



**Mason City Schools**  
Growing Greatness Together

## **5 Year Financial Forecast**

**October, 2018**

**FY2019 - FY2023**



# Tonight's Agenda

- Significant factors, assumptions, and variables in the forecast
- Analysis of revenues and key variables
- Analysis of expenses and key variables
- Overall outlook and summary



# Significant Factors, Assumptions, and Variables

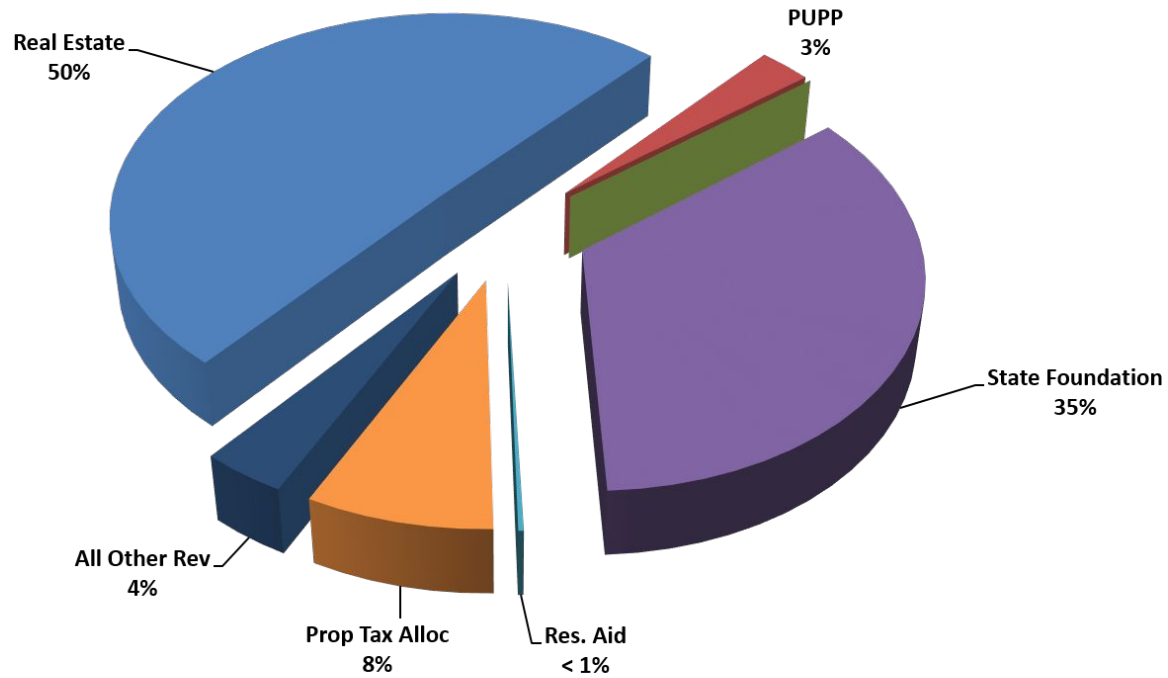


# Revenues: - Lines 1.XX and 2.XX of Forecast

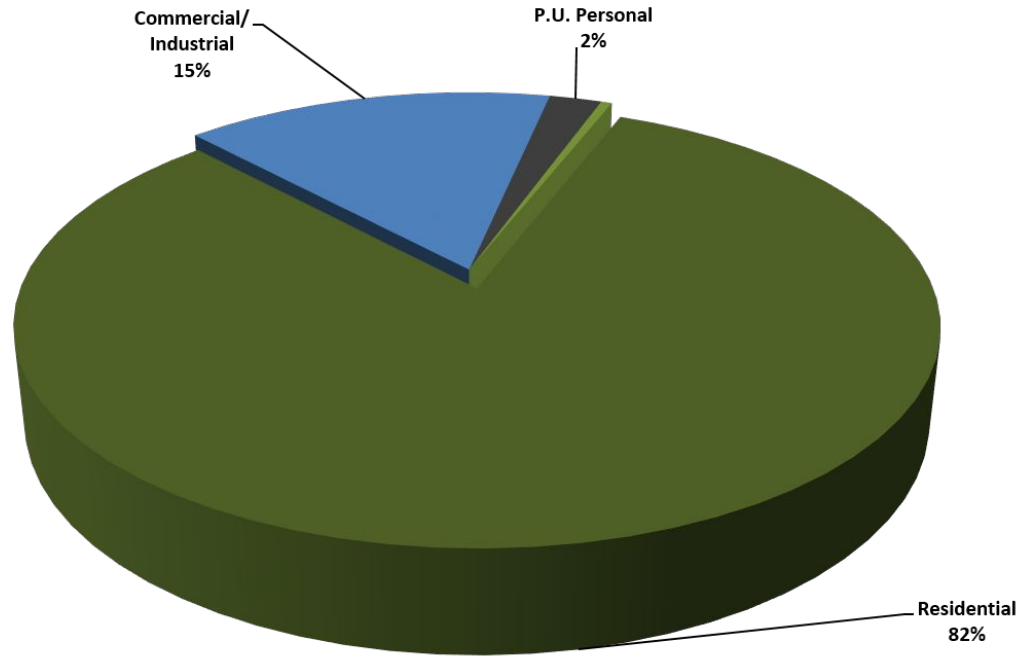
- Local Property Taxes – 53% of FY'19 Operating Revenues
  - Significant variables include the impact of future reappraisals and new construction
- State Foundation – 35%
  - Variables include changes in future funding formulas
- Property Tax Allocation – 8%
  - Changes in the amount of state reimbursement/funding (TPP)



