



BUDGET DEVELOPMENT PROCESS: 2017-2018

February 21, 2017

GOALS FOR THIS EVENING:

Board members will have an:

Understanding of the budget development process;

Understanding of what we believe it would cost to run the same program next year.

District Officials will have an:

Understanding of what the Board feels are the “crucial components” of next year’s budget;

Understanding of the Board’s expectations for the first draft budget to be presented March 7.

BUDGET DEVELOPMENT TIMELINE

| | |
|--------------------|----------------------------------|
| February 21, 2017- | Program Maintenance Budget |
| March 7, 2017- | First Draft, 2017-2018 Budget |
| March 21, 2017- | Finalization of 2017-2018 Budget |
| April 4, 2017- | Board adopts 2017-2018 Budget |
| May 2, 2017- | Mandatory Budget Hearing |
| May 16, 2017- | Budget Vote and Election |

BUDGET CODE INFORMATION

A 2110.450-60-4424

| | | |
|------|-----------------------------|----------------------|
| A | = funding source | (basic budget) |
| 2110 | = function code | (instruction) |
| 450 | = category code | (materials/supplies) |
| 60 | = "location" code | (middle school) |
| 4424 | = grade level/ subject code | (LOTE) |

BUDGET CODES

| Fund Code | Descriptor |
|----------------|--|
| A | Funds derived from the tax levy |
| F | Funds derived from Grants |
| | |
| Function Code | Descriptor |
| 1000 | Board of Education |
| 1200-1400 | District Office |
| 1600 | Plant operations/services |
| 1900 | Unallocated Administrative Funds |
| 2000-2999 | Instructional/program related items |
| 5000 | Transportation |
| 9000- 9100 | Employee Benefits |
| 9700-9800 | Finances |
| 9900 | Inter-fund Transfers |
| Category Codes | Descriptor |
| 100-199 | Salary |
| 200-299 | Equipment |
| 400-480 | Materials, Supplies, Professional Development, Misc. Contracts, Etc. |
| 490 | BOCES related |
| 600 | principal payments |
| 700 | interest payments |
| 800 | Benefit related |
| 900 | Special Projects |

| Location Codes | Descriptor |
|----------------|--------------------|
| 10 | BOE/Superintendent |
| 20 | Business Office |
| 21 | Facilities |
| 30 | NECC |
| 31 | Special Education |
| 32 | Technology |
| 40 | Elementary |
| 41 | Aquatic Center |
| 60 | Middle School |
| 70 | High School |
| 80 | Athletics |
| | |
| Subject Codes | Descriptor |
| 16 | Kindergarten |
| 17 | 1st grade |
| 18 | 2nd grade |
| 19 | 3rd Grade |
| 20 | 4th Grade |
| 21 | 5th grade |
| 22 | 6th grade |
| 23 | English |
| 24 | LOTE |
| 25 | Math |
| 26 | Science |
| 27 | Social Studies |
| 28 | Art |
| 29 | Business |
| 30 | PE/Health |
| 31 | Home/Career |
| 32 | Music |
| 33 | Technology |
| 34 | GED program |
| 42(42)(45)00 | General Bldg Codes |

PROGRAM MAINTENANCE BUDGET- ASSUMPTIONS

Enrollment: Kindergarten enrollment stays consistent (@84). However, there are significant implications of increases here.

Staffing: one retirement (); one resignation (); all current staff remain employed (132.75 FTE's).

Salaries- adjustments made as per negotiated agreement.

Special education: all current K- 11 students roll over into the new year; special education needs for incoming kindergarteners is budgeted based on preliminary information from the CPSE.

Employee benefit costs reflect known/anticipated adjustments to: retirement contribution based on published estimates from ERS/TRS; health insurance rates; Social Security increases, etc.

All other discretionary budgetary allocations (materials and supplies, field trips, equipment, travel, professional development, etc.) remain at current levels.

