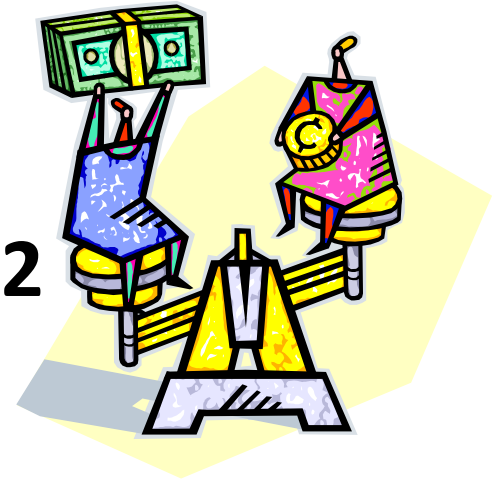


Arlington Central School District

Financial Forecast for the Years 2018-19 through 2021-2022



Presented on: August 14, 2018

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 continues to decrease but at a slower rate
- Health insurance increase is forecast to be 8%; 2017-18 was 15.98%; 2018-19 is 6.9%

Major Budget Drivers / Assumptions, cont.

- No change to ERS rates in this forecast: 15.9%
- No change to TRS rate in this forecast: 10.63%
- Assessed values are increasing which lowers the tax rate
- Levy to levy increase is 2.2% and average tax rate is 0.88%
- 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% 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 \$1,500,000 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

