



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

July 13, 2018

MEMORANDUM

TO: Mary A. Lehman, Chair
Health, Education and Human Services Committee (HEHS)

THRU: David H. Van Dyke
County Auditor

FROM: Inez N. Claggett
Senior Legislative Auditor

RE: Board of Education FY 2018 Financial Review and Transfer as of February 28, 2018

The Board of Education (BOE) requests authority to transfer funds between major expenditure categories to meet evolving needs and to ensure the fiscal stability of Prince George's County Public Schools (the "School System").

School System staff conducted a financial review as of February 28, 2018 which indicated a need for a request to transfer existing appropriations between major expenditure categories to address FY 2018 spending based on anticipated and available revenue for the remainder of the fiscal year. The transfer request is required to meet existing instructional and support service requirements for the current school year, and balances the funds appropriated by major state category. The amount requested to be transferred totals \$30,554,166, or 1.54% of the FY 2018 County Council Approved Board of Education Budget. Should the transfer be approved, the Board of Education's total FY 2018 budget would remain unchanged at \$1,986,227,300.

Specific details of the transfer request between major expenditure category are detailed within the attached FY 2018 Financial Review & Projection overview provided as Attachment A and Attachment B, depicting the total transfer of Unrestricted and Restricted funds, respectively. Our analysis of the FY 2018 Financial Review & Projection overview indicates that explanations provided by School System staff for the transfers between major expenditure categories appear reasonable. The approval of this transfer request will not have a fiscal impact on the County, and the total FY 2018 County Council Approved Board of Education Budget would remain unchanged.

Attachment C provides details of the FY 2018 County Council Approved Board of Education Budget, the Board of Education transfer request as of February 28, 2018, and the resulting Board of Education expenditure category appropriation totals for the Approved Board of Education Budget should the transfer request be approved.

If you require additional information, or have questions please call me.

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FY 2018 Financial Review & Projection

OVERVIEW

The financial condition of the school system is regularly monitored throughout the fiscal year with adjustments made periodically to meet evolving needs of the school system and ensure fiscal stability. Review of the financial condition of the school system as of February 28, 2018, indicates that expenditures are expected to meet current appropriated revenues. The review has revealed necessary adjustments that will need to occur to maintain a balanced budget and ensure fiscal stability through June 30, 2018. Required actions include requests for budget realignments and transfers between existing major state categories. No further requests for transfers among major state categories is expected at this time.

REVENUES

Revenues, overall, are expected to meet current and projected expenditures through June 30, 2018.

EXPENDITURES

Expenditures are projected to meet current appropriated revenues; however, budget realignments are necessary to meet increased expenditure requirements identified during this financial review. Factors contributing to increased expenditure requirements include an increase in requirements to support these specific areas: Special Education, Operations, and Maintenance.

Expenditure Requirements by State Category – Unrestricted Funds

Administration - \$335,500

Increase requested is to align expected employee leave payouts with budgeted amounts. Also included is support to replace aging communications equipment to broadcast Board meetings.

Mid-Level Administration – (\$1,727,500)

Decrease requested is based on salary lapse savings from full-time salaries.

Instructional Salaries & Wages – \$1,469,500

Increase requested supports full-time and part-time salary needs, offset by a reduction (transfer) of funds for After-School Program Supports.

Instructional Supplies – (\$75,700)

Decrease is from a reduction (transfer) of funds for After-School Program Supports and other realignments. This reduction is offset by an increase in Teacher Classroom Supplies and Textbooks.

Other Instructional Costs - \$3,997,300

Increase requested to support dual enrollment tuition, National Board Certified Teacher stipends and dedicated funds for technology needs for MGM impact schools. Also includes an increase (transfer) of funds to provide contracted After-School Program Supports.



FY 2018 Financial Review & Projection

Special Education - \$5,075,500

Increase requested supports reduced savings from anticipated salary lapse and part-time and hourly instructional staff needs, and nonpublic placements. Increase is also necessary to align expected employee leave payouts with budgeted amounts.

Student Personnel Services - \$229,200

Increase requested is to align expected employee leave payouts with budgeted amounts and other realignments.

Health Services - \$49,500

Increase requested supports needed health supplies.

Transportation – (\$894,500)

Decrease reflects a reduction in fuel for vehicles and other realignments.

