



GIBSONBURG OCTOBER 2018 5-YEAR FORECAST
FISCAL YEAR 2018-2023

REVENUE:

- Property tax is expected to increase equal to the historical trend; 2%
- Income tax forecast is based on the passage of the 1% levy and growth rate of 2%
- State funding is expected to be down this year and next year. The forecast is optimistic we will have at least flat funding in remaining years. There is uncertainty since we will have a new Governor and new Biennial Budget.
- No significant change is expected in Property tax allocation and Other Revenue
- There is no forecasted Revenue from the Nexus Pipeline.
- Run-off claims refund has not been included in this forecast.

Passage of the 1% income tax is the largest contributor to revenue growth, exceeding \$10 million.

EXPENDITURES:

- Salaries for 2019 are based on the raises negotiated in the union contracts. Salaries have been forecasted to increase 2% in 2020 and 2021, the 2% in 2022.
- Retirements and Benefits: Retirement will rise proportionate to salaries. Health insurance is expected to be down due to the change in carriers. Changing carriers will save the district significantly on premiums paid, Savings will be used to pay run off and fund an insurance reserve fund.
- No significant change is expected in supplies
- Capital expenses are directly impacted by P.I. funds. Currently the district receives \$48,000 in P.I. Which means many large expenditures like buses, building improvements, and equipment are purchased out of the general fund.
- Line 4.055. The district borrowed \$200,000 to finance technology upgrades and \$36,500 for 2-way radios. We made our last payments in June 2018.

There are 3 variables of concern: Contract negotiations, Run-out claims, unexpected capital expenditures.

SUMMARY:

With the passage of the 1% Levy and new health insurance carrier we will be able build our cash balance over the next 3 years of this forecast. The forecast does anticipate deficit spending in 2022 and 2023. With the election of a new governor, labor negotiations and retirements it is really difficult to anticipate a true picture for the final 2 years. We will have to keep an eye on this and take steps to prevent deficit spending. I still anticipate a cash balance of nearly \$750,000 by the end of this forecast.