

NOTES & COMMENTS
FY2018 QUARTER 3 -- FINANCIALS AS OF 3/31/2018

Overview

At the end of the third quarter of FY18, we are typically in the midst of preparing the next year's budget. This year we are focused even more than usual on the careful management of our current fiscal year, however, so that we can ensure the best possible year-end fund balance to support our FY19 budget proposal.

Expenditures

The end of the third quarter is 75% through the fiscal year and 73% through the school year. You will see in this financial statement that General Fund expenditures in most cases land within this budget-to-actual range and are consistent with the percentages spent in prior years shown for comparison. The shift in payroll expense timing described in the Quarter 2 report is now for the most part balanced out.

Here are a few variances of note:

Co- and Extra-Curricular -- At this time of year, co-curriculars typically lag behind the 75% mark because most advisor stipends are paid half in December and half in June. Extra-curriculars are usually just the opposite, because more sports offerings are scheduled for the Fall and Winter seasons. Extra-curricular spending this quarter also shows the impact of stipend increases and contracted transportation services.

Instructional Technology -- Due to the shift from operating to CIP described in the Quarter 2 report, this budget category continues to lag behind prior year spending percentages. As usual, we will post salary and benefit costs for IT staff for the second half of the fiscal year after the close of the fourth quarter, in the form of a journal transfer to the Town.

Transportation -- Expenses in this category continue to run lower than usual for a number of reasons as outlined in the Quarter 2 report. Turnover and hiring delays have impacted wage and benefit spending although we have been making some recent gains, and we continue to project lower than expected fuel and vehicle maintenance costs. As we've discussed, year-end savings in this category will be used to offset the high cost of contracted transportation for athletics, activities and special services.

Curtailment impacts -- As noted in earlier quarterly reports, a lower rate of expenditure in several budget categories compared with prior years reflects curtailment of originally planned FY18 investments. Strategic spending reductions can be seen in this report in **Improvement of Instruction, Library Services and System Administration**.

Revenues

While the primary reliance of school funding on local tax support means that we currently have the bulk of our FY18 revenues already posted, we do have some areas where we're forecasting shortfalls. As they have done now for several years, the Department of Education continues to deduct MaineCare seed payments from subsidy allocations. Technically these subsidy reductions are balanced by lower tuition payments to special purpose private schools for our Special Education students, but it does make revenue amounts hard to predict; a bill (LD 1471) to end these subsidy deductions was introduced in the Legislature last spring, but didn't pass. As we've seen in recent years, we anticipate that both State Agency Client and Medicaid reimbursements will fall short of budgeted projections, leading us to reduce our revenue projection in our FY19 budget proposal.

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Other Funds

Adult Education is striving to hold expenses down; one strategy that has been quite successful has been to partner with local medical care facilities to provide workforce programming in which the facility pays for the instructor and our staff manages the classes. Enrollment and tuition continues to be strongest in the workforce and ELL programs.

School Nutrition is also working to control expenses in line with our district-wide efforts. The upfront allocation of tax dollars has helped program revenues stay on target throughout the year, although USDA reimbursements have been delayed somewhat since we instituted additional claim-checking protocols with the help of the auditors this year.

Federal grant funds are rolling in now; as always the revenues lag behind expenditures since grant monies are released after expenses are incurred, reported and approved.

Capital Projects

As usual, this report includes a year-to-date summary of our multi-year CIP project accounts. There have been a few facilities projects scheduled during the April vacation, but apart from advance purchasing for summer projects by the IT department, CIP spending will be very limited from now on until we reach the end of the school year.

In Summary

The end of the third quarter finds us in a favorable position to finish out FY18 on solid financial ground. Despite multiple pressures, we continue to pursue excellence in our programs and services through fiscally responsible spending.

