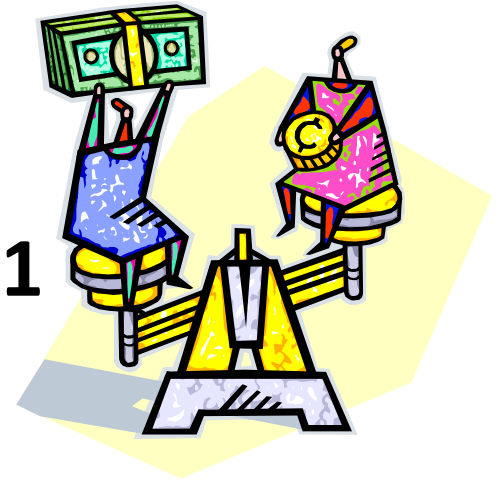


Arlington Central School District

Financial Forecast for the Years 2017-18 through 2020-2021



Presented on: August 29, 2017

Major Budget Drivers / Assumptions

- Property tax cap formula – Estimated at 2% CPI Increase
- State-Aid remains 30% of our budget and a major factor in the budget development process
- Enrollment is decreasing
- Health insurance increase is expected to be approximately 9%; 2017-18 was 15.98%

Major Budget Drivers / Assumptions, cont.

- No change to ERS rates in this forecast: 15.3%
- No change to TRS rate in this forecast: 9.8%
- Assessed values are stable – last year there was a slight decrease year over year
- The cost of salary and benefits for bargaining unit contracts
- Major additions to programming

Management Decisions (2010 – Present)

- Closing of LaGrange Elementary School
- Moving the Central Office out of leased space
- Closing of Arlington Middle School
- Selling of Raymond Avenue
- Committing to full-day kindergarten
- Improving building infrastructure through an EPC Project at no additional cost to the budget
- Managing staff, class size and programs based on enrollment (“Right Sizing”)

Management Decisions, cont.

- Negotiating collective bargaining agreements, including adjustments to the health insurance plans and employee contributions offered by the District
- Updating the District's enrollment forecast to help long term planning
- Maintaining a 4% unrestricted fund balance
- Funding from operations the full cost of the 3.6 million health & safety proposition, therefore reducing the Districts long term debt obligation

Management Decisions, cont.

- Refinancing debt during 2015-16 to level out future debt payments
- Using \$8,500,000 from the Capital Reserve to create a tax neutral transportation and maintenance facilities improvement project
- Funding the Capital Reserve with \$1,500,000 to prepare for a building project that will make needed improvements to District facilities
- Increasing the amount of appropriated fund balance from \$4,000,000 to \$5,000,000 to lower tax burden

