

NOTES & COMMENTS

FY20 QUARTER 4 -- YEAR-END FINANCIALS AS OF 6/30/2020

FOR SCHOOL BOARD 10/15/2020 - PENDING AUDIT

Overview

This year-end financial report is provided as a supporting document for a presentation to the School Board at their meeting of October 15, 2020. This has certainly been the most unusual year in recent memory from an operations standpoint. The conditions created by the coronavirus pandemic have affected every facet of our work, and finance is no exception.

As usual, this report is marked "pending audit". Although we do not anticipate any significant changes, we will be working with our auditors over the next few months to develop the official financial report for FY20. This introduction highlights major points of interest; the detailed financial statement begins on page 3.

General Fund Expenditures

The closure of schools on March 16, 2020, created the conditions for a very atypical last quarter of the fiscal year. On the expenditure side, the fiscal year ended with a large surplus in the General Fund, coming in under budget by \$1,853,468 (representing 3.6% of the FY20 operating budget).

The Governor's executive order of March 19, 2020, required that all school personnel continue to receive their full pay and benefits through the end of the 2019-20 school year. As a result, we did not see a significant reduction in spending for many of our regular salary/wage and benefit accounts during the last quarter of FY20, although ordinary personnel turnover and changes in staff benefit elections created a savings of approximately \$200,000.

School closure did significantly reduce our expected spending in multiple areas, notably:

- o \$160,000 saved district-wide on substitute wages;
- o \$150,000 saved in Special Services due to staff turnover and prolonged open positions;
- o \$100,000 saved in IT staff accounts due to turnover and furlough (Town employees);
- o \$50,000 saved in Transportation due to staff vacancies and limited extra trips;
- o \$60,000 saved through delay and deferral of Curriculum professional development;
- o \$160,000 saved in Athletics on stipends, officials, game management & contracted transportation;
- o \$120,000 saved in Special Education out-of-district tuition, services & transportation;
- o \$70,000 saved in Facilities & Maintenance on supplies and contracted services;
- o \$145,000 saved on utilities (natural gas, electricity, oil);
- o \$55,000 saved on gasoline & vehicle maintenance (buses & facilities).

The only budget category showing an overall deficit at year end is Debt Service, where expenses exceeded budgeted funds by \$9,492. A separate document provided to the School Board outlines the individual accounts which were overspent by more than \$10,000 in FY20. Under policy DBJ, the Board is asked to approve budget transfers to cover these deficits at the end of each fiscal year; this Board action item will take place on October 15, 2020.

General Fund Revenues

As we have seen in years past, the large expenditure surplus generated in FY20 was offset by a shortfall in General Fund revenues, which came in below budgeted projections by \$236,742. Some areas of shortfall are familiar from prior years, including \$92,065 in state subsidy due to Medicare seed payments (an ongoing expectation which we have incorporated into FY21 budget projections), and \$38,796 in State Agency Client reimbursements. Other areas can be attributed to school closure, with student activity fees and facilities rental revenues impacted by the shutdown during the normally busy spring season.

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Other Funds

As with our K-12 programs, **Adult Education** experienced the effects of school closure and the stay-at-home order in the final quarter of FY20. Instruction moved online for some of our popular workforce and ELL programs, but many scheduled enrichment courses were deferred or cancelled. As a result, tuition revenues fell short of budget estimates by almost \$40,000. After factoring in surplus on the expenditure budget and the addition of grant revenues, Adult Education finished the year with a deficit of \$1,102. With prior year fund balance carried over, however, we still retain a positive undesignated fund balance of \$2,828.

The **School Nutrition** program rose to the challenge of providing healthy meals for our students and their families in extraordinary circumstances to close out FY20. As with our other departments, wages and benefits were continued during school closure, and staff quickly pivoted to preparing and providing meals that could be picked up by families and delivered with the expert help of the Transportation Department. At first we used our existing Backpack Program funding and infrastructure to pull this plan together; community members pitched in with donations of food, supplies and money, and local non-profits and food banks teamed up to share resources so that families would not go hungry.

