

Five Year Forecast

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Bethel Local School District
FY 2017-18
May 14, 2018

TYPES OF FUNDS

- ▶ Bond Retirement Fund – Can only be used for the payment of bonds of the district.
- ▶ Permanent Improvement Fund – Can only be used for items with a five year life. Depending on the levy language can be very broad for the type of expenditure. This fund includes equipment such as buses, capital improvements such as renovation or copier leases which run five years or more.
- ▶ Building fund – Can only be used for construction related to a bond levy.
- ▶ Capital Projects Fund – Can only be used for capital projects. Money is received from various sources.
- ▶ Food Service Fund – Can only be used for food service operations.
- ▶ Also have funds for school fees, scholarships, grants, student activities and athletics. These funds can only be used for the specified purpose.

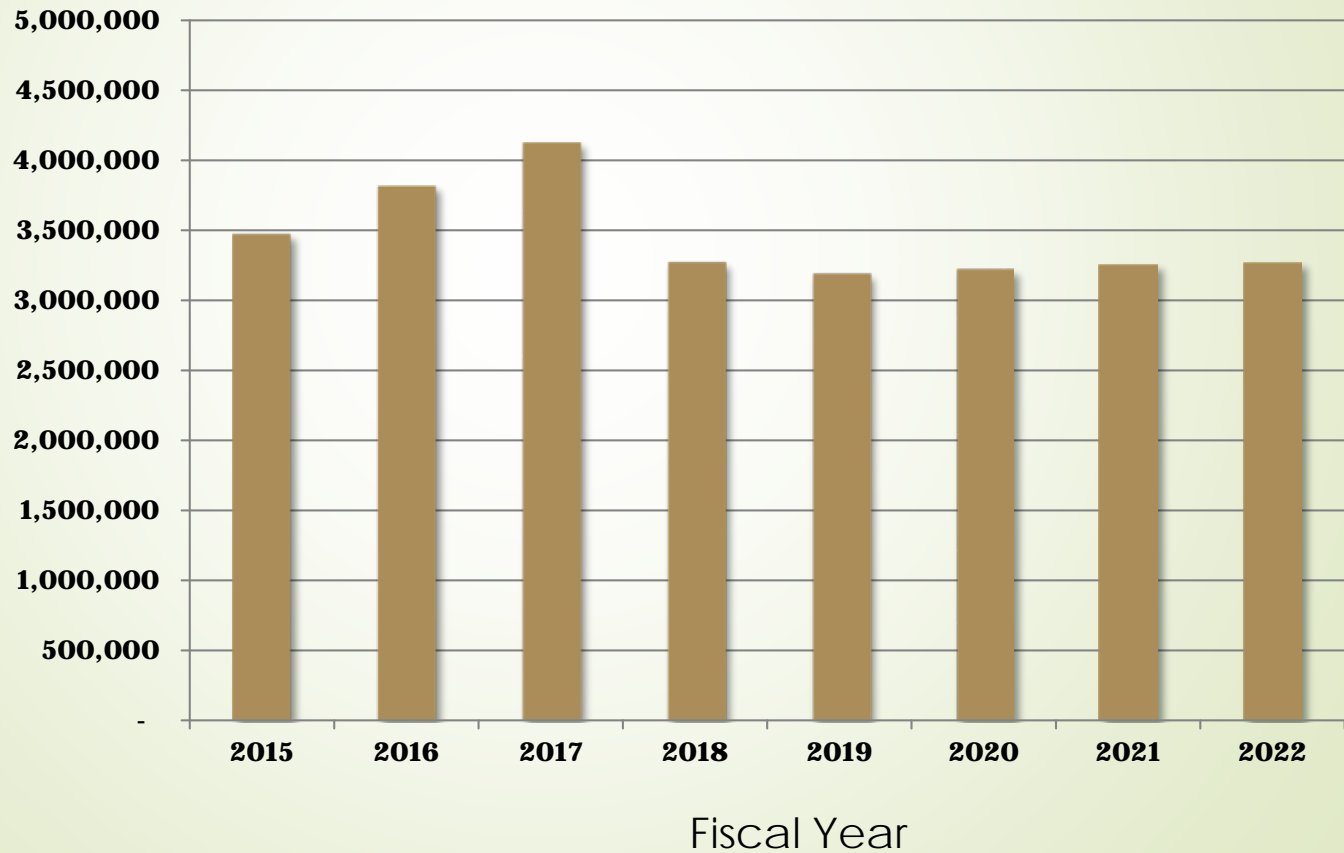
TYPES OF FUNDS

- ▶ General Fund – Used to show all ordinary operations of a school system. Generally all transactions which do not have to be accounted for in another fund.
- ▶ Emergency Levy Fund – Accounts for the \$531,000 emergency levy. Used the same as the general fund. We use the bulk of this fund for state audit fees and utilities for the district.

