

Scarsdale Public Schools



Budget Development, Historical Overview & Financial Projections

December 11, 2017

Presentation Focus

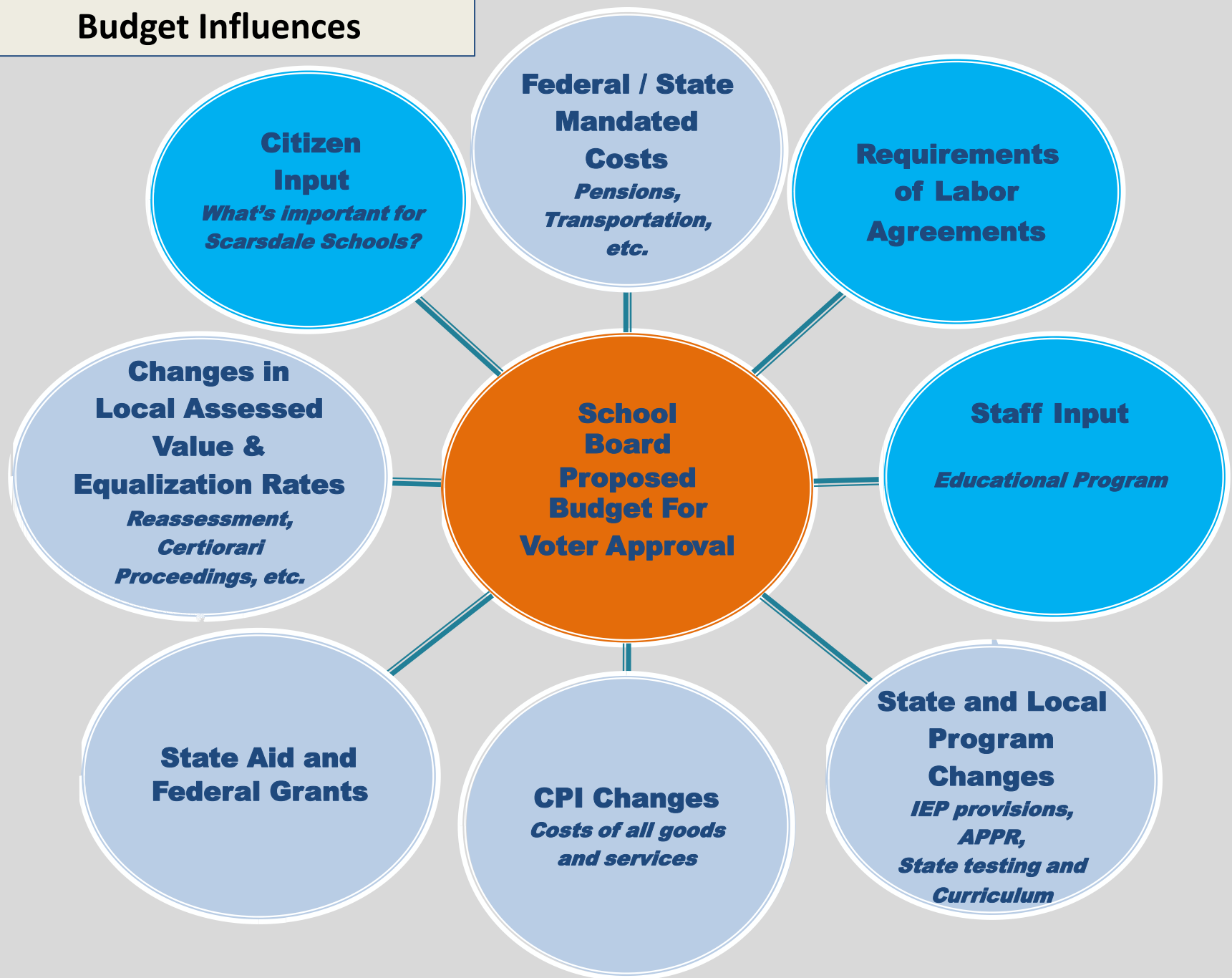
1. School Budget Development
2. Historical & Projected 2017-18 Expenses
3. Historical & Projected 2017-18 Revenues
4. Historical & Projected 2017-18 Fund Balance
5. 2018-19 Budget Calendar

