

NOTES & COMMENTS

FY19 QUARTER 2 -- FINANCIALS AS OF 12/31/2018

Overview

At the mid-point of fiscal year 2019, the Business Office turns its focus from the just-completed audit of FY18 to the beginning drafts of the Leadership Council's FY20 budget. Meanwhile, we check in here on how FY19 is progressing, with this update on our current budget year.

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. (See attached for description of budget categories.)

This year's Quarter 2 totals are significantly impacted by a shift in timing of payrolls in December. As some of you may recall, for the past three years we have had three payrolls fall during the month of December, for a total of 14 of 26 annual payrolls paid out in the first half of the year. The 14th payroll, at a cost of just over \$1 million, has created a timing shift in spending in almost every expense category in the financial report, with Quarter 2 spending percentages ranging from 51-53% expended. This year, however, we shifted back to two payrolls in December (13 of 26 annual payrolls by 12/31), which drops our Quarter 2 expense percentages back to close to 50% in most categories.

Here are a few other variances of note:

Special Education -- The spending rate for this category is running a bit below prior years due to staff turnover and delayed hiring for ed tech positions, as well as 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. Based on student needs currently being identified, however, we anticipate that the full ed tech and tuition budgets will be expended by year-end.

Improvement of Instruction -- A slightly lower rate of expenditure in this category reflects the resignation of a key staff member over the summer of 2018. That position is in the process of being filled now, so we anticipate a small budget savings at year-end due to the delay in hiring.

Instructional Technology -- Second quarter spending in this category continues slow due to the lack of a scheduled phase-level tech refresh in FY19. By the time of the Quarter 3 report, you will see wage and benefit costs for IT staff for the first half of the year, as well as spending on equipment in anticipation of scheduled device replacement at Wentworth.

System Administration -- This category shows a slightly higher rate of expenditure than prior years, due to district-wide legal expenditures in the first two quarters. Much of this cost was related to collective bargaining (mediation and fact-finding for the Bus Drivers CBA).

Transportation -- Although the percentage expended in this category does not look like an anomaly, it is actually higher than expected because of a change in the way that Public Works is billing other Town departments for vehicle fuel and maintenance this fiscal year. Rather than calculating individual monthly bills for each department, Public Works is now drawing down 1/12 of each department's budgeted funds, with a plan to review and adjust billing according to actual cost at the end of the year. We'll see how this system works for them, but it's certainly my expectation that the year-end adjustments will keep our overall spending well under budget.

Meanwhile, as you know, the Board and Association have just finalized a new collective bargaining agreement for our Bus Drivers. The agreed wage increases and retro pay to July 1 are being set up for the January 18 payroll, so you will see the impact of those changes in the Quarter 3 report. We're still dealing with a driver shortage and relying heavily on contracted transportation, so will be expecting to use any savings in this budget category to cover those costs.

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Revenues

There are two areas of particular note in General Fund revenues this quarter. First is the projected loss of \$40,462 in GPA from the State, due to the failure of the proposed Greater Sebago Education Alliance Regional Service Center to pass at the polls in November. The second is a delay in the billing for Community Services Transportation revenue for summer rec driving, which is currently being processed and will appear on the Quarter 3 report. On a positive note, State Agency Client revenues are arriving in a more timely manner from the State this year.

Other Funds

Both Adult Education expenses and revenues are slightly lower this year than in prior year reports, reflecting minor shifts in course offerings and participation. In School Nutrition, increased personnel costs drive a slightly higher expenditure percentage while revenues are showing a slight increase in all areas.

Federal grant reimbursement is still being impacted by the extensive new reporting requirements under ESSA (Every Student Succeeds Act), but as noted in the Quarter 1 report we have our FY19 allocations confirmed and revenues will balance expenses 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 FY19 will be planned for school breaks to minimize interruptions to school operations. One item which will be of particular interest is the pavement maintenance account; the unusually large budget for this account was approved for projects currently under study to address traffic flow and parking problems at Eight Corners and Pleasant Hill Schools.

In Summary

As we begin to focus on budget development for FY20, we are keeping careful watch on FY19. While we have some concerns about managing within a tighter than usual budget, 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.

