

# Frontier Central School District

## *Financial Plan*

November 2019

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## 2019-20 BOARD OF EDUCATION MEMBERS

Patrick T. Boyle, President  
Davis Podkulski, Vice President  
Mary Ann Costello  
Larry J. Albert  
John Kilcoyne Jr.  
Martin Lalka  
David Patton



## ADMINISTRATIVE OFFICERS

Richard J. Hughes, Ed.D., Superintendent of Schools  
William Thiel, Director of Finance  
Myra Pinker, Assistant Superintendent for Personnel  
Colleen Duggan, Assistant Superintendent for Instruction

## 2019-20 FRONTIER CENTRAL SCHOOL BOARD COMMITTEES

To achieve its goals and objectives and to promote efficiency, the Frontier Central School Board will have a committee structure to review issues in detail and to make recommendations to the Board as a whole. Community members may serve on committees by appointment of the school board president. The administrative representative for each committee will be responsible for facilitating the meeting times, materials, agendas, communiqués, and clerical support for the committee.

### ADVOCACY COMMITTEE

Board Members: Davis Podkulski (Chair) and Patrick Boyle  
Administrative Rep: Richard J. Hughes

### AUDIT COMMITTEE

Board Members: Patrick Boyle (Chair)  
Administrative Rep: William Thiel  
Community Reps: Nancy Cox, Mark Robinson

### FACILITIES COMMITTEE

Board Members: Larry Albert (Chair), David Patton and John Kilcoyne, Jr.  
Administrative Reps: William Thiel & Richard J. Hughes

### FINANCE AND BUDGET COMMITTEE

Board Members: John Kilcoyne, Jr. (Chair), Mary Ann Costello and David Patton  
Administrative Reps: William Thiel, Myra Pinker, Colleen Duggan and Richard J. Hughes

### ORIENTATION COMMITTEE

Board Members: Davis Podkulski (Chair), Patrick Boyle  
Administrative Rep: Richard J. Hughes

[STUDENT ACHIEVEMENT COMMITTEE](#)

Board Members: Larry Albert (Chair), John Kilcoyne, Jr. and Patrick Boyle

Administrative Rep: Colleen Duggan

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# Planning Considerations

## Board of Education 2019-20 Goals

The Frontier Central School Board of Education will:

1. Provide educational facilities that are safe, secure and well maintained.
  - a) Arrange to tour the district's facilities as a group to view construction progress and conditions in need of improvement (e.g. cafeterias) throughout the year.
2. Provide an educational environment that is student-centered with instructional programs specifically directed to the unique needs of the students.
  - a) Board president to document specific evidence in support of this goal for review at January and June 2020 BoE meetings.
3. Strive to work collaboratively, support each other and strengthen the positive attributes of the district by;
  - a) Attending district activities (sports, music, scholastic programs, district committee meetings, and other building events) when invited.
  - b) Enhance BOE member's knowledge of current issues in NYS education through professional development (i.e. NYSSBA convention, ECASB events, and other local workshops).
4. Complete development of an "ex-officio" student school board member orientation program/handbook. The program will present the new student member with a complete overview of the district and orient them to their role and responsibility on the board.
  - a) Publish by January 2020.
5. Enhance Communications between the Board and district stakeholders. We will work to strengthen communication and partnerships with our entire school community by;
  - a) Investigating the taping of BoE meetings for play back on-demand on the District's website.
  - b) Having a BoE member assigned to each building as their link into the BoE.
  - c) Improving communication on the specific reasons for items on BoE Executive session agendas.
  - d) Getting BoE representation at PTA and PTA Council meetings
6. Investigate Opportunities to Enhance District Support for Mental Health Issues in Our Community
  - a) Partner w/more organizations providing emotional and mental health support in our community.
  - b) Investigate the potential to implement of a Family Support Center to assist families within our district
  - c) Look for opportunities to introduce more mental wellness programs in our Elementary Schools

## Instructional Goals 2019-20

- 1) Align Systems to Support a Guaranteed, Viable Curriculum with High Quality Instruction:
  - Standards Leaders will continue to work closely with BOCES Instructional Coordinators to turn-key standards, build formative assessments and continue to map the curriculum.
  - Ensure the curriculum is aligned with assessments, responsive to all students, and guides intervention and enrichment for all students.
  - Support best practices of instruction utilizing systems of: Building Relationships, Engaging Students and Checking for Comprehension.
  - Provide students with rigorous educational programs.
  - Continue to provide focused, on-going professional development opportunities. Encourage and put more teachers in the position to “teach teachers” and take on leadership roles
  
- 2) Encourage a Data Friendly Culture:
  - Continue the development of collaborative learning teams that analyze data in real time, determine strategies for improvement and share best practices
  - Continue to provide ongoing support for all teachers/administrators to refine assessment practices
  - Continue the development of measurable Multi-Tiered Systems of Support (MTSS) including: Academic, Behavioral, Social/Emotional
  - Establishment of Quarterly Data Reporting
  
- 3) Improve Student Learning and Well- Being
  - Focus on School-Based Mental Health Services to Promote Academic Success
  - Train all Staff in Mental Health First Aid
  - Become a Trauma Informed District
  - Encourage Community Partnerships
  
- 4) Increase Graduation Rates:
  - Focus on increasing passing/mastery rates of Regents exams
  - Identify at risk students at the middle school level and build programs to support them.
  - Develop a True Academic Learning Center that will encompass: Academic Intervention Support (AIS) and Credit Recovery
  - Continue the REACH program for both 9th and 10th graders
  
- 5) Graduate Students for College and Career Success:
  - Create a Middle School STEAM sequence
  - Create Pathways at the HS levels
  - Focus on critical thinking/collaborative problem solving and technology skills.
  - Focus on Behavioral skills related to success in education and the workforce, (dependability, collaboration, adapting, and managing stress)



**ISSUER COMMENT**

12 February 2019

**RATING**

**General Obligation (or GO Related) <sup>1</sup>**

Aa3 No Outlook

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**Frontier Central School District, NY**

Annual Comment on Frontier CSD

**Issuer Profile**

Frontier Central School District is located in Erie County in the southwestern region of upstate New York. The district is headquartered in the Town of Hamburg, approximately 10 miles south of Buffalo near the shore of Lake Erie. The county has a population of 922,129 and a moderate population density of 883 people per square mile. The county's median family income is \$70,078 (2nd quartile) and the December 2018 unemployment rate was 3.9% (3rd quartile) <sup>2</sup>. The largest industry sectors that drive the local economy are health services, retail trade, and manufacturing.

**Credit Overview**

Frontier CSD's credit position is good, and its Aa3 rating is level with the US school districts median of Aa3. The key credit factors include a robust financial position, a strong wealth and income profile and a solid tax base. The credit position also reflects a light debt burden and a moderate pension liability.

**Finances:** The district has a very healthy financial position, which is a strength when compared to the assigned rating of Aa3. Frontier CSD's cash balance as a percent of operating revenues (20.6%) is slightly below the US median, but rose materially from 2014 to 2018. Furthermore, fund balance as a percent of operating revenues (171%) is a little weaker than other school districts nationwide.

