

# Buffalo City School District



July 1, 2016 – September 30, 2016

## QUARTERLY REPORT

*“Putting children and families first to ensure high academic achievement for all”*

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# EXECUTIVE SUMMARY



## EXECUTIVE SUMMARY

### JULY 1, 2016 – SEPTEMBER 30, 2016

As of the end of the first quarter, the Buffalo City School District (the “District”) is projecting a negative budgetary variance for the full year of approximately \$40.2 million. This is the result of a new successor collective bargaining agreement with the BTF approved on October 17, 2016, which replaced the existing BTF contract that had expired more than 12 years earlier, on June 30, 2004. The 2016-17 cost of the contract is expected to be \$41.5 million, with an initial estimate of \$1.0 million to be covered in the grants fund, while the remaining \$40.5 million is expected to be funded through the usage of fund balance that has been set aside for the settlement of union contracts. A budget amendment will be forthcoming to fund these projected costs during the 2016-17 fiscal year. The initial projection of the net cost of the new BTF contact during 2016-17, compared to the projected cost to the general fund is as follows:

<b>2016/17 Contract Costs (in millions)</b>	<b>Regular salary &amp; hourly pay</b>	<b>One time payments</b>	<b>Fringe</b>	<b>Other</b>	<b>Total Costs</b>	<b>Health Contrib.</b>	<b>Other</b>	<b>Total Savings</b>	<b>Annual net contract cost</b>
<b>Original</b>	22.0	19.5	8.0	0.6	50.1	(8.0)	(0.6)	(8.6)	41.5
<b>Projection</b>	21.0	19.5	7.8	0.6	48.9	(7.8)	(0.6)	(8.4)	40.5
<b>Net savings</b>	1.0	0.0	0.2	(0.0)	1.2	(0.2)	(0.0)	(0.2)	1.0

These costs will be continue to be monitored closely, as additional salary increases that can be absorbed by grants, additional revenues that can be obtained, additional reductions in other costs, or other budgetary savings will reduce the general fund’s reliance on fund balance in 2016-17 and beyond. As the fund balance specifically identified for the settlement of union contracts will be spent down within 2-3 years, it will be imperative that the District obtain increased revenues from the State, City or outside foundations in the coming years, that the District closely scrutinizes all new spending requests and that it maximizes the yield on existing spending.

Not to be overshadowed, 2016-17 is the first year of the New Education Bargain (NEB), and the general fund includes approximately \$16.4 million in additional budgeted spending in the NEB, while another \$3.7 million is funded through Title I. As shared with the Board on October 25, 2016, the early results are impressive, with Rigorous Early Elementary Education showing significant reductions in class size in grade K through grade 1, while the Strong Community Schools Initiative has rolled out several well received new programs and has enlisted partners in the four community school zones in the following industries: healthcare, higher education and financial institutions. Additional updates are planned at upcoming Board meetings.

Outside of the impact of the BTF contract, the school year was only one month complete at the end of the first quarter and it is too early to predict with certainty many of the major expenditure variances, particularly in areas that tend to end the year with favorable variances such as utilities and savings from vacancies and contractual items. However, early indications are that Medicaid revenues will exceed budget (tentatively \$0.1 million), as a result of an initiative begun during 2015-16 in the Special Education Department to obtain parent consent forms that were missing, to improve the processes for collecting consent forms going forward, and to enter all required data in the systems that allow the District to claim Medicaid reimbursement. Medicaid revenues can be volatile, so the District will continue to monitor these revenues closely in the coming months. Through September, there are several vacancies across nearly all bargaining units; however, the bulk of these vacancies were filled by late October so significant savings as a result of vacancies cannot be anticipated at this time. Health Insurance for active employees and retirees were both trending

slightly under budget through the first quarter, which is a positive sign. Two major initiatives to reduce retiree healthcare costs were budgeted in 2016-17: the expansion of the District's Medicare Advantage offering and a waiver incentive for retirees who are able to obtain health insurance through other means.

Additional information on individual revenue and expenditure categories can be found on pages 2-7 through 2-12.

This report is divided into the following sections: Section I - Quarterly Budget Summary and Section II - Quarterly Statement of Cash Flows.

The Quarterly Budget Summary identifies the major categories of revenues and expenditures. Each category presents the following: the actual for the 2015-16 fiscal year, the 2016-17 original and modified budgets (includes carryover encumbrances, budget transfers between accounts and budget modifications to date), actual expenditures and revenues through September 30, 2016 and the projected amounts for the year ending June 30, 2016. At the request of the BFA staff, the categories are provided on both a current year only and GAAP basis (includes carryover encumbrances).

To assist in monitoring the District's budget throughout the year, the District has established quarterly budgets based on the anticipated timing of cash receipts and disbursements, historical trends and accrual entries. The analysis of the budget to date compared to actual balances begins on page 2-11.

