



Lexington Public Schools

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To: Paul Ash, Superintendent
From: Mary Ellen Dunn, Assistant Superintendent for Finance and Business
Date: March 2, 2009
Re: FY 2009 2nd Quarter Financial Report

The Lexington Public Schools is closing the second quarter with a projected deficit of \$428,775 (\$774,114 less the \$300,000 LABBB credit and the remaining unallocated METCO grant funds that were included in the voted FY 09 budget). The overall projected special education deficit is currently \$659,221. This report is a summary of significant changes since the first quarter report and the FY2009 School Committee approved budget. A projection of the district's grants is attached to the end of this report.

	Sum of APPROP	Sum of ADJUSTMTS	Sum of BUDGET	Sum of FY09 YTD EXP/ENC	Sum of 2009 PROJECTED	Sum of FY09 Proj. Exp YTD	Sum of FY09 Proj Balance
SALARIES & WAGES Total	\$54,407,961	\$11,000	\$54,396,961	\$21,388,820	\$33,409,364	\$54,798,184	(\$401,223)
EXPENSES Total	\$10,140,228	\$11,000	\$10,151,228	\$8,265,537	\$2,258,582	\$10,524,119	(\$372,891)
Total Appropriation	\$64,548,189	\$0	\$64,548,189	\$29,654,358	\$35,667,945	\$65,322,303	(\$774,114)
						LABBB Credit	\$ 300,000
						METCO Balance	\$ 45,339
						Adjusted Projected Deficit	(\$428,775)

Salary and Wages:

Overall, the salary and wages lines are \$401,223 in deficit. Variables still outstanding are faculty and staff on leaves of absence, and special education costs associated with in-district service delivery requirements.

Unit A – LEA: The projected surplus for the LEA line is \$395,551. The projected surplus is due to salary savings from leave of absences and the turnover of employees who resigned and were replaced. Last year, the LEA line was budget based on the assumption there would be \$872,639 in salary savings for this fiscal year. Actual turnover savings exceed that amount. The balance will be used to offset the Long- Term Substitute account (Line #17).

LESA – Secretaries – Cost of contract settlement for renewed contract and reclassification of positions within the unit.

Central Office Support: Staff contract settlements and additional payroll at the fiscal year cross over. In FY09 and FY10, we must deal with an additional pay period. In addition, we have moved the on-call Print Shop Employees and School Recording Secretary into this line. These employees were previously charged to the Secretary Substitute line. We have not yet made the budget adjustment between these lines for these two re-categorized expenses. In addition, we do not budget for an overtime amount for our Print Shop employee.

UNIT C - During the course of this fiscal year, the district has hired 8.73 FTE special education instructional assistants beyond the budget allocation, which is an increase of 5.66 FTE from the first quarter. The estimated cost of these decisions is approximately \$200,000. In addition, due to the service continuum model required, the additional hours for our I.A.s are being used to deliver services beyond the school day.

Central Office - Administration: Central office administrators received the same raise as other professional employees.

Principals - Principals received the same raise as other professional employees.

ALA – Asst Principal/Supervisors: The district has moved positions from the LEA into the ALA for special education supervisors. The district has also removed the position for the K-12 PE/Wellness Director from this unit to the LEA. Additional alignment of work year and pay is the result of the deficit being shown.

Sick Leave Buy Back: The amount reflects an annual payment of \$3,300 paid to retirees who elected a clause in the LEA contract for an enhanced longevity payment. These employees could have been paid the balance owed upon their retirement. The district has kept them active as employees to make single payment annually. This practice has been terminated for all individuals who retire and the full payout will now be paid at the time of retirement. Active employees who elected this payment receive it, as is part of their regular wages.

Substitutes: During the second quarter, projected long-term substitute costs declined due to a shift in the number of leaves during this quarter. In the first quarter, we had anticipated long-term substitutes to be hired for the entire year due to the uncertainty of when individuals would be returning. As we head into the spring, any additional leaves will cost us two salaries (eight-week family medical leave of the employee and the substitute). We continue to analyze our substitute costs and practice to see if there is any predictability in our savings as we progress through the school year.