Revenues and Expenditures

Arlington Central School District

Three Year Financial Forecast, Fiscal Years

General Fund

	Actual	Actual	Actual	Actual	Actual	Budget	Projected	Projected	Projected
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues									
Real Property Tax Items	111,836,787	115,560,875	118,375,058	120,468,027	120,434,987	\$122,465,676	\$124,914,989	\$127,413,288	\$129,961,553
Other Tax Items (includes STAR)	15,144,423	15,332,704	15,139,279	15,016,544	14,057,393	\$14,075,060	\$14,356,561	\$14,643,692	\$14,936,565
Charges for Services	1,674,916	1,273,999	1,699,883	1,923,040	2,217,474	1,650,352	1,750,000	1,949,000	1,949,000
State Aid	47,397,973	51,906,210	52,302,308	54,490,547	57,136,678	\$60,552,443	\$61,763,491	\$62,998,760	\$64,258,735
Federal Aid	21,874	23,258	25,435	45,701	75,749	25,000	25,000	25,000	25,000
Other (includes Sale of Property, Misc.)	1,644,500	1,220,432	1,727,720	2,240,745	2,252,212	1,286,469	1,400,959	1,939,260	1,940,147
Interfund Transfers	37,572	1,263	1,047,144	193,660	777,297	0	0	0	0
Total Revenues and Other Sources	\$177,758,045	\$185,318,742	\$190,316,827	194,378,263	196,951,790	\$200,055,000	\$204,211,000	\$208,969,000	\$213,071,000
Dollar Change	\$4,486,183	\$7,560,697	\$4,998,085	4,061,436	2,573,527	\$3,103,210	\$4,156,000	\$4,758,001	\$4,102,001
Percent Change	2.59%	4.25%	2.70%	2.13%	1.32%	1.58%	2.08%	2.33%	1.96%
Expenditures by Object									
Personal Services - Instructional	68,718,091	69,917,968	69,650,723	71,539,408	74,135,441	77,583,270	79,910,768	82,308,091	84,777,333
Personal Services - Noninstructional	19,402,430	19,851,100	19,732,612	20,169,684	20,320,762	21,818,814	22,418,831	23,035,348	23,668,820
Equipment and Capital Outlay	196,940	282,948	357,150	559,224	603,814	347,941	350,000	350,000	350,000
Contractual and Other	31,283,510	30,876,308	30,298,686	29,452,035	30,829,808	32,855,820	33,184,378	33,516,222	33,851,384
Employee Benefits	46,564,675	50,203,269	53,042,038	50,197,149	50,355,234	56,408,746	59,816,841	63,515,057	67,529,181
Debt Service (Principal and Interest)	12,965,587	12,782,563	12,762,276	13,101,949	14,125,299	14,664,409	12,740,182	12,769,282	12,769,282
Interfund Transfers	361,519	399,536	4,046,707	616,143	12,049,052	1,376,000	1,790,000	475,000	250,000
Assumes 3.25% of Budget Not Spent						-6,664,288	-6,831,858	-7,018,993	-7,253,870
Total Expenditures and Other Uses	\$179,492,752	\$184,313,693	\$189,890,194	185,635,590	202,419,411	\$198,390,713	\$203,379,143	\$208,950,008	\$215,942,130
Dollar Change	\$8,748,865	\$4,820,941	\$5,576,501	(4,254,603)	16,783,820	(\$4,028,698)	\$4,988,430	\$5,570,865	\$6,992,123
Percent Change	5.12%	2.69%	3.03%	-2.24%	9.04%	-1.99%	2.51%	2.74%	3.35%
Surplus (Deficit)	(\$1,734,707)	\$1,005,049	\$426,633	8,742,673	(5,467,621)	\$1,664,288	\$831,859	\$18,993	(\$2,871,130)

Budgetary Reserves and Fund Balance

Actual	Actual	Actual	Actual	Actual	Budget	Projected	Projected	Projected
2013	2014	2015	2016	2017	2018	2019	2020	2021

