School Board Workshop:	**January 13, 2025**
Subject:	**Financial Projections**
Presenter:	**Ryan L. Tangen, Director** **Finance and Operations**

SUGGESTED SCHOOL BOARD ACTION:
For Board Review Only.

DESCRIPTION:

Overview
Long-range financial planning and forecasting are vital functions of a school district. These procedures compile data and predict the district's financial future based on current trends. They also assess how these trends will impact operations in the years ahead. Forecasting informs planning, helping the district determine the best response to anticipated changes.

Our Financial Planning Model (FPM) incorporates the enrollment projection data from this past fall. It also includes staffing and salary projections from Human Resources, alongside current funding laws and formulas to estimate anticipated revenues. The model accounts for potential changes in laws and formulas to help project future revenues.

A Look Back
The revised 2023-24 budget predicted an unassigned and nonspendable fund balance of $11,611,004, or 14.55% of total expenditures. After closing out the year, the actual balance was $12,624,921, or 15.98% of total expenditures, exceeding expectations due to higher than anticipated state funding, interest revenue, and reduced spending.

A Look Ahead
The original 2024-25 budget, adopted in June 2024, projected an unassigned and nonspendable fund balance of $8,670,985 or 10.49% of total expenditures. However, due to the final results for the prior year, the updated original budget unassigned and non-spendable projection increased $1,013,917 to $9,684,902 or 11.72% of total expenditures.

The first revised budget for 2024-25, prepared for this forecast, estimates an ending fund balance of $10,925,280 or 13.33% of expenditures. This is an $1,240,378 increase over the revised original projection.

Increased revenue from state and federal special education aid, endowment aid, and high school activities were the largest revenue changes. Although enrollment fell below original estimates, prior year adjustments helped offset the impact. Reduced expenditures in staffing and benefits, including a significant decrease to between-terms

unemployment, coupled with lower spending on supplies, transportation, and contracts for educational services further strengthened the budget.

The January 2025 Forecast Base Scenario was developed using preliminary budget assumptions and staffing levels based on the November enrollment projections. This forecast provides financial projections for the next four years. Two additional scenarios explore alternative staffing approaches. Key factors to consider when reviewing the base scenario include:
1. Enrollment projections
2. Final contract settlements
3. Final budget to actual expenditures
4. State and federal legislative funding changes

The final budget assumptions will be presented for approval at the board meeting on January 27, 2025.

ATTACHMENT(S):
- ISD 877 BHM Forecast 2025 board presentation 1.13.25
- January 2025 Forecast Base Scenario 1.13.25
- January 2025 Forecast Scenario #1 - No Staff Cuts 1.13.25
- January 2025 Forecast Scenario #2 - Half Staff Cuts 1.13.25