FTE Status Report: Please refer to the FY2010 Personal Services Addendum

Expenses:

General Expenses: Overall, general expenses appear to be at their anticipated spend rate. Line items requiring additional information and explanation are provided below. Variables still outstanding are special education costs associated with in-district service delivery requirements, and regular and special education transportation.

Line 39: Psychologists: Due to the influx of students with special needs this year, the amount of testing required of our psychologists is putting pressure on our testing and testing materials budget and contracted services. The projected deficit of \$34,662 is reduced from \$49,408 projected as of the first quarter report.

Special Education Expenses: The special education budget currently has a projected deficit of \$302,013. The majority of this expense is in our consulting services and legal services lines. An explanation for each of the line items follows.

Lexington Public Schools – FY2009 2nd Quarter Report as of December 31, 2008

LINE NUMBER	ROLL UP	Sum of APPROP	Sum of ADJUSTMTS	Sum of BUDGET	Sum of FY09 YTD EXP/ENC	Sum of % EXP/ENC YTD	Sum of 2009 PROJECTED	Sum of FY09 Proj. Exp YTD	Sum of FY09 Proj Balance
37	EARLY CHILDHOOD PROGRAM	\$65,875	\$0	\$65,875	\$38,140	57.90%	\$27,735	\$65,875	\$0
40	K-12 STUDENT SERVICES	\$178,769	\$0	\$178,769	\$95,684	53.52%	\$83,085	\$178,769	\$0
41	TUITION * Budget & Projection Net Circuit Breaker Offset	\$4,484,568	\$0	\$4,484,568	\$3,627,180	80.88%	\$823,299	\$4,450,479	\$34,089
42	TRANSPORTATION SPECIAL EDUCATION	\$1,252,602	\$0	\$1,252,602	\$1,048,791	83.73%	\$24,581	\$1,073,372	\$179,230
43	SPECIAL EDUCATION CONSULTANTS	\$518,362	\$0	\$518,362	\$773,905	149.30%	\$21,389	\$795,294	(\$276,932)
46	LEGAL SERVICES	\$0	\$0	\$0	\$138,400		\$100,000	\$238,400	(\$238,400)
Grand Total		\$6,500,176	\$0	\$6,500,176	\$5,722,101	88.03%	\$1,080,088	\$6,802,189	(\$302,013)

Line 41: Tuitions: Currently, we are projecting to receive 72% of our filed FY08 circuit breaker claim. Our net claim was higher than the projected budget amount so the reduction from 75% to 72% by the state will still mean a net gain for the district. We continue to carry 19 students on our Watch List who we currently project will not go out of district this year. During this past quarter, the projected number of out of district placements increased from 100 to 104. In addition, we have seen the distribution of the students has changed. Currently, we are projecting a \$34,089 savings without using the LABBB credit. Last quarter, we were projecting a \$58,000 deficit with 100 students. The \$34,089 projected surplus could increase or decrease during the school year as a result of any IEP changes that take place.

As a member of the LABBB collaborative, the district has a \$300,000 credit available to use. Currently, we anticipate applying the credit, to offset our unfavorable balance in consultant services.

Type of Placement	FY09 Projected Students	FY09 Budget	Student Count 28-Oct	FY09 Update	Student Count 6-Feb	FY09 Update
Day	37	\$ 2,279,915	44	\$ 2,444,580	48	\$ 2,713,610
Collaborative	24	\$ 1,094,304	26	\$ 1,163,071	26	\$ 1,166,246
Residential	16	\$ 2,340,871	14	\$ 1,918,739	11	\$ 1,729,851
Exact Placements TBD	20	\$ 1,163,261	15	\$ 881,520	18	\$ 715,628
Settlements TBD	3	\$ 110,600	1	\$ 50,000	1	\$ 40,000
Offsets: New Programs & LABBB		\$ (699,868)				
Projected Total Cost	100	\$ 6,289,083	100	\$ 6,457,910	104	\$ 6,365,335
Projected Circuit Breaker Offset		\$ (1,804,515)		\$ (1,914,856)		\$ (1,914,856)
Net Cost to Town		\$ 4,484,568		\$ 4,543,054		\$ 4,450,479
Fund Balance				\$ (58,486)		\$ 34,089
Watch List			20	\$ 852,896	19	\$ 690,270
Special Education Tuition with Watch List				\$ 911,382		\$ 656,181