Arlington Central School District

UNAUDITED

Three Year Financial Forecast, Fiscal Years

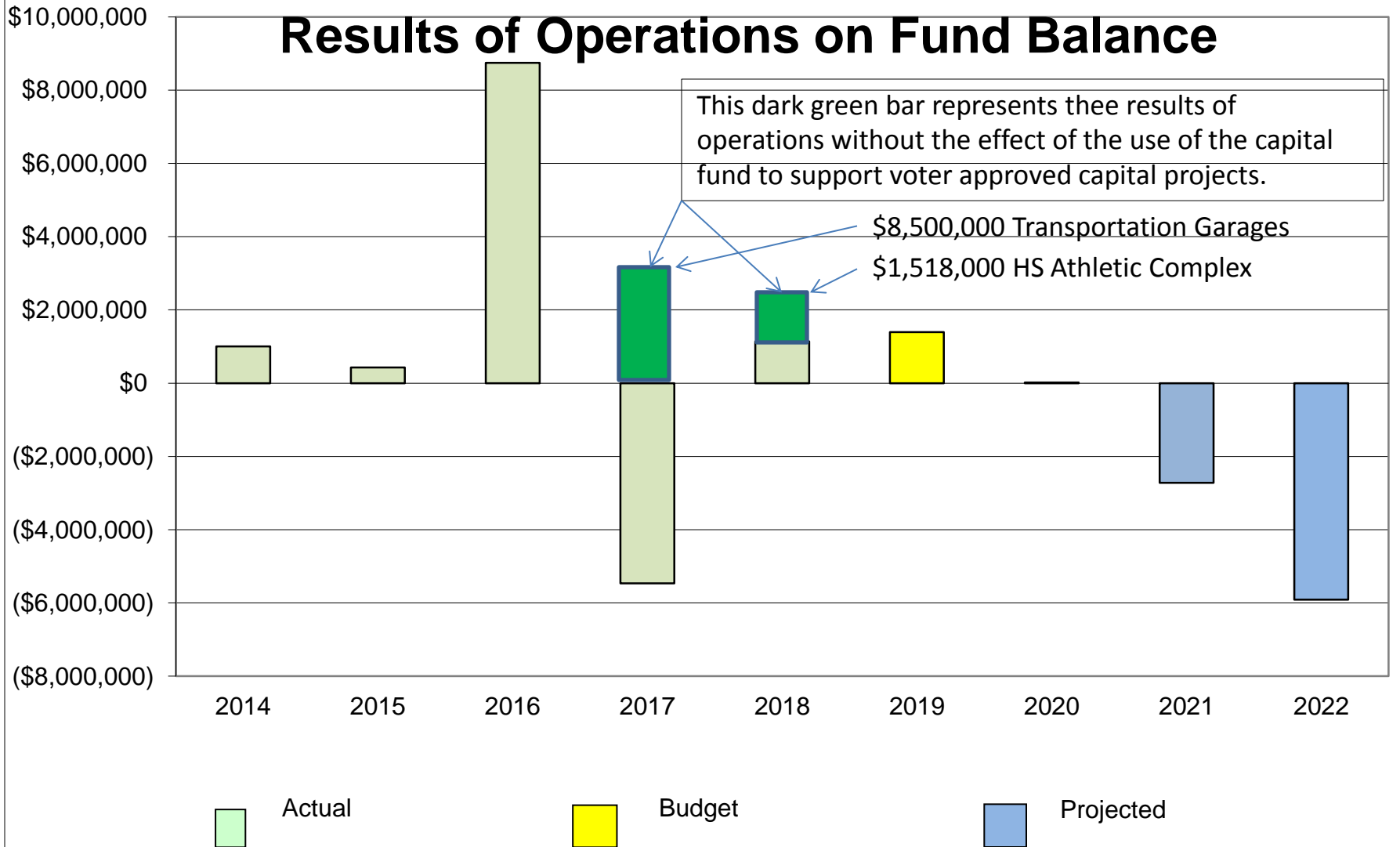
General Fund

	Actual	Actual	Actual	Actual	Actual	Budget	Projected	Projected	Projected
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues									
Real Property Tax Items	115,560,875	118,375,058	120,468,027	120,434,987	\$122,674,450	\$139,467,921	\$142,257,279	\$145,102,424	\$148,004,472
Other Tax Items (includes STAR)	15,332,704	15,139,279	15,016,544	14,057,393	\$13,923,005	\$148,340	\$151,306	\$154,332	\$157,419
Charges for Services	1,273,999	1,699,883	1,923,040	2,217,474	1,968,474	1,953,000	1,949,000	1,949,000	1,949,000
State Aid	51,906,210	52,302,308	54,490,547	57,136,678	\$59,959,837	\$61,084,165	\$62,519,642	\$63,988,853	\$65,492,591
Federal Aid	23,258	25,435	45,701	75,749	136,493	45,000	125,000	125,000	125,000
Other (includes Sale of Property, Misc.)	1,220,432	1,727,720	2,240,745	2,252,212	2,149,484	1,452,574	1,900,773	1,900,391	1,900,518
Interfund Transfers	1,263	1,047,144	193,660	777,297	16,699	0	0	0	0
Total Revenues and Other Sources	\$185,318,742	\$190,316,827	194,378,263	196,951,790	\$200,828,441	\$204,151,000	\$208,903,000	\$213,220,000	\$217,629,000
Dollar Change	\$7,560,697	\$4,998,085	4,061,436	2,573,527	\$3,876,652	\$3,322,559	\$4,752,000	\$4,317,000	\$4,409,000
Percent Change	4.25%	2.70%	2.13%	1.32%	1.97%	1.65%	2.33%	2.07%	2.07%
						\$209,894,000	\$214,903,000	\$219,720,000	\$224,129,000
Expenditures by Object									
Personal Services - Instructional	69,917,968	69,650,723	71,539,408	74,135,441	75,547,338	79,627,228	81,777,163	83,985,146	86,252,744
Personal Services - Noninstructional	19,851,100	19,732,612	20,169,684	20,320,762	21,452,625	23,259,856	23,957,651	24,676,380	25,416,671
Equipment and Capital Outlay	282,948	357,150	559,224	603,814	431,809	507,114	500,000	500,000	500,000
Contractual and Other	30,876,308	30,298,686	29,452,035	30,829,808	30,141,454	32,077,791	31,798,568	32,116,553	32,437,718
Employee Benefits	50,203,269	53,042,038	50,197,149	50,355,234	54,555,696	59,851,007	63,800,618	68,032,921	72,569,867
Debt Service (Principal and Interest)	12,782,563	12,762,276	13,101,949	14,125,299	14,669,803	13,931,004	13,931,000	13,931,000	13,931,000
Interfund Transfers	399,536	4,046,707	616,143	12,049,052	2,888,469	640,000	475,000	300,000	300,000
Assumes 3.4% of Budget Not Spent						-7,136,396	-7,352,160	-7,600,428	-7,867,872
Total Expenditures and Other Uses	\$184,313,693	\$189,890,194	185,635,590	202,419,411	\$199,687,194	\$202,757,604	\$208,887,840	\$215,941,572	\$223,540,128
Dollar Change	\$4,820,941	\$5,576,501	(4,254,603)	16,783,820	(\$2,732,217)	\$3,070,410	\$6,130,236	\$7,053,732	\$7,598,556
Percent Change	2.69%	3.03%	-2.24%	9.04%	-1.35%	1.54%	3.02%	3.38%	3.52%
Operational Surplus (Deficit)	1,005,049	4,032,609	8,742,673	3,032,379	2,659,247				
Financial Statement Surplus (Deficit)	\$1,005,049	\$426,633	8,742,673	(5,467,621)	\$1,141,247	\$1,393,397	\$15,160	(\$2,721,572)	(\$5,911,128)

