
Reasons for Preparing a Financial Forecast

- Provide the financial information necessary for organizational planning
- Align future spending with organizational goals and objectives
- “Run the District like a Business”
- Be proactive rather than reactive – improve credibility
- Prepare for a significant financial event – i.e. referendum, collective bargaining
- Required by ISBE Deficit Reduction Plan – PA 94-0234,
- Keep stakeholders informed

How do you Forecast Accurately?

- Focus on the variables that are key to your district
- Break it down into logical pieces by focusing on the big numbers – both on the revenue and expense sides.
- Use the most reliable sources for data
- Be conservative, but not too conservative

Elements of a Financial Forecast

Past – Present – Future

■ Historical Data

- Audited Revenues, Expenditures and Fund Balances (AFRs)
- Enrollment
- EAV, New Property EAV, Tax Rates, and Collection rates
- Other Trends –capital spending, staffing, class-sizes, etc.

■ Current

- Budget – *the single most important piece*
 - Enrollment
 - Staffing Levels
 - EAV & New Property, Tax Rates
 - Economic Indicators
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Elements of a Financial Forecast

Past – Present – Future

■ Future

□ Assumptions

■ Trends

□ EAV & New Property Growth

□ Enrollment

■ Consumer Price Index

■ State Funding

□ Evidence-Based Funding

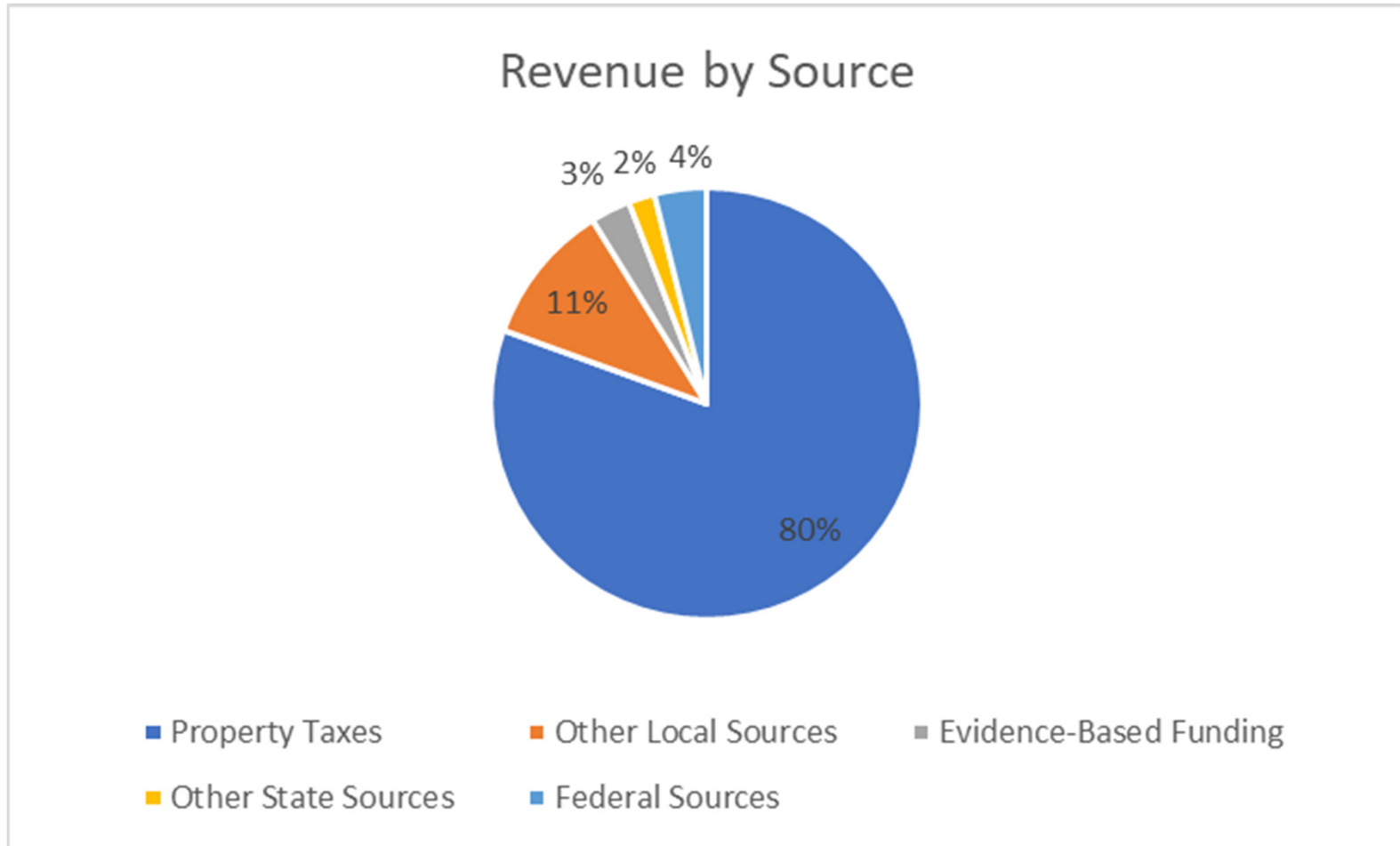
□ Categoricals (Other State Funds)

