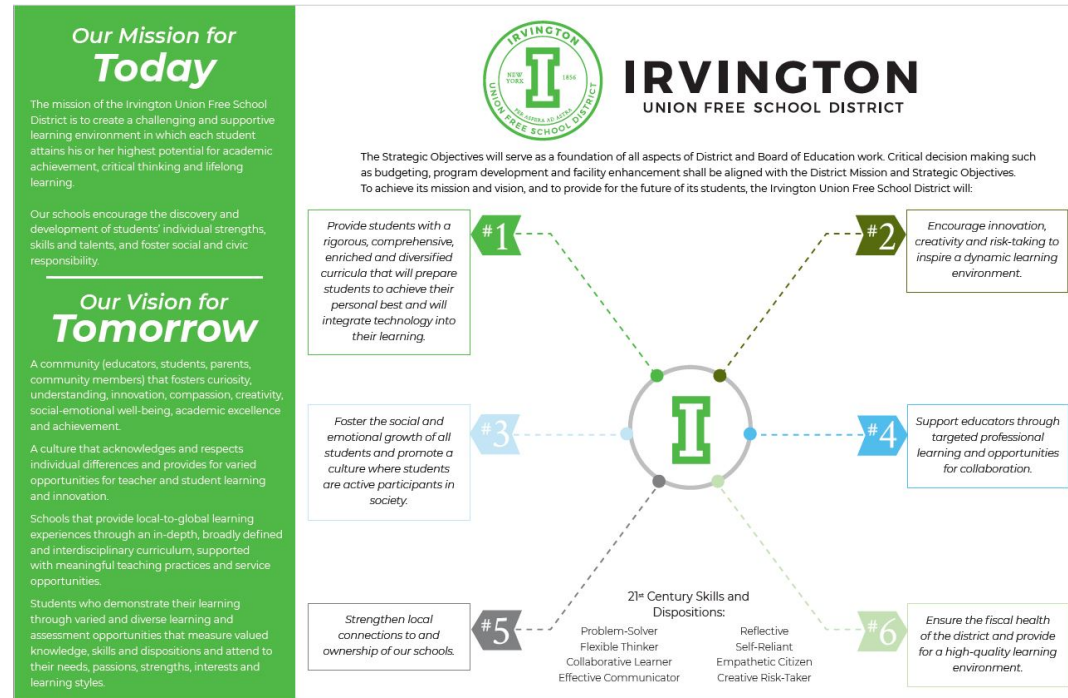


Planning for the Future

An Overview of the IUFSO Long-Range Financial Plan December 17, 2019



Each year, the District has taken responsible steps to enhance our planning.

Using the District's Strategic Plan,

Our Vision for Tomorrow,

our efforts are always grounded in our six
Strategic Objectives

Strategic Objectives

- To achieve its mission and vision, and to provide for the future of its students, the Irvington Union Free School District will:
- Provide students with a rigorous, comprehensive, enriched and diversified curricula that will prepare students to achieve their personal best, and will integrate technology in their learning.
- Encourage innovation, creativity and risk taking to inspire a dynamic learning environment.
- Foster the social and emotional growth of all students and promote a culture where students are active participants in society.
- Support educators through targeted professional learning and opportunities for collaboration.
- Strengthen local connections to and ownership of our schools.
- Ensure the fiscal health of the district and provide for a high quality learning environment.

