

NOTES & COMMENTS

FY19 QUARTER 4 -- YEAR-END FINANCIALS AS OF 6/30/2019

Overview

This year-end financial report is provided as a supporting document for review by the School Board Finance Committee and update to the School Board at their meeting of October 17, 2019. 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 FY19. This introduction will highlight major points of interest; the detailed financial statement begins on page 3.

General Fund Expenditures

On the expenditure side, the fiscal year has ended with a surplus in the General Fund, coming in under budget by \$622,234 (representing 1.3% of the FY19 operating budget).

As you may remember, personnel costs made up 77.6% of our operating budget in FY19. Personnel turnover, benefit changes and partially unfilled positions accounted for approximately \$280,000 in overall savings over our budgeted projections, with the bulk of savings found in the Regular Instruction, Special Education, Improvement of Instruction and Instructional Technology budget categories. Over \$200,000 in budget-to-actual savings were also generated in the Facilities & Maintenance category, where our focus on a number of complex capital projects caused us to scale back use of contracted services for less critical preventive maintenance work. The rest of the FY19 expenditure surplus was made up of incremental savings throughout the operating budget.

Two significant areas of budget shortfall were System Administration and Transportation, requiring budget transfers to be requested from the Board. Higher spending in System Administration was primarily due to district-wide legal expenditures. Much of this cost was related to collective bargaining activities, including mediation and fact-finding for the Bus Drivers CBA and preparations for Teacher contract negotiations.

In Transportation, higher personnel costs reflected the implementation of the new Bus Drivers collective bargaining agreement in January of 2019. Bus driver steps had been frozen since FY17 due to a prolonged negotiations process, and the Board ultimately agreed to a new compensation package that exceeded budget estimates. Additional cost overruns were created by the use of contracted buses for regular student transportation runs (while athletic trips were more adequately funded this year).

A separate document provided to the School Board outlines the individual accounts which were overspent by more than \$10,000 in FY19. 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 17, 2019.

General Fund Revenues

Having a substantial surplus in expenditures proved important to offset a deficit in FY19 General Fund revenues, which came in short of budgeted projections by \$226,538. Similar to our experience in FY18, the most significant shortfall was \$147,445 in State subsidy, which continues to be reduced by Medicare seed payments made directly to special purpose private schools by the Department of Education, and which was further affected by the loss of \$40,462 due to the failure of town voters to approve membership in the Greater Sebago Education Alliance (GSEA) Regional Service Center for 2018-19. State Agency Client reimbursement was also short of budgeted estimates by \$48,753 due to due to turnover of eligible students.

NOTES & COMMENTS

FY19 QUARTER 4 -- YEAR-END FINANCIALS AS OF 6/30/2019

Other Funds

The **Adult Education** program finished the year with a positive fund balance. In FY19 the Adult Learning Center served over 500 participants in 80 enrichment courses, while continuing to provide pathways to increased employment opportunity for area adults through workforce training (53 students), high school completion (24 students) and English language literacy (26 students).

The **School Nutrition** program ended FY19 over budget in expenditures by \$153,875, principally due to the implementation of a new collective bargaining agreement with a larger-than-expected increase to wage levels in an attempt to become more competitive in recruitment and retention of skilled workers. (CBA was ratified by the Board on 6/7/18, while the FY19 budget was finalized in May 2018.) While revenue projections were much closer to actuals with our continued commitment to budgeted local funding, we will require a year-end fund transfer of \$185,059 to balance the fund for FY19. With the new collective bargaining agreement in place prior to the development of the FY20 budget, we should be on track for a better budget-to-actual picture for personnel, and will be watching revenues at the High School with interest now that we are operating their lunch program outside of the NSLP.

The detailed financial statement closes with the year-end status of **federal grant funds** as well as local and state **grants and trusts**. At year-end federal grant funds have been received apart from a few small variances. The healthy year-end balance in our local Tech Maintenance Fees fund has allowed us to apply \$145,450 to the scheduled tech refresh for the High School in FY20, while reserving sufficient funds to support ongoing maintenance, repairs and replacement purchases.

Capital Projects

This report includes a year-end summary of our capital improvement project (CIP) accounts. Most of the carryover balances as of June 30 reflect the timing of projects planned for the 2019 summer vacation, including the Eight Corners Modularity project which got underway in the Spring of 2019 and is now nearing completion. Along with our recent focus on addressing enrollment and capacity challenges at the K-2 and Middle Schools, the multi-year CIP budget will continue to adjust to priorities developed through the district's long-range facilities planning process, while we maintain a responsible, incremental repair and replacement plan for our existing infrastructure.