■ Salary Agreements

■ Employee Benefit Costs

■ Capital Outlay / Life Safety Survey (Building Needs)

Revenue by Source – 2019 Budget All Funds



Revenue Projections

Property Taxes

- Tax Capped – Key Variables:
 - Prior Year Extension
 - EAV trends
 - New Property EAV (incl. TIF expirations)
 - CPI
 - Levy Strategy

Revenue Projections

Evidence Based Funding

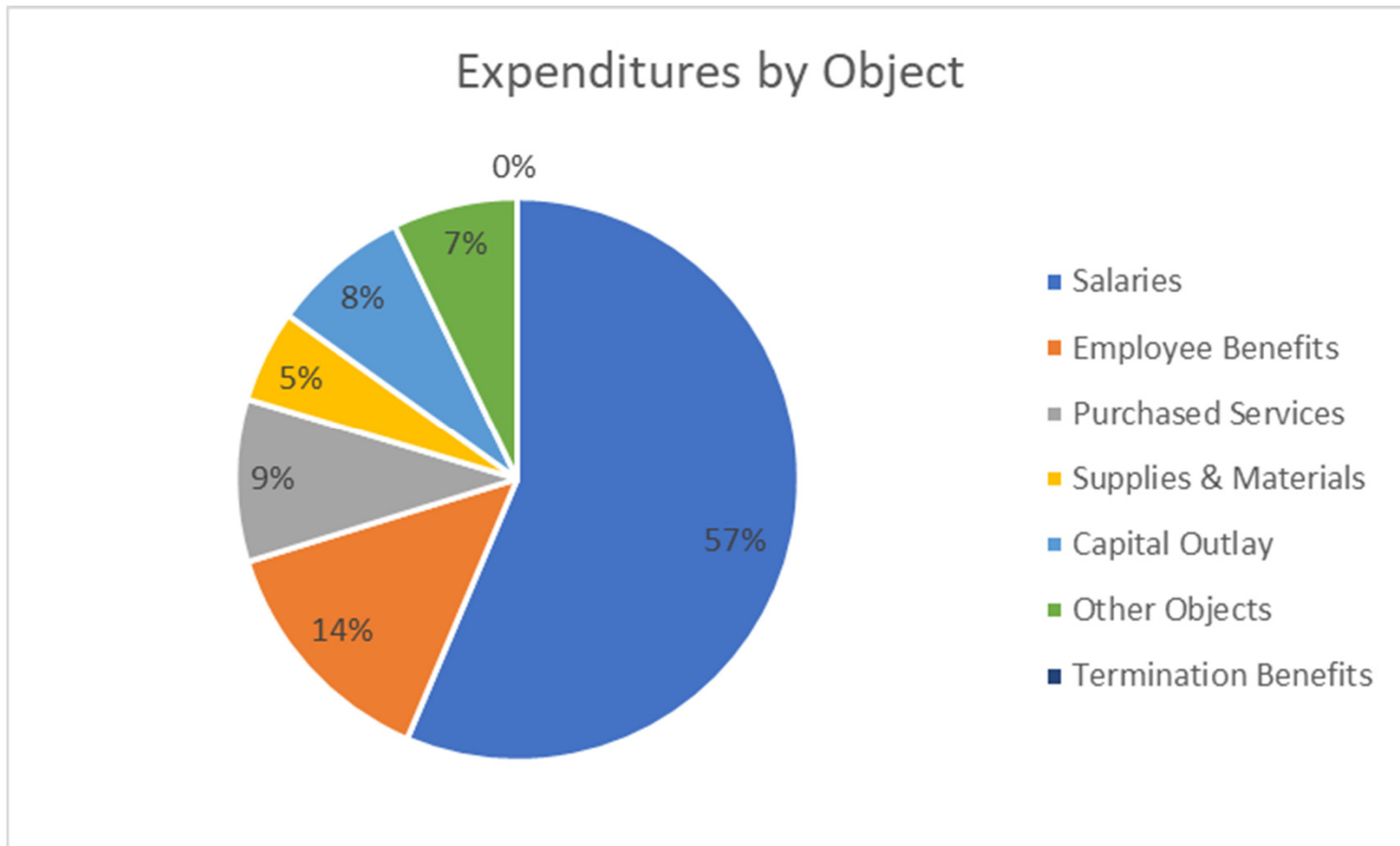
- Base Funding Minimum
- EBF Tier
- Additional money to the formula in ISBE Budget
- Property Tax Reduction Grant