Starting in April, the USDA created waivers to allow districts to receive meal reimbursement under their summer food program model, and have just announced the extension of those waivers through the end of the 2020-21 school year. To take full advantage of this support, we reversed our decision to pull the High School out of the National School Lunch Program and have been able to rely on meal reimbursements there as well. While School Nutrition came in under budget on the expenditure side, the loss of in-school meal sales contributed to a substantial revenue shortfall, and we will require a year-end fund transfer of \$441,960 from the General Fund.

The detailed financial statement closes with the year-end status of **federal grant funds** as well as local and state **grants and trusts**. As reported earlier, Tech Maintenance funds were used in FY20 to support the purchase of replacement devices for High School students; the remaining balance will continue to be available for ongoing maintenance costs and replacement purchases.

Capital Projects

This report includes a year-end summary of our capital improvement project (CIP) accounts. With the exception of the installation of modular classrooms at Eight Corners and Pleasant Hill and critical HVAC work at the Middle School, recent capital projects have and will continue to focus on incremental repair and replacement for our existing infrastructure, while long-range planning for upgraded facilities remains a priority in response to town growth and development.

In Summary

Our small undesignated fund balance at the end of FY19 was cause for concern, leading us to begin FY20 with a very conservative approach to spending. The events of FY20 certainly took us in an unexpected direction, but have allowed us to commit \$700,000 in surplus to the FY21 budget as revenue. School finance in FY21 will again be unusual, with the award of over \$4 million in federal Coronavirus Relief Funds enabling us to invest in personnel, materials and equipment to safely reopen our schools in the pandemic environment, but leaving us to rely on locally budgeted funds for the second half of the school year.

As of the end of FY20 we have preserved \$668,000 in undesignated fund balance pending audit adjustments (see page 4). As we begin to turn our attention to the development of the FY22 budget, we are pleased to have this cushion against both the likelihood of state subsidy reduction and the need to sustain the FY21 level of non-tax revenues to minimize the burden on our local taxpayers. We have come through an unprecedented time in education in these recent months, but have not lost sight of our fiscal obligation: to provide the best possible programs and services for the children of our community with the resources allocated to our care.

Scarborough Public Schools
Statement of Surplus
June 30, 2020

FOR SCHOOL BOARD 10/15/2020 - PENDING AUDIT

General Fund Surplus as of 6/30/2019	\$	543,322
Allocated to 2019-20 budget	\$	(350,000)
Undesignated Surplus as of 7/1/2019	(audited balance) \$	193,322

General Fund Expenditures:	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Year-end Expended</u>	<u>Budget Balance</u>	<u>FY20 % Used</u>	<u>FY19 % Used</u>	<u>FY18 % Used</u>
Regular Instruction:							
Regular Instruction Programs	20,952,512	20,992,065	20,402,307	589,758	97.2%	99.4%	98.9%
English as a Second Language (ESL)	386,503	386,503	377,156	9,347	97.6%	99.6%	99.0%
Gifted and Talented Programs	353,171	353,171	343,473	9,698	97.3%	98.9%	98.8%
Special Education Instruction	9,350,922	9,350,922	9,036,451	314,471	96.6%	98.5%	98.2%
CTE Instruction (Career & Technical Ed)	0	0	0	0	0.0%	0.0%	100.0%
Other Instruction:							
Co-Curricular	169,839	169,839	145,299	24,540	85.6%	100.0%	91.4%
Extra-Curricular	1,130,599	1,130,599	986,572	144,027	87.3%	99.4%	100.0%
Student & Staff Support:							
Guidance Services	1,544,977	1,544,977	1,522,377	22,600	98.5%	99.6%	98.9%
Health Services	707,394	707,394	686,445	20,949	97.0%	98.3%	99.7%
Improvement of Instruction	1,016,939	1,016,939	943,084	73,855	92.7%	89.5%	86.3%
Instructional Technology	1,215,348	1,215,348	1,091,090	124,258	89.8%	94.1%	95.9%
Library Services	756,663	756,663	709,164	47,499	93.7%	99.6%	91.5%
System Administration	1,235,470	1,235,470	1,197,852	37,618	97.0%	99.9%	96.6%
School Administration	1,802,185	1,762,632	1,716,012	46,620	97.4%	99.1%	99.4%
Transportation	1,547,982	1,547,982	1,474,323	73,659	95.2%	100.0%	92.4%
Facilities & Maintenance	4,012,376	4,012,376	3,688,315	324,061	91.9%	95.7%	94.4%
Debt Service	5,244,113	5,244,113	5,253,605	(9,492)	100.2%	100.0%	100.0%
All Other	0	0	0	0	0.0%	0.0%	0.0%
Total General Fund Appropriations	51,426,993	51,426,993	49,573,525	1,853,468	96.4%		
FY19 Year End	48,526,504	48,526,504	47,904,271	622,233		98.7%	
FY18 Year End	47,125,168	47,125,168	46,142,324	982,844			97.9%

