

AGENDA ITEM SUMMARY

LEXINGTON SCHOOL COMMITTEE MEETING

TODAY'S DATE: April 20, 2016

ITEM NUMBER:
LEAVE BLANK

REQUESTED MEETING DATE: April 26, 2016

AGENDA ITEM TITLE: Fiscal Year 2016 Third Quarter Financial Report

PRESENTER: Ian Dailey

SUMMARY:

The current balance projected as of the Third Quarter Financial Report is a surplus of \$2,791,740. The projection assumes all budgeted positions are filled and depicts actual expenditures and encumbrances for the expense budget. The major source of the surplus in Salaries and Wages is increased savings generated from turnover in staff, unpaid leaves of absence, savings generated from gaps in employment due to vacancies, and our ability to better stay within budgeted FTE levels through improved planning. For expenses, prior FY16 financial reports assumed all program-level expense budgets would be fully expended. The third quarter report reflects actual expenditures and current encumbrances for all expense budgets. The FY16 budget for expense lines closes on May 1. It is unlikely that program managers will spend \$705,223 in the expense lines. However, we are expecting a significant number of orders after school vacation ends and staff returns to school.

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	\$ (48,000)	\$ 78,627,324	\$ 54,764,253	\$ 21,776,554	\$ 2,086,517
Expenses	\$ 13,384,992	\$ 48,000	\$ 13,432,992	\$ 8,506,486	\$ 4,221,282	\$ 705,223
Total 1100 Lexington Public Schools	\$ 92,060,316	\$ -	\$ 92,060,316	\$ 63,270,739	\$ 25,997,836	\$ 2,791,740

Salaries & Wages

A detailed listing of the Salaries and Wages portion of the budget projection can be found attached. Since the issuance of the Second Quarter Financial Report, the overall salaries and wages budget projection has changed from a surplus of \$1,828,383 to a surplus of \$2,086,517. 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 1,046.26, an FTE deficit of 10.53 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 budget developed last fall. The Fiscal Year 2015 Third Quarter Financial Report included an FTE deficit of 26.97 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, creating a surplus.

Expenses

Since the issuance of the Second Quarter Financial Report, the overall expense budget projection has changed from a deficit of \$261,183 to a surplus of \$705,223. Prior financial reports assumed all program-level budgets would be full expended, with adjustments made to known program impacts. These known program impacts included Special Education Out of District Tuition, Special Education Transportation, Homeless Transportation, and Regular Education Transportation. Projections in these categories have remained relatively stable. These are the largest expense lines requiring close monitoring due to their high degree of variability. The operating budget closes May 1, at that time budget funds are frozen, to determine if there are district-wide unmet needs to be addressed. The projected expense budget surplus is described at the summary level below (detailed table is attached):

Expense Budget Summary	FY16 Budget (adj)	Third Quarter Projected Surplus
Building-Based Program Budgets	\$ 510,497	\$ 133,135
K-5 Curriculum Program Budgets	\$ 364,627	\$ 12,538
6-8 Curriculum Program Budgets	\$ 281,462	\$ 24,486
9-12 Curriculum Program Budgets	\$ 349,250	\$ 53,349
K-12 Curriculum Program Budgets	\$ 1,684,533	\$ 322,617
Special Education Program Budgets	\$ 677,835	\$ 30,661
Counseling Program Budgets	\$ 86,249	\$ 4,215
Out of District Tuition	\$ 5,358,954	\$ 136,655
District-wide Transportation	\$ 2,767,616	\$ (220,117)
District-wide Administration	\$ 1,351,971	\$ 207,684
Total	\$ 13,432,992	\$ 705,223

Consistent with prior quarterly financial reports, a detailed review of the tuition line is included below.

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 expense budget. This budget line is being monitored very closely, as such a detailed breakdown can be seen below:

Tuition Budget Categories	FY16 Budget (approved by ATM)	FY 16 Projected Expenditures	Favorable/ (Unfavorable)
High Risk Budget	\$1,547,160	\$683,334	
Short Term Placements	\$113,677	\$261,228	
Settlements	\$258,764	\$852,376	
Tuition	\$6,915,422	\$7,181,046	
Total Tuition	\$8,835,023	\$8,977,983	-\$142,960
Reduction to High Risk	-\$773,580		
Less LABBB Credit	-\$250,000	-\$250,000	
Less CB Reimbursement	-\$3,029,205	-\$3,190,110	
Tuition Offsets	-\$4,052,785	-\$3,440,110	-\$612,675
Total	\$4,782,238	\$5,537,873	-\$755,635
High Risk Adjustment		-\$315,574	
Operating Budget Projection	\$4,782,238	\$5,222,299	-\$440,061
		One-time Budget Transfer	\$576,716
		Adjusted Projected Surplus / (Deficit)	\$136,655