Major Revenue Assumptions

- ▶ The District is experiencing rapid growth. In FY 2013 enrollment was 975 students and it currently stands at 1418.
- ▶ As a result of this rapid growth the District is receiving additional monies from the state foundation, the district income tax and from a TIF agreement.
- ▶ Overall the District's revenue is projected to increase 2.72% each year over the next five years.
- ▶ No new levies are projected during this forecast, however, there is a projected renewal of an emergency levy and earned income tax levy.

Property Tax Collections



Levies

- ▶ Emergency levy of 4 years for \$531,000 expires on December 31, 2019. Will need to determine if renewal for the same time period or longer and if to convert to a substitute emergency levy.
- ▶ Earned Income Tax levy of 5 years for .75% expires on December 31, 2020. This levy currently generates \$1,481,000.
- ▶ Current Expense levy of 7 mills was just renewed for 5 years and expires on December 31, 2022. This levy currently generates \$1,032,718.
- ▶ Permanent Improvement levy of 2 mills was just renewed for 5 years and expires on December 31, 2022. This levy currently generates \$260,000.
- ▶ Bond levy of 7.72 mills which expires in 2050.

State Funding Formula

- ▶ Formula District - where the total funding the district receives is the result of the operation of the funding formula.
- ▶ Guarantee District - where the operation of the funding formula does not generate enough funding for the district to at least secure as much as the guarantee base provides. (declining enrollment districts)
- ▶ Capped District - where the funding formula generates more funding than the funding cap limit allows. (increasing enrollment districts)

State Funding Formula

- State funding increased by \$613,568 (19.5%) in FY 2016 due to increased state funding and increased enrollment (capped at 7.50%)
- State funding increased by \$472,004 (12.6%) in FY 2017 due to increased state funding and increased enrollment. (capped at 7.50%).
- State funding in FY 2018 is projected to increase by \$254,610 (6.0%) due to increased state funding and increased enrollment. (capped at 5.5%)
- State funding in FY 2019 is projected to increase by 6.0% due to increased enrollment.
- State funding in FY 2020 and beyond is projected to increase by at least 4.74% each year due to increased enrollment.

State Funding Formula

- Without caps on the current increase of state funding to schools, Bethel would received an ADDITIONAL \$3.3 Million in FY 2018 and an ADDITIONAL \$3.6 million in FY 2019.

That's a total of **\$6,900,000** over 2 years.

Income Tax Revenue

- FY 2015 \$1,121,176.00
- FY 2016 \$1,139,638.00
- FY 2017 \$1,366,979.00
- FY 2018 \$1,506,734.00
- FY 2019 \$1,627,273.00
- FY 2020 and beyond will grow by 5% each year.

TIF REVENUE

- FY 2015 \$ 768,698.00
 - FY 2016 \$1,185,231.00
 - FY 2017 \$1,508,850.00
 - FY 2018 \$2,028,413.00
 - FY 2019 \$2,400,000.00
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- \$209,644 is transferred from the General Fund to the Bond Retirement Fund for FY 18 through FY 20.
 - Beginning January 1, 2018 30% is being placed in a Capital Projects Fund.
 - General Fund TIF revenue is projected at \$1.7 million for FY 2018 and to grow modestly by 3% per year

