

Madison-Plains Local School District

FIVE YEAR FORECAST ASSUMPTIONS

2015 - 2019

REVENUES

Replacement, Renewal and New Levies - Line 1.010

Our current levies are:

<u>Voted Millage</u>	<u>Residential & Ag. 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	2.94	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	26.18		

* 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 (15.5%) 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%. Residential/Ag values in 2013 grew by less than 1%. With the revaluation in 2014 we expect modest gains in Residential/Ag values resulting in an estimated 3.9% increase, and modest gains projected for the remainder of the forecast.

Our last new Operating Levy was passed in May 2005, when the voters of the Madison-Plains Local School District passed an 8.00 mill, 3 year, property tax. This operating levy was renewed May 6, 2014 for a continuing period of time.

Personal Property Tax Reductions Per HB283 - Line 1.020

In Fiscal Years 2012 and 2013 Public Utility Property Tax Revenues were recorded under line 1.050 Property Tax Allocation. Beginning in Fiscal year 2014 these revenues will be reported under line 1.020 Tangible Personal Property Tax. This change is a more appropriate method of reporting tax revenues received from public utility companies.

State Foundation Payments - Line 1.035

HB59 calls for Madison-Plains to receive no additional state funding for the budget biennium. The district is also on the funding guarantee and we assume that the guarantee will stay in place throughout this forecast.

Restricted State Grants - Line 1.040

Career Tech funding was revised in FY2014 to reflect FY14 enrollment in our Vo-Ag and Home-Ec programs. Our FTE's dropped and therefore our funding has dropped in half, from \$73,000 to \$36,000.

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. The state budget for FY2014 and FY2015 provides for the continuation of this reimbursement with no reductions.

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 low throughout this forecast. From 2013 to 2014, the number of non-resident students attending Madison-Plains LSD through open enrollment decreased resulting in a \$165,330 decrease in open enrollment payments from other districts. This loss of open enrollment revenue has been projected throughout the life of the 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 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 from August 2012 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 2014 and 2015. We have projected a 1% increase for fiscal years 2016, 2017, 2018 and 2019.

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 2014 and 2015. We have projected a 1% increase for fiscal years 2016, 2017, 2018 and 2019.

Step increases are anticipated to be an average of 1.85% for 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 2016-2019.

In 2015 the District joined the Southwestern Ohio EPC, a consortium of schools created to provide group purchasing power for the membership. The insurance consortium within the EPC is a self-insured pool.

Based on the renewal provided by Southwestern Ohio EPC our increase for 2015 is set at 6%.

In FY13 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.

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. Curriculum director services that were being provided by the ESC and paid for out of Purchased Services were brought in house and are now being paid as part of Personal Services. Also, the number of resident students open enrolled in other districts increased, resulting in an increase in Purchased Services expense. The cumulative effect of these changes resulted in an overall decrease in Purchased Services expense.

Supplies and Materials

The district has made a commitment to increase curriculum supplies provided to the classrooms. This commitment is evidenced by a \$53,000 increase in curriculum supplies in FY14 and an additional increase of \$91,000 in FY15.

Debt Service

The District has a HB264, Energy Conservation Program debt outstanding of \$115,000.

ADM FORECAST

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. Enrollment is believed to stay steady through the forecasted period.