Long Range Financial Analysis

Data Driven Strategic Financial Planning

Dunkirk City School District

Learning For All...Whatever It Takes!

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School District:
Finance
Strategic Plans
Leadership
Educational Development

R. G. Timbs, Inc. is Registered with:

MSRB Municipal Securities Rulemaking Board

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Data Sources:

- District Submissions to SED of the Form ST-3 (5 years prior)
- State Education Department (NYSED) website financial calculations
- School District's External Auditor Reports/Recommendations
- Documents of Capital Expenses, Debt etc.
- Transportation and Capital Projects Data:
    - Bonds, Bond Anticipation Notes
    - Use of Capital Reserves
    - Debt Service Schedules
- All Other Expense Driven State Aid
- Interviews with the Superintendent and Interim Business Official
- Examination of Tax Implications
- Use of Debt Service Fund or Reserves
- Reports of the Comptroller of the State of New York (OSC)
- Use of Funds (Appropriated Fund Balances, Unappropriated Fund Balances)
- Projected Teachers Retirement System Rates and Employees Retirement System Rates
- Recognition of the District's Educational and Facilities Internal Reorganization and Master Plan

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State Aid

		Dunkirk CSD									
State Aid Source	CURRENT	Year 1	2022 to 23	Year 2	2023 to 24	Year 3	2024 to 25	Year 4	2025 to 26	Year 5	2026 to 27
Aid Descriptions	2021-22	2022-23	Difference	2023-24	Difference	2024-25	Difference	2025-26	Difference	2026-27	Difference
FOUNDATION AID	$23,712,328	$26,901,298	$3,188,970	$32,606,827	$5,705,529	$33,585,032	$978,205	$34,592,583	$1,007,551	$35,630,360	$1,037,777
TRANSPORTATION AID W/O SUMMER	$893,127	$921,218	$28,091	$1,073,128	$151,910	$1,073,128	$0	$1,073,128	$0	$1,073,128	$0
BUILDING AID	$4,556,659	4,514,384	($42,275)	5,581,348	$1,066,964	5,581,348	$0	5,023,360	($557,988)	3,524,606	($1,498,754)
BOCES AID	$2,711,439	$2,968,479	$257,040	$2,846,006	($122,473)	$2,846,006	$0	$2,846,006	$0	$2,846,006	$0
PUBLIC EC HIGH COST AID	$1,015,014	$956,862	($58,152)	$960,169	$3,307	$960,169	$0	$960,169	$0	$960,169	$0
PRIVATE EXCESS COST AID	$439,702	$362,465	($77,237)	$453,045	$90,580	$453,045	$0	$453,045	$0	$453,045	$0
SOFTWARE AID	$13,379	$17,554	$4,175	$33,345	$15,791	$33,345	$0	$33,345	$0	$33,345	$0
LIBRARY MATERIALS AID	$4,233	$3,016	($1,217)	$13,913	$10,897	$24,810	$10,897	$35,707	$10,897	$46,604	$10,897
TEXTBOOK AID	$85,934	$117,125	$31,191	$120,112	$2,987	$123,099	$2,987	$126,086	$2,987	$129,073	$2,987
HARDWARE & TECHNOLOGY AID	$44,159	$44,712	$553	$45,843	$1,131	$46,974	$1,131	$48,105	$1,131	$49,236	$1,131
UNIV PREKINDERGARTEN AID	$2,202,569	$2,202,569	$0	$2,202,569	$0	$2,202,569	$0	$2,202,569	$0	$2,202,569	$0
TOTAL AID	$35,678,543	$39,009,682	$3,331,139	$45,936,305	$6,926,623	$46,929,525	$993,220	$47,394,103	$464,577	$46,948,141	($445,962)
OVERALL Aid Increase/ Decrease without UPK	$33,475,974	$36,807,113	$3,331,139	$43,733,736	$6,926,623	$44,726,956	$993,220	$45,191,534	$464,577	$44,745,572	($445,962)

