

EXECUTIVE SUMMARY

2020 School Security Improvement Project (\$43,244,273)

Capital Project Proposition Financial Plan

The funding plan to support this project will come from three revenue streams. The District will use 1.) Debt - bond funding, 2.) Capital reserve funding, and 3.) Budget appropriations.

1.) Debt – bond funding

The use of debt to support this project's expenses is restricted by the District's available and unallocated debt service budget. The debt service budget totals \$4,876,822. The District historically has not increased the debt service budget for a new capital project. Our debt service financial plan allocates debt service funds to a new capital project only when they become available due to the pay-off of pre-existing capital project debt. For this capital project proposition the District will be financing \$29,894,273 in debt borrowing.

2.) Capital reserve funding

The District will allocate capital reserve funds from its capital reserves to assist in the funding of this project. The fund allocation will equal \$13,000,000 of funds from the capital reserve accounts.

3.) General fund budgetary appropriations

Budgetary appropriations are funds that are identified within the annual general fund budget that are allocated to a capital project via a proposition. The funding availability for budgetary appropriations is also due to the district's level debt service plan. These funds are available in the debt service budget due to the fact that the permanent debt has not been issued. This situation results in the district's financial ability to leverage these dollars into capital projects. The District will allocate \$350,000 to this proposition.

Total Project funding:

Debt – Bond Funding	= \$29,894,273
Capital Reserve Funding	= \$13,000,000
Budgetary Appropriations	= <u>\$ 350,000</u>
Total Project funding	= <u>\$ 43,244,273</u>

Explanation of Capital Project Proposition Financial Planning:

1996-1997 Level Debt Service Plan

The 1996-97 debt service budget was initiated at an amount of \$5,351,929. Since that time, the District has reduced the amount (in 2002) because of savings obtained through the re-financing of bonds. The reduction amount was \$307,954. More recently, in 2007, the Board of Education approved the pay-off of a Bond Anticipation Note (BAN), which further reduced the level debt service plan by \$267,153. In 2015 our community approved of an increase of \$100,000 to debt service to support the enhancement portion of the athletic field capital project. The summation of these changes result in a current level debt service plan amount is \$4,876,822.

The financing for this capital project proposition relies on current expense budgeted funds that are in the District's General Fund. This proposition does not require an increase to a future annual budget for payment of the long-term debt associated with this proposition. Thus, the approval of this capital project will not increase future tax levies of the District.

Capital Reserve Funding

The District's long-term capital reserve financial plan is appropriating \$13,000,000 of reserve savings toward this project. This amount represents funds available from both the 2016 and 2019 capital reserves.

A capital reserve is established through a district vote. Each capital reserve proposition states the maximum amount of funding for the reserve; maximum time period for the reserve; and the funding methods to be used for the reserve.

Capital reserve funds may be allocated to a capital project only if the community approves of their use through a public vote. The \$13,000,000 in capital reserve funding is included in the capital project proposition. The usage of capital reserve funds must comply with the applicable laws that govern the expenditure of capital project funds. The funds cannot be used for any other purpose.

New York State Building Aid

It is important to note that the District will receive New York State Education Department building aid for this capital project. The current building aid percentage is 59.0%. Although the State Education Department informs school districts that this percentage may change each year, it has not changed significantly for the Williamsville Central School District in more than ten years.

The actual calculation of building aid considers a number of factors including approved expenditures and maximum allowable costs. Generally, for every \$1.00 spent by the District, New York State will reimburse Williamsville \$0.59. It is estimated that this proposition will provide the District with \$23,944,560 in aid. The aid is payable over fifteen years and the annual amount of aid projected in a school year is \$1,596,304. It is projected that six and one half percent of the total project expenses will not qualify for state aid due to state aid formula deductions.

Project Funding Plan – Conclusion

The Williamsville Central School District's capital project funding plan is based on the critically important concept that new debt will only be issued when old debt is paid off. The budget funds that were used for the old debt can then be reallocated to support the new debt payments. This funding concept is further supported by utilizing capital reserve funds and budgetary appropriations which do not add to the District's long-term debt. These two funding sources decrease long-term debt which saves the district the costs associated with the financing of these amounts. It also allows the District to increase the number of items that can be completed in a project and brings additional building aid to the district.

This funding plan has been proven to work effectively for the district and the community. The continuation of project work in our school buildings provides important benefits to our students, staff and community. These benefits include providing structural enhancements to our buildings, improving the physical parameters that allow for the delivery of the educational programs and the continued modernization of our school buildings that maintains the community's financial investment in this important capital asset.

It is important to state that the funding plan for this project will not increase the tax levy. The District's receipt of New York State Building for the project will also support future annual budgets. In this situation the new building aid is extremely important to the district because as old debt is paid-off the district loses the building aid that was associated with that old debt. The new project building aid will replace the state aid lost due to the pay-off of debt. The new building aid is a stabilizing factor for the district's future annual state aid

The pages that follow this section provide information on the financial plan that supports this proposition.

Attached Schedules

- A. 2020 School Security Improvement Project Borrowing Plan and Cashflow
- B. Debt service report
- C. New York State Building Aid Estimate