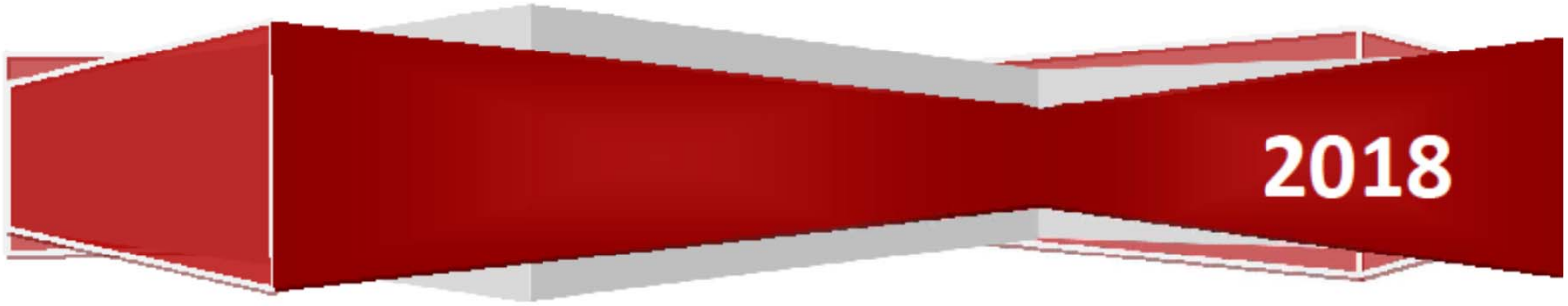
DUNKIRK CITY SCHOOL DISTRICT

2017 – 2018 FEBRUARY UPDATE

BUSINESS OFFICE – FEBRUARY, 2017



Budget Challenges

- Revenue: NRG - The District anticipates additional revenue loss regarding the restructured PILOT agreement as follows:
  - Fiscal 2018 Pilot revenue of $200,000 or less is anticipated, down from $612,848 in 2017 on closing of the final generator.
  - NYS Mitigation/Transition Aid percent of loss incurred reduces to 65% [from 80% in 2017].
  - Summary – 2018 estimates for NRG related revenue are estimated now at $2,673,601 [down from $3,327,002 in 2017 and $4,005,540 in 2016].
  - Any possible re-powering, if it occurs, would be 3 years out.

- Revenue: Tax Cap – The current projection is for a Tax Levy Limit increase of 1.26%.
  - Falling PILOT revenue outlined above will increase the District's ability to raise the tax levy beyond 1.26%. To maintain Local Share flat with 2017 would require an estimated 4.33% increase in the Tax Levy.

- Revenue: NYS Aid - Initial State Aid runs outlined by the Governor January 17, 2017 indicate:
  - A 1.8% [$354,334] increase in Foundation Aid [funds to be used at District discretion].
  - Expense driven aids such as Building, Transportation and Boces Aid, increased 9.7%, but directly fund ongoing appropriations.

