

A scenic view of a wooden bridge over a river in a forest with autumn foliage. The bridge is made of light-colored wood and has a curved railing. The river is calm and reflects the surrounding trees. The background is filled with trees in various shades of brown, orange, and red, indicating autumn. A large evergreen tree is visible on the right side of the image.

ICCCFO Conference

Starved Rock Conference Center

Utica, Illinois

Wednesday, May 1, 2019



WALKING ACROSS THE BUDGET BRIDGE

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FORECAST5 ANALYTICS

RETIRED 40 YEAR FINANCIAL OFFICER, NORTHEAST IOWA
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The Picture and the Plan

The Strategic linking of



**Budget
Planning
(Next Year)**

**Monthly
Budget
Analysis
(Current)**

**Multi-Year
Forecasting**

Multi-Year Plan:

- Forecasts represent the preparation of YTD actual data plus projected data
- Using budgets for the projected period limits the value of forecasted information

Budget Plan:

- Budget Alignment with Long-Term Strategy?
- Budgeting Dos and Don'ts
- Historical numbers, trends, ratios tell a story!

Monthly Plan:

- Effective Trend Analysis – Budget to Actual – Projected year-end position

Multi-Year Projection Plan



Historical: 5-years of historical actuals highlight performance, trends and assist with future assumptions.

Budgetary: The current year and years 1-2 will be more accurate in terms of projected ending cash balances.

Early Warning: Assumption results compound into year 3. Unfavorable conditions or identified structural deficit may signal an early warning and an opportunity to execute a course correction plan.

Directional: Years 4-5 establish direction. Declining balances is symptomatic of structural deficits. Evaluate the overall financial trajectory – “Let the math play out.”

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>Historical Performance (Prior Years)</i>					<i>Budgetary Level Accuracy (Current Year, Years 1 & 2)</i>		<i>Early Warning (Year 3)</i>	<i>Directional (Years 4 & 5)</i>		
<i>Measurement of performance Informs future assumptions</i>					<i>Executable budget template Rev./Exp. variables known</i>		<i>Inflection point for change decisions</i>	<i>Evaluate overall financial trend – “How the math will play out”</i>		

-----Decision/Analysis Bands-----

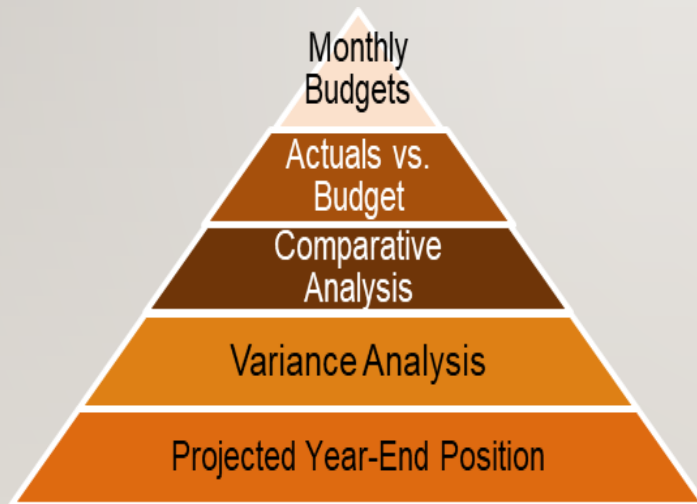




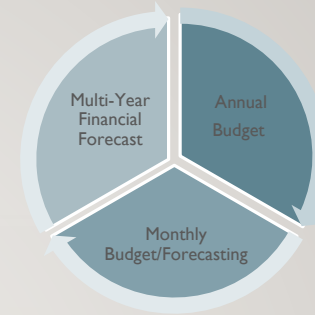
Monthly Performance Analysis Plan

Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Q1			Q2			Q3			Q4		
Current FY19 Budget											

