

Madison-Plains Local School District
FIVE YEAR FORECAST ASSUMPTIONS
2012 - 2016
May 2012 Revision

REVENUES

Replacement, Renewal and New Levies - Line 1.010

Our current levies are:

<u>Millage</u>	<u>Levy Type</u>	<u>Year of Vote</u>
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 beginning Calendar 2009.

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.

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 2014.

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 2013, 2014, 2015 and 2016.

Step increases are anticipated to be an average of 2.15% 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 5% increase in insurance premiums each year. It should be noted that for fiscal year 2011-2012 we experienced a 9.03% 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.

An Early Retirement Incentive Plan was adopted by the board of Education in 2012. Costs for this plan are expected to be \$200,000 in FY12. Annual Savings beginning in 2013 are estimated to be \$250,000.

EXPENDITURES (Continued)

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

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 was paid off in January 2012. This forecast reflects 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.