Budgetary Reserves

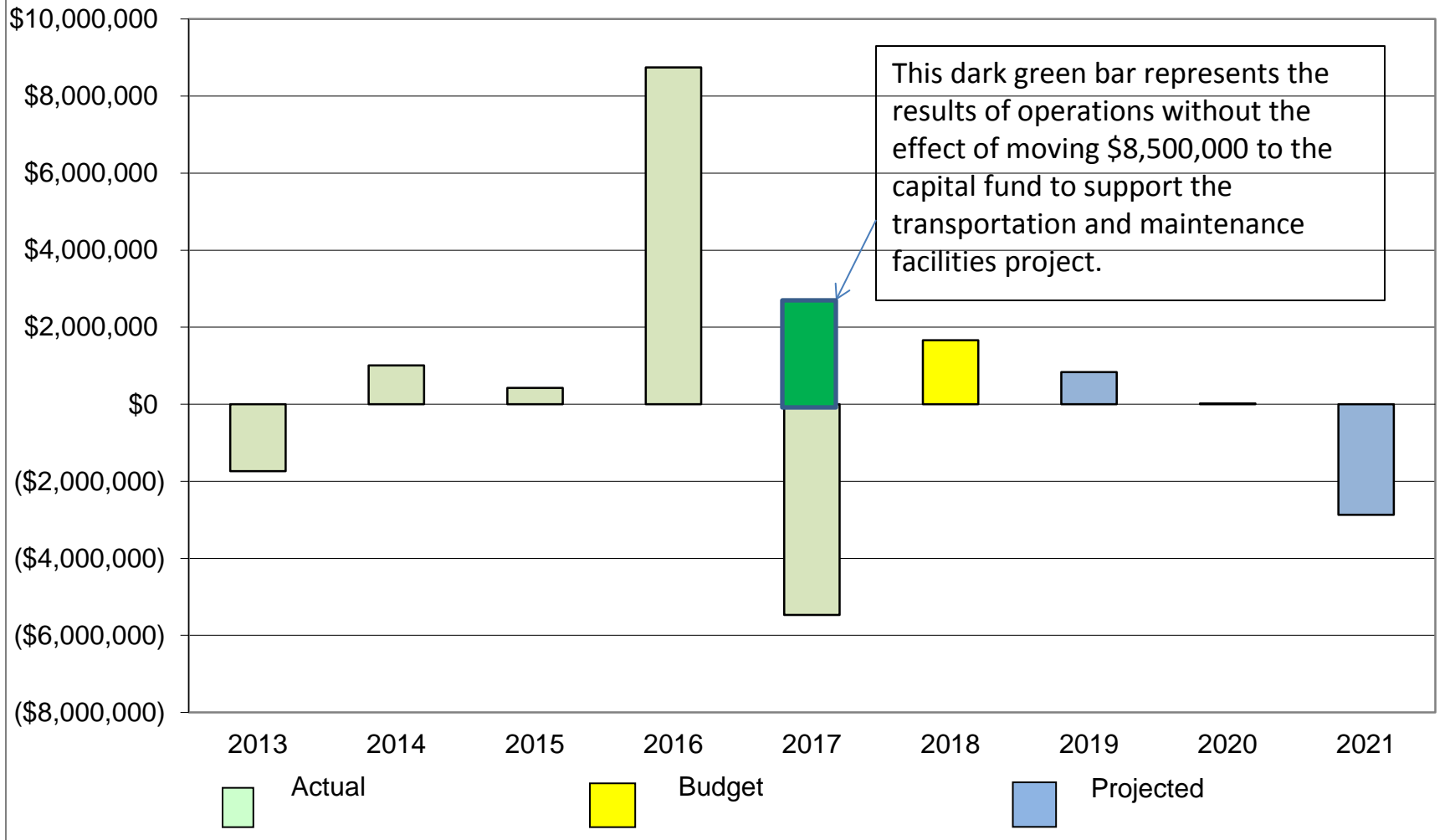
Fund Equity, Beg. of Year	\$19,356,118	\$17,621,411	\$18,626,460	19,053,094	27,795,766	\$22,328,146	\$23,992,433	\$24,824,292	\$24,843,284
Fund Equity, End of Year	17,621,411	18,626,460	19,053,094	27,795,766	22,328,146	23,992,433	24,824,292	24,843,284	21,972,154
Non-spendable and Restricted Fund Balance	4,322,440	4,901,040	5,904,257	14,211,231	7,556,775	9,221,775	8,721,775	8,221,775	4,596,775
Assigned	5,829,522	5,874,536	5,279,566	5,650,972	6,842,021	6,600,000	7,600,000	8,600,000	11,725,000
Unrestricted Fund Balance	7,469,449	7,850,884	7,869,271	7,933,563	7,929,350	8,170,658	8,502,517	8,021,509	5,650,379

