

Buffalo City School District



July 1, 2016 – December 31, 2016

QUARTERLY REPORT

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

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	2-1
SECTION I - QUARTERLY BUDGET SUMMARY	2-6
DETAILED ANALYSIS OF GENERAL FUND REVENUES - JULY 1, 2016 THROUGH DECEMBER 31, 2016.....	2-7
DETAILED ANALYSIS OF GENERAL FUND EXPENDITURES - JULY 1, 2016 THROUGH DECEMBER 31, 2016	2-8
DETAILED ANALYSIS OF SPECIAL REVENUE FUNDS JULY 1, 2016 THROUGH DECEMBER 31, 2016	2-10
ANALYSIS OF GENERAL FUND REVENUES: BUDGET TO DATE COMPARED TO ACTUAL TO DATE.....	2-11
ANALYSIS OF GENERAL FUND EXPENDITURES: BUDGET TO DATE COMPARED TO ACTUAL TO DATE	2-12
EMPLOYMENT LEVELS IN ALL FUNDS	2-13
EMPLOYMENT LEVELS IN GENERAL FUND.....	2-14
EMPLOYMENT LEVELS IN GRANTS	2-15
EMPLOYMENT LEVELS IN FOOD SERVICE	2-16
SECTION II - QUARTERLY STATEMENT OF CASH FLOWS	2-17
CASH FLOW ANALYSIS NARRATIVE	2-18
QUARTERLY CASH FLOW STATEMENT	2-20

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

JULY 1, 2016 – DECEMBER 31, 2016

Through the second quarter, the District's General Fund is projecting a favorable budgetary variance of \$6.2 million overall, which compares to a \$0.2 million favorable variance projected after the first quarter—an improvement of \$6.0 million. The first and second quarter projections both included the planned usage of \$40.5 million in fund balance for the cost of the settled teachers' contract. The \$6.2 million is not a true surplus; it is a favorable budgetary variance that indicates projected fund balance usage will be less than budgeted. These projections could materially change based on unanticipated future events, but are based on information available as of January 2017.

The second quarter report includes the impact of the teachers' contract settled on October 17, 2016 and the most up to date projections of its cost for the full fiscal year. A \$40.5 million budget amendment has been approved by the Board to fund the costs of the teachers' contract through June 2017. The amendment is currently projected to be allocated based on following table, which shows both the original projection calculated in October 2016 and the current second quarter projection, which now shows a reduction in cost to the general fund:

Analysis of Teacher Contract Cost in the General Fund (in millions)			
	Current Projection	Original Projection	Explanatory Notes
Amount of the budget amendment, the planned usage of fund balance:	40.5	40.5	
Projected allocation of the budget amendment to expenditure accounts:			
Regular teacher salaries	15.2	21.0	Based on fewer teacher positions in the general fund than the original contract cost projections.
One-time teacher step bonus and retiree payments	19.9	19.5	
Health insurance	(4.8)	(7.8)	This also includes the impact of other bargaining units; full health insurance savings will not be known until after the fiscal year ends.
Other Benefits (Social Security, Teachers Retirement System, Supplemental)	4.3	7.8	This also includes the impact of other bargaining units.
Held in contingency for grant salaries	3.0	-	Some grants may not be able to absorb increased teacher salaries; therefore, it is possible these costs may shift to the general fund. \$3.0 million is an estimate of that amount.
Total projected costs:	37.6	40.5	
Remainder - projected savings to return to fund balance:	2.9	-	

In addition to the \$2.9 million projected favorable budget variance related to teacher costs, there are favorable variances netting to \$4.8 million in other expenditure accounts. These include: a large favorable variance in retiree health insurance of \$2.0 million due in large part to the voluntary Medicare Advantage enrollment program; a combined \$1.6 million favorable variance in regular salary lines for non-teaching positions due to vacancies and favorable salary differentials; while expenditures for agency and charter tuition are favorable to budget by \$0.8 million and \$0.6 million, respectively, due to enrollments being under budget. These and other favorable variances are offset by substitute teacher expenses and overtime which are projected to be \$1.5 million and \$0.4 million over budget, respectively, due in large part to higher FTE vacancies that drive these costs. Expenditure variances are fully detailed on pages 2-8 and 2-9.