Financial Planning

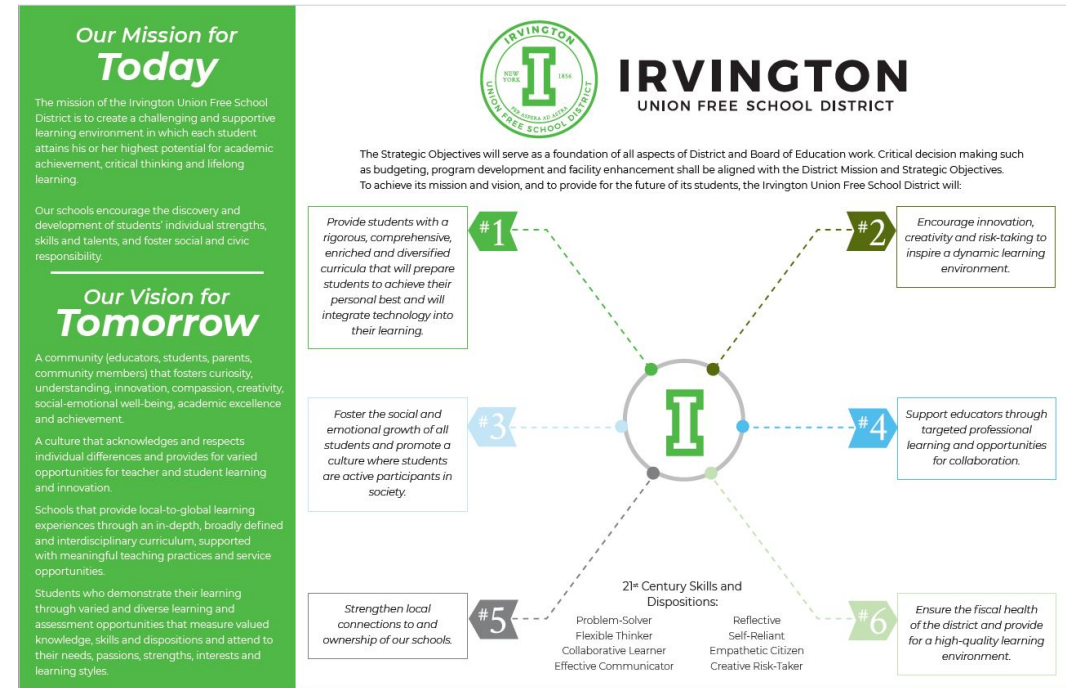
Our Vision for Tomorrow: Strategic Plan Key Action

Strategic Objective #6

- Ensure the fiscal health of the district and provide for a high quality learning environment

Key Action:

- Development and maintenance of a long-range financial plan



2019-20 District Goal Overview

Focus #1: Strategic Leadership: Implementing *Our Vision for Tomorrow*

- Objective A: Advancing the Strategic Plan
- Objective B: Identify opportunities to increase stakeholder engagement
- Objective C: Enhance communication to engage, inform, and educate District stakeholders while enhancing the District brand.

Focus #2: Instructional Leadership: Curriculum and Instruction

- Objective A: Implement instructional practices that elevate student thinking and understanding
- Objective B: Develop a balanced assessment system that measures students' content knowledge, skills, and dispositional thinking
- Objective C: Increase the use of data to inform instruction and planning

Focus #3: Financial and Operational Leadership

- Objective A: The Business and Operations initiatives shall support the Strategic Plan and the District's finances and operations

Presentation Goal

In an effort to attain the Irvington UFSD Strategic Objectives, we will develop an understanding of the District's fiscal future, through the lens of our long-range financial projections.

In doing so, the Board of Education should contemplate:

- Long-range plan is useful as a guide only - no crystal ball
- Tax levy is 90% of revenue so CPI assumptions heavily impact projections
- Other key drivers are required pension match rates, health insurance premiums, utility costs and transportation expenses in addition to salary

Long-Range Financial Plan

- Useful tool to consider financial outlook of the district and identify financial opportunities and obstacles
- Past information guides forecasts to some extent, but often not relevant to future
- Some information is known well in advance
 - Debt schedule
 - Contractual salaries for settled contracts
- Much relies on assumptions and *educated estimations/outlooks*
 - Tax Cap CPI and Growth factors
 - Pension contribution rates
 - Health insurance costs
 - Utility costs
 - Transportation contracts
- Projects a push-ahead budget: maintaining all existing programs and services with no additions or new initiatives

Long-Range Financial Plan: Key Assumptions

Revenue:	Tax Cap Growth Factor	1.88%, 20-21, then 1%
	Tax Cap CPI Factor	1.5%
	State Aid	1.5% increase except BOCES Aid at 4%
	Appropriated Fund Balance	\$422,500 currently
Expense:	TRS Pension Contribution match rate	8.86%, 10.25%, 10.5%, 10.5%, 10.5%, 10.5%
	ERS rate (reflects gradual change of tier mix)	14%, 13.75%, 13.6%, 13.5%, 13%
	Contractual salary increases where contract in place	IFA, CSEA Custodial, IAA CSEA Clerical/Aides estimated
	Health Insurance	4.5% for 20-21, then 6%
	Contractual and Supplies	1%
	BOCES (varies if salary related)	1.5% -3%
	BOCES Administrative Fee	10% increase in 20-21
	Utilities	1.5%
	Special Education Tuitions	2%
	Transportation	3%
	Capital expense	Remains at \$163,500 per year
	Debt Service	Per existing schedule, includes new borrowing for capital project
	Other one time adjustments based on known information; no additional FTE included	

