

Buffalo City School District



July 1, 2017 – December 31, 2017

QUARTERLY REPORT

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

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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

JULY 1, 2017 – DECEMBER 31, 2017

As of the end of the second quarter, the Buffalo City School District (the “District”) general fund is projecting a slightly positive budgetary variance for the full year, of approximately \$1.0 million. There are several factors contributing to this, which are more fully outlined in the following pages.

Total State Aid is projecting \$2.5 million under budget mainly due to charter transitional aid, which is projecting \$2.0 million under budget, due to final 2016-17 charter tuition expenditures being under budget. Similarly, transportation aid is \$1.4 million under budget due to final 2016-17 transportation costs, which drive 2017-18 revenues, being under budget. This was partially offset by an unbudgeted \$1.0 million bullet aid allocation obtained by our local State delegation. State revenue projections can fluctuate during the year based on the submission of State aid data on September 30, 2017, and through subsequent revisions. Sales tax revenues are projecting over budget by approximately \$0.5 million. County sales tax is dependent on economic conditions, so current projections will be revised at least quarterly.

On the expense side, the Board approved a budget transfer to move \$0.5 million from substitute teacher expense, \$2.0 million from employee health insurance, and \$2.0 million from retiree health insurance into the District’s reserve contingency account (total transfer of \$4.5 million), where it will remain, unless the initiatives in the District’s four year financial plan to reduce those costs are unsuccessful. As of the end of the second quarter, retiree health insurance projections are matching the new reduced target, while employee health insurance is projecting to be \$1.0 million over its reduced budget and substitute teacher costs are projecting to be \$0.6 million over its reduced budget. However, there is still a net savings to the District as \$4.5 million remaining in contingency relates to these items. If current health insurance projections continue, the Board will be asked to transfer \$1.0 million from the contingency into the health insurance budget.

Charter school tuition expense is currently projecting to be \$1.1 million under its revised budget and \$2.6 million under its original budget, with the District moving \$1.5 million into the contingency, as that amount is expected to be an unspent net savings for the full fiscal year. This is based on four of six total invoices received from charter schools. Charter pupils tend to fluctuate throughout the year, but typically start above budget and drop throughout the year, as pupils return to the District.

Overtime is currently projecting to be approximately \$0.4 million over budget as significant overtime costs were incurred over the summer to ready the schools for the start of the school year and to complete a project to identify surplus textbooks at schools. Additionally, due to staffing vacancies in building engineers, overtime in that area is also elevated.

There is typically a budgetary savings resulting from vacant positions and salary differentials each year, and at this point, there are savings projected in several union groups outlined on page 2-9 and 2-11. As of December 31, 2017, \$1.3 in budgeted teacher salaries has been reclassified to the reserve contingency account as of December 31, 2017, which is due to a favorable salary differential between budgeted and actual salary rates. Additionally, in the general fund, there are approximately 58 new FTE positions that were not in the original adopted budget. These positions were added for reasons of compliance (e.g. Special Education or English Language Learners) or equity between schools, with all these new positions being reviewed and approved by the Superintendent. When these new positions are added, a transfer from the reserve contingency is done to ensure that the revised budget includes funding for the new positions.

EXECUTIVE SUMMARY – CONTINUED

On September 20, 2017, the District and Buffalo Council of Supervisors and Administrators (BCSA) ratified a new contract, replacing the existing contract that had expired more than 13 years earlier on July 1, 2004. The new contract has a term of July 1, 2017 to September 1, 2020. This contract included no retroactive pay for the period of July 1, 2004 through August 27, 2017, a 12% raise effective August 28, 2017, a signing bonus

based on years of service in the BCSA union, an increase in longevity for central office administrators to match school administrators, a 7% employee contribution for health insurance for active Administrators at ratification, while new administrators are required to pay 11.5% of their health insurance. There were several other monetary and non-monetary changes in the contract, including reduced time off and reduced workers comp benefits and changes in the way payments for unused paid time off are calculated. In 2018-19 and 2019-20, Administrators will receive 2.5% and 2.75% salary increases, respectively, while their health insurance contributions increase to 8% and then 9% for BCSA members at ratification and 13% and 15% for BCSA members hired after ratification.

The projected net cost of the BCSA contract in 2017-18, \$4.4 million, is expected to cost \$3.9 million in the general fund, with those funds already being budgeted as part of the \$6.4 million contingency account in the original general fund budget. The grants fund is projected to pick up the remaining \$0.5 million. As of December 2017, BCSA salaries are projected to be \$0.3 million under the revised budget for the fully year. The total projected net costs of the contract over four years, including both general fund and grants funds are as follows (in thousands):

	Costs					Savings			Net contract cost
	Salary and other comp	Signing bonus	Fringe	Suppl. benefits	Total costs	Health insurance	Workers comp / sick payout	Total savings	
2017/18	2,998	1,100	723	32	4,854	(427)	(44)	(470)	4,384
2018/19	4,302	-	759	39	5,101	(630)	(44)	(674)	4,427
2019/20	5,161	-	911	46	6,118	(715)	(45)	(761)	5,357
3 year total (contract term)	12,462	1,100	2,394	117	16,073	(1,772)	(133)	(1,905)	14,168
2020/21	5,161	-	911	46	6,118	(745)	(45)	(790)	5,328
4 year total	17,623	1,100	3,305	163	22,191	(2,517)	(179)	(2,695)	19,495

This is the second full year of the New Education Bargain (NEB), which we refer to as “The Year of Instruction”. At this point, the NEB is so ingrained in the educational experience of our students and our budget, that it can no longer be reported as a discrete expenditure grouping. However, a few items to note: in 2017-18, the District has expanded the reduced class size initiative to grades K-2, several new innovative high schools are in process of expansion, while the community schools initiative has added two new schools to that program.

