

**BOARD OF EDUCATION OF HOWARD COUNTY
MEETING AGENDA ITEM**

TITLE: Operating Budget Financial Report **DATE:** 5/12/16

PRESENTER(S): Beverly Davis,
Executive Director, Budget and Finance

VISION 2018 GOAL: Students Staff Families and Community Organization

OVERVIEW:

The attached information contains the following:

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B. Schedule A – Detailed Revenue – March 2016	A1
C. Schedule B – Detailed Expenditures – March 2016	B1-B3
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RECOMMENDATION/FUTURE DIRECTION:

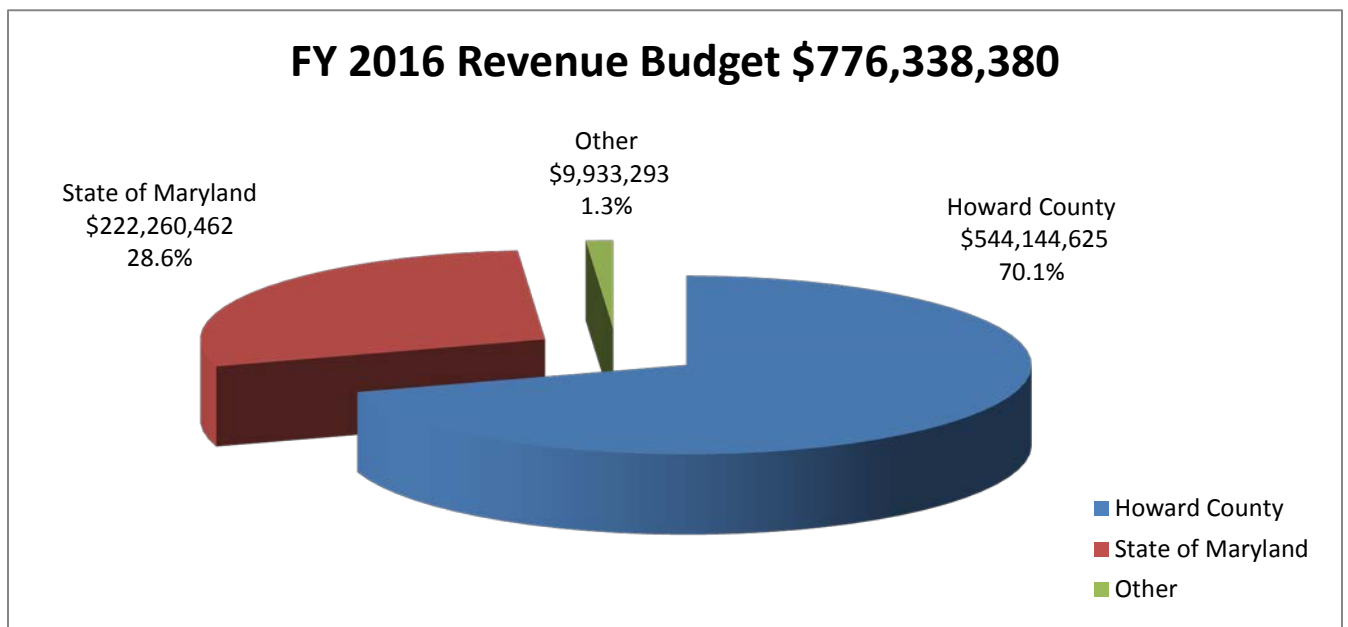
None

SUBMITTED BY: _____	APPROVAL/CONCURRENCE: _____
Beverly J. Davis, CPA Executive Director, Budget and Finance	Renee A. Foose, Ed.D. Superintendent

Executive Summary

Attached is the *General Fund Revenues, Expenditures, and Encumbrances – Budget to Actual* for the period ended March 31, 2016. These data are presented using State Department of Education categories and do not reflect ongoing projections of revenues and expenditures. Figure 1 presents a high level overview of the original FY 2016 General Fund Revenue Budget. Figure 2 provides an overview of the FY 2016 General Fund Expenditure Budget. Schedule A presents detailed revenues, Schedule B presents detailed expenditures and Schedule C presents a summary of expenditures by object.

