

KENMORE-TOWN OF TONAWANDA
UNION FREE SCHOOL DISTRICT

BUDGET WORK SESSION

THE BALANCED BUDGET

BOARD OF EDUCATION MEETING
FEBRUARY 2, 2016

We educate, prepare, and inspire all students to achieve their highest potential



Today's Purpose



**To provide an update on
2016-17 budget
development.**

Building a Budget to Support Our Students' Future

Mission:

We educate, prepare & inspire all to achieve their highest potential.

District Goals:

- All students will **achieve mastery** in literacy and numeracy. All students who graduate from KTUFSD will be challenged to reach College and Career Readiness expectations in literacy and numeracy.
- The District will achieve financial and capital sustainability.

Board Goals:

*Board Composition

*Communication – Advocacy

*Board Self-Evaluation

*Superintendent Evaluation

Criteria for Decision Making in Budget Development

- District mission statement
- Board and District goals
- NYSED requirements and mandates
- Student achievement data
- Degree of impact on students and core programs for college and career readiness
- Specific impact on number of and needs of students
- Impact on community and taxes



Impacting Decisions



- ✓ *State & Federal Aid*
(Note: increases have historically not kept pace with contractual obligations and health insurance costs)
- ✓ *Property Tax Cap = 4.57% limit*
- ✓ *Aligning resources for teaching and learning*



Students **first** in every decision!

Latest Statewide Budget News

- Up \$991 million (4.2%) from 2015-16
 - \$961 million in formula aids
 - \$22 million in Empire State Pre-K
 - \$4 million for Early College High School
 - \$2 million for QUALITYstarsNY
- Partial Gap Elimination Adjustment
 - \$241 million
 - "Full restoration over the next two years"
- Outlook challenging for Ken-Ton in 2016-17

Strategies to Close the Budget Gap



Three ways to close a deficit:

- Raise Taxes
- Reduce Expenditures
- Increase Use of Fund Balance/Reserves

Budget Status

- Development in process
- Refining budget projections
- Analyzing consolidation projections/savings
- Finalizing revenue projections
- Focusing on reducing expenditures
- Emphasis on balance
expenditures = revenues



Revenue Budget

- Assessing all revenues
- Huntley Impact

PILOT Give-Back:
\$894,000

Property assessments
\$213 million ➡ ?

Tax Rate

Timeline unclear



Debt Service

- \$10 million annually beginning 2016-17
- Additional \$560,000 in interest payments
 - \$515,000 – 2014 Capital Project
 - \$30,000 – May 15 Proposition (6 buses)
 - \$15,000 – QZAB borrowing