In Summary

The small undesignated fund balance generated in the FY19 operating budget illustrates the risks of tight budgeting when unexpected needs arise. Fortunately we will still have a small balance to carry into FY20, and will work to add to it throughout the coming fiscal year. As always, we will strive to ensure that we 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, 2019

PENDING AUDIT

(includes School Board budget transfers of 10/22/2019)

General Fund Surplus as of 6/30/2018	\$ 829,926
Allocated to 2018-19 budget	\$ (500,000)
Undesignated Surplus as of 7/1/2019	(audited balance) \$ 329,926

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	19,465,412	19,431,858	19,315,486	116,372	99.4%	98.9%	99.1%
English as a Second Language (ESL)	354,532	363,177	361,637	1,540	99.6%	99.0%	100.0%
Gifted and Talented Programs	332,061	332,061	328,263	3,798	98.9%	98.8%	99.0%
Special Education Instruction	8,324,229	8,324,229	8,202,363	121,866	98.5%	98.2%	97.0%
CTE Instruction (Career & Technical Ed)	9,000	9,000	0	9,000	0.0%	100.0%	100.0%
Other Instruction:							
Co-Curricular	168,000	164,500	164,468	32	100.0%	91.4%	96.3%
Extra-Curricular	1,115,875	1,119,375	1,112,747	6,628	99.4%	100.0%	100.0%
Student & Staff Support:							
Guidance Services	1,411,113	1,426,023	1,419,641	6,382	99.6%	98.9%	99.8%
Health Services	664,988	664,988	653,441	11,547	98.3%	99.7%	100.0%
Improvement of Instruction	865,376	865,376	774,247	91,129	89.5%	86.3%	93.2%
Instructional Technology	1,173,482	1,173,482	1,104,316	69,166	94.1%	95.9%	97.2%
Library Services	694,609	694,609	691,949	2,660	99.6%	91.5%	95.9%
System Administration	1,074,587	1,096,257	1,094,837	1,420	99.9%	96.6%	99.9%
School Administration	1,831,630	1,841,630	1,825,720	15,910	99.1%	99.4%	99.8%
Transportation	1,436,878	1,474,378	1,474,359	19	100.0%	92.4%	96.0%
Facilities & Maintenance	3,913,660	3,854,490	3,689,726	164,764	95.7%	94.4%	92.7%
Debt Service	5,691,072	5,691,072	5,691,071	1	100.0%	100.0%	100.0%
All Other	0	0	0	0	0.0%	0.0%	100.0%
Total General Fund Appropriations	48,526,504	48,526,504	47,904,271	622,234	98.7%		
FY18 Year-to-date	47,125,168	47,125,168	46,142,324	982,844		97.9%	
FY17 Year-to-date	45,855,067	45,855,067	44,994,040	861,027			98.1%

General Fund Revenues:	<u>Estimated Revenue</u>	<u>Budgeted Revenue</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	2,596,959	(147,445)	94.6%	95.6%	97.5%
MLTI State Reimbursement	131,000	131,000	131,000	0	100.0%	98.5%	0.0%
State Agency Client Funding	120,000	120,000	71,247	(48,753)	59.4%	65.0%	71.3%
Medicaid Reimbursement	0	0	0	0	0.0%	0.0%	0.7%
Comm. Services Daycare (rent space)	30,500	30,500	34,798	4,298	114.1%	67.4%	98.5%
Community Services Transportation	32,000	32,000	26,243	(5,757)	82.0%	96.5%	97.6%
Winslow Homer/Facility Rental Fees	48,000	48,000	22,913	(25,087)	47.7%	68.0%	68.9%
Student Sports/Activity Fees	150,000	150,000	144,764	(5,236)	96.5%	83.7%	90.0%
Other Miscellaneous Revenue	65,000	65,000	66,443	1,443	102.2%	74.9%	105.2%
Total Revenue	48,526,504	48,526,504	48,299,966	(226,538)	99.5%	99.4%	99.0%

**Scarborough Public Schools
Statement of Surplus
June 30, 2019**

PENDING AUDIT

(includes School Board budget transfers of 10/22/2019)

Year-end Fund Transfers

Food Services fund deficit (see below)	\$ (185,059)
Surplus bond proceeds from closed CIP projects to General Fund	(185,059)
Audit adjustments	
Total Transfers	\$ (185,059)

Breakdown of General Fund Surplus Balances

As of 6/30/2018 fund balance was :	\$ 829,926
Used For FY19 Budget	\$ (500,000)
Undesignated Fund Balance 6/30/2018	\$ 329,926
FY19 Appropriations Balance	\$ 622,234
FY19 Revenue Balance	\$ (226,538)
FY19 Year-end Adjustments	\$ (185,059)
FY19 Year-end Balance	\$ 210,638
Total Available Fund Balance	\$ 540,564
Used for FY20 Budget	\$ (350,000)

Undesignated Fund Balance 6/30/2019 \$ 190,564

OTHER FUNDS

Adult Education:

Expenditures	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>
Wages & benefits (instructors & program admin)	165,171	165,171	163,054	2,117	98.7%	95.3%	98.4%
General supplies & operations	11,730	11,730	11,367	363	96.9%	98.4%	171.1%
Instructional supplies, software & equipment	11,600	11,600	10,234	1,366	88.2%	83.1%	97.5%
Expenditure totals	188,501	188,501	184,654	3,847	98.0%	94.9%	102.6%