**Scarborough Public Schools
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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	9,656,073	9,814,430	49.6%	52.2%	51.5%
English as a Second Language (ESL)	354,532	354,532	179,417	175,115	50.6%	52.1%	49.1%
Gifted and Talented Programs	332,061	332,061	162,528	169,533	48.9%	52.2%	53.3%
Special Education Instruction	8,324,229	8,324,229	3,774,763	4,549,466	45.3%	48.1%	47.9%
CTE Instruction (Career & Technical Ed)	9,000	9,000	0	9,000	0.0%	100.0%	99.5%
Other Instruction:							
Co-Curricular	168,000	168,000	85,305	82,695	50.8%	50.2%	58.7%
Extra-Curricular	1,115,875	1,115,875	490,556	625,319	44.0%	54.3%	51.3%
Student & Staff Support:							
Guidance Services	1,411,113	1,406,023	696,519	709,504	49.5%	51.3%	50.4%
Health Services	664,988	664,988	313,594	351,394	47.2%	51.8%	52.8%
Improvement of Instruction	865,376	865,376	446,478	418,898	51.6%	54.1%	59.7%
Instructional Technology	1,173,481	1,173,481	214,609	958,872	18.3%	21.0%	33.8%
Library Services	694,609	694,609	327,571	367,038	47.2%	45.3%	50.2%
System Administration	1,074,587	1,074,587	613,284	461,303	57.1%	54.6%	55.8%
School Administration	1,831,630	1,831,630	863,819	967,811	47.2%	51.8%	50.2%
Transportation	1,436,878	1,436,878	678,249	758,629	47.2%	39.0%	46.2%
Facilities & Maintenance	3,913,660	3,913,660	1,926,339	1,987,321	49.2%	51.1%	48.3%
Debt Service	5,691,072	5,691,072	4,634,261	1,056,811	81.4%	80.8%	80.6%
All Other	0	0	0	0	0.0%	0.0%	0.0%
Total General Fund Appropriations	48,526,504	48,526,504	25,063,366	23,463,138	51.6%		
FY18 Year-to-date	47,125,168	47,125,168	25,460,800	21,664,368		54.0%	
FY17 Year-to-date	45,855,067	45,855,067	24,867,554	20,987,513			54.2%

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	1,340,209	(1,404,195)	48.8%	49.6%	49.8%
MLTI State Reimbursement	131,000	131,000	131,000	0	100.0%	98.5%	0.0%
State Agency Client Funding	120,000	120,000	21,924	(98,076)	18.3%	0.0%	8.3%
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%	96.5%	89.8%
Winslow Homer/Facility Rental Fees	48,000	48,000	13,479	(34,521)	28.1%	31.5%	24.9%
Student Sports/Activity Fees	150,000	150,000	73,724	(76,276)	49.1%	51.0%	51.3%
Other Miscellaneous Revenue	65,000	65,000	57,788	(7,212)	88.9%	58.2%	66.9%
Total Revenue	48,526,504	48,526,504	46,843,722	(1,682,782)	96.5%	96.9%	95.3%

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OTHER FUNDS

Adult Education:

	Approved	Revised	Year-to-date	Budget	FY19	FY18	FY17
Expenditures	<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)	165,171	165,171	73,281	91,890	44.4%	49.0%	44.4%
General supplies & operations	11,730	11,730	5,972	5,758	50.9%	46.9%	54.8%
Instructional supplies, software & equipment	11,600	11,600	5,787	5,813	49.9%	55.4%	90.5%
Expenditure totals	188,501	188,501	85,040	103,461	45.1%	49.1%	47.7%
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	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	12,389	(46,111)	21.2%	30.0%	24.1%
Revenue totals	188,501	188,501	139,715	(48,786)	74.1%	78.6%	78.7%

Adult Education YTD fund balance 54,676

School Nutrition Program:

	Approved	Revised	Year-to-date	Budget	FY19	FY18	FY17
Expenditures	<u>Budget</u>	<u>Budget</u>	<u>Expended</u>	<u>Balance</u>	<u>% Used</u>	<u>% Used</u>	<u>% Used</u>
Wages & Benefits	936,732	936,732	446,089	490,643	47.6%	45.3%	44.7%
Food & Beverages	540,933	540,933	261,387	279,546	48.3%	44.8%	48.4%
Contracted Services (software & repairs)	17,000	17,000	16,189	811	95.2%	36.7%	29.9%
Supplies & Equipment	51,200	51,200	21,429	29,771	41.9%	38.7%	45.1%
Operations	2,450	2,450	1,099	1,351	44.9%	64.6%	62.4%
Expenditure totals	1,548,315	1,548,315	746,194	802,121	48.2%	44.7%	45.9%
Revenues	<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>
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	462,538	(616,222)	42.9%	41.8%	35.0%
Federal Funding (USDA)	253,000	253,000	50,909	(202,091)	20.1%	18.4%	27.4%
State Funding (DOE)	14,000	14,000	2,441	(11,559)	17.4%	14.7%	22.4%
Summer Meal Program	14,000	14,000	7,919	(6,081)	56.6%	76.2%	65.7%
Revenue totals	1,548,315	1,548,315	712,361	(835,954)	46.0%	44.9%	33.5%