General Fund Revenue
Figure 1

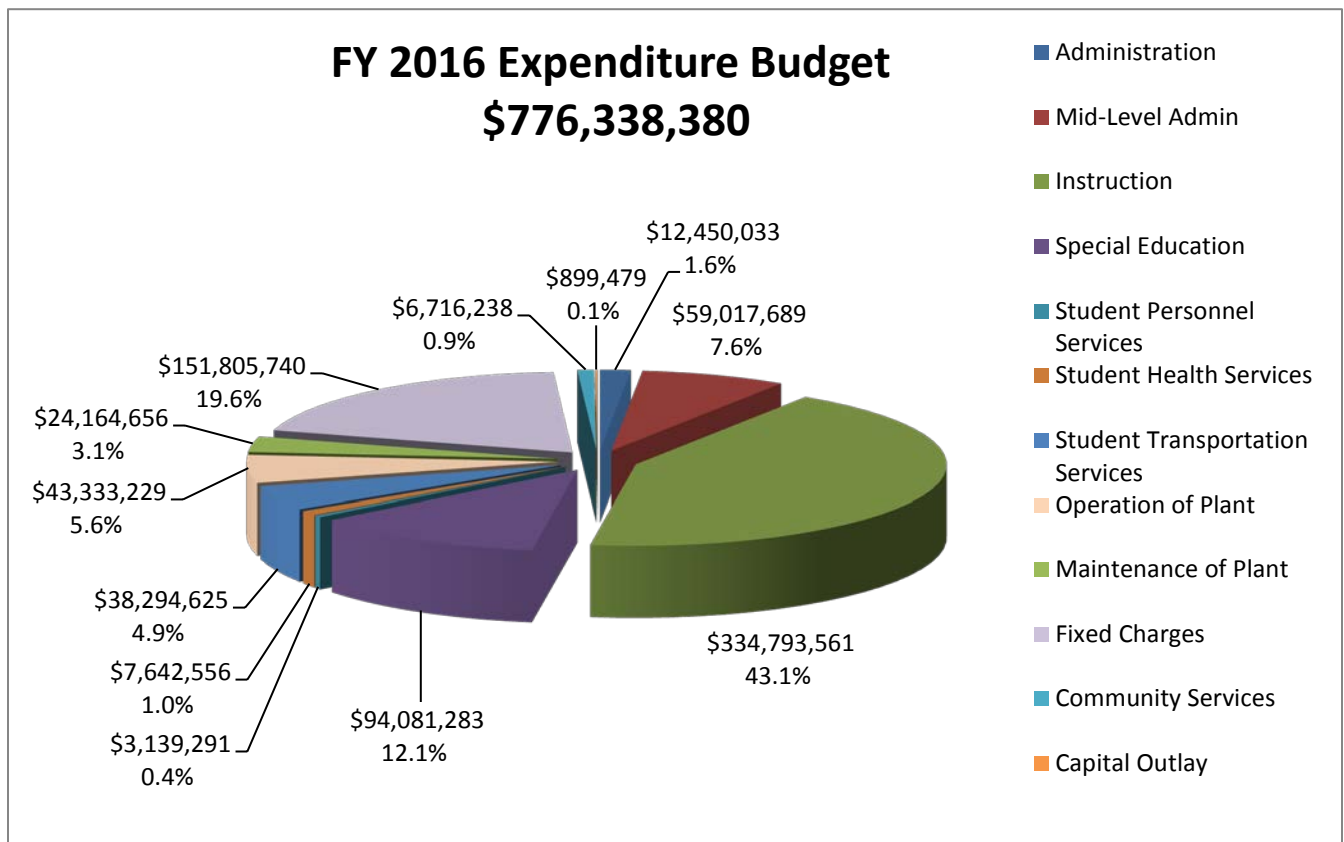


Year-to-Date Revenue Comparison

- **Howard County** – The FY 2016 County appropriation totaled \$544.1 million, an increase of 2.6% over the FY 2015 budget. County funds are disbursed to the Board in twelve monthly draws scheduled with the county to meet our cash flow requirements. Our year-to-date county revenue received is \$390.1 million at March 31, 2016, approximately 71.7% of the budget.
- **State of Maryland** – The FY 2016 state appropriation totaled \$222.3 million. The majority of state funds are received bi-monthly in six equal installments beginning at the end of July. Five of the bi-monthly payments have been received totaling \$184.9 million.

- Other Revenue** – Other Revenue includes Federal Impact Aid, charges for use of facilities, administration charges, E-Rate rebates, gate receipts, investment earnings, and summer school tuition as well as other miscellaneous items. Many of these revenues are collected after the first quarter or at year end. Year-to-date actual revenue includes summer school tuition, student fees, investment earnings, E-Rate rebates, fund balance carryover, and other miscellaneous items.