All of these costs will continue to be monitored closely throughout the remainder of the year, as additional budgetary savings will reduce the reliance on fund balance usage and therefore increase the amount of fund balance available in future years. Additionally, the District is starting a focused review of several high dollar spend operational programs, which we hope will yield significant savings in the coming years. As the fund balance specifically identified for the settlement of union contracts will likely be spent down within two to three years, it will be imperative that the District closely scrutinizes all spending and that it maximizes the yield on existing spending. These cost controls are in addition to efforts underway to increase revenues from the State, City or outside foundations in the coming years.

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 during the first and second quarters, 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. Initial returns on Extended Learning Time, New Innovative High Schools and Services for Our Neediest Children and Families are also positive. Additional updates are planned at upcoming Board meetings.

Through two quarters, revenues are projecting close to budget, with small positive variances projected in Medicaid and Erie County Sales Tax, while State revenues are projected to be \$2.0 million under budget for the full year.

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 December 31, 2016 and the projected amounts for the year ending June 30, 2017. At the request of the BFS 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.

Overall, the General Fund has added 64 FTEs to the original budget through December 2016. Many of the positions are in the Community Schools Program, which were not allocated to FTEs when the budget adopted. Additional increases supporting English Language Learners and equity in the schools were also added. Actual FTEs are below original and revised FTE budgets through the second quarter. FTE details can be found on pages 2-13 to 2-16.

The Quarterly Statement of Cash Flows indicates that net cash flow through the second quarter was favorable as compared to original projections by \$2.2 million, with total receipts being unfavorable by \$2.3 million, while expenditures were \$4.5 million less than originally projected. Total net cash activity for the year is currently projected to be a negative \$68.5 million, with an ending cash balance of \$182.3 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. Cash flow details can be found on pages 2-18 to 2-20

The following table shows the total annual budget, actual balances through the second 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 MODIFIED BUDGET	2016-17 ACTUAL YTD 12/31/16*	2016-17 PROJECTED FYE 6/30/2017	2016-17 VARIANCE 6/30/2017
<u>GENERAL FUND:</u>				
Revenues	893,400,000	250,441,239	891,740,000	(1,660,000)
Expenditures	893,400,000	339,887,084	885,555,000	7,845,000
Net Surplus/(Deficit)	0	(89,445,845)	6,185,000	6,185,000
<u>GRANTS:</u>				
Revenues	122,588,794	25,155,473	122,588,794	0
Expenditures	122,588,794	40,461,027	122,588,794	0
Net Surplus/(Deficit)	0	(15,305,554)	0	0
<u>FOOD SERVICE:</u>				
Revenues	39,770,935	10,684,113	39,770,935	0
Expenditures	39,770,935	11,125,676	39,772,945	(2,010)
Net Surplus/(Deficit)	0	(441,563)	(2,010)	(2,010)
<u>GRAND TOTALS</u>				
REVENUES	1,055,759,729	286,280,825	1,054,099,729	(1,660,000)
EXPENDITURES	1,055,759,729	391,473,787	1,047,916,739	7,842,990
NET SURPLUS/ (DEFICIT)	0	(105,192,962)	6,182,990	6,182,990

* AS OF JANUARY 24, 2017 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:

	General Fund	Food Service Fund
Original Budget	\$852,900,000	\$39,770,935
Additional Budget Amendment	40,500,000	0
Add: Carryover encumbrances outstanding December 31, 2016:	4,247,104	320,101
Modified Budget, December 31, 2016	\$897,647,104	\$40,091,036

SECTION I
QUARTERLY BUDGET SUMMARY



DETAILED ANALYSIS OF GENERAL FUND REVENUES JULY 1, 2016 THROUGH DECEMBER 31, 2016

REVENUES:	ACTUAL 2015-16	ORIGINAL BUDGET 2016-17	MODIFIED BUDGET 2016-17	ACTUAL TO DATE 12/31/16*	PROJECTED TOTAL FYE 6/30/17**	PROJECTED 6/30/17 (UNDER)/OVER BUDGET
GENERAL FUND:						
REAL PROPERTY TAX	\$ 70,322,758	\$ 70,322,758	\$ 70,322,758	\$ 40,564,846	\$ 70,322,758	\$ -
ERIE COUNTY SALES TAX	42,362,699	42,000,000	42,000,000	17,294,032	42,100,000	100,000 A
FEDERAL FISCAL STABILIZATION	-	-	-	-	-	-
FEDERAL MEDICAID REIMBURSEMENT	1,822,326	2,500,000	2,500,000	1,238,764	2,700,000	200,000 A
FEDERAL EMERG DISASTER ASSIST (FEMA)	61,502	-	-	-	-	-
STATE AID						
BASIC FORMULA, EXCESS COST & LOTTERY AIDS	675,797,909	708,432,658	708,432,658	180,026,501	706,472,658	(1,960,000) B
OTHER STATE AID	5,111,823	5,781,100	5,781,100	3,366,315	5,781,100	-
TOTAL STATE AID	680,909,732	714,213,758	714,213,758	183,392,816	712,253,758	(1,960,000)
OTHER(TUITION, MISC, TRANSFERS)	17,243,389	14,033,484	14,033,484	7,950,782	14,033,484	-
FUND BALANCE (BUDGETARY ONLY)	-	9,830,000	50,330,000	-	50,330,000	- C
SERIAL BONDS	-	-	-	-	-	-
TOTAL GENERAL FUND REVENUES	\$ 812,722,406	\$ 852,900,000	\$ 893,400,000	\$ 250,441,239	\$ 891,740,000	(1,660,000)