We are going to take a hit in state building aid due to a significant reduction in debt service.

ENROLLMENT COMPARISON

| CURRENT | Male | Female | Total | SC | # teachers | Average Class Size |
|----------------|------|--------|-------|----|------------|--------------------|
| PKH | | | 0 | | | |
| K | 46 | 38 | 84 | 5 | 4 | 19.75 |
| 1 | 52 | 53 | 105 | 3 | 5 | 20.40 |
| 2 | 44 | 38 | 82 | 6 | 3 | 25.33 |
| 3 | 57 | 57 | 114 | 4 | 5 | 22.00 |
| 4 | 52 | 46 | 98 | 3 | 4 | 23.75 |
| UGE | 2 | 1 | 24 | | 2 | 12.00 |
| Total | 253 | 233 | 486 | | 42.2 | 11.52 |
| 5 | 55 | 47 | 102 | | 5 | 20.4 |
| 6 | 50 | 51 | 101 | | 5 | 20.2 |
| 7 | 65 | 65 | 130 | | 4.5 | 28.89 |
| 8 | 60 | 53 | 113 | | 4.5 | 25.11 |
| UG MS | 3 | 4 | 7 | | | |
| Total | 233 | 220 | 453 | | 40.85 | 11.09 |
| 9 | 68 | 62 | 130 | | 5.4 | 24.07 |
| 10 | 77 | 68 | 145 | | 5.4 | 26.85 |
| 11 | 87 | 53 | 140 | | 5.4 | 25.93 |
| 12 | 75 | 70 | 145 | | 5.4 | 26.85 |
| UG HS | 7 | 1 | 8 | | | |
| | 314 | 254 | 568 | | 47.2 | 12.03 |

| 2017-2018 | Male | Female | Total | SC | # teachers | Average Class Size |
|------------------|------|--------|-------|-----|------------|--------------------|
| PKH | | | 0 | | | |
| K | 42 | 42 | 84 | 3 | 4 | 20.25 |
| 1 | 46 | 38 | 84 | 4 | 4 | 20.00 |
| 2 | 52 | 53 | 105 | 3 | 5 | 20.40 |
| 3 | 44 | 39 | 83 | 7 | 3 | 25.33 |
| 4 | 57 | 57 | 114 | 2 | 5 | 22.40 |
| UGE | 1 | 1 | 21 | | 2 | 10.50 |
| Total | 242 | 230 | 472 | -14 | 42.2 | 11.52 |
| 5 | 52 | 46 | 98 | | 5 | 19.6 |
| 6 | 55 | 47 | 102 | | 5 | 20.4 |
| 7 | 50 | 51 | 101 | | 4.5 | 22.44 |
| 8 | 65 | 65 | 130 | | 4.5 | 28.89 |
| UG MS | 4 | 5 | 9 | | | |
| Total | 226 | 214 | 440 | -13 | 40.85 | 10.77 |
| 9 | 60 | 53 | 113 | | 5.4 | 20.93 |
| 10 | 68 | 62 | 130 | | 5.4 | 24.07 |
| 11 | 77 | 68 | 145 | | 5.4 | 26.85 |
| 12 | 87 | 53 | 140 | | 5.4 | 25.93 |
| UG HS | 3 | 6 | 9 | | | |
| | 295 | 242 | 537 | -31 | 47.2 | 11.38 |

| | | | | | | |
|----------|-----|-----|------|--|-------|-------|
| DISTRICT | 800 | 707 | 1507 | | 130.3 | 11.57 |
|----------|-----|-----|------|--|-------|-------|

| | | | | | | |
|----------|-----|-----|------|-----|--------|-------|
| DISTRICT | 763 | 686 | 1449 | -58 | 130.25 | 11.12 |
|----------|-----|-----|------|-----|--------|-------|



To: Chief School Administrators
College and University Presidents
District Contacts
Employer Secure Area Contacts

Administrative Bulletin
Issue No. 2016-9
November 2016

**TRS CONTRIBUTION RATE
ANNOUNCED:**

**Estimated Range for the
Next Employer Contribution Rate**

Administrative Bulletin 2016-6, issued August 2016, informed you that the Retirement Board adopted an Employer Contribution Rate (ECR) of 11.72% of payroll. This rate is applicable to fiscal year 2016-17 NYSTRS member salaries and will be collected in September, October and November 2017.