General Fund Expenditures Budget
Figure 2



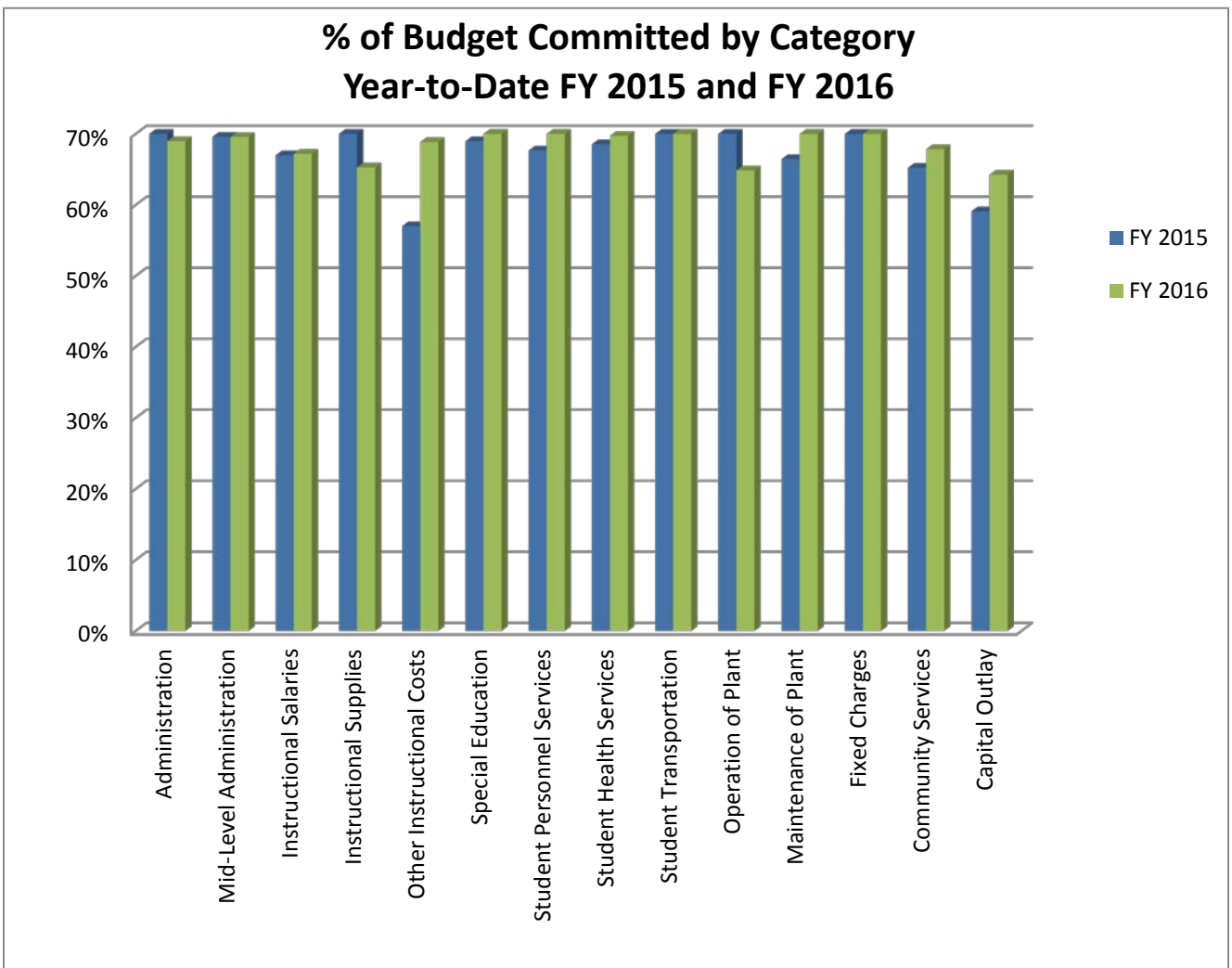
Management has completed salary and cost projections by category to preliminarily predict FY 2016 salary savings from vacancies and turnover and other savings from management cost containment efforts. Management uses this information to predict what remaining funds each category may have available to address any potential shortfalls in another category. Based upon the year-end projections, the Board approved a categorical transfer request and submitted it to the County Council for approval. The transfer request will ensure the Board has funds available in the appropriate category to meet the needs of the school system. We have included information on the projected year-end balances and transfer request in the discussion of categorical spending.

