fund. Furthermore, with the district being in Fiscal Emergency, all set aside requirements have been waived for FY'11, and are anticipated to be waived again for FY'12.

FY2011 expenses are estimated at \$459K, and FY2012 expenses are estimated at \$425K. These expenses are the last of the HB264 energy conservation project and are to replace windows at Maineville ES and Salem ES. The net cost to the general fund is \$0. The projects included include roof replacements, the implementation of new heating/cooling units, and replacement of windows in the district's older facilities at Maineville ES and the Welch Road building. The purpose of these projects was to improve operating efficiency and reduce utility costs at these buildings. Again, the net cost to the general fund is \$0 as the revenues to offset those expenses were received in FY2008, and the project will be completed in FY2012.

**DEBT SERVICE:**

There are a few different debt-related items on the forecast. In FY'11, there were \$2 million in tax anticipation notes (TAN's) that were issued to cover short term cash flow needs. These notes were repaid in FY'11 once sufficient property tax revenues were received. Also in FY'11, there was a note repayment of \$1.95 million. At the beginning of the year, it was anticipated that this note would be resold and rolled forward. However, in November, 2010, there was no bank or financial institution willing to purchase this note. So, the \$1.95 million has to be paid from the district's general fund. This will not recur in the future. In FY'12 and FY'13, there are payments of \$2.5 million each year to repay the state solvency assistance fund loan/advance that was received in FY'11. Also in FY'12, the leftover HB264 proceeds (\$361K) will be used to repay a portion of the principle balance on the HB264 project loan.

**INTEREST AND FISCAL CHARGES:**

Little Miami anticipates paying interest on borrowings for short term cash needs annually in FY2011 – FY2015. These borrowings will take place at current market interest rates at the time of the borrowing, and interest charges have been included in this forecast.

**TRANSFERS/ADVANCES:**

Transfers and advances are needed from time to time to cover any other funds that may have a cash need. These transfers and advances vary from year to year and each one is approved by the Board of Education.

**ENCUMBRANCES:**

These are outstanding purchase orders that have not been approved for payment as goods or services were not received in the fiscal year in which they were ordered. These items are expected to be paid in the next fiscal year.

**FUTURE LEVIES & OUTLOOK:**

Due to the multiple factors over recent years, including reduced state funding, reductions in local property values, and growth in student population, the district continues to be in need of additional revenues to fund safe and quality educational programs.

Operating tax levies in November 2008 (a 1% earnings tax), May 2009 (a 9.95 mill emergency levy), November 2009 (7.95 mill emergency levy with increments of 1.25 mills per year), February 2010 (16.95 mill emergency levy), and May 2010 (6.8 mill emergency levy and 1% earnings tax), and November, 2010 (10.95 mill emergency levy with increments of 1.5 mills per year for 5 years) did not pass. The State Commission placed a levy on the May, 2011 ballot of 13.95 mill emergency property tax levy that would be in effect for 5 years. This levy was also defeated.

Also, as noted above, the district was placed into Fiscal Emergency in July, 2010. This has resulted in a Fiscal Oversight Commission being put into place. This Commission will have final approval authority over many financial decisions of the district. This includes expenditure decisions (i.e. personnel, etc.) and revenue decisions (i.e. placement of levies on the ballot). Based upon the feedback the district has received to date from this Oversight Commission, the Auditor of State's Office, and the Ohio Department of Education, the current financial problems will not be resolved without the passage of a levy. They have noted that the district has a revenue problem, and not a spending problem.

At this time the forecast assumes no passage of levies and no recall of expenses/services.

If/when an operating levy passes, careful planning with the community, Board of Education, and State Oversight Commission will be required to determine which services will be called back and at what time. It should be noted that at no time will all of the cuts that have been implemented be restored fully.

The current forecast assumptions reflect our best estimate of how key factors will "most likely" turn out, but there is also the possibility the financial situation could turn out better or worse than this forecast shows.

**ROLL CALL:**

Mrs. Hamburg	Yes
Mrs. Dunbar	Yes
Mrs. Grice	Yes
Mr. Cremeans	Yes
Mrs. Black	Yes

**MOTION CARRIED**

Resolution 11-081 Personnel

Mrs. Hamburg moved and Mrs. Black seconded a motion to approve the following personnel issues with employment contingent upon the school system receiving the results of the mandated criminal record background check as required by O.R.C. 3319.311:

**CLASSIFIED – SUMMER WORK**

Bus Cleaners - Jennett Younkers, Nicole Bowman, Connie Tackett, Lisa Landis  
Bus Steam Cleaner – Jason Cefaratti

Special Session

5/23/11

Bus Mechanic Helper - Dave Florea  
Painters - Darlene Bullock, Lisa Wiles  
Moving/Mowing - Sam Burton, Rick Tudor, Mark Short

ROLL CALL:

Mrs. Dunbar	Yes
Mrs. Grice	Yes
Mr. Cremeans	Yes
Mrs. Black	Yes
Mrs. Hamburg	Yes

MOTION CARRIED

Resolution 11-082 Adjourn

Mrs. Grice moved and Mrs. Hamburg seconded a motion to adjourn.

ROLL CALL:

Mrs. Grice	Yes
Mr. Cremeans	Yes
Mrs. Black	Yes
Mrs. Hamburg	Yes
Mrs. Dunbar	Yes

MOTION CARRIED

The Board adjourned at 7:54 p.m.

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Kym Dunbar, President

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Shaun Bevan, Treasurer