Based on preliminary results from the June 30, 2016 actuarial valuation, we anticipate the ECR for the next year to be between 9.50% and 10.50% of member payroll. This rate will apply to fiscal year 2017-18 NYSTRS member salaries and will be collected in the fall of 2018. An Administrative Bulletin will be provided in February 2017 with a more precise estimate of this ECR.

Generally favorable investment returns over the last several years are the primary reason for the decrease in the rate. Although the System's rate of return for the fiscal year ending June 30, 2016 was only 2.3%, the System's five-year annualized rate of return stands at 8.3%.

While this will mark the third consecutive year of declining rates, a continuing downward trend is not assured. Challenging financial markets have led to low single-digit returns over the last two fiscal years and could lead to increasing employer contribution rates in the future. It would be wise to plan accordingly.

For those employers who elected to participate in the Stable Contribution Option (SCO), it is anticipated the SCO rate will remain at 14.0% plus the group life insurance rate, or 14.13%. This rate will apply to fiscal year 2017-18 member salaries and be collected in the fall of 2018. Final determination of the SCO rate will be made by the Retirement Board at its July Board meeting. The SCO rate is only applicable to those eligible employers that have elected to participate in the SCO.

If you have any additional questions, please call John Cardillo, Manager of Public Information, at (518) 447-4743.

*History of the Employer
Contribution Rate (ECR)*

| <u>Salary Year</u> | <u>ECR</u> |
|--------------------|------------|
| 1980-81 | 23.49% |
| 1981-82 | 23.49% |
| 1982-83 | 23.49% |
| 1983-84 | 22.90% |
| 1984-85 | 22.80% |
| 1985-86 | 21.40% |
| 1986-87 | 18.80% |
| 1987-88 | 16.83% |
| 1988-89 | 14.79% |
| 1989-90 | 6.87% |
| 1990-91 | 6.84% |
| 1991-92 | 6.64% |
| 1992-93 | 8.00% |
| 1993-94 | 8.41% |
| 1994-95 | 7.24% |
| 1995-96 | 6.37% |
| 1996-97 | 3.57% |
| 1997-98 | 1.25% |
| 1998-99 | 1.42% |
| 1999-00 | 1.43% |
| 2000-01 | 0.43% |
| 2001-02 | 0.36% |
| 2002-03 | 0.36% |
| 2003-04 | 2.52% |
| 2004-05 | 5.63% |
| 2005-06 | 7.97% |
| 2006-07 | 8.60% |
| 2007-08 | 8.73% |
| 2008-09 | 7.63% |
| 2009-10 | 6.19% |
| 2010-11 | 8.62% |
| 2011-12 | 11.11% |
| 2012-13 | 11.84% |
| 2013-14 | 16.25% |
| 2014-15 | 17.53% |
| 2015-16 | 13.26% |
| 2016-17 | 11.72% |

**TRS Administrative Bulletin:
November 2016**

“Based on preliminary results...we anticipate the ECR (Employer Contribution Rate) for the next year to be between 9.5% and 10.5% of member payroll.”

Administrative Bulletins dating from 2005 to the present are available on our website at NYSTRS.org. Select Employers and visit the Administrative Bulletins page.

ERS CONTRIBUTION RATES



New York State and Local Retirement System
 Employees' Retirement System
 Police and Fire Retirement System

Thomas P. DiNapoli, State Comptroller
 110 State Street, Albany, New York 12244-0001

ERS Rate calculation is complicated due to variance in Employer Contribution based on employee's Tier.

