



TAX RATE PROPOSAL

FISCAL YEAR 2019

JULY 1, 2018 TO JUNE 30, 2019

Prepared By:

Emily M. Falcon
Chief Financial Officer

Reviewed By:

Finance Oversight Committee

Date:

July 2, 2018

Submitted to the Board of Education:

July 10, 2018

<u>Item</u>	<u>Page Number</u>
Debt Service Tax Rate	3
Minor Capital Improvement/Match Tax Rate	4
Tuition Tax Rate	5
Tax Rate Proposal and Historical Information	6
Assessment Data	7

The tax warrant is approved annually by the Board of Education and must be submitted to New Castle County by the second Thursday in July.

Current Expense may be used for any expenditure in the district except to buy property or pay off bonds. This portion of the rate can only be increased through voter referendum. There are two components to current expense tax. The first component is a function of the New Castle County School Tax District and is 46.8 cents of the tax rate.

All revenues generated in the four districts by the 46.8 cents are pooled together and reallocated based on the number of units at September 30th of the prior fiscal year. The district's share of the tax district for fiscal year 2019 is 18.59364082%. The second component involves multiplying the district's tax assessment times 111.8 cents per \$100 of assessed valuation. The district's total assessed valuation for FY 2019 as reported by New Castle County is \$2,941,610,191.

The tax rate proposed for fiscal year 2019 includes the second and final year of an increase to the current expense portion of the tax rate as the result of a successful referendum on June 6, 2017, which is 11 cents. Adjustments to the Debt service rate have been made to match expenditure projections, resulting in a 1.5 cent increase.

The administration is recommending that Colonial add two new components to our match tax that have been authorized in the FY 2019 State budget as well as an increase to the funds allocated for Minor Capital Improvements. These additions will increase the match tax rate by 2.5 cents. The overall increase being requested of the Board is 4 cents.

Pages 3 through 5 represent the calculations for three of the four components of the tax rate.

DEBT SERVICE TAX RATE
(MAJOR CAPITAL IMPROVEMENTS)

<u>Recommended Tax Rate (in cents)</u>	16.5
Debt Service Estimated Balance as of 6/30/18	2,481,816

PROJECTED REVENUE

Anticipated tax revenue based on Colonial's assessed valuation of \$2,941,610,191 at 16.5 cents for each \$100 of assessed property. \$294,161 is the potential revenue for each cent on the tax rate.

4,853,657

Interest Earned on Fund Balance

5,533

Total Available Funds	7,341,006
-----------------------	-----------

PROJECTED EXPENSES

Local Share for Projects in Annual Bond Bills

Year	Projects	Bond Value	Payment
2001	McCullough, William Penn Gunning Bedford, Southern	8,546,300	493,122
2002	McCullough, William Penn Gunning Bedford	7,181,600	398,529
2003	Carrie Downie, New Castle Wilmington Manor, William Penn Gunning Bedford	8,243,500	494,198
2004	Eisenberg, Colwyck Pleasantville, ML King	6,917,000	423,845
2007	Wrangle Hill (Wilbur) McCullough, New Castle	20,166,800	1,393,173
2008	Wilmington Manor, William Penn Gunning Bedford, George Read	9,402,700	680,285
2009	William Penn	3,522,500	623,290
2010	Carrie Downie, Castle Hills Pleasantville, Eisenberg	4,901,100	107,826
	Total value of authorized bonds	68,881,500	
	Total payments due in FY 19		4,614,268
	Payments due 7-1-19 through 09-30-19		2,637,724

Total Debt Service Expenditures	7,251,993
---------------------------------	-----------

PROJECTED DEBT SERVICE BALANCE 9/30/19	89,013
---	---------------

Note: These funds are used to retire long term bond obligations for the local portion of major capital expenditures.

