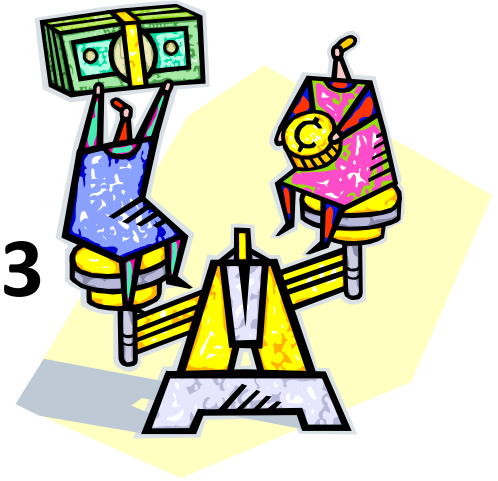


# **Arlington Central School District**

## **Financial Forecast for the Years 2019-20 through 2022-2023**



**Presented on: August 1, 2019**

# Major Budget Drivers / Assumptions

- Property tax cap formula – Estimated at 2% CPI Increase
- State-Aid remains 29% of our budget and a major factor in the budget development process
- Enrollment continues to decrease but at a slower rate
- Health insurance increase is forecast to be 6%; 2017-18 was 15.98%; 2018-19 is 6.9%

## **Major Budget Drivers / Assumptions, cont.**

- No change to ERS rates in this forecast: 15.7%
- No change to TRS rate in this forecast: 8.86%
- Assessed values are increasing which lowers the tax rate
- Levy to levy increase is 2%
- The cost of salary and benefits for bargaining unit contracts
- Any 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 4.0% 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
- Using \$1,518,000 from the Capital Reserve to create a tax neutral upgrade to the High School Athletic complex
- Increasing the amount of appropriated fund balance from \$5,000,000 to \$5,743,000 to lower tax burden

UNAUDITED

	Actual	Actual	Actual	Actual	Actual	Budget	Projected	Projected	Projected
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Real Property Tax Items	118,375,058	120,468,027	120,434,987	\$122,674,450	\$126,256,693	\$142,467,840	\$145,317,196	\$148,223,539	\$151,188,009
Other Tax Items (includes STAR)	15,139,279	15,016,544	14,057,393	\$13,923,005	\$13,250,750	\$149,240	\$150,000	\$150,000	\$150,000
Charges for Services	1,699,883	1,923,040	2,217,474	1,968,474	1,974,614	1,928,000	1,949,000	1,949,000	1,949,000
State Aid	52,302,308	54,490,547	57,136,678	\$59,959,837	\$62,286,165	\$63,089,980	\$66,047,451	\$67,145,578	\$67,111,905
Federal Aid	25,435	45,701	75,749	136,493	189,855	70,000	125,000	125,000	125,000
Other (includes Sale of Property, Interest Income)	1,727,720	2,240,745	2,252,212	2,149,484	2,564,912	4,452,574	2,399,955	2,400,434	2,400,086
Interfund Transfers	1,047,144	193,660	777,297	16,699	82,941	1,260,366	1,848,398	1,468,449	0
