

NOTES & COMMENTS

FY2017 QUARTER 1 -- FINANCIALS AS OF 9/30/2016

Overview

As usual, the first quarter of FY2017 ended while we had our focus on year-end financial reports for FY16. The Town/School audit is underway, and a team of auditors will be with us next week conducting field work for the school portion of the report. Meanwhile, we turn our attention to FY17 to ensure that we are on track for the current year.

Expenditures

Although the first quarter is mathematically 25% through the fiscal year, expenses show a varying pattern depending on the function of each expense account. As you might imagine, expense accounts used for things like supplies, online services, yearlong subscriptions and property insurance coverage are spent at a higher rate during the first quarter as we prepare for the start of the school year. Meanwhile, salary and benefit lines fluctuate as we move from light summer staffing into September.

The financial statements on the following pages include columns showing comparative percentages from the two prior fiscal years, to help us identify and address any notable variances. In most cases you will see that we are within one or two percentage points of prior year first quarter expenses.

An unusual factor this year is that the new Teachers' & Professionals' collective bargaining agreement was not ratified until October 6, which means that teacher salaries were paid according to the rates in the expired contract for September, and those payrolls were therefore a bit smaller than what was budgeted. As a result, most of the expense categories that contain teacher salary lines are slightly below the expense percentage of first quarter last year. Salaries for this bargaining unit were updated and retro pay was disbursed in October, so we will be back on track in this area for the Quarter 2 report.

Here are a few other variances of note:

CTE Instruction -- This category is comprised of only one expense account, used for vocational tuition (PATHS and Westbrook Voc). Although the percent expended (PATHS invoice paid in September) is higher than FY16, the amount expended as well as the amount budgeted are actually lower this year.

Extra-Curriculars -- A slightly higher rate of expense in this category reflects the restoration of 7th grade sports, with increased expenses for coaching stipends, purchase of supplies, and officials costs for the expanded Middle School athletics program.

Health Services -- This category is running at a bit higher expense rate than prior years due to the upfront purchase of case management software and an investment in laptop carts for the larger school clinics.

Instructional Technology -- As you may recall, personnel costs for our IT staff are paid to the Town under our shared services model. This reimbursement is done twice per year, at the close of the second and fourth quarters. This year's higher expense ratio is driven by the strategic shift of funding for scheduled tech refreshes from CIP to the operating budget.

Improvement of Instruction -- The bulk of this category's budget is earmarked for the introduction of new curriculum materials across the district. A lower rate of expenditure compared with prior years is simply a function of timing of selection and deployment of those materials

NOTES & COMMENTS

FY2017 QUARTER 1 -- FINANCIALS AS OF 9/30/2016

System Administration -- A higher level of spending in this category reflects early scheduling of training sessions throughout 2016-17 for the Marzano iObservation system. These trainings have been planned in collaboration with several other school districts using the Marzano system, and we will receive reimbursement from those districts following each scheduled workshop.

Revenues

Because the bulk of our budgeted revenues is made up of local tax dollars and fund balance allocations, we are already at 93% of our projected revenues during Quarter 1. GPA revenues are on schedule, and other funding areas will start to flow as we process the required billing. You'll also see a new entry in the Revenues section for the use of Wentworth Project funds to offset debt service payments in FY2017.

Other Funds

I've added some detail to the financial report under Adult Education and School Nutrition, so expense categories are now broken out in the same way that we used in the FY17 budget document. Fund balance for Adult Education shows a large credit, since local tax support is posted up front in the same way that it is in General Fund revenues. Conversely, School Nutrition shows no state or federal revenues (apart from the summer program) because the first reimbursement claim for September is not filed until after the close of the quarter.

Federal grant fund revenues also lag behind expenses as we wait for the new grant year applications to be processed and approved during Quarter 1. The grant fund amounts for FY17 are known, however, and we have budgeted according to the amounts allocated; reimbursement claims will be able to be filed shortly.

Capital Projects

As usual, this report includes a year-to-date summary of our multi-year CIP project accounts. Spending during the first quarter was focused in the summer months, with facilities work scheduled during vacation weeks and three new buses purchased in time to start the school year. Other facilities projects are generally planned for school breaks to avoid interruptions to school operations. The K-2 tech refresh is underway, with a significant portion of the cost budgeted this year in the General Fund.

In Summary

This first quarter report shows us to be on solid ground financially at the start of FY2017. We're already looking ahead to the budget development process for FY2018, as well as to the next Community Dialogue where we'll be renewing our commitment to identifying, articulating and communicating the district's goals for the months to come.

