

2019 Financial Forecast

Independent School District 877
Buffalo-Hanover-Montrose
Business Office

2019 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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Dilbert.com

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.



2019 Financial Forecast

- General Fund only
- Revised budgets for 2018-19
- Projected fund balances for 2018-19
- Enrollment assumptions
- Staffing assumptions
- Revenue assumptions
- Expenditure assumptions
- Fund balance assumptions
- Forecast scenarios

General Fund Definition

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

General Fund Revenues 2018-2019

- 1st Budget Revision

2018-19	Original Budget	1st Revised Budget	\$ Change	Adjustment
Local Property Taxes	7,060,240	7,071,565	11,325	CTE and reemployment levy recognition adjustment and miscellaneous tax adjustments
State Sources	55,530,760	55,917,811	387,051	Revised pupil units, revised special ed aid, and revised aid entitlement adjustments
Federal Sources	1,774,980	2,374,135	599,155	Revised entitlements + MES STEAM grant
Other	1,971,887	1,940,853	(31,034)	Fund 9 revisions, increased interest earnings, reduced third party billing, and other miscellaneous revenue adjustments
Total	66,337,867	67,304,364	966,497	

General Fund Expenditures 2018-2019

- 1st Budget Revision

2018-19	Original Budget	1st Revised Budget	\$ Change	Adjustment
Salaries	37,780,374	37,821,311	40,937	Rev. salary projections and MES STEAM grant
Employee Benefits	14,444,692	14,493,387	48,695	Revised benefits projections and MES STEAM grant
Purchased Serv.	10,734,760	10,921,495	186,735	Revised tuition, TIES building final, fund 9 trips, MES STEAM grant, and utilities
Supplies	3,116,836	3,330,647	213,811	Fuel cost, MES STEAM grant, and addt. Curriculum purchases
Capital Outlay	2,482,684	2,690,731	208,047	MES STEAM grant, SW Metro/WTC LTFM payments, and addt. Curriculum purchases
Other	674,799	672,907	(1,892)	Fund 9 revisions, PCORI fee elimination, addt misc. expenses
Total	69,234,145	69,930,478	696,333	

General Fund Balances 2018-2019

- 1st Budget Revision

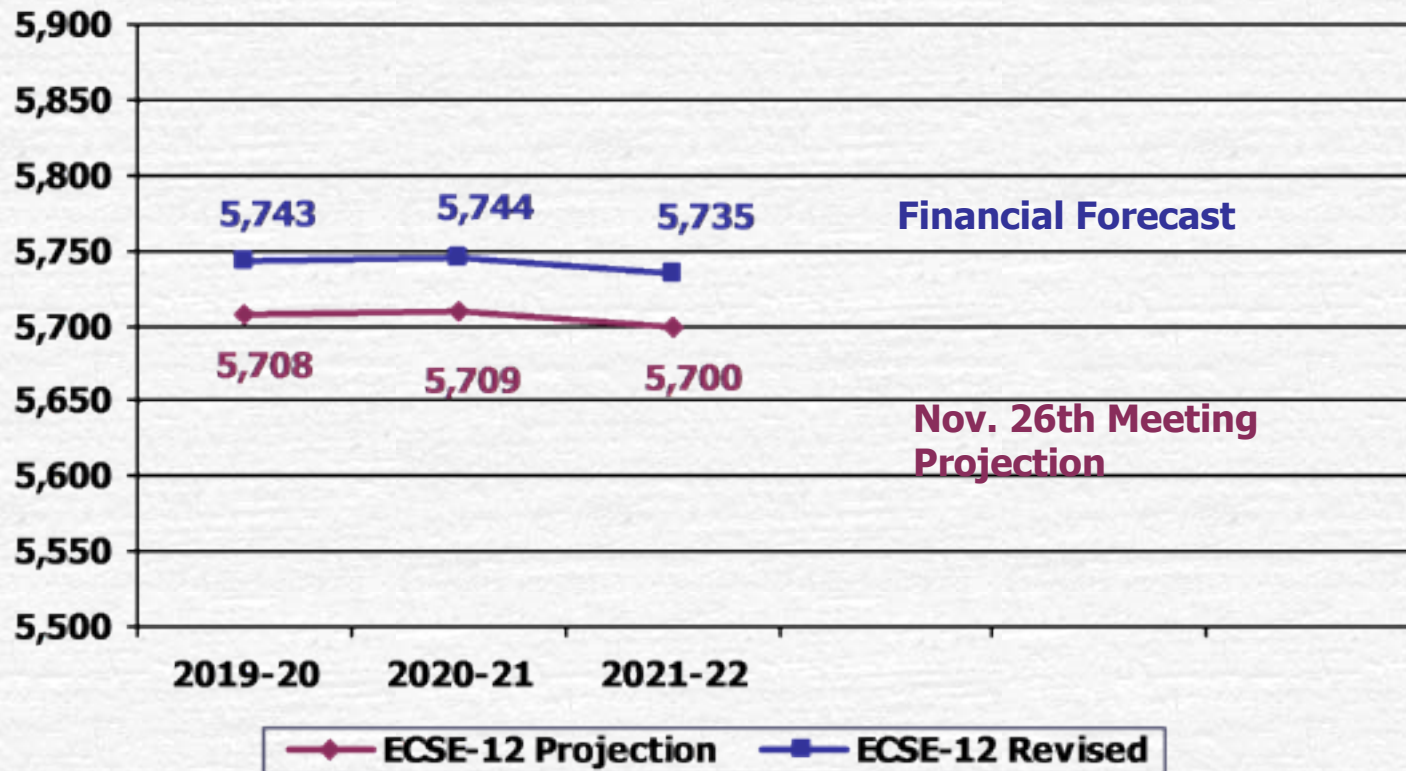
Category	Ending Balance 06/30/2017	Projected Ending Balance 06/30/2018	Audited Ending Balance 06/30/2018	2017-18 Fund Balance Change	2018-19 Original Ending Balance 6/30/19	2018-19 Original Projected Change	2018-19 Final Revised Projected Change	Difference Revision vs. Original	Projected Ending Balance 06/30/2019
Designated	989,971	832,841	810,886	(21,955)	839,590	6,749	(112,263)	(119,012)	698,623
Committed or Assigned	6,037,929	6,362,386	6,324,281	(38,106)	6,340,391	(21,995)	236,867	258,862	6,561,148
Unassigned	10,343,061	8,068,387	8,934,570	866,183	5,187,355	(2,881,032)	(2,750,718)	130,314	6,183,852
Total	17,370,962	15,263,615	16,069,736	806,122	12,367,337	(2,896,278)	(2,626,114)	270,164	13,443,622
Unassigned %	16.48%	12.16%	13.60%	1.44%	7.49%	-4.67%	-4.76%	-0.09%	8.84%