**Economy and Tax Base:** The economy and tax base of Frontier CSD are strong and are consistent with its Aa3 rating. Median family income equates to a healthy 114.4% of the US level. In addition, total full value (\$2.7 billion) is slightly above the US median, and grew markedly between 2014 and 2018. Lastly, full value per capita (\$73,398) approximates the US median.

**Debt and Pensions:** The district has a light debt burden and is a modest credit strength in comparison to the assigned rating of Aa3. Net direct debt to full value (1.2%) is slightly under the US median, and was flat from 2014 to 2018. The majority of New York school districts receive state building aid reimbursements for approved capital spending which can be used to help offset debt costs. That said, Frontier CSD's pension liability is moderate and is slightly weak with respect to its Aa3 rating. Moody's-adjusted net pension liability to operating revenues (1.6x) approximates the US median.

**Management and Governance:** New York school districts have an Institutional Framework score <sup>3</sup> of A, which is moderate. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. New York School Districts operate within a state-imposed property tax cap, which limits their ability to increase their operating

levy by the lesser of 2% or CPI (before adjusting for exemptions and rollovers). This cap cannot be overridden at the local level, but can be overridden with 60% voter approval. Unpredictable revenue fluctuations tend to be low, or less than 5% annually. Across the sector, fixed and mandated costs are generally greater than 25% of expenditures. New York State has public sector unions and the additional constraint of the Triborough Amendment, which limits the ability to cut expenditures. Unpredictable expenditure fluctuations tend to be moderate, or between 5-10% annually.

### Sector Trends - New York School Districts

New York's economic expansion continues, although it varies widely by region. School districts continue to be constrained by the statewide property tax cap, but most are able to maintain balanced operations, in part due to favorable state aid trends. Enrollment has generally remained flat with modest increases in some areas. Charter schools have not created pressure in New York. Pension liabilities are not a pressure for New York schools due to the well-funded nature of the state run plan.

EXHIBIT 1

#### Key Indicators 4.5 Frontier CSD

	2014	2015	2016	2017	2018	US Median	Credit Trend
<b>Economy / Tax Base</b>							
Total Full Value	\$2,394M	\$2,459M	\$2,568M	\$2,656M	\$2,709M	\$1,906M	Improved
Full Value Per Capita	\$65,659	\$67,199	\$69,567	\$71,953	\$73,398	\$84,623	Improved
Median Family Income (% of US Median)	114%	114%	114%	114%	114%	102%	Stable
<b>Finances</b>							
Available Fund Balance as % of Operating Revenues	9.0%	9.2%	12.9%	15.0%	17.1%	22.0%	Improved
Net Cash Balance as % of Operating Revenues	10.3%	12.3%	16.8%	22.0%	20.6%	26.8%	Improved
<b>Debt / Pensions</b>							
Net Direct Debt / Full Value	1.4%	1.6%	1.5%	1.3%	1.2%	1.5%	Stable
Net Direct Debt / Operating Revenues	0.47x	0.54x	0.50x	0.46x	0.41x	0.71x	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	4.8%	4.9%	3.8%	4.3%	4.6%	2.9%	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	1.63x	1.64x	1.26x	1.46x	1.56x	1.42x	Stable
<b>Debt and Financial Data</b>							
Population	36,471	36,594	36,921	36,921	36,921	N/A	
Available Fund Balance (\$000s)	\$6,358	\$6,697	\$9,994	\$11,718	\$13,706	\$8,985	
Net Cash Balance (\$000s)	\$7,293	\$8,971	\$13,008	\$17,153	\$16,504	\$10,862	
Operating Revenues (\$000s)	\$70,806	\$72,727	\$77,411	\$78,065	\$79,973	\$41,251	
Net Direct Debt (\$000s)	\$32,952	\$39,139	\$38,476	\$35,599	\$33,049	\$28,020	
Moody's Adjusted Net Pension Liability (3-yr average) (\$000s)	\$115,247	\$119,330	\$97,520	\$113,896	\$124,833	\$55,897	

Source: Moody's Investors Service

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody.com](http://www.moody.com) for the most updated credit rating action information and rating history.



## EXHIBIT 2

## Available fund balance as a percent of operating revenues increased from 2014 to 2018



Source: Issuer financial statements; Moody's Investors Service

## EXHIBIT 3

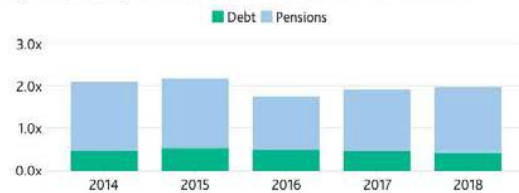
## Full value of the property tax base increased from 2014 to 2018



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

## EXHIBIT 4

## Moody's-adjusted net pension liability to operating revenues remained stable from 2014 to 2018



Source: Issuer financial statements; Government data sources; Offering statements; Moody's Investors Service

## Endnotes

- The rating referenced in this report is the issuer's General Obligation (GO) rating or its highest public rating that is GO-related. A GO bond is generally backed by the full faith and credit pledge and total taxing power of the issuer. GO-related securities include general obligation limited tax, annual appropriation, lease revenue, non-ad valorem, and moral obligation debt. The referenced ratings reflect the government's underlying credit quality without regard to state guarantees, enhancement programs or bond insurance.
- The demographic data presented, including population, population density, per capita personal income and unemployment rate are derived from the most recently available US government databases. Population, population density and per capita personal income come from the American Community Survey while the unemployment rate comes from the Bureau of Labor Statistics.
- The largest industry sectors are derived from the Bureau of Economic Analysis. Moody's allocated the per capita personal income data and unemployment data for all counties in the US census into quartiles. The quartiles are ordered from strongest-to-weakest from a credit perspective: the highest per capita personal income quartile is first quartile, and the lowest unemployment rate is first quartile.
- The institutional framework score assesses a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See [US Local Government General Obligation Debt \(December 2016\)](#) methodology report for more details.
- For definitions of the metrics in the Key Indicators Table, [US Local Government General Obligation Methodology and Scorecard User Guide \(July 2014\)](#). Metrics represented as N/A indicate the data were not available at the time of publication.
- The medians come from our most recently published local government medians report, [Medians - Property values key to stability, but pension burdens remain a challenge \(March 2018\)](#) which is available on Moody's.com. The medians presented here are based on the key metrics outlined in Moody's GO methodology and the associated scorecard.