<b>Total Revenues and Other Sources</b>	<b>\$190,316,827</b>	<b>194,378,263</b>	<b>196,951,790</b>	<b>\$200,828,441</b>	<b>\$206,605,930</b>	<b>\$213,418,000</b>	<b>\$217,837,000</b>	<b>\$221,462,000</b>	<b>\$222,924,000</b>
Dollar Change	\$4,998,085	4,061,436	2,573,527	\$3,876,652	\$5,777,488	\$6,812,070	\$11,231,070	\$3,625,000	\$1,462,000
Percent Change	2.70%	2.13%	1.32%	1.97%	2.88%	3.30%	5.44%	1.66%	0.66%
						\$219,161,000	\$223,837,000	\$227,462,000	\$228,924,000
							(1,865,000)	(5,960,000)	(10,465,000)
Personal Services - Instructional	69,650,723	71,539,408	74,135,441	75,547,338	77,466,360	81,987,505	84,242,161	86,558,820	88,939,187
Personal Services - Noninstructional	19,732,612	20,169,684	20,320,762	21,452,625	21,797,273	23,433,831	24,019,676	24,620,167	25,235,671
Equipment and Capital Outlay	357,150	559,224	603,814	431,809	516,396	533,627	500,000	500,000	500,000
Contractual and Other	30,298,686	29,452,035	30,829,808	30,141,454	31,588,257	33,779,765	36,980,786	36,524,929	33,816,707
Employee Benefits	53,042,038	50,197,149	50,355,234	54,555,696	56,874,057	60,859,575	65,728,377	70,987,084	76,666,435
Debt Service (Principal and Interest)	12,762,276	13,101,949	14,125,299	14,669,803	13,937,004	13,958,297	13,931,000	13,931,000	13,931,000
Interfund Transfers	4,046,707	616,143	12,049,052	2,888,469	1,828,173	3,608,400	300,000	300,000	300,000
Assumes 3.4% of Budget Not Spent						-7,417,474	-7,673,868	-7,936,348	-8,139,226
<b>Total Expenditures and Other Uses</b>	<b>\$189,890,194</b>	<b>185,635,590</b>	<b>202,419,411</b>	<b>\$199,687,194</b>	<b>\$204,007,521</b>	<b>\$210,743,526</b>	<b>\$218,028,132</b>	<b>\$225,485,652</b>	<b>\$231,249,774</b>
Dollar Change	\$5,576,501	(4,254,603)	16,783,820	(\$2,732,217)	\$4,320,327	\$6,736,005	\$7,284,606	\$7,457,520	\$5,764,122
Percent Change	3.03%	-2.24%	9.04%	-1.35%	2.16%	3.30%	3.46%	3.42%	2.56%
Operational Surplus (Deficit)	4,032,609	8,742,673	3,032,379	2,659,247	3,598,409				
	\$426,633	8,742,673	(5,467,621)	\$1,141,247	\$2,598,409	\$2,674,474	(\$191,132)	(\$4,023,652)	(\$8,325,774)

