

FY2019 Budget Development

Board of Education Meeting

March 6, 2018

# Long Term Financial Planning

## What is a Long Term Financial Plan?

A Long Term Financial Plan is a combination of technical analysis and strategizing. Long-term forecasts and analysis are used to identify long-term imbalances. Then, financial strategies are developed to counteract these imbalances.\*

The Board of Education's objective is to fulfill its Mission Statement and meet its short and long term goals through the efficient use of available financial resources.

Through the use of careful financial planning and resource management, the Board can maintain and enhance program offerings to students.

## Elements of Plan

- ◇ Assumptions                      External / Internal
- ◇ Projections                      Revenues / Expenditures
- ◇ Gap Analysis
- ◇ Options

## Assumptions - External

◆ General Economic Conditions	CY2018	CY2019
Consumer Price Index	2.3%	2.1%
Gross Domestic Product	2.7%	2.5%
◆ Federal Reserve- Interest Rates		

## Assumptions - External

- ◇ Financial Health of New York State
- ◇ Impact of new Federal Income Tax Law
- ◇ Economic Conditions in Saratoga County

## Assumptions - Internal

### Projected Student Enrollment: In-District

Level	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
K - 5	1,835	1,816	1,784	1,749	1,731	1,732
6 - 8	955	988	1,007	968	942	925
9 - 12	1,295	1,284	1,238	1,270	1,289	1,286
<b>Total</b>	<b>4,085</b>	<b>4,088</b>	<b>4,029</b>	<b>3,987</b>	<b>3,962</b>	<b>3,943</b>

Assumptions - Internal

REVENUE	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
<b>PILOTS</b>	7,615,000	-6.60%	-7.20%	-7.90%	-8.80%	-9.90%
<b>State Aid</b>						
Foundation	18,933,000	2.00%	2.50%	2.50%	2.50%	2.50%
Excess Cost	954,000	2.50%	2.50%	2.50%	2.50%	2.50%
Building	5,040,000	-38.00%	-4.80%	-4.97%	15.88%	-0.40%
Transportation	3,302,000	2.50%	2.50%	2.50%	2.50%	2.50%
BOCES	1,782,000	-8.50%	3.00%	3.00%	3.00%	3.00%
Other	411,000	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>30,422,000</b>					
<b>Tax Levy</b>	50,332,000	2.90%	2.90%	2.90%	2.90%	2.90%
<b>Tuitions &amp; Charges</b>	1,316,000	1.00%	1.00%	1.00%	1.00%	1.00%
<b>All Other</b>	1,065,000	0.50%	0.50%	0.50%	0.50%	0.50%
<b>Assigned Fund Balance</b>	1,000,000	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>91,750,000</b>					



Assumptions - Internal

EXPENSE	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
<b>Salary</b>	46,763,000	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Fringe Benefits</b>						
Medical Insurance	14,017,000	5.00%	6.00%	6.50%	6.50%	6.50%
ERS/TRS	5,110,000	2.50%	2.50%	2.50%	2.50%	2.50%
FICA	3,475,000	2.50%	2.50%	2.50%	2.50%	2.50%
Other	322,000	0.25%	0.25%	0.25%	0.25%	0.25%
	<b>22,924,000</b>					
<b>BOCES</b>	4,870,000	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Supplies &amp; Equipment</b>	3,076,000	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Contractual</b>	6,015,000	0.25%	0.25%	0.25%	0.25%	0.25%
<b>Debt Service/Transfers</b>	8,102,000	-30.60%	0.10%	-0.10%	12.00%	0.00%
	<b>91,750,000</b>					

## Revenue Projections

REVENUE	FY2019	FY2020	FY2021	FY2022	FY2023
PILOTS	7,615,000	7,112,000	6,600,000	6,079,000	5,544,000
State Aid	30,422,000	28,842,000	29,333,000	29,842,000	30,965,000
Tax Levy	50,332,000	51,792,000	53,294,000	54,840,000	56,430,000
Tuitions & Charges	1,316,000	1,329,000	1,342,000	1,355,000	1,369,000
All Other	1,065,000	1,070,000	1,075,000	1,080,000	1,085,000
Assigned Fund Balance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	<b>91,750,000</b>	<b>91,145,000</b>	<b>92,644,000</b>	<b>94,196,000</b>	<b>96,393,000</b>

## Expenditure Projections

EXPENSE	FY2019	FY2020	FY2021	FY2022	FY2023
Salary	46,763,000	47,932,000	49,130,000	50,358,000	51,617,000
Fringe Benefits	22,924,000	23,841,000	24,945,000	26,185,000	27,498,000
BOCES	4,870,000	4,967,000	5,066,000	5,167,000	5,270,000
Supplies & Equipment	3,076,000	3,076,000	3,076,000	3,076,000	3,076,000
Contractual	6,015,000	6,030,000	6,045,000	6,060,000	6,075,000
Debt Service/Transfers	8,102,000	5,626,000	5,633,000	5,629,000	6,306,000
	<b>91,750,000</b>	<b>91,472,000</b>	<b>93,895,000</b>	<b>96,475,000</b>	<b>99,842,000</b>

## GAP Analysis

	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
<b>Revenue</b>	91,750,000	91,145,000	92,644,000	94,196,000	96,393,000
<b>Expense</b>	91,750,000	91,472,000	93,895,000	96,475,000	99,842,000
<b>Revenue - Expense</b>	<b>0</b>	<b>-327,000</b>	<b>-1,251,000</b>	<b>-2,279,000</b>	<b>-3,449,000</b>

## Fund Balance Analysis

	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
<b>Revenue</b>	91,750,000	91,145,000	92,644,000	94,196,000	96,393,000
<b>Expense</b>	91,750,000	91,472,000	93,895,000	96,475,000	99,842,000
<b>Revenue - Expense</b>	<b>0</b>	<b>-327,000</b>	<b>-1,251,000</b>	<b>-2,279,000</b>	<b>-3,449,000</b>
<b>Unassigned Fund Balance</b>	3,500,000	3,500,000	3,173,000	1,922,000	-357,000
	<b>3,500,000</b>	<b>3,173,000</b>	<b>1,922,000</b>	<b>-357,000</b>	<b>-3,806,000</b>

## Conclusions

- ◆ District is currently in excellent financial condition.
- ◆ Expenditures will eventually exceed revenues if corrective action is not taken.
- ◆ Difficult fiscal years will periodically occur when TRS/ERS and Health Insurance experience large increases.
- ◆ Special Education program costs need to be monitored and carefully managed.

## Solutions

- ◇ Financial strategies to minimize the impact of the lost Global PILOT revenue include:
  - Realign staffing as student population changes
  - Use Smart Schools Bond Act for technology needs
  - Reduce annual medical insurance cost increases
  - Develop efficiencies in Special Education programs
  - Strategically use Reserves as needed
  
- ◇ The District will need the cooperation of all its bargaining units to be successful.

## Next Steps

- ◆ Meeting- March 21<sup>st</sup>
- ◆ Expenditure Review
- ◆ State Aid Update