



Buffalo  
Hanover  
Montrose  

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BHM SCHOOLS

# 2021 Financial Forecast

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Independent School District 877  
Buffalo-Hanover-Montrose

Business Office

# 2021 Financial Forecast

**DILBERT** SCOTT ADAMS

HERE'S THE FINANCIAL PROJECTION YOU ASKED ME TO DO. IT'S BASICALLY JUST GUESSING PLUS MATH.



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OBVIOUSLY, IT'S USELESS FOR MAKING DECISIONS BECAUSE I CAN GET ANY RESULT I WANT BY TWEAKING THE ASSUMPTIONS.



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DON'T SAY ANY OF THAT STUFF WHEN YOU PRESENT IT TO THE BOARD TOMORROW.



# 2021 Financial Forecast

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- General Fund only
- Revised budgets for 2020-21
- Projected fund balances for 2020-21
- Enrollment assumptions
- Staffing assumptions
- Revenue assumptions
- Expenditure assumptions
- Fund balance assumptions
- Forecast scenarios

# General Fund Definition

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- General Fund – fund 01
- Capital Outlay – fund 05
- Student Activities – fund 09
- Student Activities – fund 51

# General Fund Revenues 2020-2021

- 1<sup>st</sup> Budget Revision

Revenues				
2020-21	Original Budget	1st Revised Budget	\$ Change	Adjustment
<b>Local Property Taxes</b>	11,864,957	11,925,955	<b>60,998</b>	Miscellaneous tax adjustments
<b>State Sources</b>	58,036,612	56,372,519	<b>(1,664,093)</b>	Revised pupil units, revised special ed aid, and revised aid entitlement adjustments
<b>Federal Sources</b>	2,163,388	4,181,870	<b>2,018,482</b>	Revised entitlements + CARES Funding
<b>Other</b>	1,857,507	1,380,045	<b>(477,462)</b>	Fund 1, 9, and 51 lower fund raising and fees, decreased interest earnings, and reduced cobra/retiree insurance contributions
<b>Total</b>	<b>73,922,464</b>	<b>73,860,389</b>	<b>(62,075)</b>	

# General Fund Expenditures 2020-2021

- 1<sup>st</sup> Budget Revision

Expenditures	Original Budget	1st Revised Budget	\$ Change	Adjustment
<b>2020-21</b>	<b>Original Budget</b>	<b>1st Revised Budget</b>	<b>\$ Change</b>	<b>Adjustment</b>
<b>Salaries</b>	39,341,100	39,124,341	<b>(216,759)</b>	Revised salary projections
<b>Employee Benefits</b>	15,361,490	15,283,836	<b>(77,654)</b>	Revised benefits projections and reduced cobra/retiree insurance contributions
<b>Purchased Serv.</b>	11,230,376	10,432,795	<b>(797,581)</b>	Reduced utility costs, lower transportation costs, lower travel costs, and lower lease costs
<b>Supplies</b>	2,550,680	4,392,967	<b>1,842,287</b>	CARES act purchases and lower fuel costs
<b>Capital Outlay</b>	3,067,742	3,044,651	<b>(23,091)</b>	MES Steam grant tech purchases reduced and CARES Act purchases
<b>Other</b>	651,326	613,189	<b>(38,137)</b>	Lower ECSE tuition cost and lower tournament host costs-revenue reduced in a corresponding fashion
<b>Total</b>	<b>72,202,714</b>	<b>72,891,779</b>	<b>689,065</b>	