School Budget Development

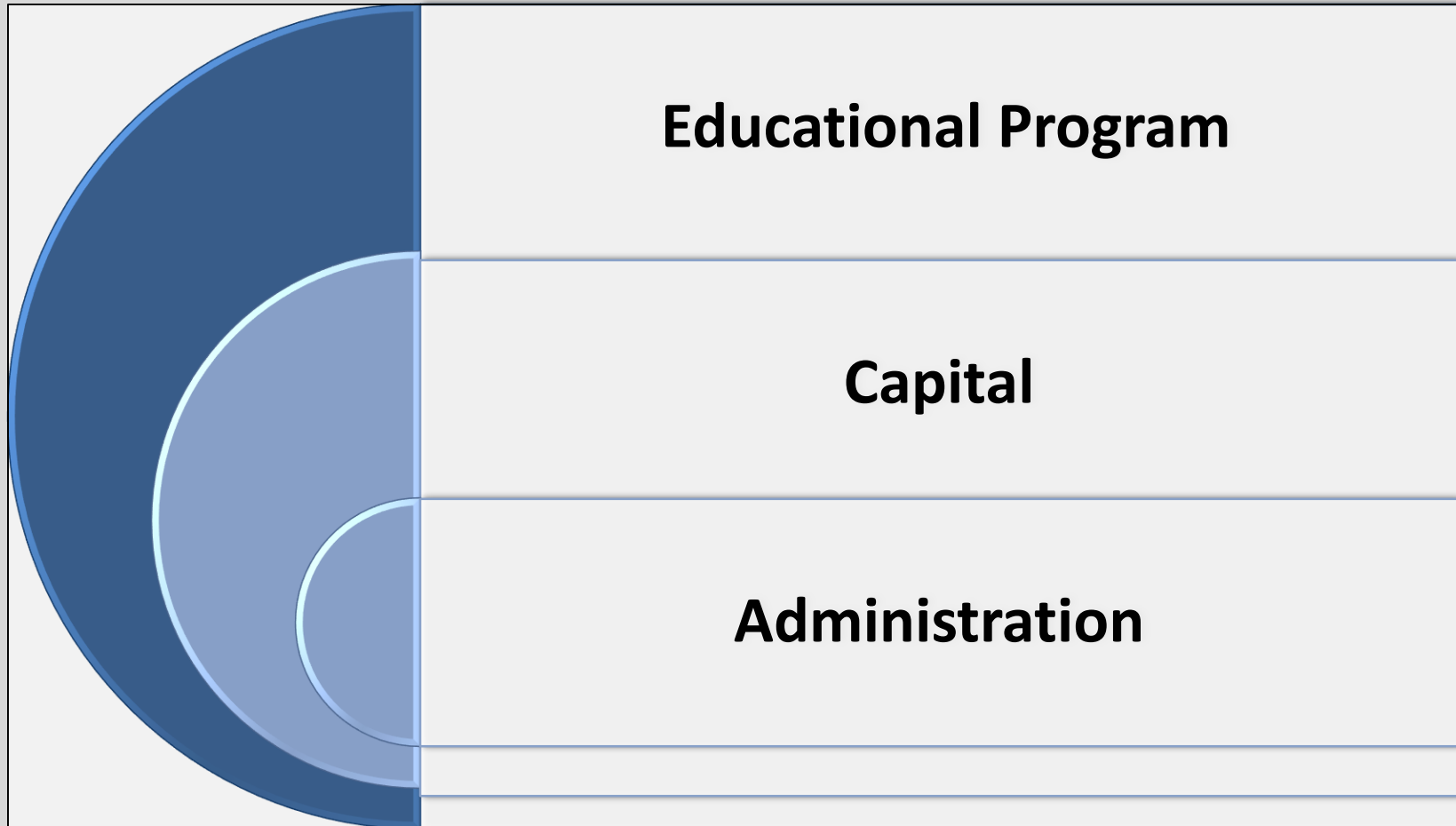
The school budget provides the necessary financial resources to achieve the goals and objectives of the School District.



