

## NOTES & COMMENTS

### FY20 QUARTER 2 -- FINANCIALS AS OF 12/31/2019

#### Overview

This second quarter financial report finds us at the midpoint of FY20, with the audit of FY19 financials just completed, and the Leadership Council beginning their work developing a new budget for FY21. We are pleased to report that, while we have a small starting fund balance to work with, the financial picture for FY20 looks healthy.

#### Expenditures

The end of the second quarter is 50% through the fiscal year and 43% through the school year. As usual in our quarterly financial statements, this report includes columns showing comparative percentages from the second quarter of the two prior fiscal years, to help us identify and address any notable variances.

In reviewing Quarter 2 expenditures this year, it is helpful to remember two factors which impact the percentage of our operating budget that has been spent year-to-date. The first and most significant factor is that the new Teachers' and Professionals' collective bargaining agreement has not yet been finalized, which means that teacher salaries are currently being paid according to the rates in the expired contract, so as we discussed in September, most of the expense categories that contain teacher salary lines are running below the expense percentage of second quarter last year. The second factor affects comparisons with FY18 totals. In FY18 there were three payrolls in the month of December, meaning that 14 of 26 payrolls occurred in the first half of the year, and expenses were pushed above 50%. In FY19 and FY20, the three winter payrolls fall in January and this effect on overall spending patterns is removed.

Here are a few other variances of note:

**Special Education** -- In addition to the impact of teacher salaries, the spending rate for this category is slower than some of the others due to staff turnover and delayed hiring for new ed tech positions as student needs have been determined. As we saw last year at 2nd Quarter, we have lower spending in the first part of the year on tuition for students who have been placed in special purpose private schools to access appropriate educational programming. As we also experienced last year, however, we anticipate that the full tuition budget will be expended by year-end.

**Instructional Technology** -- Second quarter spending in this category has picked up with an investment in replacement laptops for the K-2 teachers. By the time of the Quarter 3 report we will post wage and benefit costs for the first half of the fiscal year.

**System Administration** -- In the Quarter 1 report, we mentioned that spending in this category was running lower than prior year percentages due to the open HR Specialist position at Central Office. We are pleased to report that the position has now been filled and our new Business Office team member will join us in February. Meanwhile we have had some big changes in both school and Central Office leadership with the personnel transitions in the Asst. Superintendent and Middle School Principal positions. We will likely make some budget transfers at year-end to accommodate the movement between System Administration and School Administration.

**Transportation** -- Wage and benefit spending in this category continue to trend more closely to budgeted expectations this quarter, with the use of contracted transportation for regular bus runs significantly diminished (\$13,000 this year as compared with \$40,000 last year at this time). Having our own drivers has also allowed us to eliminate much of the contracted transportation used for athletics (\$19,000 this year vs. \$43,000 last year at this time).

## **Revenues**

At Quarter 2 of last year, we were facing a loss of \$40,462 in GPA from the state due to the failure of Scarborough voters to approve our district's membership in the Greater Sebago Education Alliance (GSEA) Regional Service Center for 2018-19. This year, thanks to better communication with the public about the purpose and benefits of the GSEA, we have approved membership and ensured access to our state GPA portion of \$83,000. As in prior years, we will be impacted by the state's deduction of MaineCare seed payments from our subsidy. In theory we should save an equal amount in Special Education tuition expenditures, but as we know this does not always work out to our advantage. As of the end of Quarter 2 we have been assessed a total of \$21,500 in MaineCare seed reductions, and will be watching this area closely as we continue through the year.

## **Other Funds**

Adult Education retains a positive fund balance at the end of Quarter 2, although tuition revenues are lower than in previous years as we continue a shift from the traditional fall/spring class schedule to year-round workforce and literacy programming. You will see on the financials that we have added a section for grant funds, where we are currently showing the receipt of federal funding for our literacy programs. We will also see some revenues this year from College Transitions and United Way grants which we have pursued as part of a consortium of local Adult Education programs.

In School Nutrition we are more on target with our projections of state and federal revenues although we are not currently claiming any High School reimbursable meals. Our assumption is that USDA claims will be smaller this year but that High School food sales revenues will be higher with the expansion of popular offerings, and we're collecting some comparative financial data to share with the Finance Committee as we move into budget development for FY21. We are also mindful that the new statute regarding food shaming may have an unintended effect of increasing unpaid balances on student meal program accounts.

While Federal grant fund spending still exceeds revenues on this report, we have now received full approval of all of our FY20 grant applications and have begun to receive reimbursements. As usual, revenues will balance expenditures in these special funds by year end.