# General Fund Balances 2020-2021

- 1<sup>st</sup> Budget Revision

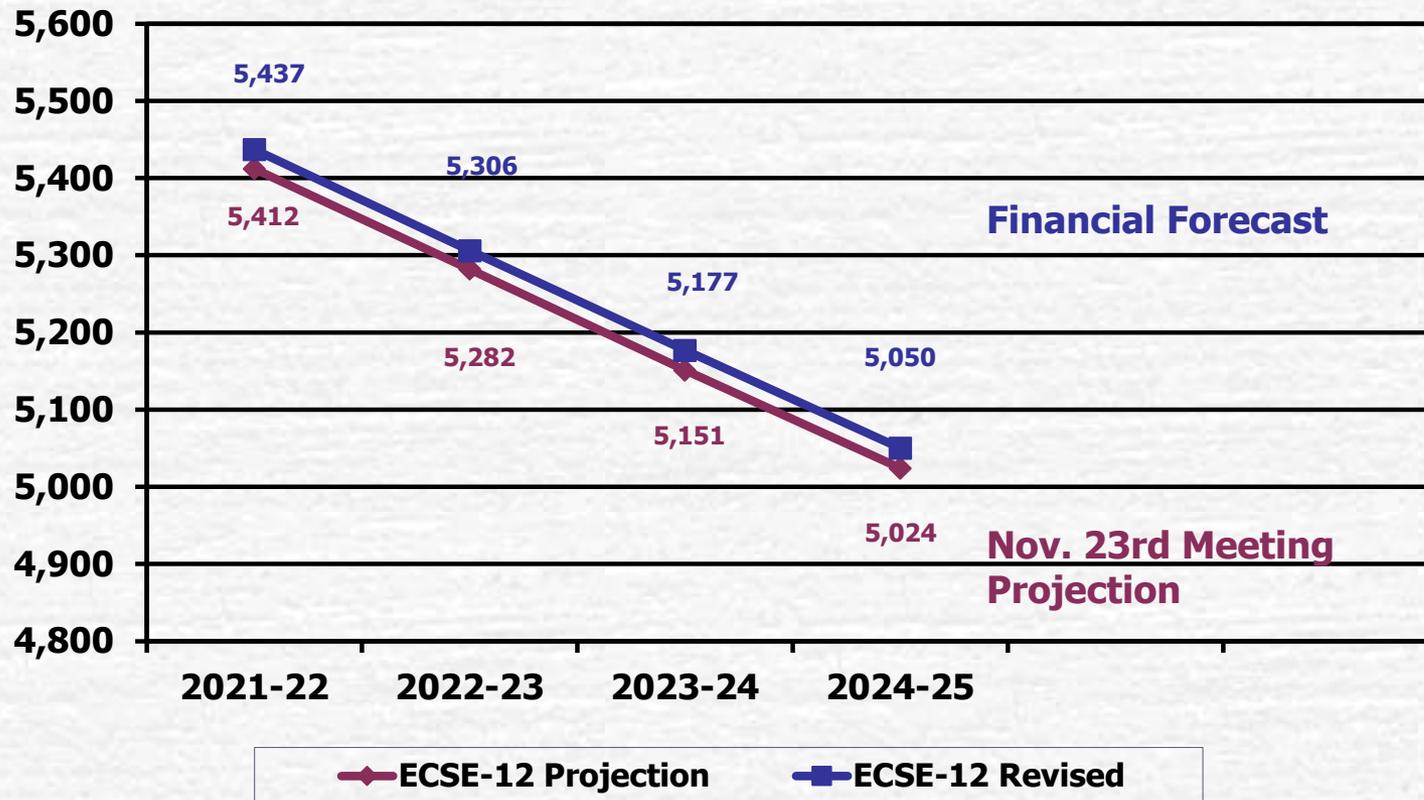
Category	Ending Balance 06/30/2019	Projected Ending Balance 06/30/2020	Audited Ending Balance 06/30/2020	2019-20 Fund Balance Change	2020-21 Original Ending Balance 6/30/20	2020-21 Original Projected Change	2020-21 Final Revised Projected Change	Difference Revision vs. Original	Projected Ending Balance 06/30/2021
<b>Designated</b>	982,032	1,148,907	1,208,745	59,838	1,264,268	115,361	(68,423)	(183,784)	<b>1,140,322</b>
<b>Comitted or Assigned</b>	6,973,728	5,629,529	6,148,829	519,300	4,995,458	(634,071)	(627,163)	6,908	<b>5,521,666</b>
<b>Unassigned</b>	<b>6,710,756</b>	<b>6,527,421</b>	<b>8,409,807</b>	<b>1,882,385</b>	<b>8,765,881</b>	<b>2,238,460</b>	<b>1,664,196</b>	<b>(574,264)</b>	<b>10,074,003</b>
<b>Total</b>	14,666,515	13,305,857	15,767,381	2,461,524	15,025,607	1,719,750	968,610	(751,140)	<b>16,735,991</b>
<b>Unassigned %</b>	<b>9.73%</b>	<b>9.40%</b>	<b>12.48%</b>	<b>3.07%</b>	<b>12.14%</b>	<b>2.74%</b>	<b>1.34%</b>	<b>-1.39%</b>	<b>13.82%</b>