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REPORT NUMBER

1155786

# NYS Fiscal Stress Report

**Name:** Frontier Central School District  
**MuniCode:** 140636100400  
**County:** Erie

**Fiscal Year End:** 30-Jun  
**Year Last Filed:** 2018

Fiscal Stress Financial Indicator Data Inputs				Data			
Financial Indicators	Components	Account Code(s)	Fund(s)	2016	2017	2018	
1	Unassigned Fund Balance	916 & 917	General Fund	3,143,245	3,355,185	3,319,741	
2	Total Fund Balance	8029		11,937,837	15,146,572	15,475,518	
1, 2, 3, 5	Gross Expenditures			71,532,073	74,984,473	76,132,251	
5	Monthly Expenditures (Gross Expenditures ÷ 12)			5,961,006	6,248,706	6,344,354	
3	Gross Revenues			76,528,788	78,282,008	79,961,192	
4	Cash and Investments	200-223, 450 & 451		5,723,459	6,127,475	4,914,589	
5		200, 201, 450 & 451		5,723,309	6,127,325	4,914,439	
4	Current Liabilities	600-626, 631-668		6,598,415	5,908,865	5,944,416	
6	Short-Term Cash-Flow Debt	Revenue Anticipation Notes, Tax Anticipation Notes, Budget Notes, and Deficiency Notes Only		All Funds	0	0	0

Financial Indicators	Fiscal Stress Financial Indicators	Public Scores Pre System Enhancements	Public Scores Post System Enhancements	
		2016	2017	2018
1	Unassigned Fund Balance as a Percentage (%) of Gross Expenditures	0	0	0
2	Total Fund Balance as a Percentage (%) of Gross Expenditures	0	0	0
3	Operating Deficits	0	0	0
4	Cash Ratio - Cash and Investments as a Percentage (%) of Current Liabilities	3.33	0	3.33
5	Cash as a Percentage (%) of Monthly Gross Expenditures	3.33	3.33	3.33
6	% Change in Short-Term Cash-Flow Debt Issuance		0	0
6 (Prior Year)	Short-Term Cash-Flow Debt Issuance Amount	0		
7 (Prior Year)	Short-Term Cash-Flow Debt Issuance Trend	0		

Total Points* Score Classification	6.7 No Designation	3.3 No Designation	6.7 No Designation
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**Revenue and Expenditure Definitions**

Gross Revenues = Revenues and Other Sources (Transfer Activity)  
 Gross Expenditures = Expenditures and Other Uses (Transfer Activity) - 9950.9 (Transfers to Capital Projects Fund)

Classification	Point Range (Out of 100 total pts)
Significant	65 - 100
Moderate	45 - 64.9
Susceptible	25 - 44.9
No Designation	0 - 24.9

\* Indicator points are rounded to two decimal places. Total points are rounded to one decimal place.

Data as of 12/28/2018

## Enrollment History

### Frontier Central School District Enrollment History

	2015-16	2016-17	2017-18	2018-19	2019-20
Big Tree	513	507	488	529	531
Blasdell	452	458	458	432	454
Cloverbank	554	548	556	561	561
Pinehurst	677	677	674	637	634
<b>Total Elementary</b>	<b>2196</b>	<b>2190</b>	<b>2176</b>	<b>2159</b>	<b>2180</b>
Middle School	1138	1153	1128	1129	1142
High School	1510	1431	1418	1380	1362
<b>Total Secondary</b>	<b>2648</b>	<b>2584</b>	<b>2546</b>	<b>2509</b>	<b>2504</b>
<b>Grand Total (In-District)</b>	<b>4844</b>	<b>4774</b>	<b>4722</b>	<b>4668</b>	<b>4684</b>
Special Education (Out of District Placements)	59	62	60	62	65
Frontier Students attending Private Schools (includes Home School)	513	480	509	478	528
<b>Grand Total</b>	<b>5416</b>	<b>5316</b>	<b>5291</b>	<b>5208</b>	<b>5277</b>
<b>UPK Programs:</b>	<b>144</b>	<b>143</b>	<b>144</b>	<b>144</b>	<b>144</b>
(includes: UPK @ Blasdell, Cloverbank, HeadStart, Edu-Kids)					

# Forecast – Revenue & Expenditures

## Executive Summary & Assumptions

FRONTIERCSD  
Financial Forecasts  
November 2019

### EXECUTIVE SUMMARY:

These forecasts were developed assuming no significant changes in current staffing, contractual increases and State Aid funding. It is assumed all tax levy increases would be under the Tax Cap as calculated. Debt Service and State Building Aid are consistent with current completed projects.



### ASSUMPTIONS:

- Revenue for 2019-20:
  - Budget adjusted for changes as anticipated.
- Revenue for 2020-21 through 2024-25:
  - 2.6% increase in state aid
  - 2.5% increase in tax levy based on cap plus property growth
  - 1.5% increase in all other revenues
  - No change in appropriated fund balance
- Expense for 2019-20:
  - Amount budgeted for all expense items, reduced by estimates based on current expenditure trends to date
  - Expense for 2020-21 through 2024-25:
    - Average of 2.81% increase in wages includes negotiated pay increases reduced by base line estimated breakage from retirements
    - 6% increase in health insurance costs
    - Retirement contributions based on flat rates
    - Debt service and transfers based on current debt
    - 1.5% average increase in all other expenses

### RESULTS:

- Revenue growth approximating 2.4% is insufficient to offset expenditure growth averaging 3.0% over the course of the projection. Surplus declines annually until virtual breakeven is met in 2025.

### CHALLENGE:

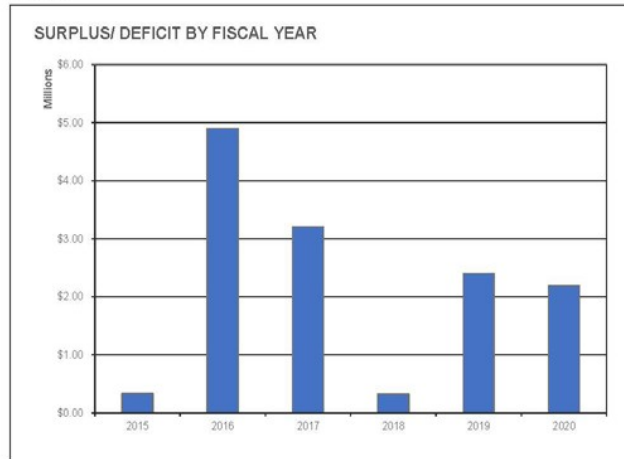
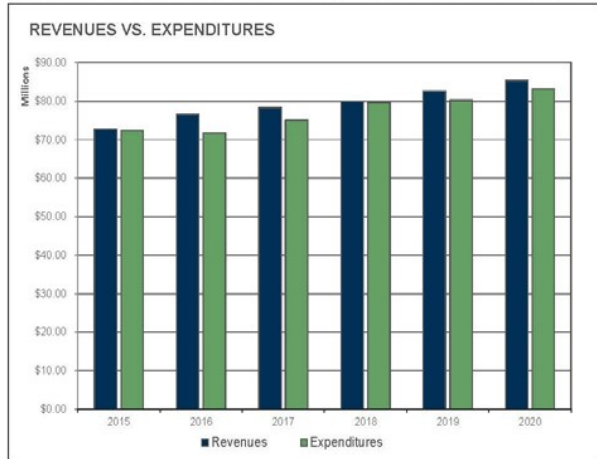
- Maximize revenue through use of available expenditure driven state aid categories – Boces, Transportation, Instructional Materials and Building Aid – and grants where available.
- Repurpose funding to prioritized components as opportunities present through retirements, restructure and reinvention.

