

NOTES & COMMENTS

FY2018 QUARTER 1 -- FINANCIALS AS OF 9/30/2017

Overview

The first quarter of FY2018 was already winding down by the time we passed the school budget at the third public referendum, which has given this year an unusual feel to say the least. The Business Office has been working on parallel tracks, closing out FY2017 with our usual financial reporting and audit preparations while at the same time continuing to refine the FY2018 budget proposal. Now we can regroup and focus on navigating through FY2018 toward a healthy year-end fiscal outcome.

Expenditures

As usual in these quarterly financial statements, we have included 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. You may recall that we mentioned an anomaly of timing for the first quarter of last year (FY2017), where expense percentages in most of the categories were slightly lower than usual due to the late ratification of the Teachers' & Professionals' collective bargaining agreement (October 2016). Because of this anomaly, comparisons with FY2016 may prove more instructive in this report.

A major factor in our spending picture for FY18 is our leadership team's goal to maximize budget-to-actual savings so that we can generate fund balance to support the FY19 budget. To that end, a curtailment plan for discretionary spending has been put in place, setting aside just under \$350,000 in budgeted funds across the district. While we can't ensure that needs will not arise to affect the curtailment plan, this commitment by the leadership team extends and formalizes our usual approach to thoughtful spending throughout the year. Along with the curtailment plan, we are currently projecting close to a \$150,000 budget-to-actual savings in personnel turnover this fall. Although history tells us that personnel costs will fluctuate throughout the fiscal year (for example, 41 positions turned over last year and 145 employees made changes to their health insurance coverage), we are hopeful that this projection will continue to hold true by year-end.

Here are a few other variances of note:

CTE Instruction -- This category reflects expenses for vocational tuition (PATHS and Westbrook Voc) which are billed to the sending districts based on student participation in prior years. Percentages expended vary from year to year depending on the number of students attending each program.

Extra-Curriculars -- This category shows a slightly lower expenditure percentage than last year, when startup costs for the restoration of 7th grade sports impacted our usual spending patterns.

Instructional Technology -- This category clearly shows a pattern of increase in percentage expended over the past three years, due to the strategic shift of funding for scheduled tech refreshes from capital projects to the operating budget. First quarter spending on tech equipment was \$17,000 in FY2016, \$135,000 in FY2017 and \$230,000 in FY2018. Personnel costs will continue to be transferred to the Town in January and June.

Improvement of Instruction -- A lower rate of expenditure in this category compared with prior years reflects uncertainty about available funds for investment in curriculum materials due to the late passage of the school budget. Investments that ordinarily would have been made in time to start the school year have been both delayed and reduced under the curtailment plan.

System Administration -- Similar to FY2017, the expenditure percentage in this category is impacted by the advance commitment of funding for continued Marzano training district-wide. As in prior years, we will be sharing professional development workshops with several other school districts, and will receive reimbursement for a portion of our upfront costs (\$10,000 in FY2017).

Transportation -- While we continue to struggle with a persistent bus driver shortage, a slight increase in percentage of expenditure in this category from prior years is attributable to the timing of journal transfers to Public Works for vehicle maintenance (in FY17, August payment was transferred after the end of September).

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Revenues

As our funding resources continue to shift from State to local revenues, we see an increasing percentage of our budgeted revenue already on the books as received in Quarter 1. As in FY2017, we're keeping an eye on potential shortfalls in State Agency Client reimbursement, and we are virtually guaranteed not to realize projected Medicaid revenues. On a positive note, we have already received the new MLTI grant funds as projected (short by \$2,000) to offset the cost of student devices at the Middle School; there's a new line in the Revenues section of the financial report to track this funding going forward.

Other Funds

The big news here is in School Nutrition, where the long-awaited allocation of local tax revenues creates a significant boost in first quarter revenues. State and federal reimbursement revenues apart from the summer program begin to arrive in October when the DOE starts processing school-year claims.

As usual, federal grant fund revenues lag behind expenses during the first quarter as we wait for the new grant year applications to be processed and approved. We've received our grant fund allocation notifications for FY2018, however, and have now started to file reimbursement claims. There is a new line in this section for Title IVA, which has been brought back this year with funding available under ESSA for targeted professional development.

Capital Projects

The last page of this report is a year-to-date summary of our multi-year CIP project accounts. First quarter spending focused on scheduled maintenance to get our buildings ready for the start of the school year, as well as putting three new buses on the road, and completing the deployment of new Chromebooks and other tech upgrades at the Middle School (as mentioned above, a portion of the tech refresh has been moved into the operating budget). Other facilities projects will continue throughout the fiscal year, with most scheduled during school vacations to minimize disruption for students and staff.

In Summary

At the time of this first quarter report we are already looking ahead to the budget development process for FY2019. School and Town leaders continue to discuss ways we can improve stakeholder involvement in the budget process in the coming year, and have affirmed our commitment to the idea that "One Town, One Budget" is the right approach to ensure that our financial decisions serve the best interests of our community as a whole.

