

Kenmore-Town of Tonawanda UFSD Budget 2013-14

Major Impact Items

Board of Education Meeting
November 13, 2012

Challenges: Revenue Budget

➤ State Aid Uncertainty

- Building Aid recalculating assumed debt service on issues from 10 years ago
- Personal Income Growth is less than what was anticipated for the promise of 2013-14 aid
- Foundation Aid frozen since 2008-09
- Gap Elimination Adjustment is still approximately \$9 million

Challenges: Revenue Budget

➤ Asset Sale Reduction

- The sale of the Green Acres Building was a one-time revenue
- Loss of \$850,000 in revenue

Challenges: Revenue Budget

- Reduction in Fund Balance/Reserve use
 - Continue to reduce the reliance on the generation and use of budget surplus to balance the budget
 - Unusually low term sub expense and utility costs led to larger surplus available in 2012-13
 - Net surplus in revenue from the NRG settlement led to larger surplus available in 2012-13
 - Coordinate with long-term plan

Challenges: Revenue Budget

➤ Property Tax Cap

- Enacted by the State legislature in 2011
- Establishes a formula to determine a tax levy limit for each district
- It is NOT a 2% cap
- Allows for carryover of unused portion from prior year
- Exceeding the limit will require a 60% positive vote
- This, along with state aid limits, constrains the two largest portions of the revenue budget

Challenges: Revenue Budget

- Reduction of Tax Base
 - Tax base reduced by an average of \$8.5 million (not counting NRG) over the last few years

Challenges: Expenditure Budget

- One-time expenditure decreases in 2012-13
 - Furlough days
 - Calendar day adjustments
- Contractual increases
 - KTSEA contract expires 6/30/13
- Focus District Designation
 - Redirects resources from the Special Aid Fund

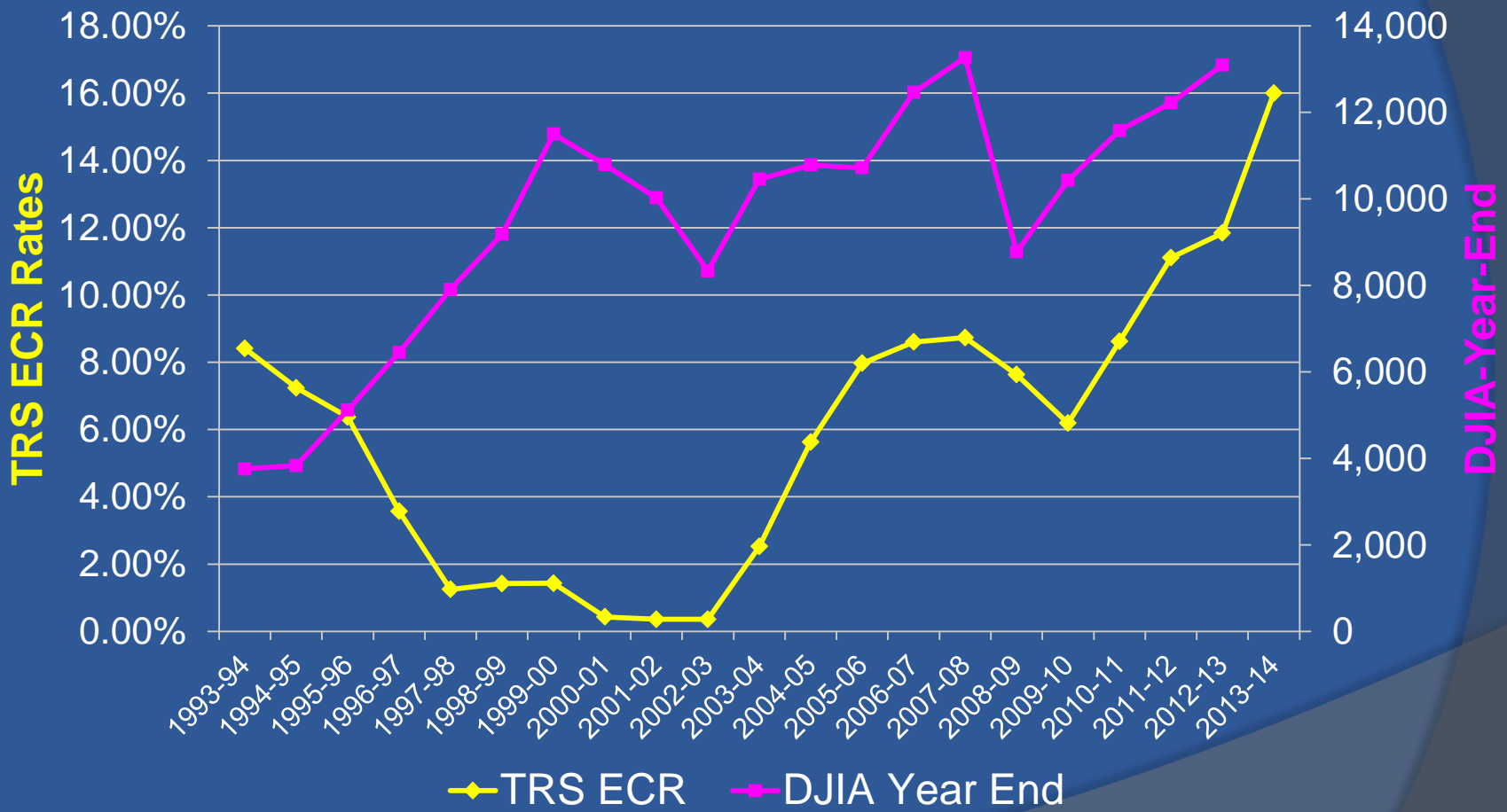
Challenges: Expenditure Budget

- Disproportionality Designation
 - Redirects resources from the Special Aid Fund
- APPR
 - Proving to be an unfunded mandate affecting the General Fund
- Possible sequestration legislation
 - Would drastically reduce Federal Grant funding
 - Would require cuts or General Fund increases

Challenges: Expenditure Budget

- Retirement System Increases
 - The ERS rate is expected to increase about 2.0% which will increase costs about 11%
 - The TRS rate is expected to increase between 3.66% and 4.66% which will increase costs up to 39%

Comparison of TRS Rates and the Dow Jones Industrial Average



Tools: Revenue Budget

- Promised State Aid Increase
 - Supposed to be 3.5%
 - Dependent on Personal income Growth
- Tax Levy Increase Capacity
 - Tax cap amount
 - 1.5% carryover capacity from 2012-13
 - Retirement system increases will allow for an exemption above the cap

Tools: Expenditure Budget

- Closing of Jefferson Elementary
 - Will save about \$2.45 million
- Surplus generation reduction
 - Done in conjunction with the reduction in Fund Balance and Reserve use
 - Coordinate with long-term plan

Tools: Expenditure Budget

- “Normal” FTE reduction due to enrollment decline
- Final Transportation Decision Input Unit
 - Use of a transfer for non-public transportation
- Departmental Decision Input Units

Questions?



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