# Historical Summary

## General (A) Fund | Historical Summary

	ACTUAL REVENUE / EXPENDITURE								Estimated		
	2015	2016	%Δ	2017	%Δ	2018	%Δ	2019	%Δ	2020	%Δ
<b>REVENUE</b>											
Local	\$44,117,539	\$44,671,868	1.26%	\$45,875,312	2.69%	\$46,715,202	1.83%	\$48,331,769	3.46%	\$49,470,966	2.36%
State	\$28,305,563	\$31,642,980	11.79%	\$31,907,712	0.84%	\$32,931,658	3.21%	\$33,942,561	3.07%	\$35,524,540	4.66%
Federal	\$304,245	\$213,940	-29.68%	\$280,984	31.34%	\$314,337	11.87%	\$293,887	-6.51%	\$300,000	2.08%
Transfers In	\$0	\$0		\$218,000		\$0	-100.00%	\$0		\$0	
<b>TOTAL REVENUE</b>	<b>\$72,727,348</b>	<b>\$76,528,788</b>	<b>5.23%</b>	<b>\$78,282,008</b>	<b>2.29%</b>	<b>\$79,961,197</b>	<b>2.15%</b>	<b>\$82,568,217</b>	<b>3.26%</b>	<b>\$85,295,506</b>	<b>3.30%</b>
<b>EXPENDITURES</b>											
Salary and Benefit Costs	\$57,202,935	\$56,364,759	-1.47%	\$58,495,853	3.78%	\$59,070,630	0.98%	\$61,625,758	4.33%	\$63,698,311	3.36%
Other	\$15,185,531	\$15,267,315	0.54%	\$16,577,420	8.58%	\$20,561,621	24.03%	\$18,540,987	-9.83%	\$19,405,683	4.66%
<b>TOTAL EXPENDITURES</b>	<b>\$72,388,466</b>	<b>\$71,632,074</b>	<b>-1.04%</b>	<b>\$75,073,273</b>	<b>4.80%</b>	<b>\$79,632,251</b>	<b>6.07%</b>	<b>\$80,166,745</b>	<b>0.67%</b>	<b>\$83,103,994</b>	<b>3.66%</b>
<b>SURPLUS / DEFICIT</b>	<b>\$338,882</b>	<b>\$4,896,714</b>		<b>\$3,208,735</b>		<b>\$328,946</b>		<b>\$2,401,472</b>		<b>\$2,191,512</b>	
<b>BEGINNING FUND BALANCE</b>	<b>\$6,792,241</b>	<b>\$7,041,123</b>		<b>\$11,937,837</b>		<b>\$15,146,572</b>		<b>\$15,475,518</b>		<b>\$17,876,991</b>	
<b>YEAR END BALANCE*</b>	<b>\$7,041,123</b>	<b>\$11,937,837</b>		<b>\$15,146,572</b>		<b>\$15,475,518</b>		<b>\$17,876,991</b>		<b>\$20,068,503</b>	
<b>FUND BALANCE AS % OF EXPENDITURES</b>	<b>9.73%</b>	<b>16.67%</b>		<b>20.18%</b>		<b>19.43%</b>		<b>22.30%</b>		<b>24.15%</b>	
<b>FUND BALANCE AS # OF MONTHS OF EXPEND.</b>	<b>1.17</b>	<b>2.00</b>		<b>2.42</b>		<b>2.33</b>		<b>2.68</b>		<b>2.90</b>	

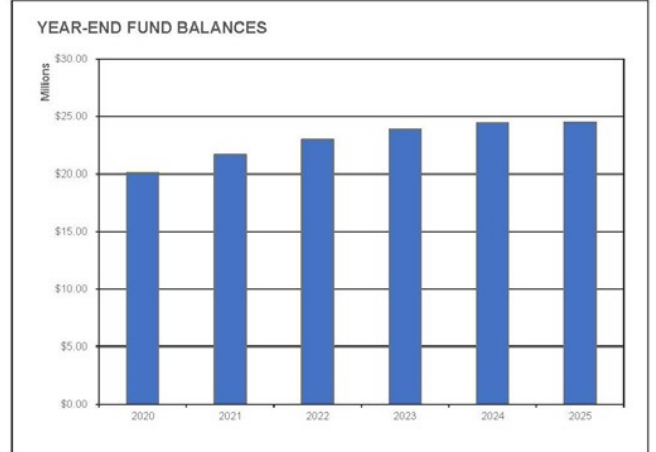
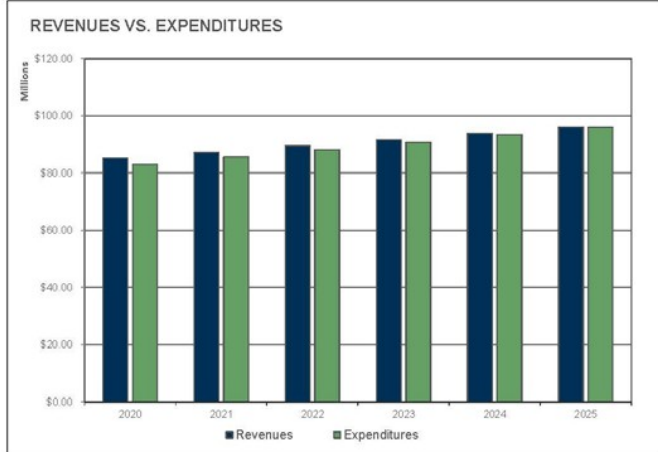
\* Year End Balances are provided by the district and may not reflect the net change presented in revenues and expenditures.



# Projection Summary

## General (A) Fund | Projection Summary

	Estimated	REVENUE / EXPENDITURE PROJECTIONS									
	2020	2021	%Δ	2022	%Δ	2023	%Δ	2024	%Δ	2025	%Δ
<b>REVENUE</b>											
Local	\$49,470,966	\$50,623,013	2.33%	\$51,802,591	2.33%	\$53,010,368	2.33%	\$54,247,030	2.33%	\$55,513,280	2.33%
State	\$35,524,540	\$36,448,178	2.60%	\$37,395,831	2.60%	\$38,368,122	2.60%	\$39,365,693	2.60%	\$40,389,201	2.60%
Federal	\$300,000	\$300,000	0.00%	\$300,000	0.00%	\$300,000	0.00%	\$300,000	0.00%	\$300,000	0.00%
Transfers / Other	\$0	\$0		\$0		\$0		\$0		\$0	
<b>TOTAL REVENUE</b>	<b>\$85,295,506</b>	<b>\$87,371,191</b>	<b>2.43%</b>	<b>\$89,498,422</b>	<b>2.43%</b>	<b>\$91,678,490</b>	<b>2.44%</b>	<b>\$93,912,724</b>	<b>2.44%</b>	<b>\$96,202,482</b>	<b>2.44%</b>
<b>EXPENDITURES</b>											
Salary and Benefit Costs	\$63,698,311	\$65,906,331	3.47%	\$68,097,739	3.33%	\$70,366,438	3.33%	\$72,715,302	3.34%	\$75,147,313	3.34%
Other	\$19,405,683	\$19,828,334	2.18%	\$20,110,215	1.42%	\$20,397,733	1.43%	\$20,691,002	1.44%	\$20,990,136	1.45%
<b>TOTAL EXPENDITURES</b>	<b>\$83,103,994</b>	<b>\$85,734,665</b>	<b>3.17%</b>	<b>\$88,207,953</b>	<b>2.88%</b>	<b>\$90,764,171</b>	<b>2.90%</b>	<b>\$93,406,304</b>	<b>2.91%</b>	<b>\$96,137,449</b>	<b>2.92%</b>
<b>SURPLUS / DEFICIT</b>	<b>\$2,191,512</b>	<b>\$1,636,526</b>		<b>\$1,290,468</b>		<b>\$914,319</b>		<b>\$506,420</b>		<b>\$65,033</b>	
<b>BEGINNING FUND BALANCE</b>	<b>\$17,876,991</b>	<b>\$20,068,503</b>		<b>\$21,705,029</b>		<b>\$22,995,497</b>		<b>\$23,909,816</b>		<b>\$24,416,237</b>	
<b>PROJECTED YEAR END BALANCE</b>	<b>\$20,068,503</b>	<b>\$21,705,029</b>		<b>\$22,995,497</b>		<b>\$23,909,816</b>		<b>\$24,416,237</b>		<b>\$24,481,269</b>	
<b>FUND BALANCE AS % OF EXPENDITURES</b>	<b>24.15%</b>	<b>25.32%</b>		<b>26.07%</b>		<b>26.34%</b>		<b>26.14%</b>		<b>25.46%</b>	
<b>FUND BALANCE AS # OF MONTHS OF EXPEND.</b>	<b>2.90</b>	<b>3.04</b>		<b>3.13</b>		<b>3.16</b>		<b>3.14</b>		<b>3.06</b>	