As seen above when comparing the budget to the current tuition projection, a deficit of \$755,635 is projected. It is anticipated that \$315,574 of the \$683,334 included in the current high risk portion of the FY16 projected tuition expenditures will not be realized, and this adjustment is included in the projection accordingly. This reduces the projected deficit to \$440,061. The Second Quarter Financial Report included a one-time budget transfer of \$576,716 to offset the projected deficit and partially offset the budget increase in the FY17 budget. This results in the currently projected Out of District Tuition surplus of \$136,655.

The Fiscal Year 2017 budget re-establishes the High Risk portion of the Tuition budget to 100% funded. A table analyzing the high risk portion of the Out of District Tuition budget and budget surpluses or (deficits) each year has been compiled to monitor trends. This table can be seen below:

	FY2014	FY2015	FY2016 (projected)
High Risk Budget	\$1,645,452	\$1,195,325	\$1,547,160
High Risk Budget Reduction			-\$773,580
Net High Risk Budget	\$1,645,452	\$1,195,325	\$773,580
Tuition Surplus / (Deficit)	\$852,485	\$61,145	-\$440,061
High Risk Budget Cut Reversal	\$0	\$0	\$773,580
Normalized High Risk Budget	\$1,645,452	\$1,195,325	\$1,547,160
Normalized Tuition Surplus / (Deficit)	\$852,485	\$61,145	\$333,519
Percent of High Risk Returned	51.81%	5.12%	21.56%

The table above compares the tuition budget surplus or (deficit) by fiscal year relative to the High Risk portion of the budget in each respective fiscal year. The table above is not adjusted for the anticipated one-time transfers identified in the prior section in order to control for variables and isolate the analysis to the budget surplus relative to the high risk

portion of the tuition budget (i.e. if past budgeting practice had not been changed and no one-time transfers took place). The chart includes adjustments to Fiscal Year 2016 to have a consistent comparison with prior fiscal years where the High Risk portion of the tuition 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, but predictability can be challenging. There is a high degree of sensitivity with the tuition line since one out of district placement can range from approximately \$46,000 to \$367,000 (includes transportation). This data continues to be analyzed and monitored to determine if any recommended adjustments would be included in the development of the FY18 budget.

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 for grants:

	FY15 Award - Level Funded for FY16 Budget	FY16 Actual Award	Sequestration, enrollment, and low income change	% Change in Award	Revised FY16 Projection as of March 31*	Projected (deficit)/ Balance FY16 Awards
Federal Grant Title						(col.C - col. I)
Title I	\$ 151,166	\$ 172,031	\$ 20,865	13.80%	\$ 171,359	\$ 672
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%	\$ 1,470,853	\$ 97,020
94-142 Carry-Forward		\$ 118,078	\$ 118,078		\$ 118,078	\$ -
Early Childhood	\$ 40,067	\$ 40,075	\$ 8	0.02%	\$ 39,301	\$ 774
Total Federal Grants	\$ 1,890,632	\$ 2,069,675	\$ 179,043	29.38%	\$ 1,971,209	\$ 98,466
						4.76%
State Grant Title						
METCO	\$ 1,285,898	\$ 1,488,884	\$ 202,986	15.79%	\$ 1,395,135	\$ 93,750
Essential School Health	\$ 116,440	\$ 129,005	\$ 12,565	10.79%	\$ 129,005	\$ -
Academic Support	\$ 7,400	\$ 5,200	\$ (2,200)	-29.73%	\$ 5,200	\$ -
Full-Day Kindergarten	\$ 177,440	\$ 177,440	\$ -	0.00%	\$ 167,221	\$ 10,219
Special Education Entitlement	\$ 51,219	\$ 53,340	\$ 2,121	4.14%	\$ 55,220	\$ (1,880)
Total State Grants	\$ 1,638,397	\$ 1,853,869	\$ 215,472	0.99%	\$ 1,733,456	\$ 102,089
	\$ 3,529,029	\$ 3,923,544	\$ 394,515	11.18%	\$ 3,704,665	\$ 200,555

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:

FOLLOW-UP:

AMOUNT OF TIME REQUESTED FOR THE AGENDA ITEM: 10 minutes

ATTACHMENTS:

Third Quarter FY2016 Salaries and Wages Projection Detail
Third Quarter FY2016 Expenses Projection Detail