**Scarborough Public Schools
2016-2017 Financial Report
Operating Account
As of September 30, 2016**

General Fund Appropriations: (including encumbrances)	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Year-to-date Expended</u>	<u>Budget Balance</u>	<u>FY17 % Used</u>	<u>FY16 % Used</u>	<u>FY15 % Used</u>
Regular Instruction:							
Regular Instruction Programs	18,633,608	18,633,608	4,623,498	14,010,110	24.8%	25.8%	25.9%
English as a Second Language (ESL)	263,771	263,771	54,184	209,587	20.5%	21.6%	24.4%
Gifted and Talented Programs	301,899	301,899	76,011	225,888	25.2%	26.4%	26.1%
Special Education Instruction	7,125,737	7,125,737	1,405,899	5,719,838	19.7%	19.3%	20.8%
CTE Instruction (Career & Technical Ed)	259,555	259,555	109,319	150,236	42.1%	39.2%	0.0%
Other Instruction:							
Co-Curricular	138,729	138,729	11,743	126,986	8.5%	10.2%	3.9%
Extra-Curricular	866,587	866,587	173,879	692,708	20.1%	14.5%	12.9%
Student & Staff Support:							
Guidance Services	1,285,197	1,285,197	311,190	974,007	24.2%	24.6%	25.0%
Health Services	601,743	601,743	149,135	452,608	24.8%	22.1%	22.3%
Instructional Technology	995,908	995,908	243,072	752,836	24.4%	14.4%	13.5%
Improvement of Instruction	993,479	993,479	385,065	608,415	38.8%	43.6%	44.5%
Library Services	605,190	605,190	137,166	468,024	22.7%	20.6%	21.4%
System Administration	1,012,196	1,012,196	319,592	692,604	31.6%	27.6%	29.8%
School Administration	1,689,833	1,689,833	401,051	1,288,782	23.7%	23.9%	25.0%
Transportation	1,455,813	1,455,813	217,163	1,238,650	14.9%	12.1%	17.1%
Facilities & Maintenance	3,839,189	3,839,189	892,154	2,947,035	23.2%	24.5%	23.3%
Debt Service	5,761,633	5,761,633	0	5,761,633	0.0%	0.0%	0.0%
All Other	25,000	25,000	0	25,000	0.0%	0.0%	0.0%
Total General Fund Appropriations	45,855,067	45,855,067	9,510,119	36,344,948	20.7%		
FY16 Year-to-date	43,543,756	43,543,756	9,108,651	34,435,105		20.9%	
FY15 Year-to-date	41,990,624	41,990,624	8,903,559	33,087,065			21.2%

Estimated Revenue:	<u>Estimated Revenue</u>	<u>Revised Estimate</u>	<u>Year-to-date Received</u>	<u>Balance/ (Shortfall)</u>	<u>FY17 % Rec'd</u>	<u>FY16 % Rec'd</u>	<u>FY15 % Rec'd</u>
Town Funding - Tax Levy	39,734,010	39,734,010	39,734,010	0	100.0%	100.0%	100.0%
Use of Fund Balance	425,000	425,000	425,000	0	100.0%	100.0%	100.0%
Wentworth Project Funds	1,585,910	1,585,910	1,585,910	0	100.0%	100.0%	0.0%
State Subsidy - GPA	3,589,147	3,589,147	892,312	(2,696,835)	24.9%	23.6%	27.3%
State Agency Client Funding	165,000	165,000	0	(165,000)	0.0%	0.0%	0.0%
Medicaid Reimbursement	45,000	45,000	334	(44,666)	0.7%	1.2%	0.0%
Comm. Services Daycare (rent space)	30,000	30,000	0	(30,000)	0.0%	0.0%	0.0%
Community Services Transportation	30,000	30,000	0	(30,000)	0.0%	80.8%	98.5%
Winslow Homer/Facility Rental Fees	43,000	43,000	1,063	(41,938)	2.5%	7.2%	5.8%
Student Sports/Activity Fees	150,000	150,000	52,107	(97,893)	34.7%	42.6%	25.0%
Other Miscellaneous Revenue	58,000	58,000	128	(57,872)	0.2%	0.2%	0.0%
Total Revenue	45,855,067	45,855,067	42,690,863	(3,164,204)	93.1%	90.8%	90.7%

**Scarborough Public Schools
2016-2017 Financial Report
Operating Account
As of September 30, 2016**

OTHER FUNDS

Adult Education:

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY17 <u>% Used</u>	FY16 <u>% Used</u>	FY15 <u>% Used</u>
Expenditures							
Wages & benefits (instructors & program admin)	162,055	162,055	26,837	135,218	16.6%		
General supplies & operations	10,000	10,000	4,171	5,829	41.7%		
Instructional supplies, software & equipment	10,750	10,750	4,481	6,269	41.7%		
Expenditure totals	182,805	182,805	35,489	147,316	19.4%	21.2%	23.0%
	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY17 <u>% Rec'd</u>	FY16 <u>% Rec'd</u>	FY15 <u>% Rec'd</u>
Revenues							
Town Funding - Tax Levy	99,552	99,552	99,552	0	100.0%		
Use of Fund Balance	1,253	1,253	1,253	0	100.0%		
State Subsidy - Adult Ed	25,000	25,000	0	(25,000)	0.0%		
Adult Ed Tuition	57,000	57,000	4,414	(52,586)	7.7%		
Revenue totals	182,805	182,805	105,219	(77,586)	57.6%	57.5%	57.4%
Adult Education YTD fund balance	0	0	69,730	69,730			