The Quarterly Statement of Cash Flows indicates that net cash flow through the first quarter was favorable as compared to the projections by \$8.3 million. The total receipts anticipated were favorable by \$0.8 million, due mainly to the quicker than expected receipt of State and Federal grant aid. Expenditures were \$7.5 million less than budgeted due to the timing of accounts payable payments and lower than expected payroll spending during the summer months. Total net cash activity for the year is currently projected to be a negative \$78.0 million, with an ending cash balance of \$172.9 million. This decline in cash is mainly the result of the settlement of the BTF contract and the pay down of relatively high accounts payable balances at the end of the 2015-16 year which had increased the cash balances at June 30, 2016.

The following table shows the total annual budget, actual balances through the first quarter, total projections for the year ending June 30, 2017 and the associated variances. The amounts exclude carry over encumbrances (non-GAAP basis).

	2016-17 BUDGET	2016-17 ACTUAL YTD 9/30/16*	2016-17 PROJECTED FYE 6/30/2017	2016-17 VARIANCE 6/30/2017
<b><u>GENERAL FUND:</u></b>				
Revenues	852,900,000	74,677,471	893,500,000	40,600,000
Expenditures	852,900,000	125,244,826	893,288,740	(40,388,740)
Net Surplus/(Deficit)	0	(50,567,355)	211,260	211,260
<b><u>GRANTS:</u></b>				
Revenues	118,755,407	9,367,076	118,755,407	0
Expenditures	118,755,407	13,680,582	118,755,407	0
Net Surplus/(Deficit)	0	(4,313,506)	0	0
<b><u>FOOD SERVICE:</u></b>				
Revenues	39,770,935	1,657,468	39,770,935	0
Expenditures	39,770,935	2,762,263	39,770,935	0
Net Surplus/(Deficit)	0	(1,104,795)	0	0
<b><u>GRAND TOTALS</u></b>				
REVENUES	1,011,426,342	85,702,015	1,052,026,342	40,600,000
EXPENDITURES	1,011,426,342	141,687,671	1,051,815,082	(40,388,740)
NET SURPLUS/ (DEFICIT)	0	(55,985,656)	211,260	211,260

\* AS OF OCTOBER 21, 2016 IN MUNIS

Budget modifications were made in accordance with GAAP for encumbrances (commitments related to unperformed contracts, i.e. open purchase orders) outstanding at the end of the previous fiscal year. In accordance with accounting standards related to encumbrances, encumbrances outstanding at year-end are reported as a reservation of fund balance since they do not constitute expenditures or liabilities. As of the first day of the subsequent year, the budget is automatically amended (increased) by the encumbrances outstanding at the end of the previous fiscal year. The associated expenditures are recorded in the year the purchase is made and are funded by the Reserve for Encumbrances carried over from the previous fiscal year.

A reconciliation of the original budget to the modified budget is as follows:

	<b>General Fund</b>	<b>Food Service Fund</b>
Original Budget	\$852,900,000	\$39,770,935
Add: Carryover encumbrances outstanding September 30, 2016:	4,293,259	320,101
<b>Modified Budget, September 30, 2016</b>	<b>\$857,193,259</b>	<b>\$40,091,036</b>



SECTION I  
QUARTERLY BUDGET SUMMARY



## DETAILED ANALYSIS OF GENERAL FUND REVENUES JULY 1, 2016 THROUGH SEPTEMBER 30, 2016

REVENUES:	ACTUAL 2015-16	ORIGINAL BUDGET 2016-17	MODIFIED BUDGET 2016-17	ACTUAL TO DATE 09/30/16*	PROJECTED TOTAL FYE 6/30/17**	PROJECTED 6/30/17 (UNDER)/OVER BUDGET
<b>GENERAL FUND:</b>						
REAL PROPERTY TAX	\$ 70,322,758	\$ 70,322,758	\$ 70,322,758	\$ 25,685,890	\$ 70,322,758	\$ -
ERIE COUNTY SALES TAX	42,362,699	42,000,000	42,000,000	4,968,488	42,000,000	-
FEDERAL FISCAL STABILIZATION	-	-	-	-	-	-
FEDERAL MEDICAID REIMBURSEMENT	1,822,326	2,500,000	2,500,000	1,136,100	2,600,000	100,000 <b>A</b>
FEDERAL EMERG DISASTER ASSIST (FEMA)	61,502	-	-	-	-	-
<b>STATE AID</b>						
BASIC FORMULA, EXCESS COST & LOTTERY AIDS	675,797,909	708,432,658	708,432,658	40,859,285	708,432,658	-
OTHER STATE AID	5,111,823	5,781,100	5,781,100	1,203,008	5,781,100	-
<b>TOTAL STATE AID</b>	680,909,732	714,213,758	714,213,758	42,062,293	714,213,758	-
OTHER(TUITION, MISC, TRANSFERS)	17,243,389	14,033,484	14,033,484	824,700	14,033,484	-
FUND BALANCE (BUDGETARY ONLY)	-	9,830,000	9,830,000	-	50,330,000	40,500,000 <b>B</b>
SERIAL BONDS	-	-	-	-	-	-
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 812,722,406</b>	<b>\$ 852,900,000</b>	<b>\$ 852,900,000</b>	<b>\$ 74,677,471</b>	<b>\$ 893,500,000</b>	<b>40,600,000</b>

\* As of October 21, 2016

\*\* Projections are based on available data and are subject to change.

