

Hoosic Valley Central School District

2017-18 Budget Development Update

January 3, 2017

- General Budget Overview - Review of the current 2016-17 expenditure budget.
 - The largest portions of the budget are salaries and benefits at 70%.
 - BOCES and Debt Service are next at 9% each.
 - The remaining 12% represents all other expenses such as energy, teacher supplies, repairs to buildings and district contractual obligations.
- Budget Status & Revenue Status
 - Working closely with the district Treasurer to consistently review the Revenue & Appropriation Status Reports to begin to assess the year fund balance.
 - The appropriation status reports are analyzed to ensure expense codes are appropriately budgeted for 2016-17.
- Budget Assumptions
 - All employee contractual increases and steps will be included in the budget.
 - **ERS Contributions Rates will remain mostly stable with a slight decrease in 2017-18 from 15.5% to 15.3%**
 - TRS Contributions Rate in the next year is anticipated to be between 9.5% and 10.5% of member payroll. The rate for 2016-17 was 11.72%
(Decreases to the employer retirement contribution rates will help offset any increase on Health Insurance Premiums, which will be unknown until March 2017).
 - Expenses for teaching supplies, building supplies and repairs, energy, and district contractual obligations will be rolled over. The 2016-17 budget was created conservatively based on the actual 5 year expense history. The budget status reports will be analyzed to ensure expense codes are appropriately budgeted for 2017-18.
 - Heating Oil, gasoline, and diesel prices have continued to remain low, and we will continue to study and monitor the impact to the budget.
 - Due to low fuel prices the IRS mileage rate reimbursement will slightly decrease to \$.535 from \$.54. The IRS could readjust the rate mid-year based on the current trends in fuel prices.
 - The Minimum Wage rate has increased from \$9.00 to \$9.70 on December 31, 2016. The minimum wage will increase to \$10.40 on December 31, 2017.
 - The state revenue is unknown at this point. The Governor's proposal is projected to be released in late January.
 - As per the Corrective Action Plan to the State Comptrollers Audit, the district will transfer \$200,000 from the Debt Service Reserve over the total ten years.
 - The Consumer Price Index used in the Tax Levy Limit calculation will likely be close to 1.0%. The growth in inflation over the first eleven months of 2016 was 1.19 percent higher than the previous year. (CPI for the tax levy limit was 0.12% last year)

Proposition for Consideration in 2017-18

As part of the 2017-18 Budget Development Calendar I recommend the board of education consider for discussion two additional proposition to the 2017-18 Budget ballot.

- One proposition for consideration is the purchase of new buses to continue with the district's bus replacement program, and
- The second proposition involves the funding of the reserve to support the bus purchases.

The district has utilized the Bus Purchase Reserve over the past three year to purchase buses. Utilizing the Bus Purchase Reserve has decreased the district's future debt, which is a cost effective measure for future budget years to avoid rising short term interest rates. At this point the Bus Purchase Reserve has been fully funded in that the total cumulative deposits to the fund have reached the maximum allowance of \$1,000,000.

The state aid received over five years from the purchase of the previous buses can be utilized to purchase buses in future years. In order to be able to continue to deposit these funds into the Bus Purchase Reserve to continue refunding the reserve I recommend the Board of Education consider a proposition on the 2017-18 budget vote to increase the maximum life time deposits of the reserve from \$1,000,000 to \$2,000,000.