EXECUTIVE SUMMARY - CONTINUED

Additional information on individual revenue and expenditure categories can be found on pages 2-7 through 2-11.

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 2016-17 fiscal year, the 2017-18 original and modified budgets (includes carryover encumbrances, budget transfers between accounts and budget modifications to date), actual expenditures and revenues through December 31, 2017 and the projected amounts for the year ending June 30, 2018. At the request of the BFS staff, the categories are provided on both a current year only and GAAP basis (includes carryover encumbrances).

This quarterly report now includes a detail of changes from the original to modified general fund budget. There are thousands of individual lines in the budget and frequently information necessary to allocate all funds is unavailable until well after the budget is adopted, while major events, such as the settlement of a union contract, often happen after the budget is adopted. Those changes fall into several categories: Board approved transfers, the impact of the BCSA contract, final allocations of funds from the original school based budget and community schools budgets, departmental transfer requests, and unbudgeted requests used to address equity in the schools and mandate compliance. This document can be found on page 2-12.

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 2-14.

The Quarterly Statement of Cash Flows starting on page 2-21 indicates that net cash flow through the second quarter was favorable as compared to the projections by \$17.4 million. The total receipts anticipated were favorable by \$0.6 million, while expenditures were \$16.8 million less than budgeted due to the timing of accounts payable payments and lower than expected payroll spending year to date. Total net cash activity for the year is currently projected to be a negative \$67.0 million, with an ending cash balance of \$168.8 million.

EXECUTIVE SUMMARY - CONTINUED

The following table shows the total annual budget, actual balances through the second quarter, total projections for the year ending June 30, 2018 and the associated variances. The amounts exclude carry over encumbrances (non-GAAP basis).

	2017-2018 Original Budget	2017-2018 Modified Budget	2017-2018 Actual YTD 12/31/2017*	2017-2018 Projected FYE 6/30/2018	2017-2018 Variance 6/30/2018
GENERAL FUND:					
Revenues	894,200,000	894,200,000	254,409,714	892,220,000	(1,980,000)
Expenditures	894,200,000	894,200,000	349,741,304	891,200,000	3,000,000
Net Surplus/(Deficit)	-	-	(95,331,590)	1,020,000	1,020,000
GRANTS:					
Revenues	120,028,990	148,251,747	25,057,512	148,251,747	-
Expenditures	120,028,990	148,251,747	43,146,404	148,251,747	-
Net Surplus/(Deficit)	-	-	(18,088,892)	-	-
FOOD SERVICE:					
Revenues	35,850,833	35,850,833	10,912,652	35,850,833	-
Expenditures	35,850,833	35,850,833	12,010,078	35,850,833	-
Net Surplus/(Deficit)	-	-	(1,097,426)	-	-
GRAND TOTALS					
Revenues	1,050,079,823	1,078,302,580	290,379,877	1,076,322,580	(1,980,000)
Expenditures	1,050,079,823	1,078,302,580	404,897,785	1,075,302,580	3,000,000
Net Surplus/(Deficit)	-	-	(114,517,908)	1,020,000	1,020,000

* As of January 25, 2018 in Munis

EXECUTIVE SUMMARY - CONCLUDED

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	\$894,200,000	\$35,850,833
Add: Carryover encumbrances outstanding December 31, 2017:	2,967,789	211,597
Modified Budget, December 31, 2017	\$897,167,789	\$36,062,430

SECTION I
QUARTERLY BUDGET SUMMARY



DETAILED ANALYSIS OF GENERAL FUND REVENUES JULY 1, 2017 THROUGH DECEMBER 31, 2017

REVENUES:	Actual 2016-17	Original Budget 2017-18	Modified Budget 2017-18	Actual to Date 12/31/17*	Projected Total FYE 6/30/18**	Projected 6/30/18 (Under)/Over Budget
GENERAL FUND:						
State Aid:						
Foundation Aid	\$ 494,327,488	\$ 510,904,788	\$ 510,904,788	\$ 132,115,942	\$ 510,904,788	\$ -
Building Aid	115,496,716	115,829,339	115,829,339	29,952,552	115,829,339	-
Other Formula Aid	95,361,737	104,171,393	104,171,393	26,937,899	103,591,393	(580,000) A
Charter School Transitional and Suppl. Aid	7,446,421	11,190,415	11,190,415	2,893,753	9,290,415	(1,900,000) B
Total State Aid	712,632,362	742,095,935	742,095,935	191,900,146	739,615,935	(2,480,000)
Real Property Tax and STAR	70,322,758	70,822,758	70,822,758	40,644,408	70,822,758	-
Erie County Sales Tax	43,389,176	42,400,000	42,400,000	18,243,713	42,900,000	500,000 C
Federal Medicaid Reimbursement	4,165,222	2,600,000	2,600,000	1,533,518	2,600,000	-
Other (Tuition, Misc., Transfers)	17,110,291	14,281,307	14,281,307	2,087,928	14,281,307	-
Total State Aid and Other Revenues	847,619,810	872,200,000	872,200,000	254,409,714	870,220,000	(1,980,000)
Fund Balance (Budgetary Only)	-	22,000,000	22,000,000	-	22,000,000	-
Total Revenues and Fund Balance	\$ 847,619,810	\$ 894,200,000	\$ 894,200,000	\$ 254,409,714	\$ 892,220,000	\$ (1,980,000)