**A** Medicaid revenues are trending above budget through the first quarter and are currently projected to finish slightly over budget for the year. This will continue to be monitored.

**B** Initial projections of the cost of the BTF contract in 2016/17 are \$41.5 million. It is expected that a portion of this increase will be funded through grants, where approximately 19% of BTF expenditures are charged. The amount that could be charged is estimated to be between \$1.0 million and \$4.0 million. At this point we are conservatively estimating that \$1.0 million will be covered by grants with the remaining \$40.5 million to be covered through the use of fund balance. A budget amendment will follow in the second quarter.

# DETAILED ANALYSIS OF GENERAL FUND EXPENDITURES

## JULY 1, 2016 THROUGH SEPTEMBER 30, 2016

EXPENDITURES:	(GAAP BASIS) ACTUAL 2015-16	CURRENT YEAR ONLY (NON-GAAP BASIS)					INCLUDES CARRY OVER ENCUMBRANCES (GAAP BASIS)				
		ORIGINAL BUDGET 2016-17	MODIFIED BUDGET 2016-17	ACTUAL TO DATE 09/30/16	PROJECTED TOTAL FYE 6/30/17*	PROJECTED FYE 6/30/17 UNDER/(OVER) BUDGET	MODIFIED BUDGET 2016-17	ACTUAL TO DATE 09/30/16	PROJECTED TOTAL FYE 6/30/17*	PROJECTED FYE 6/30/17 UNDER/(OVER) BUDGET	
		<b>GENERAL FUND:</b>									
<b>EMPLOYEE COMPENSATION:</b>											
BTF (TEACHERS)	\$ 170,426,053	\$ 178,423,480	\$ 179,596,902	\$ 11,935,345	\$ 199,396,902	\$ (19,800,000)	\$ 179,596,902	\$ 11,935,345	\$ 199,396,902	\$ (19,800,000) C	
BTF (TEACHERS) - OTHER COMPENSATION	9,499,889	8,823,300	8,923,744	1,716,082	10,123,744	(1,200,000)	8,923,744	1,716,082	10,123,744	(1,200,000) D	
SUBSTITUTES	7,547,662	6,663,078	6,675,078	409,752	6,675,078	0	6,675,078	409,752	6,675,078	0	
BCSA (ADMINISTRATORS)	18,656,715	19,220,037	20,528,235	4,265,665	20,528,235	0	20,528,236	4,265,665	20,528,236	0	
PCTEA (WHITE COLLAR)	15,470,882	17,648,196	17,650,629	3,516,363	17,650,629	0	17,650,629	3,516,363	17,650,629	0	
BEST (TEACHER AIDES)	6,658,452	6,966,985	8,888,132	533,663	8,888,132	0	8,888,132	533,663	8,888,132	0	
BEST (TEACHING ASSISTANTS)	5,971,702	8,241,079	6,661,276	414,668	6,661,276	0	6,661,276	414,668	6,661,276	0	
TAB (BUS AIDES)	4,479,854	5,292,095	5,292,095	315,806	5,292,095	0	5,292,095	315,806	5,292,095	0	
TRADES (CARPENTERS, PLUMBERS)	2,739,407	3,109,843	3,109,843	626,746	3,109,843	0	3,109,843	626,746	3,109,843	0	
LOCAL 264 (BLUE COLLAR)	2,503,237	2,700,059	2,713,499	509,706	2,713,499	0	2,713,499	509,706	2,713,499	0	
LOCAL 409 (ENGINEERS)	3,269,230	3,421,306	3,674,426	650,621	3,674,426	0	3,674,426	650,621	3,674,426	0	
EXEMPT & BOARD MEMBERS	2,810,939	3,641,250	3,746,250	709,281	3,746,250	0	3,746,250	709,281	3,746,250	0	
MISCELLANEOUS ITEMS	466,693	398,036	398,036	184,309	19,903,036	(19,505,000)	398,036	184,309	19,903,036	(19,505,000) E	
OVERTIME	1,943,771	937,979	1,240,704	334,081	1,540,704	(300,000)	1,240,704	334,081	1,540,704	(300,000) F	
<b>TOTAL EMPLOYEE COMPENSATION</b>	<b>\$ 252,444,485</b>	<b>\$ 265,486,723</b>	<b>\$ 269,098,849</b>	<b>\$ 26,122,088</b>	<b>\$ 309,903,849</b>	<b>\$ (40,805,000)</b>	<b>\$ 269,098,850</b>	<b>\$ 26,122,088</b>	<b>\$ 309,903,850</b>	<b>\$ (40,805,000)</b>	
<b>EMPLOYEE BENEFITS:</b>											