Line 42 Special Education Transportation: We are currently participating in a collaborative transportation pilot program with LABBB. The long-term positive effects of this program may be short lived due to the governor's recent cut of the grant that funded this statewide pilot program to combine out of district special education transportation services. Our savings should increase as the year progress as we anticipate a reduction in the number of our Out of district potential students declining during the balance of the year. The average cost of our out of district students is \$8,284 and in-district is \$4,802

	Special Education Student Population	Projected Students	FY09 Budget	Student Count 28-Oct	FY09 Update	Student Count 6-Feb	FY09 Update
In District	1230	67		65	\$ 373,442	65	\$ 312,155
Out of District	84	85		81	\$ 666,336	81	\$ 670,992
Out of District Potential	13	16		16	\$ 110,600	16	\$ 90,225
Totals	1327	168	\$ 1,252,602	162	\$ 1,150,378	162	\$ 1,073,372
Favorable/(Unfavorable)					\$ 102,224		\$ 179,230

Line 43 Special Education Consultants: As a result of not having been able to fill the BCBA and ABA Tutor vacancies, the district has contracted with various vendors in order to provide services to students in order to meet the requirements contained within their IEP. This has resulted in a substantial deficit (\$276,000) in the contracted services budget line item. The unexpended salaries from the vacant positions may offset some of the projected deficit in this account.

Another factor that has caused a budget line-item deficit is the number of students who have moved into the district after the FY09 budget was appropriated. These students IEPs require a substantial amount of services that must be provided by BCBAs and/or ABA Tutors.

Line 44 Transportation: We are continuing to work on a detailed financial report for the program. We have included in this quarter the amount of one bus from FY08 (\$60,573) that was inadvertently paid for from the revolving fund and a projected revenue shortfall of \$25,000. We are confirming that the revenue being collected is posted correctly and the final impact of the financial assistance provided by the district.

In addition, we are still in the process of reducing the purchase order for the balance of the unused fuel escalation costs we began the year with. We had reserved \$30,000 and have only spent a small portion of the amount reserved.

Line 46 Legal Services: The Legal Services budget will be in deficit this year due to the number and complexity of different cases. We project an additional \$100,000 in litigation expenses through the balance of the fiscal year for special education cases.

Line 56 Telephone Services: This line does not yet reflect the November 17 Town Meeting vote to adjust the School Committee budget. The adjustment will move the telephone expense line from the School Committee to the Department of Public Facilities. The adjustment will also include increasing the General Fund Revenue by \$40,000 to reflect the E-rate funding for which the School Department is eligible for through the Universal Service Tax for our telephones, cell phones, and other eligible networking costs.

The School Department is keeping \$12,000 out of the original appropriation (\$146,050 Account Number: 390751-52206) to maintain the contract with E-rate Online, LLC (\$7,000) who assists us with our E-rate filings and for the Business Office Secretary position (\$5,000) that prepares and collects the data for the quarterly and annual filing requirements.

This transfer is connected with the future unification of the Town and School Departments' telephone systems. The School Department will continue to file for E-rate and will incorporate as much of the Town's eligible costs to maximize the revenue for the General Fund.