# FY'19 Revenues by Type



# FY'19 Property Values by Type

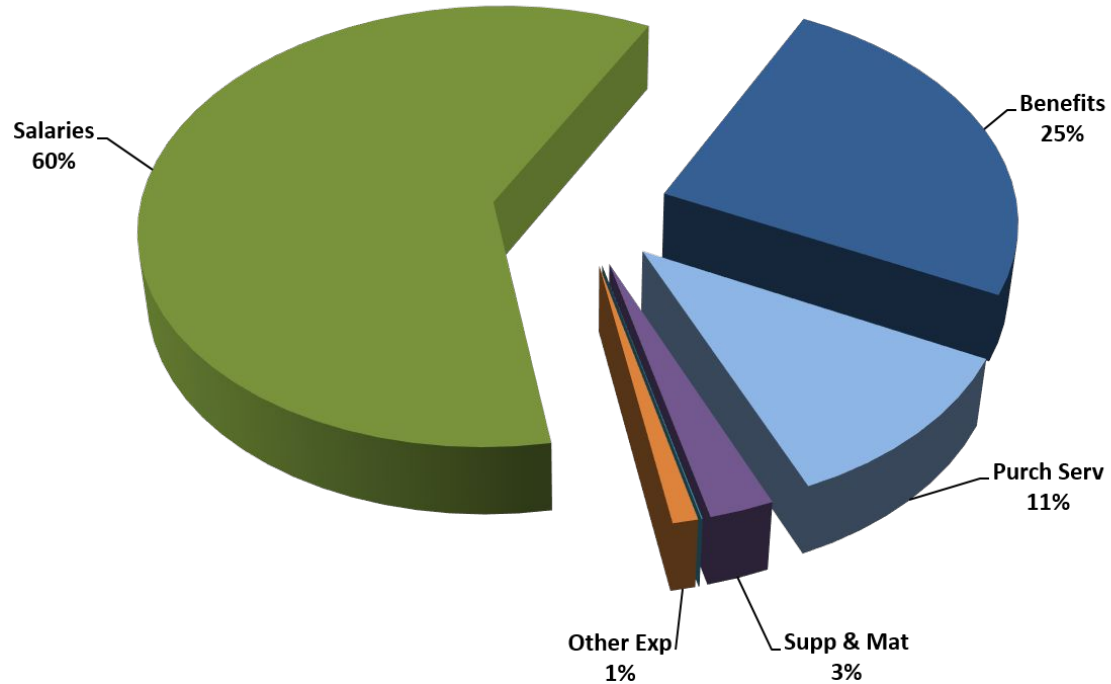


# Expenses - Lines 3.XX, 4.XX, and 5.XX

- Salaries – 60% of FY'19 Operating Expenses
  - Significant variables include future negotiated agreements and anticipated changes in staffing levels (+ or -)
- Fringe Benefits – 25%
  - % change in future insurance renewals
- Purchased Services – 11%
  - Utilities, special education services, community schools, open enrollment, custodial, and maintenance services



# FY'19 Operating Expenses by Type





# Analysis of Revenues & Key Variables



# Revenue Assumptions: - Lines 1.XX and 2.XX

- General Property Taxes (53% of total):