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY17 <u>% Used</u>	FY16 <u>% Used</u>	FY15 <u>% Used</u>
School Nutrition Program:							
Expenditures							
Wages & Benefits	841,841	841,841	103,304	738,537			
Food & Beverages	543,675	543,675	76,136	467,539			
Contracted Services (software & repairs)	19,000	19,000	556	18,444			
Supplies & Equipment	64,800	64,800	3,936	60,864			
Operations	1,750	1,750	776	974			
Expenditure totals	1,471,066	1,471,066	184,707	1,286,359	12.6%	11.2%	11.7%
	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY17 <u>% Rec'd</u>	FY16 <u>% Rec'd</u>	FY15 <u>% Rec'd</u>
Revenues							
Food Sales	1,150,566	1,150,566	129,751	(1,020,815)			
Federal Funding (USDA)	258,000	258,000	0	(258,000)			
State Funding (DOE)	15,000	15,000	0	(15,000)			
Summer Meal Program	18,500	18,500	13,026	(5,474)			
Grants & Donations	4,000	4,000	0	(4,000)			
General Fund support	25,000	25,000	25,000	0			
Revenue totals	1,471,066	1,471,066	167,777	(1,303,289)	11.4%	11.2%	15.9%
School Nutrition YTD fund balance	0	0	(16,930)	(16,930)			

**Scarborough Public Schools
2016-2017 Financial Report
Operating Account
As of September 30, 2016**

Federal Restricted Funds:	<u>Beg. Balance</u>	<u>Year-to-date Revenues</u>	<u>Year-to-date Expenses</u>	<u>End. Balance*</u>
Title IA	0	0	29,283	(29,283)
Title IIA	0	0	19,334	(19,334)
Pre-K Local Entitlement	0	0	4,184	(4,184)
Local Entitlement	0	0	168,525	(168,525)
Total Federal Restricted	0	0	221,326	(221,326)

*reimbursement pending - Federal funds are disbursed after actual expenditures are reported

Grants & Trusts:	<u>Beg. Balance</u>	<u>Year-to-date Revenues</u>	<u>Year-to-date Expenses</u>	<u>End. Balance</u>
Louis & Tina Fineberg Trust	194,129	0	0	194,129
Scarborough Education Foundation	16,079	0	0	16,079
Local grants & donations	7,291	0	100	7,191
CC Admin Recertification (fiscal agent)	852	0	0	852
PEPG State Grant	2,235	0	0	2,235
Proficiency-based Graduation Grant	70,910	36,299	27,250	79,958
Total Grants & Trusts	291,495	36,299	27,350	300,444

School CIP project account status
as of 9/30/2016

FACILITIES	Account #	FY16 yr-end close to GF	Budget Balance as of 6/30/2016	FY17 Budgeted	FY17 YTD Expenses*	Budget Balance as of 9/30/2016
Long-range Planning	73001798 570000		44,059	0	0.00	44,059
District-wide Energy Impr	73001803 570000		22,609	60,000	39,889.25	42,720
District-wide Roofing	74001771 570000		21,679	238,500	176,350.00	83,829
District-wide Security & Access	74001787 570000		514,341	0	0.00	514,341
District-wide Flooring	74001791 570000		3,145	20,000	0.00	23,145
District-wide Movable Equipmt	74001792 573100		24,288	138,375	132,168.00	30,495
HS Auditorium	74001793 570000		0	10,000	0.00	10,000
District-wide Building Envelope	74001794 570000		0	125,000	84,578.00	40,422
District-wide Pavement Mtce	74001805 570000		0	15,000	0.00	15,000
HS Athletics Equipment	74001807 570000		0	26,000	28,600.00	(2,600)
HS Science Labs Retrofit	74001808 570000		0	50,000	0.00	50,000
District-wide HVAC/Mechanical	74176800 573100		65,656	100,000	19,823.00	145,833
Facilities Support/Equipment	74176900 573100		9,152	52,000	0.00	61,152
TOTALS			704,930	834,875	481,408.25	1,058,397
TRANSPORTATION						
Bus purchase/lease	74001712 573600	(45,344.00)	0	315,000	304,629.00	10,371
TECHNOLOGY						
Equipment Replacement	74001784 573100		88,895	194,275	50,307.98	232,862
New Equipment	74001799 573100		95,957	36,680	22,497.46	110,140
TOTALS			184,852	230,955	72,805.44	343,002
*including encumbrances						
GRAND TOTALS			889,782	1,380,830	858,842.69	1,411,769