Revenue Projections

Other State and Federal Aid

- Know your trends in the factors that impact grants:
 - Special Ed enrollment (Private-Facility)
 - Transportation expenditures (Transportation)
- Estimate proration levels and anticipated funding changes

Expenditures by Object – 2019 Budget All Funds



Expenditure Projections

Personnel Costs

- Break salaries into bargaining units
- Factor-in future salaries that are known from current, multi-year contracts
- Build scattergrams to project teachers and other groups with Lane/Step salary schedules
 - Incorporate expected staffing changes
 - Enrollment fluctuations
 - Program changes
 - Incorporate retirement costs/savings if significant
- Be as proactive as possible with benefit programs to control costs

Expenditure Projections

Non-Personnel Costs

- Contractual Services – Analyze big pieces:
 - Food Service contract
 - Custodial contract
 - Transportation contract
 - SPED professionals – Co-Op billings or individual Psych, Social Work, Speech Therapy costs
- Supplies – Usually a small piece relative to personnel
 - Look at utility trends
 - Textbook adoption schedules

Expenditure Projections

Non-Personnel Costs

- Capital Outlay
 - Utilize multi-year replacement plans
 - Technology
 - Equipment
 - Vehicles
 - Incorporate future facility needs
 - Life Safety Survey
- Tuition – Project on the high side
- Factor in multiyear agreements – Leases, other debt payments from Operating Funds, etc.

What Else to Consider:

- District Fiscal Policies
 - Cash Balance Requirements
 - Fund Balance Requirements
 - Expenditure Limits
 - Balanced Budget Requirements
- Audit Review Process
- Community Groups
- Bond Credit Ratings

What Else to Consider:

- Timing – When do we Update? Present?
 - Audit
 - Budget
 - Levy
 - Key variable dates
 - CPI
 - EBF Funding

Tips, Tricks and Traps

- Long range financial projections are just that – projections
- Projections are dynamic and are subject to constant change
- Results are fully dependent upon:
 - ❑ Quality of data entered into the projection
 - ❑ Assumptions coming to fruition
 - ❑ Understanding of changes outside the control of the District
 - ❑ Ability to control things within the District's control – internal controls over hiring and spending