Long-Range Financial Outlook

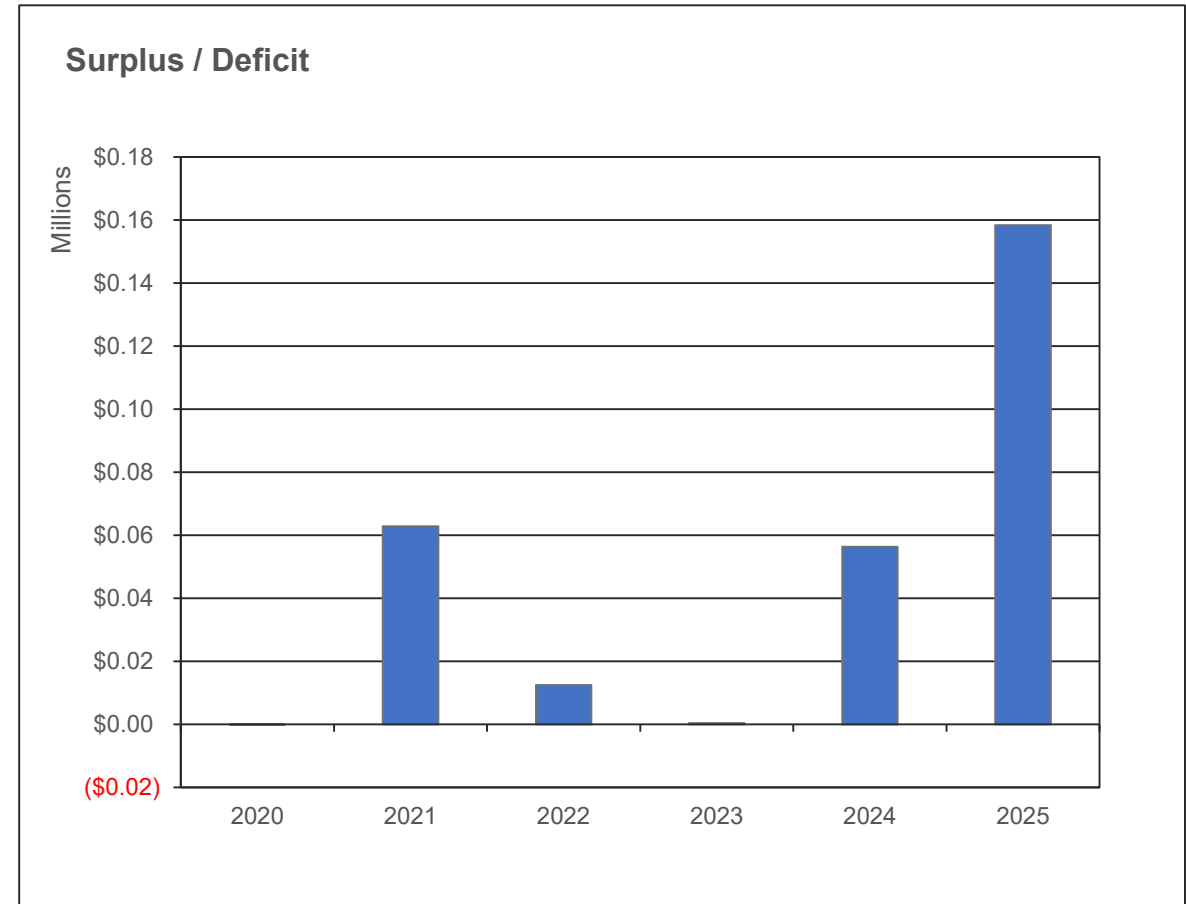