NYS Aid

DCSD Comparison of NYS Aids		Gov Proposal NYS Budget						
						NYS Budget	Gov		
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	Current	Proposed	Change	Change
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	$	%
FOUNDATION AID	$17,596,249	$17,641,258	$17,321,605	$17,982,037	$18,373,034	$19,432,525	$19,786,859	$ 354,334	1.82%
COMMUNITY SCHOOL AIDS - not available to support ongoing operations - requires new programming					$ -	$ 224,658	$ 224,658	$ -	0.00%
BOCES AID	$ 1,506,712	$ 1,692,057	$ 1,526,677	$ 1,330,372	$ 1,320,814	$ 1,338,866	$ 1,438,712	$ 99,846	7.46%
HIGH AND PRIVATE EXCESS COST AID	$ 506,045	$ 592,039	$ 653,102	$ 536,447	$ 701,103	$ 663,113	$ 678,748	$ 15,635	2.36%
INSTRUCTIONAL MATERIALS AID	$ 196,481	$ 212,565	$ 216,048	$ 215,071	$ 213,673	$ 211,293	$ 214,705	$ 3,412	1.61%
TRANSPORTATION AID	$ 937,614	$ 891,420	$ 942,581	$ 863,463	$ 987,099	$ 859,858	$ 998,951	$ 139,093	16.18%
BUILDING AID	$ 3,257,762	$ 3,794,790	$ 3,962,912	$ 3,339,513	$ 3,617,568	$ 3,627,041	$ 3,999,761	$ 372,720	10.28%
SUB TOTAL AID	$24,000,863	$24,824,129	$24,622,925	$24,266,903	$25,213,291	$26,357,354	$27,342,394	$ 985,040	3.74%
GAP ELIMINATION ADJUSTMENT	$ (2,086,458)	$ (1,564,844)	$ (1,564,844)	$ (267,589)	$ (5,352)	$ -	$ -		0.00%
GEA RESTORATION or SFSF	$ -	$ -	$ 672,882	$ -	$ -				0.00%
NET GEA	$ (2,086,458)	$ (1,564,844)	$ (891,962)	$ (267,589)	$ (5,352)	$ -	$ -		0.00%
GENERAL FUND AID COMPARISON	$21,914,405	$23,259,285	$23,730,963	$23,999,314	$25,207,939	$26,357,354	$27,342,394		
		$ 1,344,880	$ 471,678	$ 268,351	$ 1,208,625	$ 1,149,415	$ 985,040		
		6.14%	2.03%	1.13%	5.04%	4.56%	3.74%		
GENERAL FUND AID less BUILDING AID	$18,656,643	$19,464,495	$19,768,051	$20,659,801	$21,590,371	$22,730,313	$23,342,633		
		$ 807,852	$ 303,556	$ 891,750	$ 930,570	$ 1,139,942	$ 612,320		
		4.33%	1.56%	4.51%	4.50%	5.28%	**2.69%**		
BUDGETED	$21,437,053	$22,895,160	$23,558,518	$24,193,613	$24,896,487	$26,165,909	$26,932,258	$ 766,349	
	$ (477,352)	$ (364,125)	$ (172,445)	$ 194,299	$ (311,452)	$ (191,445)	$ (410,136)	2.93%	
	97.82%	98.43%	99.27%	100.81%	98.76%	99.27%	98.50%		

First Look – Tax Cap Calculation

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

Trend Report for Dunkirk City School District

Property Tax Cap	proj 2018	2017	2016	2015	2014	2013
Tax Levy Limit (Cap) before Exclusions						
Tax Levy Prior Year	9,548,521	9,361,295	9,455,854	9,614,516	9,614,516	9,504,000
Reserve Amount					0	0
Tax Base Growth Factor	1.0034	1	1.0033	1	1	1.0028
PILOTS Receivable Prior Year	**729,287**	**4,121,979**	4,105,521	4,179,020	4,298,742	5,418,756
Tort/Judgment Exclusion Prior Year					0	0
Capital Tax Levy for Prior Year					0	0
Allowable Levy Growth Factor	**1.0126**	**1.0012**	1.0162	1.0146	1.02	1.02
PILOTS Receivable Current Year	**250,000**	**729,287**	4,121,979	4,105,521	4,179,020	4,298,742
Available Carryover from Prior Year	152,093	147,621	150,631	152,651	164,244	0
Total Levy Limit before Exclusions	**10,342,276**	**12,917,789**	9,841,431	10,042,052	10,176,747	10,949,613
Exclusions - Transition Aid		**2,778,243**				
Tax levy for tort orders/judgments over 5% Prior Year tax levy		0	0	0	0	0
Capital Tax Levy for Current Year		0	0	0	0	0
Tax levy for pension contribution expense						
TRS		0	0	0	397,650	0
ERS		0	0	0	0	21,201
Total Exclusions			0	0	397,650	21,201
Total Tax Levy Limit, Adjusted for Transfers Plus Exclusions	**10,342,276**	**10,139,546**	9,841,431	10,042,052	10,574,397	10,970,814
Proposed Levy for Current Year	**9,961,495**	**9,548,521**	9,361,295	9,455,854	9,614,516	9,614,516
Difference between Tax Levy Limit Plus Exclusions and Current Year Proposed Levy	380,781	591,024	480,136	586,198	959,881	1,356,298
Planning to Override the cap		No	No	No	No	No
Allowable Cap Increase	8.31%	8.31%	4.08%	4.45%	9.98%	15.43%
Actual Levy Increase	**4.33%**	**2.00%**	-1.00%	-1.65%	0.00%	1.16%
Cap $ Change	793,755	778,250	385,577	427,536	959,881	1,466,814
Actual Levy $ Change	412,974	187,226	-94,559	-158,662	0	110,516