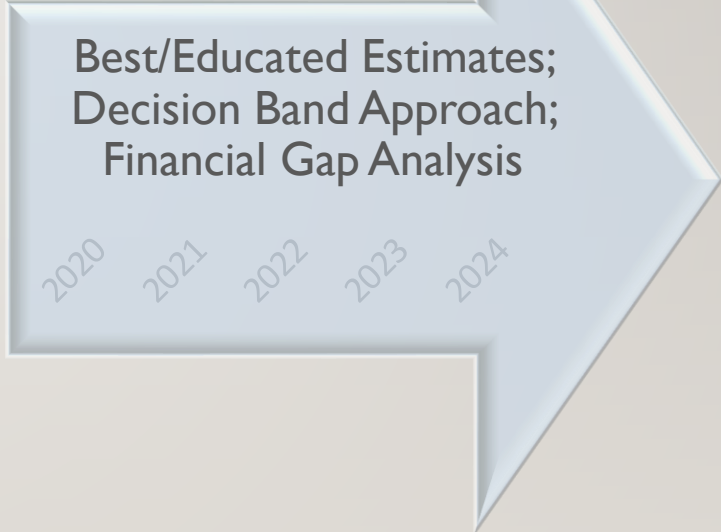
- Monthly G/L Upload/Analysis
- Current year projection analysis based on historical monthly trends
- Monthly analysis of current year and historical results with dashboard reporting functionality
- Custom monthly Excel based reporting



Analysis – Data mining/Trending
Projection – Forecasting
Scenario Management – “What if”



**Budget -
Adjusted
w/YTD
actuals +
projected**



“Create linking strategies to provide deeper short-term & long-term analysis”

Budgetary Level Accuracy (Current Year, Years 1 & 2)

-----**“Bridge”**-----

Budget - Adjusted
w/ YTD actuals + projected

2020

2021

2022

2023

2024

Updates to Multi-Year Projection/ FY20 Budget Development

Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Q1			Q2			Q3			Q4		
Current FY19 Budget											

Cast

Scenario: Base Upload - Actuals/Projections

Admin- Scenarios Resources- Help- P

Assumptions- Results- Reports- Dashboards Guided Analysis-

Expenses - Monthly

	Fund	Object	2018-06				Total		
			%	Actual	Trend %	Trend Amount	Projected	Annual Budget	Variance
Expenses - Monthly			11.41%	\$2,175,273	10.96%	\$2,090,388	\$19,217,825	\$19,068,007	\$149,818
	10 Educational		9.67%	\$1,431,569	11.30%	\$1,672,396	\$15,045,540	\$14,803,589	\$241,951
		000 Transfer	96.29%	\$51,996	100.00%	\$54,000	\$51,996	\$54,000	-\$2,004
		100 Salaries	10.38%	\$998,349	9.41%	\$905,310	\$9,808,939	\$9,621,195	\$187,744
		200 Employee Benefits	8.28%	\$182,094	20.63%	\$453,870	\$2,125,428	\$2,199,645	-\$74,217
		300 Purchased Services	13.86%	\$93,509	13.00%	\$87,743	\$662,401	\$674,746	-\$12,345
		400 Supplies & Materials	14.06%	\$71,829	21.10%	\$107,829	\$441,151	\$510,948	-\$69,797
		500 Capital Outlay	0.00%	\$0	0.00%	\$0	\$0	\$0	\$0
		600 Other Objects	1.46%	\$24,263	2.67%	\$44,415	\$1,916,143	\$1,663,055	\$253,088
		700 Non-Capitalized Equip...	11.91%	\$9,529	24.04%	\$19,229	\$39,484	\$80,000	-\$40,516
		800 Termination Bene...	0.00%	\$0	0.00%	\$0	\$0	\$0	\$0

Monthly Variance
- Export "Bridge"
to Multi-Year
Projection -
Scenario

The
"Bridge"

Current Year Budget -
Adjusted w/ YTD
actuals + projected

Cast

Scenario: Plus Bridge - Base Scenario - Q4

Admin- Scenarios Resources

Assumptions- Results- Reports- Dashboards Gu

Expenses (Fund/Object - Used for Plus Bridge)

	Fund	Object	2018			2019	
			Original	Adjustment	Current	%	Projected
Expenses			\$19,068,007	\$149,820	\$19,217,827	2.00%	\$19,602,184
	10 Educational		\$14,803,589	\$241,953	\$15,045,542	2.00%	\$15,346,453
		000 Transfer	\$54,000	-\$2,004	\$51,996	2.00%	\$53,036
		100 Salaries	\$9,621,195	\$187,744	\$9,808,939	2.00%	\$10,005,118
		200 Employee Benefits	\$2,199,645	-\$74,217	\$2,125,428	2.00%	\$2,167,937
		300 Purchased Services	\$674,746	-\$12,345	\$662,401	2.00%	\$675,649
		400 Supplies & Materials	\$510,948	-\$69,797	\$441,151	2.00%	\$449,974
		500 Capital Outlay	\$0	\$0	\$0	0.00%	\$0
		600 Other Objects	\$1,663,055	\$253,088	\$1,916,143	2.00%	\$1,954,466
		700 Non-Capitalized Equip...	\$80,000	-\$40,516	\$39,484	2.00%	\$40,274
		800 Termination Benefits	\$0	\$0	\$0	0.00%	\$0

