



North Tonawanda City Schools

2022-23 Budget

FINANCIAL CONSIDERATIONS

Board of Education Meeting
December 1, 2021



The presentation tonight will provide a foundation for future conversations as the District works through the development of the 2022-23 budget.



Discussion Items

- I. 2022-23 Budget TimeLine
 - a. Budget Calendar
 - b. Budget Hearing Date
- II. District Reserves and Financial Condition
 - a. General Overview
 - b. Reserve Plan
 - c. Moody's Report
 - d. Summary

WHAT HAVE WE ACCOMPLISHED?

YEAR ONE

- Security And Capital Improvements
 - Raptor Entry System
 - Completed Camera Systems (Districtwide)
 - Digital Radios (Repeaters)
- Technology Condition Survey
- Finished 2015 CIP
- Fleet Plan Implement

YEARTWO

- Transportation Acquisition (Reserve)
 - Replacement Plan
- Comprehensive Technology Plan
 - Planning SMART (SSIP)
 - BOCES spend (aid)
- Energy Performance
- Touches to 2015 CIP
- Detailed Reserve Plan

WHAT HAVE WE ACCOMPLISHED?

YEAR THREE

- Security And Capital Improvements
 - SSIP implementation
 - 2020 COP
 - 2020 CIP
 - Finish EPC
- Community Wi-Fi (Learning Zones)
- Student Programs – BOCES services
- Detailed Five Year Plan

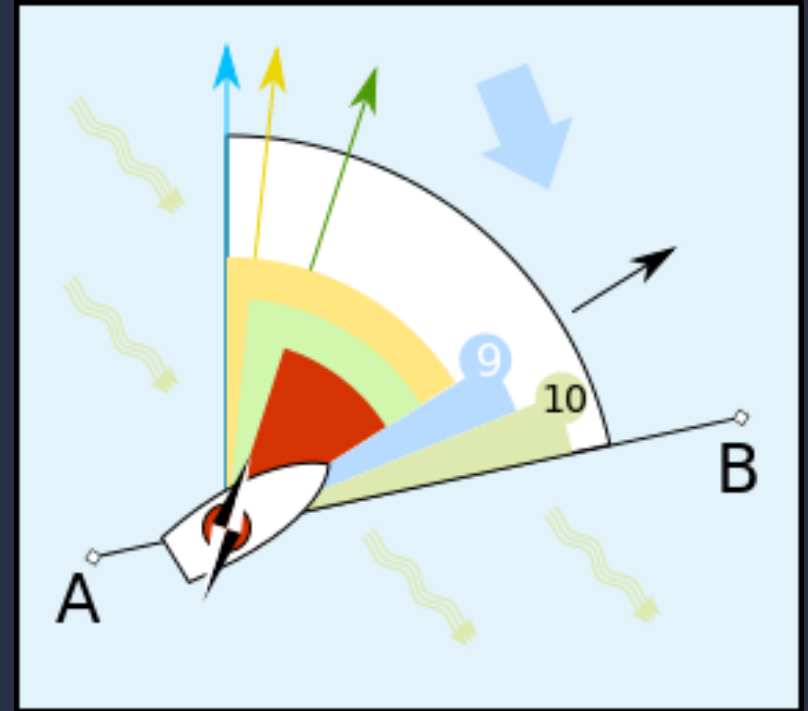
YEAR FOUR

- Security And Capital Improvements
 - SSIP construction
 - 2021 COP
 - Building Condition Survey
 - Future Capital Project
- Community Wi-Fi (Learning Zones) con't
- Learning Loss - grants
- Academic Return on Investment

WHAT IS THE DIRECTION FOR 22-23?

YEAR FIVE

- Security And Capital Improvements (con't)
 - SSIP completion
 - 2022 COP
 - CIP development – 2024 vote
- Community Wi-Fi (Learning Zones) con't
- Learning Loss – grants
 - Completion



Living plan and need to
adjust for change.