* As of January 24, 2017

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

A	Based on current projections, both Erie County Sales Tax and Medicaid revenues are projected to exceed their budgets by small amounts.
B	State aid fluctuates during the year and current projected shortfalls may reverse themselves, however there are negative variances in special services aid and several student-based reimbursement aids that are likely to end the year under budget, so we are projecting a \$2.0 million shortfall in State Aid.
C	The District budget has been amended to increase appropriated fund balance by \$40.5 million, to a total of \$50.3 million.

DETAILED ANALYSIS OF GENERAL FUND EXPENDITURES

JULY 1, 2016 THROUGH DECEMBER 31, 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 12/31/16	PROJECTED TOTAL FYE 6/30/17*	PROJECTED FYE 6/30/17 UNDER/(OVER) BUDGET	MODIFIED BUDGET 2016-17	ACTUAL TO DATE 12/31/16	PROJECTED TOTAL FYE 6/30/17*	PROJECTED FYE 6/30/17 UNDER/(OVER) BUDGET	
		GENERAL FUND:									
EMPLOYEE COMPENSATION:											
BTF (TEACHERS)	\$ 170,426,053	\$ 178,423,480	\$ 192,053,050	\$ 75,186,543	\$ 192,053,050	\$ 0	\$ 192,053,050	\$ 75,186,543	\$ 192,053,050	\$ 0	
BTF (TEACHERS) - OTHER COMPENSATION	9,499,889	8,823,300	31,706,788	21,560,810	31,706,788	0	31,706,788	4,758,030	31,706,788	0	
SUBSTITUTES	7,547,662	6,663,078	6,706,090	3,131,206	8,206,090	(1,500,000)	6,706,090	3,131,206	8,206,090	(1,500,000)	
BCSA (ADMINISTRATORS)	18,656,715	19,220,037	20,550,785	9,608,523	20,550,785	0	20,550,785	9,608,523	20,550,785	0	
PCTEA (WHITE COLLAR)	15,470,882	17,648,196	17,628,936	7,673,430	17,078,936	550,000	17,628,936	7,673,430	17,078,936	550,000	
BEST (TEACHER AIDES)	6,658,452	6,966,985	8,995,576	3,025,913	8,495,576	500,000	8,995,576	3,025,913	8,495,576	500,000	
BEST (TEACHING ASSISTANTS)	5,971,702	8,241,079	6,803,786	2,245,236	6,503,786	300,000	6,803,786	2,245,236	6,503,786	300,000	
TAB (BUS AIDES)	4,479,854	5,292,095	5,320,795	1,819,955	5,320,795	0	5,320,795	1,819,955	5,320,795	0	
TRADES (CARPENTERS, PLUMBERS)	2,739,407	3,109,843	3,059,843	1,378,214	2,984,843	75,000	3,059,843	1,378,214	2,984,843	75,000	
LOCAL 264 (BLUE COLLAR)	2,503,237	2,700,059	2,677,680	1,134,795	2,587,680	90,000	2,677,680	1,134,795	2,587,680	90,000	
LOCAL 409 (ENGINEERS)	3,269,230	3,421,306	3,674,426	1,537,373	3,594,426	80,000	3,674,426	1,537,373	3,594,426	80,000	
EXEMPT & BOARD MEMBERS	2,810,939	3,641,250	3,711,250	1,649,329	3,636,250	75,000	3,711,250	1,649,329	3,636,250	75,000	
MISCELLANEOUS ITEMS	466,693	398,036	383,811	236,471	383,811	0	383,811	236,471	383,811	0	
OVERTIME	1,943,771	937,979	1,364,170	900,345	1,764,170	(400,000)	1,364,170	900,345	1,764,170	(400,000)	
TOTAL EMPLOYEE COMPENSATION	\$ 252,444,485	\$ 265,486,723	\$ 304,636,986	\$ 131,088,144	\$ 304,866,986	\$ (230,000)	\$ 304,636,986	\$ 114,285,364	\$ 304,866,986	\$ (230,000)	
EMPLOYEE BENEFITS:											
