

Buffalo Public Schools 2018-19 Financial Results

Superintendent Update at October 16, 2019 Regular Board Meeting

Dr. Kriner Cash, Superintendent
Geoffrey F Pritchard, CFO



2018-19 Financial Results – General Fund Highlights

- The District is in the strongest financial position it has been in in decades
- 2014-15 to 2018-19 (since June 30, 2015):
 - Surpluses in three of the last four years – only deficit was due to signing bonus when teacher contract was settled in 2016
 - Fund balance has increased \$32.6 million in total
 - Execution on four year financial plan strategies has increased revenues and, where possible, reduced or avoided costs so the Education Bargain can invest in the classroom
 - Teacher salary compensation up \$50.3 million annually from \$175.7 million in 2014-15 to \$226.0 million in 2018-19
 - Health insurance down \$8.7 million annually from \$112.4 million in 2014-15 to \$103.7 million in 2018-19
 - Charter school tuition is up \$26.9 million annually from \$98.4 million in 2014-15 to \$125.3 million in 2018-19
 - Settled seven of ten outstanding labor contracts
 - Other Post Employment Benefit (OPEB or Retiree Health insurance) down \$0.5 billion since June 30, 2016, when GASB 75 was implemented

2018-19 General Fund Results (in millions)

	<u>18/19</u>		
• Original Budget Deficit	\$(19.0m)		
• Projected Deficit in April '19	\$(5.0m)		
	<u>18/19</u>	<u>17/18</u>	<u>Change</u>
• Total Revenues	\$911.5m	\$878.8m	\$32.7m
• Total Expenditures	<u>\$882.6m</u>	<u>\$866.7m</u>	\$15.9m
• Actual Surplus	\$28.9m	\$12.1m	
• Fund Balance	\$223.6m	\$194.7m	\$28.9m
➤ Revenues – 99.5% of Budget; Expenditures – 96.3% of Budget			
➤ Unqualified audit opinion on audited financial statements			

2018-19 Financial Results – General Fund Highlights

Expenditures

- District converted to traditional method of self-insurance for employee and retiree healthcare costs effective 7/1/18 resulting in the return of \$15.1 million prior payments
 - Health insurance costs down \$15.4 million from prior year and \$20.0 million under original budget
 - Going forward, there will be more volatility in health insurance costs
- Other general fund costs
 - Teacher compensation up \$16.9 million from prior year, flat with original budget
 - Overall compensation up \$19.1 million from prior year; \$2.9 million under original budget and \$8.0 million under revised budget
 - Charter school tuition up \$7.0 million from prior year, but \$4.2 million under original budget
 - Transportation up \$0.5 million from prior year, but \$3.8 million under original budget
 - Nursing costs down \$0.9 million and \$1.1 million from prior year and original budget, respectively

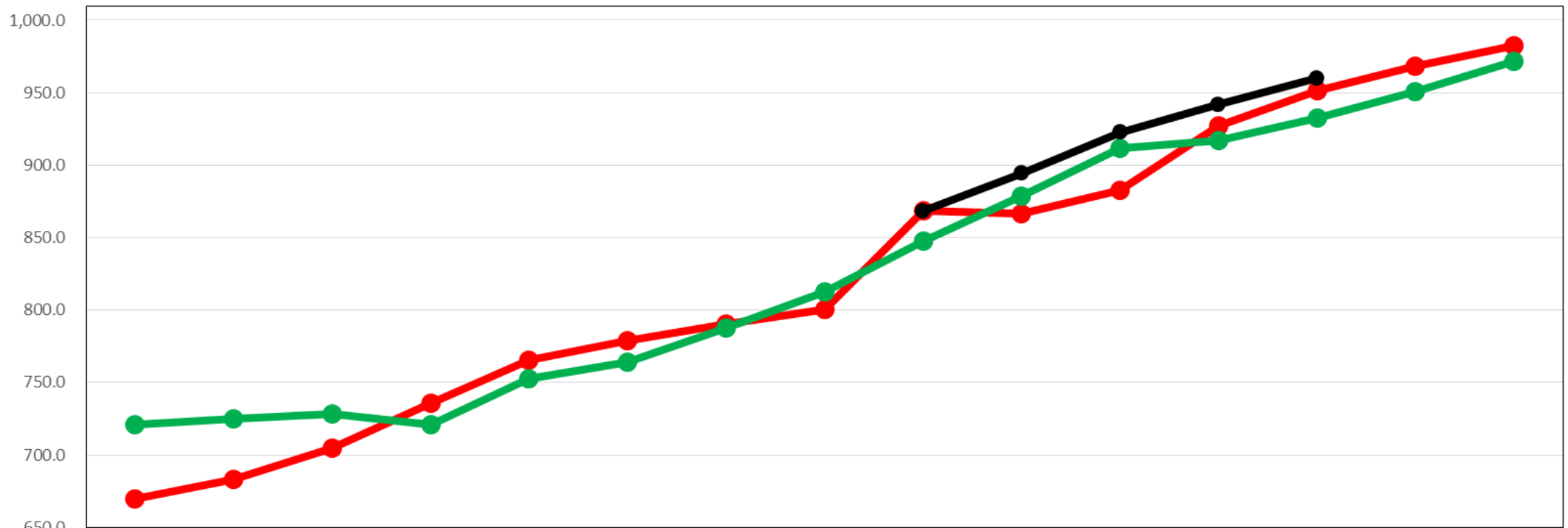
2018-19 Financial Results – General Fund Highlights