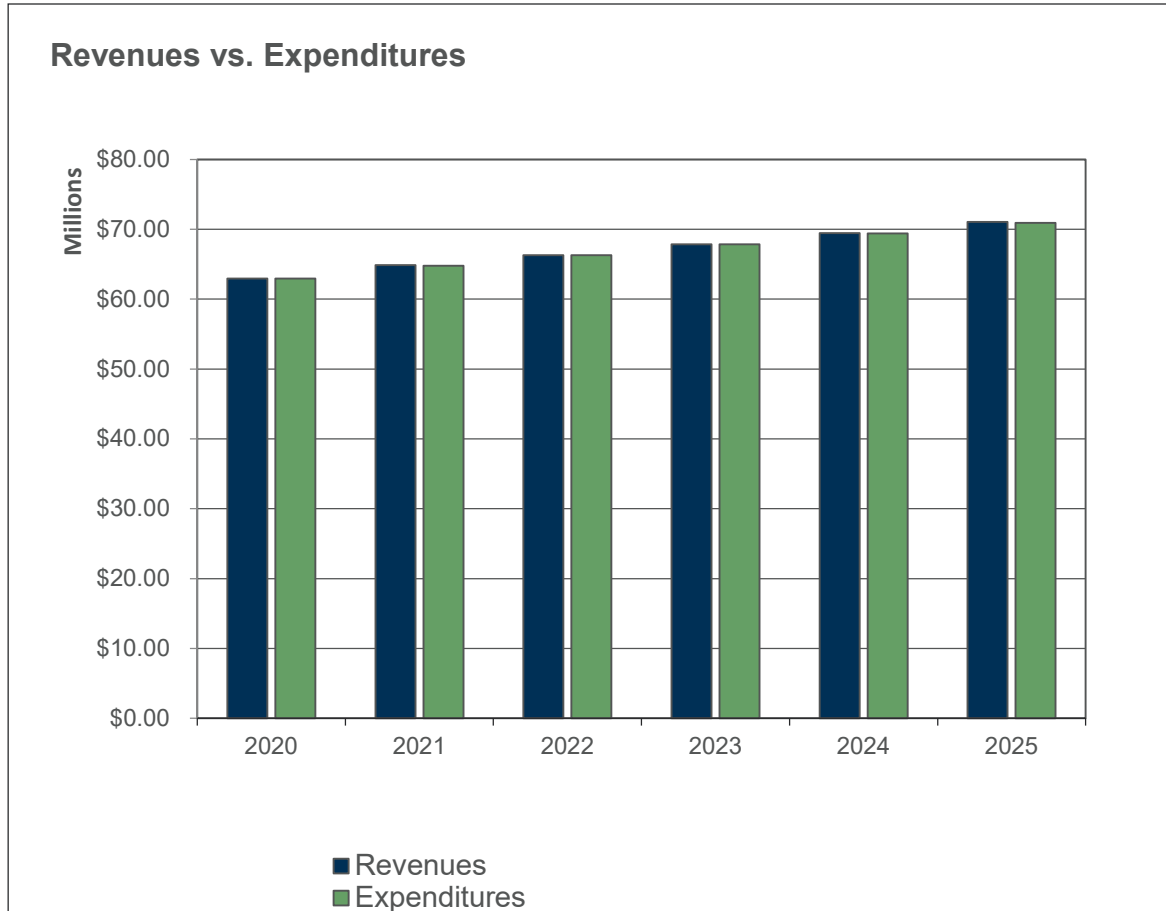
General (A) Fund | Summary