BUDGET CALENDAR



2021-22 Budget development timeline



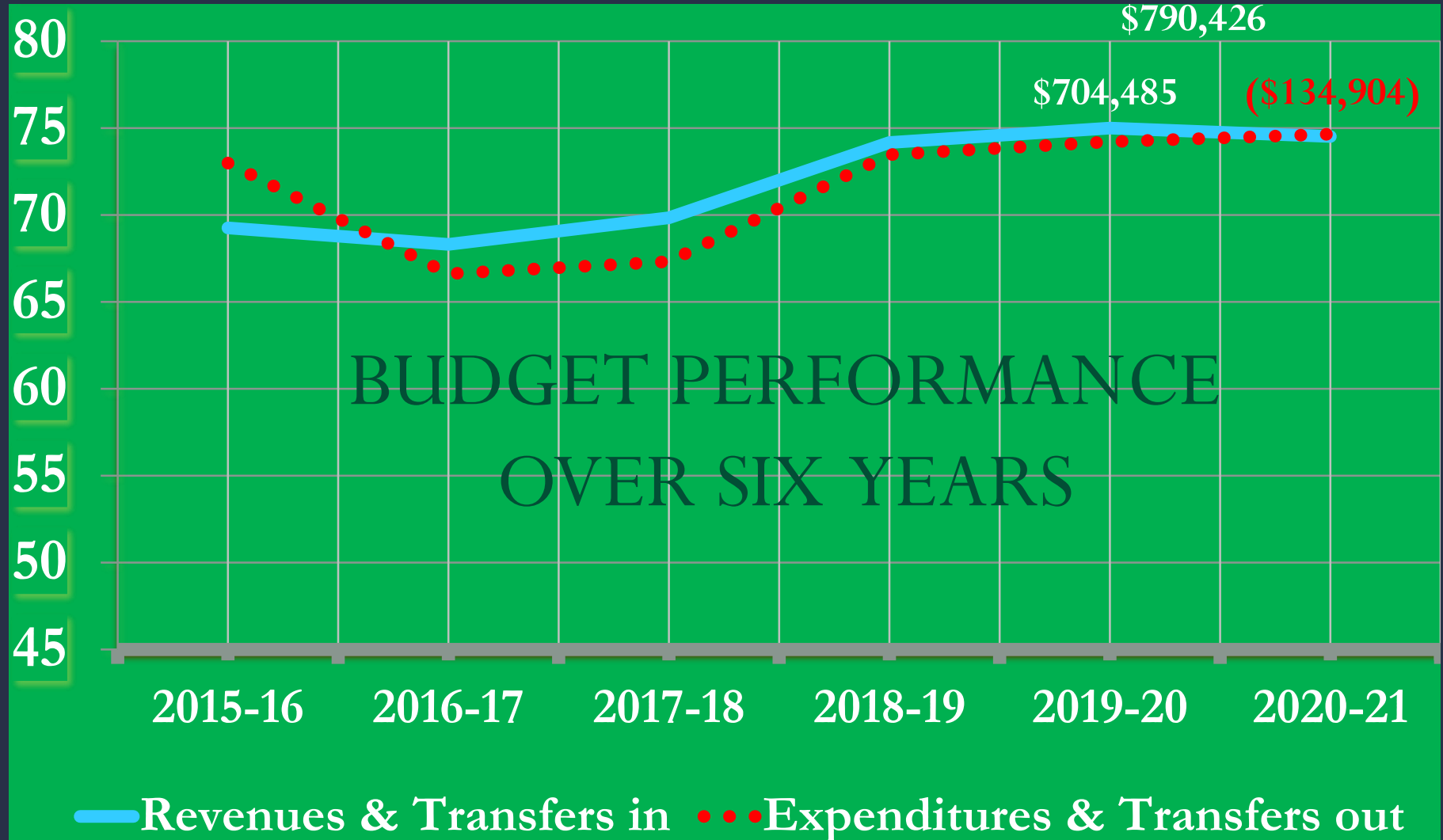


RESERVES & FINANCIAL CONDITION

General Fund

Revenues and Expenditures (includes transfers)