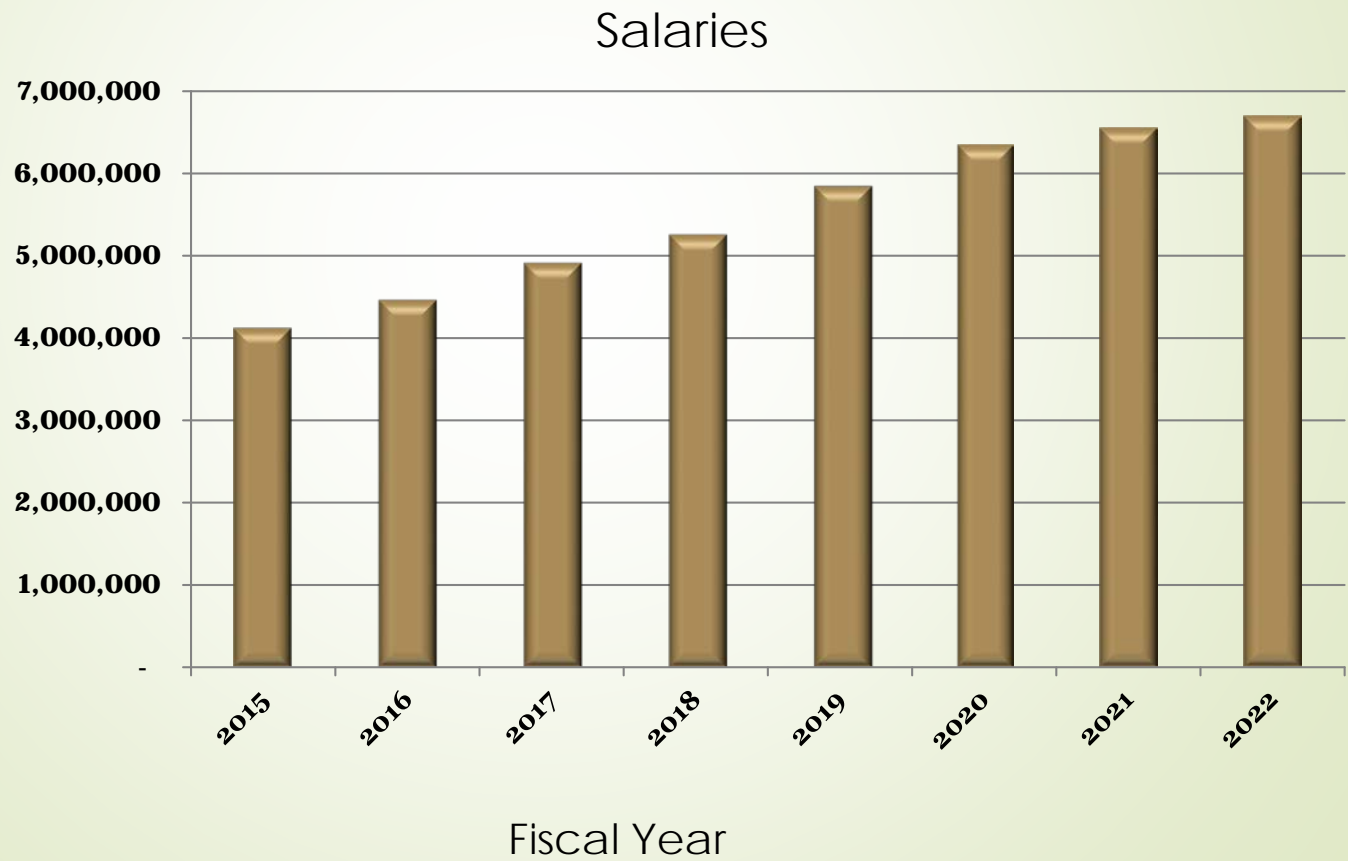
Major Expenditure Assumptions

- ▶ Six retro steps are being projected for FY 2019 through FY 2021.
- ▶ Additional staff are being projected for all years of the forecast.
- ▶ Employee health insurance premiums are projected to increase by 5% in FY 2019 and FY 2020, and 3% in FY 2021 and FY 2022.
- ▶ Purchased services have been growing at a rate of 8.00% over the past five years. FY 2018 is projected to increase by 10.31% and then decrease in FY 2019 slightly and the increase by 3% each year thereafter.
- ▶ Economies of scale with one building.
- ▶ Supplies and materials have grown at the rate of 17% per year for the past five years. FY 2018 is projected to grow by 5.86% and FY 2019 is projected to grow by 10.7%. FY 2020 shows a decrease since there is no textbook adoption scheduled for that year. FY 2021 projects the textbook adoptions beginning again, while FY 2020 shows a 4.5% increase.
- ▶ Capital outlay is projected to decrease in FY 2018 through FY 2020 and then remain flat for FY 2021 and FY 2022.