Debt Service

KENMORE-TOWN OF TONAWANDA UFSD
Debt Service Payments

Description	Original Amount	Borrowing Date	Interest Rate	Principal	2014-15 Interest	Total	Principal	2015-16 Interest	Total	Principal	2016-17 Interest	Total
2005 Series A	\$25,600,000	7/1/05	3.00% / 4.00%									
2005 Series A-Refunding	\$11,435,000	6/1/14	1.38%	\$1,680,000.00	\$ 339,194.00	\$1,999,194.00	\$1,940,000.00	\$ 331,950.00	\$2,271,950.00	\$2,006,000.00	\$ 263,275.00	\$ 2,269,275.00
2005 Refunding Series B -Non-callable	\$12,515,000	7/1/05	3.25% - 3.75%	\$ 585,000.00	\$ 83,693.76	\$ 668,693.76	\$ 575,000.00	\$ 63,218.76	\$ 638,218.76	\$ 570,000.00	\$ 42,375.00	\$ 612,375.00
Music Lease #1	\$600,000	9/30/05	3.39%									
Music Lease #2	\$600,000	10/15/06	3.94%									
Music Lease #3	\$480,000	2/15/08	3.76%									
Energy Performance Contract EPC #1 Refinancing	\$15,064,078	4/15/04	5.69%	\$1,219,078.00	\$ 207,890.36	\$1,426,968.36	\$1,261,308.22	\$ 165,660.14	\$1,426,968.36	\$1,306,001.35	\$ 121,967.01	\$ 1,426,968.36
2008 Bond (2006 Buses)	\$964,500	2/15/08	2.88%									
2008 Bond (2007 Buses)	\$1,079,000	2/15/08	2.88%									
2008 Bond (Trans. Facility)	\$4,515,500	2/15/08	3.31%	\$ 310,000.00	\$ 92,912.50	\$ 402,912.50	\$ 325,000.00	\$ 83,612.50	\$ 408,612.50	\$ 335,000.00	\$ 73,862.50	\$ 408,862.50
2008 Bus Bond	\$995,105	8/1/08	3.02%									
Energy Performance Cont #2	\$1,531,992	12/10/08	5.39%	\$ 92,920.00	\$ 57,135.27	\$ 140,055.27	\$ 95,893.06	\$ 44,162.30	\$ 140,055.36	\$ 101,167.11	\$ 38,888.25	\$ 140,055.36
2007 Project												
2008 BAN (2007 Project)	\$5,563,559	9/11/08	3.00%									
2009 BAN (2007 Project)	\$5,563,559	9/10/09	1.30%									
2010 BAN (2007 Project)	\$5,275,000	9/8/10	1.50%									
Premium/Net Payment												
2011 BAN (2007 Project)	\$5,025,000	9/7/11	1.75%									
2012 BAN (2007 Project)	\$4,680,000	9/5/12	0.58%									
2013 Bond (2007 Project)	\$4,315,000	8/4/13	2.60%	\$ 380,000.00	\$ 166,846.67	\$ 546,846.67	\$ 415,000.00	\$ 100,575.00	\$ 515,575.00	\$ 420,000.00	\$ 85,950.00	\$ 505,950.00
Premium/Net Payment												
2009 Bus Bond	\$860,950	11/18/09	2.29%	\$ 180,000.00	\$ 2,137.50	\$ 182,137.50						
2010 Bus Bond	\$963,161	10/28/10	1.75%	\$ 195,000.00	\$ 6,093.75	\$ 201,093.75	\$ 195,000.00	\$ 2,193.75	\$ 197,193.75			
2011 Buses												
2011 BAN (2011 Buses)	\$773,930	9/7/11	1.75%									
Premium/Net Payment												
2012 BAN #2 (2011 Buses)	\$773,930	9/5/12	0.58%									
2013 Bond (2011 Buses)	\$580,000	8/4/13	3.34%	\$ 190,000.00	\$ 24,129.68	\$ 214,129.68	\$ 195,000.00	\$ 10,725.00	\$ 205,725.00	\$ 195,000.00	\$ 3,900.00	\$ 198,900.00
Premium/Net Payment												
2009 Project												
2011 BAN (2009 Project)	\$23,000,000	7/26/11	1.50%									
Premium/Net Payment												
2012 BAN (2009 Project)	\$42,366,000	7/24/12	1.00%									
Net Payment												
2013 BAN (2009 Project)	\$5,301,000	6/18/13	0.33%									
Premium/Net Payment												
2014 BAN (2009 Project)	\$7,956,442	8/17/14	0.50%	\$ 62,756.00	\$ 39,782.21	\$ 102,538.21						
Premium/Net Payment												
2013 OZAB Bond	\$5,000,000	8/27/13	0.63%	\$ 328,399.45	\$ 24,791.35	\$ 353,190.80	\$ 330,142.28	\$ 23,048.64	\$ 353,190.82	\$ 331,894.34	\$ 21,296.46	\$ 353,190.80
2013 OZAB Lease	\$31,000,000	6/27/13	0.53%	\$2,038,076.59	\$ 153,706.41	\$2,191,783.00	\$2,048,882.09	\$ 142,900.91	\$2,191,783.00	\$2,057,744.95	\$ 132,038.06	\$2,189,783.01
2014 OZAB Bond	\$3,382,244	6/17/14	0.39%	\$ 287,244.00	\$ 15,444.47	\$ 302,688.47	\$ 285,000.00	\$ 14,410.50	\$ 299,410.50	\$ 285,000.00	\$ 13,299.00	\$ 298,299.00
