



Buffalo  
Hanover  
Montrose  

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BHM SCHOOLS

# 2020 Financial Forecast

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Independent School District 877  
Buffalo-Hanover-Montrose

Business Office

# 2020 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.



# 2020 Financial Forecast

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- General Fund only
- Revised budgets for 2019-20
- Projected fund balances for 2019-20
- 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 2019-2020

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

2019-20	Original Budget	1st Revised Budget	\$ Change	Adjustment
<b>Local Property Taxes</b>	7,457,205	7,420,831	<b>(36,374)</b>	Miscellaneous tax adjustments
<b>State Sources</b>	56,431,359	57,019,233	<b>587,874</b>	Revised pupil units, revised special ed aid, safe schools revenue, MES safety grant, revised aid entitlement adjustments, and increased TRA/PERA in-kind contributions
<b>Federal Sources</b>	2,322,773	2,151,039	<b>(171,734)</b>	Revised entitlements + MES STEAM grant
<b>Other</b>	2,313,373	2,094,237	<b>(219,136)</b>	Fund 51 additions, decreased interest earnings, and reduced cobra/retiree insurance contributions
<b>Total</b>	<b>68,524,710</b>	<b>68,685,340</b>	<b>160,630</b>	

# General Fund Expenditures 2019-2020

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

2019-20	Original Budget	1st Revised Budget	\$ Change	Adjustment
<b>Salaries</b>	38,415,466	38,159,167	<b>(256,299)</b>	Revised salary projections
<b>Employee Benefits</b>	15,458,954	14,889,053	<b>(569,901)</b>	Revised benefits projections and reduced cobra/retiree insurance contributions
<b>Purchased Serv.</b>	11,131,871	11,085,888	<b>(45,983)</b>	Revised tuition costs
<b>Supplies</b>	2,832,492	2,954,038	<b>121,546</b>	Fund 51 addition, fund 9 adjustments, and MES STEAM grant changes
<b>Capital Outlay</b>	3,039,095	2,863,405	<b>(175,690)</b>	MES STEAM grant, LTFM adj. for projects done in 18 19, and MES safety grant
<b>Other</b>	644,817	690,223	<b>45,406</b>	Increased dues and memberships and TRA/PERA In-kind contributions
<b>Total</b>	<b>71,522,695</b>	<b>70,641,774</b>	<b>(880,921)</b>	

# General Fund Balances 2019-2020

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

Category	Ending Balance 06/30/2018	Projected Ending Balance 06/30/2019	Audited Ending Balance 06/30/2019	2018-19 Fund Balance Change	2019-20 Original Ending Balance 6/30/20	2019-20 Original Projected Change	2019-20 1st Revised Projected Change	Difference Revision vs. Original	Projected Ending Balance 06/30/2020
Designated	810,886	985,029	982,032	(2,997)	936,392	(48,637)	161,292	209,929	1,143,324
Comitted or Assigned	6,324,281	6,561,148	6,973,728	412,580	5,025,342	(1,535,806)	(1,935,316)	(399,511)	5,038,411
Unassigned	8,934,570	5,920,320	6,710,756	790,436	4,506,778	(1,413,542)	(182,410)	1,231,133	6,528,346
<b>Total</b>	16,069,736	13,466,496	14,666,515	1,200,019	10,468,511	(2,997,985)	(1,956,434)	1,041,551	12,710,081
<b>Unassigned %</b>	<b>13.60%</b>	<b>8.44%</b>	<b>9.73%</b>	<b>1.29%</b>	<b>6.30%</b>	<b>-2.14%</b>	<b>-0.49%</b>	<b>1.65%</b>	<b>9.24%</b>