Revenues	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>
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	28,326	(2,674)	91.4%	90.7%	117.2%
Adult Ed Tuition	58,500	58,500	61,406	2,906	105.0%	98.0%	89.1%
Revenue totals	188,501	188,501	188,732	231	100.1%	97.9%	99.0%

Adult Education YTD fund balance 4,078

**Scarborough Public Schools
Statement of Surplus
June 30, 2019**

PENDING AUDIT

(includes School Board budget transfers of 10/22/2019)

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	1,066,655	(129,923)	113.9%	104.9%	103.1%
Food & Beverages	540,933	540,933	569,280	(28,347)	105.2%	99.6%	99.4%
Contracted Services (software & repairs)	17,000	17,000	17,477	(477)	102.8%	47.3%	101.8%
Supplies & Equipment	51,200	51,200	47,290	3,910	92.4%	72.1%	60.7%
Operations	2,450	2,450	1,488	962	60.7%	70.2%	176.4%
Expenditure totals	1,548,315	1,548,315	1,702,190	(153,875)	109.9%	100.6%	99.7%
	<u>Budgeted 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>
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	1,078,487	(273)	100.0%	98.2%	79.9%
Federal Funding (USDA)	253,000	253,000	206,934	(46,066)	81.8%	85.0%	83.1%
State Funding (DOE)	14,000	14,000	13,907	(93)	99.3%	89.3%	92.2%
Summer Meal Program	14,000	14,000	7,919	(6,081)	56.6%	76.2%	70.4%
Grants & Donations	0	0	21,329	21,329	100.0%	33.3%	111.3%
Revenue totals	1,548,315	1,548,315	1,517,131.44	(31,184)	98.0%	95.5%	80.9%

School Nutrition YTD fund balance (185,059)

Federal Restricted Funds:	<u>Beg. Balance</u>	<u>FY19 Grant Funds Available</u>	<u>Year-to-date Revenues</u>	<u>Year-to-date Expenses</u>	<u>End. Balance*</u>
Title IA	0	154,715	153,645	153,645	0
Title IIA	749	100,442	88,449	88,449	749
Title IVA	0	19,833	19,526	19,526	0
Pre-K Local Entitlement	(34)	6,221	6,221	6,221	(34)
Local Entitlement	0	850,623	765,205	765,205	0
Total Federal Restricted	715	1,131,835	1,033,046	1,033,046	715

*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	165,074	0	27,580	137,494
Scarborough Education Foundation	37,606	0	35,435	2,171
Local grants & donations	19,982	3,700	1,051	22,631
CC Admin Recertification (fiscal agent)	868	8,600	8,985	483
Tech Maintenance Fees	230,170	79,636	10,865	298,942
School Nutrition Special Programs	10,999	0	4,609	6,389
PEPG State Grant	588	0	0	588
Proficiency-based Graduation Grant	3,083	0	0	3,083
Total Grants & Trusts	468,371	91,936	88,526	471,782

School CIP project account status
as of 6/30/2019

PENDING AUDIT

FACILITIES	Account #	Budget Balance as of 6/30/2018	FY19 Budgeted	FY19 Year-end Expenses	Budget Balance as of 6/30/2019
Long-range Planning	73001798 570000	31,406	0	28,232.99	3,173
District-wide Energy Impr	73001803 570000	22,864	50,000	36,275.90	36,589
District-wide Roofing	74001771 570000	160,325	0	72,729.88	87,595
District-wide Security & Access	74001787 570000	433,807	0	119,235.73	314,572
District-wide Flooring	74001791 570000	32,375	40,000	43,054.46	29,321
District-wide Movable Equipmt	74001792 573100	25,172	119,000	70,646.40	73,526
HS Auditorium	74001793 570000	8,002	0	0.00	8,002
District-wide Building Envelope	74001794 570000	59,811	50,000	109,030.59	780
District-wide Pavement Mtce	74001805 570000	560	140,000	35,624.11	104,936
Athletics Facilities/Equipment	74001807 570000	65,138	23,500	19,625.00	69,013
HS Science Labs Retrofit	74001808 570000	50,000	0	0.00	50,000
District-wide HVAC/Mechanical	74176800 573100	30,290	50,000	80,290.50	(0)
Facilities Support/Equipment	74176900 573100	16,518	67,000	65,594.50	17,923
Eight Corners Modulares	74001748 570000	0	260,000	42,386.25	217,614
TOTALS		936,270	799,500	722,726.31	1,013,043.43

TRANSPORTATION

Bus purchase/lease	74001712 573600	6,121	340,000	333,900.00	12,221
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TECHNOLOGY

Equipment Replacement	74001784 573100	96,939	312,230	315,912.36	93,257
New Equipment	74001799 573100	118,529	47,000	40,352.00	125,177
TOTALS		215,468	359,230	356,264.36	218,434

GRAND TOTALS		1,157,859	1,498,730	1,412,890.67	1,243,699
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