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<u>General Fund Appropriations:</u> (including encumbrances)	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Year-to-date Expended</u>	<u>Budget Balance</u>	<u>FY18 % Used</u>	<u>FY17 % Used</u>	<u>FY16 % Used</u>
Regular Instruction:							
Regular Instruction Programs	19,042,589	19,042,589	14,226,515	4,816,074	74.7%	74.4%	75.1%
English as a Second Language (ESL)	338,276	338,276	254,578	83,698	75.3%	76.9%	69.5%
Gifted and Talented Programs	314,173	314,173	236,485	77,688	75.3%	76.3%	74.7%
Special Education Instruction	7,558,169	7,558,169	5,373,377	2,184,792	71.1%	70.9%	69.9%
CTE Instruction (Career & Technical Ed)	293,318	293,318	293,318	0	100.0%	100.0%	98.0%
Other Instruction:							
Co-Curricular	144,024	144,024	89,806	54,218	62.4%	69.0%	59.3%
Extra-Curricular	971,188	971,188	844,506	126,682	87.0%	84.0%	80.0%
Student & Staff Support:							
Guidance Services	1,375,213	1,375,213	1,015,358	359,855	73.8%	73.1%	74.9%
Health Services	636,237	636,237	482,643	153,594	75.9%	76.5%	73.8%
Improvement of Instruction	913,675	913,675	640,752	272,923	70.1%	74.6%	76.9%
Instructional Technology	1,042,756	1,042,756	605,925	436,831	58.1%	65.7%	66.9%
Library Services	673,936	673,936	454,034	219,902	67.4%	70.7%	73.0%
System Administration	1,069,128	1,069,128	757,608	311,520	70.9%	75.7%	75.6%
School Administration	1,835,854	1,835,854	1,358,930	476,924	74.0%	73.0%	75.1%
Transportation	1,494,471	1,494,471	893,281	601,190	59.8%	66.3%	65.4%
Facilities & Maintenance	3,818,590	3,818,590	2,838,199	980,391	74.3%	74.7%	69.8%
Debt Service	5,603,571	5,603,571	4,529,836	1,073,735	80.8%	80.6%	77.4%
All Other	0	0	0	0	0.0%	0.0%	0.0%
Total General Fund Appropriations	47,125,168	47,125,168	34,895,150	12,230,018	74.0%		
FY17 Year-to-date	45,855,067	45,855,067	34,134,656	11,720,411		74.4%	
FY16 Year-to-date	43,543,756	43,543,756	32,076,875	11,466,881			73.7%

<u>Estimated Revenue:</u>	<u>Estimated Revenue</u>	<u>Revised Estimate</u>	<u>Year-to-date Received</u>	<u>Balance/ (Shortfall)</u>	<u>FY18 % Rec'd</u>	<u>FY17 % Rec'd</u>	<u>FY16 % Rec'd</u>
Town Funding - Local Taxes	42,204,017	42,204,017	42,204,017	0	100.0%	100.0%	100.0%
Use of Fund Balance	2,100,000	2,100,000	2,100,000	0	100.0%	100.0%	100.0%
State Subsidy - GPA	2,150,151	2,150,151	1,581,010	(569,141)	73.5%	74.1%	76.0%
MLTI State Reimbursement	133,000	133,000	131,000	(2,000)	98.5%	0.0%	0.0%
State Agency Client Funding	165,000	165,000	55,477	(109,523)	33.6%	8.3%	36.2%
Medicaid Reimbursement	45,000	45,000	0	(45,000)	0.0%	0.7%	20.3%
Comm. Services Daycare (rent space)	30,000	30,000	12,753	(17,247)	42.5%	41.4%	43.2%
Community Services Transportation	30,000	30,000	28,938	(1,062)	96.5%	89.8%	80.8%
Winslow Homer/Facility Rental Fees	43,000	43,000	25,826	(17,174)	60.1%	52.6%	62.3%
Student Sports/Activity Fees	150,000	150,000	108,799	(41,201)	72.5%	76.4%	73.4%
Other Miscellaneous Revenue	75,000	75,000	52,556	(22,444)	70.1%	85.1%	65.9%
Total Revenue	47,125,168	47,125,168	46,300,375	(824,793)	98.2%	97.4%	96.9%

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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>	FY18 <u>% Used</u>	FY17 <u>% Used</u>	FY16 <u>% Used</u>
Expenditures							
Wages & benefits (instructors & program admin)	157,521	157,521	111,592	45,929	70.8%	68.7%	72.4%
General supplies & operations	15,300	15,300	8,204	7,096	53.6%	82.7%	78.5%
Instructional supplies, software & equipment	9,880	9,880	9,597	283	97.1%	128.2%	92.1%
Expenditure totals	182,701	182,701	129,392	53,309	70.8%	73.0%	74.3%
	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY18 <u>% Rec'd</u>	FY17 <u>% Rec'd</u>	FY16 <u>% Rec'd</u>
Revenues							
Town Funding - Local Taxes	98,237	98,237	98,237	0	100.0%	100.0%	100.0%
Use of Fund Balance	2,464	2,464	2,464	0	100.0%	100.0%	0.0%
State Subsidy - Adult Ed	30,000	30,000	27,206	(2,794)	90.7%	117.2%	85.0%
Adult Ed Tuition	52,000	52,000	33,022	(18,978)	63.5%	65.8%	55.9%
Revenue totals	182,701	182,701	160,929	(21,772)	88.1%	91.7%	84.1%
Adult Education YTD fund balance			31,537				

