

## Five Year Forecast Assumptions May 2020

- 1.010 General Property Tax: District voters recently passed a 4.2 mill operating levy and a substitute \$1 million emergency levy for a continuing period of time, at the primary election that was extended to April 28, 2020 due to the COVID-19 health crisis. Calendar year 2017 was a reappraisal year that saw little growth for taxes collected in FY 2018, with the exception of inside millage due to the adjusted effective tax rates. While the Rover Pipeline brought new tax dollars into the District in FY 2019 and a second line in operation will bring more in FY 2020, these amounts are transferred out and not part of the general fund operations. The impact of the Pipeline can be found in these projections as related to Capital Outlay (line 3.050) and Operating Transfers Out (line 5.010). Additionally, the Pipeline depreciates at 3% and is currently under appeal resulting in a known and yet unknown loss of revenue. Calendar year 2020 is an Update year with CAUV values expected to decline by 33% and residential valuations increasing by 9%. Subsequent year's tax is projected to grow zero to 1%, due to possible delinquencies as a further result of the health crisis that began in March.
- 1.020 Personal Property Tax: HB 66, a prior biennial budget bill, phased out personal property tax. (See line 1.050).
- 1.030 School District Income Tax: SDIT was renewed for the fifth time since its inception at the rate of one-half percent for another five year period on May 2, 2017 (see also line 11.010). This tax fluctuates based upon the earnings of district residents and is indicative of the economy. Collections of this tax have been on the rise since the 2010 low point. FY 2018 and FY19 collections saw slight increases, but also included collections of delinquencies. The current health crisis has spiked unemployment to a level unseen since the Great Depression and we are projecting a 10% loss in FY21 with a slow recovery of the economy. The Income Tax levy in place will expire in 2022. Should the district not renew, effects will begin to be recognized in fiscal year 2023.
- 1.035 School Foundation Basic Aid: This funding is provided by the state through the biennial budget crafted every two years with 2020 being the first of the biennium. As a result of the current COVID-19 health crisis, Governor DeWine announced an 8% state aid cut to the district for the remainder of FY20. With high unemployment and stay-at-home orders resulting in a crippled economy, the State is still working through the data and cautioning of a possible 10% cut in FY21. The duration and depth of this health crisis will determine the impact. We are predicting flat revenue in FY22 through FY24.
- 1.040 Other State Sources: Includes career technical and poverty based aid through the State Foundation Program that is not expected to see an impact from the health crisis. The Governor's budget bill has also added Student Wellness and Success Funding for districts, but that funding is not part of the general fund and is not shown in these projections. Also included in this line are casino revenue distributions and with Casino's closed, revenue is down roughly 40%.
- 1.045 Restricted Federal Grants-in-Aid: Federal Stimulus funds ended in 2011.
- 1.050 Property Tax Allocation: This line includes receipts for Homestead & Rollback and Tangible Personal Property Tax Hold Harmless Payments. Homestead & Rollback reimbursements are directly related to general property tax collections. We have seen average losses from 2017 through 2019 of 14% with just a slight increase in FY20. According to the phase-out formula, the TPPTHHP ended in 2017 for BGCS and there is no provision for a supplement.
- 1.060 All Other Revenue: Includes interest, open enrollment credits, contract with Bowling Green State University, student fees, miscellaneous fees and charges as well as Worker's Compensation rebates. Interest rates are expected to decrease and increased expenditures will reduce the amount of any invested funds, so projections are declining through the forecast. The district continues to investigate Board of Revision settlements and those revenues are estimates at this time.
- 3.010 Personnel Services: Projected wages are calculated using current teaching, administrative and support staff levels based upon current contract agreements in effect. Negotiated agreements for both BGEA and OAPSE unions are effective July 1, 2019 through June 30, 2022, with projections based solely on the agreements and policies in place.

- 3.020 Benefits: Largely a percentage of payroll, benefits includes STRS, SERS, health insurances, workers comp, etc. Both retirement systems currently require an employer contribution of 14% of each employee's gross pay. FY 2020 and subsequent years' health insurance costs are projected using current actual enrollments. Annual increases in insurance premiums have been factored in for future years beyond FY 2020. The district's membership in a health consortium has kept increases at a minimum of the industry standard trends.
- 3.030 Purchased Services: Projections include substitute staff costs as well as utilities, technology contracted services, legal services, repairs and insurance. Costs also included in this line item are dedicated to open enrollment, college credit plus options, program charges, community/charter school charges to the district, Jon Peterson and scholarships and special education tuition – all of which are deducted directly from the district's foundation payments at amounts higher than what the district receives per pupil. The recent expansion of EdChoice scholarships are shown here also. An average of one percent increases have been included beyond FY 2020.
- 3.040 Supplies and Materials: FY 2020 is based upon appropriations and includes: Regular and special education curriculum, technology and classroom materials and supplies as well as fuel and maintenance/custodial supplies. A steady replacement to the bus fleet has increased fuel economy and reduced repair costs. Averaged amounts are included for subsequent years although each year will be individually evaluated as it occurs.
- 3.050 Capital Outlay: In an effort to upgrade an aging bus fleet, one new bus was purchased in FY2012, two busses in FY2014, three in each of FY2015 and 2016, two busses and two maintenance vehicles were purchased in 2017, and two busses in 2018 and 2019. For the purposes of this forecast, future bus purchases FY20 through FY24 will be done with capital project fund revenue, so the previous projections for bus purchases in this line item have been removed. The Rover pipeline valuation is currently under appeal from the public utility company and is unreliable at this time, so we will continue to evaluate in the years to come.
- 4.300 Other Objects: This line item includes payments to the local Educational Service Center for services [see line 1.035], School District Income Tax Administration costs, County Auditor fees, property tax allocation administrative fees, liability insurance and memberships. Costs of services provided by the local Education Service Center have been increasing as more special education students are being served. At least a two percent per year increase has been factored in for each year after FY 2020.
- 5.010 Transfers-out: Transfers to the Severance Benefits Fund to set aside funds to cover the liability for severance pay to employees eligible to retire are shown here. Rover Pipeline funds are also shown here as a transfer into the Capital Project Funds.
- 7.010 Cash Balance: Through 2019, the District has conserved resources for use in financing operations before seeking any new levies. A healthy cash balance is necessary for operations and this line helps the district to anticipate the need to seek additional local funding.
- 9.030 Budget Reserve: This line contains a \$500,000 HB 426 reserve established in FY 1999.
- 11.010 Income Tax – Renewal or replacement: The district currently has a .50% Income Tax levy in place expiring in 2022. Should the district not renew, effects will begin to be recognized in fiscal year 2023.