Local Share Revenue

Local Share Breakdown	Historical Data 2013-14	Historical Data 2014-15	Historical Data 2015-16	Budget 2016-17	Proposed 2017-18	% Change	$ Change
Tax Levy	**$ 9,614,516**	**$ 9,455,854**	**$ 9,361,295**	**$ 9,548,521**	**$ 9,961,495**	**4.33%**	**$ 412,974**
Federal PILOT	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	**0.00%**	**$ -**
PILOTs	$ 117,000	$ 116,439	$ 116,439	$ 116,439	$ 116,439	**0.00%**	**$ -**
NRG PILOT	**$ 4,062,020**	**$ 3,989,082**	**$ 4,005,540**	**$ 612,848**	**$ 200,000**	**-67.37%**	**$ (412,848)**
Interest / Penalties	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	**0.00%**	**$ -**
Local Share	$ 13,826,536	**$ 13,594,375**	**$ 13,516,274**	**$ 10,310,808**	**$ 10,310,934**	**0.00%**	**$ 126**
NRG ASSUMPTION SCENARIO:	**PILOT = $200k, State Transition Aid replaces revenue at 65% of payment deficit [80%, 65%, 50%, 35%, 20%, 0%].**						
	NRG Pilot + Transition Aid		**$ 4,005,540**	**$ 3,327,002**	**$ 2,673,601**		
Tax Levy proposed increase	**4.33%**		**Loss vs 2016**	**$ (678,538)**	**$ (1,331,939)**		

Budget Challenges

- Appropriations: Payroll - The District has contractual arrangements with employee unions calling for increases in the range of 2.25% to over 4.0%.
  - Initial Budget requests include the addition of 11 teaching positions and 11 support positions.
    - Most proposed additions support major subgroups - ENL and Special Education – and in some cases are required by regulation. Special Education additions most likely offset placement out of District, which would also incur significant added cost. The District will utilize available grant funds where appropriate.
- Appropriations: Benefits - Healthcare Benefits increase has been set at 14.4%. This more than offsets falling Retirement System required payments. The increase reflects actual claim experience.
  - Payroll and Benefits remain the largest expense categories.
- Appropriations: Other contractual increases are anticipated, such as, utilities, BOCES services and transportation costs.
  - Electric and Gas rates have been at historical lows. It appears likely increases in instability in world politics combined with higher industrial demand will influence commodity costs upward.
  - Boces services will expand through additional P-Tech [5], and Alternative Education slots [2]. Special Education remains a large component of Boces expenditures, and decisions regarding staffing/placement will directly impact final numbers.
- Appropriations: Transfer of $100,000 to Capital Fund for replacement and repair of Middle School main steps under provision with NYSED for capital projects less than $100,000, and next year 97% building aid reimbursement. Further, the Erie II Boces District Wide Capital project will increase the appropriations by a net of $132,593, expense of $536,708 offset by aid revenues on $404,115.

***Benefits	Budget	Budget	Budget	Budget	Budget	Proposed	
800's	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
State Retirement	$ 680,000	$ 809,200	$ 785,330	$ 681,397	$ 545,954	$ 541,376	**NYS Est 14.45% vs 14.7%**
Teachers Retirement	$ 2,255,872	$ 2,979,950	$ 3,214,678	$ 2,431,639	$ 2,130,376	$ 1,852,627	**NYS Est at 9.8% vs 11.72%**
Social Security	$ 1,560,000	$ 1,591,200	$ 1,654,848	$ 1,746,832	$ 1,679,011	$ 1,746,171	
Workers Compensation	$ 162,072	$ 202,692	$ 252,817	$ 237,823	$ 227,180	$ 209,626	**Final January, 2017**
Life Insurance	$ 70,088	$ 35,000	$ 36,750	$ 38,220	$ 39,749	$ 41,339	**Estimate - January, 2017**
Unemployment Insurance	$ 202,176	$ 130,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000	**Estimate - January, 2017**
Disability Insurance	$ 12,266	$ 4,000	$ 4,200	$ 4,368	$ 4,543	$ 4,724	**Estimate - January, 2017**
Hospital, Medical Ins	$ 4,504,855	$ 4,556,489	$ 4,715,966	$ 4,904,605	$ 5,051,743	$ 5,779,194	**Final January, 2017**
			$ (91,445)	**$ 93,435**		**$ -**	**Unallocated**
INCENTIVE		$ 141,000	$ 156,000	$ 165,000	$ 175,000	$ 179,210	**Retirement Incentive 2016**
Benefits Budget	$ 9,447,328	$ 10,449,531	$ 10,804,144	$ 10,378,318	$ 9,928,555	$ 10,429,267	
		$ 1,002,203	$ 354,613	$ (425,826)	$ (449,763)	$ 500,712	
		10.61%	3.39%	-3.94%	-4.33%	5.04%	
% Benefits to **Budget-DS/T**	26.18%	28.36%	28.87%	27.04%	26.85%	26.83%	
% Payroll+Ben/**Budget-DS/T**	**78.94%**	**80.01%**	**80.32%**	**79.87%**	**79.24%**	**78.37%**	