Calculation for Adj. Fund Balance as a % of Budget

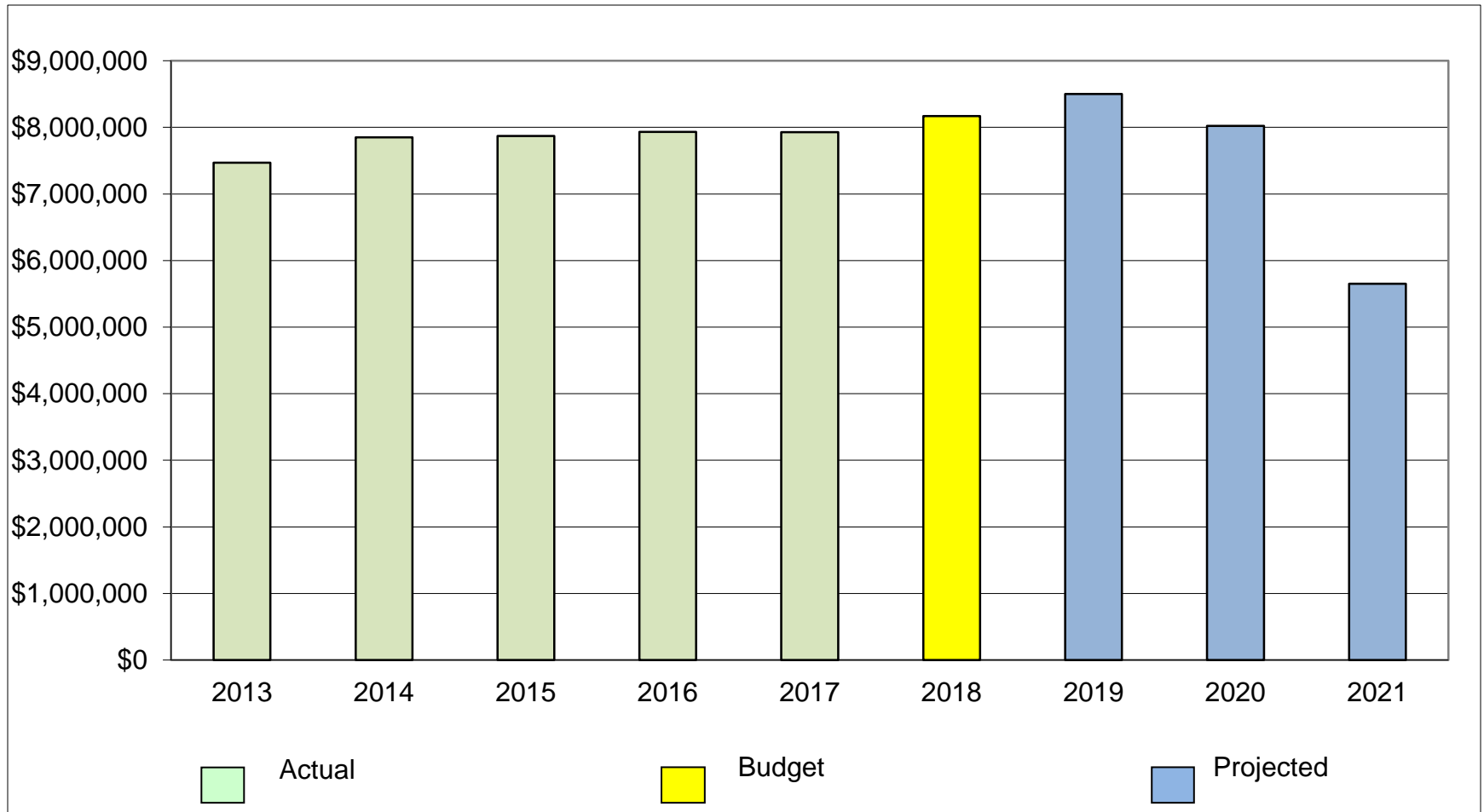
	182,244,964	191,133,727	193,518,394	196,191,000	201,225,000	\$205,055,000	\$210,211,000	\$215,969,000	\$223,196,000
Budget to Budget Increase	1.6%	4.9%	1.2%	1.4%	2.57%	1.9%	2.5%	2.7%	3.3%
Total Fund Balance as a % of Subsequent Years Budget	9%	10%	10%	14%	11%	11%	11%	11%	10%
Unrestricted Fund Balance	7,469,449	7,850,884	7,869,271	7,933,563	7,929,350	8,170,658	8,502,517	8,021,509	5,650,379
Unrestricted Fund Balance (subject to 4% restriction)	3.9%	4.1%	4.0%	3.9%	3.9%	3.9%	3.9%	3.6%	2.5%
-Appropriated Fund Balance for next FY	\$4,800,000	\$4,600,000	\$3,860,000	4,000,000	5,000,000	\$6,000,000	\$7,000,000	\$10,125,000	\$7,000,000

Surplus (Deficit)

Results of Operations on Fund Balance



Unrestricted Fund Balance



Why estimate State-aid at 2%?

- The state has imposed a 2% or less spending plan for their budget and this forces all state dependent agencies to consider this when estimating future State aids.

Why estimate the tax levy increase at 2.0%?

- The tax cap is a formula that is used to calculate a tax levy percent increase. One of the major components of this formula is the Consumer Price Index or CPI. This CPI figure is capped at the actual CPI amount or 2%. Even though recent CPI figures are below 2%, our historical tax cap formula limit has been higher than 2%.

Cumulative taxpayer savings from taxing below the tax levy cap

	Tax Cap Limit	Levy % increase	Tax Levy Limit	Tax Levy	Levy Annual Difference	Accumulated Taxpayer Savings
12-13	3.87%	2.0%	\$130,627,318	\$128,273,603	\$-2,353,715	\$-2,353,715
13-14	2.22%	2.0%	\$131,121,764	\$130,837,382	\$-284,382	\$-2,638,097
14-15	2.22%	2.0%	\$133,744,276	\$133,454,129	\$-290,147	\$-2,928,244
15-16	2.76%	1.48%	\$137,136,051	\$135,423,212	\$-1,712,839	\$-4,641,083
16-17	.97%	-.74%	\$136,737,238	\$134,423,212	\$-2,314,026	\$-6,955,109
17-18	2.14%	1.52%	\$137,294,240	\$136,465,676	\$-828,564	\$-7,783,673

Why does the financial forecast predict an increasing need to use fund balance as we get further away from the current year?

- It's a financial model that is based on assumed values that become less accurate the further we are away from the current year
- It does not take into account management's ability to make decisions as new information becomes available