

# AGENDA ITEM SUMMARY

## LEXINGTON SCHOOL COMMITTEE MEETING

**TODAY'S DATE:** February 17, 2016

**ITEM NUMBER:**  
**LEAVE BLANK**

**REQUESTED MEETING DATE:** February 23, 2016

**AGENDA ITEM TITLE:** Fiscal Year 2016 Second Quarter Financial Report

**PRESENTER:** Ian Dailey

**SUMMARY:**

The current balance projected as of the Second Quarter report is a surplus of \$1,567,200. 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 Out-of-District Tuitions, Special Education Transportation, and Homeless Transportation. A summary table is provided below:

<b>Appropriation Summary</b>	<b>FY 2016 Budget</b>	<b>Transfers/ Adjustments</b>	<b>FY 2016 Budget (adj)</b>	<b>YTD Expended</b>	<b>YTD Encumbered</b>	<b>Favorable/ (Unfavorable)</b>
Salary and Wages	\$ 78,675,324	\$ (48,000)	\$ 78,627,324	\$ 39,188,140	\$ 37,610,801	\$ 1,828,383
Expenses	\$ 13,384,992	\$ 48,000	\$ 13,432,992	\$ 6,272,944	\$ 7,421,231	\$ (261,183)
Total 1100 Lexington Public Schools	\$ 92,060,316	\$ -	\$ 92,060,316	\$ 45,461,083	\$ 45,032,032	\$ 1,567,200

**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 1,050.49, an increase of 14.76 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 an FTE increase of 24.82 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.

**Expenses**

The overall expense budget currently projects a deficit of \$261,183. 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 \$261,183 deficit can be seen below (it should be noted there is an anticipated transfer for the Tuition line of \$576,716):

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	\$576,716	\$5,358,954	\$2,423,909	\$2,949,865	\$5,373,775	-\$14,821
42	Transportation: Special Education	\$1,387,574		\$1,387,574	\$669,874	\$814,569	\$1,484,443	-\$96,869
42.1	Transportation: Homeless	\$25,000		\$25,000	\$11,885	\$38,335	\$50,220	-\$25,220
47	Teacher Substitutes	\$0		\$0	\$19,290	\$104,984	\$124,273	-\$124,273
<b>Grand Total</b>		<b>\$6,194,812</b>	<b>\$576,716</b>	<b>\$6,771,528</b>	<b>\$3,124,958</b>	<b>\$3,907,753</b>	<b>\$7,032,711</b>	<b>-\$261,183</b>

### 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	\$938,721	
Short Term Placements	\$113,677	\$280,973	
Settlements	\$258,764	\$766,007	
Tuition	\$6,915,422	\$7,128,918	
<b>Total Tuition</b>	<b>\$8,835,023</b>	<b>\$9,114,619</b>	<b>-\$279,596</b>
Reduction to High Risk	-\$773,580		
Less LABBB Credit	-\$250,000	-\$250,000	
Less CB Reimbursement	-\$3,029,205	-\$3,190,110	
<b>Tuition Offsets</b>	<b>-\$4,052,785</b>	<b>-\$3,440,110</b>	<b>-\$612,675</b>
<b>Operating Budget Total</b>	<b>\$4,782,238</b>	<b>\$5,674,509</b>	<b>-\$892,271</b>
		High Risk Adjustment	\$300,734
		Anticipated One-time Transfer	\$576,716
		<b>Adjusted Projected Surplus / (Deficit)</b>	<b>-\$14,821</b>

As seen above when comparing the budget to the current tuition projection a deficit of \$892,271 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 \$300,734 of the \$938,721 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 \$576,716 will be completed to further offset the projected deficit.

Based on the data discussed before, the Fiscal Year 2017 budget re-establishes the High Risk portion of the Tuition budget at 100%. 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
<b>Total Tuition Surplus / (Deficit)</b>	<b>\$852,485</b>	<b>\$61,145</b>	<b>-\$591,537</b>
High Risk cut reversal	\$0	\$0	\$773,580
<b>Difference</b>	<b>\$852,485</b>	<b>\$61,145</b>	<b>\$182,043</b>
<b>Percent of High Risk Returned</b>	<b>51.81%</b>	<b>5.12%</b>	<b>11.77%</b>

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.

#### **Line 42 – Transportation: Special Education**

The Fiscal Year 2016 budget is projecting a \$96,869 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 \$25,220 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 \$124,273 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 noted in the budget summary table at the beginning of this item a total of \$48,000 is being transferred from the salaries and wages portion of the budget to the expense line of the budget. This is the result of two transfers. This transfers \$60,000 originally budgeted under salaries and wages for the purposes of reimbursing teachers for tuition payments per the LEA Unit A collective bargaining agreement. This was originally budgeted here because the reimbursement payments are paid through payroll, however these costs are truly of the expense nature, thus are being transferred. Also, a total of \$12,000 is being transferred from the Guidance expense budget to the salaries and wages portion of the budget to fund staff tutor payments for students under Home-Hospital and 504 programs.