Financial Projection Impact Considerations

Bridging Monthly Performance Results w/ Multi-Year Forecast



Cast. *Plus Bridge* - YTD Variances applied to Current Year Budget as Adjustments

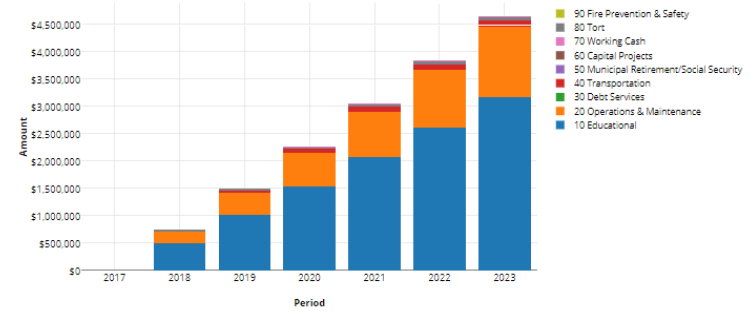
YTD Variance Impact - Total Fund Balances

Fund	2017	2018	2019	2020	2021	2022	2023
Total	\$9,709,878	\$10,673,104	\$11,655,595	\$12,657,735	\$13,679,918	\$14,722,545	\$15,796,024
10 Educational	\$4,042,407	\$4,544,645	\$5,056,928	\$5,579,456	\$6,112,435	\$6,656,074	\$7,210,585
20 Operations & Maintenance	\$2,448,537	\$2,664,986	\$2,885,764	\$3,110,958	\$3,340,655	\$3,574,946	\$3,813,923
30 Debt Services	\$126,131	\$133,960	\$141,946	\$150,091	\$158,399	\$166,873	\$175,517
40 Transportation	\$542,514	\$574,200	\$606,520	\$639,486	\$673,111	\$707,409	\$742,393
50 Municipal Retirement/Social Security	\$370,552	\$388,079	\$405,957	\$424,192	\$442,791	\$461,763	\$481,114
60 Capital Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70 Working Cash	\$1,794,076	\$1,973,912	\$2,157,345	\$2,344,446	\$2,535,289	\$2,729,950	\$2,928,503
80 Tort	\$385,661	\$393,322	\$401,136	\$409,107	\$417,237	\$425,529	\$433,988
90 Fire Prevention & Safety	\$0	\$0	\$0	\$0	\$0	\$0	\$0

YTD Variance Impact - Fund Balances (Cumulative Difference from Base)

Fund	2017	2018	2019	2020	2021	2022	2023
Total	\$0	\$724,042	\$1,462,565	\$2,215,858	\$2,984,217	\$3,767,944	\$4,567,345
10 Educational	\$0	\$501,198	\$1,012,420	\$1,533,866	\$2,065,742	\$2,608,255	\$3,161,618
20 Operations & Maintenance	\$0	\$211,046	\$426,313	\$645,885	\$869,849	\$1,098,292	\$1,331,304
30 Debt Services	\$0	\$-7,508	\$-15,162	\$-22,971	\$-30,937	\$-39,062	\$-47,349
40 Transportation	\$0	\$27,928	\$56,415	\$85,471	\$115,108	\$145,338	\$176,173
50 Municipal Retirement/Social Security	\$0	\$3,071	\$6,203	\$9,398	\$12,657	\$15,982	\$19,372
60 Capital Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70 Working Cash	\$0	\$-743	\$-1,501	\$-2,274	\$-3,062	\$-3,867	\$-4,687
80 Tort	\$0	\$-10,952	\$-22,123	\$-33,518	\$-45,140	\$-56,995	\$-69,087
90 Fire Prevention & Safety	\$0	\$0	\$0	\$0	\$0	\$0	\$0

FY2023 Net Difference (Rev/Exp): **\$4,567,345**



- YTD Variances applied to Current Budget – Compounded YOY Impact (Net Difference Rev./Exp.)
- Multiple updates to out-year assumptions – minimize difference
- Bridge is essential for advancing overall programmatic initiatives
- Aligning resources/priorities during the budget development process
- Budgetary position/parameters on key line items – long term sustainability

Important questions to answer:

Budgeting
Monthly Analysis
Forecasting
Best Practices

Who's influencing strategic decisions?