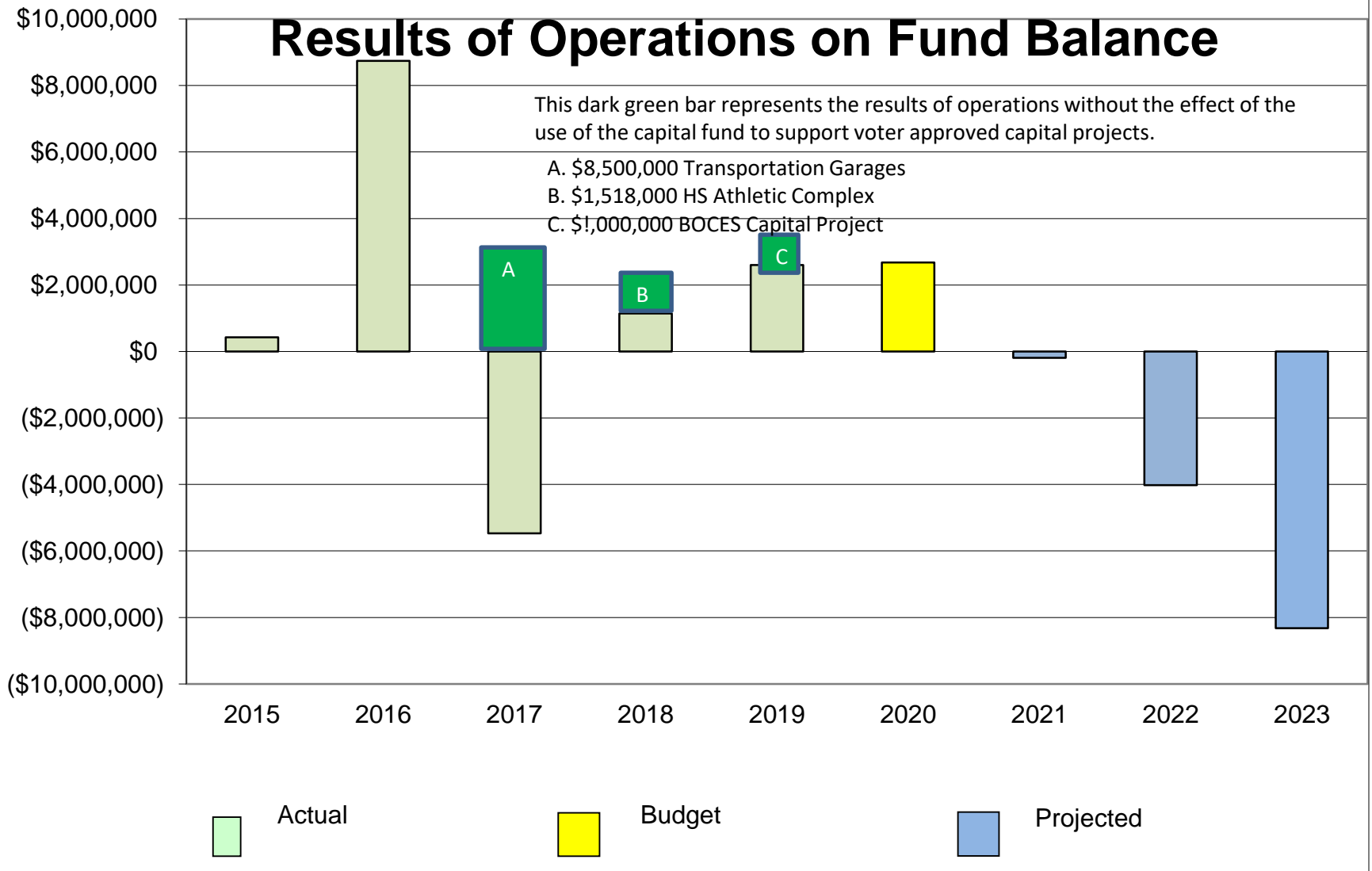
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fund Equity, Beg. of Year	\$18,626,460	19,053,094	27,795,766	\$22,328,146	\$23,469,393	\$26,067,802	\$28,742,276	\$28,551,144	\$24,527,492
Fund Equity, End of Year	19,053,094	27,795,766	22,328,146	23,469,393	26,067,802	28,742,276	28,551,144	24,527,492	16,201,718
Non-spendable and Restricted Fund Balance	5,904,257	14,211,231	7,556,775	8,048,311	10,430,256	12,530,256	14,030,256	14,030,256	14,030,256
Assigned	5,279,566	5,650,972	6,842,021	7,219,362	7,279,005	7,475,000	7,475,000	7,475,000	7,475,000
<b>Unrestricted Fund Balance</b>	<b>7,869,271</b>	<b>7,933,563</b>	<b>7,929,350</b>	<b>8,201,719</b>	<b>8,358,541</b>	<b>8,737,020</b>	<b>7,045,888</b>	<b>3,022,236</b>	<b>(5,303,538)</b>