CIVIL SERVICE RETIREMENT	\$ 5,738,815	\$ 5,810,000	\$ 5,848,750	\$ 2,753,251	\$ 5,848,750	\$ 0	\$ 5,848,750	\$ 2,753,251	\$ 5,848,750	\$ 0	
TEACHERS RETIREMENT	27,291,956	26,000,000	27,611,120	10,732,336	27,611,120	0	27,611,120	10,734,909	27,611,120	0	
SOCIAL SECURITY	19,306,590	20,364,973	22,804,937	9,995,947	22,804,937	0	22,804,937	9,995,947	22,804,937	0	
HEALTH INSURANCE - EMPLOYEES	53,513,220	59,258,388	54,808,740	26,306,995	54,308,740	500,000	54,808,740	26,306,995	54,308,740	500,000	
HEALTH INSURANCE - RETIREES	61,433,960	70,726,000	70,726,000	32,481,081	68,726,000	2,000,000	70,726,000	32,481,081	68,726,000	2,000,000	
TERMINATION PAY	4,014,233	3,960,000	3,960,000	662,899	3,960,000	0	3,960,000	662,899	3,960,000	0	
OTHER BENEFITS	9,496,515	12,324,500	12,765,737	7,083,197	12,215,737	550,000	12,765,737	7,083,197	12,215,737	550,000	
TOTAL EMPLOYEE BENEFITS	\$ 180,795,290	\$ 198,443,861	\$ 198,525,284	\$ 90,015,706	\$ 195,475,284	\$ 3,050,000	\$ 198,525,284	\$ 90,018,279	\$ 195,475,284	\$ 3,050,000	
OTHER:											
TRANSPORTATION	\$ 45,216,889	\$ 47,987,836	\$ 48,129,960	\$ 3,438,557	\$ 48,129,960	\$ 0	\$ 48,140,191	\$ 3,441,205	\$ 48,140,191	\$ 0	
UTILITIES	6,848,481	8,709,845	8,575,525	2,125,943	8,575,525	0	8,766,448	2,292,376	8,766,448	0	
TUITION	31,124,345	33,573,960	33,573,960	5,718,369	32,798,960	775,000	33,587,822	5,732,231	32,812,822	775,000	
CONTRACTS - CUSTODIAN	18,109,188	18,794,701	18,854,211	8,380,931	18,854,211	0	18,854,211	8,380,931	18,854,211	0	
EQUIPMENT	1,737,906	3,066,096	3,426,650	1,164,213	3,426,650	0	3,839,559	1,534,191	3,839,559	0	
CONTRACTS - MISCELLANEOUS	15,962,924	16,604,644	19,078,816	3,108,087	18,328,816	750,000	19,684,728	20,173,577	18,934,728	750,000	
RESERVE FOR CONTINGENCY	0	9,212,271	5,980,037	0	3,080,037	2,900,000	5,980,037	0	3,080,037	2,900,000	
RENTAL CONTRACTS	7,816,455	6,969,257	6,974,257	1,895,162	6,974,257	0	7,155,140	2,047,258	7,155,140	0	
REPAIRS & MAINTENANCE & RELATED	2,132,053	2,454,196	2,482,196	632,962	2,482,196	0	2,792,628	898,818	2,792,628	0	
TEXTBOOKS	2,291,025	3,003,893	3,372,202	1,256,603	3,372,202	0	4,320,346	2,071,025	4,320,346	0	
SUPPLIES & MISC RELATED ITEMS	8,480,495	8,627,186	9,824,385	2,610,821	9,824,385	0	11,398,193	3,903,013	11,398,193	0	
CHARTER SCHOOLS	103,970,846	109,561,554	109,561,554	54,144,328	108,961,554	600,000	109,561,554	54,144,328	108,961,554	600,000	
DEBT SERVICE	117,997,871	117,128,977	117,128,977	34,210,011	117,128,977	0	117,128,977	34,210,011	117,128,977	0	
INTERFUND	5,552,819	3,275,000	3,275,000	97,247	3,275,000	0	3,275,000	97,247	3,275,000	0	
TOTAL OTHER	\$ 367,241,296	\$ 388,969,416	\$ 390,237,730	\$ 118,783,233	\$ 385,212,730	\$ 5,025,000	\$ 394,484,834	\$ 138,926,211	\$ 389,459,834	\$ 5,025,000	
TOTAL GENERAL FUND EXPENDITURES	\$ 800,481,071	\$ 852,900,000	\$ 893,400,000	\$ 339,887,084	\$ 885,555,000	\$ 7,845,000	\$ 897,647,104	\$ 343,229,854	\$ 889,802,104	\$ 7,845,000	
							Difference to original budget	\$ 4,247,104	(Carryover encumbrances)		