Irvington UFSD Long Range Plan

	BUDGET		REVENUE / EXPENDITURE PROJECTIONS								
	2020	2021	%Δ	2022	%Δ	2023	%Δ	2024	%Δ	2025	%Δ
REVENUE											
Local	\$58,629,339	\$60,505,308	3.20%	\$61,943,049	2.38%	\$63,496,922	2.51%	\$65,058,995	2.46%	\$66,660,225	2.46%
State	\$3,901,715	\$4,003,937	2.62%	\$4,007,710	0.09%	\$4,013,077	0.13%	\$4,084,816	1.79%	\$4,158,245	1.80%
Transfers / Other	\$422,500	\$350,000	-17.16%	\$350,000	0.00%	\$350,000	0.00%	\$300,000	-14.29%	\$250,000	-16.67%
TOTAL REVENUE	\$62,953,554	\$64,859,245	3.03%	\$66,300,759	2.22%	\$67,859,999	2.35%	\$69,443,811	2.33%	\$71,068,470	2.34%
EXPENDITURES											
Salary and Benefit Costs	\$45,159,165	\$46,607,650	3.21%	\$47,844,639	2.65%	\$49,041,080	2.50%	\$50,286,833	2.54%	\$51,596,616	2.60%
Other	\$17,794,389	\$18,188,688	2.22%	\$18,443,606	1.40%	\$18,818,486	2.03%	\$19,100,604	1.50%	\$19,313,428	1.11%
TOTAL EXPENDITURES	\$62,953,554	\$64,796,339	2.93%	\$66,288,245	2.30%	\$67,859,566	2.37%	\$69,387,437	2.25%	\$70,910,045	2.19%
SURPLUS / DEFICIT	(\$0)	\$62,906		\$12,514		\$433		\$56,374		\$158,425	

Expenses must equal expected Revenue. If expenses are below expected revenue, a surplus results. If it exceeds revenue, a deficit results. This scenario presents a declining allocation of fund balance as a source of revenue, which will serve to promote fiscal sustainability for future unknown events or initiatives.

Long-Range Financial Outlook



The scenario presented shows varying amounts of surplus defined as Revenue less Expenditures. Surplus may be used to offset a future budget or be allocated into various Reserves.

Long-Range Financial Outlook – Revenue Detail

General (A) Fund | Revenue Analysis

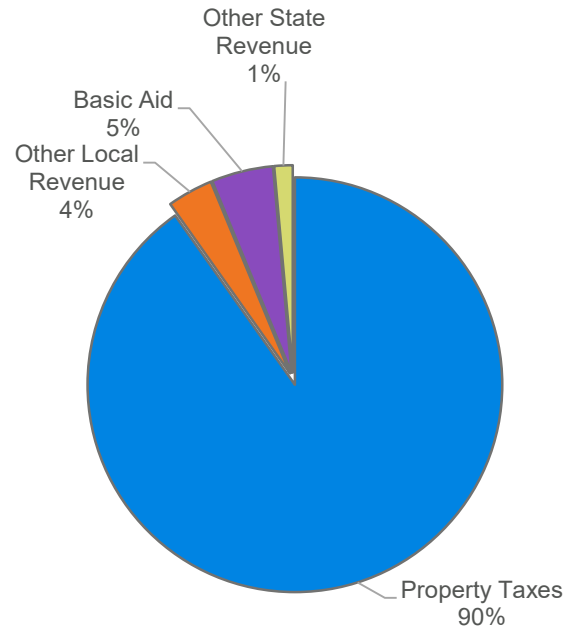
Irvington UFSD Long Range Plan

	BUDGET			REVENUE PROJECTIONS							
	2019 -2020	2020-2021	%Δ	2021-2022	%Δ	2022-2023	%Δ	2023-2024	%Δ	2024-2025	%Δ
LOCAL											
Property Taxes	\$56,401,682	\$58,323,868	3.41%	\$59,745,758	2.44%	\$61,283,558	2.57%	\$62,831,031	2.53%	\$64,418,238	2.53%
Other Local Revenue	\$2,227,657	\$2,181,440	-2.07%	\$2,197,291	0.73%	\$2,213,364	0.73%	\$2,227,964	0.66%	\$2,241,987	0.63%
TOTAL LOCAL REVENUE	\$58,629,339	\$60,505,308	3.20%	\$61,943,049	2.38%	\$63,496,922	2.51%	\$65,058,995	2.46%	\$66,660,225	2.46%
STATE											
Basic Aid	\$3,006,751	\$3,051,852	1.50%	\$3,097,630	1.50%	\$3,144,095	1.50%	\$3,191,256	1.50%	\$3,239,125	1.50%
Other State Revenue	\$894,964	\$952,085	6.38%	\$910,080	-4.41%	\$868,982	-4.52%	\$893,560	2.83%	\$919,120	2.86%
TOTAL STATE REVENUE	\$3,901,715	\$4,003,937	2.62%	\$4,007,710	0.09%	\$4,013,077	0.13%	\$4,084,816	1.79%	\$4,158,245	1.80%
TOTAL REVENUE	\$62,531,054	\$64,509,245	3.16%	\$65,950,759	2.23%	\$67,509,999	2.36%	\$69,143,811	2.42%	\$70,818,470	2.42%