  - 1.1% new construction growth annually in 2019 & beyond

  - 82% of district property value is from residential property

- State Foundation (35% of total):

  - FY'19 and beyond – The district is now on the funding “formula guarantee”, and no increases in state aid are projected in the coming years

  - A new, state biennium budget will take effect 7/1/2019



# Revenue Assumptions: - Lines 1.XX and 2.XX

- Property Tax Allocation (8% of total):

- Tangible Personal Property (TPP) reimbursement from the state legislature is included in this line and is a significant variable

- \$10.8 million - FY'11 (equivalent of approx. 6.2 mills)

- \$1.5 million - FY'19

- \$0 - FY'21

- Other Revenues (3% of total):

- Student fees, interest income, and Medicaid reimbursements are some of the largest items in this line



# Analysis of Expenses & Key Variables



# Expenses Assumptions:-Lines 3.XX, 4.XX, and 5.XX

## - Salaries (60% of total):

- MCS employs over 1,100 regular staff members.
- Wage increases are projected per the current negotiated agreements.
- Staffing levels are anticipated to remain constant

## - Fringe Benefits (25% of total):

- MCS is self funded for medical insurances.
- Future anticipated increases are based on historical data and results



# Expenses Assumptions:-Lines 3.XX, 4.XX, and 5.XX

## - Purchased Services (11% of total):

- Student services, including special education related services (OT/PT, Speech, Psych), tuition, and community schools - \$3.8M
- Electric, water, gas, phone – \$2.1M
- Maintenance, repair, custodial - \$2.8M
- Safety/Security services - \$750K
- Future anticipated increases in each area are based on historical trends and currently known data

## - Supplies/Materials (3% of total):

- Bus fuel, instructional supplies, transportation and maintenance supplies
- Future anticipated increases in each area are based on historical data/trends.



# Expenses Assumptions:-Lines 3.XX, 4.XX, and 5.XX

- Capital Outlay

  - Most of these items are purchased from the Permanent Improvement Fund 003

- Other Items:

  - Property tax collection fees - \$700K

  - Audit/bank fees - \$100K



# Overall Outlook & Summary





# Historical Review:

- The most recent operating levy was passed 13 years ago, in 2005. The one prior to that was passed in 2001. Both of those were incremental levies.
- Multiple strategies were utilized to keep the districts P&L at or near breakeven over the past several years:



**2001**  
**Levy:**  
6.95 Mils

**2003**  
**Levy:**  
1.5 Mils

**2005**  
**Levy:**  
6.54 Mils

**2007**  
**HS Addition**  
**Bond Issue:**  
1.35 Mils  
**Levy:**  
1.7Mils

**2011-12**  
**Cost**  
**Reductions**

**2013-14**  
**Cost**  
**Reductions**

**2000**  
**MHS Bond:**  
3.29 Mils

**2002**  
**Levy:**  
1.5 Mils

**2004**  
**MECC Bond:**  
1.51 Mils

**2006**  
**Levy:**  
1.7 Mils

**2010**  
**Levy**

**2012-13**  
**Cost**  
**Reductions**

**2014-15**  
**Cost**  
**Reductions**

**2009-10**  
**Cost**  
**Reductions**



# A Decade of Decisions

**2010**

*Levy Fails*

- Eliminated over 160 positions
- Stopped teaming at MMS
- Semesters instead of Trimesters at MHS
- Closed Mason Heights
- Wage freezes for all staff in FY'13 & FY'14
- Pay-to-Participate Fees
- Consolidated bus stops