What are the key financial metrics?

What drives sustainability?

What drives revenue?

What are people accountable for?

Who needs what data?

Best Practices



To direct strategy and set financial priorities, use – Data – Analysis – operational support

Focus on revenue and expenditure drivers – Apply the “80/20 rule”

- Let the 80/20 rule drive the level of detail behind the budget.

Budget and report to the level of key drivers

Establish a culture of accountability

- Data and analysis provide the basis for holding people accountable. Accountability drives behavior!

How many times should I review and/or update my Financial Projection?

-
- Establish a Best Practice – 4, 5, 6 or more times a year.
 - Business office monthly task list (business cycle)
 - Build the review/update into the Budget Calendar
 - Board of Education review (Transparency) – Policy or Procedure?
 - Quarterly Financial Reports to Supt./Board (Variance analysis – Expected over/under)
 - Bridge early and often

Financial Projections – Communications Tool

FY2019-2020 BUDGET CALENDAR

<u>Date/Period</u>	<u>Budget Task</u>
October, 2018	Administration reviews/refines Financial Projection (1) Preliminary levy information to Board
November, 2018	Administration develops preliminary budget considerations.
December, 2018	Principals notified to prepare itemized annual budget requests.
December, 2018	2018 Levy Hearing and Adoption (Tax Rev. for 2019-2020 budget).
January, 2019	Administration refines/refines budget considerations Review/Refine Financial Projection (2)
February, 2019	Financial Projection (3) /Budget information to Board.
February, 2019	Administration reviews all Capital Outlay considerations
March, 2019	Capital Outlay priority lists to the Board of Education. Review 5-Year Capital Improvement Plans (4)
March, 2019	All Supply/Purchased Services Budgets due.
April, 2019	Begin letting Capital Outlay/Supply bids.
April/May, 2019	Administration refines projected revenue and expenditures Financial Projection Update (5) – Staffing/Benefit Review
July, 2019	Preliminary Budget information to the Board of Education. Financial Projection to Board (6)
August, 2019	Tentative Budget approved by Board of Education.
September, 2019	Public Hearing and adoption of 2019-2020 Budget by Board.

Financial Projections – Communications Tool

Budget Decisions	Role of Financial Projection Updates
Accomplishing organizational goals	To demonstrate affordability of funding strategies to accomplish long-term goals
Making tax rate and user fee adjustments	To provide revenue impacts of alternative rate adjustments beyond the budget year
Creating new positions	To demonstrate affordability of adding new positions
Approving salary and wage adjustments	To demonstrate affordability of annual pay increases, including adjustments
Changing benefit packages	To demonstrate affordability of benefit changes
Analyzing retirement incentives	To support adoption of early retirement programs including succession planning
Analyzing changes in service delivery	To anticipate long-term results on program reduction or expansion
Approving capital replacement and infrastructure maintenance	To support analysis of financing options for ongoing capital replacement and maintenance, including one-time purchases and lease-purchase financing
Analyzing alternative methods of providing services	To support service delivery options of privatization and managed competition
Adopting capital improvement program	To show how capital improvement plans will affect the operating budget

Reporting

What's most valuable?
 Budgetary Level: Years 1-3 vs. Full 5-year forecast
 Other discussion and analysis on a reporting period basis – Month – Quarter – Year-to-date
 Discuss cause and forward-looking impact

Determine who needs to see the analysis and in what detail
 Re-evaluate reports – Are the recipients using it? – If not, why not?