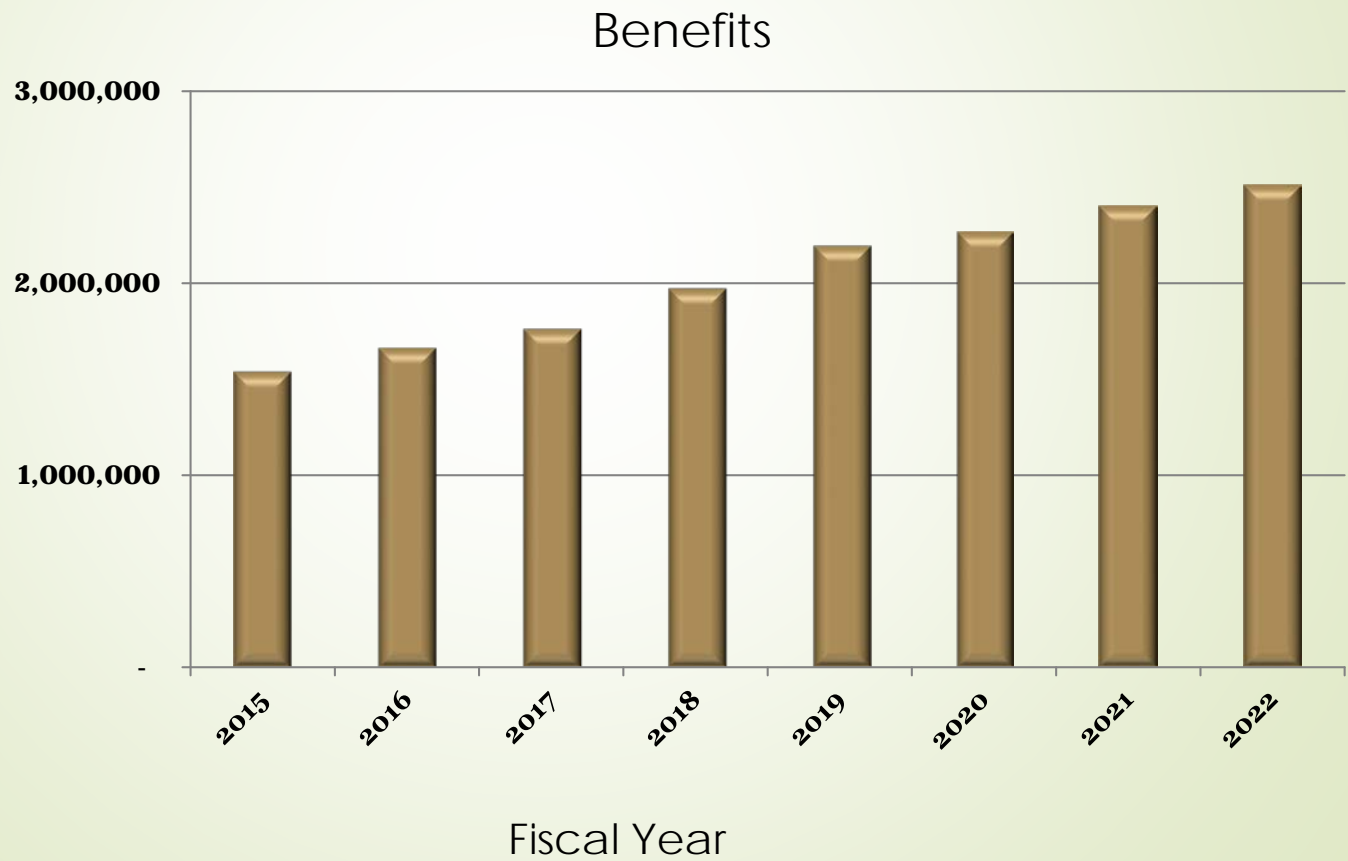
Salary Assumptions

- Six retro steps are being projected for FY 2019 through FY 2021.
- 7 additional teachers, 1 administrator, 1 paraprofessional staff and 1 bus driver are being projected for FY 2019.
- 4 additional teachers, 1 administrator, 1 clerical staff, 1 paraprofessional staff and 1 bus driver are being projected for FY 2020.
- 2 additional teachers, 1 paraprofessional staff and 1 bus driver are being projected for FY 2021.
- 2 additional teachers, 1 paraprofessional staff and 1 bus driver are being projected for FY 2022.