Year-to-Date Expenditure Analysis

Total Expenditures and Encumbrances – Year-to-date expenditures and encumbrances through March 31, 2016, are approximately \$544.4 million which is approximately 70% committed. Salary expenditures within categories that are primarily comprised of 12-month positions (e.g., Administration, Mid-Level Administration, Transportation, Operation of Plant, Maintenance of Plant, and Capital Outlay) range from 65%–70% of the budget. This is consistent with the fact that eight months of the fiscal year have elapsed. Salary expenditures in categories with large concentrations of 10-month, school-based personnel (e.g., Instructional Salaries, Special Education, Student Personnel Services, Student Health Services, and Community Services) range from 62%–71% of budget.

General Fund Expenditures and Encumbrances YTD

Figure 3



FY 2016 non-salary expenditures appear reasonable in comparison to historical spending patterns. Differences are primarily due to the timing of payments or commitment of funds. These are discussed in the following paragraphs.

- **Administration** – This category includes costs for activities associated with the general regulations, direction, and control of the school system. Total expenditures in Administration appear reasonable for nine months of the budget year and comparable to last year at this time. Management projects that \$50,000 of salary savings will be available at year-end to transfer to Fixed Charges for the early retirement program and increased pension costs.
- **Mid-level Administration** – This category contains instructional support services including central office instructional personnel, professional development, school-based office staff, school administration, media processing, cable TV/video production, and temporary employee services. Year-to-date FY 2016 expenditures in Mid-Level Administration are consistent with prior year costs and appear reasonable for the nine months of FY 2016. Management projects that \$408,000 of salary savings will be available at year-end to transfer to Fixed Charges for the early retirement program and increased pension costs and to Student Health Services for increased salary costs.
- **Instructional Salaries** – Year-to-date Instructional Salaries are 67.2% expended at March 31, 2016, compared to 68.0% at the same time last year, which is reasonable for eight months into the school year. Management projects that at least \$233,000 of salary savings will be available at year-end to transfer to Fixed Charges for the early retirement program and increased pension costs.
- **Instructional Supplies** – This category is comprised of expenditures and commitments for instructional supplies for all schools. Approximately 65% of Instructional Supplies funds are committed at March 31, 2016, compared to approximately 77% at the same time last year, which is reasonable for eight months into the school year. Management projects that \$750,000 will be available at year-end to transfer to Fixed Charges for the early retirement program and increased pension costs.
- **Other Instructional Costs** – This category is comprised of commitments for contracted services, staff development, and equipment used to support the instructional program. Approximately 68.9% of the FY 2016 Other Instructional Costs budget has been committed at March 31, 2016, which is higher than the 57.0% committed at this time last year, but reasonable for eight months into the school year. At this time, management expects to fully utilize funds in Other Instructional Costs during the course of FY 2016.

- **Special Education** – The Special Education category includes costs associated with the instructional needs of students receiving special education services. The budget is 70.6% committed at March 31, 2016, as compared to 69.0% committed at March 31, 2015, which appears reasonable for eight months into the school year. Management projects that \$490,000 of salary savings will be available at year-end to transfer to Fixed Charges for the early retirement program and increased pension costs.
- **Student Personnel Services and Health Services** – Student Personnel includes programs to improve student attendance and to solve pupil problems involving the home, school, and community. Health Services provides staffing for school health rooms, maintains student health records, identifies health problems, enforces immunization laws, and provides other services. Expenditures in these categories appear reasonable for nine months of FY 2016. At this time, management expects to fully utilize funds in Student Personnel Services during the course of FY 2016. The Board has requested \$175,000 be transferred to Student Health Services to fund increased salary costs associated with the hiring of nurses into vacant health assistant positions.
- **Transportation** – The Transportation budget is 73.0% committed at March 31, 2016, as compared to 72.9% committed at March 31, 2015, which is consistent with the prior year. Management projects that at least \$712,000 will be available at year-end to transfer to Fixed Charges for the early retirement program and increased pension costs.
- **Operation of Plant** – This category includes custodial salaries and the cost of utilities. Approximately 64.9% of the FY 2016 budget has been committed at March 31, 2016, which is reasonable, though somewhat lower than the 73.7% committed at this time last year. Management projects that at least \$1,131,000 will be available at year-end to transfer to Maintenance of Plant to fund urgent maintenance projects.
- **Maintenance of Plant** – This category includes costs of building and grounds maintenance, and environmental maintenance. Approximately 72.1% of the FY 2016 budget has been committed at March 31, 2016, which is as expected for nine months of the fiscal year, though slightly above the 66.5% committed at this time last year. At this time, management expects to fully utilize funds in Maintenance of Plant during the course of FY 2016.
- **Fixed Charges** – This category includes the cost of employee benefits and other fixed charges and other costs such as vehicle insurance, retirement contributions, life insurance, workers' compensation contributions from the General Fund, unemployment insurance, and the early retirement program payments. The Board has requested that a total of \$7,300,000 be transferred to the Fixed Charges category for the early retirement program and increased pension costs.