Third Quarter FY2016 Salaries and Wages Projection Detail

Line	Category Description	FY16 FTE (adj)	FY16 Adj Budget	Current FTEs (through 4/15/16 payroll)	FTE Difference -Favorable (Unfavorable)	Salaries Projection (through 4/15/16 payroll)	\$ Difference - Favorable (Unfavorable)	Notes (illustrates material changes)
1	UNIT A - LEA	686.39	56,079,958	686.12	(0.56)	\$ 53,133,176	\$ 2,946,782	1. FTE Adjustment: Grant Transfers and misc. internal transfers (0.32 & 0.50) 2. 5.35 FTE Vacancy 3. +0.70 FTE Supplemental Positions 4. 45.0 FTE on LOA
2	UNIT A - STIPENDS	-	734,747	-		\$ 795,241	\$ (60,494)	1. Mentor stipends exceeding budget
3	UNIT A - COACHES	-	633,404	-		\$ 633,404	\$ -	
4	UNIT D - LEA	80.71	3,374,871	84.11	(1.92)	\$ 3,375,941	\$ (1,070)	1. +4.30 FTE Supplemental Positions 2. Net FTE Transfer: -0.47 FTE 3. 1.14 FTE Vacancy 4. 1.19 FTE on LOA
5	NON-UNION SUPPORT/MGRS	25.90	2,239,042	28.15	(3.00)	\$ 2,252,348	\$ (13,307)	1. Net FTE Transfer: -0.25 FTE 2. 3.25 FTE Supplemental 3. 2.0 FTE Vacancy
7	UNIT C - LEA	156.08	5,715,377	157.42	(4.72)	\$ 5,318,762	\$ 396,614	1. Net FTE Transfer: 2.58 FTE 2. 1.70 FTE Supplemental Positions 3. 5.2 FTE Vacancy 4. 3.4 FTE on LOA
7.1	NON-UNION SUPPORT/PARA	8.27	745,566	8.50	(3.18)	\$ 714,913	\$ 30,653	1. FTE Adjustment: Kind Asst grant transfer and additional 3 hours 2. +2.75 FTE Supplemental Positions 3. 0.72 FTE Vacancy
8	ABA/BCBA INSTRUCTORS	3.91	407,748	3.91	(0.02)	\$ 367,274	\$ 40,474	4. Includes Summer School (EYS)
10	SPECIAL CLASS AIDES	6.00	339,732	6.00	3.38	\$ 207,104	\$ 132,628	1. FTE Adjustment: BCBA schedule adjustments 1. FTE Adjustment: FTE Transfer to Line 7
13	TECHNOLOGY UNIT - LEA	16.00	932,391	16.00	-	\$ 867,531	\$ 64,860	1. FTE Adjustment: FTE Transfer to Line 7
14	CENTRAL ADMINISTRATORS	6.00	1,091,657	6.00	-	\$ 1,021,740	\$ 69,917	1. 1.0 FTE Vacancy
15	PRINCIPALS	9.00	1,277,849	9.00	-	\$ 1,285,970	\$ (8,121)	
16	ALA - ASST PRINC/SUPERVISORS	41.05	4,496,280	41.05	(0.50)	\$ 4,495,686	\$ 594	FTE Adjustment: Transition Coordinator FTE
17	NURSE SUBS		15,300	-		\$ 14,599	\$ 701	
18	TEACHER SUBSTITUTES		850,210	-		\$ 617,265	\$ 232,944	
18.1	LONG TERM PROFESSIONAL SUBSTITUTES			-	-	\$ 1,342,969	\$ (1,342,969)	
18.2	SECRETARY SUBSTITUTES		16,193	-		\$ 49,237	\$ (33,044)	
18.3	PARAPROFESSIONAL SUBSTITUTES		50,000	-		\$ 47,645	\$ 2,355	
20	Sal Dif		(500,000)			\$ -	\$ (500,000)	
	All other - operating					\$ -	\$ -	
	Grant/Revolving Activity		127,000	-		\$ -	\$ 127,000	
	Adjustments (Salary Encumbrance)		-			\$ -	\$ -	
SALARIES & WAGES Total		1,039.31	\$ 78,627,324	1,046.26	(10.53)	\$ 76,540,807	\$ 2,086,517	