Revenues

- State aid – up \$13.9 million from prior year; \$4.2 million under budget
 - Foundation aid – up \$14.5 million from prior year; \$0.2 million under budget
 - Building aid – down \$8.8 million from prior year; \$2.0 million under budget
 - Other formula aid – down \$0.6 million from prior year; \$2.7 million under budget
 - Charter tuition related aid – up \$8.7 million from prior year; \$0.6 million over budget
- City Property Tax – no change from prior year or budget
- County Sales Tax - \$2.5 million over prior year; \$4.1 million over budget
- Federal Medicaid - \$0.1 million over prior year; \$1.9 million over budget
- Other revenues - \$16.3 million over prior year; \$12.3 million over budget

2018-19 Financial Results – Historical Actual and Four Year Financial Projections

Revenues vs Expenditures (in millions)
2009-2019 Actual through 2020-2023 Four Year Plan Projections as of 10.2019



	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Year 3	2020/21 Year 4	2021/22 Year 5	2022/23 Year 6
Expenditures	670.0	683.0	704.6	735.7	765.5	778.7	790.2	800.5	868.3	866.7	882.6	927.4	951.6	968.4	982.7
Revenues	721.2	725.2	728.2	721.2	752.5	764.0	787.6	812.7	847.6	878.8	911.5	917.4	932.9	950.9	971.4
Orig. 4 Yr Plan Exp									868.3	894.2	922.6	941.8	959.9		
Surplus/(Deficit)	51.2	42.2	23.6	(14.5)	(13.0)	(14.7)	(2.6)	12.2	(20.7)	12.1	28.9	(10.0)	(18.7)	(17.5)	(11.3)
Fund Balance	169.9	212.1	235.7	221.2	208.3	193.9	191.0	203.2	182.6	194.7	223.6				

2018-19 Financial Results – Fund Balance 6-30-2019

		Balance 6-30-18	Changes	Balance 6-30-19	Notes
Non spendable	Inventory	791,724	94,580	886,304	Changes for current value of inventory
Restricted	Stabilization Reserve	3,835,350	40,987	3,876,337	Only change is interest earnings
	Unemployment	3,156,044	-	3,156,044	no changes
	Judgments & Claims & Property Loss (incl. Wrk Comp)	17,750,000	-	17,750,000	no changes
	Total Restricted	24,741,394	40,987	24,782,381	
Assigned	Designated for next year budget	19,000,000	(9,000,000)	10,000,000	Projected deficit for 2019/20 down from 2018/19
	Encumbrances	3,168,105	385,220	3,553,325	Carry over encumbrances into 2019/20
	Designated for other capital needs/repairs/leases	12,080,000	5,000,000	17,080,000	Increase \$5.0m for unaidable projects/leases
	Designated for OPEB and Other Benefits	48,146,089	4,000,000	52,146,089	Increase \$4.0m for OPEB
	Designated for Health Insurance (NEW)	-	15,084,559	15,084,559	For self-insured healthcare
	Designated for School Budget Equity (NEW)	-	5,000,000	5,000,000	NYS law sec 3614
	Designated for PY Claims	9,000,000	-	9,000,000	\$6m collective bargaining / \$3m State aid claims
	Total Assigned	91,394,194	20,469,779	111,863,973	
Unassigned	Board policy minimum requires 4% of Budget	36,656,000	440,000	37,096,000	4.0% minimum per policy
	Amount in excess of minimum	41,129,553	7,904,985	49,034,538	
	Total Unassigned	77,785,553	8,344,985	86,130,538	9.3%
		194,712,865	28,950,331	223,663,196	Total Fund Balance

2018-19 Financial Results – Other Post Employment Benefits (OPEB) – Long Term Liability for Retiree Health Insurance

	(in billions)
OPEB liability under GASB 75 - 6/30/16	2.9
Changes in assumptions [(\$0.3) discount rate, \$0.2 TRS/ERS and census/other]	(0.2)
Changes in plan design/experience	(0.2)
OPEB liability under GASB 75 - 6/30/17	2.5
Changes in assumptions [mainly discount rate/service cost]	-
Changes in plan design/experience	(0.2)
OPEB liability under GASB 75 - 6/30/18	2.3
Changes in assumptions [mainly discount rate/mortality assumption] - external factors	0.3
Changes in plan design/experience	(0.2)
OPEB liability under GASB 75 - 6/30/19	2.4

> \$639m reduction in OPEB liability in 3 years as a result of plan design/experience (rounded above)

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