Operation of Plant – \$2,133,600

Increase requested supports costs of custodial overtime, temporary custodians and school security needs.

Maintenance – \$10,025,000

Increase requested to support new water fountains in many schools, maintenance supplies, overtime, asbestos removal, emergency repairs and the purchase of temporary classrooms to reduce overcrowding.

Fixed Charges – (\$17,617,500)

Decrease requested is based on reduced health care, employee and teacher pension costs, workers compensation expenditures and the realignment of expected employee leave payouts.

Food Services – (\$3,000,000)

Decrease requested is based on a reduction of the Food Services subsidy.

Community Services - \$0

No Change

Capital Outlay - \$0

No Change

Net Increase in Appropriation: \$0

Staffing changes – 0.00 FTE

FY 2018 Financial Review and Projection - List of Items by State Category

Unrestricted Funds Only

Category	Object	Amount
Administration	Communications	43,071
	Employee Leave Payments	400,000
	Other Realignments	(107,571)
	Administration Total	\$ 335,500
Mid-Level Administration	Salary Lapse - increased savings	\$ (1,727,544)
	Other Realignments	44
	Mid-Level Administration Total	\$ (1,727,500)
Instructional Salaries & Wages	Full-time salary	\$ 1,469,537
	After School Program Supports	(2,440,764)
	Part-time & Hourly Instructional Wages	2,400,000
	Other Realignments	40,727
	Instructional Salaries & Wages Total	\$ 1,469,500
Instructional Supplies & Materials	Classroom Teacher Supplies & Textbooks	\$ 100,940
	After School Program Supports	(60,000)
	Other Realignments	(116,640)
	Instructional Supplies & Materials Total	\$ (75,700)
Other Instructional Costs	After School Program Supports	\$ 3,034,274
	Dual Enrollment Tuition	350,577
	National Board Certified Stipends	62,479
	Technology for Schools - MGM Impact Area funds	550,000
	Other Realignments	(30)
	Other Instructional Costs Total	\$ 3,997,300
Special Education	Salary Lapse - decreased savings	\$ 773,436
	Part-time & Hourly Instructional wages	295,139
	Employee Leave Payments	700,000
	Nonpublic Placements	3,306,960
	Other Realignments	65
	Special Education Total	\$ 5,075,600
Student Personnel Services	Employee Leave Payments	200,000
	Other Realignments	29,200
	Student Personnel Services Total	\$ 229,200
Health Services	Other Realignments	\$ 49,500
Health Services Total	\$ 49,500	
Transportation	Fuel	\$ (894,552)
	Other Realignments	52
	Transportation Total	\$ (894,500)
Operation of Plant	Part-time / Temporary Custodians	1,883,634
	School Security	250,000
	Other Realignments	(34)
	Operation of Plant Total	\$ 2,133,600
Maintenance of Plant	Water Fountains	250,000
	Temporary Buildings	3,000,000
	Maintenance	6,775,000
	Other Realignments	-
	Maintenance of Plant Total	\$ 10,025,000

FY 2018 Financial Review and Projection - List of Items by State Category

Unrestricted Funds Only

Category	Object	Amount
Fixed Charges	Health Care	(5,000,000)
	Teacher and Employee Pension	(5,000,000)
	Employee Leave Payments	(4,275,000)
	Worker's Compensation	(3,342,475)
	Other Realignments	(25)
Fixed Charges Total		\$ (17,617,500)
Food Services	Food Services subsidy reduction	\$ (3,000,000)
	Other Realignments	-
Food Services Total		\$ (3,000,000)
Community Services	<i>No changes</i>	\$ -
Community Services Total		\$ -
Capital Outlay	<i>No changes</i>	\$ 0
Capital Outlay Total		\$ 0
TOTAL TRANSFER REQUEST		\$ 0



FY 2018 Financial Review & Projection

Expenditure Requirements by State Category – Restricted Funds

Overview:

Realignment between state categories within existing appropriation in the anticipated restricted unallocated reserve is needed as a result of grant reassignments that represent the distribution of appropriated resources consistent with approved project plans for carryover grants, projected future grants, and realignments between categories of existing grants. Adjustments also reflect the late delay in receiving the Teachers and School Leaders (TSL) Incentive grant.