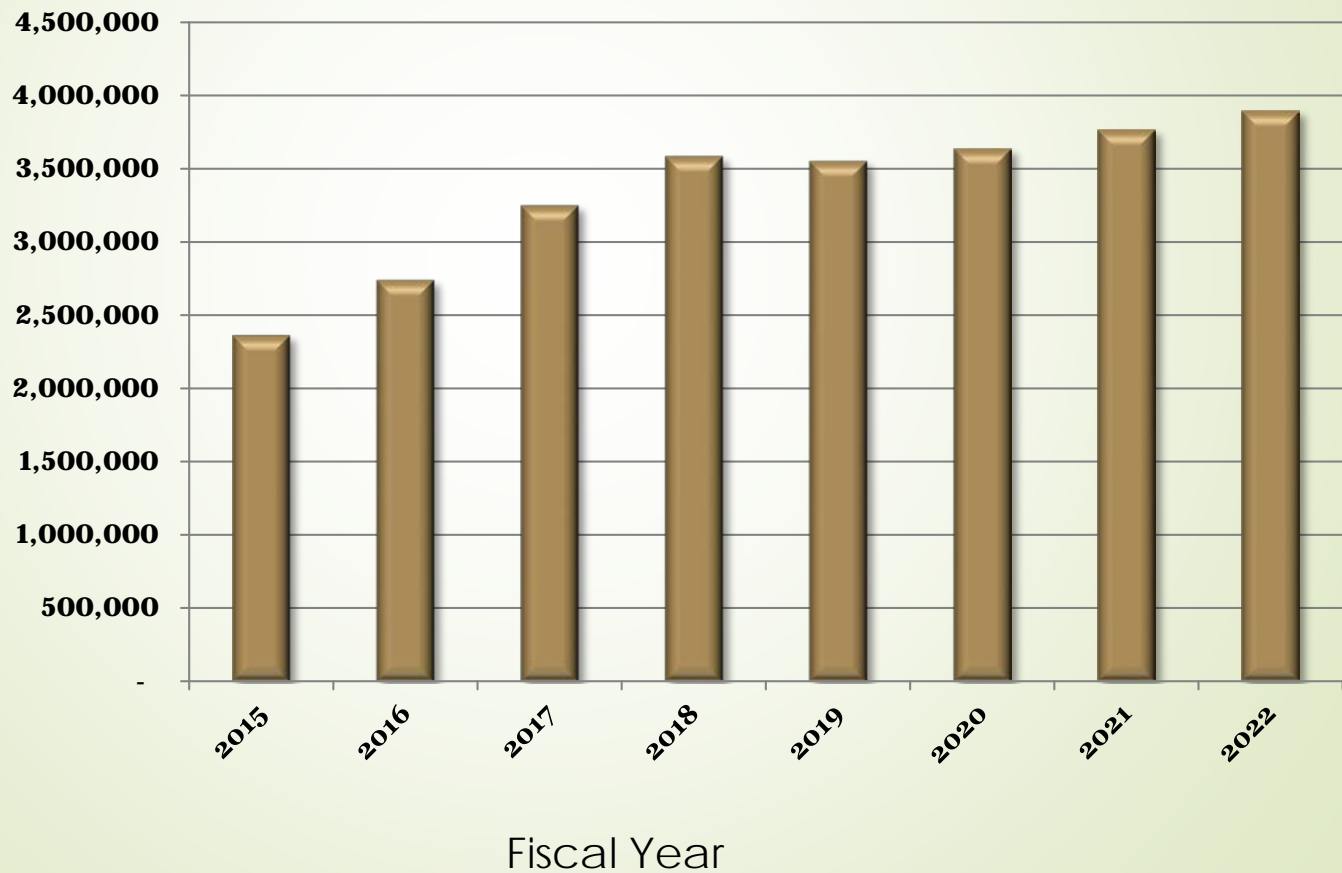
Salaries



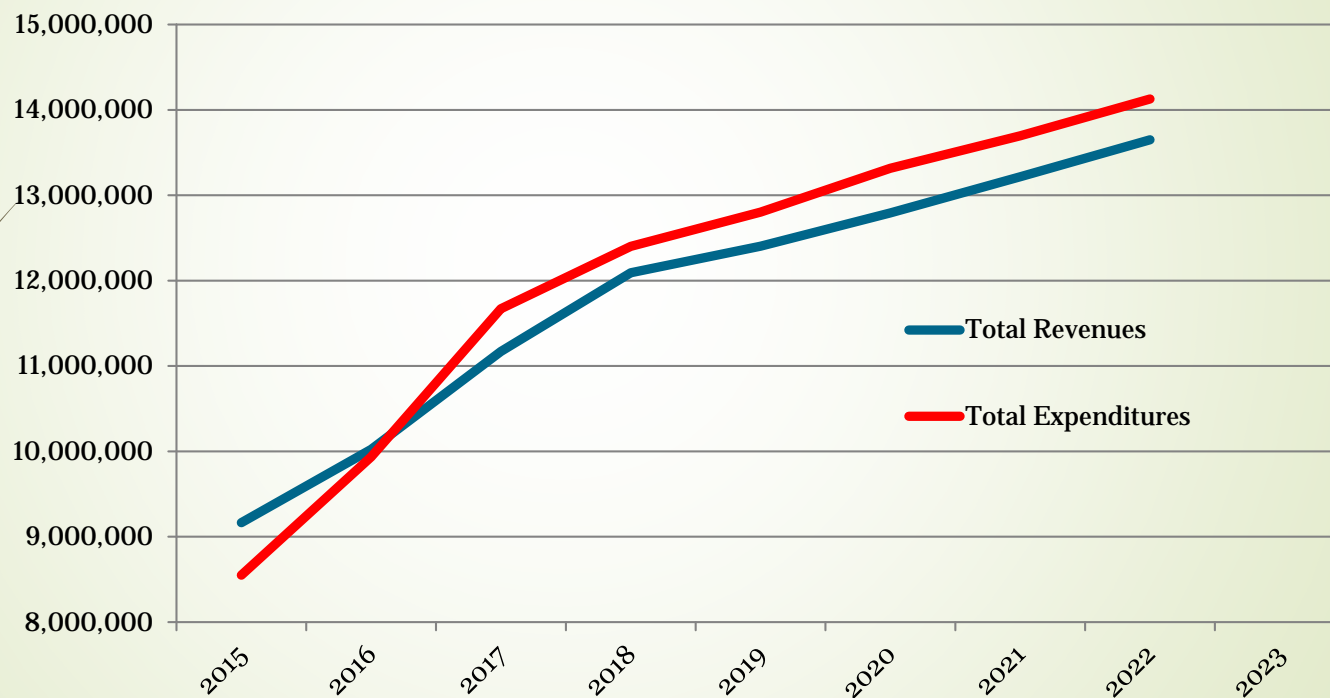