School Nutrition YTD fund balance (33,833)

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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	63,771	(52,278)
Title IIA	749	100,442	11,173	31,067	(19,145)
Title IVA	0	14,607	0	69	(69)
Pre-K Local Entitlement	(34)	6,221	0	6,221	(6,255)
Local Entitlement	0	850,623	52,693	359,411	(306,718)
Total Federal Restricted	715	1,126,608	75,358	460,539	(384,465)

*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	7,990	157,084
Scarborough Education Foundation	37,606	0	22,778	14,828
Local grants & donations	19,982	1,250	0	21,232
CC Admin Recertification (fiscal agent)	868	4,600	0	5,468
Tech Maintenance Fees	230,170	33,990	10,865	253,296
School Nutrition Special Programs	10,999	6,435	128	17,305
PEPG State Grant	588	0	0	588
Proficiency-based Graduation Grant	3,083	0	0	3,083
Total Grants & Trusts	468,371	46,275	41,762	472,884

School CIP project account status
as of 12/31/18

FACILITIES	Account #	Budget Balance as of 6/30/2018	FY18 year-end close to GF	FY19 Budgeted	FY19 YTD Expenses*	Budget Balance as of 12/31/2018
Long-range Planning	73001798 570000	41,453	(6.96)	0	12,665.02	28,788
District-wide Energy Improvement	73001803 570000	22,864		50,000	0.00	72,864
District-wide Roofing	74001771 570000	165,757	(5,431.81)	0	63,095.00	102,662
District-wide Security & Access	74001787 570000	433,807		0	46,957.10	386,850
District-wide Flooring	74001791 570000	32,375		40,000	34,243.94	38,131
District-wide Movable Equipment	74001792 573100	25,772	(600.00)	119,000	18,342.79	126,429
HS Auditorium	74001793 570000	8,002		0	0.00	8,002
District-wide Building Envelope	74001794 570000	62,913	(3,102.32)	50,000	109,030.59	3,883
District-wide Pavement Mtce	74001805 570000	600	(39.74)	140,000	7,192.67	133,407
Athletics Facilities/Equipment	74001807 570000	65,138		23,500	1,895.00	86,743
HS Science Labs Retrofit	74001808 570000	50,000		0	0.00	50,000
District-wide HVAC/Mechanical	74176800 573100	30,290		50,000	80,147.50	143
Facilities Support/Equipment	74176900 573100	16,518		67,000	33,196.00	50,322
TOTALS		955,490	(9,180.83)	539,500	406,765.61	1,088,225
TRANSPORTATION						
Bus purchase/lease	74001712 573600	6,121	0.00	340,000	333,900.00	12,221
TECHNOLOGY						
Equipment Replacement	74001784 573100	96,939	0.00	312,230	53,314.84	355,854
New Equipment	74001799 573100	118,529	0.00	47,000	0.00	165,529
TOTALS		215,468	0.00	359,230	53,314.84	521,383
				*including encumbrances		
GRAND TOTALS		1,177,080	(9,180.83)	1,238,730	793,980.45	1,621,830

School Budget Categories

In 2007, a state statute (MRSA 20-A, §1486) was passed requiring school budgets to be validated each year by local referendum. An accompanying statute stated that school budgets were to be presented in 11 defined categories, and Department of Education reporting requirements were developed to ensure that all school districts in the state would identify expense types in the same way. This is why our detailed budget account document is presented in its current format, by category and then by school or location. We believe it is more intuitive to think of our schools as unified organizations, rather than separating out types of services. Since the School Budget Referendum figures are posted in these categories, however, we want to be sure that citizens know what they include.

REGULAR INSTRUCTION

Regular Instruction Programs

Includes salaries and benefits for all general education classroom and academic support teachers, instructional support staff and substitutes; instructional supplies, books, equipment and online resources; staff professional learning and course reimbursement; and operational expenses like equipment repairs, copiers and printing, mileage reimbursement, and dues and fees for professional memberships. Each of these expense types is further broken out by school.

ESL – Programs for English Language Learners

Includes salaries and benefits for teachers of English language learners, contracted interpreters, staff development and instructional supplies.

GATES – Gifted & Talented Education Services

Includes salaries and benefits for teachers of Gifted and Talented Education Services, staff development and instructional supplies.