Employees' Retirement System
 Comparison of Expected Long-Term Rates with Fiscal Year End 2016 and 2017 Final Rates
 (all rates are expressed as a %)

| Retirement Plan | Plan ID | 2/1/2017 Rates | | 2/1/2016 Rates | | | |
|-------------------------|-----------|----------------|------|----------------|------|--------|------|
| | | 2017 | 2016 | 2017 | 2016 | | |
| Basic Contributory | 71-a | Tier 1 | | Tier 2 | | | |
| | | 10.7 | 12.3 | 9.8 | 11.5 | | |
| Article 14 & Article 15 | A14 & A15 | Tiers 3 & 4 | | Tier 5 | | Tier 6 | |
| | | 15.8 | 18.8 | 13.0 | 15.3 | 9.2 | 10.4 |

For the bulk of our CSEA employees, the contribution rate will drop from 18% to 15.9%.



BUDGET DEVELOPMENT STRATEGIES

Maintain current program offerings.

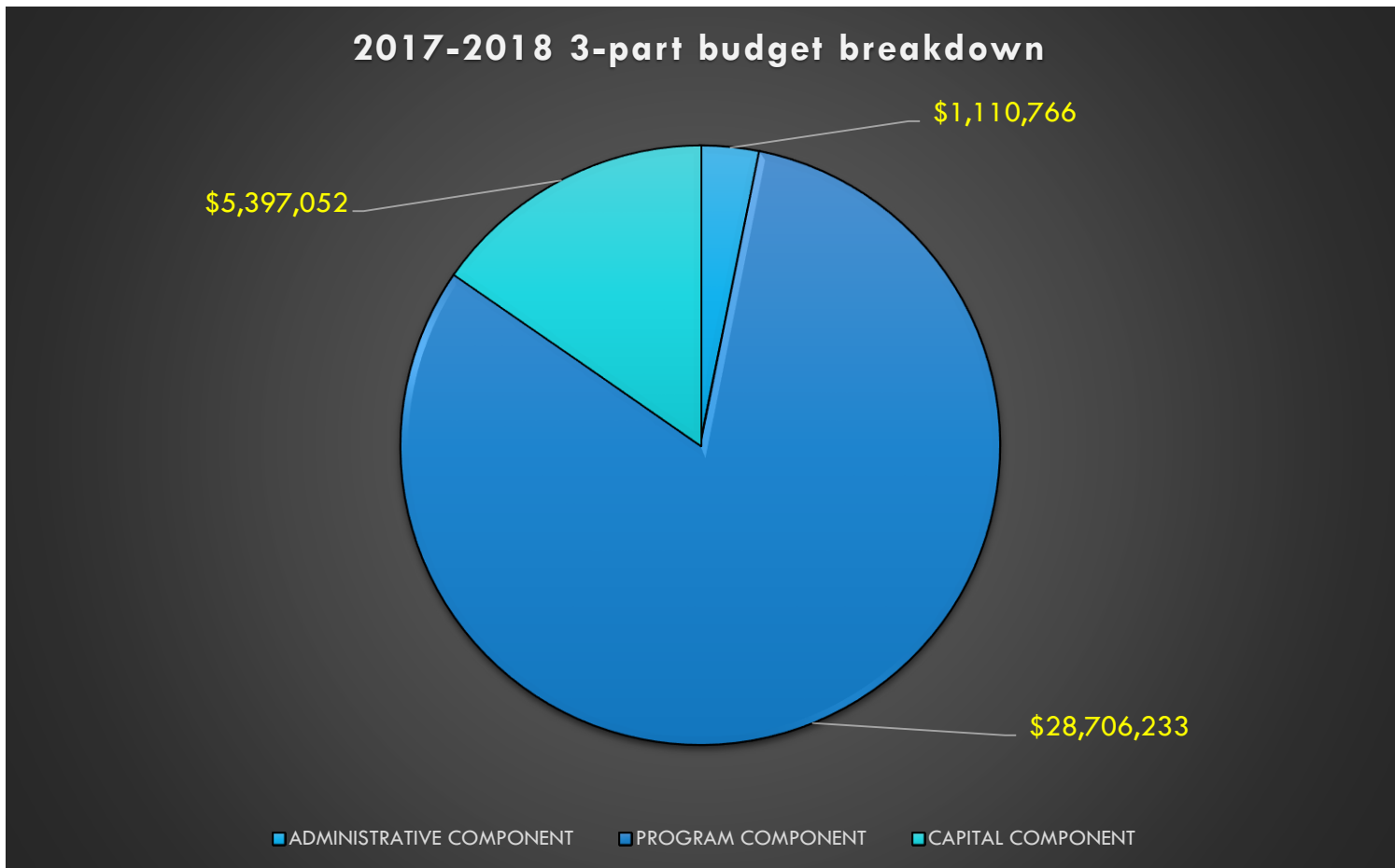
Utilize resources to maintain programmatic supports: materials, supplies & equipment; curriculum facilitators; modified sports; staff development.