CIVIL SERVICE RETIREMENT	\$ 5,738,815	\$ 5,810,000	\$ 5,848,750	\$ 1,023,452	\$ 5,848,750	\$ 0	\$ 5,848,750	\$ 1,023,452	\$ 5,848,750	\$ 0	
TEACHERS RETIREMENT	27,291,956	26,000,000	26,111,120	2,117,230	30,858,306	(4,747,186)	26,113,693	2,119,803	30,860,879	(4,747,186) G	
SOCIAL SECURITY	19,306,590	20,364,973	20,454,937	2,004,647	23,553,570	(3,098,633)	20,454,937	2,004,647	23,553,570	(3,098,633) G	
HEALTH INSURANCE - EMPLOYEES	53,513,220	59,258,388	59,608,740	15,864,642	51,796,661	7,812,079	59,608,740	15,864,642	51,796,661	7,812,079 H	
HEALTH INSURANCE - RETIREES	61,433,960	70,726,000	70,726,000	16,299,609	70,426,000	300,000	70,726,000	16,299,609	70,426,000	300,000 I	
TERMINATION PAY	4,014,233	3,960,000	3,960,000	447,486	3,960,000	0	3,960,000	447,486	3,960,000	0	
OTHER BENEFITS	9,496,515	12,324,500	12,325,737	4,753,419	12,175,737	150,000	12,325,737	4,753,419	12,175,737	150,000 J	
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>\$ 180,795,290</b>	<b>\$ 198,443,861</b>	<b>\$ 199,035,284</b>	<b>\$ 42,510,486</b>	<b>\$ 198,619,024</b>	<b>\$ 416,261</b>	<b>\$ 199,037,857</b>	<b>\$ 42,513,059</b>	<b>\$ 198,621,597</b>	<b>\$ 416,261</b>	
<b>OTHER:</b>											
TRANSPORTATION	\$ 45,216,889	\$ 47,987,836	\$ 48,116,217	\$ 672,350	\$ 48,116,217	\$ 0	\$ 48,126,448	\$ 672,350	\$ 48,126,448	\$ 0	
UTILITIES	8,848,481	8,709,845	8,690,525	614,810	8,690,525	0	8,881,448	689,871	8,881,448	0	
TUITION	31,124,345	33,573,960	33,573,960	(156,241)	33,573,960	0	33,587,822	(142,378)	33,587,822	0	
CONTRACTS - CUSTODIAN	18,109,188	18,794,701	18,854,211	3,653,272	18,854,211	0	18,854,211	3,653,272	18,854,211	0	
EQUIPMENT	1,737,906	3,066,096	3,334,253	524	3,334,253	0	3,747,259	57,798	3,747,259	0	
CONTRACTS - MISCELLANEOUS	15,962,924	16,604,644	19,166,052	860,684	19,166,052	0	19,772,303	995,954	19,772,303	0	
RESERVE FOR CONTINGENCY	0	9,212,271	518,824	0	518,824	0	518,824	0	518,824	0	
RENTAL CONTRACTS	7,816,455	6,969,257	6,969,257	882,654	6,969,257	0	7,150,140	1,034,249	7,150,140	0	
REPAIRS & MAINTENANCE & RELATED	2,132,053	2,454,196	2,455,427	159,918	2,455,427	0	2,772,343	380,970	2,772,343	0	
TEXTBOOKS	2,291,025	3,003,893	3,341,289	55,339	3,341,289	0	4,293,404	99,715	4,293,404	0	
SUPPLIES & MISC RELATED ITEMS	8,480,495	8,627,186	9,780,321	418,824	9,780,321	0	11,386,819	1,430,617	11,386,819	0	
CHARTER SCHOOLS	103,970,846	109,561,554	109,561,554	36,891,244	109,561,554	0	109,561,554	36,891,244	109,561,554	0	
DEBT SERVICE	117,997,871	117,128,977	117,128,977	12,425,929	117,128,977	0	117,128,977	12,425,929	117,128,977	0	
INTERFUND	5,552,819	3,275,000	3,275,000	132,946	3,275,000	0	3,275,000	132,946	3,275,000	0	
<b>TOTAL OTHER</b>	<b>\$ 367,241,296</b>	<b>\$ 388,969,416</b>	<b>\$ 384,765,867</b>	<b>\$ 56,612,252</b>	<b>\$ 384,765,867</b>	<b>\$ 0</b>	<b>\$ 389,056,552</b>	<b>\$ 58,322,536</b>	<b>\$ 389,056,552</b>	<b>\$ 0</b>	
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 800,481,071</b>	<b>\$ 852,900,000</b>	<b>\$ 852,900,000</b>	<b>\$ 125,244,826</b>	<b>\$ 893,288,740</b>	<b>\$ (40,388,740)</b>	<b>\$ 857,193,259</b>	<b>\$ 126,957,684</b>	<b>\$ 897,581,999</b>	<b>\$ (40,388,740)</b>	
							\$ 4,293,259		(Carryover encumbrances)		

All projections are based on data available as of October 21, 2016 and are subject to change.