Enrollment Assumptions

- Revised for the financial forecast – tuition & early exit

Grade level	2019-20	2020-21	2021-22
Pre-K	55	55	55
K	399	392	396
Gr. 1-5	2,051	2,029	2,062
Gr. 6-8	1,362	1,392	1,330
Gr. 9-12	1,841	1,841	1,857
Total	5,708	5,709	5,700
Adjust. For Early Exit	(40)	(40)	(40)
Adjusted Pre-K-12	5,668	5,669	5,660
Tuition	75	75	75
Total for forecast	5,743	5,744	5,735

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



Staffing Assumptions

- Staffing stays with planned ratios determined for 2009-10 plus 2013-14 board initiative adds and full ADED K staff
- Supt. Contingency 12.95 FTE and Local Option Revenue 6.0 FTE adds
- Special Education 1.0 FTE staffing contingency

	2018-19	2019-20	2020-21	2021-22
K-5	111.209	113.101	111.716	113.471
Grades 6-8	58.886	58.287	59.614	56.918
Grades 9-12	73.404	72.905	72.947	73.570
Total	243.499	244.294	244.277	243.958
Staffing Change		0.795	-0.0167	-0.3191

Revenue Assumptions

- General Education Aid- Base includes 2% in 2019-20 and 2% in 2020-21
- Operating Referendums – Board approved \$189.55 in 2018
- No new operating referendums but board renews board approved operating referendum for 2019-20 fiscal year
- 99.5% of Kindergarten attend full day program
- Special Education aid – 2.5% each year of forecast
- Qcomp (PPD) in all years to match expenditures
- Full implementation of LTFM revenue

Expenditure Assumptions

- Base plan includes 6 FTE Location Equity Revenue for all years and supt. contingency of 12.95 FTE-removes 7.507 FTE allocated above 12.95 for 2018-19
- Special Ed contingency 1.0 FTE
- Salary and benefit increases based on expected market conditions and comparable settlements
- Non-salary, non-benefit costs 0%-3%
- Qcomp (PPD) in at match to revenue for all years
- LTFM expenditures to match revenue
- Curriculum purchases back to 2017-18 levels

Fund Balance Assumptions

- District's undesignated, unreserved fund balance policy is 8-12% of General Fund expenditures
- Assignment for technology decreases \$400,000 each year starting in 2019-20 for five years
- Spend down of Teacher Development fund balance in 2019-20

Base Model



2.0% Aid Increase 2019-20 and 2.0% Aid Increase in 2020-21

General Education Formula changes:

2.0%, 2.0%, 1.0%

Retains 14-15 6.0 FTE LER and Class Size Reduction Staff For All Years

Special Education Aid Increase 2.5% Increase in all years

100.00% of Revenues Realized

100.00% of Expenditures Realized

		2017-18	2018-19	2019-20	2020-21	2021-22
		\$6,188	\$6,312	\$6,438	\$6,567	\$6,633
Revenue		\$64,371,662	\$67,304,364	\$67,833,937	\$68,784,951	\$69,386,860
Expenditures		(\$65,672,888)	(\$69,930,478)	(\$71,364,775)	(\$73,409,707)	(\$75,402,600)
Fund Balance-Unassign		\$ 8,934,570	\$ 6,183,852	\$ 3,158,442	\$ (1,131,408)	\$ (6,831,669)
Fund Balance %		13.60%	8.84%	4.43%	-1.54%	-9.06%

Scenario 1 - Board policy 8% minimum



2.0% Aid Increase 2019-20 and 2.0% Aid Increase in 2020-21

General Education Formula changes:

2.0%, 2.0%, 1.0%

Retains 14-15 6.0 FTE LER and Class Size Reduction Staff For All Years

Special Education Aid Increase 2.5% Increase in all years

Severance fund balance used in 19-20 and 20-21

Program modifications needed for 2019-20 \$ (925,000.00)

Program modifications needed for 2020-21 \$ (2,800,000.00)

Program modifications needed for 2021-22 \$ (1,975,000.00)

100.00% of Revenues Realized

100.00% of Expenditures Realized

		2017-18	2018-19	2019-20	2020-21	2021-22
		\$6,188	\$6,312	\$6,438	\$6,567	\$6,633
Revenue		\$64,371,662	\$67,304,364	\$67,833,937	\$68,784,951	\$69,386,860
Expenditures		(\$65,672,888)	(\$69,930,478)	(\$70,439,775)	(\$69,684,707)	(\$69,702,600)
Fund Balance-Unassig		\$ 8,934,570	\$ 6,183,852	\$ 5,643,795	\$ 5,578,945	\$ 5,578,684
Fund Balance %		13.60%	8.84%	8.01%	8.01%	8.00%

Scenario 2 - Board policy 8% minimum



3.0% Aid Increase 2019-20 and 3.0% Aid Increase in 2020-21

General Education Formula changes:

3.0%, 3.0%, 1.0%

Retains 14-15 6.0 FTE LER and Class Size Reduction Staff For All Years

Special Education Aid Increase 2.5% Increase in all years

Severance fund balance used in 19-20 and 20-21

Program modifications needed for 2019-20 \$ (550,000.00)

Program modifications needed for 2020-21 \$ (2,400,000.00)

Program modifications needed for 2021-22 \$ (1,935,000.00)

100.00% of Revenues Realized

100.00% of Expenditures Realized

		2017-18	2018-19	2019-20	2020-21	2021-22
		\$6,188	\$6,312	\$6,501	\$6,696	\$6,763
Revenue		\$64,371,662	\$67,304,364	\$68,231,363	\$69,597,638	\$70,205,361
Expenditures		(\$65,672,888)	(\$69,930,478)	(\$70,814,775)	(\$70,459,707)	(\$70,517,600)
Fund Balance-Unassig		\$ 8,934,570	\$ 6,183,852	\$ 5,666,222	\$ 5,639,059	\$ 5,642,298
Fund Balance %		13.60%	8.84%	8.00%	8.00%	8.00%

Scenario 3 - Board policy 8% minimum



3.0% Aid Increase 2019-20 and 3.0% Aid Increase in 2020-21

General Education Formula changes:

3.0%, 3.0%, 1.0%

Retains 14-15 6.0 FTE LER and Class Size Reduction Staff For All Years

Special Education Aid Increase 2.5% Increase in all years

Severance Fund balance used in 20-21

Program modifications needed for 2019-20 \$ (125,000.00)

Program modifications needed for 2020-21 \$ (2,125,000.00)

Program modifications needed for 2021-22 \$ (1,935,000.00)

100.00% of Revenues Realized

99.00% of Expenditures Realized

		2017-18	2018-19	2019-20	2020-21	2021-22
		\$6,188	\$6,312	\$6,501	\$6,696	\$6,763
Revenue		\$64,371,662	\$67,304,364	\$68,231,363	\$69,597,638	\$70,205,361
Expenditures		(\$65,672,888)	(\$69,231,173)	(\$70,527,378)	(\$70,448,110)	(\$70,505,424)
Fund Balance-Unassig		\$ 8,934,570	\$ 6,883,157	\$ 5,652,924	\$ 5,637,358	\$ 5,652,773
Fund Balance %		13.60%	9.94%	8.02%	8.00%	8.02%

Summary

- We will need \$ from the state to stay within our fund balance policy for 2019-20 and beyond
- We will need to adjust our expenditures or increase revenue to stay within our fund balance policy for 19-20 and beyond
- We will start to spend down the assigned fund balance for technology starting in 2019-20 to be spent down the following five years
- Call your legislator!