MINOR CAPITAL IMPROVEMENTS (MCI)/MATCH TAX

Recommended Tax Rate (in cents)	7
<u>Match Estimated Balance as of 6/30/18</u>	164,026.6
PROJECTED REVENUE	
Anticipated tax revenue based on Colonial's assessed valuation of \$2,941,610,191 at 7.0 cents for each \$100 of assessed property. \$294,161 is the potential revenue for each cent on the tax rate.	2,059,127
Interest Earned on Fund Balance	2,347
Total Available Funds	<u>2,225,501</u>
PROJECTED EXPENSES	
Matching Local Funds for FY 2017 Minor Capital Improvement	628,775
Funds for Technology Equipment Maintenance, Repair, and Replacement (1.52cents x 294,161)	447,125
Match for Reading & Math Resource Teachers	398,713
Match for Extra Time Funds	270,000
NEW Match for K-3 Basic funding	116,191
NEW Match for K-4 Reading Specialist funding	317,463
Total MCIP/Match Expenditures	2,178,267
PROJECTED MCIP/MATCH BALANCE 6/30/19	47,234

Note: These funds are used to match various expense components and minor capital improvements.

TUITION

Recommended Tax rate (in cents)	37.2
<u>Tuition Estimated Balance as of 6/30/18</u>	1,372,259.0
 PROJECTED REVENUE	
Anticipated tax revenue based on Colonial's assessed valuation of \$2,941,610,191 at 37.2 cents for each \$100 of assessed property. \$294,161 is the potential revenue for each cent on the tax rate.	10,942,790
 Tuition Paid By Other Districts	 445,385
 Interest Earned on Fund Balance	 12,475
 Total Available Funds	 <u>12,772,909</u>
 PROJECTED EXPENSES	
Special School Operating Budget	3,750,000
 Tuition Payable to Other Districts	 2,700,000
 Special Tuition Programs	
Unique Alternatives & Private Placements	510,000
Elementary/Middle ILC	800,000
Secondary ILC	1,100,000
ESL Program	790,000
CASL	750,000
Early Childhood	400,000
Other District Tuition	800,000
 Total Tuition Expenditures	 <u>11,600,000</u>
 PROJECTED TUITION BALANCE 6/30/19	 1,172,909

Note: These funds are used to support a variety of programs for students with disabilities for which the district is required to provide individualized services. Funds need to be available at June 30th to cover expenses through September 30th when tax receipts are received.

Tax Rate
Fiscal Year 2005 Through 2019

Fiscal Year	Current Expense	Tuition	Debt Service	MCI/ Match	Total Rate
2019	\$1.586	\$0.372	\$0.165	\$0.070	\$2.193
2018	\$1.476	\$0.372	\$0.150	\$0.045	\$2.043
2017	\$1.206	\$0.332	\$0.158	\$0.040	\$1.736
2016	\$1.206	\$0.295	\$0.180	\$0.055	\$1.736
2015	\$1.206	\$0.285	\$0.190	\$0.055	\$1.736
2014	\$1.206	\$0.250	\$0.195	\$0.055	\$1.706
2013	\$0.856	\$0.220	\$0.190	\$0.060	\$1.326
2012	\$0.856	\$0.250	\$0.210	\$0.050	\$1.366
2011	\$0.856	\$0.280	\$0.215	\$0.045	\$1.396
2010	\$0.856	\$0.305	\$0.196	\$0.055	\$1.412
2009	\$0.856	\$0.330	\$0.184	\$0.055	\$1.425
2008	\$0.826	\$0.310	\$0.199	\$0.055	\$1.390
2007	\$0.786	\$0.300	\$0.164	\$0.055	\$1.305
2006 Nonresidential	\$0.786	\$0.285	\$0.130	\$0.043	\$1.244
2006 Residential	\$0.766	\$0.285	\$0.130	\$0.043	\$1.224
2005 Nonresidential	\$0.786	\$0.280	\$0.114	\$0.055	\$1.235
2005 Residential	\$0.746	\$0.280	\$0.114	\$0.055	\$1.195

Proposed for 2019

**Assessment Data
New Castle County**

School District	2019	2018	Variance	%
Appoquinimink	2,209,623,570	2,132,959,820	76,663,750	3.47%
Brandywine	3,397,232,641	3,410,608,447	(13,375,806)	-0.39%
Christina	5,552,006,975	5,570,586,691	(18,579,716)	-0.34%
Colonial	2,941,610,191	2,915,531,296	26,078,895	0.92%
Red Clay	5,291,741,108	5,296,962,676	(5,221,568)	-0.10%
Smyrna	113,665,620	111,739,520	1,926,100	1.77%
TOTAL	19,505,880,105	19,438,388,450	176,184,520	0.92%

Property tax payments are based on the assessed value of property, which is approximately 30 to 35% of the market value of the property.