## **Capital Projects**

As usual, this report includes a year-to-date summary of our multi-year CIP project accounts. Spending typically slows during the second quarter, with most projects and purchases having been completed prior to the start of the school year. Remaining projects for FY20 will be planned for school breaks to minimize interruptions to school operations. Items of continuing interest are the modular classrooms being used to address the enrollment increase at the primary schools. The budgeted second set of two classrooms has now been ordered for Eight Corners, and site planning has begun for two modular classrooms at Pleasant Hill.

## **In Summary**

As we begin to focus on budget development for FY21, we are working as always to provide the best possible supports and services for our students, while maintaining a healthy foundation for the next budget cycle.

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	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY20 <u>% Used</u>	FY19 <u>% Used</u>	FY18 <u>% Used</u>
<b>General Fund Expenditures:</b> (including encumbrances)							
Regular Instruction:							
Regular Instruction Programs	20,952,512	20,952,512	10,038,672	10,913,840	47.9%	49.6%	52.2%
English as a Second Language (ESL)	386,503	386,503	188,657	197,846	48.8%	50.6%	52.1%
Gifted and Talented Programs	353,171	353,171	170,307	182,864	48.2%	48.9%	52.2%
Special Education Instruction	9,350,922	9,350,922	4,086,282	5,264,640	43.7%	45.3%	48.1%
CTE Instruction (Career & Technical Ed)	0	0	0	0	0.0%	0.0%	100.0%
Other Instruction:							
Co-Curricular	169,839	169,839	88,159	81,680	51.9%	50.8%	50.2%
Extra-Curricular	1,130,599	1,130,599	515,524	615,075	45.6%	44.0%	54.3%
Student & Staff Support:							
Guidance Services	1,544,977	1,544,977	714,147	830,830	46.2%	49.5%	51.3%
Health Services	707,394	707,394	333,312	374,082	47.1%	47.2%	51.8%
Improvement of Instruction	1,016,939	1,016,939	559,447	457,492	55.0%	51.6%	54.1%
Instructional Technology	1,215,348	1,215,348	291,359	923,989	24.0%	18.3%	21.0%
Library Services	756,663	756,663	345,024	411,639	45.6%	47.2%	45.3%
System Administration	1,235,470	1,235,470	589,494	645,976	47.7%	57.1%	54.6%
School Administration	1,802,185	1,802,185	846,362	955,823	47.0%	47.2%	51.8%
Transportation	1,547,982	1,547,982	710,158	837,824	45.9%	47.2%	39.0%
Facilities & Maintenance	4,012,376	4,012,376	1,885,472	2,126,904	47.0%	49.2%	51.1%
Debt Service	5,244,113	5,244,113	4,241,884	1,002,229	80.9%	81.4%	80.8%
All Other	0	0	0	0	0.0%	0.0%	0.0%
<b>Total General Fund Appropriations</b>	<b>51,426,993</b>	<b>51,426,993</b>	<b>25,604,259</b>	<b>25,822,734</b>	<b>49.8%</b>		
<b>FY19 Year-to-date</b>	<b>48,526,504</b>	<b>48,526,504</b>	<b>25,063,366</b>	<b>23,463,138</b>		<b>51.6%</b>	
<b>FY18 Year-to-date</b>	<b>47,125,168</b>	<b>47,125,168</b>	<b>25,460,800</b>	<b>21,664,368</b>			<b>54.0%</b>

	Estimated <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY20 <u>% Rec'd</u>	FY19 <u>% Rec'd</u>	FY18 <u>% Rec'd</u>
<b>General Fund Revenues:</b>							
Town Funding - Local Taxes	47,184,461	47,184,461	47,184,461	0	100.0%	100.0%	100.0%
Use of Fund Balance	350,000	350,000	350,000	0	100.0%	100.0%	100.0%
State Subsidy - GPA	3,366,032	3,366,032	1,661,487	(1,704,545)	49.4%	48.8%	49.6%
MLTI State Reimbursement	131,000	131,000	131,000	0	100.0%	100.0%	98.5%
State Agency Client Funding	101,000	101,000	7,344	(93,656)	7.3%	18.3%	0.0%
Comm. Services Daycare (rent space)	26,500	26,500	0	(26,500)	0.0%	0.0%	0.0%
Community Services Transportation	30,000	30,000	0	(30,000)	0.0%	0.0%	96.5%
Winslow Homer/Facility Rental Fees	38,000	38,000	7,588	(30,413)	20.0%	28.1%	31.5%
Student Sports/Activity Fees	140,000	140,000	63,617	(76,383)	45.4%	49.1%	51.0%
Other Miscellaneous Revenue	60,000	60,000	39,150	(20,850)	65.2%	88.9%	58.2%
<b>Total Revenue</b>	<b>51,426,993</b>	<b>51,426,993</b>	<b>49,444,646</b>	<b>(1,982,347)</b>	<b>96.1%</b>	<b>96.5%</b>	<b>96.9%</b>

