

**Five Year Forecast Assumptions  
October 2018**

- 1.010 General Property Tax: District voters passed renewals of a \$1 million Emergency Levy along with a 4.2 mill (5 year) operating levy at the May 5, 2015 election (see also line 11.020). 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. Subsequent year's tax is projected to grow zero to 1%. While the Rover Pipeline could bring new tax dollars into the District, these amounts are still unreliable at this time and have not been included in these projections.
- 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 with FY 2018 collections tracking to be the highest to date since the SDIT's inception (and does include collections of delinquencies). However, other economic indicators reflect a leveling out, so we are predicting a slow growth pattern.
- 1.035 School Foundation Basic Aid: This funding is provided by the state through the biennial budget crafted every two years. We are now in the second year of the current two year budget and it is difficult to predict the education funding policies of a new Governor. We are estimating funding will remain relatively level, at this point. However, years subsequent to the current biennial budget have been adjusted downward slightly to allow for possible changes in future funding formulas. A steady student population is projected with little growth.
- 1.040 Other State Sources: Includes career technical and poverty based aid through the State Foundation Program. Also included in this line are casino revenue distributions. Because this is a volatile revenue with limited history as to collections, it is projected at a somewhat reduced level for future years in this forecast due to continual reports of shifting casino activity.
- 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 saw a 1.1 million drop in funding from 2011 to 2013 and another 24% loss in 2018. According to the phase-out formula, the TPPTHHP ended in 2017 for BGCSD and there is no provision for a supplement.
- 1.060 All Other Revenue: Includes interest, open enrollment credits, a contract with the university, student fees, miscellaneous fees and charges as well as Worker's Compensation rebates. Interest rates are slowly recovering, but increased expenditures reduce any invested funds. The district continues to investigate Board of Revision settlements and those revenues are estimates at this time.
- 3.010 Personal Services: FY 2018 projected wages are calculated using current teaching, administrative and support staff levels based upon current contract agreements in effect for the year. Recently negotiated agreements will be in effect for the period July 1, 2017 through June 30, 2019 and projections are calculated accordingly.
- 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 2018 and subsequent years' health insurance costs are projected using current actual enrollments. Annual increases in insurance premiums of 8 -11% have been factored in for future years beyond FY 2018 inasmuch as this is the industry standard trend.

- 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 costs, college credit plus options program charges, community/charter school charges to the district, Jon Peterson 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. One percent per year increases have been included beyond FY 2018.
- 3.040 Supplies and Materials: FY 2019 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. Minimal increases 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 new busses and two maintenance vehicles were purchased in 2017, two busses in 2018, and two busses each year are projected over the next four years.
- 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 2018.
- 5.010 Transfers-out: Transfers have been made annually since FY 1999 to the Severance Benefits Fund to set aside funds to cover the liability for severance pay to employees eligible to retire. With the retirement of so many employees at the end of FY 2013, the value of this practice was proven. Transfers during FY 2016 brought that fund back up to liability levels for those eligible to retire during this fiscal year, even with reduced severance benefits for employees. Projections for subsequent years continue to present estimated transfers to this fund.
- 7.010 Cash Balance: Through 2017, 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.
- 11.020 Property Tax – Renewal or replacement: The district currently has a \$1MM Emergency levy and a 4.2 mill Current Expense levy, both expiring in calendar year 2019. Loss in revenue begins to be recognized in fiscal year 2021, in the event they do not pass.