**Debt Service	Budget	Budget	Budget	Budget	Budget	Proposed
600-700's	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Series A/B Bond Principal	$ 835,000	$ 865,000	$ -	$ -		
Series A/B Bond Interest	$ 58,438	$ 25,800	$ -	$ -		
Energy Performance Principal	$ 133,226	$ 138,307	$ 143,581	$ 36,743		
Energy Performance Interest	$ 15,127	$ 10,046	$ 4,772	$ 345		
TAN Interest	$ -	$ -	$ -	$ -		
BAN Interest	$ 77,730	$ 30,000	$ 50,000	$ 30,000	$ 50,000	$ 71,800
EXCEL Bond Principal	$ 425,000	$ 435,000	$ 445,000	$ 460,000	$ 470,000	$ 485,000
EXCEL Bond Interest	$ 209,987	$ 199,363	$ 188,488	$ 177,363	$ 165,263	$ 152,938
District Wide $13 mil Principal	$ 720,000	$ 740,000	$ 770,000	$ 785,000	$ 810,000	$ 830,000
District Wide $13 mil Interest	$ 406,838	$ 388,838	$ 366,638	$ 343,538	$ 319,988	$ 295,687
District Wide $5 mil Principal	*$ 205,000*	$ 275,000	$ 280,000	$ 285,000	$ 295,000	$ 305,000
District Wide $5 mil Interest	*$ 282,300*	**$ 168,846**	**$ 164,034**	**$ 157,594**	**$ 150,184**	**$ 141,924**
District Wide $7.7 mil Principal	*$ 460,000*	*$ 460,000*	**$ 525,000**	**$ 540,000**	**$ 540,000**	**$ 550,000**
District Wide $7.7 mil Interest	*$ 260,000*	*$ 260,000*	**$ 175,619**	**$ 164,463**	**$ 152,988**	**$ 141,513**
Phase III $6.4 mil Principal				*$ 400,000*	**$ 405,327**	**$ 420,000**
Phase III $6.4 mil Interest				*$ 250,000*	**$ 204,135**	**$ 130,675**
Phase IV Principal $3.6 mil						**$ 160,000**
Phase IV Interest $3.6 mil						**$ 146,109**
Debt Service Budget	$ 4,088,646	$ 3,996,200	$ 3,113,132	$ 3,630,046	$ 3,562,883	$ 3,830,646
NYS Building Aid	$ 3,936,115	$ 3,889,902	$ 3,561,702	$ 3,628,370	$ 3,629,774	**$ 3,999,761**
NYS Bldg Aid / Debt Service-BAN	98.14%	98.08%	116.28%	100.79%	103.33%	106.41%
District Wide $7.7 mil issued May, 2013. Actual 2015 and after.						
$5 mil QSCB int reimb IRS. Bldg Aid/Debt Serv-BAN-QSCB int =			**122.86%**	**105.40%**	**107.94%**	**110.58%**
Phase III Debt Service , issued June 2016.						
Est Phase IV Debt Service, debt to be issued July 2017.						