Benefits



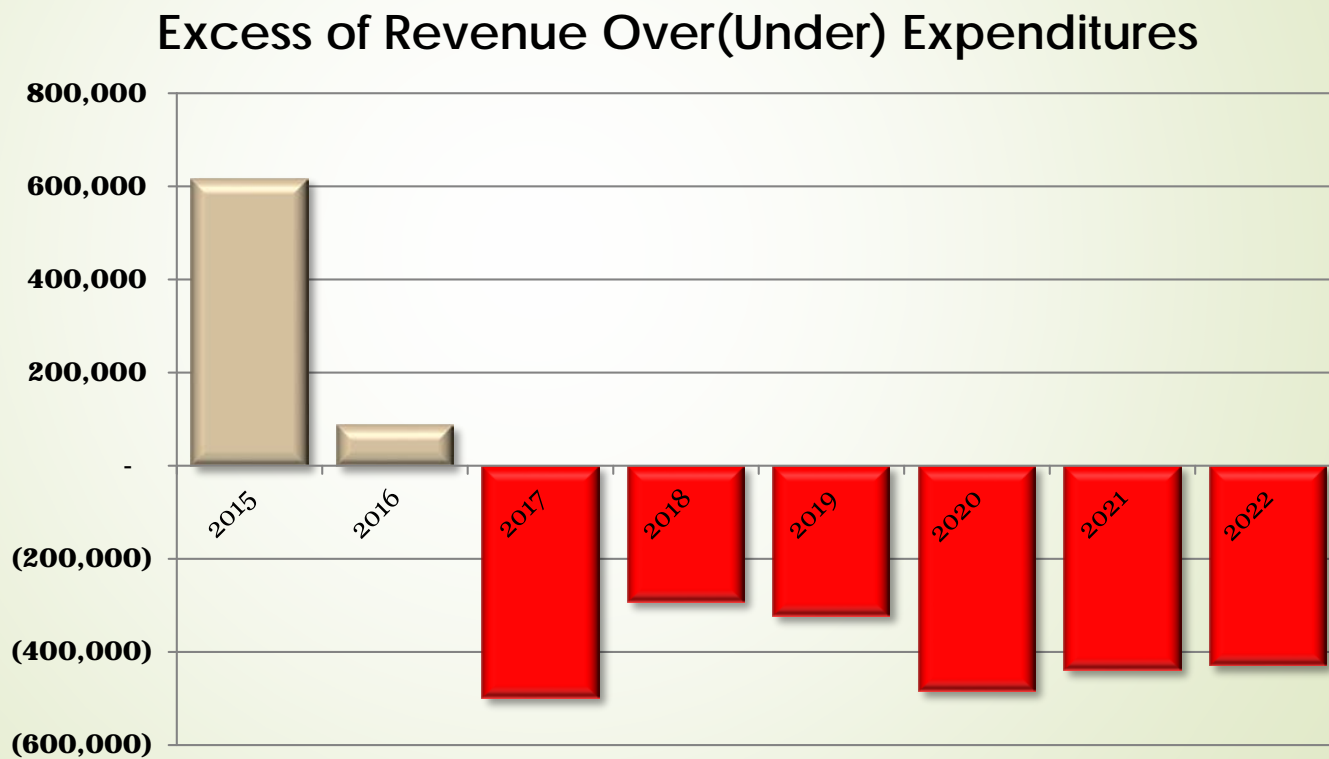
Purchased Services



How do revenues compare to expenditures?