## Reserves/Fund Balances

### 2019-20 Fund Balance Plan

#### FRONTIER CENTRAL SCHOOL DISTRICT 2019-2020 FUND BALANCE PLAN

##### **Items for consideration during 2019-2020:**

- June 30, 2019 fund balance totals \$17,875,761 vs \$15,475,518 in 2018.
- Consider, if applicable, transferring funds from the Workers Compensation, Employee Benefit Accrued Liability and Retirement Contribution Reserves to fund larger than anticipated expenditures.
- Consider appropriated fund balance in the 2020-21 revenue budget between 1.0% and 2.5% of annual budget depending on mid-year projections and budgetary needs.
- Finance and Budget Committee will consider and make a recommendation in February 2020 regarding:
  - Establish the 2020 Reserve for Repairs [created by Board resolution] [funded by appropriation budget] [utilized after public hearing]
- If funds are available at year end, maintain unassigned fund balance at a percentage of subsequent year's budget that is between the 3% minimum per Board policy and 4% allowed by law.
- Finance and Budget Committee will make a recommendation to the Board of Education in June 2020 regarding estimated reserve funding amounts effective June 30, 2020.
- Finance and Budget Committee will make a recommendation to the Board of Education regarding final reserve funding amounts effective June 30, 2020, on or about September 2020, when all 2019-20 financial information is available.
- If funds are available at year end above the 4% maximum unassigned fund balance, recommend transfers to the following reserves in the priority order listed:
  - Capital Reserve – Continue to fund the 2019 Capital Reserve [\$6,000,000] to cover the local share of future building projects.
  - Retirement Contribution Reserve – now includes a sub-Reserve for Teachers Retirement System liability. Fund up to a maximum of one-year combined expense [ERS plus TRS] of approximately \$4,974,418 [2020 combined Budget];
  - Workers' Compensation Reserve - fund up to a maximum of the accrued liability for workers' compensation of approximately \$3,218,757;
  - Employee Benefit Accrued Liability Reserve – fund up to a maximum of the accrued liability for unused accumulated leave time of approximately \$4,001,045;
  - Reserve for Repairs – eligible to begin annual funding increments in 2021.
  - Tax Certiorari Reserve as needed.



**COMPONENTS OF FUND BALANCE:**

**Unassigned Fund Balance**

**6/30/19 Actual Balance: \$3,451,760**

*Creation* – Retention of these funds are allowed by law with no other approval required.

*Purpose* – These funds are unrestricted and may be used for any valid purpose.

*Funding Methods* – These funds have been accumulated from excess fund balance.

*Use of Funds* – It is recommended that these funds not be used except for an emergency, unanticipated expense, or revenue shortfall, that cannot be handled either in the budget or with other available reserves.

*Monitoring of Balance* – These funds are monitored by the Director of Finance.

*Funding Level* – The maximum legal limit is 4% of the ensuing budget. Board Policy 5513 establishes that the level of funding be maintained between 3% and 4% of the subsequent year’s budgeted expenses. The maximum amount at 4% would be \$3,451,760 as of June 30, 2018.

**Assigned Appropriated Fund Balance**

**6/30/19 Actual Balance: \$1,948,488**

*Creation* – These funds are fund balance that have been set aside for a particular purpose, namely, to reduce the tax levy required to support an ensuing year’s budget.

*Purpose* – These funds are set aside and returned to the community by lowering the required tax levy to support the district’s budget.

*Funding Methods* – These funds are fund balance that are assigned for a particular purpose.

*Use of Funds* – It is recommended that the practice of appropriating funds continue each year, as budgets permit. In the future, tighter budgets may restrict the amount of excess available to be appropriated to a subsequent year.

*Monitoring of Balance* – The balance and use of these funds are monitored by the Director of Finance.

*Funding Level* – It is recommended that the planned amount of assigned appropriated fund balance included as a revenue source in future budgets be limited to the amount of contingency included in the expenditure budget.

**Assigned Unappropriated Fund Balance**  
**(Reserve for Encumbrances)**

**6/30/19 Actual Balance: \$184,030**

*Creation* – These funds are fund balance that have been set aside for a particular purpose, namely to pay for outstanding encumbrances remaining at the end of a school year.

*Purpose* – These funds are used to pay for outstanding encumbrances remaining at the end of a school year.

*Funding Methods* – These funds are fund balance that is assigned for a particular purpose.

*Use of Funds* – These funds will be expended during the subsequent year for the purpose for which they were encumbered. It is recommended that the practice of assigning fund balance for the purpose of carryover encumbrances continue each year. This practice appropriately matches revenue with the appropriations that it was intended to support.

*Monitoring of Balance* – The estimating and recording of these funds is monitored by the Assistant Superintendent for Business.

*Funding Level* – The funding level should be minimal as most expenses attributable to a particular year are appropriated in that year.

**Nonspendable Fund Balance**

**6/30/19 Actual Balance: \$344,493**

*Creation* – These funds are fund balance that are inherently nonspendable in the current period because of their form, specifically this is the current cash value of life insurance policies on former employees.

*Purpose* – These funds will be used to reduce life insurance expense each year as the cash value increases or the cash value on a policy is received.

*Funding Methods* – These funds are fund balance that is inherently nonspendable in the current year.

*Use of Funds* – These funds will not be expended during the year, but will be adjusted at the end of each year to the current cash value of life insurance.

*Monitoring of Balance* – The calculating and recording of these funds is monitored by the Director of Finance.

*Funding Level* – The funding level is approximately 100% of the cash value of life insurance at the end of each year.

**Employee Benefit Accrued Liability Reserve**

**6/30/19 Actual Balance: \$2,764,037**

*Purpose* – This reserve is used to pay for accrued benefits due to employees upon termination of service for vacation, sick leave and personal leave. This fund cannot be used to pay for items such as: retirement incentives, FICA and Medicare payments and retiree health insurance.

*Funding Methods* – Funds are placed in this reserve from budgetary appropriations or excess fund balance.