All projections are based on data available as of January 24, 2017 and are subject to change.

DETAILED ANALYSIS OF GENERAL FUND EXPENDITURES – CONTINUED

D	Budget amounts for BTF compensation have been amended to their projected total spend for the year. Based on current staffing, no variances are expected, but this may be modified during the upcoming quarters.
E	This account includes one time payments of \$16.8 million for the teacher step bonuses and \$3.0 million for the retiree bonus, both resulting from the settled teacher contract.
F	Substitute teacher costs are projected to exceed budget, largely due to vacant positions.
G	Based on vacancies and salary differentials, there are small, but favorable budget variances projected for most bargaining units.
H	Overtime is projecting to exceed budget. Contributing factors include vacancies, along with budget allocations from the new Community Schools initiative (\$122k) and extended learning time (\$150k) that were budgeted in master accounts and allocated to overtime accounts after the general fund budget was adopted. It is anticipated that any remaining overages will be covered by savings from vacant positions.
I	Teachers Retirement System and Social Security expenditures have been modified for the increased teacher salaries; no additional variances are projected at this time, but this could be modified during the upcoming quarters.
J	The Employee Health Insurance budget was reduced by \$4.8 million for the impact of the new teachers' contract. Additional savings are anticipated, but no budget modifications will be made until the new rates are in effect and the variance between premium equivalent rates and actual spending can be projected.
K	Retiree Health Insurance is projecting below budget through the second quarter. Favorable results from the continued voluntary conversion of retirees to the Medicare Advantage product are the most significant driver of savings.
L	Other employee benefits includes unemployment expense, which has been below budget through the second quarter.
M	Tuition expense for District students placed in Agencies is projecting below budget through the second quarter.
N	The timing of contract expenditures can fluctuate significantly throughout the year, but based on current projections, these expenditures are trending under budget.
O	The reserve for contingency includes \$6.0 million in excess fund balance approved but not allocated to teacher salary and benefit lines. It is anticipated that a portion of this will be used to cover shortfalls in Grants as a result of teaching staff salaries exceeding grant budgets. However, projections through the second quarter indicate \$2.9 million in net savings may be achieved.
P	Total tuition payments to charter schools are projected to be below budget through the second quarter.

DETAILED ANALYSIS OF SPECIAL REVENUE FUNDS JULY 1, 2016 THROUGH DECEMBER 31, 2016

SPECIAL REVENUE FUNDS:	(GAAP BASIS)			ACTUAL TO DATE 12/31/16*	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			
REVENUES:						
TOTAL GRANTS (16-17 ONLY)	117,775,056	113,700,230	122,588,794	25,155,473	122,588,794	-
TOTAL FOOD SERVICE REVENUES	29,029,459	39,770,935	39,770,935	10,684,113	39,770,935	-
GRAND TOTAL REVENUES (ALL FUNDS)	\$ 959,526,921	\$ 1,006,371,165	\$ 1,055,759,729	\$ 286,280,825	\$ 1,054,099,729	\$ (1,660,000)
EXPENDITURES:						
TOTAL GRANTS (16-17 ONLY)	117,775,056	113,700,230	122,588,794	40,461,027	122,588,794	-
TOTAL FOOD SERVICE EXPENDITURES**	29,900,258	39,770,935	40,091,036	11,237,495	40,091,036	-
GRAND TOTAL EXPENDITURES (ALL FUNDS)	\$ 948,156,385	\$ 1,006,371,165	\$ 1,060,326,934	\$ 394,928,376	\$ 1,052,481,934	\$ 7,845,000