**Scarborough Public Schools
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<u>General Fund Appropriations:</u> (including encumbrances)	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Year-to-date Expended</u>	<u>Budget Balance</u>	<u>FY18 % Used</u>	<u>FY17 % Used</u>	<u>FY16 % Used</u>
Regular Instruction:							
Regular Instruction Programs	19,042,589	19,042,589	4,938,329	14,104,260	25.9%	24.8%	25.8%
English as a Second Language (ESL)	338,276	338,276	86,058	252,218	25.4%	20.5%	21.6%
Gifted and Talented Programs	314,173	314,173	81,006	233,167	25.8%	25.2%	26.4%
Special Education Instruction	7,558,169	7,558,169	1,543,975	6,014,194	20.4%	19.7%	19.3%
CTE Instruction (Career & Technical Ed)	293,318	293,318	145,313	148,005	49.5%	42.1%	39.2%
Other Instruction:							
Co-Curricular	144,024	144,024	10,921	133,103	7.6%	8.5%	10.2%
Extra-Curricular	971,188	971,188	178,828	792,360	18.4%	20.1%	14.5%
Student & Staff Support:							
Guidance Services	1,375,213	1,375,213	337,029	1,038,184	24.5%	24.2%	24.6%
Health Services	636,237	636,237	154,948	481,289	24.4%	24.8%	22.1%
Instructional Technology	1,042,756	1,042,756	379,321	663,435	36.4%	24.4%	14.4%
Improvement of Instruction	913,675	913,675	311,629	602,046	34.1%	38.8%	43.6%
Library Services	673,936	673,936	124,763	549,173	18.5%	22.7%	20.6%
System Administration	1,069,128	1,069,128	355,877	713,251	33.3%	31.6%	27.6%
School Administration	1,835,854	1,835,854	455,274	1,380,580	24.8%	23.7%	23.9%
Transportation	1,494,471	1,494,471	246,127	1,248,344	16.5%	14.9%	12.1%
Facilities & Maintenance	3,818,590	3,818,590	1,010,730	2,807,860	26.5%	23.2%	24.5%
Debt Service	5,603,571	5,603,571	0	5,603,571	0.0%	0.0%	0.0%
All Other	0	0	0	0	0.0%	0.0%	0.0%
Total General Fund Appropriations	47,125,168	47,125,168	10,360,128	36,765,040	22.0%		
FY17 Year-to-date	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%

<u>Estimated Revenue:</u>	<u>Estimated Revenue</u>	<u>Revised Estimate</u>	<u>Year-to-date Received</u>	<u>Balance/ (Shortfall)</u>	<u>FY18 % Rec'd</u>	<u>FY17 % Rec'd</u>	<u>FY16 % Rec'd</u>
Town Funding - Local Taxes	42,204,017	42,204,017	42,204,017	0	100.0%	100.0%	100.0%
Use of Fund Balance	2,100,000	2,100,000	2,100,000	0	100.0%	100.0%	100.0%
State Subsidy - GPA	2,150,151	2,150,151	533,387	(1,616,764)	24.8%	24.9%	23.6%
MLTI State Reimbursement	133,000	133,000	131,000	(2,000)	98.5%	0.0%	0.0%
State Agency Client Funding	165,000	165,000	0	(165,000)	0.0%	0.0%	0.0%
Medicaid Reimbursement	45,000	45,000	0	(45,000)	0.0%	0.7%	1.2%
Comm. Services Daycare (rent space)	30,000	30,000	0	(30,000)	0.0%	0.0%	44.5%
Community Services Transportation	30,000	30,000	0	(30,000)	0.0%	0.0%	80.8%
Winslow Homer/Facility Rental Fees	43,000	43,000	563	(42,438)	1.3%	2.5%	7.2%
Student Sports/Activity Fees	150,000	150,000	36,497	(113,503)	24.3%	34.7%	42.6%
Other Miscellaneous Revenue	75,000	75,000	2,750	(72,250)	3.7%	0.2%	0.2%
Total Revenue	47,125,168	47,125,168	45,008,213	(2,116,955)	95.5%	93.1%	90.8%

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OTHER FUNDS

Adult Education:

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY18 <u>% Used</u>	FY17 <u>% Used</u>	FY16 <u>% Used</u>
Expenditures							
Wages & benefits (instructors & program admin)	157,521	157,521	24,395	133,126	15.5%	16.6%	19.0%
General supplies & operations	15,300	15,300	4,127	11,173	27.0%	41.7%	37.3%
Instructional supplies, software & equipment	9,880	9,880	1,149	8,731	11.6%	41.7%	31.6%
Expenditure totals	182,701	182,701	29,670	153,031	16.2%	19.4%	21.1%
	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY18 <u>% Rec'd</u>	FY17 <u>% Rec'd</u>	FY16 <u>% Rec'd</u>
Revenues							
Town Funding - Local Taxes	98,237	98,237	98,237	0	100.0%	100.0%	100.0%
Use of Fund Balance	2,464	2,464	2,464	0	100.0%	100.0%	0.0%
State Subsidy - Adult Ed	30,000	30,000	0	(30,000)	0.0%	0.0%	0.0%
Adult Ed Tuition	52,000	52,000	3,749	(48,251)	7.2%	7.7%	8.6%
Revenue totals	182,701	182,701	104,450	(78,251)	57.2%	57.6%	57.5%
Adult Education YTD fund balance			74,781				