Lexington Public Schools – FY2009 2nd Quarter Report as of December 31, 2008

TYPE	LINE NUMBER	ROLLUP	Sum of APPROP	Sum of ADJSTMNTS	Sum of BUDGET	Sum of FY09 YTD EXPENC	Sum of % EXPENC YTD	Sum of 2009 PROJECTED	Sum of FY09 Proj Exp YTD	Sum of FY09 Proj Balance
SALARIES & WAGES	1	UNIT A-LEA	\$42,328,842	\$0	\$42,328,842	\$15,749,230	37.21%	\$26,184,060	\$41,933,291	\$395,551
	2	UNIT A- STIPENDS	\$292,089	(\$11,000)	\$281,089	\$38,024	13.53%	\$243,141	\$281,165	(\$76)
	3	UNIT A- COACHES	\$508,967	\$0	\$508,967	\$241,751	47.50%	\$267,216	\$508,967	(\$0)
	4	LESA- SECRETARIES	\$2,475,814	\$0	\$2,475,814	\$1,156,971	46.73%	\$1,397,573	\$2,554,544	(\$78,730)
	5	CO - SUPPORT	\$387,835	\$0	\$387,835	\$219,843	56.68%	\$197,238	\$417,080	(\$29,245)
	7	NONB INSTRUC PARAPROFESSIONAL UNIT C- INSTRASST.	\$0 \$3,011,223	\$0 \$0	\$0 \$3,011,223	\$1,659 \$1,321,777	 43.90%	 \$2,046,654	 \$3,368,431	 (\$1,659) (\$357,208)
	8	ABATUTORS	\$460,582	\$0	\$460,582	\$112,697	24.47%	\$214,732	\$327,430	\$133,152
	9	OT ASSISTANTS	\$153,511	\$0	\$153,511	\$49,277	32.10%	\$100,138	\$149,415	\$4,096
	10	SCHOOLADES	\$411,359	\$0	\$411,359	\$151,837	36.91%	\$226,886	\$378,723	\$32,636
	13	TECHNOLOGY	\$556,538	\$0	\$556,538	\$247,073	44.39%	\$287,692	\$534,765	\$21,773
	14	CO- ADMINISTRATION	\$848,643	\$0	\$848,643	\$444,382	52.36%	\$421,978	\$866,360	(\$17,717)
	15	PRINCIPALS	\$1,099,191	\$0	\$1,099,191	\$564,277	51.34%	\$553,707	\$1,117,984	(\$18,793)
	16	ALA - ASST PRINC/SUPVR	\$1,653,884	\$0	\$1,653,884	\$804,228	48.63%	\$855,165	\$1,659,393	(\$5,709)
	17	NURSE SUBS	\$10,000	\$0	\$10,000	\$7,327	73.27%	\$6,324	\$13,651	(\$3,651)
		TEACHERS SUBSTITUTES	\$124,683	\$0	\$124,683	\$271,025	217.37%	\$337,059	\$608,084	(\$483,401)
	18	INSTRUC.ASST.SUBS	\$50,000	\$0	\$50,000	\$0	0.00%	\$50,000	\$50,000	\$0
		SECY SUBS	\$35,000	\$0	\$35,000	\$6,621	18.92%	\$0	\$6,621	\$28,379
	19	CROSSING GUARDS	\$0	\$0	\$0	\$820		\$0	\$820	(\$820)
	20	SICK LEAVE BUY BACK	\$0	\$0	\$0	\$0		\$19,800	\$19,800	(\$19,800)
SALARIES & WAGES Total			\$54,407,961	(\$11,000)	\$54,396,961	\$21,388,820	39.32%	\$33,409,364	\$54,798,184	(\$401,223)
EXPENSES	1	BOWMAN	\$25,758	\$0	\$25,758	\$16,323	63.37%	\$9,435	\$25,758	\$0
	2	BRIDGE	\$26,406	\$0	\$26,406	\$14,562	55.15%	\$11,844	\$26,406	\$0
	3	ESTABROOK	\$23,004	\$0	\$23,004	\$11,749	51.07%	\$11,255	\$23,004	\$0
	4	FISKE	\$23,274	\$0	\$23,274	\$12,999	55.85%	\$10,275	\$23,274	\$0
	5	HARRINGTON	\$21,816	\$0	\$21,816	\$15,858	72.69%	\$5,958	\$21,816	\$0
	6	HASTINGS	\$22,950	\$0	\$22,950	\$13,264	57.80%	\$9,686	\$22,950	\$0
	7	CLARKE	\$25,644	\$0	\$25,644	\$5,731	22.35%	\$19,913	\$25,644	\$0
	8	DIAMOND	\$22,797	\$10,500	\$33,297	\$25,441	76.41%	\$7,856	\$33,297	(\$0)
	9	LHS	\$128,090	\$67	\$128,157	\$66,426	51.83%	\$61,731	\$128,157	\$0
	10	K-5 LITERACY	\$89,517	\$0	\$89,517	\$55,042	61.49%	\$34,475	\$89,517	\$0
	11	K-5 MATH	\$65,652	\$0	\$65,652	\$64,036	97.54%	\$1,616	\$65,652	\$0
	12	K-5 SCIENCE	\$30,544	\$0	\$30,544	\$25,720	84.21%	\$4,824	\$30,544	\$0
	13	K-5 SOCIAL STUDIES	\$25,013	\$0	\$25,013	\$9,805	39.20%	\$15,208	\$25,013	\$0
	14	6-8 ENGLANG ARTS	\$31,421	(\$2,500)	\$28,921	\$19,333	66.85%	\$9,588	\$28,921	\$0