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenditure Budget	193,518,394	196,191,000	201,225,000	\$205,055,000	\$209,894,000	\$216,161,000	\$225,702,000	\$233,422,000	\$239,389,000
Budget to Budget Increase	1.25%	1.38%	2.57%	1.90%	2.36%	2.99%	4.41%	3.42%	2.56%
Total Fund Balance as a % of Subsequent Years Budget	10%	14%	11%	11%	12%	13%	12%	10%	7%
Unrestricted Fund Balance	7,869,271	7,933,563	7,929,350	8,201,719	8,358,541	8,737,020	7,045,888	3,022,236	(5,303,538)
Unrestricted Fund Balance (subject to 4% restriction)	4.0%	3.9%	3.9%	3.9%	3.9%	3.9%	3.0%	1.3%	-2.1%
-Appropriated Fund Balance for next FY	\$3,860,000	4,000,000	5,000,000	\$5,743,000	\$5,743,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000

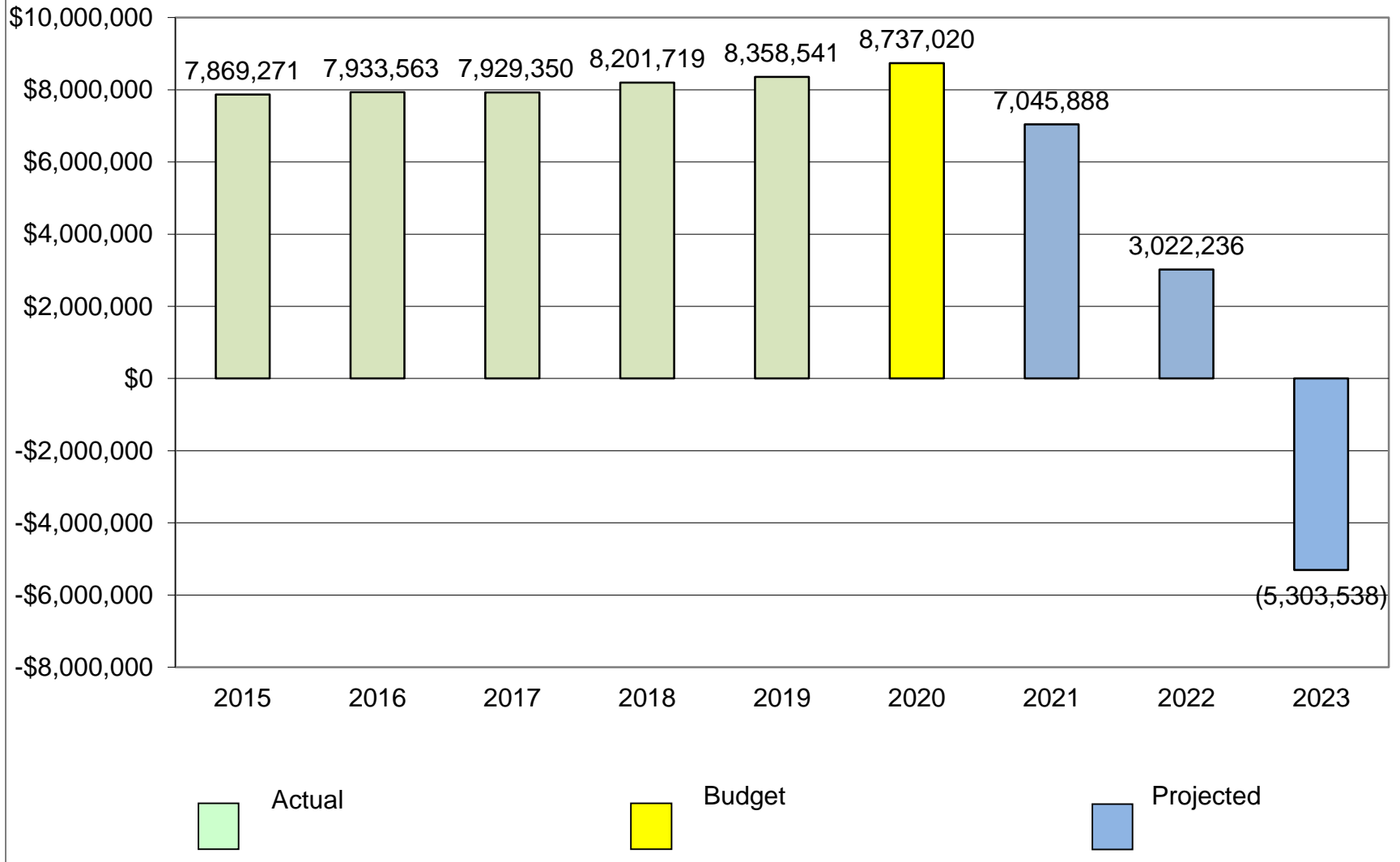


# Surplus (Deficit) or

## 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.

# Cumulative Tax Avoidance

Year	Tax Cap	Levy	Tax Levy Limit	Proposed Levy	Levy Annual Difference	Cumulative 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	0.97%	-0.74%	136,737,238	134,423,212	(2,314,026)	(6,955,109)
17-18	2.84%	1.52%	138,239,240	136,465,676	(1,773,564)	(8,728,673)
18-19	2.40%	2.20%	139,739,673	139,467,921	(271,752)	(9,000,425)
19-20	2.55%	2.15%	143,025,554	142,467,840	(557,714)	(9,558,139)

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

# Compare Last Years Estimates to Actual Results

Description	Revenue	Expenditures
Budget for 2018-19	\$209,894,000	\$209,894,000
Estimate for 2018-19	204,151,000	202,757,604
Actual for 2018-19	206,605,930	204,007,521
Exclude BOCES Capital Transfer	0	203,007,521
Dollar Difference	2,454,930	-249,917
Percent Difference	1.202507%	0.123259%