

## NOTES & COMMENTS

### FY20 QUARTER 1 -- FINANCIALS AS OF 9/30/2019

#### Overview

Our focus in recent weeks has been on closing out FY19, making year-end adjustments and preparing financial reports. We have been working with the auditors on field work and testing both at Central Office and via email, and we should be on track to receive the completed FY19 audit report by the end of December. Meanwhile, the first quarter of FY20 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.

An unusual factor this year is that the new Teachers' & 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, and our payrolls in September were therefore a bit smaller than what was budgeted. As a result, most of the expense categories that contain teacher salary lines are running slightly below the expense percentage of first quarter last year.

Here are a few other variances of note:

**CTE Instruction** -- As you may remember from last year's comments, the Department of Education changed its funding method for vocational schools in FY19. Up until last year, 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 occasionally be responsible for minimal expenses not covered by the DOE.

**Instructional Technology** -- First quarter spending in this category has been slow because we are still in the planning phase for the High School tech refresh this year. Spending so far reflects the purchase of test devices and some infrastructure updates, as well as the renewal of software subscriptions. As usual, salary and benefit costs for IT staff will be posted in January and June, when we make journal transfers to the Town.

**System Administration** -- This category shows a slightly lower percentage of first quarter spending due to the addition of a newly budgeted Human Resources Specialist position, which has not yet been filled due to the need to reconfigure work space in our already-crowded Central Office. The position has been posted and applications are being accepted now; we expect to have a new hire in place by January 1st.

**Transportation** -- Wage and benefit spending in this category has taken a turn upward this year, with a number of new hires as of the start of the school year, and has been a wonderful addition to the department, ensuring a consistent, knowledgeable presence on the phone and radio to better serve our drivers, students, parents and staff.

## **Revenues**

As has been the case in recent years, the bulk of our FY20 revenues has 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 FY20 to be very similar to FY19, however based on recent experience we have again lowered our budgeted estimate for State Agency Client reimbursement (from \$120,000 in FY19 to \$101,000 in FY20), and we have also reduced our budget estimate for Student Activity Fees (from \$150,000 in FY19 to \$140,000 in FY20). The reduction in Student Activity Fees budgeted was made based on revenue projections during FY19 budget development, prior to the School Board's decision to remove High School parking fees in August 2019, however the estimate still appears to be on target.

## **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 enrichment programming for the fall season, but with the recent focus on workforce programming we are experiencing a more year-round funding cycle. With workforce and ELL programs running during the summer, tuition revenue was received at the end of FY19 while more expenses are seen in the first quarter of FY20. In School Nutrition, revenue from food sales is slightly lower than last year, but we expect good things from the expanded High School meal programming that has been added this fall. State and Federal reimbursement revenues do not arrive until 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 FY20, 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, the major work at Eight Corners (modulars and parking lot), and HVAC system updates, 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 FY20 will primarily be used for the upcoming High School tech refresh.

## **In Summary**

At the time of this first quarter report we are already planning the budget development process for FY21. We plan 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.

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	Approved Budget	Revised Budget	Year-to-date Expended	Budget Balance	FY20 % Used	FY19 % Used	FY18 % Used
<b>General Fund Expenditures:</b> (including encumbrances)							
Regular Instruction:							
Regular Instruction Programs	20,952,512	20,952,512	5,354,987	15,597,525	25.6%	26.4%	25.9%
English as a Second Language (ESL)	386,503	386,503	101,064	285,439	26.1%	26.3%	25.4%
Gifted and Talented Programs	353,171	353,171	93,257	259,914	26.4%	25.8%	25.8%
Special Education Instruction	9,350,922	9,350,922	1,907,409	7,443,513	20.4%	20.7%	20.4%
CTE Instruction (Career & Technical Ed)	0	0	0	0	0.0%	0.0%	49.5%
Other Instruction:							
Co-Curricular	169,839	169,839	11,853	157,986	7.0%	3.3%	7.6%
Extra-Curricular	1,130,599	1,130,599	234,666	895,933	20.8%	18.1%	18.4%
Student & Staff Support:							
Guidance Services	1,544,977	1,544,977	381,194	1,163,783	24.7%	26.0%	24.5%
Health Services	707,394	707,394	177,499	529,895	25.1%	24.0%	24.4%
Improvement of Instruction	1,016,939	1,016,939	318,477	698,462	31.3%	37.1%	34.1%
Instructional Technology	1,215,348	1,215,348	154,767	1,060,581	12.7%	13.3%	36.4%
Library Services	756,663	756,663	158,445	598,218	20.9%	22.3%	18.5%
System Administration	1,235,470	1,235,470	330,373	905,097	26.7%	32.3%	33.3%
School Administration	1,802,185	1,802,185	429,193	1,372,992	23.8%	23.3%	24.8%
Transportation	1,547,982	1,547,982	286,983	1,260,999	18.5%	14.1%	16.5%
Facilities & Maintenance	4,012,376	4,012,376	978,935	3,033,441	24.4%	25.5%	26.5%
Debt Service	5,244,113	5,244,113	0	5,244,113	0.0%	0.0%	0.0%
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>10,919,102</b>	<b>40,507,891</b>	<b>21.2%</b>		
<b>FY19 Year-to-date</b>	<b>48,526,504</b>	<b>48,526,504</b>	<b>10,370,469</b>	<b>38,156,035</b>		<b>21.4%</b>	
<b>FY18 Year-to-date</b>	<b>47,125,168</b>	<b>47,125,168</b>	<b>10,360,128</b>	<b>36,765,040</b>			<b>22.0%</b>

