

AGENDA ITEM SUMMARY **LEXINGTON SCHOOL COMMITTEE MEETING**

TODAY'S DATE: 12/10/15

ITEM NUMBER:
A.5 & A.5.a

AGENDA ITEM TITLE: Fiscal Year 2016 First Quarter Financial Report

PRESENTER: Ian Dailey

SUMMARY:

The current balance projected as of the First Quarter report is a surplus of \$1,059,772. The projection assumes all budgeted positions are filled and assumes all program budgets are fully expended. The major source of these funds causing the surplus in Salaries and Wages is turnover in staff, unpaid leaves of absence, and vacancy gaps. The major drivers for the deficit in the Expense portion of the budget are Special Education Tuitions, Special Education Transportation, and Homeless Transportation. A summary table is provided below:

Appropriation Summary	FY 2016 Budget	Transfers/ Adjustments	FY 2016 Budget (adj)	YTD Expended	YTD Encumbered	Favorable/ (Unfavorable)
Salary and Wages	\$ 78,675,324	\$ 81,426	\$ 78,756,750	\$ 23,671,210	\$ 53,627,266	\$ 1,458,274
Expenses	\$ 13,384,992	\$ (12,000)	\$ 13,372,992	\$ 3,812,788	\$ 9,958,706	\$ (398,502)
Total 1100 Lexington Public Schools	\$ 92,060,316	\$ 69,426	\$ 92,129,742	\$ 27,483,998	\$ 63,585,972	\$ 1,059,772

Salaries & Wages

A detailed listing of the Salaries and Wages portion of the budget projection can be found attached. Projections are based on known positions and estimated wage settlements for units with unsettled contracts. The FY16 general fund operating budget included a total of 1,035.73 FTE system-wide. At this time, the current general fund operating budget has increased to a total of 1,046.80, an increase of 11.07 FTE. This is partially attributable to FTE transfers from grants (during Fiscal Year 2015 and 2016), the increase in hours for Full-Day Kindergarten Assistants (15 hours per week to 18 hours per week), and supplemental positions not included in the original budget developed last fall. The Fiscal Year 2015 First Quarter Financial Report included and FTE increase of 21.61 FTE. Therefore, in Fiscal Year 2016 this data point has improved. This has a direct effect on the projected balance in the Salaries & Wages portion of the projection.

As discussed at the December 1, 2015 School Committee Meeting, the Superintendent has indicated interest in a Special Assistant to the Superintendent position being established. As previously described, this position is a necessity to maintain an organized, efficient, and responsive Superintendent's office environment. This position would assist with a multitude of tasks related to residency, documentation, and special projects. This First Quarter Financial Report includes projected costs for the Superintendent's proposed staffing position effective immediately.

Expenses

The overall expense budget currently projects a deficit of \$398,502. At this time the projection assumes all program budgets will be fully expended. Additionally, a detailed review of Transportation and Tuitions is conducted as these are the largest single expense items and are the largest drivers of budget variability in the Expense budget. A summary table of the budget lines reflecting the \$398,502 deficit can be seen below (it should be noted there is an anticipated transfer for the Tuition line of \$600,960):

Line #	Program	FY16 Budget (approved by ATM)	Transfers/ Adjustments	FY16 Expense Budget (adj)	Adjusted YTD EXPENDED	Adjusted ENCUMBERED	FY 16 Projected Expenditures	Favorable/ (Unfavorable)
41	TUITION	\$4,782,238	\$600,960	\$5,383,198	\$1,348,376	\$4,190,862	\$5,539,238	-\$156,040
42	Transportation: Special Education	\$1,387,574	\$0	\$1,387,574	\$234,433	\$1,250,009	\$1,484,442	-\$96,868
42.1	Transportation: Homeless	\$25,000	\$0	\$25,000	\$6,080	\$43,040	\$49,120	-\$24,120
47	Teacher Substitutes	\$0	\$0	\$0	\$6,547	\$114,926	\$121,473	-\$121,473
Grand Total		\$6,194,812	\$600,960	\$6,795,772	\$1,595,436	\$5,598,837	\$7,194,273	-\$398,501

Line 41 - Tuition

The Fiscal Year 2016 budget included a 50% reduction to the High Risk category of tuition, effectively lowering the tuition budget by \$773,580. This had a direct affect to Line 41 of the budget above. This budget line is being monitored very closely, as such a detailed breakdown can be seen below:

Tuition Budget Analysis	FY16 Budget (approved by ATM)	FY 16 Projected Expenditures	Favorable/ (Unfavorable)
High Risk Budget	\$1,547,160	\$1,047,559	
Short Term Placements	\$113,677	\$230,495	
Settlements	\$258,764	\$766,007	
Tuition	\$6,915,422	\$7,144,330	
Total Tuition	\$8,835,023	\$9,188,390	-\$353,367
Reduction to High Risk	-\$773,580		
Less LABBB Credit	-\$250,000	-\$250,000	
Less CB Reimbursement	-\$3,029,205	-\$3,190,110	
Operating Budget Total	\$4,782,238	\$5,748,280	-\$966,042
		High Risk Adjustment	\$209,042
		Anticipated One-time Transfer	\$600,960
		Adjusted Projected Surplus / (Deficit)	-\$156,040

As seen above when comparing the budget to the current tuition projection a deficit of \$966,042 is being projected. This deficit assumes all of the current High Risk Budget will be realized. After a detailed review of this information with the Special Education Department, it is anticipated the \$209,042 of the \$1,047,559 currently held in High Risk will not be realized. Based on this adjustment, this lowers the projected deficit. Additionally, upon review of expense accounts after the close of the Fiscal Year 2015 budget, an anticipated one-time transfer of \$600,960 will be completed to further offset the projected deficit.

The decision to reduce the High Risk budget by 50% in Fiscal Year 2016 is being reviewed as the Fiscal Year 2017 budget is developed because this will have a direct impact moving forward. A table analyzing the high risk budget and budget surpluses (deficits) each year has been compiled to identify trends. This table can be seen below:

	FY2014	FY2015	FY2016 (projected)
High Risk Budget	\$1,645,452	\$1,195,325	\$1,547,160
SC HR Budget Adjustments			-\$773,580
Net High Risk Budget	\$1,645,452	\$1,195,325	\$773,580
Total Tuition Surplus / (Deficit)	\$852,485	\$61,145	-\$757,000
High Risk cut reversal	\$0	\$0	\$773,580
Difference	\$852,485	\$61,145	\$16,580
Percent of High Risk Returned	51.81%	5.12%	1.07%

The table above outlines the tuition budget surplus (deficit) by fiscal year relative to the High Risk budget of that year. The table above is not adjusted for the anticipated one-time transfers identified in the prior section. The chart includes adjustments to Fiscal Year 2016 to have a consistent comparison with prior fiscal years where the High Risk budget was not reduced by 50%. It should be noted, at the time the Fiscal Year 2016 budget was being created Fiscal Year 2015 final figures were not available. The above table illustrates that budgeting practices in the Tuition line have improved over time. Any future adjustments to the High Risk budget are being examined closely as the Fiscal Year 2017 budget is being developed.

Line 42 – Transportation: Special Education

The Fiscal Year 2016 budget is projecting a \$96,868 deficit. The Fiscal Year 2016 Special Education Transportation budget was assembled using 182 students (99 In district and 83 Out of District). At this time a total of 196 students (108 In District and 88 Out of District) are riding in the program, an increase of 7.7% in total. This increase in ridership has triggered the currently projected deficit in this budget line.

Line 42.1 – Transportation: Homeless

The Fiscal Year 2016 budget is projecting a \$24,120 deficit. The Fiscal Year 2016 Special Education Transportation budget was assembled using 11 students. At this time a total of 3 students are riding in the program. Additional funds have been included in the projection for anticipated riders that will be added to the program. While the number of students reflected as Homeless has decreased, the costs have actually increase, which is why the budget line is projecting a deficit. This is attributable to the change in ridership. In Fiscal Year 2015, riders were able to utilize our existing Transportation services. The current ridership requires separate Transportation services.

Line 47 – Teacher Substitutes

The Fiscal Year 2016 budget is projecting a \$121,473 deficit. This expense line budget pays for Special Education consultants that are hired during a leave of absence for an employee in their Department as they are not regularly available in the typical substitute pool of employees. These consultants are acting in a substitute capacity due to the leave

of absence. These expenditures are offset by salary savings on the Salaries and Wages portion of the budget.

Budget Transfers

As in years past, the Second Quarter Fiscal Year 2016 budget will include a full listing of all budget transfers for Salaries and Expenses. This will include a summary of Fiscal Year 2016 grant transfers, expense line transfers, and all other necessary budget transfers.

WHAT ACTION (IF ANY) DO YOU WISH SCHOOL COMMITTEE TO TAKE?

- No action requested, this is a short update or a presentation of information.
- Request input and questions from the School Committee, but no vote required.
- Request formal action with a vote on a specific item.

If formal action is requested, please check one:

This item is being presented
 for the first time, with a request that the School Committee vote at a subsequent meeting
or
 with the request that the School Committee take action immediately

If formal action is requested:

Include a suggested motion or let _____ know if you need assistance preparing a motion.

SUGGESTED MOTION:

Not applicable.

FOLLOW-UP:

None.