Buildings and Grounds 2018
Transportation 2018

Buildings & Grounds Account Code Breakdown				
ACCOUNT	**DESCRIPTION**	**2017 Budget**	**2018 Proposed**	**Notes**
A 1620....OPERATION OF PLANT	Gas, Electric, Water, Phone and Custodial/Janitorial Supplies	$725,273.00	$743,473.00	Higher on increase in contracted services and water usage for field maintenance.
A 1621....MAINTENANCE OF PLANT	Architectural, Repairs, Hardware, Parts, Materials, Fuel	$252,500.00	$255,500.00	
A 2110....BUILDING MAINTENANCE	Direct building allocations for maintenance	$39,500.00	$39,500.00	
		$1,017,273.00	$1,038,473.00	
			$21,200.00	variance
			2.08%	change
Note: Excludes personell contractual increases. No staff adjustment anticipated.				
Transportation Account Code Breakdown				
ACCOUNT	**DESCRIPTION**	**2017 Budget**	**2018 Proposed**	**Notes**
A 5540.400-00-1300	CONTRACT TRANSPORTATION	$602,710.49	$610,304.64	MAY CPI Driven...1.26%
A 5540.400-00-1301	TRANSPORTATION MONITORS	$140,478.07	$142,248.09	MAY CPI Driven
A 5540.400-00-1302	OTHER CONTRACT TRANSPORTA	$280,954.08	$284,494.10	MAY CPI Driven...1.26%
A 5540.400-00-1304	SUMMER SCHOOL	$10,508.04	$15,000.00	Summer School - estimate subject to programming
A 5540.400-00-1305	FUEL	$80,000.00	$70,000.00	Reflecting lower commodity costs and give back of surplus
A 5540.479-00-0000	OTHER CONTRACT EXPENSE	$4,000.00	$4,000.00	
A 5540....CONTRACT TRANSPORT		$1,118,650.68	$1,126,046.84	
			$7,396.16	variance
			0.66%	change

February Update 2018 Budget

DUNKIRK CITY SCHOOL DISTRICT - BUDGET BY ACCOUNT CODE FOR 2018 BUDGET DEVELOPMENT

Account Code	Description	Budget 2016-17	Changes Anticipated	First Look 2017-18	Working Changes	Working 2017-18	% Change	$ Change
100's	Payroll *	$ 19,372,314	$ 668,250	$ 20,040,564	$ -	**$ 20,040,564**	3.45%	$ 668,250
200's	Equipment, Hardware	$ 138,000	$ -	$ 138,000	$ -	**$ 138,000**	0.00%	$ -
400's	Contractual, Professional	$ 3,878,046	$ -	$ 3,878,046	$ -	**$ 3,878,046**	0.00%	$ -
	BOCES	$ 3,200,000	**$ 732,708**	$ 3,932,708	$ (536,708)	**$ 3,396,000**	6.13%	$ 196,000
500's	Supplies, Publications	$ 459,263	$ -	$ 459,263	$ -	**$ 459,263**	0.00%	$ -
600-700's	Debt Service **	$ 3,562,883	**$ 267,763**	$ 3,830,646	$ -	**$ 3,830,646**	7.52%	$ 267,763
800's	Benefits ***	$ 9,928,555	**$ 443,363**	$ 10,371,918	$ 57,349	$ 10,429,267	5.04%	$ 500,712
900's	Transfers ****	$ 75,000	$ -	$ 75,000	$ 232,593	**$ 307,593**	310.12%	$ 232,593
	Budget Totals	$ 40,614,061	$ 2,112,084	$ 42,726,145	$ (246,766)	**$ 42,479,379**		$ 1,865,318
	$ change			$ 2,112,084		**$ 1,865,318**		
	% change			5.20%		**4.59%**		
	Less debt service/transfer	$ 36,976,177		$ 38,820,499		$ 38,341,140		
	Change $			$ 1,844,321		$ 1,364,963		
	Change %			4.99%		3.69%		

Note 1: Contractual Increase on flat staffing . Position requests under consideration and NOT included here.

Note 2: Contractual +0%, Boces +3% +Ptech + Boces Capital project [$536,708] - removed, Supplies =+0%, SPED.

Boces Debt Service generates same year revenue at roughly 80%+ [$404,115].

Note 3: Estimate Phase IV Debt Service.

Note 4: Estimates. Lower TRS/ERS more than offset by higher Healthcare expenditures. New hires?