2015 OZAB Bond	\$7,893,688	6/16/15	0.92%				\$ 553,686.00	\$ 72,621.91	\$ 626,307.91	\$ 565,000.00	\$ 67,528.00	\$ 622,528.00
2013 Bond (2013 Buses)	\$525,000	9/4/13	2.93%	\$ -	\$ 23,493.75	\$ 23,493.75	\$ 130,000.00	\$ 13,800.00	\$ 143,800.00	\$ 130,000.00	\$ 0.250.00	\$ 139,250.00
Premium/Net Payment												
2014 Bond (2014 Buses)	\$685,000	8/19/14	1.75%				\$ 135,000.00	\$ 16,666.81	\$ 151,666.81	\$ 135,000.00	\$ 8,443.75	\$ 143,443.75
2015 Bond (2015 Replacement Buses)	\$915,101	8/25/15	1.06%							\$ 175,101.00	\$ 14,768.71	\$ 189,869.71
2014 Project												
2015 BAN (2014 Project)	\$21,000,000									\$ -	\$ 515,000.00	\$ 515,000.00
Premium/Net Payment												
2015 BAN (6 Consolidation Buses)			2%							\$ -	\$ 30,000.00	\$ 30,000.00
Premium/Net Payment												
2015 Bond (10 Replacement & 9 Consolidation Buses)	\$1,970,108	2%								\$ -	\$ 15,000.00	\$ 15,000.00
Premium/Net Payment												
2015 OZAB Bond	\$1,137,939									\$ -	\$ 15,000.00	\$ 15,000.00
Total Debt Service				\$7,516,474.13	\$1,237,251.58	\$8,753,725.71	\$8,482,911.65	\$1,085,546.12	\$9,568,457.77	\$8,600,908.75	\$1,729,341.74	\$10,330,250.49
Net Debt Service				\$7,516,474.13	\$1,046,815.67	\$8,563,289.80	\$8,482,911.65	\$1,085,546.12	\$9,568,457.77	\$8,600,908.75	\$1,456,841.74	\$10,057,750.49
BUDGET CODE DISTRIBUTION												
9711 600 71 0000	School Construction Serial Bond Principal			\$3,222,244.00		\$3,222,244.00	\$4,093,686.00		\$4,760,074.67	\$4,170,000.00		\$4,731,289.50
9711 700 71 0000	School Construction Serial Bond Interest					\$ 698,091.40		\$ 666,368.87				\$ 661,289.50
9712 600 71 0000	Bus Purchase Serial Bond Principal			\$ 585,000.00		\$ 585,000.00	\$ 620,854.68	\$ 655,000.00	\$ 698,355.56	\$ 460,000.00		\$ 481,593.76
9712 700 71 0000	Bus Purchase Serial Bond Interest					\$ 56,854.58		\$ 43,385.56				\$ 21,593.76
9721 600 71 0000	School Const Statutory Bond Principal			\$ 328,399.45		\$ 353,190.80	\$ 330,142.28	\$ 23,048.64	\$ 353,190.82	\$ 331,894.34	\$ 21,296.46	\$ 353,190.80
9721 700 71 0000	School Const Statutory Bond Interest					\$ 24,791.35		\$ 23,048.64				\$ 21,296.46
9722 600 71 0000	Bus Purchase Statutory Bond Principal			\$ -		\$ -		\$ -	\$ 175,101.00			\$ 169,869.71
9722 700 71 0000	Bus Purchase Statutory Bond Interest					\$ -		\$ -				\$ 14,768.71
9731 600 71 0000	School Construction BAN Principal			\$ 62,756.00		\$ 102,538.21				\$ -		\$ 515,000.00
9731 700 71 0000	School Construction BAN Interest					\$ 39,782.21						\$ 515,000.00
9732 600 71 0000	Bus Purchase BAN Principal			\$ -		\$ -		\$ -	\$ -			\$ 30,000.00
9732 700 71 0000	Bus Purchase BAN Interest					\$ -		\$ -	\$ -			\$ 30,000.00
9785 600 71 0000	Installment Lease Principal			\$2,038,076.59		\$2,189,783.00	\$2,048,882.09		\$2,189,783.00	\$2,057,744.95		\$2,189,783.01
9785 700 71 0000	Installment Lease Interest					\$ 153,706.41		\$ 142,900.91				\$ 132,038.06
9789 600 71 0000	EPC Principal			\$1,301,998.09		\$1,667,023.72	\$1,357,201.28		\$1,667,023.72	\$1,406,168.46		\$1,667,023.72
9789 700 71 0000	EPC Interest					\$ 269,025.63		\$ 209,822.44				\$ 160,855.26
TOTAL General Fund				\$7,516,474.13	\$1,237,251.58	\$8,753,725.71	\$8,482,911.65	\$1,085,546.12	\$9,568,457.77	\$8,600,908.75	\$1,456,841.74	\$10,057,750.49
Component Services				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Debt Service				\$7,516,474.13	\$1,046,815.67	\$8,563,289.80	\$8,482,911.65	\$1,085,546.12	\$9,568,457.77	\$8,600,908.75	\$1,184,341.74	\$9,785,250.49