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY18 <u>% Used</u>	FY17 <u>% Used</u>	FY16 <u>% Used</u>
<u>School Nutrition Program:</u>							
Expenditures							
Wages & Benefits	869,602	869,602	109,806	759,796	12.6%	12.3%	12.5%
Food & Beverages	562,000	562,000	78,539	483,461	14.0%	14.0%	8.6%
Contracted Services (software & repairs)	28,000	28,000	8,293	19,707	29.6%	2.9%	49.4%
Supplies & Equipment	59,600	59,600	7,670	51,930	12.9%	6.1%	9.5%
Operations	2,600	2,600	821	1,779	31.6%	44.3%	19.9%
Expenditure totals	1,521,802	1,521,802	205,130	1,316,672	13.5%	12.6%	11.2%
	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY18 <u>% Rec'd</u>	FY17 <u>% Rec'd</u>	FY16 <u>% Rec'd</u>
Revenues							
Town Funding - Local Taxes	188,942	188,942	188,942	0	100.0%	100.0%	100.0%
Food Sales	1,034,360	1,034,360	144,211	(890,149)	13.9%	11.3%	10.7%
Federal Funding (USDA)	258,000	258,000	0	(258,000)	0.0%	0.0%	0.0%
State Funding (DOE)	15,000	15,000	0	(15,000)	0.0%	0.0%	0.0%
Summer Meal Program	16,500	16,500	12,565	(3,935)	76.2%	70.4%	67.7%
Grants & Donations	9,000	9,000	0	(9,000)	0.0%	0.0%	32.2%
Revenue totals	1,521,802	1,521,802	345,719	(1,176,083)	22.7%	11.4%	11.8%
School Nutrition YTD fund balance			140,589				

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Federal Restricted Funds:	<u>Beg. Balance</u>	<u>FY18 Grant Funds Available</u>	<u>Year-to-date Revenues</u>	<u>Year-to-date Expenses</u>	<u>End. Balance*</u>
Title IA	0	167,282	0	28,527	(28,527)
Title IIA	749	80,905	0	18,025	(17,276)
Title IVA	0	9,856	0	0	0
Pre-K Local Entitlement	(36)	7,421	0	0	(36)
Local Entitlement	38	858,439	0	178,120	(178,082)
Total Federal Restricted	751	1,123,902	0	224,672	(223,921)

*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	184,129	0	0	184,129
Scarborough Education Foundation	24,469	0	11,288	13,181
Local grants & donations	18,523	1,580	0	20,103
CC Admin Recertification (fiscal agent)	745	0	0	745
Tech Maintenance Fees	157,934	38,965	0	196,899
School Nutrition Special Programs	5,355	2,500	0	7,855
PEPG State Grant	3,735	0	659	3,076
Proficiency-based Graduation Grant	7,883			7,883
Total Grants & Trusts	402,773	43,045	11,946	433,872

School CIP project account status
as of 9/30/2017

FACILITIES	Account #	Budget Balance as of 6/30/2017	FY18 Budgeted	FY18 YTD Expenses*	Budget Balance as of 9/30/2017
Long-range Planning	73001798 570000	(8,547)	50,000	0.00	41,453
District-wide Energy Impr	73001803 570000	182	60,000	0.00	60,182
District-wide Roofing	74001771 570000	83,799	177,000	87,525.00	173,274
District-wide Security & Access	74001787 570000	490,289	0	0.00	490,289
District-wide Flooring	74001791 570000	23,145	20,000	5,975.00	37,170
District-wide Movable Equipmt	74001792 573100	1,313	100,000	38,580.90	62,732
HS Auditorium	74001793 570000	2	8,000	0.00	8,002
District-wide Building Envelope	74001794 570000	33,188	100,000	66,020.00	67,168
District-wide Pavement Mtce	74001805 570000	0	15,000	14,400.00	600
Athletics Facilities/Equipment	74001807 570000	0	75,000	0.00	75,000
HS Science Labs Retrofit	74001808 570000	50,000	0	0.00	50,000
District-wide HVAC/Mechanical	74176800 573100	44,746	100,000	0.00	144,746
Facilities Support/Equipment	74176900 573100	13,194	64,000	34,381.00	42,813
TOTALS		731,312	769,000	246,881.90	1,253,431
TRANSPORTATION					
Bus purchase/lease	74001712 573600	4,171	318,000	316,050.00	6,121
TECHNOLOGY					
Equipment Replacement	74001784 573100	69,092	299,200	89,877.50	278,414
New Equipment	74001799 573100	108,529	10,000	0.00	118,529
TOTALS		177,621	309,200	89,877.50	396,943
*including encumbrances					
GRAND TOTALS		913,105	1,396,200	652,809.40	1,656,495