	16	6-8 FOREIGN LANGUAGE	\$27,078	\$0	\$27,078	\$22,469	82.98%	\$4,609	\$27,078	(\$0)
	17	6-8 MATH	\$25,112	(\$2,500)	\$22,612	\$12,647	55.93%	\$9,965	\$22,612	\$0
	18	6-8 SCIENCE	\$37,075	(\$2,500)	\$34,575	\$28,280	81.79%	\$6,295	\$34,575	\$0
	19	6-8 SOCIAL STUDIES	\$21,219	(\$2,500)	\$18,719	\$13,814	73.80%	\$4,905	\$18,719	\$0
	20	6-8 INFO TECHBUSINESS	\$8,556	\$0	\$8,556	\$3,414	39.90%	\$5,142	\$8,556	\$0
	21	9-12 ENGLANG ARTS	\$28,634	\$0	\$28,634	\$15,276	53.35%	\$13,358	\$28,634	\$0
	22	9-12 FOREIGN LANGUAGE	\$34,909	\$0	\$34,909	\$32,585	93.34%	\$2,324	\$34,909	\$0
	23	9-12 MATH	\$23,690	\$0	\$23,690	\$13,101	55.30%	\$10,589	\$23,690	(\$0)
	24	9-12 SCIENCE	\$85,453	\$0	\$85,453	\$25,040	29.30%	\$60,413	\$85,453	\$0
	25	9-12 SOCIAL STUDIES	\$36,050	(\$1,000)	\$35,050	\$20,473	58.41%	\$14,577	\$35,050	\$0
	26	9-12 POLICY DEBATES/SPEECH	\$4,120	\$0	\$4,120	\$0	0.00%	\$4,120	\$4,120	\$0
	27	9-12 INFO TECHBUSINESS	\$0	\$0	\$0	\$0		\$0	\$0	\$0
	28	9-12 GUIDANCE	\$7,210	(\$67)	\$7,143	\$4,008	56.11%	\$3,135	\$7,143	\$0
	29	K-12 CURRICULUM	\$298,730	(\$50,000)	\$248,730	\$133,572	53.70%	\$115,158	\$248,730	\$0
	30	K-12 LIBRARY/MEDIA	\$154,635	\$0	\$154,635	\$103,745	67.09%	\$50,890	\$154,635	\$0
	31	TECHNOLOGY	\$160,934	\$0	\$160,934	\$69,557	43.22%	\$91,377	\$160,934	\$0
	32	ENGLISH LANGUAGE LEARNERS	\$10,300	\$0	\$10,300	\$9,620	93.40%	\$680	\$10,300	\$0
	33	K-12 PEWELLNESS	\$56,650	(\$200)	\$56,450	\$32,920	58.32%	\$23,530	\$56,450	\$0
	34	K-12 VISUAL ARTS	\$72,100	(\$300)	\$71,800	\$55,583	77.41%	\$16,217	\$71,800	\$0
	35	K-12 PERFORMING ARTS	\$77,250	\$1,000	\$78,250	\$42,589	54.43%	\$35,661	\$78,250	\$0
	36	ATHLETICS	\$111,546	\$0	\$111,546	\$44,931	40.28%	\$66,616	\$111,546	\$0
	37	EARLY CHILDHOOD PROGRAM	\$65,875	\$0	\$65,875	\$38,140	57.90%	\$27,735	\$65,875	\$0
	38	HEALTH SERVICES	\$12,595	\$0	\$12,595	\$7,285	57.84%	\$5,310	\$12,595	\$0
	39	PSYCHOLOGIST	\$86,435	\$0	\$86,435	\$121,057	140.06%	\$0	\$121,057	(\$34,622)
	40	K-12 STUDENT SERVICES	\$189,414	\$0	\$189,414	\$95,684	50.52%	\$93,730	\$189,414	\$0
	41	TUITION * Budget & Projection Net Circuit Breaker Offset	\$4,484,568	\$0	\$4,484,568	\$3,627,180	80.88%	\$823,299	\$4,450,479	\$34,089
	42	TRANSPORTATION SPECIAL EDUCATION	\$1,252,602	\$0	\$1,252,602	\$1,048,791	83.73%	\$24,581	\$1,073,372	\$179,230
	43	SPECIAL EDUCATION CONSULTANTS	\$518,362	\$0	\$518,362	\$773,905	149.30%	\$21,389	\$795,294	(\$276,932)
	44	TRANSPORTATION	\$494,596	\$0	\$494,596	\$462,340	93.48%	\$85,573	\$547,913	(\$53,317)
	45	PRINT CENTER	\$278,100	\$0	\$278,100	\$128,758	46.30%	\$149,342	\$278,100	\$0
	46	LEGAL SERVICES	\$136,793	\$0	\$136,793	\$258,131	188.70%	\$100,000	\$358,131	(\$221,338)
	47	TEACHERS SUBSTITUTES	\$317,148	\$50,000	\$367,148	\$307,426	83.73%	\$59,722	\$367,148	\$0
	48	ADMINISTRATION	\$295,973	\$11,000	\$306,973	\$253,444	82.56%	\$53,529	\$306,973	\$0
	56	TELEPHONE/Cell Phone/Pagers	\$164,630	\$0	\$164,630	\$103,484	62.86%	\$61,146	\$164,630	\$0
EXPENSES Total			\$10,140,228	\$11,000	\$10,151,228	\$8,265,537	81.42%	\$2,258,582	\$10,524,119	(\$372,891)
Grand Total			\$64,548,189	\$0	\$64,548,189	\$29,654,358	45.94%	\$35,667,945	\$65,322,303	(\$774,114)