REQUESTED MEETING DATE: 12/15/15

AMOUNT OF TIME REQUESTED FOR THE AGENDA ITEM: 20 minutes

ATTACHMENTS:

Fiscal Year 2016 Salaries and Wages projection detail

DATE: _____
END TIME ON AGENDA

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LINE No	ROLL UP	FY16 FTE	FTE Adj	FY16 FTE (adj)	FY16 Adj Budget	Current FTEs (through 12/11/15 payroll)	FTE Difference -Favorable (Unfavorable)	Salaries Projection (through 12/11/15 payroll)	\$ Difference - Favorable (Unfavorable)	Notes (illustrates material changes)
1	UNIT A -LEA	685.56	0.8120	686.38	56,139,958	674.53	11.04	\$ 53,576,153	\$ 2,563,805	1. FTE Adjustment: Grant Transfers and misc. internal transfers 2. 3.66 FTE Vacancy 3. +0.50 FTE Supplemental Positions 4. 32.25 FTE on LOA (-12.00 FTEs on full year LOA, shifted to Long Term Subs)
2	UNIT A - STIPENDS			-	734,747	-		\$ 763,041	\$ (28,294)	1. Mentor stipends exceeding budget
3	UNIT A - COACHES			-	633,404	-		\$ 633,404	\$ -	
4	UNIT D - LEA	82.19	-0.5158	81.67	3,374,871	85.54	(3.36)	\$ 3,442,832	\$ (67,961)	1. +4.25 FTE Supplemental Positions 2. Net FTE Transfer: -0.50 FTE 3. 2.83 FTE Vacancy
5	NON-UNION SUPPORT/MGRS	25.15	-0.2500	24.90	2,239,042	27.15	(2.00)	\$ 2,313,084	\$ (74,043)	1. Net FTE Transfer: -0.25 FTE 2. 2.25 FTE Supplemental
7	UNIT C - LEA	152.69	3.3817	156.08	5,715,377	154.46	(1.76)	\$ 5,475,779	\$ 239,597	1. FTE Adjustment: FTE transfer from Line 10 2. +1.90 FTE Supplemental Positions 3. 7.10 FTE Vacancy 4. 1.67 FTE on LOA
7.1	NON-UNION SUPPORT/PARA	5.32	3.3500	8.67	745,566	11.17	(5.85)	\$ 760,695	\$ (15,129)	1. FTE Adjustment: Kind Asst grant transfer and additional 3 hours 2. +2.50 FTE Supplemental Positions 3. 0.88 FTE Vacancy 4. Includes Summer School (EYS)
8	ABA/BCBA INSTRUCTORS	3.89	0.0162	3.91	407,748	3.91	(0.02)	\$ 368,361	\$ 39,387	1. FTE Adjustment: BCBA schedule adjustments
9	OT ASSISTANTS			-	-	-	-	\$ -	\$ -	
10	SPECIAL CLASS AIDES	9.38	-3.3817	6.00	339,732	6.00	3.38	\$ 212,353	\$ 127,379	1. FTE Adjustment: FTE Transfer to Line 7
13	TECHNOLOGY UNIT - LEA	16.00		16.00	932,391	16.00	-	\$ 895,267	\$ 37,124	1. 2.0 FTE Vacancy
14	CENTRAL ADMINISTRATORS	6.00		6.00	1,091,657	6.00	-	\$ 1,021,740	\$ 69,917	
15	PRINCIPALS	9.00		9.00	1,277,849	9.00	-	\$ 1,285,970	\$ (8,121)	
16	ALA - ASST PRINC/SUPERVISORS	40.55	0.5000	41.05	4,496,280	41.05	(0.50)	\$ 4,525,880	\$ (29,599)	FTE Adjustment: Transition Coordinator FTE
17	NURSE SUBS				15,300	-		\$ 14,323	\$ 977	
18	TEACHER SUBSTITUTES				850,210	-		\$ 600,460	\$ 249,750	
18.1	LONG TERM PROFESSIONAL SUBSTITUTES					12.00	(12.00)	\$ 1,280,554	\$ (1,280,554)	1. 12.0 FTEs from Line 1 currently on LOAs
18.2	SECRETARY SUBSTITUTES				16,193			\$ 49,620	\$ (33,427)	
18.3	PARAPROFESSIONAL SUBSTITUTES				50,000	-		\$ 78,960	\$ (28,960)	
20	Sal Dif				(500,000)			\$ -	\$ (500,000)	
	All other - operating							\$ -	\$ -	
	Grant/Revolving Activity				127,000	-		\$ -	\$ 127,000	
	Adjustments (Salary Encumbrance)				69,426			\$ -	\$ 69,426	
SALARIES & WAGES Total		1,035.73	3.9124	1,039.65	\$ 78,756,750	1,046.80	(11.07)	\$ 77,298,476	\$ 1,458,274	