Madison-Plains Local School District

FIVE YEAR FORECAST ASSUMPTIONS

2012 - 2016

October 2011 Submission

**REVENUES**

**Replacement, Renewal and New Levies - Line 1.010**

Our current levies are:

 Millage Levy Type Year of Vote

 5.10 Inside Mills

 16.00 Continuing Mills 1976

 6.00 Continuing Mills 1994

 5.85 Continuing Mills 1995

 5.00 Continuing Mills 2003

 8.00 Operating, 3 year 2010

 40.85 Total Voted Operating Mills

 45.95 Total Operating Mills

\* Our 2.5 Mill, Permanent Improvement Levy has been excluded from this table.

This is because it is not included as part of the five year forecast.

This levy was renewed in 2007 for an additional 5 years.

Historically, our tax base has grown each year. Calendar year 2009 residential/Ag values jumped dramatically(1.7%) driven by the State of Ohio’s revision to the CAUV agricultural values. Beginning in calendar 2010 Commercial Industrial values declined and continue to do so into calendar 2011.

One must remember that we do not receive additional revenue from the ordinary growth of our tax base. H.B. 920 passed during the 1970's limits the amount of funds we can collect due to inflationary growth. We do not receive inflationary growth on the voted millage of the district. Because of H.B. 920, school districts across the state are forced to ask their local voters for more money every three to five years. The property tax revenues are based on historical growth patterns, including scheduled updates (next scheduled update is 2011) and reappraisals.

Our last new Operating Levy was passed in May 2005 (and renewed in November 2010), when the voters of the Madison-Plains Local School District passed an 8.00 mill, 3 year, property tax.

Lines 1.010 and 11.02 of the forecast reflect the need for passage of our 8 mill Current Operating levy in Calendar 2013.

**Personal Property Tax Reductions Per HB283 - Line 1.020**

The State Legislature passed legislation phasing out the state "inventory" tax. The tangible personal property tax line on the forecast reflects this loss of revenue.

**State Foundation Payments - Line 1.035**

The new State of Ohio budget calls for a “Bridge” formula to fund schools for FY2012. We will utilize the Bridge formula spreadsheet along with our own judgment in determining our projected FY12 state foundation revenue projection. The Governor’s office has a committee working on a permanent funding formula. Our projection for FY13-16 foundation revenues will be based upon our judgment.

**Restricted State Grants - Line 1.040**

Federal Stimulus funding ran out in FY11. The state of Ohio is not supplanting this loss with state funds. This loss of federal/state funds represents a loss of over $300,000 per year to Madison-Plains LSD.

**Rollback and Homestead Reimbursement - Line 1.050**

Rollback and homestead reimbursement from the State of Ohio will generally grow with new construction, reappraisals, updates and new levies. In years when replacement and renewal levies go off the tax duplicate, revenues in this category will fall. Estimates of rollback and homestead reimbursement for replacement, renewal or new levies are included in the total revenues for the levy on the appropriate line of the forecast.

Legislation was passed to hold school districts harmless for any losses due to the phase out of the Personal Property Tax. This reimbursement from the state is accounted for in line 1.050. However, the state budget for FY2012 and FY2013 provides for the expedited phase-out of the Tangible personal property tax reimbursement. This expedited phase-out means a loss of $249,000 in FY2012 and another $249,000 in FY2013 to Madison-Plains LSD.

**Other Revenue Line - 1.060**

Other revenue consists of interest income, student fees, open enrollment and tuition payments from other districts. The district has an active cash management policy that promotes growth of interest income. Interest rates have been and are projected to remain very low throughout this forecast.

**EXPENDITURES**

**Personal Services - Line 3.010**

This is the area of the budget which accounts for the salaries and wages of the District's employees.

In 2009 the Board of Education approved new three (3) year agreements with both the Madison-Plains Education Association and the Ohio Association of Public School Employees OAPSE/AFSCME Local 4/AFL-CIO, Local 537. The new Master Agreements run through the summer of 2012.

Base pay raises for the term of the Madison-Plains Education Association contract were set at 2% effective for Fiscal Year 2010; 2% for Fiscal Year 2011; 2% for Fiscal Year 2012; with the members of the Association working an extra two days for Professional Development.

Base pay raises for the term of the Ohio Association of Public School Employees OAPSE/AFSCME Local 4/AFL-CIO, Local 537 contract were set at 2% for Fiscal Year 2010; 2% for Fiscal Year 2011; and 2% for Fiscal Year 2012.

A 1.0% increase in base pay was used for projection purposes for Fiscal Years 2014, 2015 and 2016.

Step increases are anticipated to be an average of 2.0% for each year of the forecast.

The Superintendent’s Board approved operational plan called for the closing of Midway Elementary, Madison-Rural Elementary and Mt. Sterling Elementary. Those buildings were closed in the summer of 2011. All students now attend classes at our central campus site located on Linson Road. A new Elementary building was constructed along with a new Junior High Building at the central campus site to accommodate the closure of the old elementaries.

Personal Service costs are expected to drop by .7% from FY11 to FY12 due to the consolidation of buildings and the subsequent laying off of staff.

The district has also received $260,000 in Education Jobs Grants. The Education Jobs grant will be used in FY12 to pay “Teacher Coaches” to provide in the classroom training for our staff. This state grant is also offsetting what would typically be a General fund expense.

**Employees' Retirement /Insurance Benefits**

The five-year forecast allows for a 12% increase in insurance premiums each year. It should be noted that for fiscal year 2011-2012 we experienced a 5.2% increase in Health/Pharmacy premiums. We also expect a one- time decrease in FY12 of retirement and benefit costs for the salaries and benefits of 4 of our teachers who will be paid from the Ed Jobs grant.

**Purchased Services**

Anticipated expenditures in this category are based on historical spending patterns. The largest expenditures in this category are utility bills (electric, gas, telephone) and auditor/treasurer fees. Due to the closure of the elementary buildings in May of 2011 we anticipate a decrease in purchased services as follows:

 Utilities: $-84,554

 Contracted Services: -$ 20,400

 Building Maintenance/Repairs: -$ 120,000

**EXPENDITURES** (Continued)

**Debt Service**

A $2.1 million dollar COPS lease purchase note was obtained from Fifth Third bank in January 2011 to finance the construction of the new Madison-Plains Elementary and the new Madison-Plains Junior High building. This note may be rolled over, paid off or have a portion of the debt paid off in January 2012. This forecast projects paying off the entire note thereby saving the district over $50,000 per year in interest payments.

The District also has a HB264, Energy Conservation Program debt outstanding of $165,000.

**ADM FORECAST**

With the passage of HB 1, school districts are still required to perform one student count during the school year. This student count will continue to occur in October. Our enrollment projections have been aligned with the projections from the Ohio School Facilities Commission as well as the judgment of the Administration and the Board of Education.