*Use of Reserve* – This reserve is used when an employee separates from the District and payment of accumulated leave is required.

*Monitoring of Reserve* – This reserve is monitored by the Director of Finance. At the end of each fiscal year the estimated compensated absences accrual is calculated to support the funding of this reserve.

*Funding Level* – This reserve can be funded at a level up to 100% of the accrued liability for unused accumulated leave time (compensated absences), which was \$4,001,045 on June 30, 2019.

**Workers' Compensation Reserve**

**6/30/19 Actual Balance: \$2,077,984**

*Purpose* – This reserve may be used for workers compensation expenses, related medical expenses and self-insurance administrative costs.

*Funding Methods* – Funds are placed in this reserve from budgetary appropriations or excess fund balance.

*Use of Reserve* – This reserve would be used to pay any allowable costs, as described in the purpose for this reserve.

*Monitoring of Reserve* – This reserve is monitored by the Director of Finance.

*Funding Level* – This reserve can be funded up to the estimated amount of all outstanding claims as of the end of each year. The District obtained an actuarial valuation to determine an appropriate estimate of this amount for June 30, 2018. Conservatively, the current estimate is \$3,218,757.

**Capital Reserve - 2016**

**6/30/19 Actual Balance: \$2,626,803**

*Creation* – This reserve was created on May 17, 2016 via voter approval.

*Purpose* – This reserve may be used to fund the cost of any object or purpose for which bonds may be issued.

*Funding Methods* – Voter approval is required to establish and fund this reserve. In accordance with the approved proposition, this reserve is funded from budgetary appropriations or excess fund balance as approved by voters. At the end of each fiscal year, consideration will be given to transferring additional funds to this reserve for subsequent capital projects.

*Use of Reserve* – Use of this reserve requires voter approval. Consideration will be given to use of the balance of these funds for subsequent capital projects.

*Monitoring of Reserve* – This reserve is monitored by the Director of Finance.

*Funding Level* – This reserve may be funded as stated in the approved proposition. This reserve is fully funded [\$6,000,000 maximum less \$3,400,000 transferred to Capital Fund as required under Bond Resolution for 2018 Capital Project]. The probable life of the reserve was also stated in the proposition and is ten years.

**Capital Reserve - 2019**

**6/30/19 Actual Balance: \$500,000**

*Creation* – This reserve was created on May 21, 2019 via voter approval at a \$6,000,000 maximum.

*Purpose* – This reserve may be used to fund the cost of any object or purpose for which bonds may be issued.

*Funding Methods* – Voter approval is required to establish and fund this reserve. In accordance with the approved proposition, this reserve is funded from budgetary appropriations or excess fund balance as approved by voters. At the end of each fiscal year, consideration will be given to transferring additional funds to this reserve for subsequent capital projects.

*Use of Reserve* – Use of this reserve requires voter approval. Consideration will be given to use of the balance of these funds for subsequent capital projects.

*Monitoring of Reserve* – This reserve is monitored by the Director of Finance.

*Funding Level* – The \$500,000 balance marks the initial contribution to this reserve. The probable life of the reserve was also stated in the proposition and is ten years.

**Retirement Contribution Reserve**

**6/30/19 Actual Balance: \$3,826,166**

*Creation* – This reserve was created in July 2016.

*Purpose* – This reserve is used to pay for district expenses to the NYS Employees Retirement System only. Payments to the Teachers Retirement System are now allowed from this reserve through a sub-fund.

*Funding Methods* – Funds are placed in this reserve from budgetary appropriations or excess fund balance.

*Use of Reserve* – This reserve can be used to cover all or a portion of annual NYS Employees Retirement System expense.

*Monitoring of Reserve* – This reserve is monitored by the Director of Finance.

*Funding Level* – The plan is to fund this reserve in years when the Retirement System rate is low and use this reserve in years when the rate is high. The recommendation is to fund the reserve up to a maximum of one combined year of ERS and TRS. At current rates, that level is approximately \$4,974,418.

**Tax Certiorari Reserve**

**6/30/19 Actual Balance: \$150,000**

*Creation* – This reserve was created in June 2019.

*Purpose* – This reserve is used to pay judgements or claims in tax certiorari proceedings under RPTL, Article 7.

*Funding Methods* – Funds are placed in this reserve from budgetary appropriations or excess fund balance.

*Use of Reserve* – This reserve can be used to cover all or a portion of annual settlements. Moneys not expended must be returned to the General Fund on or before the 1<sup>st</sup> day of the 4<sup>th</sup> year after funding.

*Monitoring of Reserve* – This reserve is monitored by the Director of Finance.

*Funding Level* – The plan is to fund this reserve to match submission of Tax Certiorari claims and adjust based on settlement.

# Budget Process

## 2020-21 Budget Calendar

### Frontier Central School District 2020-2021 Budget Calendar

October 15, 2019 (Tues)	Finance & Budget Committee meeting (review draft of budget calendar and discuss budget goals/guidelines)
November 5 (Tues)	Board of Education Business meeting (approve budget calendar)
November 19 (Tues)	Finance & Budget Committee meeting (review draft of budget goals/guidelines)  Board of Education Workshop meeting (present proposed budget goals/guidelines)
December 3 (Tues)	Board of Education Business meeting (approve budget goals/guidelines)
December 4 (Wed)	Superintendent discuss framework and guidelines with administrative staff
December 17 (Tues)	Finance & Budget Committee meeting (discuss key components of rollover budget)
January 21, 2020 (Tues)	Board of Education Workshop meeting (present summarized rollover budget)
January 2-31	Meetings to gather department plans (needs/requests)
February 11 (Tues)	Finance & Budget Committee meeting (discuss department needs/requests and spending shifts)  Board of Education Business meeting (present preliminary revenue estimates, additional needs and spending shifts)
February 14 (Fri)	Preliminary BOCES requests due to Business Office
February 28 (Fri)	Submit tax levy limit calculation to the Office of State Comptroller School Board Candidate nominating petitions on district website or in the Office of the District Clerk
March 3 (Tues)	Finance & Budget Committee meeting (discuss spending decisions and options for closing gap) Board of Education Business meeting (present 1 <sup>st</sup> draft of budget, change items and decision points)