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Dunkirk CSD

Analysis of Fund Balances and Reserves

Restricted Fund Balance:	June 2020	June 2021	June 2022
Workers' Compensation Reserve	$0	$0	$0
Unemployment Insurance Reserve	$5,113,240	$5,119,132	$3,769,931
Reserve for Retirement Contributions ERS	$7,983,765	$7,992,964	$7,994,703
Reserve for Retirement Contributions TRS	$360,603	$361,019	$763,100
Reserve for Property Loss	$0	$0	$0
Reserve for Liability Claims	$0	$0	$0
Insurance Reserve	$0	$0	$0
Reserve for Tax Certiorari	$1,250,596	$251,797	$0
Reserve for Employee Benefits and Accrued Liabilities	$328,410	$328,789	$328,860
Capital Reserve (Amount=$5,000000) Date:5/16/20, 10 YRS	$1,268,960	$0	$5,000,315
Reserve for Repairs	$301,990	$302,338	$302,404
Reserve for Debt	$23,646	$23,673	$23,678
Other Restricted Fund Balance	$0	$0	$0
Total Restricted Fund Balance	$16,631,210	$14,379,712	$18,182,991

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Assumptions

Revenues:

Tax Increase 1.99% Each Year

State Aid Significant Increase but then Lower Increases (Foundation Aid)

Variable BOCES and Public Excess Cost Aids

Variable Building Aid follows Debt Service Schedule*

Federal Aid (Medicaid) remains Stable

2022-23 Last Year for NRG Revenues

Expenditures:

Follow contractual Obligations

No notable changes in staff patterns

Stable ERS and TRS increased costs*

Inflationary Costs Escalate expenditures Rapidly

Other

LOSS OF FUND BALANCE AFTER NEW Federal Grants

Dunkirk CSD

5 Year Financial Projections

Fiscal Year Ending June 30:	Budget 2022	2023	2024	2025	2026	2027	
REVENUES:		1.99%	1.99%	1.99%	1.99%	1.99%	
Real Property Taxes	$10,165,975	$10,386,278	$10,592,965	$10,803,765	$11,018,760	$11,238,033	10.5%
PILOT (based on current agreements)	$671,550	$387,218	$570,545	$590,792	$559,373	$382,311	
State Aid	$29,200,058	$31,808,680	$37,079,260	$38,072,480	$39,095,046	$40,147,838	
Building Aid	$4,556,659	$4,514,384	$5,581,348	$5,581,348	$5,023,360	$3,524,606	
Transportation Aid	$893,127	$921,218	$1,073,128	$1,073,128	$1,073,128	$1,073,128	
Federal Aid	$230,000	$230,000	$230,000	$230,000	$230,000	$230,000	
Interfund Transfers ()	$4,705	$1,578	$1,578	$1,578	$1,578	$1,578	
Other	$361,900	$448,500	$448,500	$448,500	$448,500	$448,500	
Total Revenues	$46,083,974	$48,697,856	$55,577,324	$56,801,591	$57,449,745	$57,045,994	23.8%
Amount of Change Year to Year		$2,613,882	$6,879,468	$1,224,267	$648,153	-$403,750	

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Total Revenues	$46,083,974	$48,697,856	$55,577,324	$56,801,591	$57,449,745	$57,045,994	23.8%
Amount of Change Year to Year		$2,613,882	$6,879,468	$1,224,267	$648,153	-$403,750	
EXPENSES:	Budget 2022	2023	2024	2025	2026	2027	
General Support							
Salaries	$1,937,650	$2,198,938	$2,333,843	$2,424,145	$2,518,059	$2,615,729	35.0%
Other	$2,637,133	$2,898,924	$2,953,687	$3,011,189	$3,071,565	$3,134,960	18.9%
Instruction							
Salaries	$20,091,662	$20,873,071	$22,363,572	$23,266,674	$24,207,705	$27,677,848	37.8%
Other	$9,182,136	$8,927,344	$9,833,528	$10,235,021	$10,656,589	$11,099,236	20.9%
Transportation							
Salaries	$42,732	$51,646	$52,416	$53,201	$54,002	$54,819	28.3%
Other	$1,310,097	$1,375,724	$1,432,219	$1,497,817	$1,566,695	$1,639,016	
Community Service	$78,213	$81,936	$81,936	$81,936	$81,936	$81,936	
Employee Benefits							
Retirement	$3,105,642	$2,859,213	$3,422,724	$3,528,490	$3,638,678	$4,018,327	29.4%
Social Security	$1,812,783	$1,835,415	$2,105,669	$2,181,725	$2,260,959	$2,533,959	
Workers' Compensation	$191,007	$178,811	$182,387	$186,035	$189,756	$193,551	
Health	$5,998,600	$5,794,755	$6,063,246	$6,300,413	$6,549,439	$6,810,916	13.5%
Other	$463,723	$459,789	$466,860	$474,073	$481,429	$488,933	
Debt Service:							
Buildings - Principal	$3,340,000	$3,625,000	$4,250,000	$4,405,000	$3,955,000	$2,735,000	
Interest	$1,022,414	$885,451	$1,226,020	$1,077,782	$901,651	$758,157	
RAN/TAN - Interest	$0	$0	$0	$0	$0	$0	
Interfund Transfers (cap outlay, 4408)	$200,000	$350,000	$350,000	$350,000	$350,000	$350,000	
Total Expenses	$51,413,792	$52,396,017	$57,118,108	$59,073,501	$60,483,464	$64,192,387	24.9%
Amount of Change Year to Year		$982,225	$4,722,091	$1,955,393	$1,409,963	$3,708,923	