Financial Projection Summary - All Funds
 (For the Periods FY2017 -- FY2023)

Revenue	2017		2018		2019		2020		2021		2022		2023	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Total	\$19,392,492	0.00%	\$19,307,191	0.44%	\$19,693,335	2.00%	\$20,937,202	2.00%	\$20,688,946	2.00%	\$20,998,724	2.00%	\$21,316,699	2.00%
1000 Local Sources	\$17,589,316	0.00%	\$17,606,399	0.10%	\$17,958,527	2.00%	\$18,317,688	2.00%	\$18,684,051	2.00%	\$19,057,732	2.00%	\$19,438,887	2.00%
3000 State Sources	\$974,997	0.00%	\$1,062,050	8.93%	\$1,083,291	2.00%	\$1,104,957	2.00%	\$1,127,056	2.00%	\$1,148,597	2.00%	\$1,172,589	2.00%
4000 Federal Sources	\$745,580	0.00%	\$408,742	-45.18%	\$416,917	2.00%	\$425,255	2.00%	\$433,760	2.00%	\$442,435	2.00%	\$451,284	2.00%
7000 Other Financing Sources	\$82,600	0.00%	\$230,000	178.45%	\$234,600	2.00%	\$239,292	2.00%	\$244,078	2.00%	\$248,959	2.00%	\$253,939	2.00%

Expenditures

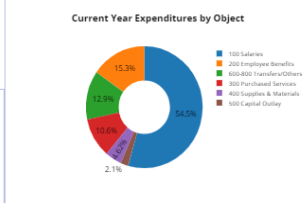
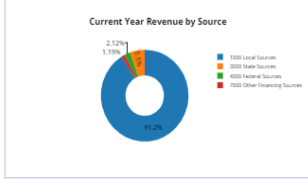
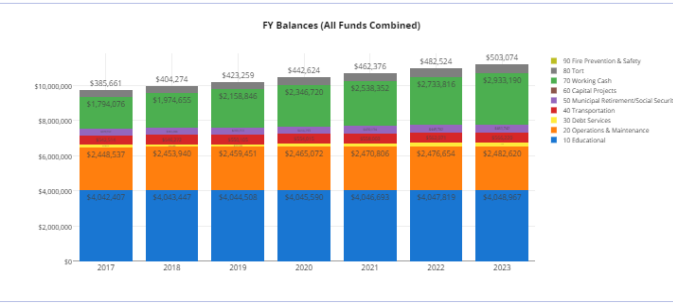
Object	2017		2018		2019		2020		2021		2022		2023	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Total	\$18,391,645	0.00%	\$19,068,007	3.68%	\$19,449,367	2.00%	\$19,838,354	2.00%	\$20,235,122	2.00%	\$20,639,824	2.00%	\$21,052,420	
100 Salaries	\$9,903,559	0.00%	\$10,387,544	4.89%	\$10,595,295	2.00%	\$10,807,201	2.00%	\$11,023,345	2.00%	\$11,243,812	2.00%	\$11,468,688	
200 Employee Benefits	\$2,683,802	0.00%	\$2,919,190	8.77%	\$2,977,374	2.00%	\$3,031,125	2.00%	\$3,097,868	2.00%	\$3,159,825	2.00%	\$3,223,022	
300 Purchased Services	\$1,851,880	0.00%	\$2,017,710	8.95%	\$2,058,064	2.00%	\$2,099,225	2.00%	\$2,141,210	2.00%	\$2,184,034	2.00%	\$2,227,715	
400 Supplies & Materials	\$1,075,165	0.00%	\$880,508	-18.10%	\$898,118	2.00%	\$916,081	2.00%	\$934,402	2.00%	\$953,090	2.00%	\$972,152	
500 Capital Outlay	\$408,525	0.00%	\$400,000	-2.09%	\$408,000	2.00%	\$416,160	2.00%	\$424,483	2.00%	\$432,973	2.00%	\$441,632	
600 Other Objects	\$2,173,621	0.00%	\$2,073,055	-4.63%	\$2,114,516	2.00%	\$2,156,806	2.00%	\$2,199,943	2.00%	\$2,243,941	2.00%	\$2,288,820	
700 Non-Capitalized Equipment	\$212,493	0.00%	\$160,000	-24.70%	\$163,200	2.00%	\$166,464	2.00%	\$169,793	2.00%	\$173,189	2.00%	\$176,653	
000 Transfer	\$82,600	0.00%	\$230,000	178.45%	\$234,600	2.00%	\$239,292	2.00%	\$244,078	2.00%	\$248,959	2.00%	\$253,939	

Fund Balance Totals

	2017	2018	2019	2020	2021	2022	2023
Total	\$9,709,878	\$9,949,062	\$10,193,030	\$10,441,877	\$10,695,701	\$10,954,601	\$11,218,680

Fund Balance YOY \$ Changes

	2017	2018	2019	2020	2021	2022	2023
Total	\$0	\$239,184	\$243,968	\$248,847	\$253,824	\$258,900	\$264,078