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY18 <u>% Used</u>	FY17 <u>% Used</u>	FY16 <u>% Used</u>
<u>School Nutrition Program:</u>							
Expenditures							
Wages & Benefits	869,602	869,602	630,992	238,610	72.6%	71.8%	70.9%
Food & Beverages	562,000	562,000	405,966	156,034	72.2%	77.2%	67.7%
Contracted Services (software & repairs)	28,000	28,000	11,977	16,023	42.8%	91.9%	144.4%
Supplies & Equipment	59,600	59,600	33,511	26,089	56.2%	69.9%	68.2%
Operations	2,600	2,600	1,975	625	76.0%	155.8%	64.0%
Expenditure totals	1,521,802	1,521,802	1,084,421	437,381	71.3%	74.0%	70.2%
	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY18 <u>% Rec'd</u>	FY17 <u>% Rec'd</u>	FY16 <u>% Rec'd</u>
Revenues							
Town Funding - Local Taxes	188,942	188,942	188,942	0	100.0%	100.0%	100.0%
Food Sales	1,034,360	1,034,360	731,317	(303,043)	70.7%	58.6%	60.9%
Federal Funding (USDA)	258,000	258,000	111,650	(146,350)	43.3%	47.7%	51.7%
State Funding (DOE)	15,000	15,000	12,969	(2,031)	86.5%	88.9%	87.8%
Summer Meal Program	16,500	16,500	12,565	(3,935)	76.2%	70.4%	67.7%
Grants & Donations	9,000	9,000	0	(9,000)	0.0%	178.4%	195.7%
Revenue totals	1,521,802	1,521,802	1,057,443	(464,359)	69.5%	58.2%	60.8%
School Nutrition YTD fund balance			(26,979)				

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Federal Restricted Funds:	<u>Beg. Balance</u>	<u>FY18 Grant Funds Available</u>	<u>Year-to-date Revenues</u>	<u>Year-to-date Expenses</u>	<u>End. Balance*</u>
Title IA	0	167,282	27,613	108,528	(80,915)
Title IIA	749	80,905	5,416	61,412	(55,248)
Title IVA	0	9,856	0	0	0
Pre-K Local Entitlement	(34)	7,421	0	0	(34)
Local Entitlement	35	858,439	387,256	508,306	(121,015)
Total Federal Restricted	750	1,123,902	420,284	678,246	(257,212)

*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	184,129	0	424	183,705
Scarborough Education Foundation	24,469	22,584	17,785	29,268
Local grants & donations	18,496	7,280	3,675	22,101
CC Admin Recertification (fiscal agent)	746	8,300	4,141	4,905
Tech Maintenance Fees	157,934	72,236	0	230,170
School Nutrition Special Programs	5,355	6,665	2,725	9,295
PEPG State Grant	3,735	0	3,147	588
Proficiency-based Graduation Grant	7,883	0	2,400	5,483
Total Grants & Trusts	402,747	117,065	34,297	485,515

School CIP project account status
as of 3/31/2018

FACILITIES	Account #	Budget Balance as of 6/30/2017	FY18 Budgeted	FY18 YTD Expenses*	Budget Balance as of 3/31/2018
Long-range Planning	73001798 570000	(8,547)	50,000	0.00	41,453
District-wide Energy Impr	73001803 570000	182	60,000	3,122.90	57,059
District-wide Roofing	74001771 570000	83,799	177,000	87,525.00	173,274
District-wide Security & Access	74001787 570000	490,289	0	79,864.28	410,425
District-wide Flooring	74001791 570000	23,145	20,000	10,770.00	32,375
District-wide Movable Equipmt	74001792 573100	1,220	100,000	55,968.87	45,251
HS Auditorium	74001793 570000	2	8,000	0.00	8,002
District-wide Building Envelope	74001794 570000	33,188	100,000	70,275.00	62,913
District-wide Pavement Mtce	74001805 570000	0	15,000	14,400.00	600
Athletics Facilities/Equipment	74001807 570000	0	75,000	0.00	75,000
HS Science Labs Retrofit	74001808 570000	50,000	0	0.00	50,000
District-wide HVAC/Mechanical	74176800 573100	43,338	100,000	143,061.00	277
Facilities Support/Equipment	74176900 573100	0	64,000	62,917.17	1,083
TOTALS		716,617	769,000	527,904.22	957,713
TRANSPORTATION					
Bus purchase/lease	74001712 573600	4,171	318,000	316,050.00	6,121
TECHNOLOGY					
Equipment Replacement	74001784 573100	(196,633)	299,200	44,536.50	58,030
New Equipment	74001799 573100	108,529	10,000	0.00	118,529
TOTALS		(88,104)	309,200	44,536.50	176,559
*including encumbrances					
GRAND TOTALS		632,684	1,396,200	888,490.72	1,140,393