## DETAILED ANALYSIS OF GENERAL FUND EXPENDITURES – CONTINUED

<b>C</b>	As of September 30, 2016, there were approximately 100 less FTEs than budgeted in the general fund, but this reversed itself through October, so no net savings are projected at this time. With the settlement of the BTF contract on October 17, 2016, salaries for teachers will rise 10% and new hires will start at step 2. This will add approximately \$20.6 million to the BTF base salaries. It is projected that \$0.6 million will be covered by grants, which results in a \$19.8 million unfavorable budget projection for the year, before any budget amendments are made.
<b>D</b>	With the settlement of the BTF contract on October 17, 2016, salaries for teachers will rise 10%, including other compensation. This is projected to increase the annual expenditures by \$1.4 million. It is projected that the grant funds will be able to cover \$0.2 million of this increase, which results in a \$1.2 million unfavorable budget projection for the year, before any budget amendments are made.
<b>E</b>	This variance represents one time payments to current and retired employees resulting from the settlement of the BTF contract. This includes a one time signing bonus estimated at \$16.7 million for current employees and a one time payment to post 7/1/2007 retirees estimated at \$2.8 million.
<b>F</b>	One measure taken to close the 2016/17 projected budget deficit was to reduce the requested overtime budget by 1/2. Based on current projections, it is possible that the actual expenditures will exceed budget by \$0.3 million. However, savings in other civil service salary lines due to vacancies may mitigate this cost as the year proceeds.
<b>G</b>	Teachers Retirement System and Social Security expenditures are expected to increase in proportion to the increase in wages and one time salary payments.
<b>H</b>	Employee Health Insurance is projected to be reduced as a result of the new BTF contract, along with overall savings based on current projections through the first quarter.
<b>I</b>	Retiree Health Insurance is projecting below budget through the first quarter.
<b>J</b>	Other employee benefits includes unemployment benefits, which has been below budget through the first quarter.

## DETAILED ANALYSIS OF SPECIAL REVENUE FUNDS JULY 1, 2016 THROUGH SEPTEMBER 30, 2016

<b>SPECIAL REVENUE FUNDS:</b>	(GAAP BASIS)			ACTUAL TO DATE 09/30/16*	PROJECTED TOTAL FYE 6/30/17	PROJECTED FYE 6/30/17 UNDER(OVER) BUDGET
	ACTUAL 2015-16	ADOPTED BUDGET 2016-17	MODIFIED BUDGET 2016-17			
<b>REVENUES:</b>						
TOTAL GRANTS (16-17 ONLY)	117,775,056	113,700,230	118,755,407	9,367,076	118,755,407	-
TOTAL FOOD SERVICE REVENUES	29,029,459	39,770,935	39,770,935	1,657,468	39,770,935	-
<b>GRAND TOTAL REVENUES (ALL FUNDS)</b>	<b>\$ 959,526,921</b>	<b>\$ 1,006,371,165</b>	<b>\$ 1,011,426,342</b>	<b>\$ 85,702,014</b>	<b>\$ 1,052,026,342</b>	<b>\$ 40,600,000</b>
<b>EXPENDITURES:</b>						
TOTAL GRANTS (16-17 ONLY)	117,775,056	113,700,230	118,755,407	13,680,582	118,755,407	-
TOTAL FOOD SERVICE EXPENDITURES**	29,900,257	39,770,935	40,091,036	2,867,277	40,091,036	-
<b>GRAND TOTAL EXPENDITURES (ALL FUNDS)</b>	<b>\$ 948,156,384</b>	<b>\$ 1,006,371,165</b>	<b>\$ 1,016,039,702</b>	<b>\$ 143,505,542</b>	<b>\$ 1,056,428,442</b>	<b>\$ (40,388,740)</b>

\* As of October 21, 2016

\*\* Excluding carry over encumbrances, expenditures to date were \$2,762,263

**ANALYSIS OF GENERAL FUND REVENUES  
BUDGET TO DATE COMPARED TO ACTUAL TO DATE  
JULY 1, 2016 THROUGH SEPTEMBER 30, 2016**

Monthly projections are generally on a cash basis; except for June when the majority of year end accruals are posted.  
Detailed information on variances expected at year end can be found on page 2-7.

	2016-17 Adopted Budget	Budget to Date	Actual to Date	Variance
REAL PROPERTY TAX	70,322,758	25,685,885	25,685,890	5
ERIE COUNTY SALES TAX	42,000,000	4,956,000	4,968,488	12,488
FEDERAL MEDICAID	2,500,000	425,000	1,136,100	711,100
STATE AID	708,432,658	40,878,886	40,859,285	(19,601)
OTHER STATE AID/FED (FEMA)	5,781,100	1,200,000	1,203,008	3,008
OTHER (TUITION, INTERFUND, MISC)	14,033,484	774,594	824,700	50,106
APPROP FUND BALANCE (BUDGETARY ONLY)	9,830,000	-	-	-
<b>TOTAL GENERAL FUND</b>	<b>852,900,000</b>	<b>73,920,365</b>	<b>74,677,471</b>	<b>757,106</b>

**ANALYSIS OF GENERAL FUND EXPENDITURES  
BUDGET TO DATE COMPARED TO ACTUAL TO DATE  
JULY 1, 2016 THROUGH SEPTEMBER 30, 2016**

Monthly projections are generally on a cash basis; except for June when the majority of year end accruals are posted.  
Detailed information on variances expected at year end can be found on page 2-8.