Minimize impact on taxpayers by:

- **Increase use of reserves to mitigate increases**

| EXPENDITURES | | BUDGETED 2016-2017 | BUDGETED 2017-2018 | Increase |
|---------------------------------------|------|-------------------------|-------------------------|------------------------|
| ADMINISTRATIVE COMPONENT | | | | |
| Board of Education | 1010 | \$ 30,200.00 | \$ 31,870.00 | \$ 1,670.00 |
| District Clerk | 1040 | \$ 43,423.00 | \$ 44,714.00 | \$ 1,291.00 |
| District Meeting | 1060 | \$ 4,920.00 | \$ 5,420.00 | \$ 500.00 |
| Chief School Administrator | 1200 | \$ 213,263.00 | \$ 218,170.00 | \$ 4,907.00 |
| Finance | 1300 | \$ 328,878.00 | \$ 331,766.00 | \$ 2,888.00 |
| Legal/Personnel/PR | 1400 | \$ 144,834.00 | \$ 152,813.00 | \$ 7,979.00 |
| Special Misc. Items | 1900 | \$ 319,165.00 | \$ 319,133.00 | \$ (32.00) |
| Curriculum Admin/Supervision | 2010 | \$ 6,880.00 | \$ 6,880.00 | \$ - |
| Total Administrative Component | | \$ 1,091,563.00 | \$ 1,110,766.00 | \$ 19,203.00 |
| PROGRAM COMPONENT | | | | |
| Instruction- Day School | 2020 | \$ 12,510,325.00 | \$ 13,260,948.00 | \$ 750,623.00 |
| Special Education | 2250 | \$ 4,298,528.00 | \$ 4,770,898.00 | \$ 472,370.00 |
| Summer School | 2330 | \$ 37,835.00 | \$ 43,835.00 | \$ 6,000.00 |
| Transportation | 5000 | \$ 2,446,266.00 | \$ 2,518,099.00 | \$ 71,833.00 |
| Interfund Transfers | 9900 | \$ 45,000.00 | \$ 45,000.00 | \$ - |
| Employee Benefits- Total | 9000 | \$ 8,008,124.00 | \$ 8,067,453.00 | \$ 59,329.00 |
| Total Program Component | | \$ 27,346,078.00 | \$ 28,706,233.00 | \$ 1,360,155.00 |
| CAPITAL COMPONENT | | | | |
| Plant Operation and Maintenance | 1600 | \$ 2,723,400.00 | \$ 2,671,021.00 | \$ (52,379.00) |
| Debt Service Principal/Interest | 9700 | \$ 2,626,031.00 | \$ 1,646,825.00 | \$ (979,206.00) |
| Interfund Transfers | 9900 | \$ 100,000.00 | \$ 1,079,206.00 | \$ 979,206.00 |
| Total Capital Component | | \$ 5,449,431.00 | \$ 5,397,052.00 | \$ (52,379.00) |
| Adjustments/Carry-over | | | | |
| BASIC BUDGET EXPENDITURES | | \$ 33,887,072.00 | \$ 35,214,051.00 | \$ 1,326,979.00 |