* As of January 25, 2018

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

A	The District has received \$1.0 million in bullet aid from the NYS Assembly and \$20,000 from the NYS Senate. These amounts were not budgeted. However, based on actual transportation aid filing data, the projected transportation revenue is going to be \$44.8 million, which is \$1.6 million less than the data included in the 17-18 State budget.
B	Charter school supplemental aid is \$1.9 million under budget based on lower than anticipated charter school student growth in 2016-17 reducing the reimbursable expense in 2017-18. Charter school pupils ended the year 223 pupils under budget, which reduced the tuition amount.
C	Based on collections through 6 months, there is an increase projected in the Erie County Sales Tax revenues for 2017-18.

DETAILED ANALYSIS OF GENERAL FUND EXPENDITURES JULY 1, 2017 THROUGH DECEMBER 31, 2017

Expenditures	(GAAP Basis) Actual 2016-17	Current Year Only (Non-GAAP Basis)					Includes Carry Over Encumbrances (GAAP Basis)				Projected FYE 6/30/18 Under/(Over) Budget	
		Original Budget 2017-18	Modified Budget 2017-18	Actual to Date 12/31/17	Projected Total FYE 6/30/18*	Projected FYE 6/30/18 Under/(Over) Budget	Modified Budget 2017-18	Actual to Date 12/31/17	Projected Total FYE 6/30/18*			
General Fund:												
Employee Compensation:												
BTF (Teachers)	\$ 190,418,851	\$ 209,088,647	\$ 208,920,552	\$ 79,496,412	\$ 207,920,552	\$ 1,000,000	\$ 208,920,552	\$ 79,496,412	\$ 207,920,552	\$ 1,000,000		D
BTF (Teachers) - Other Compensation	30,953,372	9,234,201	9,248,685	4,500,737	9,248,685	-	9,248,685	4,497,457	9,248,685	-		
Substitutes	7,922,255	6,665,635	6,188,225	2,732,025	6,788,225	(600,000)	6,188,225	2,732,025	6,788,225	(600,000)		E
BCSA (Administrators)	19,882,390	19,941,362	24,198,164	11,200,210	23,898,164	300,000	24,198,164	11,200,210	23,898,164	300,000		F
PCTEA (White Collar)	15,707,724	17,873,204	17,855,577	7,607,293	17,255,577	600,000	17,855,577	7,607,293	17,255,577	600,000		D
BEST (Teacher Aides)	7,538,564	10,246,653	10,726,910	3,593,761	10,426,910	300,000	10,726,910	3,593,761	10,426,910	300,000		D
BEST (Teaching Assistants)	5,885,890	6,004,594	6,088,999	2,373,214	6,088,999	-	6,088,999	2,373,214	6,088,999	-		
TAB (Bus Aides)	4,719,378	5,513,234	5,513,234	1,811,043	5,513,234	-	5,513,234	1,811,043	5,513,234	-		
Trades (Carpenters, Plumbers)	3,015,503	3,169,376	3,169,376	1,501,307	3,169,376	-	3,169,376	1,501,307	3,169,376	-		
Local 264 (Blue Collar)	2,250,930	2,640,913	2,636,553	1,053,965	2,636,553	-	2,637,675	1,053,965	2,637,675	-		
Local 409 (Engineers)	3,231,454	3,488,182	3,562,746	1,479,515	3,462,746	100,000	3,562,746	1,479,515	3,462,746	100,000		D
Exempt & Board Members	3,589,745	3,964,376	4,026,601	1,843,857	4,026,601	-	4,026,601	1,843,857	4,026,601	-		
Miscellaneous Items	320,803	358,045	358,045	320,358	358,045	-	358,045	320,358	358,045	-		
Overtime	1,676,226	1,570,290	1,613,045	995,459	1,913,045	(300,000)	1,613,045	994,494	1,913,045	(300,000)		G
Total Employee Compensation	297,113,086	299,758,712	304,106,712	120,509,157	302,706,712	1,400,000	304,107,834	120,504,913	302,707,834	1,400,000		
Employee Benefits:												
Civil Service Retirement	5,077,201	6,290,000	6,348,521	2,665,119	5,848,521	500,000	6,348,521	2,664,973	5,848,521	500,000		H
Teachers Retirement	28,054,789	24,125,000	24,550,388	9,731,652	24,550,388	-	24,550,388	9,731,331	24,550,388	-		
Social Security	22,657,636	22,925,000	23,283,771	9,471,546	23,283,771	-	23,283,771	9,471,222	23,283,771	-		
Health Insurance - Employees	54,894,007	53,521,143	51,638,991	32,041,668	52,638,991	(1,000,000)	51,638,991	32,041,668	52,638,991	(1,000,000)		I
Health Insurance - Retirees	64,031,598	68,063,000	66,063,000	32,533,291	66,063,000	-	66,063,000	32,533,291	66,063,000	-		J
Termination Pay	2,532,382	4,350,000	4,350,000	307,493	4,350,000	-	4,350,000	307,493	4,350,000	-		
Other Benefits	10,178,301	12,770,500	13,045,301	7,112,921	13,045,301	-	13,045,475	7,113,096	13,045,475	-		
Total Employee Benefits	187,425,915	192,044,643	189,279,972	93,863,689	189,779,972	(500,000)	189,280,146	93,863,073	189,780,146	(500,000)		
<i>Continued on the Next Page</i>												

All projections are based on data available as of January 25, 2018 and are subject to change.