Budget Influences



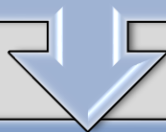
The School Budget



The Budget: A financial estimate of funds necessary to operate our schools.

Sequence of the Budget Process

Budget Development – *Board of Education & Administration*



Budget Discussions – *Board of Education & Administration*



Budget Discussions – *Board of Education, Administration & Community*



Final Budget & Vote

Budget Development Considerations

- Enrollment projections for the upcoming school year;
- Projected staffing needs (based on enrollment data, program changes and retirements);
- Projected contractual obligations to District personnel;
- Historical spending patterns;
- Projected State aid and other non-tax revenues for the upcoming school year. (The District receives 4.5% of its revenues from State aid. An increase in aid would offset any proposed tax levy increase.);
- Fund balance/reserves projected to remain at current year end;
- Property tax levy limit calculations and its implications;

Budget Development Considerations – cont'd

- Building-specific budgets (developed by principals in conjunction with department and team leaders and reviewed by administration for reasonableness, accuracy and consistency with the District's Education Plan);
- Non-instructional budgets (developed by Assistant Superintendent for Business in conjunction with department supervisors and other key personnel);
- Employee Benefits budget (developed based on historical and calculated projections);
- Debt Service budget (based on known or projected schedules);
- Projected revenues (based on historical and known factors).

Budget Planning Considerations – cont'd

- Employer Pension Contribution Rates (as a percent of salary)

	2014-15	2015-16	2016-17	2017-18	Projected 2018-19
TRS	17.53%	13.26%	11.72%	9.80%	10.50%-11.00%
ERS (avg.)	20.10%	18.10%	15.25%	15.10%	15.00%

- Requested and mandated additions to the budget.

Financial Implication Reminders

Budget – Each \$1.54 million represents a 1% increase

Tax Levy – Each \$1.41 million represents a 1% increase

Historical Overview, Financial Projections & Trend Analysis

Historical & Projected Revenue Summary

CATEGORY	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Projected	\$ Increase/ Decrease	% Increase/ Decrease
State Aid	\$ 6,169,750	\$ 6,534,513	\$ 7,041,896	\$ 6,927,637	(\$114,259)	(1.62%)
Health Services	\$ 273,080	\$ 259,530	\$ 263,290	\$ 265,622	\$2,332	0.89%
Interest Earnings	\$ 107,949	\$ 195,587	\$ 549,631	\$ 680,337	\$130,706	23.78%
Building Use Fees	\$ 115,937	\$ 135,347	\$ 106,575	\$ 118,000	\$11,425	10.72%
Miscellaneous	\$ 570,888	\$ 678,830	\$ 637,782	\$ 656,922	\$19,140	3.00%
County Sales Tax	\$ 932,047	\$ 941,565	\$ 1,066,567	\$ 975,000	(\$91,567)	(8.59%)
Tuition - Special Education	\$ 165,861	\$ 171,897	\$ -	\$ -	\$0	#DIV/0!
Transfers	\$ 159,114	\$ 121,865	\$ 215,320		(\$215,320)	(100.00%)
TAX LEVY/STAR	\$135,761,527	\$139,268,272	\$140,183,024	\$141,546,080	\$1,363,056	0.97%
GRAND TOTAL	\$144,256,153	\$148,307,406	\$150,064,085	\$151,169,598	\$1,105,513	0.74%