The below table is assembled to outline all program level budget transfers necessary in the FY16 expense budget at the time of issuing this report. This information is being presented per School Committee Policy (DBJ: Budget Transfer Authority), which requires School Committee approval for those program to program line transfers in excess of \$75,000.

Line #	Program	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Budget (approved by ATM)	Adjustments to report	FY16 Budget (adj)
23	9-12 Math	\$ 22,325	\$ 106,468	\$ 68,184	\$70,512	-\$5,200	\$65,312
23.1	9-12 Math Team				\$0	\$5,200	\$5,200
25	9-12 Social Studies	\$ 39,705	\$ 37,482	\$ 37,315	\$40,261	-\$728	\$39,533
25.1	Debate & Competitive Speech	\$ 2,124	\$ 71,361	\$ 70,618	\$69,668	\$728	\$70,396
29	K-12 Curriculum	\$ 541,391	\$ 400,614	\$ 421,481	\$808,467	-\$260,956	\$547,511
37	Early Childhood Education	\$ 45,249	\$ 45,887	\$ 60,186	\$71,025	\$2,346	\$73,371
39.2	6-8 Counseling			\$ -	\$4,100	-\$4,100	\$0
39.3	9-12 Counseling	\$ 8,128	\$ 12,375	\$ 13,459	\$8,169	\$7,831	\$16,000
39.4	K-12 Counseling	\$ 6,824	\$ 14,343	\$ 62,365	\$78,080	-\$7,831	\$70,249
40.1	K-5 Special Education	\$ 73,364	\$ 89,793	\$ 49,457	\$35,141	\$14,903	\$50,044
40.2	6-8 Special Education	\$ 27,961	\$ 53,256	\$ 20,428	\$114,362	-\$81,959	\$32,403
40.3	9-12 Special Education	\$ 3,407	\$ 13,100	\$ 9,008	\$30,416	-\$5,963	\$24,453
40.4	PreK-22 Special Education	\$ 63,925	\$ 136,774	\$ 107,114	\$258,271	-\$135,707	\$122,564
41	Tuition	\$ 4,420,666	\$ 4,415,327	\$ 4,736,414	\$4,782,238	\$576,716	\$5,358,954
43	Special Educ. Consultants	\$ 460,479	\$ 480,758	\$ 281,686	\$492,283	-\$117,283	\$375,000
48	Administration	\$ 404,117	\$ 460,080	\$ 566,978	\$538,656	-\$538,656	\$0
48.1	School Committee				\$0	\$18,909	\$18,909
48.2	Superintendent				\$0	\$159,157	\$159,157
48.3	Finance and Operations				\$0	\$76,545	\$76,545
48.4	Human Resources				\$0	\$344,048	\$344,048
<b>Grand Total</b>		<b>\$ 6,119,665</b>	<b>\$ 6,337,617</b>	<b>\$ 6,504,694</b>	<b>\$ 7,401,648</b>	<b>\$ 48,000</b>	<b>\$ 7,449,648</b>

## Grant Summary

Throughout the fiscal year grants are monitored since awards are often not known at the time of building a budget. A summary of budget, actual awards, and projected balances can be seen below:

	FY15 Award - Level Funded for FY16	FY16 Actual Award	Sequestration, enrollment, and low income change	% Change in Award	Revised FY16 Projection as of December 31*	Projected (deficit)/ Balance for FY16 Grants
<b>Federal Grant Title</b>						(col.C - col. I)
Title I	\$ 151,166	\$ 171,294	\$ 20,128	13.32%	\$ 171,359	\$ (65)
Title II	\$ 85,482	\$ 86,465	\$ 983	1.15%	\$ 86,465	\$ 0
Title III	\$ 66,030	\$ 74,693	\$ 8,663	13.12%	\$ 74,693	\$ -
Title III Carry-Forward	\$ -	\$ 10,460	\$ 10,460		\$ 10,460	\$ -
94-142	\$ 1,547,887	\$ 1,567,873	\$ 19,986	1.29%	\$ 1,462,117	\$ 105,756
94-142 Carry-Forward		\$ 118,078	\$ 118,078		\$ 118,078	\$ -
Early Childhood	\$ 40,067	\$ 40,075	\$ 8	0.02%	\$ 39,301	\$ 774
<b>Total Federal Grants</b>	<b>\$ 1,890,632</b>	<b>\$ 2,068,938</b>	<b>\$ 178,306</b>	<b>28.90%</b>	<b>\$ 1,962,472</b>	<b>\$ 106,466</b>
						5.15%
<b>State Grant Title</b>						
METCO	\$ 1,285,898	\$ 1,473,916	\$ 188,018	14.62%	\$ 1,395,135	\$ 78,782
Essential School Health	\$ 116,440	\$ 116,440	\$ -	0.00%	\$ 116,440	\$ -
Academic Support	\$ 7,400	\$ 5,200	\$ (2,200)	-29.73%	\$ 5,200	\$ -
Full-Day Kindergarten	\$ 177,440	\$ 177,440	\$ -	0.00%	\$ 174,839	\$ 2,601
Special Education Entitlement	\$ 51,219	\$ 53,340	\$ 2,121	4.14%	\$ 53,340	\$ -
<b>Total State Grants</b>	<b>\$ 1,638,397</b>	<b>\$ 1,826,336</b>	<b>\$ 187,939</b>	<b>-10.97%</b>	<b>\$ 1,733,456</b>	<b>\$ 81,383</b>
	\$ 3,529,029	\$ 3,895,274	\$ 366,245	10.38%	\$ 3,695,929	\$ 187,848