DETAILED ANALYSIS OF GENERAL FUND EXPENDITURES – CONTINUED

Expenditures	(GAAP Basis) Actual 2016-17	Current Year Only (Non-GAAP Basis)					Includes Carry Over Encumbrances (GAAP Basis)				
		Original Budget 2017-18	Modified Budget 2017-18	Actual to Date 12/31/17	Projected Total FYE 6/30/18*	Projected FYE 6/30/18 Under/(Over) Budget	Modified Budget 2017-18	Actual to Date 12/31/17	Projected Total FYE 6/30/18*	Projected FYE 6/30/18 Under/(Over) Budget	
General Fund Continued											
Other:											
Transportation	46,398,814	48,470,098	48,511,489	12,867,237	48,511,489	-	48,528,948	12,872,912	48,528,948	-	
Utilities	7,968,046	9,372,319	9,369,819	2,469,765	9,369,819	-	9,437,199	2,489,836	9,437,199	-	
Tuition	32,697,634	33,369,960	33,369,960	9,629,718	33,369,960	-	33,383,576	9,643,334	33,383,576	-	
Contracts - Custodian	18,781,134	18,816,280	18,855,280	8,335,691	18,855,280	-	18,855,280	8,335,691	18,855,280	-	
Equipment	2,900,037	1,578,445	2,055,523	431,215	2,055,523	-	2,435,707	626,687	2,435,707	-	
Contracts - Miscellaneous	26,026,270	20,842,925	20,834,345	1,871,641	20,834,345	-	21,931,117	2,483,861	21,931,117	-	
Reserve For Contingency	-	6,360,000	4,910,276	-	3,910,276	1,000,000	4,910,276	-	3,910,276	1,000,000	
Rental Contracts - Facilities	2,640,716	2,795,374	2,795,374	1,540,084	2,795,374	-	2,795,374	1,540,084	2,795,374	-	
Rental Contracts - Equipment & Services	4,301,313	3,664,174	3,664,174	905,158	3,664,174	-	3,665,083	905,828	3,665,083	-	
Repairs & Maintenance & Related	2,817,593	3,819,370	3,849,938	700,175	3,849,938	-	4,171,741	918,511	4,171,741	-	
Textbooks	3,459,003	2,844,225	3,500,902	1,746,699	3,500,902	-	3,889,553	2,026,559	3,889,553	-	
Supplies & Misc. Related Items	6,663,233	7,186,925	7,317,186	2,309,547	7,317,186	-	7,748,275	2,519,101	7,748,275	-	
Software	2,882,140	2,554,859	2,557,359	1,037,831	2,557,359	-	2,805,989	1,285,551	2,805,989	-	
Charter Schools	106,377,849	123,825,000	122,325,000	60,158,894	121,225,000	1,100,000	122,325,000	60,158,894	121,225,000	1,100,000	
Debt Service	117,103,118	113,706,691	113,706,691	30,779,051	113,706,691	-	113,706,691	30,779,051	113,706,691	-	
Interfund	2,719,593	3,190,000	3,190,000	585,754	3,190,000	-	3,190,000	585,754	3,190,000	-	
Total Other	383,736,494	402,396,645	400,813,316	135,368,457	398,713,316	2,100,000	403,779,809	137,171,653	401,679,809	2,100,000	
Total General Fund Expenditures	\$ 868,275,495	\$ 894,200,000	\$ 894,200,000	\$ 349,741,304	\$ 891,200,000	\$ 3,000,000	\$ 897,167,789	\$ 351,539,639	\$ 894,167,789	\$ 3,000,000	
							Difference to original budget				
							\$ 2,967,789	(Carryover encumbrances)			

All projections are based on data available as of January 25, 2018 and are subject to change.

DETAILED ANALYSIS OF GENERAL FUND EXPENDITURES – CONTINUED

D	Through December 2017, vacancies and lower than average salaries (Teachers) have resulted in a projected budget savings in several bargaining units.
E	The District is working on several cost savings initiatives with respect to Substitute teachers. However, through the second quarter, this account is projecting to be \$0.6 million over the modified budget, which includes a \$0.5 million reduction from the adopted budget. This will continue to be monitored and reported on. Substitute teachers costs are trending \$0.4 million lower than the prior year as of December 2017.
F	The District and BCSA ratified a new contract on September 20, 2017. The budget has been modified to include the costs of the contract. The overall net cost to the general fund is budgeted at \$3.9 million. As of December 2017, total BCSA salaries are projecting \$0.3 million less than the modified budget.
G	Though six months, overtime is projected to exceed budget, which at the present rate is estimated at approximately \$0.3 million. The largest variances are in Engineers due to vacancies (Cost Center 3D), Equipment Repair (Cost Center 3H), Service Center (Cost Center 3W) and Transportation (Cost Center 9A). The Plant department is investigating these now.
H	Lower than projected spending on PCTEA and Aides reduces the projected Employee Retirement System payments
I	The Employee Health Insurance budget was reduced by \$2.0 million for a Board approved budget amendment as a goal for cost reductions in 2017-18. In addition, the impact of the ratified BCSA contract is expected to reduce the budget by \$0.3 million, while unbudgeted staff positions are increasing health insurance payments. As of the end of the second quarter, full year projections indicate that this line will overspend the revised budget by \$1.0 million. If the higher projections continue, the District may need to transfer funds from the contingency to cover the shortfall; however, it is too early in the year to be certain.
J	Modified budget includes a \$2.0 million targeted reduction to retiree health insurance approved by the board. As of the second quarter, projections are matching this modified budget.
K	<p>The reserve for contingency includes \$6.4 million adopted budget, plus \$4.5 million transferred in from the substitute teacher budget, active health insurance and retiree health insurance. \$3.9 million has been transferred out to fund the costs of the BCSA contract. Additionally, \$4.9 million was transferred out for unbudgeted requests (\$4.1 million staffing; \$.8 non staff), while \$1.3 million was transferred in for projected savings in teacher salaries due to a lower than expected average salaries and \$1.5 million was transferred in from charter school tuition due to a smaller increase than budgeted in the number of pupils attending charter schools through December 2017. These changes leave \$4.9 million in the account at December 31, 2017.</p> <p>Because we have anticipated an overspend in health insurance, that amount, \$1,000,000, has been deducted in the full year projection, assuming that it will be transferred out to cover the shortfall in health insurance.</p>
L	Through December, charter pupil counts have dropped, both from the original budget and from the projection made in the first quarter. This is a typical pattern; however, for the third year in a row, the drop in charter pupils is pronounced than the year prior.

