




# THE PRINCE GEORGE'S COUNTY GOVERNMENT


## Office of Audits and Investigations


June 24, 2022

### MEMORANDUM

TO: Calvin S. Hawkins, II, Chair  
Prince George's County Council

THRU: Turkessa M. Green   
County Auditor

THRU: Josh Hamlin   
Director of Budget and Policy Analysis

FROM: Arian Albear   
Legislative Budget and Policy Analyst

RE: Board of Education FY 2022 Financial Review #2.

The Board of Education (BOE) requests authority to transfer appropriated funds between major expenditure categories to maintain a balanced budget and ensure fiscal stability through the end of the fiscal year and to reconcile the FY 2023 Operating Budget. Total revenue and expenditures remain at \$2,775,176,835. This is \$431,944,435 more than the original County Council Approved FY 2022 Budget due to the receipt of additional State and Federal funding.

To bridge the Operating Budget deficit for FY 2022, Prince George's County Public Schools (PGCPS) has undertaken steps to close the gap in funding. Among these is the repurposing of \$38 million in salary lapse recoveries as early payments of three lease-purchase agreements that originally supported the purchase of buses, textbooks, and technology in FY 2019 and FY 2020 together with the FY 2011 Energy Performance Management Agreement. These early payoffs reduce the FY 2023 liabilities in the operating budget.

An analysis of Appendix A and Appendix B indicates that explanations provided for the request appear reasonable and savings are strategically used to prepay future costs. If approved, \$38,051,564 in funds will be shifted from "Lapse Recovery" to "Forward Funding Close Budget Gap." The overall Operating Budget will remain balanced. Specific details of the transfer request between major expenditure categories are detailed within the attached documents labeled Appendix A: Itemized Changes and Narrative Explanations and Appendix B: Sources and Uses of Funds by State Category provided by PGCPS staff.

Exhibit A shows summarized details of the current FY 2022 County Council Approved Budget, the FY 2022 Board of Education Approved Operating Budget – by revenue and expenditure categories, a summary of the Board of Education transfer request as of June 9, 2022, and the resulting anticipated major expenditure category appropriation totals should the County Council approve this transfer request.

If you require additional information or have questions, please contact me

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**Appendix A: Itemized Changes and Narrative Explanations**

| Sources and Uses of Funds                    | Amount              | Narrative Explanation   |
|--|---------------------|---|
| <b>Budget Reduction</b>                      |                     |   |
| Lapse Recovery                               | (38,051,564)        | Use of a portion of lapse recovery across from all departments and schools. These savings are full-time salary and benefits that go unspent throughout the year due to turnover and vacancies.  |
| <b>Budget Reduction Total</b>                | <b>(38,051,564)</b> |   |
| <b>Early Pay-Off of Lease Purchase</b>       |                     |   |
| Forward Funding Close Budget Gap             | 38,051,564          | Supports the early payment of three-lease-purchase-agreements. These lease agreements originally supported the purchase of Buses, Textbooks and Technology in FY 2019 and FY 2020 as well as the FY 2011 Energy Performance Management Agreement. The early pay-off of these agreements reduces the liability in the FY 2023 Operating budget.  |
| <b>Early Pay-Off of Lease Purchase Total</b> | <b>38,051,564</b>   |   |
| <b>Other Items</b>                           |                     |   |
| Intra Project Realignment                    | -                   | At the beginning of FY 2022, the ESSER II estimate represented the approved budget at that time and the ESSER III budget represented a draft application. The amendment and application changes dedicated significant unanticipated funding primarily to Other Instructional Services for projects to mitigate the impact of interrupted instruction and to Capital Outlay for air-quality improvement projects in schools. |
| <b>Other Items Total</b>                     | <b>-</b>            |   |
| <b>Grand Total</b>                           | <b>-</b>            |   |

Appendix B: Sources and Uses of Funds by State Category

| Sources and Uses of Funds        | 01<br>Administration | 02<br>Mid-Level<br>Administration | 03<br>Instructional<br>Salaries | 04<br>Textbooks &<br>Instructional<br>Materials | 05<br>Other Instructional<br>Costs | 06<br>Special Education | 07<br>Student Personnel<br>Services | 08<br>Student Health<br>Services | 09<br>Student<br>Transportation<br>Services | 10<br>Operation of Plant<br>Services | 11<br>Maintenance of<br>Plant | 12<br>Fixed Charges | 13<br>Food Services | 14<br>Community<br>Services | 15<br>Capital Outlay | Grand Total  |
|----------------------------------|----------------------|-----------------------------------|---------------------------------|---|------------------------------------|-------------------------|-------------------------------------|----------------------------------|---|--------------------------------------|-------------------------------|---------------------|---------------------|-----------------------------|----------------------|--------------|
| Budget Reduction                 |                      |                                   | (38,051,564)                    |   |                                    |                         |                                     |                                  |   |                                      |                               |                     |                     |                             |                      | (38,051,564) |
| Lapse Recovery                   |                      |                                   | (38,051,564)                    |   |                                    |                         |                                     |                                  |   |                                      |                               |                     |                     |                             |                      | (38,051,564) |
| Early Pay-Out of Lease Purchase  |                      |                                   |                                 |   | 14,618,637                         |                         |                                     |                                  | 8,877,147                                   | 14,555,780                           |                               |                     |                     |                             |                      | 38,051,564   |
| Forward Funding Close Budget Gap |                      |                                   |                                 |   | 14,618,637                         |                         |                                     |                                  | 8,877,147                                   | 14,555,780                           |                               |                     |                     |                             |                      | 38,051,564   |
| Other Items                      | (5,668,234)          | (132,615)                         | (11,924,676)                    | (2,084,894)                                     | 6,870,087                          | (62,500)                | (13,501,400)                        | (273,101)                        | (1,022,821)                                 | (3,370,066)                          | 737,834                       | (19,118,037)        | (50,000)            |                             | 49,539,894           | -            |
| Inter-Project Realignment        | (5,668,234)          | (132,615)                         | (11,924,676)                    | (2,084,894)                                     | 6,870,087                          | (62,500)                | (13,501,400)                        | (273,101)                        | (1,022,821)                                 | (3,370,066)                          | 737,834                       | (19,118,037)        | (50,000)            |                             | 49,539,894           | -            |
| Grand Total                      | (5,668,234)          | (132,615)                         | (49,976,240)                    | (2,084,894)                                     | 21,488,724                         | (62,500)                | (13,501,400)                        | (273,101)                        | 7,854,485                                   | 11,185,714                           | 737,834                       | (19,118,037)        | (50,000)            | -                           | -                    | -            |