General Fund Revenues:	<u>Estimated Revenue</u>	<u>Budgeted Revenue</u>	<u>Year-end 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	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	3,273,967	(92,065)	97.3%	94.6%	95.6%
MLTI State Reimbursement	131,000	131,000	131,000	0	100.0%	100.0%	98.5%
State Agency Client Funding	101,000	101,000	62,204	(38,796)	61.6%	59.4%	65.0%
Comm. Services Daycare (rent space)	26,500	26,500	22,888	(3,612)	86.4%	114.1%	67.4%
Community Services Transportation	30,000	30,000	30,731	731	102.4%	82.0%	96.5%
Winslow Homer/Facility Rental Fees	38,000	38,000	13,969	(24,031)	36.8%	47.7%	68.0%
Student Sports/Activity Fees	140,000	140,000	78,326	(61,674)	55.9%	96.5%	83.7%
Other Miscellaneous Revenue	60,000	60,000	42,706	(17,294)	71.2%	102.2%	74.9%
Total Revenue	51,426,993	51,426,993	51,190,251	(236,742)	99.5%	99.4%	99.4%

**Scarborough Public Schools
Statement of Surplus
June 30, 2020**

FOR SCHOOL BOARD 10/15/2020 - PENDING AUDIT

Year-end Fund Transfers

Food Services fund deficit (see below)	\$ (441,960)
Surplus bond proceeds from closed CIP projects to General Fund	()
Audit adjustments	
Total Transfers	\$ (441,960)

Breakdown of General Fund Surplus Balances

As of 6/30/2019 fund balance was :	\$ 543,322
Used For FY20 Budget	\$ (350,000)
Undesignated Fund Balance 7/1/2019	\$ 193,322
FY20 Appropriations Balance	\$ 1,853,468
FY20 Revenue Balance	\$ (236,742)
FY20 Year-end Adjustments	\$ (441,960)
FY20 Year-end Balance	\$ 1,174,766
Total Available Fund Balance	\$ 1,368,088
Used for FY21 Budget	\$ (700,000)

Undesignated Fund Balance 6/30/2020 \$ 668,088

OTHER FUNDS

Adult Education:

Expenditures	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-end <u>Expended</u>	Budget <u>Balance</u>	FY20 <u>% Used</u>	FY19 <u>% Used</u>	FY18 <u>% Used</u>
Wages & benefits (instructors & program admin)	175,631	175,631	155,263	20,368	88.4%	98.7%	95.3%
General supplies & operations	12,680	12,680	10,466	2,214	82.5%	96.9%	98.4%
Instructional supplies, software & equipment	14,000	14,000	9,349	4,651	66.8%	88.2%	83.1%
Expenditure totals	202,311	202,311	175,077	27,234	86.5%	98.0%	94.9%
Revenues	Estimated <u>Revenue</u>	Revised <u>Estimate</u>	Year-end <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY20 <u>% Rec'd</u>	FY19 <u>% Rec'd</u>	FY18 <u>% 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	20,762	(39,738)	34.3%	105.0%	98.0%
Grant Funds (AEFLA)	0	0	10,022	10,022	100.0%	0.0%	0.0%
Revenue totals	202,311	202,311	173,975	(28,336)	86.0%	100.1%	97.9%

Adult Education YTD fund balance	(1,102)
Fund balance as of 6/30/19	6,456
Used for FY21 budget	(2,527)
Total undesignated fund balance	2,828

**Scarborough Public Schools
Statement of Surplus
June 30, 2020**

FOR SCHOOL BOARD 10/15/2020 - PENDING AUDIT

School Nutrition Program:

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-end <u>Expended</u>	Budget <u>Balance</u>	FY20 <u>% Used</u>	FY19 <u>% Used</u>	FY18 <u>% Used</u>
Expenditures							
Wages & Benefits	1,086,955	1,086,955	1,118,143	(31,188)	102.9%	98.1%	104.9%
Food & Beverages	583,600	583,600	447,399	136,201	76.7%	97.5%	99.6%
Contracted Services (software & repairs)	17,750	17,750	27,060	(9,310)	152.4%	98.5%	47.3%
Supplies & Equipment	56,200	56,200	46,899	9,301	83.4%	84.1%	72.1%
Operations	2,050	2,050	1,223	827	59.6%	72.6%	70.2%
Expenditure totals	1,746,555	1,746,555	1,640,723	105,832	93.9%	97.5%	100.6%
	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Year-end <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY20 <u>% Rec'd</u>	FY19 <u>% Rec'd</u>	FY18 <u>% Rec'd</u>
Revenues							
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	798,419	(460,136)	63.4%	63.2%	98.2%
Federal Funding (USDA)	258,000	258,000	112,409	(145,591)	43.6%	43.6%	85.0%
State Funding (DOE)	15,000	15,000	12,447	(2,553)	83.0%	83.0%	89.3%
Summer Meal Program	15,000	15,000	66,722	51,722	444.8%	444.8%	76.2%
Grants & Donations	0	0	8,765	8,765	100.0%	100.0%	33.3%
Revenue totals	1,746,555	1,746,555	1,198,763	(547,792)	68.6%	68.4%	95.5%

School Nutrition YTD fund balance (441,960)

Federal Restricted Funds:	Beg. Balance	FY20 Grant Funds Available	Year-end Revenues	Year-end Expenses	End. Balance*
Title IA	0	133,050	111,107	111,107	0
Title IIA	0	93,458	67,431	67,431	0
Title IVA	0	13,668	6,513	6,513	0
Pre-K Local Entitlement	0	8,037	8,037	8,037	0
Local Entitlement	0	756,791	681,742	681,742	0
Total Federal Restricted	0	1,005,003	874,829	874,829	0

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

Grants & Trusts:	Beg. Balance	Year-end Revenues	Year-end Expenses	End. Balance
Louis & Tina Fineberg Trust	165,074	0	750	164,324
Scarborough Education Foundation	37,606	35,741	9,154	64,193
Local grants & donations	19,982	11,996	4,335	27,643
CC Admin Recertification (fiscal agent)	868	8,600	8,758	711
Tech Maintenance Fees	230,170	67,557	151,121	146,606
School Nutrition Special Programs	10,999	24,573	23,204	12,368
PEPG State Grant	588	0	0	588
Proficiency-based Graduation Grant	3,083	0	0	3,083
Total Grants & Trusts	468,371	148,467	197,323	419,516

School CIP project account status
as of 6/30/2020

FOR SCHOOL BOARD 10/15/2020 - PENDING AUDIT

FACILITIES	Account #	Budget Balance as of 6/30/2019	FY20 Budgeted	FY20 YTD Expenses	Budget Balance as of 6/30/2020
Long-range Planning	73001798 570000	3,173	0	0.00	3,173
District-wide Energy Impr	73001803 570000	35,574	0	35,412.18	162
District-wide Plumbing	74001739 570000	0	50,000	14,586.92	35,413
Eight Corners Modulars	74001748 570000	217,614	189,500	406,789.17	325
Pleasant Hill Modulars	74001729 570000	0	189,500	181,344.61	8,155
District-wide Roofing	74001771 570000	87,311	125,000	212,065.00	246
District-wide Interior Finishes	74001772 570000	0	50,000	48,583.68	1,416
District-wide Security & Access	74001787 570000	311,834	0	148,617.08	163,217
District-wide Flooring	74001791 570000	34,150	0	30,415.00	3,735
District-wide Movable Equipmt	74001792 573100	107,570	137,400	127,083.63	117,886
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	506,928.31	142,791
Facilities Support/Equipment	74176900 573100	13,304	45,000	55,692.88	2,611
TOTALS		1,042,044	1,814,400	2,206,590.18	649,854

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	342,200.00	(0)
New Equipment	74001799 573100	125,177	106,970	204,367.48	27,779
TOTALS		217,376	356,970	546,567.48	27,779

GRAND TOTALS		1,261,371	2,441,070	3,018,880.66	683,560
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