**ORIGINAL TO MODIFIED BUDGET CHANGES
GENERAL FUND EXPENDITURES THROUGH DECEMBER 31, 2017**

Current Year Only (Non-GAAP Basis)								
Expenditures	Original Budget 2017-18	Board Budget Modification	BCSA Contract Net Costs	School Based Budget and Community School Alloc	Departmental Transfers	Transfers of Projected Budgetary Savings	Unbudgeted Requests	Modified Budget 2017-18
Employee Compensation:								
BTF (Teachers)	\$209,088,647			\$ (968,199)		\$ (1,300,000)	\$ 2,100,104	\$208,920,552
BTF (Teachers) - Other Compensation	9,234,201			45,292	(30,808)			9,248,685
Substitutes	6,665,635	(500,000)		13,440	9,150			6,188,225
BCSA (Administrators)	19,941,362		3,368,988	681,226	1,300		205,288	24,198,164
PCTEA (White Collar)	17,873,204			(5,000)	(12,627)			17,855,577
BEST (Teacher Aides)	10,246,653			(3,527)	6,526		477,258	10,726,910
BEST (Teaching Assistants)	6,004,594			7,160	11,545		65,700	6,088,999
TAB (Bus Aides)	5,513,234							5,513,234
Trades (Carpenters, Plumbers)	3,169,376							3,169,376
Local 264 (Blue Collar)	2,640,913							2,636,553
Local 409 (Engineers)	3,488,182			74,564				3,562,746
Exempt & Board Members	3,964,376				62,225		-	4,026,601
Miscellaneous Items	358,045		-					358,045
Overtime	1,570,290			58,569	(17,614)		1,800	1,613,045
Total Employee Compensation	299,758,712	(500,000)	3,368,988	(100,835)	29,697	(1,300,000)	2,850,150	304,106,712
Employee Benefits:								
Civil Service Retirement	6,290,000						58,521	6,348,521
Teachers Retirement	24,125,000		334,521				217,668	24,550,388
Social Security	22,925,000		252,358				198,797	23,283,771
Health Insurance - Employees	53,521,143	(2,000,000)	(254,533)				616,255	51,638,991
Health Insurance - Retirees	68,063,000	(2,000,000)						66,063,000
Termination Pay	4,350,000						-	4,350,000
Other Benefits	12,770,500		198,666		78		131,049	13,045,301
Total Employee Benefits	192,044,643	(4,000,000)	531,012	(518,051)	78		1,222,290	189,279,972
Other:								
Transportation	48,470,098			24,107	(7,907)		25,191	48,511,489
Utilities	9,372,319				(2,500)			9,369,819
Tuition	33,369,960							33,369,960
Contracts - Custodian	18,816,280							18,855,280
Equipment	1,578,445			501,482	(24,404)			2,055,523
Contracts - Miscellaneous	20,842,925			(9,059)	479			20,834,345
Reserve For Contingency	6,360,000	4,500,000	(3,900,000)			2,800,000	(4,849,724)	4,910,276
Rental Contracts - Facilities	2,795,374							2,795,374
Rental Contracts - Equipment & Services	3,664,174							3,664,174
Repairs & Maintenance & Related	3,819,370				4,555			3,849,938
Textbooks	2,844,225			16,141	(3,060)		643,596	3,500,902
Supplies & Misc. Related Items	7,186,925			24,575	(2,811)		108,497	7,317,186
Software	2,554,859			(3,373)	5,873			2,557,359
Charter Schools	123,825,000					(1,500,000)		122,325,000
Debt Service	113,706,691							113,706,691
Interfund	3,190,000							3,190,000
Total Other	402,396,645	4,500,000	(3,900,000)	618,886	(29,775)	1,300,000	(4,072,440)	400,813,316
Total General Fund Expenditures	\$894,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$894,200,000

