

NOTES & COMMENTS

FY19 QUARTER 1 -- FINANCIALS AS OF 9/30/2018

Overview

Our focus in recent weeks has been on closing out FY18, making year-end adjustments and preparing financial reports. A team from MacPage is here at Central Office this week conducting field work for the FY18 audit, and we expect to receive that report by the end of December. Meanwhile, the first quarter of FY19 has ended and we are ready to take a look at our current financial status.

Expenditures

In the first quarter of the fiscal year, spending patterns vary depending on the the function of the expense accounts. Salary and benefit lines for year-round staff are used at a different rate from those for school-year staff. Expense accounts used for items like instructional supplies, online services, yearlong subscriptions, property insurance coverage and membership fees are spent at a higher rate during the first quarter as we prepare for the start of the school year.

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. This method allows us to avoid any confusion caused by varied spending patterns, and 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. Of particular note in this report is the fact that in FY17, 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 FY18 may prove most helpful in this report.

Here are a few variances of note:

CTE Instruction -- As you may remember from our budget discussions, the Department of Education has changed its funding method for vocational schools for FY19. Up until now, all expenses for vocational schools (PATHS and Westbrook Voc) were billed to the sending districts based on student participation in prior years. With the new funding model, sending districts will only be responsible for minimal expenses not covered by the DOE.

Co-Curricular -- Rather than showing a reduction in expenditures over the prior year, the difference in this category is a reflection of the fact that Wentworth after-school clubs were moved into this budget category from Regular Instruction for FY19. The shift caused a budget increase of almost \$23,000, with no first quarter expenditures.

Improvement of Instruction/Library Services -- In FY18, a lower rate of expenditure in these categories reflected the curtailment plan put into place by School Leaders. This year's spending is more typical for purchases made in time to start the school year.

Instructional Technology -- First quarter spending in this category has been slow because there is no scheduled phase-level tech refresh this year. Updates and infrastructure projects can be spread out across the school year rather than needing to have everything ready for the start of school. As usual, salary and benefit costs for IT staff will be posted in January and June, when we make journal transfers to the Town.

Transportation -- Once again, staff turnover and hiring difficulties have affected wage and benefit spending in this category. As we saw last year, any available year-end savings in this category will be used to offset the cost of contracted transportation for athletics, activities and special services. We are also hopeful for a resolution to the ongoing contract negotiations with the Bus Drivers' collective bargaining unit, which would have an impact on wages for the rest of FY19.

NOTES & COMMENTS
FY19 QUARTER 1 -- FINANCIALS AS OF 9/30/2018

Revenues

As has been the case in recent years, the bulk of our FY19 revenues have already been received as of September 30, because local funding allocations are posted to our revenue accounts at the start of the fiscal year. We expect revenue patterns in FY19 to be very similar to FY18, however based on recent experience we have lowered our budgeted estimate for State Agency Client reimbursement (from \$165,000 in FY18 to \$120,000 in FY19), and eliminated Medicaid reimbursement altogether as a budgeted funding source.

Other Funds

Both Adult Education and School Nutrition show a positive fund balance at the end of Quarter 1, reflecting the upfront allocation of local tax revenues for these programs. Adult Education is just kicking off most programming for the fall season, although workforce programs have had scheduled sessions throughout the summer of 2018. In School Nutrition, revenue from food sales continues a steady increase from prior years, while state and Federal reimbursement revenues will begin to arrive after the DOE starts processing school-year claims in October.

As always, 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 been provided with our grant fund allocation amounts for FY19, and you'll see these noted on the financial statement.

Capital Projects

As usual, the last page of this report is a year-to-date summary of our multi-year CIP project accounts. Quarter 1 spending reflects regularly scheduled maintenance to make buildings and equipment ready for the start of the school year, as well as replacement of three school buses. Remaining Facilities projects will continue throughout the fiscal year, with most work scheduled during school vacations to minimize disruption. Technology CIP funds in FY19 will primarily be used for updates to district-wide systems and infrastructure, in preparation for the upcoming tech refresh at Wentworth and the High School.

In Summary

At the time of this first quarter report we are already planning the budget development process for FY20. We hope to continue providing opportunities for stakeholder involvement in the budget process, and to build on our recent efforts at more effective communication. We are committed to ensuring that our financial decisions put students' needs first, while working to serve the best interests of our community as a whole.