**2012-2017**

*Cost reductions  
keep expenses flat*

**2018-2021**

*District makes strategic  
investment priorities*

- School Safety
- Mental Wellness
- Student Opportunities
- Innovation & STEAM

**MCS remains committed to delivering value by providing outstanding opportunities for students.**



## Revenues:

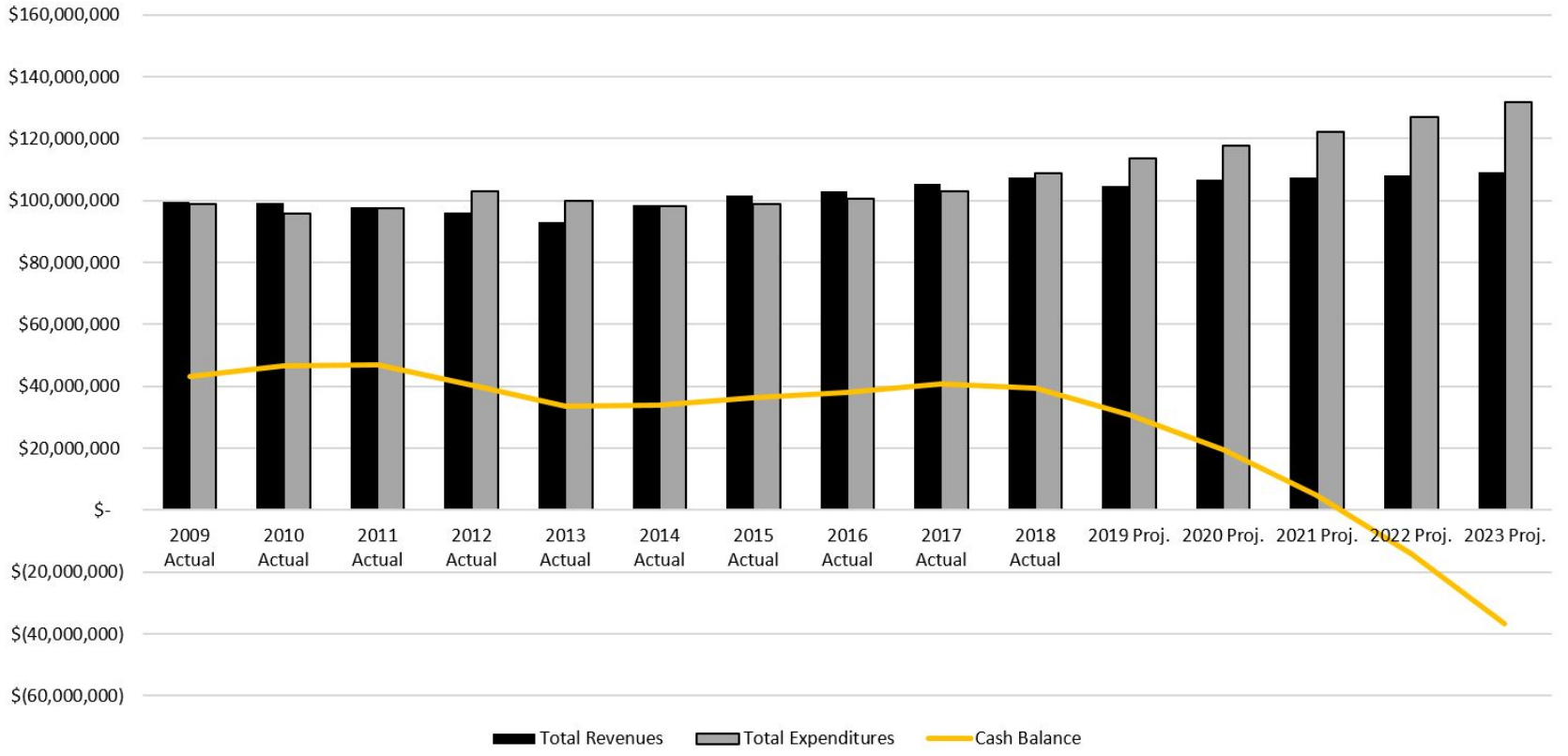
- The current forecast shows operating revenues remaining largely constant through the forecast period. The largest variable into the future is the amount of state funding the district will receive. The future of this revenue source is revealed in two year increments, with the next one coming in June, 2019 when the state's next biennium budget is signed into effect.

## Expenses:

- Due to the fact that school districts are a service industry, personnel expenses are the largest portion of the budget. As such, wages, health insurance renewals, and staffing levels are significant variables for the future.



# Revenues, Expenditures, & Cash Balances



# Key Current Variables/Unknowns:

- FY'20 & FY'21 state biennium budget that will shape the state funding amounts for MCS over the next two years
- Employee contract negotiations
- Deerfield Township debt free plan



# Cash Reserves:

- The district is currently on stable financial ground and is maintaining a healthy cash reserve balance at the beginning of FY'19.
- There will not be an operating levy on the ballot for MCS in 2019. However, careful and continued monitoring and planning will be necessary to determine the steps necessary to sustain future success and financial health.





**Questions/Comments?**

**Shaun Bevan, CPA  
Treasurer/CFO**