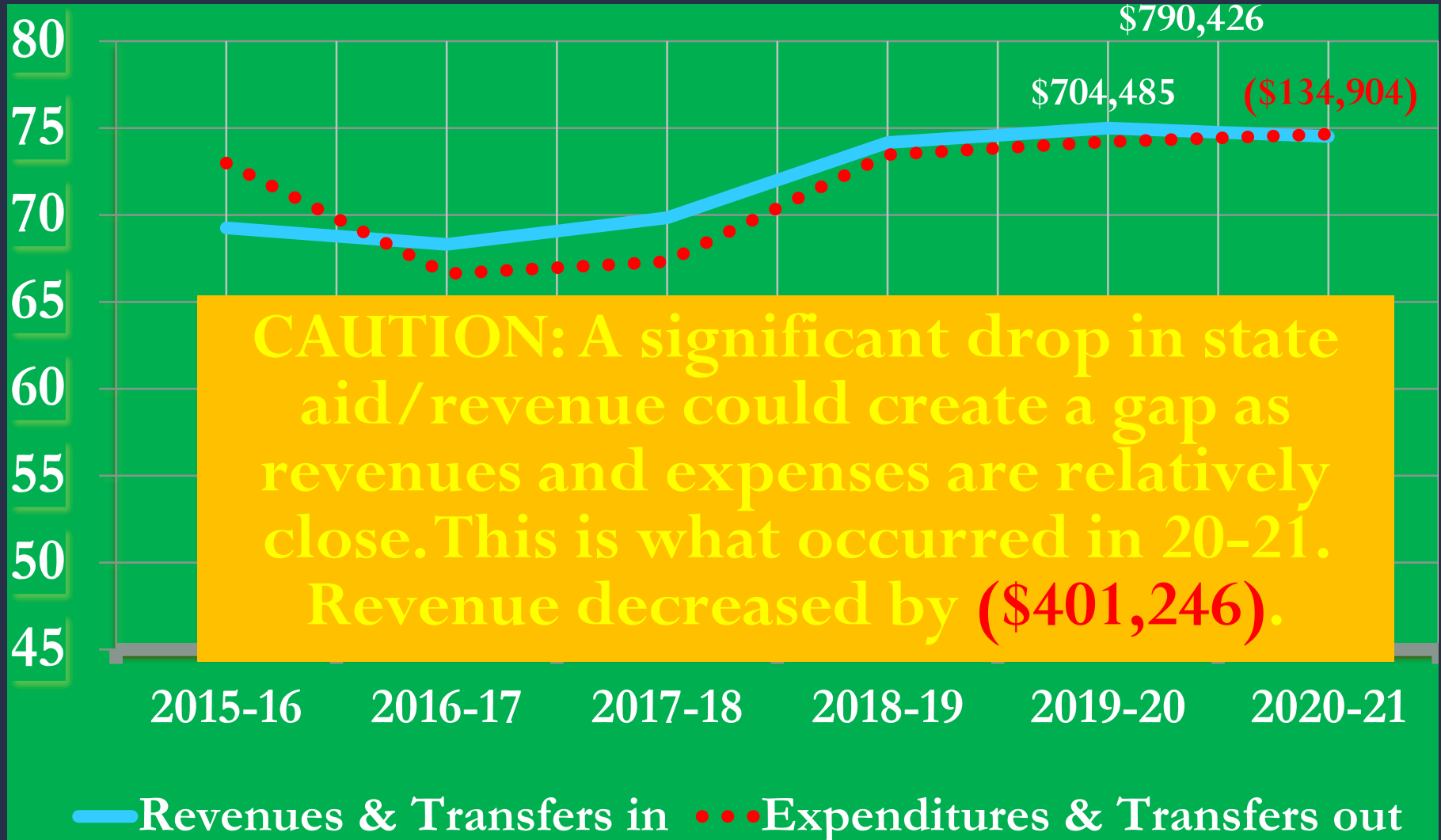
(\$ millions)



General Fund

Revenues and Expenditures (includes transfers)

(\$ millions)



What are the options to close the gap?

A. Cut expenditures in the same proportion as the decrease in revenues.

- Some trimming is appropriate and necessary. ✓
- Do NOT want to cut to the point it compromises services to students.