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Fiscal Year Ending June 30:	Budget 2022	2023	2024	2025	2026	2027	
REVENUES:		1.99%	1.99%	1.99%	1.99%	1.99%	
Total Revenues	$46,083,974	$48,697,856	$55,577,324	$56,801,591	$57,449,745	$57,045,994	23.8%
Amount of Change Year to Year		$2,613,882	$6,879,468	$1,224,267	$648,153	-$403,750	
EXPENSES:	Budget 2022	2023	2024	2025	2026	2027	
Total Expenses	$51,413,792	$52,396,017	$57,118,108	$59,073,501	$60,483,464	$64,192,387	24.9%
Amount of Change Year to Year		$982,225	$4,722,091	$1,955,393	$1,409,963	$3,708,923	
Adjustments (Carry Over, etc.)	$5,501,892	$2,773,440	$2,773,440	$2,773,440	$2,773,440	$2,773,440	
4% of Expenses	$2,095,841	$2,284,724	$2,362,940	$2,419,339	$2,567,695	$2,567,695	
Assigned Approriated Fund Balance	$3,698,161	$1,540,784	$2,271,910	$3,033,720	$7,146,393	$7,146,393	
Assigned Unappropriated	$207,635	$207,635	$207,635	$207,635	$207,635	$207,635	
Unassigned Fund Balance	$2,095,841	$2,284,724	$2,362,940	$2,419,339	$2,567,695	$2,567,695	
Reserved Fund Balance (Cap Reserve ~$5Mil)	$22,340,507	$23,384,280	$23,807,595	$23,490,917	$18,969,607	$14,596,654	~$5 Million in Capital Reserves
Total Fund Balance June 30	$28,134,509	$27,209,788	$28,442,445	$28,943,975	$28,683,696	$24,310,743	
Revenue to Expenditure Difference	($5,329,818)	($3,698,161)	($1,540,784)	($2,271,910)	($3,033,720)	($7,146,393)	

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RECOMMENDATIONS

Carefully and Strategically …

1. Maintain a stable the budget by tracking expenses:
   a) Examine 2022-23 budget for sustainability and other issues (Carry Over/Reallocations).
   b) Budget process is always difficult due to the number of assumptions (Extrapolate cost estimates).
   c) Maintain adequate cash flow to ensure maintenance of quality educational program.
   d) Attempts for cost reductions should be examined (those away from student programs first) to mitigate escalation of expenses.
   e) Recognize that certain programs will require significant escalating and ongoing resources for success. (Alternative Education/ Students with Special Needs)
   f) Reevaluate purchases and staff needs. Examine the possibility of attrition and breakage. Aim for greater efficiency.
   g) Inflation and other cost pressures will be substantial.
   h) Beware of possible State Aid Fiscal Cliff 2024-25

2. Annually reevaluate Reserve and Fund Balance amounts for sustainability and liabilities. When and if possible:
   a) Reallocate a significant amount of Unemployment Reserve to Capital Reserves(s)
      - Use new Capital Reserves to ensure Building Integrity and Eliminate Tax impact of Capital Construction
      - Consider build and Use new Capital Reserves to ensure Eliminate Tax impact of these periodic expenditures (Vehicles, Equipment, Technology for instance)
   b) Begin work on the development of a Capital Project Scope, secure State Building Aid Funding, and develop a sound Financial Plan to complete District internal reorganization process and Facilities Master Plan.

3. The Federal Funding streams (Fiscal Cliff 2024-25 and 2025-26) means the loss of additional Fund Balance generation

4. State Aid: Increases in Foundation Aid will be significant (~21%) UNTIL Save Harmless Status is reached

5. Reevaluate the use of Smart Schools funds to address identified technology needs in the district and pursue funding.

6. Monitor the Tax Cap… note growing use of Appropriated Fund Balance

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Long Range Financial Analysis- **Questions?**

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