Grant Summary: Due to the budget shortfall at the State level, the Governor made 9C cuts, including the METCO budget. The METCO budget will be reduced by \$77,436 this year. It will mean for the first time that minimal funds will be available for non-METCO direct services.

We are still working the problem with grants with negative amounts. Most of the projected deficits have to do with the assumptions used in our projections that will not materialize. Any negative balances must be made up by the operating budget. At this time we have made not adjustment to the operating budget projection reflecting any of the deficits cited below.

FY2009 State Grants	Award	FTE	Total Projected	Balance Available
Essential School Health (290)	150,000.00	1.40	161,529.58	(11,529.58)
Kindergarten Transition (702)	127,000.00	-	127,000.00	-
Metco (317)	1,347,004.00	15.28	1,349,429.70	(2,425.70)
Metco (317) Academic Achievement	212,537.00	2.40	215,284.34	(2,747.34)
Total Metco	1,559,541.00	17.68	1,564,714.04	(5,173.04)
FDK Kindergarten (701)	298,000.00	4.00	267,275.91	30,724.09
Academic Support (632)	7,300.00		7,300.00	-
Safe Schools Gay & Lesbian Students (194)	1,500.00		1,500.00	-
Total State Grants	2,143,341.00	23.08	2,129,319.53	14,021.47
FY2009 Federal Grants			-	
Sped 94-142 (240)	1,443,712.00	20.78	1,448,681.55	(4,969.55)
Title I (305)	218,687.00	2.30	218,687.00	-
Title II A (140)	111,581.00	1.43	112,674.78	(1,093.78)
Title II D (160)	3,812.00	-	3,812.00	-
Title III (180)	50,452.00	0.25	51,760.01	(1,308.01)
Early Childhood Grant (262)	40,183.00	1.53	40,039.23	143.77
Sped Program Improvement (274)	20,461.00		20,461.00	-
Total Federal Grants	1,888,888.00	26.29	1,896,115.57	(7,227.57)
Total All FY2009 State & Federal	4,032,229.00	49.37	4,025,435.10	6,793.90