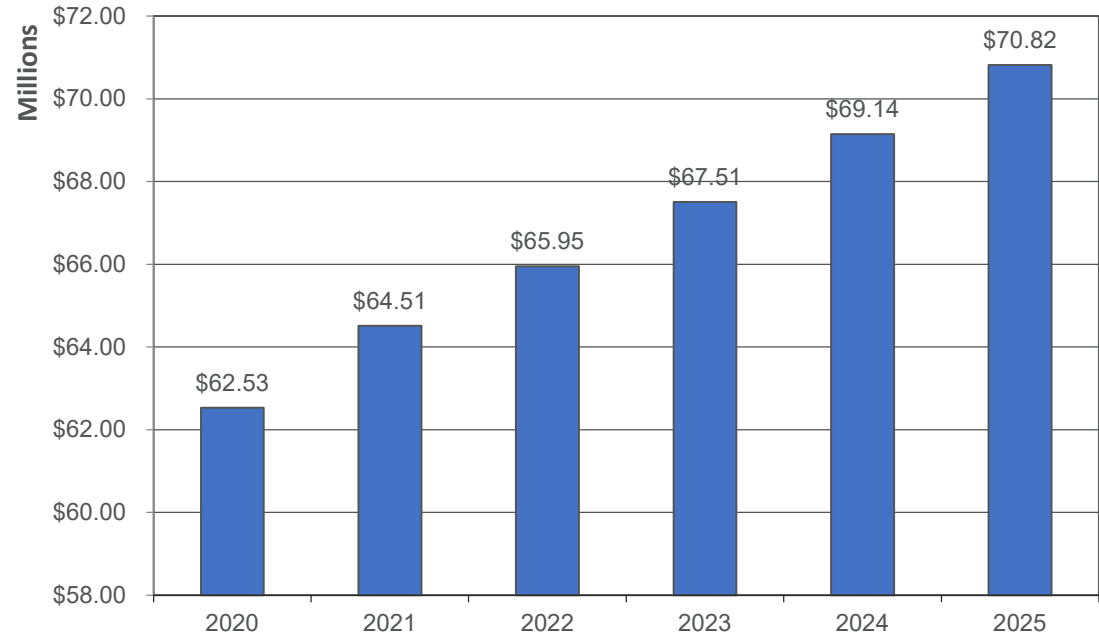
Revenue shown here does not include Fund Balance appropriations