**Scarborough Public Schools
2018-2019 Financial Report
As of September 30, 2018**

General Fund Expenditures: (including encumbrances)	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Year-to-date Expended</u>	<u>Budget Balance</u>	<u>FY19 % Used</u>	<u>FY18 % Used</u>	<u>FY17 % Used</u>
Regular Instruction:							
Regular Instruction Programs	19,465,413	19,470,503	5,131,271	14,339,232	26.4%	25.9%	24.8%
English as a Second Language (ESL)	354,532	354,532	93,378	261,154	26.3%	25.4%	20.5%
Gifted and Talented Programs	332,061	332,061	85,662	246,399	25.8%	25.8%	25.2%
Special Education Instruction	8,324,229	8,324,229	1,720,738	6,603,491	20.7%	20.4%	19.7%
CTE Instruction (Career & Technical Ed)	9,000	9,000	0	9,000	0.0%	49.5%	42.1%
Other Instruction:							
Co-Curricular	168,000	168,000	5,487	162,513	3.3%	7.6%	8.5%
Extra-Curricular	1,115,875	1,115,875	202,391	913,484	18.1%	18.4%	20.1%
Student & Staff Support:							
Guidance Services	1,411,113	1,406,023	366,068	1,039,955	26.0%	24.5%	24.2%
Health Services	664,988	664,988	159,839	505,149	24.0%	24.4%	24.8%
Improvement of Instruction	865,376	865,376	320,862	544,514	37.1%	34.1%	38.8%
Instructional Technology	1,173,481	1,173,481	156,339	1,017,142	13.3%	36.4%	24.4%
Library Services	694,609	694,609	154,562	540,047	22.3%	18.5%	22.7%
System Administration	1,074,587	1,074,587	347,134	727,453	32.3%	33.3%	31.6%
School Administration	1,831,630	1,831,630	426,548	1,405,082	23.3%	24.8%	23.7%
Transportation	1,436,878	1,436,878	202,503	1,234,375	14.1%	16.5%	14.9%
Facilities & Maintenance	3,913,660	3,913,660	997,686	2,915,974	25.5%	26.5%	23.2%
Debt Service	5,691,072	5,691,072	0	5,691,072	0.0%	0.0%	0.0%
All Other	0	0	0	0	0.0%	0.0%	0.0%
Total General Fund Appropriations	48,526,504	48,526,504	10,370,469	38,156,035	21.4%		
FY18 Year-to-date	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%

General Fund Revenues:	<u>Estimated Revenue</u>	<u>Revised Estimate</u>	<u>Year-to-date Received</u>	<u>Balance/ (Shortfall)</u>	<u>FY19 % Rec'd</u>	<u>FY18 % Rec'd</u>	<u>FY17 % Rec'd</u>
Town Funding - Local Taxes	44,705,600	44,705,600	44,705,600	0	100.0%	100.0%	100.0%
Use of Fund Balance	500,000	500,000	500,000	0	100.0%	100.0%	100.0%
State Subsidy - GPA	2,744,404	2,744,404	681,126	(2,063,278)	24.8%	24.8%	24.9%
MLTI State Reimbursement	131,000	131,000	131,000	0	100.0%	98.5%	0.0%
State Agency Client Funding	120,000	120,000	0	(120,000)	0.0%	0.0%	0.0%
Medicaid Reimbursement	0	0	0	0	0.0%	0.0%	0.7%
Comm. Services Daycare (rent space)	30,500	30,500	0	(30,500)	0.0%	0.0%	0.0%
Community Services Transportation	32,000	32,000	0	(32,000)	0.0%	0.0%	0.0%
Winslow Homer/Facility Rental Fees	48,000	48,000	648	(47,353)	1.3%	1.3%	2.5%
Student Sports/Activity Fees	150,000	150,000	41,014	(108,986)	27.3%	24.3%	34.7%
Other Miscellaneous Revenue	65,000	65,000	16,111	(48,889)	24.8%	3.7%	0.2%
Total Revenue	48,526,504	48,526,504	46,075,499	(2,451,005)	94.9%	95.5%	93.1%

**Scarborough Public Schools
2018-2019 Financial Report
As of September 30, 2018**

OTHER FUNDS

Adult Education:

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY19 <u>% Used</u>	FY18 <u>% Used</u>	FY17 <u>% Used</u>
Expenditures							
Wages & benefits (instructors & program admin)	165,171	165,171	29,217	135,954	17.7%	15.5%	16.6%
General supplies & operations	11,730	11,730	4,554	7,176	38.8%	27.0%	41.7%
Instructional supplies, software & equipment	11,600	11,600	3,115	8,485	26.9%	11.6%	41.7%
Expenditure totals	188,501	188,501	36,886	151,615	19.6%	16.2%	19.4%
	Estimated <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY19 <u>% Rec'd</u>	FY18 <u>% Rec'd</u>	FY17 <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	764	764	764	0	100.0%	100.0%	100.0%
State Subsidy - Adult Ed	31,000	31,000	0	(31,000)	0.0%	0.0%	0.0%
Adult Ed Tuition	58,500	58,500	5,407	(53,093)	9.2%	7.2%	7.7%
Revenue totals	188,501	188,501	104,408	(84,093)	55.4%	57.2%	57.6%

Adult Education YTD fund balance 67,522

School Nutrition Program:

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY19 <u>% Used</u>	FY18 <u>% Used</u>	FY17 <u>% Used</u>
Expenditures							
Wages & Benefits	936,732	936,732	124,553	812,179	13.3%	12.6%	12.3%
Food & Beverages	540,933	540,933	87,020	453,913	16.1%	14.0%	14.0%
Contracted Services (software & repairs)	17,000	17,000	12,214	4,787	71.8%	29.6%	2.9%
Supplies & Equipment	51,200	51,200	7,622	43,578	14.9%	12.9%	6.1%
Operations	2,450	2,450	848	1,602	34.6%	31.6%	44.3%
Expenditure totals	1,548,315	1,548,315	232,257	1,316,058	15.0%	13.5%	12.6%
	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY19 <u>% Rec'd</u>	FY18 <u>% Rec'd</u>	FY17 <u>% Rec'd</u>
Revenues							
Town Funding - Local Taxes	188,555	188,555	188,555	0	100.0%	100.0%	100.0%
Food Sales	1,078,760	1,078,760	164,999	(913,761)	15.3%	13.9%	11.3%
Federal Funding (USDA)	253,000	253,000	0	(253,000)	0.0%	0.0%	0.0%
State Funding (DOE)	14,000	14,000	0	(14,000)	0.0%	0.0%	0.0%
Summer Meal Program	14,000	14,000	7,919	(6,081)	56.6%	76.2%	70.4%
Revenue totals	1,548,315	1,548,315	361,473	(1,186,842)	23.3%	22.7%	11.4%

School Nutrition YTD fund balance 129,216

**Scarborough Public Schools
2018-2019 Financial Report
As of September 30, 2018**

Federal Restricted Funds:	<u>Beg. Balance</u>	FY19 Grant <u>Funds Available</u>	<u>Year-to-date</u>	<u>Year-to-date</u>	<u>End. Balance*</u>
			<u>Revenues</u>	<u>Expenses</u>	
Title IA	0	154,715	11,492	29,396	(17,904)
Title IIA	749	100,442	5,310	16,301	(10,242)
Title IVA	0	14,607	0	69	(69)
Pre-K Local Entitlement	(34)	6,221	0	0	(34)
Local Entitlement	0	850,623	27,589	202,273	(174,684)
Total Federal Restricted	715	1,126,608	44,391	248,040	(202,933)

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

Grants & Trusts:	<u>Beg. Balance</u>	<u>Year-to-date</u>	<u>Year-to-date</u>	<u>End. Balance</u>
		<u>Revenues</u>	<u>Expenses</u>	
Louis & Tina Fineberg Trust	165,074	0	390	164,684
Scarborough Education Foundation	37,606	0	19,110	18,497
Local grants & donations	19,982	900	0	20,882
CC Admin Recertification (fiscal agent)	869	0	0	869
Tech Maintenance Fees	230,170	33,990	9,965	254,195
School Nutrition Special Programs	10,999	0	0	10,999
PEPG State Grant	588	0	0	588
Proficiency-based Graduation Grant	3,083	0	0	3,083
Total Grants & Trusts	468,372	34,890	29,465	473,797

School CIP project account status
as of 9/30/18

FACILITIES	Account #	Budget Balance as of 6/30/2018	FY19 year-end close to GF	FY19 Budgeted	FY19 YTD Expenses*	Budget Balance as of 9/30/2018
Long-range Planning	73001798 570000	41,453		0	0.00	41,453
District-wide Energy Impr	73001803 570000	22,864		50,000	0.00	72,864
District-wide Roofing	74001771 570000	165,757		0	63,095.00	102,662
District-wide Security & Access	74001787 570000	433,807		0	32,560.00	401,247
District-wide Flooring	74001791 570000	32,375		40,000	32,678.94	39,696
District-wide Movable Equipmt	74001792 573100	25,772		119,000	14,907.20	129,865
HS Auditorium	74001793 570000	8,002		0	0.00	8,002
District-wide Building Envelope	74001794 570000	62,913		50,000	105,696.25	7,217
District-wide Pavement Mtce	74001805 570000	600		140,000	7,192.67	133,407
Athletics Facilities/Equipment	74001807 570000	65,138		23,500	0.00	88,638
HS Science Labs Retrofit	74001808 570000	50,000		0	0.00	50,000
District-wide HVAC/Mechanical	74176800 573100	30,290		50,000	62,707.00	17,583
Facilities Support/Equipment	74176900 573100	16,518		67,000	38,673.00	44,845
TOTALS		955,490		539,500	357,510.06	1,137,480
TRANSPORTATION						
Bus purchase/lease	74001712 573600	6,121		340,000	333,900.00	12,221
TECHNOLOGY						
Equipment Replacement	74001784 573100	96,939		312,230	26,554.00	382,615
			TBD by Town Finance Office		*including encumbrances	
GRAND TOTALS		1,177,080		1,238,730	717,964.06	1,697,846