**DETAILED ANALYSIS OF SPECIAL REVENUE FUNDS
JULY 1, 2017 THROUGH DECEMBER 31, 2017**

	(GAAP Basis)				Projected Total FYE 6/30/18	Projected FYE 6/30/18 (Under)/Over Budget
	Actual 2016-17	Adopted Budget 2017-18	Modified Budget 2017-18	Actual to Date 12/31/17*		
All Funds:						
<u>REVENUES:</u>						
Total General Fund	847,619,810	894,200,000	894,200,000	254,409,714	892,220,000	(1,980,000)
Total Grants (17-18 Only)	115,532,761	120,028,990	148,251,747	25,057,512	148,251,747	-
Total Food Service Revenues	29,619,253	35,850,833	35,850,833	10,912,652	35,850,833	-
GRAND TOTAL REVENUES (All Funds)	\$ 992,771,824	\$ 1,050,079,823	\$ 1,078,302,580	\$ 290,379,877	\$ 1,076,322,580	\$ (1,980,000)

	(GAAP Basis)				Projected Total FYE 6/30/18	Projected FYE 6/30/18 Under/(Over) Budget
	Actual 2016-17	Adopted Budget 2017-18	Modified Budget 2017-18	Actual to Date 12/31/17*		
All Funds:						
<u>EXPENDITURES:</u>						
Total General Fund	868,275,495	894,200,000	897,167,789	351,539,639	894,167,789	3,000,000
Total Grants (17-18 Only) ***	115,532,761	120,028,990	148,251,747	43,146,404	148,251,747	-
Total Food Service Expenditures**	30,613,466	35,850,833	36,062,430	12,164,712	36,062,430	-
GRAND TOTAL EXPENDITURES (All Funds)	\$ 1,014,421,722	\$ 1,050,079,823	\$ 1,081,481,966	\$ 406,850,756	\$ 1,078,481,966	\$ 3,000,000

* As of January 25, 2018

** Excluding carry over encumbrances, expenditures to date were \$12,010,078

*** Large increase from Adopted to Modified Budget is mainly the result of two large grants: The new Community Schools Grant (\$13.3 million) and Phase I of the Smart Schools Investment Plan (\$10.0 million)

**ANALYSIS OF GENERAL FUND REVENUES
BUDGET TO DATE COMPARED TO ACTUAL TO DATE
JULY 1, 2017 THROUGH DECEMBER 31, 2017**

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.

	2017-18 Adopted Budget	2017-18 Revised Budget	Budget to Date	Actual to Date	Variance
Total State Aid	742,095,935	742,095,935	195,312,083	191,900,146	(3,411,937)
Real Property Tax	70,822,758	70,822,758	40,644,408	40,644,408	-
Erie County Sales Tax	42,400,000	42,400,000	17,511,200	18,243,713	732,513
Federal Medicaid	2,600,000	2,600,000	1,430,000	1,533,518	103,518
Other (Tuition, Interfund, Misc)	14,281,307	14,281,307	2,076,569	2,087,928	11,359
Total State Aid and Other Revenues	872,200,000	872,200,000	256,974,260	254,409,714	(2,564,546)
Approp Fund Balance (Budgetary Only)	22,000,000	22,000,000	-	-	-
Total Revenues and Fund Balance	894,200,000	894,200,000	256,974,260	254,409,714	(2,564,546)

**ANALYSIS OF GENERAL FUND EXPENDITURES
BUDGET TO DATE COMPARED TO ACTUAL TO DATE
JULY 1, 2017 THROUGH DECEMBER 31, 2017**