March 17 (Tues)	<b>Finance &amp; Budget Committee meeting</b> (discuss spending decisions to include in final draft budget) <b>Board of Education Workshop meeting</b> (present options for closing the gap and recommend spending decisions)
April 1-April 3 (Wed/Fri)	<b>First publication of school budget vote legal notice</b> (1 <sup>st</sup> of 4 at least 45 days prior to Annual Meeting)
April 7 (Tues)	<b>Finance &amp; Budget Committee meeting</b> (review final budget figures and updated state aid estimates) <b>Board of Education Workshop meeting</b> present final draft of budget and impact of state budget
April 8-10 (Wed/Fri)	<b>Second publication of school budget vote legal notice</b>
April 20 (Mon)	<b>School Board Candidate nominating petitions due in the Office of the District Clerk by 5:00 pm (30 days before election)</b>
April 21 (Tues) (no later than Apr 27)	<b>Proposed budget approved by Board of Education</b> <b>Approve BOCES administrative budget and BOCES Board candidates</b>
April 22 (Wed) (1 day after budget approved by BOE)	<b>Property Tax Report Card submitted to State Education Department</b> <b>Property Tax Report Card submitted to newspaper</b>
April 28 (Tues)	<b>Budget document available upon request in each building and website</b> (no later than 7 days before Budget Hearing or Apr 28)
April 29-May 1 (Wed/Fri)	<b>Third publication of school budget vote legal notice Mail absentee ballots</b> (no earlier than 30 days or later than 7 days prior to vote or Apr 29-May 1)
<b>May 5 (Tues)</b>	<b>Budget Hearing</b> (at least 7 days but not more than 14 days prior to Annual Meeting or May 5- May 12)
May 6 (Wed) schools	<b>Distribute budget newsletter and budget notice to district residents and schools</b> (after Budget Hearing but no later than 6 days prior to Budget Vote or May 19)
May 6-8 (Wed/Fri)	<b>Fourth publication of school budget vote legal notice</b>
<b>May 19 (Tues)</b>	<b>Annual Meeting (budget vote)</b> (3 <sup>rd</sup> Tuesday in May)
June 16 (Tues)	<b>Revote day if put to a second vote</b>

## 2020-21 Budget Development Goals and Guidelines

### 2020-21 Budget Development Goals and Guidelines

#### **Budget Goals**

1. Provide a staffing plan, supplemented by support services, supplies, contractual and technology appropriations focused on the instructional goals of the district.
2. Provide facilities, transportation and technology services that are safe, well maintained and conducive to the activities of the district, supported by adequate funding for maintenance and improvement and staffed to achieve results.
3. Make budgetary decisions that are consistent with plans for long-term financial sustainability, mindful of the restrictions imposed by the Tax Levy Cap and Foundation Aid formula funding and the impact of increased regulation.
4. Effectively communicate budgetary needs and decisions to the public throughout the budget process.

#### **Budget Guidelines**

The budget guidelines expand on the Budget Goals and are established by the Board of Education to guide District Administrators in the budget development process. Input resulting from the District's Strategic Planning Initiative will be incorporated in real time as developed and approved. The 2020-2021 Frontier Central School District budget shall be guided by the following criteria:

#### **Budget Goal #1 – INSTRUCTIONAL GOAL [Summary – Detail attached]**

- a) Align Systems to Support a Guaranteed, Viable Curriculum with High Quality Instruction
- b) Encourage a Data Friendly Culture
- c) Improve Student Learning and Well- Being
- d) Increase Graduation Rates
- e) Graduate Students for College and Career Success



### Budget Goal #2 – FACILITIES AND ENVIRONMENT

- a) Maintenance of facilities and equipment – the budget will include an adequate allocation of funds to maintain facilities and upgrade equipment in support of health and safety and a learning environment conducive to student achievement; budget will be coordinated with long- term facilities and capital project planning. Equipment needs will be developed by department and building leaders, and prioritized, including the-annual proposition for bus purchases.
- b) Technology plan – hardware, software and infrastructure needs will advance the 1:1 student device initiative, support instructional goals and meet new mandated requirements for data security.
- c) Staffing – review for effectiveness, and restructure as required to achieve efficiency.

### Budget Goal #3 – LONG TERM FINANCIAL SUSTAINABILITY

- a) State Aid– the District’s primary source of State Aid is Foundation Aid and our first indication for the 2021 budget year will come in the Governor’s budget proposal delivered in January, 2020. The NYS Budget and resulting school aid is historically finalized in March.
- b) Tax Levy Cap – CPI is expected to approximate 2%. No exclusion for retirement system payments, ERS and TRS, are anticipated. PILOT payments are expected to remain stable, as is the Capital Exclusion. The goal of the Board of Education is to budget for a tax levy that is within the tax levy limit calculated under NYS Property Tax Cap regulations. Any consideration of exceeding the tax levy limit would be discussed with the full Board of Education.
- c) Total budget increase/decrease – the overall budget will not be based on a predetermined percentage increase or decrease but rather on the needs of the District for the upcoming year and restrictions imposed by anticipated revenue sources.
- d) Contractual obligations – Teacher, Support Staff and Administrative contracts extend beyond 2020 fiscal year end. Nursing Staff contract expires June 30, 2020.
- e) Retirement Systems - NYS has released estimated TRS rates projecting an increase to 10.25% from 8.86% currently on a reduction in estimated rate of return. ERS rates are expected to be similar to prior year at 14.59% of payroll.
- f) Employee Benefits – The District has benefitted from health insurance increases below the National trends to date. No guaranty this positive trend will continue.

Budget Goal #4 – COMMUNICATION

- a) Community input will be solicited and welcomed throughout the 2020-2021 budget development process.
- b) Public presentations on the budget development process will be provided at Board of Education meetings throughout the fall and winter. The final budget proposal will be presented at the budget hearing on May 2020 and community feedback and comments will be acknowledged.
- c) Publication of documents
  - i. The budget calendar provides a detailed timeline for the budget development process and is posted on the District website.
  - ii. All agendas and supporting documentation from Budget and Finance Committee meetings, and presentations from Board of Education meetings, will be posted on the District website.
  - iii. Complete budget document – contents will be in accordance with NYS requirements and will be posted on the District website and available in all District buildings by April 30, 2020
  - iv. Budget newsletter - will contain descriptive information regarding the 2020-2021 budget and will be distributed to all taxpayers on or about May 8, 2020