Key Components Summary

Projected Expense to Proposed Budget

Category	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Projected	\$ Increase	% Increase
Board of Education, Central Administration & Special Items	\$3,784,000	\$3,843,710	\$4,652,784	\$5,132,257	\$479,473	10.31%
Operations & Maintenance	8,762,191	9,275,700	8,904,316	10,184,207	1,279,891	14.37%
Plant & Capital Improvements	2,058,051	2,210,589	3,043,391	2,918,127	(\$125,264)	-4.12%
Regular Education	63,573,778	64,969,746	66,064,550	68,467,316	2,402,766	3.64%
Technology	2,152,445	2,546,051	2,640,057	3,456,577	\$816,520	30.93%
Special Education	11,413,650	11,837,524	12,489,505	12,727,238	237,733	1.90%
Transportation	3,721,207	3,742,011	4,030,941	4,212,222	\$181,281	4.50%
Interscholastic Athletics	1,212,902	1,449,253	1,681,282	1,716,906	35,624	2.12%
Employee Benefits	35,614,314	33,692,025	33,580,069	35,616,254	\$2,036,185	6.06%
Debt Service	9,576,291	9,741,534	9,821,723	9,976,551	154,828	1.58%
Other	438,758	504,593	472,088	441,137	(\$30,951)	-6.56%
Unspent Budget Surplus	-	-	-	(507,726)	(507,726)	#DIV/0!
TOTAL	\$142,307,587	\$143,812,736	\$147,380,706	\$154,341,066	\$6,960,360	4.72%

Primary Projected Fund Balance Drivers

Expenditures	Explanation	Amount
Instructional Salaries	0.18 FTE positions are over budget; however, new teachers were hired at lower salaries than anticipated.	\$371M
TRS/ERS Pension	ERS/TRS is a function of total projected expended salaries in a myriad of categories.	\$199M
Medicare Part B	Unknown, original budget estimates were too high.	\$112M
Utilities	Oil/Gas & Electricity currently projected to be under budget; however, heating season has only just begun.	\$200M
Health Insurance	Plan experience is currently running over 2017-18 budget projections.	(\$700M)
Unspent Budget Surplus	Previous year encumbrances and other unspent accounts.	\$508M
Other	A variety of categories projected to be below budget.	\$156M
Special Education	Higher than anticipated expenditures for settlements.	(\$196M)
Tax Certiorari	Settlements funded from the Tax Certiorari Reserve.	(\$1.3MM)
GRAND TOTAL PRIMARY EXPENSE DRIVERS		(\$650M)

Primary Projected Fund Balance Drivers

Expenditures	Explanation	Amount
GRAND TOTAL PRIMARY EXPENSE DRIVERS		(\$650M)
Revenues	Explanation	Amount
Assigned Fund Balance	This is a one time non-recurring revenue source.	(\$2.80MM)
Interest Earnings	Increased interest rates.	\$235M
Other Misc.	Number other revenue categories.	\$44M
GRAND TOTAL REVENUE DRIVERS		(\$2.521MM)
TOTAL ADDITONAL FUND BALANCE GENERATED		(\$3.171MM)

Projected Fund Balance - Year End 2017-18

Ending Fund Balance 6/30/17	\$23,422,731
Plus: Projected Year End Revenues	<u>\$151,169,598</u>
Minus: Projected Year End Expenditures	<u>(\$154,341,066)</u>
Projected Ending Fund Balance 6/30/18	<u>\$20,251,263</u>
To Be Allocated as Follows:	
Tax Certiorari Reserve	\$4,425,523
Self-Insured Health Insurance Reserve	\$5,050,732
Debt Service Reserve	\$444,073
NYS Employees' Retirement Reserve	\$2,105,849
Reserve for Encumbrances	\$1,469,033
Unassigned Fund Balance *	<u>\$5,656,053</u>
Assigned Fund Balance for 2018-19	<u>\$1,100,000</u>
Projected Ending Fund Balance 6/30/18	<u>\$20,251,263</u>
* May retain up to 4% of 2018-19 Budget	