B. Use Appropriated Fund Balance

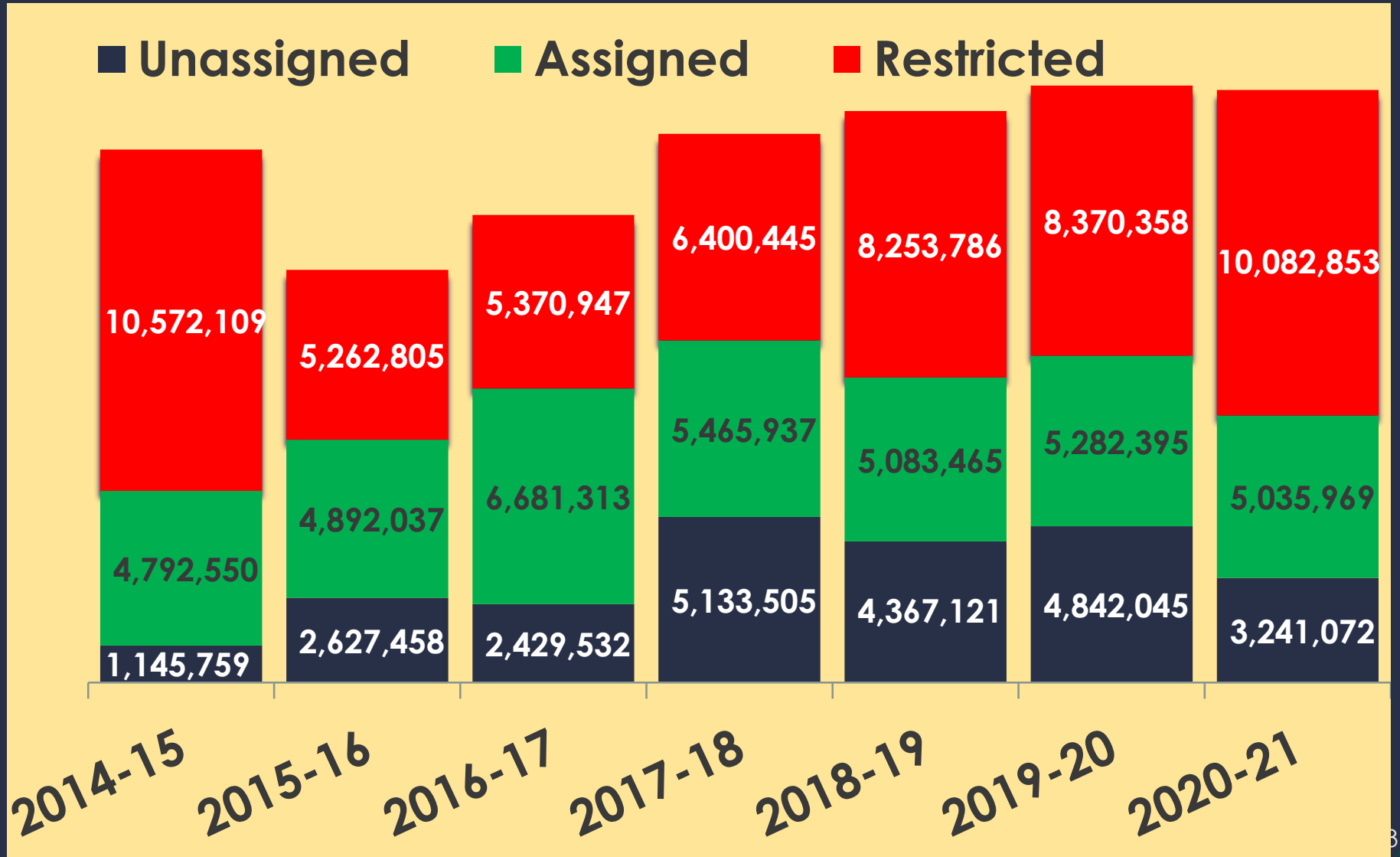
- Not sustainable over long term

C. Use of Reserves ✓

- Match expenditures with appropriate reserves

General Fund Fund Balance Trend

Restricted Fund Balance, Assigned Fund Balance and Unrestricted Fund Balance (\$)



General Fund Fund Balance Trend

Restricted Fund Balance, Assigned Fund Balance and Unrestricted Fund Balance (\$)