Long-Range Financial Outlook – Revenue Detail

2020 Budgeted Revenues by Source



Revenue Projection



Revenue shown here does not include Fund Balance appropriations

Long-Range Financial Outlook – Expenditure Detail

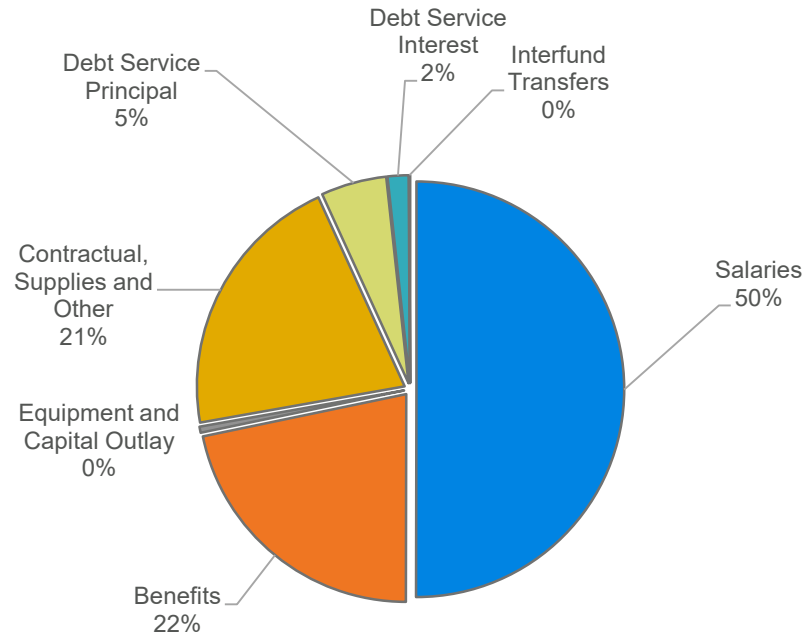
General (A) Fund | Expenditure Analysis

Irvington UFSD Long Range Plan

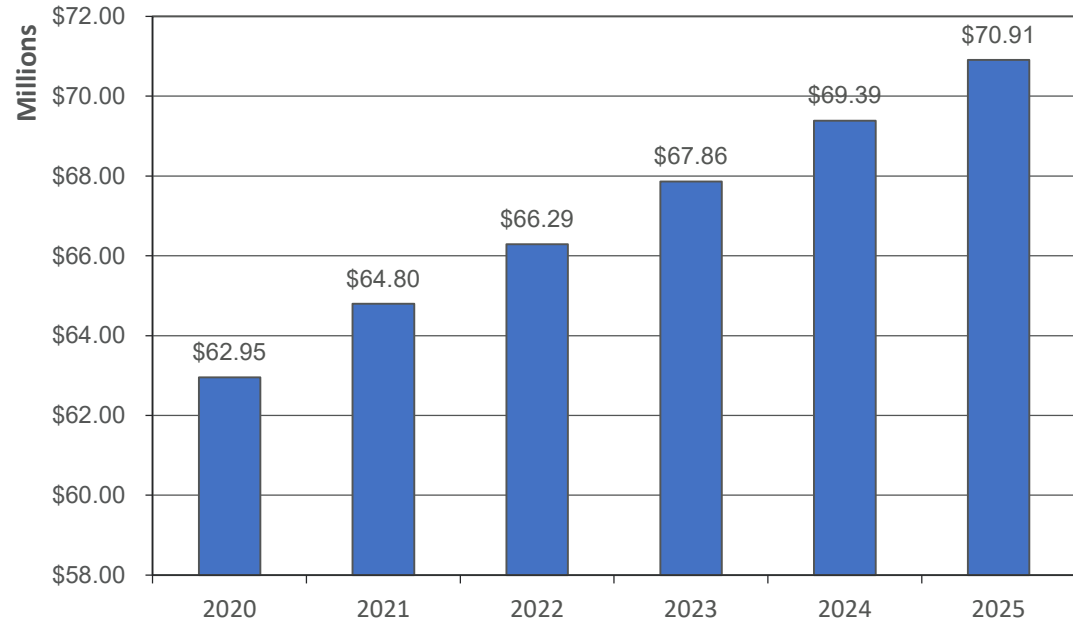
	BUDGET			EXPENDITURE PROJECTIONS							
	2019 -2020	2020-2021	%Δ	2021-2022	%Δ	2022-2023	%Δ	2023-2024	%Δ	2024-2025	%Δ
Salaries	\$31,495,855	\$32,066,540	1.81%	\$32,639,719	1.79%	\$33,216,221	1.77%	\$33,809,668	1.79%	\$34,430,478	1.84%
Benefits	\$13,663,310	\$14,541,111	6.42%	\$15,204,920	4.57%	\$15,824,859	4.08%	\$16,477,165	4.12%	\$17,166,138	4.18%
TOTAL SALARIES & BENEFITS	\$45,159,165	\$46,607,650	3.21%	\$47,844,639	2.65%	\$49,041,080	2.50%	\$50,286,833	2.54%	\$51,596,616	2.60%
Equipment and Capital Outlay	\$297,435	\$300,409	1.00%	\$303,413	1.00%	\$306,448	1.00%	\$309,512	1.00%	\$312,607	1.00%
Contractual, Supplies and Other	\$13,203,358	\$13,536,920	2.53%	\$13,787,486	1.85%	\$14,043,737	1.86%	\$14,313,099	1.92%	\$14,581,087	1.87%
Debt Service Principal	\$3,211,528	\$3,376,528	5.14%	\$3,521,528	4.29%	\$3,611,528	2.56%	\$3,711,528	2.77%	\$3,731,528	0.54%
Debt Service Interest	\$1,027,068	\$918,732	-10.55%	\$773,957	-15.76%	\$798,407	3.16%	\$706,932	-11.46%	\$627,482	-11.24%
Interfund Transfers	\$55,000	\$56,100	2.00%	\$57,222	2.00%	\$58,366	2.00%	\$59,534	2.00%	\$60,724	2.00%
TOTAL ALL OTHER	\$17,794,389	\$18,188,688	2.22%	\$18,443,606	1.40%	\$18,818,486	2.03%	\$19,100,604	1.50%	\$19,313,428	1.11%
TOTAL EXPENDITURES	\$62,953,554	\$64,796,339	2.93%	\$66,288,245	2.30%	\$67,859,566	2.37%	\$69,387,437	2.25%	\$70,910,045	2.19%