Note 5: $50,000 Repair Reserve and $25,000 Special Fund

$100,000 Transfer to fund Small Capital Project. Generates 97% Aid next fiscal year.

$132,593 Net Impact after aid of Boces Capital Project

February Update 2018 Budget

DUNKIRK CITY SCHOOL DISTRICT	REVENUE OUTLOOK - SCENARIO						
	Historical Data	Historical Data	Historical Data	Budget	Proposed	%	$
	2013-14	2014-15	2015-16	2016-17	2017-18	Change	Change
Local Share	**$ 13,826,536**	**$ 13,594,375**	**$ 13,516,274**	**$ 10,310,808**	**$ 10,310,934**	**0.00%**	**$ 126**
Other	$ 255,150	$ 255,150	$ 255,150	$ 255,150	$ 255,150	**0.00%**	**$ -**
State Aid	$ 23,558,518	$ 24,193,613	$ 24,896,497	**$ 26,165,909**	**$ 26,932,258**	**2.93%**	**$ 766,349**
Transition State Aid				**$ 2,714,154**	**$ 2,473,601**	**-8.86%**	**$ (240,553)**
Transfers/QSCB	$ 658,846	$ 214,034	$ 241,300	$ 241,300	$ 230,000	**-4.68%**	**$ (11,300)**
Sub-total	$ 38,299,050	$ 38,257,172	$ 38,909,221	**$ 39,687,321**	**$ 40,201,943**	**1.30%**	**$ 514,622**
Reserves	$ -	$ -	$ -	**$ -**	**$ 1,841,376**		**$ -**
Designated Fund Balance	$ 2,624,346	$ 2,920,585	$ 3,176,857	$ 926,740	$ 436,060	**145.75%**	**$ 1,350,697**
Budget	$ 40,923,396	$ 41,177,757	$ 42,086,078	**$ 40,614,061**	**$ 42,479,379**	**4.43%**	**$ 1,865,318**
	Historical Data	Historical Data	Historical Data	Budget	Proposed	%	$
Local Share Breakdown	2013-14	2014-15	2015-16	2016-17	2017-18	Change	Change
Tax Levy	**$ 9,614,516**	**$ 9,455,854**	**$ 9,361,295**	**$ 9,548,521**	**$ 9,961,495**	**4.33%**	**$ 412,974**
Federal PILOT	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000	**0.00%**	**$ -**
PILOTs	$ 117,000	$ 116,439	$ 116,439	$ 116,439	$ 116,439	**0.00%**	**$ -**
NRG PILOT	**$ 4,062,020**	**$ 3,989,082**	**$ 4,005,540**	**$ 612,848**	**$ 200,000**	**-67.37%**	**$ (412,848)**
Interest / Penalties	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	**0.00%**	**$ -**
Local Share	$ 13,826,536	**$ 13,594,375**	**$ 13,516,274**	**$ 10,310,808**	**$ 10,310,934**	**0.00%**	**$ 126**
NRG ASSUMPTION SCENARIO:	**PILOT = $200k, State Transition Aid replaces revenue at 65% of payment deficit [80%, 65%, 50%, 35%, 20%, 0%].**						
	NRG Pilot + Transition Aid		**$ 4,005,540**	**$ 3,327,002**	**$ 2,673,601**		
Tax Levy proposed increase	**4.33%**		**Loss vs 2016**	**$ (678,538)**	**$ (1,331,939)**		

Summary

- **Revenue** -
  - Governor proposed State Aid Budget well below expectations for 2018. Increase in Foundation Aid of 1.82%.
  - NYS Transition Aid step down to 65% of loss from 80%, with further NRG Pilot reductions on full plant shutdown.
  - Tax Levy increase of 4.33% would maintain Local Share.
- **Appropriations -**
  - Significant staffing requests under consideration and NOT included here. Payroll costs driven by contracts.
  - Essential services such as transportation, utilities and materials and supplies under control.
  - Benefit expenditures – healthcare up significantly on claims experience, partially offset by required retirement system payments which are easing.
  - Despite "talk" to the contrary, no **mandate** relief [in fact, more coming] and a higher level of requirements for current enrollment.
  - Debt service remains projected to be 100% funded by State Building Aid.
  - Transfer for small capital project to leverage building aid available. Transfer for net impact Boces Capital Project.