### 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:

Move to approve the transfers outlined in the Budget Transfers section of this agenda item, per School Committee Policy DBJ, for Fiscal Year 2015-16.

**FOLLOW-UP:**

**AMOUNT OF TIME REQUESTED FOR THE AGENDA ITEM:** 20 minutes

**ATTACHMENTS:**

Q2 FY2016 Salaries and Wages Projection Detail

LINE No	ROLL UP	FY16 FTE	FTE Adj	FY16 FTE (adj)	FY16 Adj Budget	Current FTEs (through 2/5/16 payroll)	FTE Difference -Favorable (Unfavorable)	Salaries Projection (through 2/5/16 payroll)	\$ Difference - Favorable (Unfavorable)	Notes (Illustrates material changes)
1	UNIT A - LEA	685.56	0.8286	686.39	56,079,958	686.72	(1.16)	\$ 54,067,576	\$ 2,012,382	1. FTE Adjustment: Grant Transfers and misc. internal transfers (0.32 & 0.50) 2. 7.1 FTE Vacancy 3. +0.70 FTE Supplemental Positions
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	-1.4734	80.71	3,374,871	84.61	(2.43)	\$ 3,431,497	\$ (56,627)	1. +4.30 FTE Supplemental Positions 2. Net FTE Transfer: -1.47 FTE 3. 2.17 FTE Vacancy 4. 2.2 FTE on LOA
5	NON-UNION SUPPORT/MGRS	25.15	0.7500	25.90	2,239,042	28.15	(3.00)	\$ 2,289,948	\$ (50,907)	1. Net FTE Transfer: 0.75 FTE 2. 2.25 FTE Supplemental 3. 3.0 FTE Vacancy
7	UNIT C - LEA	152.69	3.3817	156.08	5,715,377	157.63	(4.93)	\$ 5,406,279	\$ 309,098	1. FTE Adjustment: FTE transfer from Line 10 2. 1.70 FTE Supplemental Positions 3. 7.17 FTE Vacancy 4. 1.71 FTE on LOA
7.1	NON-UNION SUPPORT/PARA	5.32	2.9500	8.27	745,566	11.42	(6.10)	\$ 753,182	\$ (7,617)	1. FTE Adjustment: Kind Asst grant transfer and additional 3 hours 2. +2.75 FTE Supplemental Positions 3. 0.88 FTE Vacancy
8	ABA/BCBA INSTRUCTORS	3.89	0.0217	3.91	407,748	3.91	(0.02)	\$ 368,837	\$ 38,912	4. Includes Summer School (EYS) 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	\$ 211,311	\$ 128,422	1. FTE Adjustment: FTE Transfer to Line 7
13	TECHNOLOGY UNIT - LEA	16.00		16.00	932,391	16.00	-	\$ 872,377	\$ 60,014	1. 1.0 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)	\$ 4,495,686	\$ 594	FTE Adjustment: Transition Coordinator FTE
17	NURSE SUBS				15,300	-		\$ 17,650	\$ (2,350)	
18	TEACHER SUBSTITUTES				850,210	-		\$ 619,441	\$ 230,769	
18.1	LONG TERM PROFESSIONAL SUBSTITUTES				16,193	-		\$ 487,466	\$ (487,466)	
18.2	SECRETARY SUBSTITUTES				50,000	-		\$ 42,592	\$ (26,399)	
18.3	PARAPROFESSIONAL SUBSTITUTES				500,000	-		\$ 30,944	\$ 19,056	
20	Sal Df				(500,000)			\$ -	\$ (500,000)	
	All other - operating							\$ -	\$ -	
	Grant/Revolving Activity				127,000	-		\$ -	\$ 127,000	
	Adjustments (Salary Encumbrance)				-			\$ -	\$ -	
<b>SALARIES &amp; WAGES Total</b>		<b>1,035.73</b>	<b>3.5769</b>	<b>1,039.31</b>	<b>\$ 78,627,324</b>	<b>1,050.49</b>	<b>(14.76)</b>	<b>\$ 76,798,941</b>	<b>\$ 1,828,383</b>	