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**OTHER FUNDS**

**Adult Education:**

	Approved	Revised	Year-to-date	Budget	FY20	FY19	FY18
<b>Expenditures</b>	<u>Budget</u>	<u>Budget</u>	<u>Expended</u>	<u>Balance</u>	<u>% Used</u>	<u>% Used</u>	<u>% Used</u>
Wages & benefits (instructors & program admin)	175,631	175,631	94,861	80,770	54.0%	44.4%	49.0%
General supplies & operations	12,680	12,680	5,380	7,300	42.4%	50.9%	46.9%
Instructional supplies, software & equipment	14,000	14,000	6,578	7,423	47.0%	49.9%	55.4%
<b>Expenditure totals</b>	<b>202,311</b>	<b>202,311</b>	<b>106,819</b>	<b>95,492</b>	<b>52.8%</b>	<b>45.1%</b>	<b>49.1%</b>
<b>Revenues</b>	<u>Estimated Revenue</u>	<u>Revised Estimate</u>	<u>Year-to-date Received</u>	<u>Balance/ (Shortfall)</u>	<u>FY20 % Rec'd</u>	<u>FY19 % Rec'd</u>	<u>FY18 % Rec'd</u>
Town Funding - Local Taxes	97,527	97,527	97,527	0	100.0%	100.0%	100.0%
Use of Fund Balance	2,643	2,643	2,643	0	100.0%	100.0%	100.0%
State Subsidy - Adult Ed	41,641	41,641	43,021	1,380	103.3%	91.4%	90.7%
Adult Ed Tuition	60,500	60,500	5,763	(54,737)	9.5%	21.2%	30.0%
Grant Funds (AEFLA)	0	0	2,229	2,229	100.0%	0.0%	0.0%
<b>Revenue totals</b>	<b>202,311</b>	<b>202,311</b>	<b>151,184</b>	<b>(51,127)</b>	<b>74.7%</b>	<b>74.1%</b>	<b>78.6%</b>

**Adult Education YTD fund balance**

**44,365**

**School Nutrition Program:**

	Approved	Revised	Year-to-date	Budget	FY20	FY19	FY18
<b>Expenditures</b>	<u>Budget</u>	<u>Budget</u>	<u>Expended</u>	<u>Balance</u>	<u>% Used</u>	<u>% Used</u>	<u>% Used</u>
Wages & Benefits	1,086,955	1,086,955	506,213	580,743	46.6%	47.6%	45.3%
Food & Beverages	583,600	583,600	285,043	298,557	48.8%	48.3%	44.8%
Contracted Services (software & repairs)	17,750	17,750	15,018	2,732	84.6%	95.2%	36.7%
Supplies & Equipment	56,200	56,200	25,309	30,891	45.0%	41.9%	38.7%
Operations	2,050	2,050	1,139	911	55.6%	44.9%	64.6%
<b>Expenditure totals</b>	<b>1,746,555</b>	<b>1,746,555</b>	<b>832,722</b>	<b>913,833</b>	<b>47.7%</b>	<b>48.2%</b>	<b>44.7%</b>
<b>Revenues</b>	<u>Budgeted Revenue</u>	<u>Revised Estimate</u>	<u>Year-to-date Received</u>	<u>Balance/ (Shortfall)</u>	<u>FY20 % Rec'd</u>	<u>FY19 % Rec'd</u>	<u>FY18 % Rec'd</u>
Town Funding - Local Taxes	200,000	200,000	200,000	0	100.0%	100.0%	100.0%
Food Sales	1,258,555	1,258,555	504,224	(754,331)	40.1%	42.9%	41.8%
Federal Funding (USDA)	258,000	258,000	54,338	(203,662)	21.1%	20.1%	18.4%
State Funding (DOE)	15,000	15,000	3,449	(11,551)	23.0%	17.4%	14.7%
Summer Meal Program	15,000	15,000	10,642	(4,358)	70.9%	56.6%	76.2%
<b>Revenue totals</b>	<b>1,746,555</b>	<b>1,746,555</b>	<b>772,654</b>	<b>(973,901)</b>	<b>44.2%</b>	<b>46.0%</b>	<b>44.9%</b>