EXPENDITURES:	GAAP BASIS		Modified Budget 2016-17	CURRENT YEAR ONLY BASIS		Variance
	Actual 2015-16	Adopted Budget 2016-17		Budget to date	Actual to date	
<b>EMPLOYEE COMPENSATION:</b>						
BTF (TEACHERS)	\$ 170,426,053	\$ 178,423,480	\$ 179,596,902	\$ 12,530,015	\$ 11,935,345	\$ 594,670
BTF (TEACHERS) - OTHER COMPENSATION	9,499,889	8,823,300	8,923,744	1,755,098	1,716,082	39,016
SUBSTITUTES	7,547,662	6,663,078	6,675,078	333,754	409,752	(75,998)
BCSA (ADMINISTRATORS)	18,656,715	19,220,037	20,528,235	4,589,486	4,265,665	323,821
PCTEA (WHITE COLLAR)	15,470,882	17,648,196	17,650,629	3,787,110	3,516,363	270,747
BEST (TEACHER AIDES)	6,658,452	6,966,985	8,888,132	543,932	533,663	10,269
BEST (TEACHING ASSISTANTS)	5,971,702	8,241,079	6,661,276	400,731	414,668	(13,937)
TAB (BUS AIDES)	4,479,854	5,292,095	5,292,095	246,144	315,806	(69,662)
TRADES (CARPENTERS, PLUMBERS)	2,739,407	3,109,843	3,109,843	667,243	626,746	40,497
LOCAL 264 (BLUE COLLAR)	2,503,237	2,700,059	2,713,499	582,207	509,706	72,501
LOCAL 409 (ENGINEERS)	3,269,230	3,421,306	3,674,426	788,382	650,621	137,761
EXEMPT & BOARD MEMBERS	2,810,939	3,641,250	3,746,250	803,794	709,281	94,513
MISCELLANEOUS ITEMS	466,693	398,036	398,036	177,135	184,309	(7,174)
OVERTIME	1,943,771	937,979	1,240,704	372,212	334,081	38,131
<b>TOTAL EMPLOYEE COMPENSATION</b>	<b>\$ 252,444,485</b>	<b>\$ 265,486,723</b>	<b>\$ 269,098,849</b>	<b>\$ 27,577,243</b>	<b>\$ 26,122,088</b>	<b>\$ 1,455,155</b>
<b>EMPLOYEE BENEFITS:</b>						
CIVIL SERVICE RETIREMENT	5,738,815	5,810,000	5,848,750	1,098,207	1,023,452	74,755
TEACHERS RETIREMENT	27,291,956	26,000,000	26,111,120	2,344,721	2,117,230	227,491
SOCIAL SECURITY	19,306,590	20,364,973	20,454,937	2,109,659	2,004,647	105,012
HEALTH INSURANCE - EMPLOYEES	53,513,220	59,258,388	59,608,740	15,899,718	15,864,642	35,076
HEALTH INSURANCE - RETIREES	61,433,960	70,726,000	70,726,000	16,598,000	16,299,609	298,391
TERMINATION PAY	4,014,233	3,960,000	3,960,000	404,001	447,486	(43,485)
OTHER BENEFITS	9,496,515	12,324,500	12,325,737	4,745,375	4,753,419	(8,044)
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>\$ 180,795,290</b>	<b>\$ 198,443,861</b>	<b>\$ 199,035,284</b>	<b>\$ 43,199,681</b>	<b>\$ 42,510,486</b>	<b>\$ 689,195</b>
<b>OTHER:</b>						
TRANSPORTATION	45,216,889	47,987,836	48,116,217	973,839	672,350	301,489
UTILITIES	6,848,481	8,709,845	8,690,525	873,322	614,810	258,512
TUITION	31,124,345	33,573,960	33,573,960	-	(156,241)	156,241
CONTRACTS - CUSTODIAN	18,109,188	18,794,701	18,854,211	3,588,297	3,653,272	(64,975)
EQUIPMENT	1,737,906	3,066,096	3,334,253	278,623	524	278,099
CONTRACTS - MISC & CONTINGENCY	15,962,924	16,604,644	19,166,052	1,192,529	860,684	331,845
RESERVE FOR CONTINGENCY	-	9,212,271	518,824	-	-	-
RENTAL CONTRACTS (EQUIPMENT, FACILITY)	7,816,455	6,969,257	6,969,257	871,754	882,654	(10,900)
REPAIRS & MAINTENANCE & RELATED	2,132,053	2,454,196	2,455,427	379,915	159,918	219,997
TEXTBOOKS	2,291,025	3,003,893	3,341,289	154,582	55,339	99,243
SUPPLIES & MISC RELATED ITEMS	8,480,495	8,627,186	9,780,321	1,053,660	418,824	634,836
CHARTER SCHOOLS	103,970,846	109,561,554	109,561,554	36,703,120	36,891,244	(188,124)
DEBT SERVICE	117,997,871	117,128,977	117,128,977	12,425,929	12,425,929	-
INTERFUND	5,552,819	3,275,000	3,275,000	90,000	132,946	(42,946)
<b>TOTAL GENERAL FUND</b>	<b>\$ 800,481,071</b>	<b>\$ 852,900,000</b>	<b>\$ 852,900,000</b>	<b>\$ 129,362,494</b>	<b>\$ 125,244,826</b>	<b>\$ 4,117,668</b>