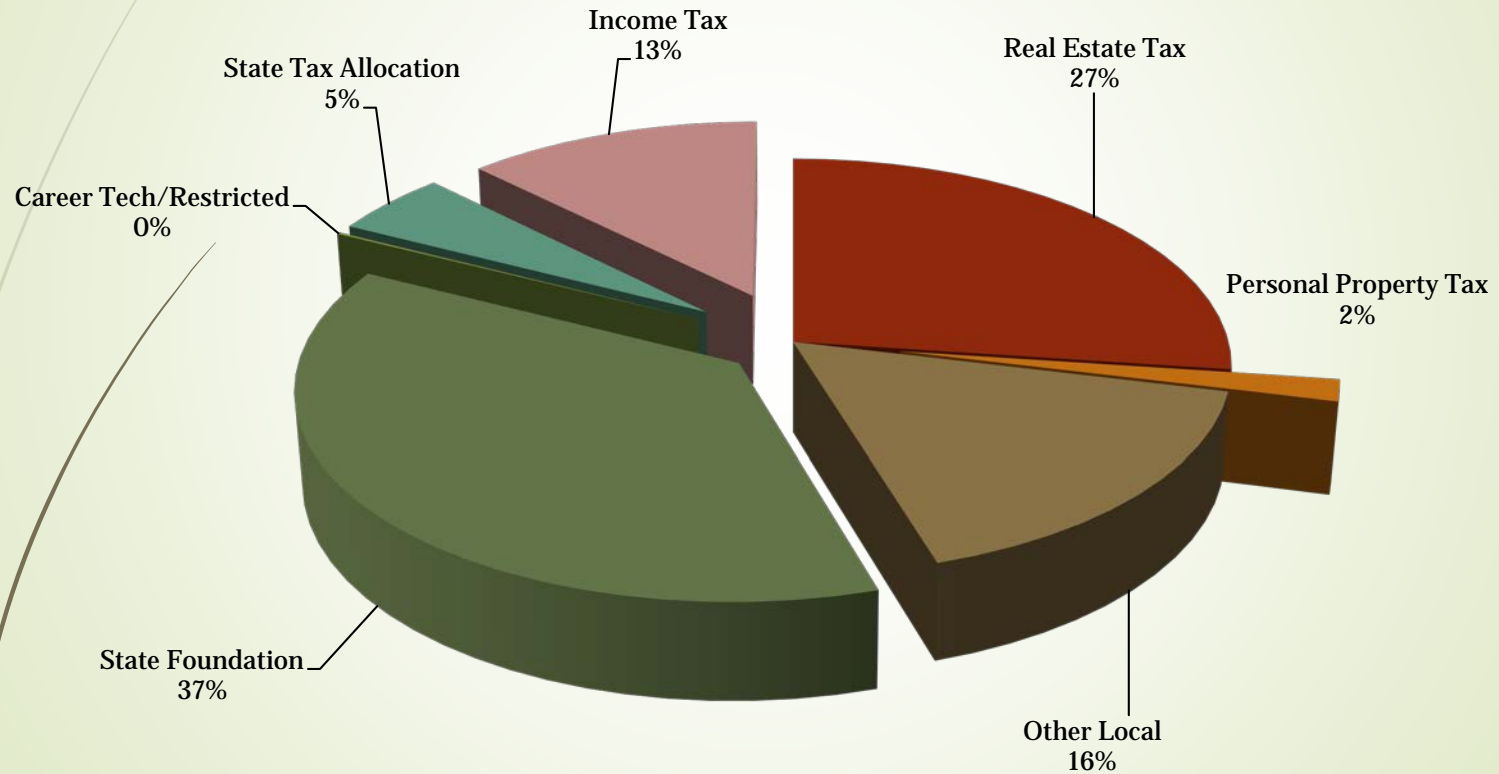


How do revenues compare to expenditures?