Third Quarter FY2016 Expenses Projection Detail

Line #	Program	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Budget (adj)	Adjusted YTD EXPENDED	Adjusted ENCUMBERED	FY 16 Projected Expenditures	Favorable/ (Unfavorable)
1	Bowman	\$ 42,837	\$ 21,912	\$ 35,757	\$55,052	\$24,002	\$7,461	\$31,463	\$23,589
2	Bridge	\$ 41,385	\$ 27,346	\$ 54,246	\$56,315	\$24,691	\$9,972	\$34,662	\$21,653
3	Estabrook	\$ 25,052	\$ 23,732	\$ 25,619	\$46,847	\$29,276	\$9,548	\$38,824	\$8,023
4	Fiske	\$ 25,844	\$ 26,975	\$ 39,794	\$45,425	\$31,961	\$8,135	\$40,096	\$5,329
5	Harrington	\$ 24,602	\$ 23,981	\$ 37,431	\$47,270	\$25,774	\$5,936	\$31,710	\$15,560
6	Hastings	\$ 21,916	\$ 19,310	\$ 25,697	\$40,059	\$17,310	\$6,166	\$23,476	\$16,583
7	Clarke	\$ 22,064	\$ 42,920	\$ 51,207	\$32,195	\$9,259	\$4,631	\$13,890	\$18,305
8	Diamond	\$ 25,577	\$ 25,506	\$ 38,553	\$30,907	\$18,149	\$3,519	\$21,668	\$9,239
9	Lexington High School	\$ 126,201	\$ 115,959	\$ 151,666	\$156,428	\$101,399	\$40,174	\$141,573	\$14,854
10	K-5 Literacy	\$ 100,547	\$ 97,598	\$ 178,515	\$218,426	\$172,908	\$44,993	\$217,902	\$524
11	K-5 Math	\$ 76,979	\$ 71,054	\$ 70,501	\$79,189	\$72,810	\$4,034	\$76,844	\$2,345
12	K-5 Science	\$ 33,012	\$ 32,982	\$ 34,239	\$36,842	\$27,051	\$6,013	\$33,064	\$3,778
13	K-5 Social Studies	\$ 33,343	\$ 26,240	\$ 28,618	\$30,170	\$18,844	\$5,435	\$24,279	\$5,891
14	6-8 English/Lang Arts	\$ 33,077	\$ 34,745	\$ 34,411	\$36,281	\$28,145	\$999	\$29,144	\$7,137
16	6-8 World Language	\$ 26,584	\$ 29,068	\$ 30,840	\$44,992	\$40,105	\$1,399	\$41,504	\$3,489
17	6-8 Math	\$ 25,950	\$ 26,756	\$ 107,471	\$108,997	\$89,213	\$12,967	\$102,181	\$6,817
18	6-8 Science	\$ 54,288	\$ 63,006	\$ 61,741	\$62,924	\$36,932	\$23,264	\$60,196	\$2,729
19	6-8 Social Studies	\$ 23,574	\$ 25,876	\$ 28,063	\$28,267	\$19,872	\$4,079	\$23,951	\$4,315
21	9-12 English	\$ 28,283	\$ 30,728	\$ 31,857	\$32,442	\$18,020	\$8,191	\$26,211	\$6,230
22	9-12 World Language	\$ 33,209	\$ 37,063	\$ 37,745	\$39,551	\$37,439	\$862	\$38,302	\$1,249
23	9-12 Math	\$ 22,325	\$ 106,468	\$ 68,184	\$65,312	\$53,430	\$11,570	\$65,000	\$312
23.1	9-12 Math Team				\$5,200	\$4,017	\$875	\$4,892	\$308
24	9-12 Science	\$ 81,672	\$ 84,337	\$ 88,894	\$96,817	\$37,370	\$21,280	\$58,651	\$38,166
25	9-12 Social Studies	\$ 39,705	\$ 37,482	\$ 37,315	\$39,533	\$20,434	\$17,940	\$38,374	\$1,159
25.1	Debate & Competitive Speech	\$ 2,124	\$ 71,361	\$ 70,618	\$70,396	\$58,747	\$5,724	\$64,471	\$5,925
29	K-12 Curriculum	\$ 541,391	\$ 400,614	\$ 421,481	\$547,511	\$295,361	\$62,645	\$358,007	\$189,505
30	K-12 Library Media Program	\$ 159,453	\$ 168,694	\$ 161,543	\$182,725	\$125,015	\$20,457	\$145,472	\$37,253
31	K-12 Technology	\$ 448,926	\$ 658,670	\$ 493,955	\$504,830	\$390,877	\$51,156	\$442,033	\$62,797
32	K-12 English Learner Education	\$ 31,637	\$ 30,112	\$ 27,450	\$32,366	\$23,170	\$554	\$23,725	\$8,641