| | 2017-2018 |
|--------------------------|---------------|
| ADMINISTRATIVE COMPONENT | \$ 1,110,766 |
| PROGRAM COMPONENT | \$ 28,706,233 |
| CAPITAL COMPONENT | \$ 5,397,052 |
| | \$ 35,214,051 |



BUDGET CONSIDERATIONS

Contract settlements resulted in liquidation of Accrued Liabilities reserves into Un-appropriated Fund Balance, pushing the UFB well above the 4% cap.

The debt from the 2002-2003 project is significantly reduced, lowering our Debt Service by nearly \$1 million.

Because of lower debt service, our Building Aid is likewise reduced, resulting in a projected state aid reduction of \$1.1 million.

We will need to begin financing the 2015 \$3.1 million capital project soon.

Recommendation: carry an amount equal to our reduced debt service (\$979,206) in next year's budget and apply it to capital project costs.

JUSTIFICATION:

If we appropriate fund balance into the budget for 2017-2018 to pay for a part of the project costs “up front” in the amount of \$979,206:

- We reduce the amount of money we need to borrow in a 1 year “RAN”(revenue anticipation note) and the 15 year bond to pay project costs (from \$3.1 million to \$2.2 million);
- We reduce the amount of interests costs we will incur for both the 1 year RAN and the 15 year bond (annually \$80,000);
- We reduce our un-appropriated fund balance to get closer to the recommended limits (4%);
- We potentially create a positive revenue stream in future years as state aid payments, based on the project costs of \$3.1 million, will exceed the actual bond costs of \$2.2 million.



FUNDING: HOW ARE WE GOING TO PAY FOR THE BUDGET?

FOUR SOURCES OF FUNDING:

State Aid

Tax Levy

Miscellaneous revenue

Appropriated Fund Balance (savings)

School Aid

2017-18 Governor's Proposed Budget



District: NEWFANE CSD
County: Niagara

| Aid Category | 2016-17 | 2017-18 | Change | % Change |
|--|---------------------|---------------------|--------------------|--------------|
| General Purpose Aids | \$12,335,739 | \$12,597,693 | \$261,954 | 2.1% |
| Foundation Aid | 12,335,739 | 12,597,693 | 261,954 | 2.1% |
| High Tax Aid | - | - | - | NA |
| Reorganization Incentive Operating Aid | - | - | - | NA |
| Academic Enhancement Aid | - | - | - | NA |
| Expense-Based Aids | \$6,315,723 | \$5,842,386 | (\$473,337) | -7.5% |
| Building Aid | 2,937,773 | 1,908,023 | (1,029,750) | -35.1% |
| Reorganization Incentive Building Aid | - | - | - | NA |
| Transportation Aid (including summer) | 1,666,022 | 1,955,912 | 289,890 | 17.4% |
| BOCES Aid | 1,174,804 | 1,242,338 | 67,534 | 5.7% |
| Non-BOCES Special Services Aid | - | - | - | NA |
| Charter School Transition Aid | - | - | - | NA |
| Private Excess Cost Aid | 330,577 | 345,309 | 14,732 | 4.5% |
| Public Excess Cost High Cost Aid | 206,547 | 390,804 | 184,257 | 89.2% |
| Supplemental Public Excess Cost Aid | - | - | - | NA |
| Other Aids | \$442,996 | \$439,434 | (\$3,562) | -0.8% |
| Computer Software Aid | 23,384 | 22,650 | (734) | -3.1% |
| Library Material Aid | 9,756 | 9,450 | (306) | -3.1% |
| Textbook Aid | 92,676 | 91,045 | (1,631) | -1.8% |
| Hardware and Technology Aid | 29,504 | 28,613 | (891) | -3.0% |
| Full Day-Kindergarten Conversion Aid | - | - | - | NA |
| Universal Prekindergarten Aid | 287,676 | 287,676 | - | 0.0% |
| TOTAL AID | \$19,094,458 | \$18,879,513 | (\$214,945) | -1.1% |
| Total Aid without Building Aids | \$16,156,685 | \$16,971,490 | \$814,805 | 5.0% |

Includes \$592K of state bldg. aid previously received. Actual bldg. aid will be \$1,315,092.