* As of January 24, 2017

** Excluding carry over encumbrances, expenditures to date were \$11,125,676

**ANALYSIS OF GENERAL FUND REVENUES
BUDGET TO DATE COMPARED TO ACTUAL TO DATE
JULY 1, 2016 THROUGH DECEMBER 31, 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	2016-17 Revised Budget	Budget to Date	Actual to Date	Variance
REAL PROPERTY TAX	70,322,758	70,322,758	40,564,846	40,564,846	-
ERIE COUNTY SALES TAX	42,000,000	42,000,000	16,758,000	17,294,032	536,032
FEDERAL MEDICAID	2,500,000	2,500,000	1,375,000	1,238,764	(136,236)
STATE AID	708,432,658	708,432,658	178,372,057	180,026,501	1,654,444
OTHER STATE AID/FED (FEMA)	5,781,100	5,781,100	3,293,359	3,366,315	72,956
OTHER (TUITION, INTERFUND, MISC)	14,033,484	14,033,484	4,265,255	7,950,782	3,685,527
APPROP FUND BALANCE (BUDGETARY ONLY)	9,830,000	50,330,000	-	-	-
TOTAL GENERAL FUND	852,900,000	893,400,000	244,628,517	250,441,239	5,812,722

**ANALYSIS OF GENERAL FUND EXPENDITURES
BUDGET TO DATE COMPARED TO ACTUAL TO DATE
JULY 1, 2016 THROUGH DECEMBER 31, 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		CURRENT YEAR ONLY BASIS			Variance
	Actual 2015-16	Adopted Budget 2016-17	Modified Budget 2016-17	Budget to date	Actual to date	
EMPLOYEE COMPENSATION:						
BTF (TEACHERS)	\$ 170,426,053	\$ 178,423,480	\$ 192,053,050	\$ 75,927,951	\$ 75,186,543	\$ 741,408
BTF (TEACHERS) - OTHER COMPENSATION	9,499,889	8,823,300	31,706,788	22,296,219	21,560,810	735,409
SUBSTITUTES	7,547,662	6,663,078	6,706,090	2,518,682	3,131,206	(612,524)
BCSA (ADMINISTRATORS)	18,656,715	19,220,037	20,550,785	10,051,155	9,608,523	442,632
PCTEA (WHITE COLLAR)	15,470,882	17,648,196	17,628,936	8,510,523	7,673,430	837,093
BEST (TEACHER AIDES)	6,658,452	6,966,985	8,995,576	3,397,447	3,025,913	371,534
BEST (TEACHING ASSISTANTS)	5,971,702	8,241,079	6,803,786	2,561,365	2,245,236	316,129
TAB (BUS AIDES)	4,479,854	5,292,095	5,320,795	1,969,152	1,819,955	149,197
TRADES (CARPENTERS, PLUMBERS)	2,739,407	3,109,843	3,059,843	1,477,162	1,378,214	98,948
LOCAL 264 (BLUE COLLAR)	2,503,237	2,700,059	2,677,680	1,292,673	1,134,795	157,878
LOCAL 409 (ENGINEERS)	3,269,230	3,421,306	3,674,426	1,773,860	1,537,373	236,487
EXEMPT & BOARD MEMBERS	2,810,939	3,641,250	3,711,250	1,791,638	1,649,329	142,309
MISCELLANEOUS ITEMS	466,693	398,036	383,811	242,874	236,471	6,403
OVERTIME	1,943,771	937,979	1,364,170	859,428	900,345	(40,917)
TOTAL EMPLOYEE COMPENSATION	\$ 252,444,485	\$ 265,486,723	\$ 304,636,986	\$ 134,670,129	\$ 131,088,144	\$ 3,581,985
EMPLOYEE BENEFITS:						
CIVIL SERVICE RETIREMENT	5,738,815	5,810,000	5,848,750	2,780,778	2,753,251	27,527
TEACHERS RETIREMENT	27,291,956	26,000,000	27,611,120	11,420,149	10,732,336	687,813
SOCIAL SECURITY	19,306,590	20,364,973	22,804,937	9,017,065	9,995,947	(978,882)
HEALTH INSURANCE - EMPLOYEES	53,513,220	59,258,388	54,808,740	27,219,652	26,306,995	912,657
HEALTH INSURANCE - RETIREES	61,433,960	70,726,000	70,726,000	34,279,499	32,481,081	1,798,418
TERMINATION PAY	4,014,233	3,960,000	3,960,000	808,002	662,899	145,103
OTHER BENEFITS	9,496,515	12,324,500	12,765,737	7,547,127	7,083,197	463,930
TOTAL EMPLOYEE BENEFITS	\$ 180,795,290	\$ 198,443,861	\$ 198,525,284	\$ 93,072,272	\$ 90,015,706	\$ 3,056,566
OTHER:						
TRANSPORTATION	45,216,889	47,987,836	48,129,960	19,132,359	3,438,557	15,693,802
UTILITIES	6,848,481	8,709,845	8,575,525	2,686,703	2,125,943	560,760
TUITION	31,124,345	33,573,960	33,573,960	7,386,271	5,718,369	1,667,902
CONTRACTS - CUSTODIAN	18,109,188	18,794,701	18,854,211	8,172,401	8,380,931	(208,530)
EQUIPMENT	1,737,906	3,066,096	3,426,650	531,267	1,164,213	(632,946)
CONTRACTS - MISC & CONTINGENCY	15,962,924	16,604,644	19,078,816	7,001,798	3,108,087	3,893,711
RESERVE FOR CONTINGENCY	-	9,212,271	5,980,037	-	-	-
RENTAL CONTRACTS (EQUIPMENT, FACILITY)	7,816,455	6,969,257	6,974,257	2,874,456	1,895,162	979,294
REPAIRS & MAINTENANCE & RELATED	2,132,053	2,454,196	2,482,196	1,047,754	632,962	414,792
TEXTBOOKS	2,291,025	3,003,893	3,372,202	1,349,511	1,256,603	92,908
SUPPLIES & MISC RELATED ITEMS	8,480,495	8,627,186	9,824,385	4,076,625	2,610,821	1,465,804
CHARTER SCHOOLS	103,970,846	109,561,554	109,561,554	55,328,584	54,144,328	1,184,256
DEBT SERVICE	117,997,871	117,128,977	117,128,977	34,238,739	34,210,011	28,728
INTERFUND	5,552,819	3,275,000	3,275,000	160,000	97,247	62,753
TOTAL GENERAL FUND	\$ 800,481,071	\$ 852,900,000	\$ 893,400,000	\$ 371,728,869	\$ 339,887,084	\$ 31,841,785