- **Community Services** – This category provides for the usage of our facilities by the community, transportation for some parochial students in Howard County, grounds maintenance of school sites for community use, and other school system community services. The Community Services budget is approximately 67.8% committed at March 31, 2016, which is consistent with spending this time last year. Management projects that \$90,000 of salary savings will be available at year-end to transfer to Fixed Charges for the early retirement program and increased pension costs.
- **Capital Outlay** – The Capital Outlay category includes costs for planning, administration, and oversight of the Capital Budget. Approximately 64.3% of the FY 2016 budget has been committed at March 31, 2016, which is as expected for nine months of the fiscal year, though slightly above the 59.1% committed at this time last year. Management projects that \$70,000 of salary savings will be available at year-end to transfer to Fixed Charges for the early retirement program and increased pension costs.

The Howard County Public School System

Statement of Revenues and Expenditures

Executive Summary with Encumbrances

For the Period Ended: 3/31/2016 (unaudited)

		<u>Final Budget</u>	<u>Year-to-Date Actual</u>	<u>Remaining Budget</u>	<u>Percent Actual to Budget</u>
REVENUE					
Total County Revenue	\$	544,144,625	\$ 390,098,610	\$ 154,046,015	71.69 %
Total Other Revenue		8,148,293	5,738,172	2,410,121	70.42
Total State Revenue		222,260,462	184,947,119	37,313,344	83.21
Total Federal Revenue		370,000	310,491	59,509	83.91
Total Other Resources		1,415,000	307,874	1,107,126	21.75
		<u>\$ 776,338,380</u>	<u>\$ 581,402,266</u>	<u>\$ 194,936,115</u>	<u>74.89 %</u>
EXPENDITURES					
Administration	\$	12,450,033	\$ 8,587,863	\$ 3,862,174	68.97 %
Mid-Level Administration		59,017,689	41,059,189	17,958,501	69.57
Instructional Salaries		318,875,974	214,260,673	104,615,306	67.19
Instructional Supplies		12,503,227	8,161,472	4,341,767	65.27
Other Instructional Costs		3,414,360	2,350,929	1,063,431	68.85
Special Education		94,081,283	66,433,372	27,647,914	70.61
Student Personnel Svcs		3,139,291	2,234,481	904,810	71.17
Student Health Svcs		7,642,556	5,329,536	2,313,021	69.73
Student Transportation		38,294,625	27,945,861	10,348,770	72.97
Operation of Plant		43,333,229	28,107,704	15,225,526	64.86
Maintenance of Plant		24,164,656	17,423,716	6,740,942	72.10
Fixed Charges		151,805,740	117,346,021	34,459,719	77.30
Community Services		6,716,238	4,556,831	2,159,408	67.84
Capital Outlay		899,479	578,051	321,428	64.26
		<u>\$ 776,338,380</u>	<u>\$ 544,375,699</u>	<u>\$ 231,962,717</u>	<u>70.12 %</u>

Note: Variances due to system rounding.