Making the overall aid amount \$17,773,906.

Calculating the Tax Cap: DRAFT

| BASE FORMULA | |
|--------------------------------------|--------------|
| Prior year Tax Levy | \$12,895,669 |
| (x) Tax Base Growth Factor | 1.0116% |
| = | \$13,045,259 |
| (+) Pilots receivable in fiscal year | \$34,797 |
| (=) sub total | \$13,080,056 |
| (+) Prior year Exemptions | \$0.00 |
| (=) Adjusted 2015-2016 Tax Levy | \$13,080,056 |
| (X) Allowable Growth Factor | 1.0126% |
| (=) Adjusted 2016-2017 Tax Levy | \$13,206,159 |
| (-) 2016-2017 Pilot Payments | (\$38,706) |
| (+) 2016-2017 Carry-over | \$199,520 |
| Tax Levy Limit | \$13,405,678 |

| Possible 2017-18 Exclusions | |
|------------------------------------|---------------|
| Court Orders/Judgements | (\$0) |
| Pension costs above 2%; ERS/TRS | (\$0) |
| Capital Tax Levy | (\$0) |
| Building Aid | (\$0) |
| Sub Total | (\$0) |
| Total Exclusions | \$0.00 |

| | |
|----------------------------------|---------------|
| <i>Potential Tax Levy</i> | |
| <i>Cap Percentage</i> | 3.955% |