**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 SECOND QUARTER**	FAVORABLE (UNFAVORABLE) VARIANCE - TO ORIGINAL BUDGET	FAVORABLE (UNFAVORABLE) VARIANCE - TO REVISED BUDGET
TEACHERS	BTF	3,544.3	3,629.8	3,521.4	22.9	108.4
ADMINISTRATORS	BCSA	242.2	266.6	245.0	(2.8)	21.6
CIVIL SERVICE EMPLOYEES	PCTEA	476.6	480.2	417.0	59.6	63.2
TEACHING ASSISTANTS	BEST	584.0	486.1	463.0	121.0	23.1
TEACHER AIDES	BEST	348.5	452.9	449.0	(100.5)	3.9
TRADESMEN		33.0	33.0	28.0	5.0	5.0
BLUE COLLAR	LOCAL 264	100.0	98.0	87.0	13.0	11.0
CUSTODIAL ENGINEERS	LOCAL 409	59.0	59.0	56.0	3.0	3.0
EXEMPT & BOARD MEMBERS		38.9	41.0	35.0	3.9	6.0
TOTAL Full Time Equivalent (FTE) *		5,426.5	5,546.6	5,301.4	125.1	245.2

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

**Per FTE Summary dated January 6, 2017.

**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 SECOND QUARTER**	FAVORABLE (UNFAVORABLE) VARIANCE - TO ORIGINAL BUDGET	FAVORABLE (UNFAVORABLE) VARIANCE TO REVISED BUDGET
TEACHERS	BTF	3,087.9	3,128.2	3,049.0	38.9	79.2
ADMINISTRATORS	BCSA	206.0	215.0	201.7	4.3	13.3
CIVIL SERVICE EMPLOYEES	PCTEA	377.1	375.1	327.2	49.9	47.9
TEACHING ASSISTANTS	BEST	392.9	308.0	291.3	101.6	16.7
TEACHER AIDES	BEST	345.0	447.9	443.0	(98.0)	4.9
TRADESMEN		33.0	33.0	28.0	5.0	5.0
BLUE COLLAR	LOCAL 264	71.0	69.0	58.0	13.0	11.0
CUSTODIAL ENGINEERS	LOCAL 409	58.0	58.0	55.0	3.0	3.0
EXEMPT & BOARD MEMBERS		37.5	38.5	33.5	4.0	5.0
TOTAL Full Time Equivalent (FTE)*		4,608.4	4,672.7	4,486.7	121.7	186.0