33	K-12 PE/Wellness	\$ 59,535	\$ 67,177	\$ 69,285	\$71,941	\$56,886	\$8,424	\$63,310	\$6,632
34	K-12 Visual Arts	\$ 73,974	\$ 84,120	\$ 79,767	\$85,197	\$70,492	\$3,480	\$73,972	\$11,225
35	K-12 Performing Arts	\$ 79,217	\$ 108,691	\$ 73,768	\$98,783	\$69,991	\$20,667	\$90,657	\$8,126
36	K-12 Athletics	\$ 54,127	\$ 64,481	\$ 126,837	\$141,810	\$133,126	\$8,964	\$142,090	-\$281
37	Early Childhood Education	\$ 45,249	\$ 45,887	\$ 60,186	\$73,371	\$42,230	\$45,667	\$87,897	-\$14,526
38	Health Services	\$ 12,979	\$ 15,883	\$ 20,218	\$19,369	\$16,512	\$4,139	\$20,651	-\$1,281
39.1	K-5 Counseling			\$ -	\$0	\$0	\$0	\$0	\$0
39.2	6-8 Counseling			\$ -	\$0	\$28	\$0	\$28	-\$28
39.3	9-12 Counseling	\$ 8,128	\$ 12,375	\$ 13,459	\$16,000	\$15,064	\$1,067	\$16,132	-\$132
39.4	K-12 Counseling	\$ 6,824	\$ 14,343	\$ 62,365	\$70,249	\$42,893	\$22,980	\$65,874	\$4,375
40.1	K-5 Special Education	\$ 73,364	\$ 89,793	\$ 49,457	\$50,044	\$38,945	\$3,256	\$42,201	\$7,843
40.2	6-8 Special Education	\$ 27,961	\$ 53,256	\$ 20,428	\$32,403	\$17,009	\$1,824	\$18,833	\$13,570
40.3	9-12 Special Education	\$ 3,407	\$ 13,100	\$ 9,008	\$24,453	\$21,153	\$3,920	\$25,073	-\$620
40.4	PreK-22 Special Education	\$ 63,925	\$ 136,774	\$ 107,114	\$122,564	\$64,133	\$20,353	\$84,485	\$38,079
41	Tuition	\$ 4,420,666	\$ 4,415,327	\$ 4,736,414	\$5,358,954	\$3,443,930	\$1,778,369	\$5,222,299	\$136,655
42	Transportation: Special Education	\$ 1,011,002	\$ 1,164,885	\$ 1,289,360	\$1,387,574	\$851,451	\$632,992	\$1,484,443	-\$96,869
42.1	Transportation: Homeless	\$ 31,868	\$ 85,088	\$ 23,425	\$25,000	\$20,045	\$30,175	\$50,220	-\$25,220
43	Special Educ. Consultants	\$ 460,479	\$ 480,758	\$ 281,686	\$375,000	\$132,775	\$255,910	\$388,685	-\$13,685
44	Transportation: Regular Education	\$ 964,521	\$ 1,342,058	\$ 1,481,511	\$1,355,042	\$1,065,571	\$387,499	\$1,453,070	-\$98,028
45	Print Center	\$ 272,559	\$ 256,381	\$ 276,306	\$283,662	\$105,445	\$204,970	\$310,415	-\$26,753
46	Legal Services	\$ 374,810	\$ 250,845	\$ 219,992	\$378,690	\$68,649	\$83,934	\$152,583	\$226,107
47	Teacher Substitutes	\$ 9,810	\$ 12,183	\$ 93,410	\$0	\$46,342	\$130,054	\$176,396	-\$176,396
48	Administration	\$ 404,117	\$ 460,080	\$ 566,978	\$0	\$0	\$0	\$0	\$0
48.1	School Committee				\$18,909	\$19,590	\$809	\$20,399	-\$1,490
48.2	Superintendent				\$159,157	\$98,343	\$32,001	\$130,344	\$28,813
48.3	Finance and Operations				\$76,545	\$9,920	\$52,564	\$62,484	\$14,061
48.4	Human Resources				\$344,048	\$183,875	\$83,974	\$267,849	\$76,199
56	Telephone	\$ 144,795	\$ 37,443	\$ 30,250	\$80,960	\$20,739	\$3,312	\$24,051	\$56,909
58	Prior Year Unpaid Bills	\$ 50,000	\$ 50,000	\$ 50,000	\$0	-\$234	\$0	-\$234	\$234
60	Emergency Planning & Training		\$ 17,883	\$ 518	\$10,000	\$0	\$0	\$0	\$10,000
61	Facility Improvements		\$ 60,769	\$ -	\$0	\$0	\$0	\$0	\$0
Grand Total		\$10,804,874	\$11,700,076	\$12,215,151	\$13,432,992	\$8,506,486	\$4,221,282	\$12,727,769	\$705,223