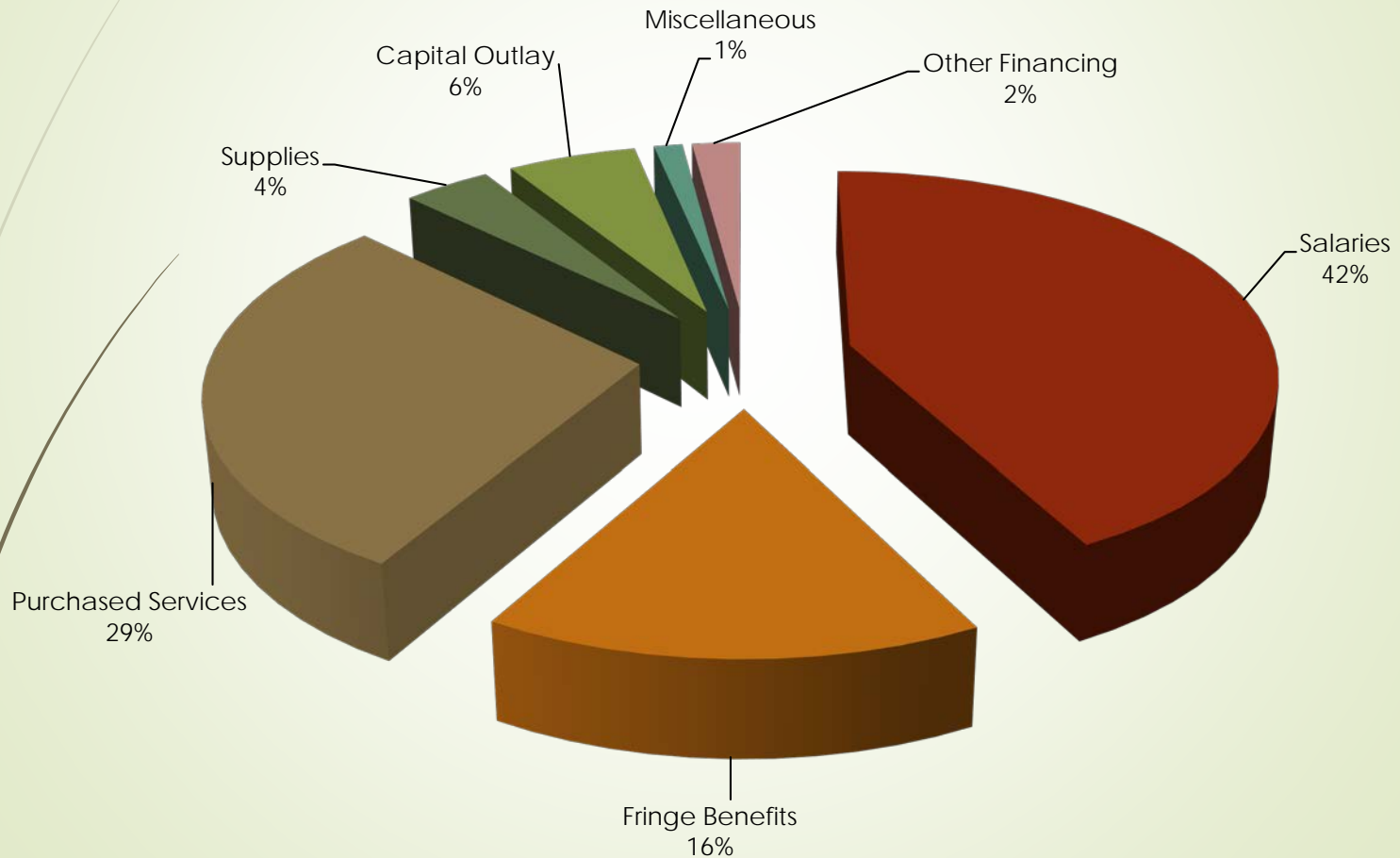
Where does the money come from ?

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Where does the money go ?

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Conclusion

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With the assumptions in this forecast we are able to balance the budget through FY 2022.