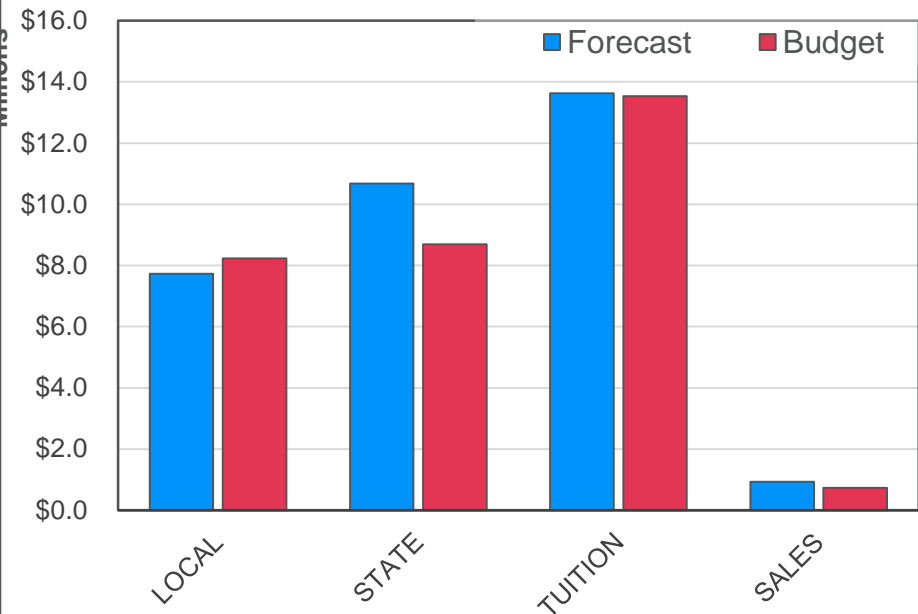


LAKE LAND COLLEGE

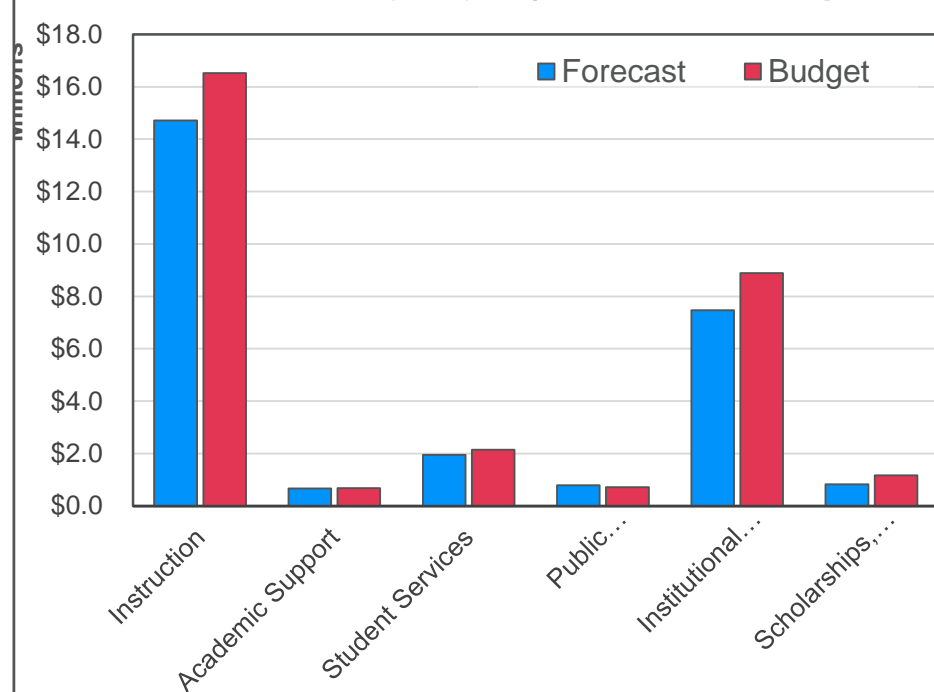
	Prior YTD	Current YTD	Add: Anticipated Revenues / Expenses	Annual Forecast	Annual Budget	Variance Favorable / (Unfavorable)
REVENUES						
Local	\$7,660,459	\$7,704,133	\$26,459	\$7,730,592	\$8,233,381	(\$502,789)
State	\$4,651,814	\$5,451,209	\$5,228,480	\$10,679,689	\$8,690,882	\$1,988,807
Federal	\$32,596	\$10,535	\$3,754	\$14,289	\$14,296	(\$7)
Tuition and Fees	\$13,713,984	\$13,495,603	\$129,460	\$13,625,063	\$13,531,143	\$93,920
Sales and Service Fees	\$679,853	\$785,331	\$149,667	\$934,998	\$731,624	\$203,374
Faculties Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Investments	\$10,751	\$18,722	\$54,409	\$73,130	\$146,000	(\$72,870)
Other	\$188,770	\$196,371	\$8,773	\$205,143	\$46,000	\$159,143
TOTAL REVENUE	\$26,938,227	\$27,661,903	\$5,601,001	\$33,262,904	\$31,393,326	\$1,869,578
EXPENDITURES						
Instruction	\$11,400,305	\$11,205,586	\$3,513,072	\$14,718,658	\$16,522,017	\$1,803,359
Academic Support	\$552,125	\$523,616	\$143,117	\$666,733	\$681,556	\$14,823
Student Services	\$1,586,941	\$1,446,225	\$506,400	\$1,952,626	\$2,143,258	\$190,632
Public Service/Continuing Education	\$548,415	\$584,675	\$202,169	\$786,844	\$722,665	(\$64,179)
Organized Research	\$0	\$0	\$0	\$0	\$0	\$0
Auxiliary Services	\$0	\$0	\$0	\$0	\$0	\$0
Operation and Maintenance of Plant	\$0	\$0	\$0	\$0	\$0	\$0
Institutional Support	\$4,205,682	\$4,782,442	\$2,692,261	\$7,474,703	\$8,889,491	\$1,414,788
Scholarships, Student Grants, and Waivers	\$1,814,156	\$720,304	\$101,865	\$822,170	\$1,170,066	\$347,897
TOTAL EXPENDITURES	\$20,107,625	\$19,262,849	\$7,158,884	\$26,421,733	\$30,129,052	\$3,707,320
TRANSFERS	\$0	\$0	(\$1,568,539)	(\$1,568,539)	(\$1,425,057)	(\$143,483)
SURPLUS / (DEFICIT)	\$6,830,601	\$8,399,054	\$10,656	\$5,272,631	(\$160,783)	\$5,720,381
ENDING FUND BALANCE	\$19,812,341	\$23,028,299		\$20,507,502	\$15,074,087	\$5,433,415