The Howard County Public School System

Schedule A - Statement of Detailed Revenues

Budget and Actual

For the Period Ended: 3/31/2016 (unaudited)

	<u>Final</u>	<u>Year-to-Date</u>	<u>Remaining</u>	<u>Percent</u>
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual to</u>
				<u>Budget</u>
REVENUE				
COUNTY REVENUE				
Local Appropriations	\$ 544,144,625	\$ 390,098,610	\$ 154,046,015	71.69 %
TOTAL COUNTY REVENUE	<u>\$ 544,144,625</u>	<u>\$ 390,098,610</u>	<u>\$ 154,046,015</u>	<u>71.69 %</u>
OTHER REVENUE				
Tuition-Non Resident	\$ 179,000	\$ 51,808	\$ 127,192	28.94 %
Tuition-Summer School	430,000	644,825	(214,825)	149.95
Student Payments/Fees	350,000	320,414	29,586	91.54
Earnings on Investments	50,000	18,959	31,041	37.91
Rent	1,100,000	578,986	521,014	52.63
Other Miscellaneous Revenue	6,039,293	4,123,180	1,916,113	68.27
TOTAL OTHER REVENUE	<u>\$ 8,148,293</u>	<u>\$ 5,738,172</u>	<u>\$ 2,410,121</u>	<u>70.42 %</u>
STATE REVENUE				
State Share of Current Expense	\$ 161,913,982	\$ 134,928,318	\$ 26,985,664	83.33 %
Compensatory Education	27,734,155	23,111,796	4,622,359	83.33
Formula-Specific Populations	7,178,283	5,751,953	1,426,331	80.12
Students with Disabilities	8,930,329	7,401,958	1,528,371	82.88
Transportation	16,503,713	13,753,094	2,750,619	83.33
TOTAL STATE REVENUE	<u>\$ 222,260,462</u>	<u>\$ 184,947,119</u>	<u>\$ 37,313,344</u>	<u>83.21 %</u>
FEDERAL REVENUE				
Unrestricted-Impact Aid	\$ 130,000	\$ 160,255	\$ (30,255)	123.27 %
Restricted Direct	240,000	150,236	89,764	62.59
TOTAL FEDERAL REVENUE	<u>\$ 370,000</u>	<u>\$ 310,491</u>	<u>\$ 59,509</u>	<u>83.91 %</u>
OTHER RESOURCES				
Transfers In-Maryland LEAs	\$ 200,000	\$ -	\$ 200,000	.00 %
Other Nonrevenue	1,215,000	307,874	907,126	25.33
TOTAL OTHER RESOURCES	<u>\$ 1,415,000</u>	<u>\$ 307,874</u>	<u>\$ 1,107,126</u>	<u>21.75 %</u>
 REVENUE	 <u>\$ 776,338,380</u>	 <u>\$ 581,402,266</u>	 <u>\$ 194,936,115</u>	 <u>74.89 %</u>

Note: Variances due to system rounding.

The Howard County Public School System

Schedule B - Expenditures by Category

Budget and Actual with Encumbrances

For the Period Ended: 3/31/2016 (unaudited)

Category and Object Summary	Budget	Year-To-Date Actual	Remaining Budget	Percent Actual to Budget
Administration				
Salaries and Wages	\$ 9,386,030	\$ 6,251,780	\$ 3,134,250	66.60 %
Contracted Services	2,095,210	1,661,984	433,226	79.32
Supplies and Materials	503,724	385,762	117,962	76.58
Other Charges	465,069	288,337	176,732	62.00
Total Administration	<u>\$ 12,450,033</u>	<u>\$ 8,587,863</u>	<u>\$ 3,862,170</u>	<u>68.97 %</u>
Mid-Level Administration				
Salaries and Wages	\$ 52,086,711	\$ 36,470,933	\$ 15,615,778	70.01 %
Contracted Services	5,051,136	3,620,460	1,430,676	71.67
Supplies and Materials	1,362,577	750,491	612,086	55.07
Other Charges	500,205	200,245	299,960	40.03
Equipment	17,060	17,060	-	100.00
Total Mid-Level Administration	<u>\$ 59,017,689</u>	<u>\$ 41,059,189</u>	<u>\$ 17,958,500</u>	<u>69.57 %</u>
Instructional Salaries				
Salaries and Wages	\$ 318,875,974	\$ 214,260,673	\$ 104,615,301	67.19 %
Total Instructional Salaries	<u>\$ 318,875,974</u>	<u>\$ 214,260,673</u>	<u>\$ 104,615,301</u>	<u>67.19 %</u>
Instructional Supplies				
Supplies and Materials	\$ 12,503,227	\$ 8,161,472	\$ 4,341,755	65.27 %
Total Instructional Supplies	<u>\$ 12,503,227</u>	<u>\$ 8,161,472</u>	<u>\$ 4,341,755</u>	<u>65.27 %</u>
Other Instructional Costs				
Contracted Services	\$ 2,391,640	\$ 1,622,657	\$ 768,983	67.84 %
Other Charges	314,620	119,449	195,171	37.96
Equipment	128,100	105,766	22,334	82.56
Transfers	580,000	503,057	76,943	86.73
Total Other Instructional Costs	<u>\$ 3,414,360</u>	<u>\$ 2,350,929</u>	<u>\$ 1,063,431</u>	<u>68.85 %</u>
Special Education				
Salaries and Wages	\$ 83,894,839	\$ 57,165,611	\$ 26,729,228	68.13 %
Contracted Services	2,235,448	1,656,723	578,725	74.11
Supplies and Materials	357,432	234,848	122,584	65.70
Other Charges	314,564	180,649	133,915	57.42
Equipment	68,000	53,112	14,888	78.10
Transfers	7,211,000	7,142,929	68,071	99.05
Total Special Education	<u>\$ 94,081,283</u>	<u>\$ 66,433,872</u>	<u>\$ 27,647,411</u>	<u>70.61 %</u>
Student Personnel Svcs				
Salaries and Wages	\$ 2,735,300	\$ 1,945,430	\$ 789,870	71.12 %
Contracted Services	329,905	248,065	81,840	75.19
Supplies and Materials	33,994	17,922	16,072	52.72
Other Charges	40,092	23,064	17,028	57.52
Total Student Personnel Svcs	<u>\$ 3,139,291</u>	<u>\$ 2,234,481</u>	<u>\$ 904,810</u>	<u>71.17 %</u>