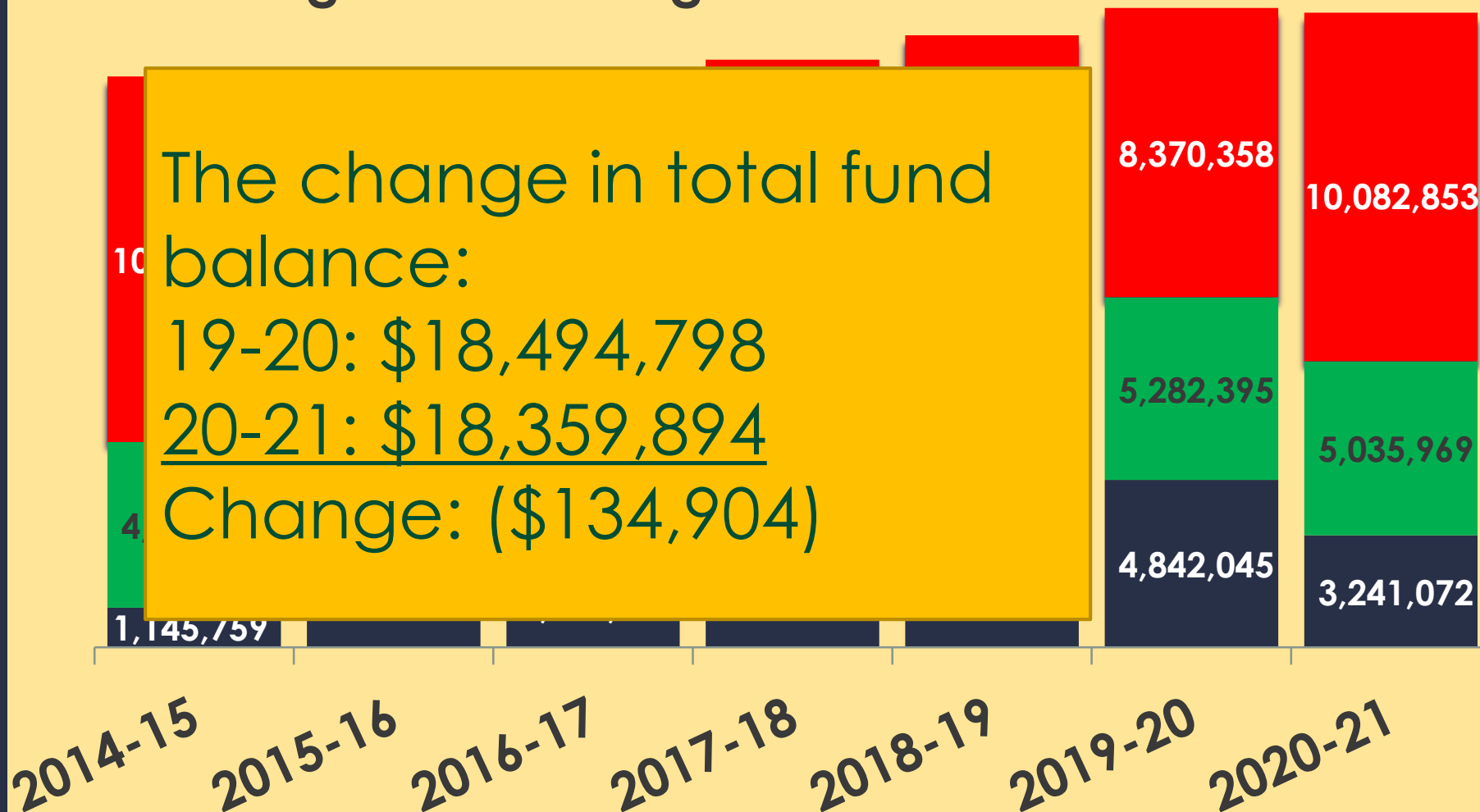
■ Unassigned ■ Assigned ■ Restricted

The change in total fund balance:

19-20: \$18,494,798

20-21: \$18,359,894

Change: (\$134,904)



General Fund

and Balance

Restricted Funds

Assigned Fund Balance

Fund Balance (\$)

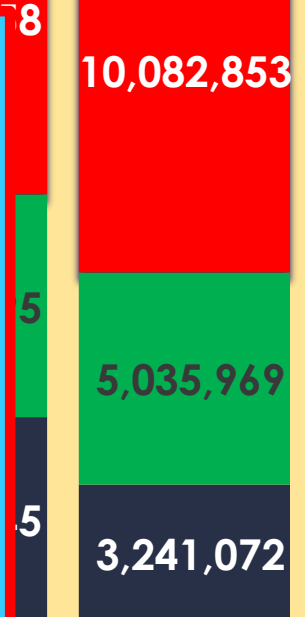
■ Unassigned

■ Assigned



Reserves have been growing for the past four years. **PLANNED** usage of reserves as paired with measured cost reductions is a fiscally responsible approach that can maintain programs.