Exhibit A

Prince George's County Board of Education  
FY 2022 Financial Review Transfer Request #2

| Revenue Category     | FY 2022<br>County Council<br>APPROVED | FY 2022<br>Board of<br>Education<br>REVISED<br><i>(March 24, 2022)</i> | FY 2022 Financial Review<br>Transfer Request |             |                | FY 2022<br>Board of<br>Education<br>REVISED<br>APPROVED<br>Totals<br><i>(March 24, 2022)</i> |
|----------------------|---------------------------------------|--|--|-------------|----------------|--|
|                      |                                       |  | Unrestricted                                 | Restricted  | Total Transfer |  |
| Board Sources        | \$ 18,231,500                         | \$ 18,231,442  | \$ -   | \$ -        | \$ -           | \$ 18,231,442  |
| County Sources       | 816,947,300                           | 816,947,300  | -  | -           | -              | 816,947,300  |
| Federal Sources      | 126,413,400                           | 574,278,154  | -  | -           | -              | 574,278,154  |
| State Sources        | 1,297,704,500                         | 1,281,784,203  | -  | -           | -              | 1,281,784,203  |
| Use of Fund Balance  | 83,935,700                            | 83,935,736   | -  | -           | -              | 83,935,736   |
| <b>Revenue Total</b> | <b>\$ 2,343,232,400</b>               | <b>\$ 2,775,176,835</b>  | <b>\$ -</b>                                  | <b>\$ -</b> | <b>\$ -</b>    | <b>\$ 2,775,176,835</b>  |

| Expenditures<br>Major Categories                | FY 2022<br>County Council<br>APPROVED | FY 2022<br>Board of<br>Education<br>REVISED<br><i>(March 24, 2022)</i> | FY 2022 Financial Review<br>Transfer Request |                |                | FY 2022<br>Board of<br>Education<br>REVISED<br><i>(June 9, 2022)</i> |
|---|---------------------------------------|--|--|----------------|----------------|--|
|   |                                       |  | Unrestricted                                 | Restricted     | Total Transfer |  |
| Administration                                  | \$ 67,309,000                         | \$ 97,415,730  | \$ (108,234)                                 | \$ (5,500,000) | \$ (5,608,234) | \$ 91,807,496  |
| Mid-Level Administration                        | 149,580,900                           | 160,264,564  | (132,615)                                    | -              | (132,615)      | \$ 160,131,949   |
| Instructional Salaries                          | 806,240,500                           | 896,790,603  | (42,976,240)                                 | (7,000,000)    | (49,976,240)   | \$ 846,814,363   |
| Textbooks &<br>Instructional Materials          | 21,716,800                            | 82,074,260   | 175,000                                      | (2,259,894)    | (2,084,894)    | \$ 79,989,366  |
| Other Instructional Costs                       | 88,813,900                            | 180,340,220  | 21,488,724                                   | -              | 21,488,724     | \$ 201,828,944   |
| Special Education                               | 325,333,300                           | 365,342,307  | (62,500)                                     | -              | (62,500)       | \$ 365,279,807   |
| Student Personnel Services                      | 38,589,400                            | 57,998,242   | (101,400)                                    | (13,400,000)   | (13,501,400)   | \$ 44,496,842  |
| Student Health Services                         | 22,604,800                            | 75,339,577   | (273,101)                                    | -              | (273,101)      | \$ 75,066,476  |
| Student Transportation Services                 | 107,102,100                           | 121,556,983  | 8,344,855                                    | (490,000)      | 7,854,855      | \$ 129,411,838   |
| Operation of Plant                              | 133,915,000                           | 152,615,658  | 14,685,714                                   | (3,500,000)    | 11,185,714     | \$ 163,801,372   |
| Maintenance of Plant                            | 53,100,500                            | 59,329,532   | 737,834                                      | -              | 737,834        | \$ 60,067,366  |
| Fixed Charges                                   | 499,325,300                           | 500,126,310  | (1,728,037)                                  | (17,390,000)   | (19,118,037)   | \$ 481,008,273   |
| Food Services                                   | 8,686,000                             | 6,008,085  | (50,000)                                     | -              | (50,000)       | \$ 5,958,085   |
| Community Services                              | 5,664,900                             | 4,724,764  | -  | -              | -              | \$ 4,724,764   |
| Capital Outlay &<br>Public Private Partnerships | 15,250,000                            | 15,250,000   | -  | 49,539,894     | 49,539,894     | \$ 64,789,894  |
| <b>Total Expenditures</b>                       | <b>\$ 2,343,232,400</b>               | <b>\$ 2,775,176,835</b>  | <b>\$ -</b>                                  | <b>\$ -</b>    | <b>\$ -</b>    | <b>\$ 2,775,176,835</b>  |