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

**Per FTE Summary dated January 6, 2017.

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

TYPE OF POSITION	UNION	ORIGINAL BUDGET 2016-17	REVISED BUDGET 2016-17	POSITIONS FILLED AS OF SECOND QUARTER**	FAVORABLE (UNFAVORABLE) VARIANCE	FAVORABLE (UNFAVORABLE) VARIANCE
TEACHERS	BTF	456.3	501.6	472.4	(16.1)	29.2
ADMINISTRATORS	BCSA	36.2	51.6	43.3	(7.1)	8.3
CIVIL SERVICE EMPLOYEES	PCTEA	87.5	93.1	78.8	8.7	14.3
TEACHING ASSISTANTS	BEST	190.1	177.1	170.7	19.3	6.4
TEACHER AIDES	BEST	2.5	4.0	4.0	(1.5)	0.0
CUSTODIAL ENGINEERS	LOCAL 409	1.0	1.0	1.0	0.0	0.0
EXEMPT & BOARD MEMBERS		1.5	2.5	1.6	(0.1)	0.9
TOTAL Full Time Equivalent (FTE) *		775.1	830.8	771.8	3.3	59.0

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

**Per FTE Summary dated January 6, 2017.

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

TYPE OF POSITION	UNION	ORIGINAL BUDGET 2016-17	POSITIONS FILLED AS OF SECOND 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	2.0	(1.0)
BLUE COLLAR	LOCAL 264	29.0	29.0	-
TOTAL Full Time Equivalent (FTE) *		43.0	43.0	-

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

**Per FTE Summary dated January 6, 2017.

SECTION II

QUARTERLY STATEMENT OF CASH FLOWS

BUFFALO CITY SCHOOL DISTRICT CASH FLOW ANALYSIS NARRATIVE JULY 1, 2016 – DECEMBER 31, 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 second quarter was favorable as compared to the original projections by \$2.2 million. The total projected receipts were unfavorable by \$2.3 million, while expenditure disbursements were \$4.5 million less than originally projected.

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 2.9 million less than the projected payments expected from the SED due to timing.

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 is currently \$0.1 million less than 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 \$0.6 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 unfavorable variance of \$4.2 million is largely due to the timing of cash receipts for Title I grants.

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 favorable variance is currently \$4.3 million.

CASH DISBURSEMENTS:

Total actual cash disbursements through December 31, 2016 were less than originally projected by \$4.5 million. This is attributed to lower than budgeted termination pay due to fewer retirements as well as lower disbursements for current year and prior year services and supplies with the exception of salary & benefit 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 unfavorable by \$16.1 million due to the additional cash payments to teachers resulting from the settlement of the BTF contract in October.

Termination Pay

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

The second quarter was favorable by \$1.1 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 \$4.0 million as some payments had not yet been distributed as of the end of the second quarter.

Services and Supplies

This category was favorable by \$14.9 million largely due to the timing of vendor payments, particularly for transportation vendors.

Charter Schools

This category was favorable by \$0.6 million largely due to actual enrollment being slightly under budget through the second quarter.

QUARTERLY CASH FLOW STATEMENT
For the Period July 1, 2016 – December 31, 2016
(in thousands)

	ORIGINAL PROJECTION YTD Q2	TOTAL YTD Q2	VARIANCE TO PROJECTION	REVISED* PROJECTION FYE 2016-17
BEGINNING CASH & INVESTMENTS	\$250,884	\$250,884	\$0	\$250,884
CASH RECEIPTS:				
Basic Formula Aid	101,519	98,599	(2,920)	475,801
Lottery Aid Advance	54,105	54,042	(63)	89,926
Property Taxes <small>(Less Capital Debt)</small>	29,760	29,760	-	59,520
Erie County Sales Tax	21,500	22,077	577	42,377
Miscellaneous - State and Federal Aid:	64,373	60,167	(4,206)	144,153
Other	12,561	16,863	4,302	20,387
TOTAL CASH RECEIPTS	283,818	281,508	(2,310)	832,164
CASH DISBURSEMENTS:				
Salary & FICA - Regular	177,296	193,404	(16,108)	428,229
Termination Pay	3,650	2,511	1,139	3,311
PY Accounts Payable	40,000	36,032	3,968	36,732
Services & Supplies - Regular	149,600	134,744	14,856	323,543
Charter Schools	54,750	54,144	606	108,894
TOTAL CASH DISBURSEMENTS	425,296	420,835	4,461	900,709
NET INCREASE (DECREASE) IN CASH	(141,478)	(139,327)	2,151	(68,545)
ENDING CASH & INVESTMENTS	\$109,406	\$111,557	\$2,151	\$182,339

* As of January 24, 2017