Realignments:

Administration – (\$5,911,943)
Mid-Level Administration – (\$545,000)
Instructional Salaries & Wages – (\$967,000)
Instructional Supplies - \$973,223
Other Instructional Costs – \$4,873,068
Special Education - \$2,770,875
Student Personnel Services – (\$25,071)
Health Services – \$0
Transportation - \$0
Operations – \$0
Maintenance – \$25,071
Fixed Charges – (\$1,187,000)
Food Services – \$0
Community Services – (\$6,223)
Capital Outlay - \$0

Net Increase in Appropriation (Restricted Funds): \$0

Restricted Staffing Change – 0.00 FTE

None

Prince George's County Board of Education
 FY 2018 Budget Transfer Request as of February 28, 2018

Revenue Category	FY 2018 County Council REVISED APPROVED Category Totals	CB-021-2018 (Pending Approval)	FY 2018 County Council REVISED Category Totals	FY 2018 Board of Education Transfer Request as of February 28, 2018	FY 2018 County Council REVISED Category Totals
Federal Sources	\$ 90,026,500	\$ 10,233,800	\$ 100,260,300	\$ -	\$ 100,260,300
Board Sources	\$ 13,159,500	\$ 550,000	\$ 13,709,500	\$ -	\$ 13,709,500
Fund Balance	\$ 22,000,000	-	\$ 22,000,000	\$ -	\$ 22,000,000
State Sources	\$ 1,111,076,300	-	\$ 1,111,076,300	\$ -	\$ 1,111,076,300
County Sources	\$ 739,181,200	-	\$ 739,181,200	\$ -	\$ 739,181,200
Revenue Totals	\$ 1,975,443,500	\$ 10,783,800	\$ 1,986,227,300	\$ -	\$ 1,986,227,300

Expenditure Category	FY 2018 County Council REVISED APPROVED Category Totals	CB-021-2018 (Pending Approval)	FY 2018 County Council REVISED Category Totals	FY 2018 Board of Education Transfer Request as of February 28, 2018	FY 2018 County Council REVISED Category Totals
Administration	\$ 62,302,611	\$ 7,967,183	\$ 70,269,794	\$ (5,576,443)	\$ 64,693,351
Mid-Level Administration	\$ 125,555,666	\$ -	\$ 125,555,666	\$ (2,272,500)	\$ 123,283,166
Instructional Salaries	\$ 668,805,484	\$ 157,700	\$ 668,963,184	\$ 502,500	\$ 669,465,684
Textbooks and Instructional Materials	\$ 18,573,720	\$ 32,677	\$ 18,606,397	\$ 897,523	\$ 19,503,920
Other Instructional Costs	\$ 78,619,615	\$ 900,464	\$ 79,520,079	\$ 8,870,368	\$ 88,390,447
Special Education	\$ 274,034,437	\$ -	\$ 274,034,437	\$ 7,846,475	\$ 281,880,912
Student Personnel Services	\$ 20,981,919	\$ 389,950	\$ 21,371,869	\$ 204,129	\$ 21,575,998
Health Services	\$ 20,075,295	\$ 1,500	\$ 20,076,795	\$ 49,500	\$ 20,126,295
Student Transportation Services	\$ 109,453,343	\$ 19,200	\$ 109,472,543	\$ (894,500)	\$ 108,578,043
Operation of Plant	\$ 129,992,227	\$ 52,822	\$ 130,045,049	\$ 2,133,600	\$ 132,178,649
Maintenance of Plant	\$ 39,325,648	\$ 550,000	\$ 39,875,648	\$ 10,050,071	\$ 49,925,719
Fixed Charges	\$ 419,977,078	\$ 712,304	\$ 420,689,382	\$ (18,804,500)	\$ 401,884,882
Food Services Subsidy	\$ 4,326,388	\$ -	\$ 4,326,388	\$ (3,000,000)	\$ 1,326,388
Community Services	\$ 3,170,069	\$ -	\$ 3,170,069	\$ (6,223)	\$ 3,163,846
Capital Outlay	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ 250,000
Expenditure Totals	\$ 1,975,443,500	\$ 10,783,800	\$ 1,986,227,300	\$ -	\$ 1,986,227,300