**BUFFALO CITY SCHOOL DISTRICT  
EMPLOYMENT LEVELS IN ALL FUNDS  
2016-2017**

TYPE OF POSITION	UNION	ORIGINAL BUDGET 2016-17	REVISED BUDGET 2016-17	POSITIONS FILLED AS OF FIRST QUARTER**	FAVORABLE (UNFAVORABLE) VARIANCE
TEACHERS	BTF	3,564.0	3,549.2	3,466.1	97.9
ADMINISTRATORS	BCSA	229.7	247.2	243.0	(13.3)
CIVIL SERVICE EMPLOYEES	PCTEA	475.6	473.6	425.0	50.6
TEACHING ASSISTANTS	BEST	557.6	494.1	452.0	105.6
TEACHER AIDES	BEST	354.5	448.4	408.0	(53.5)
TRADESMEN		33.0	33.0	27.0	6.0
BLUE COLLAR	LOCAL 264	100.0	97.0	88.0	12.0
CUSTODIAL ENGINEERS	LOCAL 409	59.0	59.0	56.0	3.0
EXEMPT & BOARD MEMBERS		39.0	39.9	35.0	4.0
<b>TOTAL Full Time Equivalent (FTE) *</b>		<b>5,412.4</b>	<b>5,441.4</b>	<b>5,200.1</b>	<b>212.3</b>

\*FTE does not include hourly bus aides, food service workers, adult education teachers or per diem substitute teachers.

\*\*Per FTE Summary dated October 6, 2016.



**BUFFALO CITY SCHOOL DISTRICT  
EMPLOYMENT LEVELS IN GENERAL FUND  
2016-2017**

TYPE OF POSITION	UNION	ORIGINAL BUDGET 2016-17	REVISED BUDGET 2016-17	POSITIONS FILLED AS OF FIRST QUARTER**	FAVORABLE (UNFAVORABLE) VARIANCE
TEACHERS	BTF	3,107.7	3,092.9	2,994.9	112.8
ADMINISTRATORS	BCSA	193.5	211.0	199.9	(6.4)
CIVIL SERVICE EMPLOYEES	PCTEA	376.1	374.1	336.7	39.4
TEACHING ASSISTANTS	BEST	366.5	303.0	281.4	85.1
TEACHER AIDES	BEST	351.0	444.9	407.0	(56.0)
TRADESMEN		33.0	33.0	27.0	6.0
BLUE COLLAR	LOCAL 264	71.0	68.0	60.0	11.0
CUSTODIAL ENGINEERS	LOCAL 409	58.0	58.0	55.0	3.0
EXEMPT & BOARD MEMBERS		37.5	38.5	33.5	4.0
<b>TOTAL Full Time Equivalent (FTE)*</b>		<b>4,594.3</b>	<b>4,623.4</b>	<b>4,395.4</b>	<b>198.9</b>

\*FTE does not include hourly bus aides, food service workers, adult education teachers or per diem substitute teachers.

\*\*Per FTE Summary dated October 6, 2016.

**BUFFALO CITY SCHOOL DISTRICT  
EMPLOYMENT LEVELS IN GRANTS  
2016-2017**

TYPE OF POSITION	UNION	ORIGINAL BUDGET 2016-17	POSITIONS FILLED AS OF FIRST QUARTER**	FAVORABLE (UNFAVORABLE) VARIANCE
TEACHERS	BTF	456.3	471.3	(15.0)
ADMINISTRATORS	BCSA	36.2	43.1	(6.8)
CIVIL SERVICE EMPLOYEES	PCTEA	87.5	77.3	10.2
TEACHING ASSISTANTS	BEST	190.1	169.6	20.5
TEACHER AIDES	BEST	2.5	0.0	2.5
CUSTODIAL ENGINEERS	LOCAL 409	1.0	1.0	0.0
EXEMPT & BOARD MEMBERS		1.5	1.6	(0.1)
<b>TOTAL Full Time Equivalent (FTE) *</b>		<b>775.1</b>	<b>763.8</b>	<b>11.3</b>

\*FTE does not include hourly bus aides, food service workers, adult education teachers or per diem substitute teachers.

\*\*Per FTE Summary dated October 6, 2016.

**BUFFALO CITY SCHOOL DISTRICT  
EMPLOYMENT LEVELS IN FOOD SERVICE  
2016-2017**

TYPE OF POSITION	UNION	ORIGINAL BUDGET 2016-17	POSITIONS FILLED AS OF FIRST QUARTER**	FAVORABLE (UNFAVORABLE) VARIANCE
CIVIL SERVICE EMPLOYEES	PCTEA	12.0	11.0	1.0
TEACHING ASSISTANTS	BEST	1.0	1.0	-
TEACHER AIDES	BEST	1.0	1.0	-
BLUE COLLAR	LOCAL 264	29.0	28.0	1.0
<b>TOTAL Full Time Equivalent (FTE) *</b>		<b>43.0</b>	<b>41.0</b>	<b>2.0</b>

\*FTE does not include hourly bus aides, food service workers, adult education teachers or per diem substitute teachers.

\*\*Per FTE Summary dated October 6, 2016.