Revenues by Source | Forecast vs. Budget



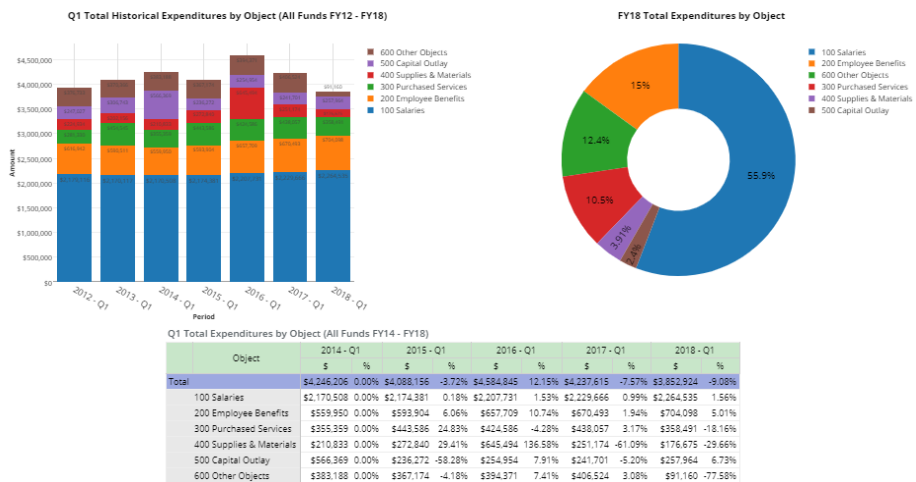
Expenditures by Object | Forecast vs. Budget



Financial Projections – Communications Tool



Q1 Expenditure Summary



Some have trouble “reading” and interpreting financial reports/presentations – Be clear – Don’t assume – Be brief – Use graphs and charts

Make sure it’s understandable – Acronyms – Abbreviations

In what format is the data most useful – Varies by user group

Be consistent in formatting – Placement of comparative info.

THANK YOU FOR YOUR TIME

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