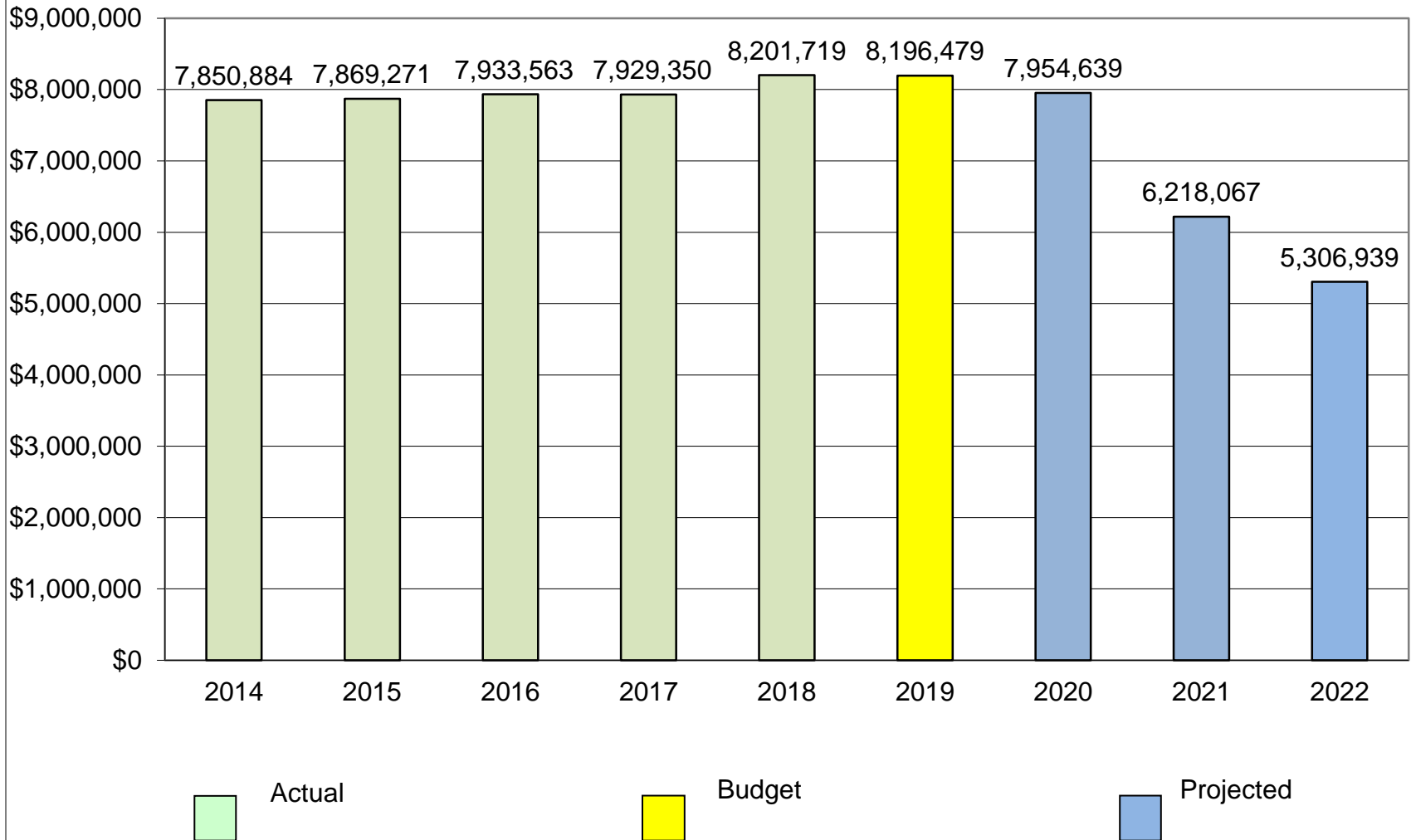
Budgetary Reserves	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fund Equity, Beg. of Year	\$17,621,411	\$18,626,460	19,053,094	27,795,766	\$22,328,146	\$23,469,393	\$24,862,790	\$24,877,950	\$22,156,378
Fund Equity, End of Year	18,626,460	19,053,094	27,795,766	22,328,146	23,469,393	24,862,790	24,877,950	22,156,378	16,245,250
Non-spendable and Restricted Fund Balance	4,901,040	5,904,257	14,211,231	7,556,775	8,048,311	9,448,311	9,448,311	7,963,311	2,963,311
Assigned	5,874,536	5,279,566	5,650,972	6,842,021	7,219,362	7,218,000	7,475,000	7,975,000	7,975,000
Unrestricted Fund Balance	7,850,884	7,869,271	7,933,563	7,929,350	8,201,719	8,196,479	7,954,639	6,218,067	5,306,939
Calculation for Adj. Fund Balance as a % of Budget	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenditure Budget	191,133,727	193,518,394	196,191,000	201,225,000	\$205,055,000	\$209,894,000	\$216,240,000	\$223,542,000	\$231,408,000
Budget to Budget Increase	4.9%	1.2%	1.4%	2.57%	1.9%	2.4%	3.0%	3.4%	3.5%
Total Fund Balance as a % of Subsequent Years Budget	10%	10%	14%	11%	11%	11%	11%	10%	7%
Unrestricted Fund Balance	7,850,884	7,869,271	7,933,563	7,929,350	8,201,719	8,196,479	7,954,639	6,218,067	5,306,939
Unrestricted Fund Balance (subject to 4% restriction)	4.1%	4.0%	3.9%	3.9%	3.9%	3.8%	3.6%	2.7%	2.2%
-Appropriated Fund Balance for next FY	\$4,600,000	\$3,860,000	4,000,000	5,000,000	\$5,743,000	\$6,000,000	\$6,500,000	\$6,500,000	\$6,500,000

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.

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%.

2014-15	2015-16	2016-17	2017-18	2018-19
0.95%	4.48%	8.87%	2.53%	0.88%

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	2.84%	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

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