Historical & Projected Fund Balance

CATEGORY	30-Jun-15	30-Jun-16	30-Jun-17	30-Jun-18 Projected	Projected vs Actual \$	Projected vs Actual %
Assigned	\$500,000	\$1,100,000	\$2,799,432	\$1,100,000	(\$1,699,432)	(60.71%)
Tax Certiorari Reserve	3,451,409	5,109,418	5,717,630	4,425,523	(1,292,107)	(22.60%)
Liability Reserve	5,000	5,000	-	-	-	0.00%
Debt Service Reserve	296,337	420,429	441,381	444,073	2,692	0.61%
ERS Retirement Contribution Reserve	1,405,340	2,082,835	2,093,082	2,105,849	12,767	0.61%
Reserve for Health	3,200,027	4,700,000	5,050,732	5,050,732	-	0.00%
Reserve for Repairs	-	-	-	-	-	#DIV/0!
Reserve for Encumbrances	2,120,363	1,384,838	1,469,033	1,469,033	-	0.00%
Unassigned (4% max)	5,266,244	5,936,832	5,851,441	5,656,053	(195,388)	(3.34%)
TOTAL	\$16,244,720	\$20,739,352	\$23,422,731	\$20,251,263	\$(3,171,468)	(13.54%)

Historical Data & Trend Analysis

- Presented as part of the Board Packet is a report of financial data from the past six (6) fiscal years. This historical data can be used as a tool for understanding fiscal context in planning for future budgets.
- Trend Analysis – To plan and project the District's fiscal future through the use of historical data and reasonable assumptions.

Components

- **Enrollment & Elementary Sections**
- **Revenues**
- **Expenditures**
 - Salaries – Contractual Obligations
 - Employee Benefits
 - Debt Service
 - Other Capital Expenditures
 - Other Expenditures
 - Other Non-Recurring Fund
Balance Funded Expenditures
- **Fund Balance**
- **Tax Cap**

Trend Analysis

Many historical expense components are widely volatile and not readily predictable into the future.

Expense Related

- TRS and ERS Mandated Contributions – Variability based on returns in the financial marketplace. Contributions are made as designated percent of salary contributions.
- Health Insurance – Variability based on claims experience of the self-funded plan. Although proven to be a more inexpensive model than other plans, the District is susceptible to fluctuations from year to year.
- Utilities – Variability based on market price, use, and weather conditions.
- Special Education – Variability based on individual student needs.
- Future Unidentified Initiatives

Trend Analysis – What's Next

Other components are also widely volatile and not readily predictable into the future.

Revenue Related

- Sales Tax – Variability based on sales in Westchester County.
- Interest Earnings – Variability based on fluctuations in the financial marketplace.

Tax Cap Related

- Consumer Price Index
- Tax Base Growth Factor

Trend Analysis – Assumptions

In completing the Trend Analysis, assumptions must be used in categories that do not have a somewhat predictable future such as Debt Service or expenditures which may be tied to C.P.I., such as supplies.

Board Discussion & Guidance

Component Area	What is best assumption to be used for each component area?
TRS & ERS	
Health Insurance	
Utilities	
Special Education	
Unidentified Initiatives	
Sales Tax	
Interest Earnings	
Consumer Price Index	
Tax Base Growth Factor	

2018-19 Budget Discussion Timeline

Dates	Focus
Regular Board Meeting - January 8 th	Presentation of Staffing Recommendations, Updated Trend Analysis, Discussion of Budget Parameters
Regular Board Meeting - January 22 nd	Further Discussion of Staffing Recommendations, Trend Analysis and Budget Parameters
Budget Session #1 and #2 - February 5 th	2018-19 Budget Plan, Debt Service, Transportation and Employee Benefits
Budget Session #3 - February 12 th	Budget Plan Update, department Budget Presentations including Instruction, Facilities, Special Education, Athletics and Technology
Budget Session #4 - March 5 th	Budget Plan Update and Full Budget Presentation
Board of Education Meeting - March 19 th	Budget Forum & Review
Regular Board Meeting - April 16 th	Board of Education Adopts Budget

Budget Vote Date - May 15th

Questions