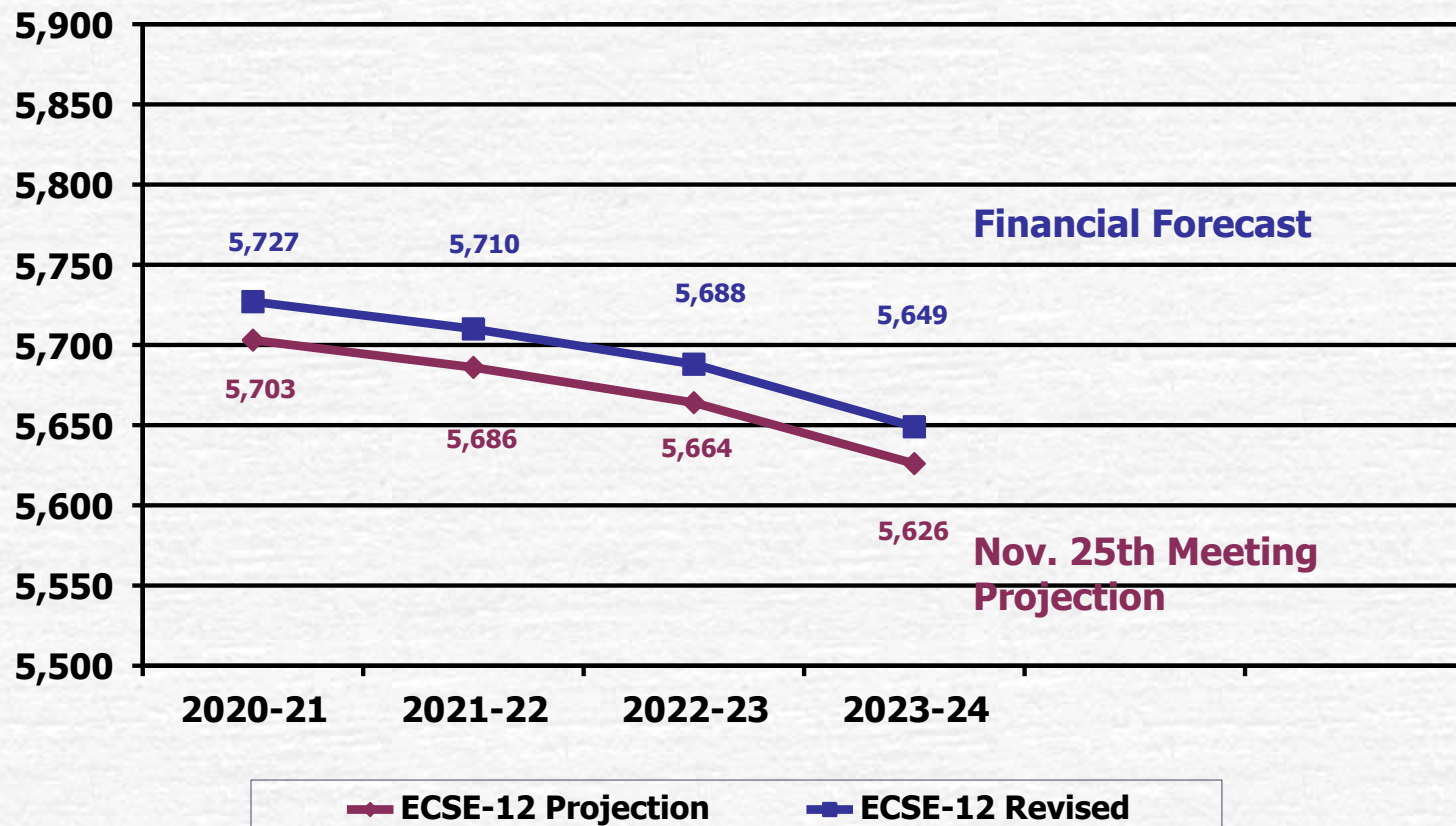
# Enrollment Assumptions

- Revised for the financial forecast – tuition & early exit

Grade level	2020-21	2021-22	2022-23	2023-24
<b>Pre-K</b>	52	52	52	52
<b>K</b>	390	394	377	379
<b>Gr. 1-5</b>	2,023	2,050	2,088	2,040
<b>Gr. 6-8</b>	1,387	1,318	1,271	1,275
<b>Gr. 9-12</b>	1,851	1,872	1,876	1,880
<b>Total</b>	<b>5,703</b>	<b>5,686</b>	<b>5,664</b>	<b>5,626</b>
<b>Adjust. For Early Exit</b>	(42)	(42)	(42)	(43)
<b>Adjusted Pre-K-12</b>	5,661	5,644	5,622	5,583
<b>Tuition</b>	66	66	66	66
<b>Total for forecast</b>	<b>5,727</b>	<b>5,710</b>	<b>5,688</b>	<b>5,649</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 19-20 reductions
- Supt. Contingency 2.95 FTE
- Special Education 1.0 FTE staffing contingency

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>K-5</b>	110.765	109.418	110.844	111.824	109.695
<b>Grade 6-8</b>	56.594	57.397	54.535	52.553	52.762
<b>Grade 9-12</b>	71.079	71.370	72.251	72.440	72.584
<b>Total</b>	238.439	238.185	237.631	236.817	235.041
<b>Staffing Change</b>		<b>(0.254)</b>	<b>(0.554)</b>	<b>(0.814)</b>	<b>(1.777)</b>

# Revenue Assumptions

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- General Education Aid- Base includes 2% in 2020-21 and 1% for remaining years
- Includes new \$750 per pupil operating referendum for 2020-21 through 2024-25
- 99.5% of Kindergarten attend full day program
- Special Education aid – 4% increase year 1 - 2.5% increase each remaining year of forecast
- Qcomp (PPD) in all years to match expenditures
- Full implementation of LTFM revenue

# Expenditure Assumptions

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- Base plan includes 6.0 FTE Local Option Revenue and 6.0 FTE class size reduction position adds less reductions for 2019-20 for all years
- 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) in 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 6-12% of General Fund expenditures
- Spend down of the assigned fund balance for technology in 2020-21 with our final year being 2023-24
- Spend down of Teacher Development fund balance in 2019-20
- Continued reduction of committed severance balance for 2020-21

**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 see a breakeven fund balance for 2021-22 with declines in 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 2020-21 and beyond
- We will likely need to look at budget modifications for 2022-23 or 2023-24
- **Call your legislator!**