# Enrollment Assumptions

- Revised for the financial forecast – tuition & early exit

Grade level	2021-22	2022-23	2023-24	2024-25
Pre-K	52	52	52	52
K	366	350	362	355
Gr. 1-5	1,916	1,898	1,815	1,784
Gr. 6-8	1,240	1,162	1,132	1,128
Gr. 9-12	1,838	1,820	1,790	1,705
<b>Total</b>	<b>5,412</b>	<b>5,282</b>	<b>5,151</b>	<b>5,024</b>
Adjust. For Early Exit	(41)	(42)	(40)	(40)
<b>Adjusted Pre-K-12</b>	<b>5,371</b>	<b>5,240</b>	<b>5,111</b>	<b>4,984</b>
Tuition	66	66	66	66
<b>Total for forecast</b>	<b>5,437</b>	<b>5,306</b>	<b>5,177</b>	<b>5,050</b>

# Enrollment Assumptions - ECSE-Grade 12 Projection vs Revised for Forecast



# Staffing Assumptions

- Staffing goes back to original planned ratios determined for 2014-15 (includes recent staff adds) less 2019-20 reductions
- Supt. Contingency 2.95 FTE
- Special Education 1.0 FTE staffing contingency

	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>K-5</b>	109.448	101.179	99.637	96.417
<b>Grade 6-8</b>	57.380	51.299	48.072	46.831
<b>Grade 9-12</b>	71.362	70.406	69.679	68.468
<b>Total</b>	238.190	222.884	217.388	211.716
<b>Staffing Change</b>		<b>(15.306)</b>	<b>(5.496)</b>	<b>(5.672)</b>

# Revenue Assumptions

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- General Education Aid- Base includes 0% in 2021-22 and 1% for remaining years
- Includes \$750 per pupil operating referendum for 2021-22 through 2023-24 - no inflation factor-ends FY 2024-25
- Special Education aid – 1.5% increase each year of forecast
- Qcomp (PPD) in all years – Expenditures reduced to match revenue
- Non-CARES act federal funds remain the same-MESI STEAM grants end after 2022-23
- CARES act funds drop significantly for 2021-22 and are eliminated for all years beyond

# Expenditure Assumptions

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- Base plan includes 2019-20 staffing ratios applied to student enrollment for all years of the forecast
- Supt. contingency of 2.95 FTE positions and Special Ed contingency of 1.0 FTE positions
- Salary and benefit increases based on expected market conditions and comparable settlements
- Non-salary, non-benefit costs 0%-3%
- Qcomp (PPD) reduced to match revenue for all years
- LTFM expenditures to match revenue except for \$100,000 annual set aside for field turf

# Fund Balance Assumptions

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- District's undesignated, unreserved fund balance policy is 8-12% of General Fund expenditures
- Spend down of the assigned fund balance for technology in 2020-21 with the final year being 2023-24
- Committed severance balance set to match actuarial estimates for all years
- After the passage of the referendum of 2019, plan was to build fund balance and spend down through the five years of the ballot question through 2024-25

# Other Factors That Could Impact the Forecast

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- Enrollment due to COVID19 pandemic
- Potential additional CARES funding for all years
- State has not adopted its biennial budget for FY22 and FY23

# Base Scenario

General Education Formula changes:

0.0%, 1.0%, 1.0%

		2019-20	2020-21	2021-22	2022-23	2023-24
		\$6,438	\$6,567	\$6,567	\$6,633	\$6,699
Revenue		\$68,482,098	\$73,860,389	\$70,498,839	\$69,671,110	\$68,530,578
Expenditures		(\$67,409,717)	(\$72,891,779)	(\$71,937,364)	(\$73,074,078)	(\$74,165,523)
Enrollment change			-315.59	34	-131	-129
Staffing change				-15.306	-5.496	-5.672
Federal revenue change			\$ 2,046,702.82	\$ (2,061,427.00)	\$ (338,953.00)	\$ (384,381.00)
Fund Balance-Unassigned		\$ 8,409,807	\$ 10,074,002	\$ 9,025,392	\$ 5,961,433	\$ 642,662
Change in fund Balance			\$ 1,664,196	\$ (1,048,610)	\$ (3,063,959)	\$ (5,318,771)
Fund Balance %		<b>12.48%</b>	<b>13.82%</b>	<b>12.55%</b>	<b>8.16%</b>	<b>0.87%</b>

