

# Madison-Plains Local School District

## FIVE YEAR FORECAST ASSUMPTIONS

### 2013 - 2017

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### REVENUES

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

Our current levies are:

<u>Voted Millage</u>	<u>Effective Millage</u>	<u>Levy Type</u>	<u>Year of Vote</u>
5.10	5.10	Inside Mills	
16.00	6.19	Continuing Mills	1976
6.00	2.93	Continuing Mills	1994
5.85	2.86	Continuing Mills	1995
5.00	3.49	Continuing Mills	2003
8.00	5.60	Operating, 3 year	2010
45.95	26.17		

\* 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. In calendar year 2012 Residential/Ag values jumped dramatically (14.3%) 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 2012. Commercial/Industrial values for 2012 dropped by -13.9%.

We have projected modest gains in Residential/Agricultural values over the next few years with a 10% increase projected for the 2015 update.

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.

Line 11.02 of the forecast reflects the need for passage of our 8 mill Current Operating levy Renewal 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 FY2013. We will utilize the Bridge formula spreadsheet along with our own judgment in determining our projected FY13 state foundation revenue projection. The Governor’s office has a committee working on a permanent funding formula. Our projection for FY14-17 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. The \$73,000 projected per year for the years 2013-2017 is anticipated Career tech funding.

**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.

The Board of Education approved a 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 2015.

Base pay raises for the term of the Madison-Plains Education Association contract were set at 1.25% effective for Fiscal Years 2013, 2014 and 2015. We have projected a 1% increase for fiscal years 2016 and 2017.

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 1.25% for Fiscal Years 2013, 2014 and 2015. We have projected a 1% increase for fiscal years 2016 and 2017.

Step increases are anticipated to be an average of 1.9% for each year of the forecast.

Projected increases are also impacted by the effect of the Early Retirement Incentive Plan that was implemented in fiscal year 2012. A savings of \$170,000 is reflected in FY2013 and is carried in each year of the forecast.

### **Employees' Retirement /Insurance Benefits**

The Master Agreements between the Board of Education-MPEA and OAPSE made no changes to the current 80/20 split in premiums until fiscal year 2015. Beginning in fiscal year 2015 the following "cap" was agreed upon. If medical/drug insurance premium renewal increases exceed 10% then the unions will meet with the Insurance committee to approve insurance plan design changes that will reduce the premium increase to 10%. If no recommendation is made to change plan design then the Board of education may implement plan design changes that reduce the premium to 10%. If no plan design changes are made then the increase in premium above 10% will be split 50/50.

This "cap" reduced our projected insurance cost increases from 12% to 8% in fiscal year 2015-2017.

The insurance committee also recommended and the Board of Education approved the implementation of a "GAP" insurance program. The individual and family plan deductibles were raised to \$5,000 and \$10,000 respectively. This lowered our premiums considerably. With this savings the district purchased GAP insurance to help pay the much higher deductible for the employees. The district is estimated to save \$125,000 in fiscal year 2013 and each year thereafter.

## **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. We expect a 1% increase in purchased services in each year of this forecast.

### **Debt Service**

The District has a HB264, Energy Conservation Program debt outstanding of \$140,000.

### **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.