**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 pages 2-9 and 2-11.**

EXPENDITURES:	GAAP BASIS	Adopted Budget 2017-18	Modified Budget 2017-18	CURRENT YEAR ONLY BASIS		Variance
	Actual 2016-17			Budget to date	Actual to date	
EMPLOYEE COMPENSATION:						
BTF (Teachers)	\$ 190,418,851	\$ 209,088,647	\$ 208,920,552	\$ 81,988,699	\$ 79,496,412	\$ 2,492,287
BTF (Teachers) - Other Compensation	30,953,372	9,234,201	9,248,685	4,656,374	4,500,737	155,637
Substitutes	7,922,255	6,665,635	6,188,225	2,496,739	2,732,025	(235,286)
BCSA (Administrators)	19,882,390	19,941,362	24,198,164	11,756,028	11,200,210	555,818
PCTEA (White Collar)	15,707,724	17,873,204	17,855,577	8,175,644	7,607,293	568,351
BEST (Teacher Aides)	7,538,564	10,246,653	10,726,910	3,930,637	3,593,761	336,876
BEST(Teaching Assistants)	5,885,890	6,004,594	6,088,999	2,406,723	2,373,214	33,509
TAB (Bus Aides)	4,719,378	5,513,234	5,513,234	2,029,084	1,811,043	218,041
Trades (Carpenters, Plumbers)	3,015,503	3,169,376	3,169,376	1,536,746	1,501,307	35,439
Local 264 (Blue Collar)	2,250,930	2,640,913	2,636,553	1,201,203	1,053,965	147,237
Local 409 (Engineers)	3,231,454	3,488,182	3,562,746	1,690,214	1,479,515	210,699
Exempt & Board Members	3,589,745	3,964,376	4,026,601	1,919,214	1,843,857	75,357
Miscellaneous Items	320,803	358,045	358,045	238,211	320,358	(82,147)
Overtime	1,676,226	1,570,290	1,613,045	877,680	995,459	(117,779)
TOTAL EMPLOYEE COMPENSATION	\$ 297,113,086	\$ 299,758,712	\$ 304,106,712	\$ 124,903,195	\$ 120,509,157	\$ 4,394,037
EMPLOYEE BENEFITS:						
Civil Service Retirement	5,077,201	6,290,000	6,348,521	2,341,446	2,665,119	(323,673)
Teachers Retirement	28,054,789	24,125,000	24,550,388	10,281,133	9,731,652	549,481
Social Security	22,657,636	22,925,000	23,283,771	9,732,136	9,471,546	260,591
Health Insurance - Employees	54,894,007	53,521,143	51,638,991	30,565,756	32,041,668	(1,475,912)
Health Insurance - Retirees	64,031,598	68,063,000	66,063,000	33,231,500	32,533,291	698,209
Termination Pay	2,532,382	4,350,000	4,350,000	907,002	307,493	599,509
Other Benefits	10,178,301	12,770,500	13,045,301	8,044,394	7,112,921	931,473
TOTAL EMPLOYEE BENEFITS	\$ 187,425,915	\$ 192,044,643	\$ 189,279,972	\$ 95,103,367	\$ 93,863,689	\$ 1,239,678
OTHER:						
Transportation	46,398,814	48,470,098	48,511,489	15,463,141	12,867,237	2,595,904
Utilities	7,968,046	9,372,319	9,369,819	2,867,847	2,469,765	398,082
Tuition	32,697,634	33,369,960	33,369,960	9,343,589	9,629,718	(286,129)
Contracts - Custodian	18,781,134	18,816,280	18,855,280	8,356,684	8,335,691	20,993
Equipment	2,900,037	1,578,445	2,055,523	452,825	431,215	21,610
Contracts - Misc. & Contingency	26,026,270	20,842,925	20,834,345	5,058,585	1,871,641	3,186,944
Reserve For Contingency	-	6,360,000	4,910,276	-	-	-
Rental Contracts - Facilities	2,640,716	2,795,374	2,795,374	1,467,688	1,540,084	(72,396)
Rental Contracts - Equipment & Services	4,301,313	3,664,174	3,664,174	807,534	905,158	(97,624)
Repairs & Maintenance & Related	2,817,593	3,819,370	3,849,938	1,613,850	700,175	913,675
Textbooks	3,459,003	2,844,225	3,500,902	1,400,990	1,746,699	(345,709)
Supplies & Misc. Related Items	6,663,233	7,186,925	7,317,186	3,041,245	2,309,547	731,698
Software	2,882,140	2,554,859	2,557,359	1,259,178	1,037,831	221,347
Charter Schools	106,377,849	123,825,000	122,325,000	61,774,125	60,158,894	1,615,231
Debt Service	117,103,118	113,706,691	113,706,691	30,826,091	30,779,051	47,040
Interfund	2,719,593	3,190,000	3,190,000	480,000	585,754	(105,754)
TOTAL GENERAL FUND	\$ 868,275,495	\$ 894,200,000	\$ 894,200,000	\$ 364,219,934	\$ 349,741,304	\$ 14,478,630

**BUFFALO CITY SCHOOL DISTRICT
EMPLOYMENT LEVELS IN ALL FUNDS
2017-2018**

TYPE OF POSITION	UNION	ORIGINAL BUDGET 2017-18	REVISED BUDGET 2017-18	POSITIONS FILLED AS OF SECOND QUARTER**	FAVORABLE (UNFAVORABLE) VARIANCE
TEACHERS	BTF	3,652.08	3,731.19	3,605.80	125.39
ADMINISTRATORS	BCSA	249.55	272.19	250.00	22.19
CIVIL SERVICE EMPLOYEES	PCTEA	484.00	487.64	442.00	45.64
TEACHING ASSISTANTS	BEST	420.57	429.57	420.00	9.57
TEACHER AIDES	BEST	495.50	517.50	472.00	45.50
TRADESMEN		33.00	33.00	32.00	1.00
BLUE COLLAR	LOCAL 264	98.00	98.00	79.00	19.00
CUSTODIAL ENGINEERS	LOCAL 409	59.00	59.00	52.00	7.00
EXEMPT & BOARD MEMBERS		43.00	44.00	41.00	3.00
TAB		1.00	1.00	1.00	0.00
TOTAL Full Time Equivalent (FTE) *		5,535.70	5,673.09	5,394.80	278.29

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

**Per FTE Summary dated January 16, 2018.

**BUFFALO CITY SCHOOL DISTRICT
EMPLOYMENT LEVELS IN GENERAL FUND
2017-2018**

TYPE OF POSITION	UNION	ORIGINAL BUDGET 2017-18	REVISED BUDGET 2017-18	POSITIONS FILLED AS OF SECOND QUARTER**	FAVORABLE (UNFAVORABLE) VARIANCE
TEACHERS	BTF	3173.94	3192.30	3097.14	95.16
ADMINISTRATORS	BCSA	206.78	220.39	204.79	15.60
CIVIL SERVICE EMPLOYEES	PCTEA	377.75	377.75	342.80	34.95
TEACHING ASSISTANTS	BEST	268.85	271.85	267.32	4.53
TEACHER AIDES	BEST	492.50	514.50	469.00	45.50
TRADESMEN		33.00	33.00	32.00	1.00
BLUE COLLAR	LOCAL 264	68.00	68.00	56.00	12.00
CUSTODIAL ENGINEERS	LOCAL 409	58.00	58.00	51.00	7.00
EXEMPT & BOARD MEMBERS		41.45	42.45	39.45	3.00
TAB		1.00	1.00	1.00	0.00
TOTAL Full Time Equivalent (FTE)*		4721.27	4779.24	4560.50	218.74