The Howard County Public School System

Schedule B - Expenditures by Category

Budget and Actual with Encumbrances

For the Period Ended: 3/31/2016 (unaudited)

Category and Object Summary	Budget	Year-To-Date Actual	Remaining Budget	Percent Actual to Budget
Student Health Svcs				
Salaries and Wages	\$ 6,936,622	\$ 4,818,885	\$ 2,117,737	69.47 %
Contracted Services	484,429	347,549	136,880	71.74
Supplies and Materials	198,655	155,080	43,575	78.06
Other Charges	22,850	8,022	14,828	35.10
Total Student Health Svcs	<u>\$ 7,642,556</u>	<u>\$ 5,329,536</u>	<u>\$ 2,313,020</u>	<u>69.73 %</u>
Student Transportation				
Salaries and Wages	\$ 1,357,888	\$ 937,574	\$ 420,314	69.04 %
Contracted Services	36,402,227	26,510,232	9,891,995	72.82
Supplies and Materials	58,596	43,709	14,887	74.59
Other Charges	475,914	454,846	21,068	95.57
Total Student Transportation	<u>\$ 38,294,625</u>	<u>\$ 27,946,361</u>	<u>\$ 10,348,264</u>	<u>72.97 %</u>
Operation of Plant				
Salaries and Wages	\$ 20,283,851	\$ 14,197,069	\$ 6,086,782	69.99 %
Contracted Services	2,942,728	1,467,785	1,474,943	49.87
Supplies and Materials	1,231,266	970,592	260,674	78.82
Other Charges	18,866,384	11,463,719	7,402,665	60.76
Equipment	9,000	8,539	461	94.87
Total Operation of Plant	<u>\$ 43,333,229</u>	<u>\$ 28,107,704</u>	<u>\$ 15,225,525</u>	<u>64.86 %</u>
Maintenance of Plant				
Salaries and Wages	\$ 11,550,729	\$ 7,970,036	\$ 3,580,693	69.00 %
Contracted Services	10,775,091	7,998,277	2,776,814	74.22
Supplies and Materials	1,126,893	932,021	194,872	82.70
Other Charges	52,955	10,401	42,554	19.64
Equipment	658,988	514,681	144,307	78.10
Total Maintenance of Plant	<u>\$ 24,164,656</u>	<u>\$ 17,425,416</u>	<u>\$ 6,739,240</u>	<u>72.11 %</u>
Fixed Charges				
Other Charges	\$ 151,805,740	\$ 117,346,021	\$ 34,459,719	77.30 %
Total Fixed Charges	<u>\$ 151,805,740</u>	<u>\$ 117,346,021</u>	<u>\$ 34,459,719</u>	<u>77.30 %</u>
Community Services				
Salaries and Wages	\$ 3,727,925	\$ 2,319,338	\$ 1,408,587	62.21 %
Contracted Services	1,506,865	1,137,993	368,872	75.52
Supplies and Materials	391,508	303,969	87,539	77.64
Other Charges	1,048,940	773,414	275,526	73.73
Equipment	41,000	22,117	18,883	53.94
Total Community Services	<u>\$ 6,716,238</u>	<u>\$ 4,556,831</u>	<u>\$ 2,159,407</u>	<u>67.84 %</u>
Capital Outlay				
Salaries and Wages	\$ 855,819	\$ 556,517	\$ 299,302	65.02 %
Contracted Services	5,500	3,208	2,292	58.32
Supplies and Materials	11,867	2,984	8,883	25.14