2014-15 2015-16 2016-17 2017-18 2018-19 2019-20 2020-21



MOODY'S

- ✓ Credit strengths
- ✓ Credit challenges
- ✓ Rating outlook
- ✓ Factors that could lead to an upgrade
- ✓ Factors that could lead to a downgrade

U.S. PUBLIC FINANCE

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
26 July 2021

✓ Rate this Research

North Tonawanda City School District, NY
Update to credit analysis

Summary
North Tonawanda City School District (Aa3), NY's credit profile is supported by sound financial management resulting in consistent operating surpluses and healthy reserves and liquidity. The local economy is stable and resident income and wealth is average. Enrollment has modestly declined and while management expects the trend to flatten the local demographic trends may support further incremental declines. The district's long term liabilities are moderate and fixed costs are low.

Credit strengths

- » Healthy reserves and liquidity
- » Manageable leverage
- » Low fixed costs

Credit challenges

- » Average resident income and wealth
- » Declining enrollment

Rating outlook
Moody's does not usually assign outlooks to local governments with this amount of debt.

Factors that could lead to an upgrade

- » Expansion of local economy and improved resident incomes and wealth

Detailed credit analysis

Aa3 Rating

Exhibit 4

North Tonawanda City School District, NY

	Measure	Weight	Score
Economy			
Resident Income (MHI Adjusted for RPP / US MHI)	98.0%	10.0%	A
Full value per capita (full valuation of the tax base / population)	59,800	10.0%	Baa
Enrollment trend (three-year CAGR in enrollment)	-2.6%	10.0%	Baa
Financial performance			
Available fund balance ratio (available fund balance / operating revenue)	20.9%	20.0%	Aa
Net cash ratio (net cash / operating revenue)	23.2%	10.0%	Aa
Institutional framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	232.5%	20.0%	Aa
Fixed-costs ratio (adjusted fixed costs / operating revenue)	8.9%	10.0%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa3
Assigned Rating			Aa3

Sources: US Census Bureau, North Tonawanda City School District, NY's financial statements and Moody's Investors Service

Aa3 Rating

Exhibit 4

North Tonawanda City School District

Economy

Resident Income (MHI Adjusted)

Full value per capita (full value)

Enrollment trend (three-year)

Financial performance

Available fund balance ratio (adjusted)

Net cash ratio (net cash / operating expenses)

Institutional framework

Institutional Framework

Leverage

Long-term liabilities ratio ((debt + capital assets) / total assets)

Fixed-costs ratio (adjusted fixed costs / operating expenses)

Notching factors

No notchings applied

Scorecard-Indicated Outcome

Assigned Rating

Aaa	Obligations rated Aaa are judged to be of the highest quality, with minimal risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A are considered upper-medium-grade and are subject to low credit risk.
Baa	Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics.
Ba	Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.
B	Obligations rated B are considered speculative and are subject to high credit risk.
Caa	Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.
Ca	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery in principal and interest.
C	Obligations rated C are the lowest-rated class of bonds and are typically in default, with little prospect for recovery of principal and interest.

Score

A

Baa

Baa

Aa

Aa

Aa

Aa

Aaa

Aa3

Aa3



Budget Builders

- Revenues
- Expenditures
- Mandates
- Fund Balance and Reserves

2022-23 Recommended Budget Goals

- ✓ Stay within the tax cap
- ✓ Allocate resources to support District initiatives and strategic plans
- ✓ Keep pace with Technology
- ✓ Improve Operational Efficiency (Facilities)
- ✓ Continue to enhance safety and security measures throughout the District
- ✓ Reduce Appropriated Fund Balance amount
- ✓ Additional BOE Directives

Budget Study Sessions

Roll-Over budget – contractually mandated increases that the District is obligated to make. All other budget lines at a base line of a 0% change from the previous year no increase or decrease in discretionary spending items.

- Addressing each budget area in more detail

We will be looking at Opportunities, Challenges, and Goals for each area of the budget. Consideration given to Long Range Financial planning.

IN SUMMARY

Stability and Efficiency

Stability

- Economic Factors – community and state (CPI)
- **Planned use of Reserves**
- Levy target
- Programs and enrollment

Efficiency

- Capital Improvements
 - Building Condition Survey
 - Technology Plan Updates
 - SMART Schools construction

Thank You

LUMBERJACK
STRONG