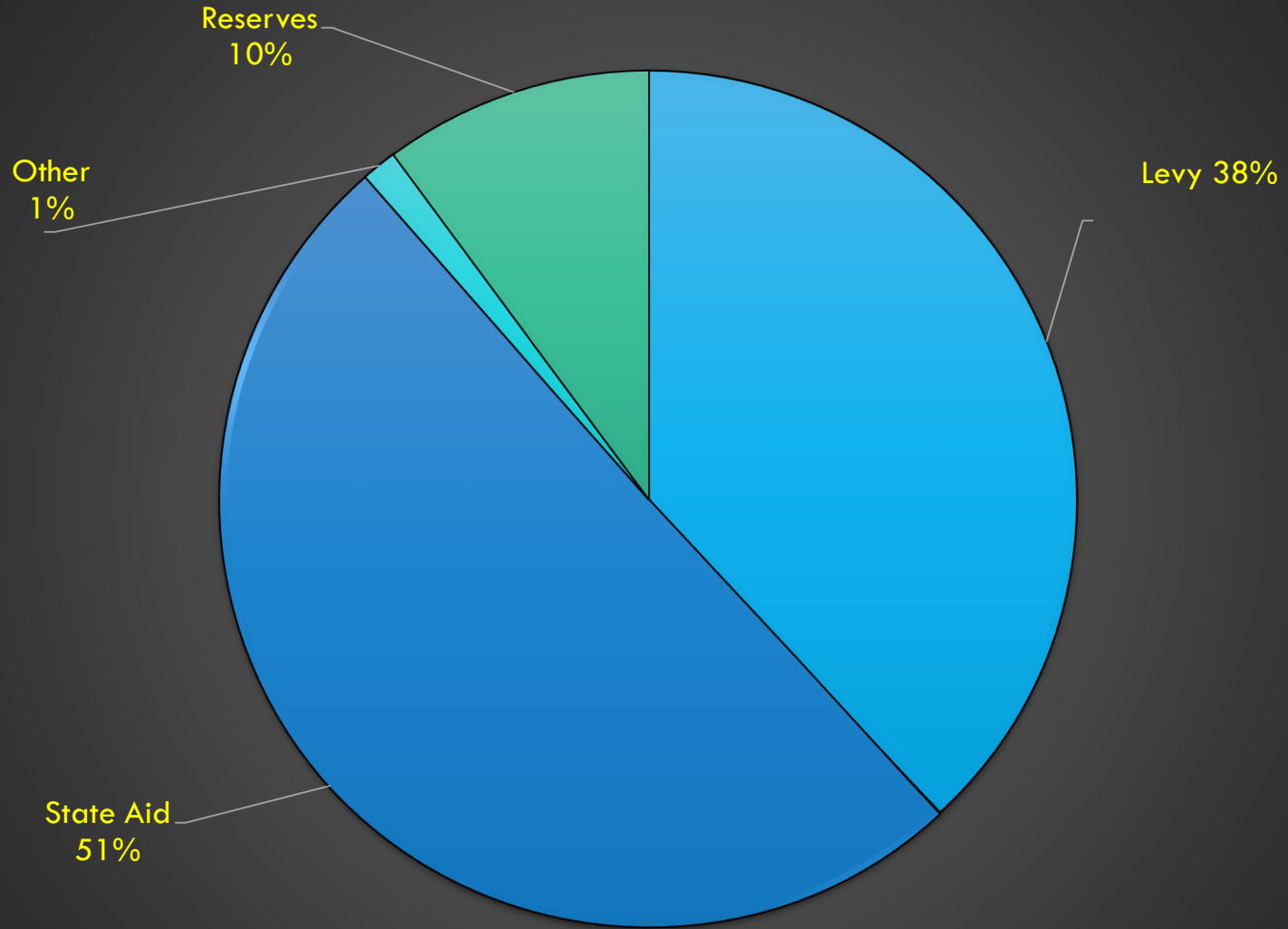
LOCAL PROPERTY TAX CAP

| | Full Value |
|--|------------|
| 2017-18 Allowable Levy Increase (percentage) | 3.955% |
| | |
| | |
| 2017-18 Allowable Levy Increase (dollars) | \$510,009 |
| | |

REVENUE SUMMARY- INCLUDING MAXIMUM ALLOWABLE TAX LEVY INCREASE @3.955%

| DESCRIPTION | Budget 2016-2017 | Budgeted 2017-2018 | AMOUNT CHANGE | percent change |
|------------------------|-------------------------|-------------------------|---------------------|----------------|
| Real Property Tax Levy | \$ 12,895,669.00 | \$ 13,405,692.71 | \$510,024 | 3.955000% |
| Miscellaneous Revenue | \$ 479,088.00 | \$ 473,888.00 | (\$5,200) | -1.10% |
| State Aid | \$ 18,931,506.00 | \$ 17,773,906.00 | (\$1,157,600) | -6.11% |
| Unallocated Reserves | \$ 1,580,809.00 | \$ 3,560,564.29 | \$ 1,979,755 | 55.60% |
| BASIC BUDGET | \$ 33,887,072.00 | \$ 35,214,051.00 | \$ 1,326,979 | 3.9159% |

Funding Sources 2017-2018



■ Tax Levy ■ State Aid ■ Other ■ Reserves

THINGS TO CONSIDER:

Changes in state aid- this budget reflects the Governor's initial numbers; typically, the final amounts will be slightly higher.

Potential retirements: several have talked about it, none have actually put in their papers yet (March 31, 2017 deadline).

We are coming off several years of no or negative tax increases.

We can raise the levy by as much as 3.955% and still be compliant with the tax cap (simple majority vote for budget approval); what is the "right" % to increase?

What does the current year's spending look like?

Are there programs that were cut in the past we would like to bring back?

What is the five year forecast for the budget?