Items printed in italics are estimates.

Tax Cap

Tax Levy Threshold Calculation-OSC-Estimate

1/28/16

DRAFT

A.	Total Real Property Tax Levy for Base Year	\$79,236,785
B.	Tax Base Growth Factor (minimum of 1.0)	1.0025
C.	Product of A * B	\$79,434,877
D.	Base Year PILOTS	\$4,011,452
E.	Sum of C + D	\$83,446,329
F.	Base Year Capital Tax Levy	\$1,549,357
G.	Difference of E - F	\$81,896,972
H.	Allowable Levy Growth Factor based on CPI (.12% for 16-17)	1.0012
I.	Product of G * H	\$81,995,248
J.	Budget Year PILOTS	\$915,462
K.	Difference of I - J	\$81,079,786
L.	Equals Tax Levy Limit Base or Before Exclusions	\$81,079,786
M.	Budget Year Torts and Judgements above 5% of Levy	\$0
N.	Budget Year Capital Tax Levy	\$1,777,420
O.	Budget Year Pension Expense above 2% increase in rate	\$0
	Eligible Prior Year Carryover	\$0
P.	Tax Levy Limit Adjusted for Transfers + Exclusions (Sum L-O)	\$82,857,206
W.	Total Tax Levy Percentage Increase	4.57%

Tax Levy Scenarios

- 2015-16 Levy = \$79,236,785
- 2016-17 Tax Cap Factors
 - Capital Exclusion = Local Debt Share (30%)
 - PILOT Revenue Loss (Huntley)

Percentage Increase	Total Levy	Increase from 2015-16
1%	\$80,029,153	\$792,368
2%	\$80,821,521	\$1,584,736
3%	\$81,613,889	\$2,377,104
4%	\$82,406,256	\$3,169,471
4.57%	\$82,857,206	\$3,620,421

State Aid Executive Proposal – Projections

Ken-Ton Highlights

- GEA Restoration: \$791,287 – only 38%
\$1,285,621 outstanding in GEA
- Increase in Building Aid:
\$536,968 = 7.36%
- Increase in Transportation Aid:
\$702,853 = 18.92%
- Increase in Foundation Aid
.52% = \$190,585