# Scenario #1 - No Staff cuts 21-22

General Education Formula changes:

0.0%, 1.0%, 1.0%

		2019-20	2020-21	2021-22	2022-23	2023-24
		\$6,438	\$6,567	\$6,567	\$6,633	\$6,699
Revenue		\$68,482,098	\$73,860,389	\$70,498,839	\$69,671,110	\$68,530,578
Expenditures		(\$67,409,717)	(\$72,891,779)	(\$72,991,947)	(\$74,128,661)	(\$75,220,106)
Enrollment change			-315.59	34	-131	-129
Staffing change				0	-5.496	-5.672
Federal revenue change			\$ 2,046,702.82	\$ (2,061,427.00)	\$ (338,953.00)	\$ (384,381.00)
Fund Balance-Unassigned		\$ 8,409,807	\$ 10,074,002	\$ 7,970,809	\$ 3,852,267	\$ (2,521,087)
Change in fund Balance			\$ 1,664,196	\$ (2,103,193)	\$ (4,118,542)	\$ (6,373,354)
Fund Balance %		<b>12.48%</b>	<b>13.82%</b>	<b>10.92%</b>	<b>5.20%</b>	<b>-3.35%</b>

# Scenario #2 - Half Staff cuts 21-22

General Education Formula changes:

0.0%, 1.0%, 1.0%

		2019-20	2020-21	2021-22	2022-23	2023-24
		\$6,438	\$6,567	\$6,567	\$6,633	\$6,699
Revenue		\$68,482,098	\$73,860,389	\$70,498,839	\$69,671,110	\$68,530,578
Expenditures		(\$67,409,717)	(\$72,891,779)	(\$72,464,656)	(\$73,601,370)	(\$74,692,815)
Enrollment change			-315.59	34	-131	-129
Staffing change				-7.653	-5.496	-5.672
Federal revenue change			\$ 2,046,702.82	\$ (2,061,427.00)	\$ (338,953.00)	\$ (384,381.00)
Fund Balance-Unassigned		\$ 8,409,807	\$ 10,074,002	\$ 8,498,100	\$ 4,906,849	\$ (939,214)
Change in fund Balance			\$ 1,664,196	\$ (1,575,902)	\$ (3,591,251)	\$ (5,846,063)
Fund Balance %		<b>12.48%</b>	<b>13.82%</b>	<b>11.73%</b>	<b>6.67%</b>	<b>-1.26%</b>

**Base Scenario - 6% Minimum 2020-21 and Beyond  
2.0% Aid Increase 2020-21 and 1.0% Aid Increase in  
remaining years**

General Education Formula changes:

2.0%, 1.0%, 1.0%, 1.0%

Retains 14-15 6.0 FTE LER and Class Size Reduction Staff For All Years less 19-20 Staff Reductions

Special Education Aid 4.0% Increase in 20-21 and 2.5% Increase in Remaining Years

Severance Fund balance used in 20-21 \$ 82,545

100.00% of Revenues Realized

100.00% of Expenditures Realized

	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>\$6,438</b>	<b>\$6,567</b>	<b>\$6,633</b>	<b>\$6,699</b>
Revenue	\$73,918,131	\$74,171,289	\$74,510,941	\$74,690,473
Expenditures	(\$72,468,094)	(\$74,175,761)	(\$75,911,762)	(\$77,657,841)
	<b>\$1,450,037</b>	<b>(\$4,472)</b>	<b>(\$1,400,821)</b>	<b>(\$2,967,368)</b>
Fund Balance-Unassigned	\$ 8,281,889	\$ 8,473,243	\$ 7,235,373	\$ 4,268,954
Fund Balance %	<b>11.43%</b>	<b>11.42%</b>	<b>9.53%</b>	<b>5.50%</b>

# Forecast Summary

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- We will see an increase in fund balance for 2020-21 and will see a decline for all of the remaining years
- We will need to continue to be cost conscious
- We will continue to spend down the assigned fund balance for technology in 2020-21 with our final year being 2023-24
- PPD will need to be reviewed to align expenditures with revenues for 2021-22 and beyond
- We will likely need to look at budget modifications for 2022-23 or 2023-24
- **Call your legislator!**