Long-Range Financial Outlook – Expenditure Detail

2020 Budgeted Expenditures by Source



Expenditure Projection



Strategies to Enhance Long-Range Fiscal Planning

- Time capital projects when debt is reduced due to expiring/paid issues
- Review any larger one time expenses – creates opportunities for program enhancements or reserves
- Plan to build reserves to offset larger increases/swings that could affect instructional programs
 - TRS/ERS Reserve
 - Tax Cert Reserve
 - Worker's Comp Reserve
 - Capital Reserve

Long-Range Financial Outlook – A Pessimistic View

General (A) Fund Summary											
Irvington UFSD Long Range Plan - Scenario 2											
CPI at 1% for Years 2021-22 and beyond											
	BUDGET			REVENUE / EXPENDITURE PROJECTIONS							
	2020	2021	%Δ	2022	%Δ	2023	%Δ	2024	%Δ	2025	%Δ
REVENUE											
Local	\$58,629,339	\$60,505,308	3.20%	\$61,662,415	1.91%	\$62,922,816	2.04%	\$64,178,137	2.00%	\$65,458,880	2.00%
State	\$3,901,715	\$4,003,937	2.62%	\$4,007,710	0.09%	\$4,013,077	0.13%	\$4,084,816	1.79%	\$4,158,245	1.80%
Transfers / Other	\$422,500	\$422,500	0.00%	\$422,500	0.00%	\$422,500	0.00%	\$422,500	0.00%	\$422,500	0.00%
TOTAL REVENUE	\$62,953,554	\$64,931,745	3.14%	\$66,092,625	1.79%	\$67,358,393	1.92%	\$68,685,453	1.97%	\$70,039,625	1.97%
EXPENDITURES											
Salary and Benefit Costs	\$45,159,165	\$46,607,650	3.21%	\$47,844,639	2.65%	\$49,041,080	2.50%	\$50,286,833	2.54%	\$51,596,616	2.60%
Other	\$17,794,389	\$18,188,688	2.22%	\$18,443,606	1.40%	\$18,818,486	2.03%	\$19,100,604	1.50%	\$19,313,428	1.11%
TOTAL EXPENDITURES	\$62,953,554	\$64,796,339	2.93%	\$66,288,245	2.30%	\$67,859,566	2.37%	\$69,387,437	2.25%	\$70,910,045	2.19%
SURPLUS / DEFICIT	(\$0)	\$135,406		(\$195,620)		(\$501,173)		(\$701,984)		(\$870,420)	

Disclaimer: This scenario deliberately depicts a pessimistic scenario to highlight the importance of implementing fiscal strategies. This shows the impact of one of our key drivers: tax levy revenue. The change to a 1% CPI, rather than 1.5% as previously modeled, will result in a deficit position if nothing else changed. However, in such a period of low inflation, other costs would presumably be lower as well, such as pension or health expenses. Additionally, good fiscal planning and reserve management as discussed can mitigate more pessimistic scenarios.

Summary

- Long-range planning is becoming an integral component of District operations
- Annually, plans will be updated and reprioritized based upon current needs
 - Each year the plan will become more precise with greater defined priority
- Budget proposals will be guided by the long-range plans and projections
- Proposals will be supported by data and/rationale demonstrating need and priority