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

**Per FTE Summary dated January 16, 2018.

BUFFALO CITY SCHOOL DISTRICT EMPLOYMENT LEVELS IN GRANTS 2017-2018

TYPE OF POSITION	UNION	ORIGINAL BUDGET 2017-18	REVISED BUDGET 2016-17	POSITIONS FILLED AS OF SECOND QUARTER**	FAVORABLE (UNFAVORABLE) VARIANCE
TEACHERS	BTF	478.14	538.89	508.66	30.23
ADMINISTRATORS	BCSA	42.77	51.80	45.21	6.59
CIVIL SERVICE EMPLOYEES	PCTEA	92.25	95.89	85.20	10.69
TEACHING ASSISTANTS	BEST	150.72	156.72	151.68	5.04
TEACHER AIDES	BEST	0.00	0.00	0.00	0.00
CUSTODIAL ENGINEERS	LOCAL 409	1.00	1.00	1.00	0.00
EXEMPT & BOARD MEMBERS		1.55	1.55	1.55	0.00
TOTAL Full Time Equivalent (FTE) *		766.43	845.85	793.30	52.55

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

**Per FTE Summary dated January 16, 2018.

**BUFFALO CITY SCHOOL DISTRICT
EMPLOYMENT LEVELS IN FOOD SERVICE
2017-2018**

TYPE OF POSITION	UNION	ORIGINAL BUDGET 2017-18	REVISED BUDGET 2017-18	POSITIONS FILLED AS OF SECOND QUARTER**	FAVORABLE (UNFAVORABLE) VARIANCE
CIVIL SERVICE EMPLOYEES	PCTEA	14.00	14.00	14.00	0.00
TEACHING ASSISTANTS	BEST	1.00	1.00	1.00	0.00
TEACHER AIDES	BEST	3.00	3.00	3.00	0.00
BLUE COLLAR	LOCAL 264	30.00	30.00	23.00	7.00
TOTAL Full Time Equivalent (FTE) *		48.00	48.00	41.00	7.00

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

** Per FTE Summary dated January 16, 2018

SECTION II

QUARTERLY STATEMENT OF CASH FLOWS



BUFFALO CITY SCHOOL DISTRICT CASH FLOW ANALYSIS NARRATIVE JULY 1, 2017 – DECEMBER 31, 2017

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 projections by \$ 17.4 million. The total receipts anticipated were favorable by \$0.6 million, while expenditures were \$ 16.8 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 \$3.3 million less than the projected payments expected from the SED, mainly due to projected revenues being lower than the original budget, timing, and higher than anticipated lottery aid allocation, which reduces basic formula aid.

Lottery Aid

This is also part of the General Fund Revenue from the State of New York for formula driven aids.

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 \$0.7 million more than the original projection.

Property Taxes

This pertains to the District's allocation of Property Taxes.

Property Tax receipts were slightly above projections, coming in \$0.2 million above plan.

Erie County Sales Tax

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

Sales Tax receipts were above projections, coming in \$ 1.4 million above plan through December.

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 \$ 11.7 million is largely due to the timing of cash receipts for special projects, and secondarily Medicaid receipts which are also over budget.

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 were \$ 10.2 million less than projected.

CASH DISBURSEMENTS:

Total actual cash disbursements through December 31, 2017 were less than originally projected by \$16.8 million. This is attributed to lower than budgeted salaries as well as lower disbursements for current year and prior year services and supplies, including the Charter School payments to date.

Salary and FICA 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 \$4.2 million due to lower than budgeted salaries and benefits paid out through December.

Termination Pay

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

This category was favorable by \$2.3 million as there were fewer retirements than anticipated.

PY Accounts Payable

This represents cash disbursements in 2017-18 for 2016-17 invoices. This category was favorable by \$5.8 million as this cash flow item was over budgeted. Additionally, there are expenditures accrued for as of June 30, 2017 that have not been paid as of the end of the second quarter.

Services and Supplies

This category was unfavorable by \$2.6 million largely due to the timing of vendor payments and increased health insurance costs.

Charter Schools

This category was favorable by \$1.8 million largely due to slightly lower student counts as well as the timing of payments.

QUARTERLY CASH FLOW STATEMENT
For the Period July 1, 2017 – December 31, 2017
(in thousands)

	Original Projection YTD Q2	Total YTD Q2	Variance to Projection	Revised* Projection FYE 2017-18
BEGINNING CASH & INVESTMENTS	\$235,904	\$235,904	\$0	\$235,904
CASH RECEIPTS:				
Basic Formula Aid	102,068	98,817	(3,251)	492,252
Lottery Aid Advance	55,964	56,655	691	91,755
Property Taxes <small>(Less Capital Debt)</small>	30,012	30,180	168	60,360
Erie County Sales Tax	21,600	22,984	1,384	43,000
Miscellaneous - State and Federal Aid:	61,675	73,424	11,749	151,580
Other	16,650	6,487	(10,163)	19,137
TOTAL CASH RECEIPTS	287,969	288,547	578	858,084
CASH DISBURSEMENTS:				
Salary & FICA - Regular	174,622	170,382	4,240	404,361
Termination Pay	3,600	1,253	2,347	4,060
PY Accounts Payable	54,972	49,147	5,825	49,476
Services & Supplies - Regular	154,300	151,674	2,626	345,177
Charter Schools	61,950	60,158	1,792	122,108
TOTAL CASH DISBURSEMENTS	449,444	432,614	16,830	925,182
Net Increase / (Decrease) in Cash	(161,475)	(144,067)	17,408	(67,098)
ENDING CASH & INVESTMENTS	\$74,429	\$91,837	\$17,408	\$168,806

* As of January 25, 2018