The Howard County Public School System

Schedule B - Expenditures by Category

Budget and Actual with Encumbrances

For the Period Ended: 3/31/2016 (unaudited)

Category and Object Summary	Budget	Year-To-Date Actual	Remaining Budget	Percent Actual to Budget
Other Charges	26,293	15,342	10,951	58.35
Total Capital Outlay	\$ <u>899,479</u>	\$ <u>578,051</u>	\$ <u>321,428</u>	<u>64.26</u> %
Total Expenditures	\$ <u><u>776,338,380</u></u>	\$ <u><u>544,378,399</u></u>	\$ <u><u>231,959,981</u></u>	<u><u>70.12</u></u> %

Note: Variances due to system rounding

The Howard County Public School System
Schedule C -Summary Expenditures by Expense Object

Budget and Actual with Encumbrances
 For the Period Ended March 31, 2016 (unaudited)

Summary by Expense Object		Final Budget		Year-to-Date Actual		Remaining Budget		Percent Actual to Budget
Salaries and Wages	\$	511,691,688	\$	346,893,846	\$	164,797,842		67.79 %
Contracted Services		64,220,179		46,274,933		17,945,246		72.05
Supplies and Materials		17,779,739		11,958,850		5,820,889		67.26
Other Charges		173,933,626		130,883,509		43,050,117		75.24
Equipment		922,148		721,275		200,873		78.21
Transfers		7,791,000		7,645,986		145,014		98.13
Total	\$	<u><u>776,338,380</u></u>	\$	<u><u>544,378,399</u></u>	\$	<u><u>231,959,981</u></u>		<u><u>70.12</u></u> %

Note: Variances due to system rounding

The Howard County Public School System

Budget Transfer Report

For the Reporting Period

From: 03/01/2016 **To:** 03/31/2016

<u>Program</u>	<u>Expense Type</u>	<u>From</u>	<u>To</u>
01 Health/Dental Fund	Supplies-General	0.00	7,500.00
12 Health/Dental Fund	Contracted-Labor	7,500.00	0.00
Reference: BU160125	Reason: Computer needs for benefits		
14 International Student Services	Contracted-Consultant	2,000.00	0.00
14 International Student Services	Supplies-General	0.00	2,000.00
Reference: BU160131	Reason: General supplies needs		
01 Budget Office	Training	500.00	0.00
01 Budget Office	Supplies-General	0.00	500.00
Reference: BU160132	Reason: General supplies needs		
01 Staff Relat/Equity Assurn	Salary-Administration	20,000.00	0.00
01 Staff Relat/Equity Assurn	Wages-Temporary Help	0.00	20,000.00
Reference: BU160137	Reason: Temp wages needs		
02 School Admin & Improve	Supplies-Student Activity	5,000.00	0.00
02 School Admin & Improve	Supplies-Other	5,000.00	0.00
02 Professional Development	Wages-Workshop	0.00	10,000.00
Reference: BU160138	Reason: Addl funds needed HSASC		
01 Budget Office	Travel-Conferences	3,500.00	0.00
01 Payroll Services	Travel-Conferences	2,500.00	0.00
01 Accounting Services	Training	1,500.00	0.00
01 Accounting Services	Supplies-General	0.00	7,500.00
Reference: BU160141	Reason: Funds needed within category		
09 Regular Transportation	Trans-Bus Contracts	300,000.00	0.00
09 Regular Transportation	Trans-Bus Contracts-Sp Ed	200,000.00	0.00
09 Regular Transportation	Trans-Bus Contracts-Pupil	100,000.00	0.00
09 Regular Transportation	Budget Reserve-Budget Office	0.00	600,000.00
Reference: BU160142	Reason: Category 9 Budget Reserve		
12 Health/Dental Fund	Vision	12,000.00	0.00
12 Health/Dental Fund	Vision - Admin	0.00	12,000.00
Reference: BU160143	Reason: Funds needed within program		