	Estimated Revenue	Revised Estimate	Year-to-date Received	Balance/ (Shortfall)	FY20 % Rec'd	FY19 % Rec'd	FY18 % Rec'd
<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	836,037	(2,529,995)	24.8%	24.8%	24.8%
MLTI State Reimbursement	131,000	131,000	0	(131,000)	0.0%	100.0%	98.5%
State Agency Client Funding	101,000	101,000	0	(101,000)	0.0%	0.0%	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%	0.0%
Winslow Homer/Facility Rental Fees	38,000	38,000	300	(37,700)	0.8%	1.3%	1.3%
Student Sports/Activity Fees	140,000	140,000	26,880	(113,120)	19.2%	27.3%	24.3%
Other Miscellaneous Revenue	60,000	60,000	2,101	(57,899)	3.5%	24.8%	3.7%
<b>Total Revenue</b>	<b>51,426,993</b>	<b>51,426,993</b>	<b>48,399,779</b>	<b>(3,027,214)</b>	<b>94.1%</b>	<b>94.9%</b>	<b>97.4%</b>

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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>	FY20 <u>% Used</u>	FY19 <u>% Used</u>	FY18 <u>% Used</u>
<b>Expenditures</b>							
Wages & benefits (instructors & program admin)	175,631	175,631	40,004	135,627	22.8%	17.7%	15.5%
General supplies & operations	12,680	12,680	4,392	8,288	34.6%	38.8%	27.0%
Instructional supplies, software & equipment	14,000	14,000	4,072	9,928	29.1%	26.9%	11.6%
<b>Expenditure totals</b>	<b>202,311</b>	<b>202,311</b>	<b>48,469</b>	<b>153,842</b>	<b>24.0%</b>	<b>19.6%</b>	<b>16.2%</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>Revenues</b>							
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	0	(41,641)	0.0%	0.0%	0.0%
Adult Ed Tuition	60,500	60,500	360	(60,140)	0.6%	9.2%	7.2%
<b>Revenue totals</b>	<b>202,311</b>	<b>202,311</b>	<b>100,530</b>	<b>(101,781)</b>	<b>49.7%</b>	<b>55.4%</b>	<b>57.2%</b>

**Adult Education YTD fund balance 52,061**

**School Nutrition Program:**

	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>Expenditures</b>							
Wages & Benefits	1,086,955	1,086,955	169,287	917,668	15.6%	13.3%	12.6%
Food & Beverages	583,600	583,600	93,076	490,524	15.9%	16.1%	14.0%
Contracted Services (software & repairs)	17,750	17,750	9,667	8,083	54.5%	71.8%	29.6%
Supplies & Equipment	56,200	56,200	7,289	48,911	13.0%	14.9%	12.9%
Operations	2,050	2,050	847	1,203	41.3%	34.6%	31.6%
<b>Expenditure totals</b>	<b>1,746,555</b>	<b>1,746,555</b>	<b>280,166</b>	<b>1,466,389</b>	<b>16.0%</b>	<b>15.0%</b>	<b>13.5%</b>
	Budgeted <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>Revenues</b>							
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	178,821	(1,079,734)	14.2%	15.3%	13.9%
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	15,000	15,000	5,715	(9,285)	38.1%	56.6%	76.2%
<b>Revenue totals</b>	<b>1,746,555</b>	<b>1,746,555</b>	<b>384,536</b>	<b>(1,362,019)</b>	<b>22.0%</b>	<b>23.3%</b>	<b>22.7%</b>

**School Nutrition YTD fund balance 104,370**

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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	18,851	(18,851)
Title IIA	0	93,458	0	16,758	(16,758)
Title IVA	0	13,668	0	0	0
Pre-K Local Entitlement	0	8,037	0	0	0
Local Entitlement	0	756,791	34,572	234,266	(199,694)
<b>Total Federal Restricted</b>	<b>0</b>	<b>1,005,003</b>	<b>34,572</b>	<b>269,875</b>	<b>(235,303)</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	0	165,074
Scarborough Education Foundation	37,606	0	0	37,606
Local grants & donations	19,982	0	0	19,982
CC Admin Recertification (fiscal agent)	868	0	0	868
Tech Maintenance Fees	230,170	0	0	230,170
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
<b>Total Grants &amp; Trusts</b>	<b>468,371</b>	<b>0</b>	<b>0</b>	<b>468,371</b>

**School CIP project account status**  
as of 9/30/2019

<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 9/30/2019</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 Modulares	74001748 570000	217,614	189,500	213,495.20	193,619
Pleasant Hill Modulares	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	96,476.58	215,357
District-wide Flooring	74001791 570000	34,150	0	1,775.00	32,375
District-wide Movable Equipmt	74001792 573100	107,570	137,400	97,185.53	147,784
HS Auditorium	74001793 570000	8,002	38,000	37,874.60	8,127
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	254,522.81	14,853
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	168,556.00	481,164
Facilities Support/Equipment	74176900 573100	13,304	45,000	47,500.00	10,804
<b>TOTALS</b>		<b>1,042,044</b>	<b>1,814,400</b>	<b>1,110,598.04</b>	<b>1,745,846</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	51,326.58	290,873
New Equipment	74001799 573100	125,177	106,970	1,144.00	231,003
<b>TOTALS</b>		<b>217,376</b>	<b>356,970</b>	<b>52,470.58</b>	<b>521,876</b>

\*including encumbrances

<b>GRAND TOTALS</b>		<b>1,261,371</b>	<b>2,441,070</b>	<b>1,428,791.62</b>	<b>2,273,649</b>
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