SPECIAL EDUCATION PROGRAMS

Includes salaries and benefits for all special education classroom teachers and specialists (speech therapists, occupational therapists, physical therapist and psychologists), social workers, ed techs and substitutes; instructional supplies, books and equipment. Also included in this category are salaries and benefits for directors and administrative support staff, summer program costs, legal fees for Special Education related services, and tuition for students who have been placed in special purpose private schools to access appropriate educational programming. (Local spending for Special Education is supplemented by Federal IDEA grant supplements.)

CTE INSTRUCTION – Career & Technical Education

This category holds the funds we pay to Portland Arts & Technology High School (PATHS) and Westbrook Regional Vocational Center (WRVC) for Scarborough's attending students. Starting in FY19, the state Department of Education began directly funding the CTE schools with General Purpose Aid (GPA), and sending schools will now only be responsible for minimal costs not funded by the state.

OTHER INSTRUCTION

Co-Curricular

Includes stipends for High School, Middle School and Wentworth club advisors, as well as supplies, purchased services, transportation and participation fees for MS and HS clubs.

Extra-Curricular

Includes stipends for Middle School and High School athletic coaches, game officials, ice and pool time, software, supplies, equipment and transportation. Also includes salaries and benefits for the Director of Athletics and Activities, his administrative assistants, and the Athletic Trainer; phones and staff mileage reimbursement.

STUDENT AND STAFF SUPPORT

Student Support Services

Guidance Services

Includes salaries and benefits for guidance counselors and 50% of school social workers, as well as support staff at the High School, Middle School and Wentworth; software licenses (college placement/testing), supplies, books, postage (parent/student communications) and professional dues. Each of these expense types is further broken out by school.

Health Services

Includes salaries and benefits for school nurses, LPNs and substitutes; consulting physician fee, staff immunizations (HepB), case management software, medical supplies, books and equipment, postage (parent communications), staff development, mileage reimbursement for itinerant staff, and professional dues.

Instructional Technology

Includes salaries and benefits for IT staff (paid to the Town), software licenses and service agreements, tech equipment purchases and repairs.

Staff Support Services

Improvement of Instruction

Includes salaries and benefits for the Director of Curriculum and Assessment, admin assistant, district info specialist, student data specialists, and district technology coordinator; testing and student assessment materials and processing; books, equipment, online resources and instructional materials for new curricula, professional learning in support of new curricula and quality assurance (teacher stipends, workshops/speakers/resources); phones and staff mileage reimbursement.

Library Services

Includes salaries and benefits for librarians and library ed techs; online services (circulation management) and resources (instructional), books and equipment, staff mileage reimbursement and professional dues. Each of these expense types is further broken out by school.

SYSTEM ADMINISTRATION

Includes salaries and benefits for the Superintendent, Assistant Superintendent, Director of Business and Finance and Central Office support staff, as well as School Board stipends; district-wide expenses for administrators' course reimbursement and professional learning, liability insurance, unemployment assessments, legal and audit services, district membership fees to professional organizations; operational expenses for phones, postage, copiers, advertising, business equipment purchase and repairs, mileage reimbursement, office supplies and subscriptions.

SCHOOL ADMINISTRATION

Includes salaries and benefits for school principals, assistant principals and their administrative assistants, operational expenses for phones, postage, office supplies, and professional dues. The High School budget also includes expenses for graduation. Each of these expense types is further broken out by school.

TRANSPORTATION AND BUSES

Includes wages and benefits for bus drivers (school regular, community services and spares), as well as salaries and benefits for Transportation Director and p.m. dispatcher; bus fuel, repairs and maintenance, vehicle insurance, DOT driver physicals and drug testing, tolls, meal and mileage reimbursement, phones, and copiers.

FACILITIES MAINTENANCE

Includes wages and benefits for custodians (regular shifts, event coverage & substitutes), maintenance workers, the Director of Facilities & Maintenance, the Maintenance foreman, and administrative assistants; property casualty insurance, energy and utilities (electricity, natural gas, fuel oil, propane, water/sewer), custodial supplies, maintenance supplies and materials, building equipment and furnishings replacement, contracted maintenance services (snow removal, HVAC, electrical work, plumbing, painting, roofing, pest control, etc.), waste removal, composting and recycling, vehicle fuel and maintenance, uniforms and shoes, licenses and fees.

DEBT SERVICE

This category holds the funds for annual payments scheduled on bonds issued for prior years' school capital projects.

ALL OTHER EXPENDITURES

There is no current expenditure budgeted in this category.