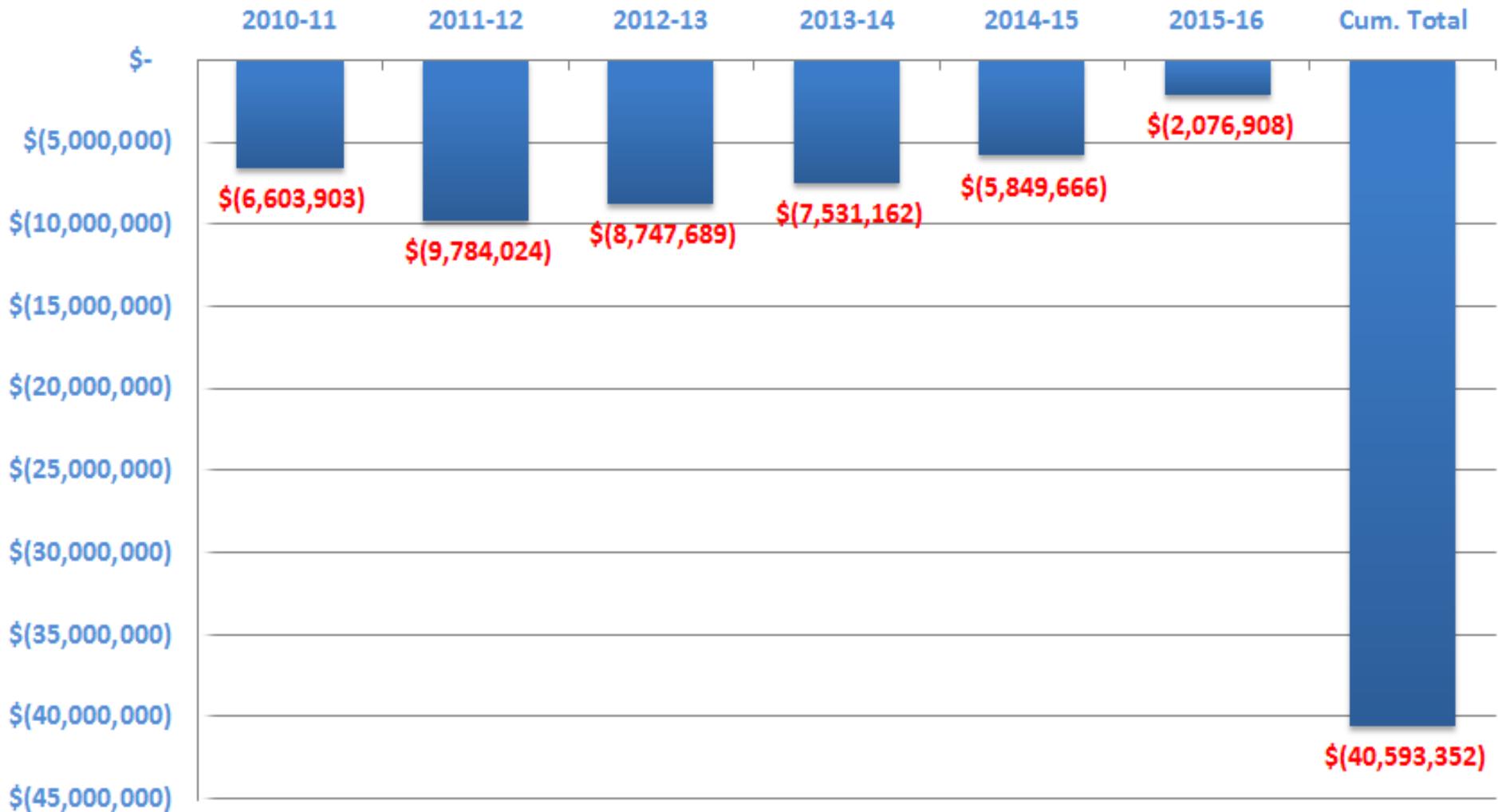
State Aid Comparison

■ State Aid w/o Building Aid

■ Building Aid



Effect of GEA on Ken-Ton Revenue



Walking Distance Recommendation

May 2015 Review

Scenario	Grade Level		Distance	Impact
Reduced Mileage for Consolidation*	Elementary	K-4	0.5	12 new buses needed Estimated Added Cost: \$600,000
	Middle School	5-7	0.75	
	High School	8-12	1.0	

***Assumes the District adopts a standardized 3-tier start time model**

Continuing Budget Development

- Transportation in Consolidation
 - Develop new routes = increased bussing needs
 - 70% aided by New York State

Model	Unit Cost	Quantity	Total Cost	Notes	
65C	\$114,620.87	9	\$1,031,587.83	Consolidation	\$1,031,587.83
65C	\$114,019.45	4	\$456,077.80	Replacement	
30 - Wheelchair	\$72,546.61	1	\$72,546.61	Replacement	
65C w/ Luggage	\$116,356.04	2	\$232,712.08	Replacement	
30 Passenger	\$59,061.10	3	\$177,183.30	Replacement	\$938,519.79
Total			\$1,970,107.62		

Continuing Budget Development

- Expenditures = revenues
- Finalize all revenue projections
- Secure timeline for Huntley closure impact
- Advocate for full GEA restoration
- Calculate final retirement effects on budget
- Department meetings to identify savings



Continuing Budget Development

- Monitor/update fund balance projections
- Establish New Reserves:
 - Capital Reserve – expires in 2018
\$3 million balance
 - Employee Retirement Reserve Fund
while rates are decreasing
- Align benefit and payroll projections with consolidation
- Ensure all spending is aligned to supporting teaching and learning = spending yielding results



QUESTIONS?

Thank you for your support!

More information will be posted at www.ktufsd.org/budget



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