# 2020-21 Tax Cap Projection

## Property Tax Cap

### 2021 Projection plus Trend Report for Frontier Central School District

Tax Levy Limit (Cap) before Exclusions	2021	2020	2019	2018	2017	2016	2015	2014
Tax Levy Prior Year	40,998,287	39,741,467	38,727,313	37,808,502	36,996,183	36,227,031	34,976,578	33,782,538
Prior Year Reserve Offset	0	0	0	0	0	0	0	0
Reserve Amount	0	0	0	0	0	0	0	0
Tax Base Growth Factor	1.0122	1.0114	1.0086	1.0133	1.0096	1.0085	1.007	1.0085
PILOTS Receivable Prior Year	754,833	754,833	695,309	631,478	677,739	668,291	604,832	602,359
Tort/Judgment Exclusion Prior Year	0	0	0	0	0	0	0	0
Capital Tax Levy for Prior Year	850,817	849,056	885,830	885,563	519,680	641,313	83,480	655,654
Allowable Levy Growth Factor	1.017	1.02	1.02	1.0126	1.0012	1.0162	1.0146	1.02
PILOTS Receivable Current Year	754,833	754,833	754,833	695,309	631,478	677,739	678,892	529,734
Available Carryover from Prior Year	0	0	0	0	0	0	0	0
Total Levy Limit before Exclusions	<u>41,351,491</u>	<u>40,147,470</u>	<u>38,892,411</u>	<u>37,841,483</u>	<u>36,922,939</u>	<u>36,476,503</u>	<u>35,585,718</u>	<u>34,166,988</u>
<b>Exclusions</b>								
Tax levy necessary for expenditures resulting from tort orders/judgments over 5%								
Prior Year Tax Levy	0	0	0	0	0	0	0	0
Capital Tax Levy for Current Year	850,817	850,817	849,056	885,830	885,563	519,680	641,313	83,480
Tax levy for pension contribution expense								
TRs	0	0	0	0	0	0	0	718,552
ERS	0	0	0	0	0	0	0	0
Total Exclusions	850,817	850,817	849,056	885,830	885,563	519,680	641,313	802,032
Total Tax Levy Limit, Adjusted for Transfers Plus Exclusions	<u>42,202,308</u>	<u>40,998,287</u>	<u>39,741,467</u>	<u>38,727,313</u>	<u>37,808,502</u>	<u>36,996,183</u>	<u>36,227,031</u>	<u>34,969,020</u>
Reserve Amount Used to Reduce Current Year Levy	0	0	0	0	0	0	0	0
Proposed Levy for Current Year, Net of Reserve	<u>42,202,308</u>	<u>40,998,287</u>	<u>39,741,467</u>	<u>38,727,313</u>	<u>37,808,502</u>	<u>36,996,183</u>	<u>36,227,031</u>	<u>34,969,020</u>
Total Tax Levy Limit Adjusted for Transfers Plus Exclusions compared to the Prior Year Tax Levy	2.94%	3.16%	2.62%	2.43%	2.20%	2.12%	3.60%	3.50%
Difference between Tax Levy Limit Plus Exclusions and Current Year Proposed Levy Planning to Override the Cap								
	0	0	0	0	0	0	0	0
	No	No	No	No	No	No	No	No
Tax Levy Change	1,204,021	1,256,820	1,014,154	918,811	812,319	769,152	1,258,011	
Tax Based Growth Factor 11/14/19	1.0122							
CPI capped at 2%, August 2019	1.70%							
Capital Tax Levy Estimated Flat	850,817							
PILOTS Current Year Est Flat	754,833							

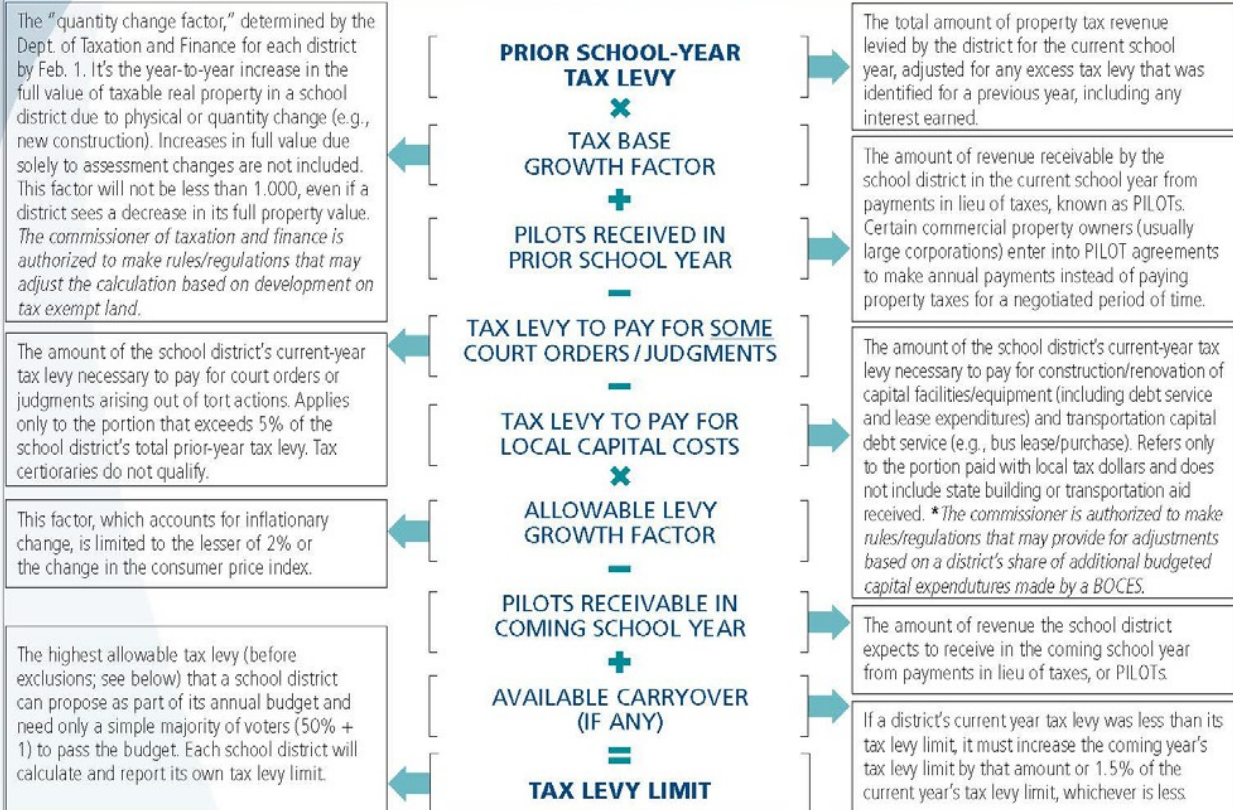
Source: Open Book New York Office of the State Comptroller  
Thomas P. DiNapoli, State Comptroller

# New York's Tax Levy "Cap" Formula:

## How does it add up?

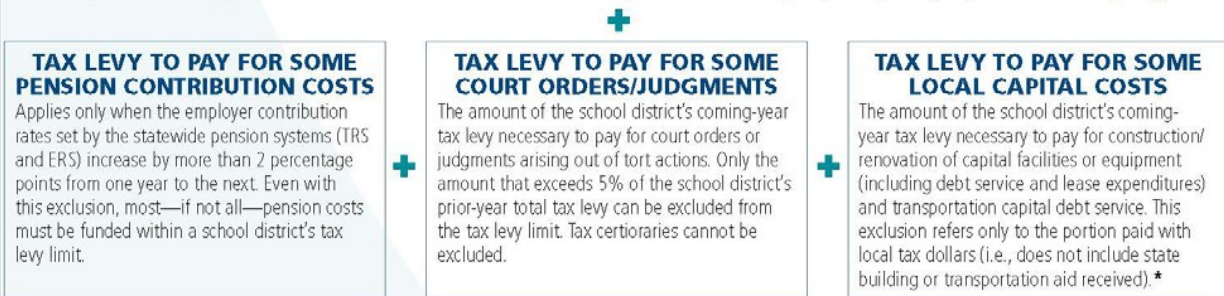
Although often referred to as a "2 percent tax cap," New York's tax levy "cap" law does not restrict any proposed tax levy increase to 2 percent. Pursuant to the law, each school district must follow an 8-step calculation, outlined below, to calculate its individual "tax levy limit." That limit then determines what level of voter support is required for budget approval.

### THE BASE FORMULA



### EXCLUSIONS TO BE ADDED

The law excludes certain portions of a school district's tax levy from the calculation above. A district can add these exclusions (described below) to its tax levy limit, increasing the amount of taxes the district is allowed to levy while still needing only a simple majority of voters for budget approval.



### MAXIMUM ALLOWABLE TAX LEVY

= The tax levy limit plus exclusions. This is the highest total tax levy that a school district can propose as part of its annual budget for which only the approval of a simple majority of voters (50% + 1) is required.