**School Nutrition YTD fund balance**

**(60,068)**

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<b>Federal Restricted Funds:</b>	<u>Beg. Balance</u>	<u>FY20 Grant Funds Available</u>	<u>Year-to-date Revenues</u>	<u>Year-to-date Expenses</u>	<u>End. Balance*</u>
Title IA	0	133,050	0	61,715	(61,715)
Title IIA	0	93,458	0	32,791	(32,791)
Title IVA	0	13,668	0	13	(13)
Pre-K Local Entitlement	0	8,037	0	0	0
Local Entitlement	0	756,791	34,572	387,520	(352,948)
<b>Total Federal Restricted</b>	<b>0</b>	<b>1,005,003</b>	<b>34,572</b>	<b>482,039</b>	<b>(447,467)</b>

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

<b>Grants &amp; Trusts:</b>	<u>Beg. Balance</u>	<u>Year-to-date Revenues</u>	<u>Year-to-date Expenses</u>	<u>End. Balance</u>
Louis & Tina Fineberg Trust	165,074	0	750	164,324
Scarborough Education Foundation	37,606	0	1,500	36,106
Local grants & donations	19,982	6,761	1,220	25,523
CC Admin Recertification (fiscal agent)	868	8,600	0	9,468
Tech Maintenance Fees	230,170	58,075	21,121	267,124
School Nutrition Special Programs	10,999	6,670	1,735	15,934
PEPG State Grant	588	0	0	588
Proficiency-based Graduation Grant	3,083	0	0	3,083
<b>Total Grants &amp; Trusts</b>	<b>468,371</b>	<b>80,106</b>	<b>26,326</b>	<b>522,151</b>

**School CIP project account status**  
as of 12/31/2019

<b>FACILITIES</b>	<b>Account #</b>	<b>Budget Balance as of 6/30/2019</b>	<b>FY20 Budgeted</b>	<b>FY20 YTD Expenses*</b>	<b>Budget Balance as of 12/31/2019</b>
Long-range Planning	73001798 570000	3,173	0	0.00	3,173
District-wide Energy Impr	73001803 570000	35,574	0	6,167.72	29,406
District-wide Plumbing	74001739 570000	0	50,000	7,033.92	42,966
Eight Corners Modulars	74001748 570000	217,614	189,500	276,964.13	130,150
Pleasant Hill Modulars	74001729 570000	0	189,500	0.00	189,500
District-wide Roofing	74001771 570000	87,311	125,000	0.00	212,311
District-wide Interior Finishes	74001772 570000	0	50,000	48,583.68	1,416
District-wide Security & Access	74001787 570000	311,834	0	138,519.48	173,314
District-wide Flooring	74001791 570000	34,150	0	30,415.00	3,735
District-wide Movable Equipmt	74001792 573100	107,570	137,400	123,191.99	121,778
HS Auditorium	74001793 570000	8,002	38,000	39,390.51	6,611
District-wide Building Envelope	74001794 570000	626	175,000	128,022.00	47,604
District-wide Grounds & Site Mtce	74001805 570000	104,376	165,000	268,254.21	1,122
Athletics Facilities/Equipment	74001807 570000	68,791	0	3,405.00	65,386
HS Science Labs Retrofit	74001808 570000	50,000	0	0.00	50,000
District-wide HVAC/Mechanical	74176800 573100	(280)	650,000	205,123.50	444,596
Facilities Support/Equipment	74176900 573100	13,304	45,000	51,565.97	6,738
<b>TOTALS</b>		<b>1,042,044</b>	<b>1,814,400</b>	<b>1,326,637.11</b>	<b>1,529,807</b>

**TRANSPORTATION**

Bus purchase/lease	74001712 573600	1,950	269,700	265,723.00	5,927
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**TECHNOLOGY**

Equipment Replacement	74001784 573100	92,200	250,000	50,694.58	291,505
New Equipment	74001799 573100	125,177	106,970	4,624.90	227,522
<b>TOTALS</b>		<b>217,376</b>	<b>356,970</b>	<b>55,319.48</b>	<b>519,027</b>

\*including encumbrances

<b>GRAND TOTALS</b>		<b>1,261,371</b>	<b>2,441,070</b>	<b>1,647,679.59</b>	<b>2,054,761</b>
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