## SECTION II

### QUARTERLY STATEMENT OF CASH FLOWS



## BUFFALO CITY SCHOOL DISTRICT CASH FLOW ANALYSIS NARRATIVE JULY 1, 2016 – SEPTEMBER 30, 2016

The statement of cash flow records all receipts and disbursements of the General Fund, Special Aid Fund and Food Service Fund. The Capital Fund is not recorded in the cash flow statement because bond activities are maintained with separate accounting.

The net cash flow through the first quarter was favorable as compared to the projections by \$8.3 million. The total receipts anticipated were favorable by \$0.8 million. Expenditures were \$7.5 million less than predicted.

The following is a detailed analysis:

### CASH RECEIPTS:

#### Basic Formula Aid

**This line item consists of General Fund Revenue from the State of New York for formula driven aids.**

The Basic Formula Aid was consistent with the projected payments expected from the SED.

#### Lottery Aid

**This is also part of the General Fund Revenue.**

New York State makes an annual determination in September of how much cash it will use from the Lottery Aid fund as opposed to its General fund. Lottery Aid was consistent with the projection.

#### Erie County Sales Tax

**This pertains to the District's allocation of Sales Tax.**

Sales Tax receipts were slightly above projections, coming in \$0.3 million above plan.

#### Miscellaneous – State and Federal Aid

**This category represents revenue from the Special Aid Fund, Food Service Fund and Medicaid of the General Fund.**

The favorable variance of \$0.7 million is largely due to the timing of cash receipts for Medicaid. In August and September, the District received Medicaid funds from the 2015-16 fiscal year that were the result of the aforementioned initiative to maximize Medicaid Reimbursement.

#### Other

**This category contains a wide variety of miscellaneous cash receipts for copies, prior year reimbursements, transfers, etc.**

The timing of these miscellaneous items are difficult to predict and the unfavorable variance is a relatively small \$0.1 million.

## CASH DISBURSEMENTS:

Total actual cash disbursements through September 30, 2016 were less than originally projected by \$7.5 million. This is attributed to lower than budgeted salaries as well as lower disbursements for current year and prior year services and supplies with the exception of Charter School payments to date.

### Salary and Benefits

**All salary and benefits of General Fund, Special Aid Fund and Food Service Fund are recorded in this line.**

This category was favorable by \$3.1 million due to the payroll calendar changing after the cash flow budget was adopted. The actual cash flow does not include an additional ½ Summer Instructional pay period paid out in September that was budgeted. This difference will reverse itself as the year progresses. The cash flow projections have been amended for the BTF contract settlement in October.

### Termination Pay

**Payment to employees upon retirement that is contractually obligated is recorded in this line.**

The largest portion of these payments is paid in the first quarter and was favorable by \$1.2 million as there were fewer retirements than anticipated.

### PY Accounts Payable

This represents cash disbursements in 2016-17 for 2015-16 invoices. This category was favorable by \$3.4 million as some payments had not been distributed as of the end of the first quarter.

### Services and Supplies

This category was favorable by \$0.2 million largely due to the timing of vendor payments.

### Charter Schools

This category was unfavorable by \$0.4 million largely due to higher student counts at the start of the year than anticipated. These increases have begun to moderate and are expected to reverse throughout the year and match closely with the year end budget.

**QUARTERLY CASH FLOW STATEMENT**  
**For the Period July 1, 2016 – September 30, 2016**  
(in thousands)

	ORIGINAL PROJECTION YTD Q1	TOTAL YTD Q1	VARIANCE TO PROJECTION	REVISED* PROJECTION FYE 2016-17
<b>BEGINNING CASH &amp; INVESTMENTS</b>	<b>\$250,884</b>	<b>\$250,884</b>	<b>\$0</b>	<b>\$250,884</b>
<b>CASH RECEIPTS:</b>				
Basic Formula Aid	17,229	17,229	-	474,709
Lottery Aid Advance	40,335	40,290	(45)	89,944
Property Taxes <sup>(Less Capital Debt)</sup>	14,880	14,880	-	59,520
Erie County Sales Tax	9,500	9,752	252	42,252
Miscellaneous - State and Federal Aid:	24,890	25,649	759	144,353
Other	2,955	2,831	(124)	19,840
<b>TOTAL CASH RECEIPTS</b>	<b>109,789</b>	<b>110,631</b>	<b>842</b>	<b>830,618</b>
<b>CASH DISBURSEMENTS:</b>				
Salary & FICA - Regular	62,342	59,201	3,141	439,237
Termination Pay	3,500	2,296	1,204	2,746
PY Accounts Payable	39,000	35,648	3,352	36,648
Services & Supplies - Regular	54,300	54,107	193	320,077
Charter Schools	36,500	36,891	(391)	109,891
<b>TOTAL CASH DISBURSEMENTS</b>	<b>195,642</b>	<b>188,143</b>	<b>7,499</b>	<b>908,599</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(85,853)</b>	<b>(77,512)</b>	<b>8,341</b>	<b>(77,981)</b>
<b>ENDING CASH &amp; INVESTMENTS</b>	<b>\$165,031</b>	<b>\$173,372</b>	<b>\$8,341</b>	<b>\$172,903</b>

\* As of October 21, 2016