

## NOTES & COMMENTS

### FY2018 QUARTER 2 -- FINANCIALS AS OF 12/31/2017

#### Overview

This financial report takes us to the halfway mark of FY18. As usual at this time of year, we have been looking both forward and backward in the Business Office - MacPage has just completed the school audit for FY17, while our Leadership Council has begun the work of drafting our FY19 budget proposal. In this Quarter 2 report we take a moment to reflect on our status during the current budget year.

#### Expenditures

The end of the second quarter is 50% through the fiscal year and 43% through the school year. This year is the third in a row in which we experienced the shift in the calendar which scheduled three payrolls instead of two in the month of December. As you may remember from last year, having 14 of 26 payrolls fall in the first half of the fiscal year significantly increases the total budget percentage expended by the end of Quarter 2. As a result, our General Fund expenditures overall are now at 54% rather than the typical close-to-50% expended.

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. In most cases you will see that we are within one or two percentage points of prior year second quarter expenses; since our prior year figures were also impacted by the 14/26 payroll schedule, the year-to-year comparison is not affected.

Here are a few other variances of note:

**Extra-Curriculars** -- This category shows a slightly higher expenditure percentage than that of the past two years. As we work to improve our accounting practices around booster-funded expenses, we have made several purchases through the general fund which are targeted for reimbursement by the boosters. We believe that this will allow us to better track program expenses regardless of their funding source, as well as to leverage our athletics department's vendor relationships for pricing advantages.

**Instructional Technology** -- Sharp eyes will notice that expenses in this category have actually decreased since our first quarter report. This change was caused by our moving a large Middle School tech refresh purchase from an operating budget account to a CIP account at the direction of the auditors in December. Although as you know we have made a strategic effort to shift funding for scheduled tech refreshes from CIP to the operating budget, we took delivery of the Middle School chromebooks for the 2017-18 school year prior to June 30, so we were advised that charging them to an operating account in FY18 was not permissible. CIP accounts are considered multi-year and do not have these year-end accounting restrictions. As usual, personnel costs will continue to be transferred to the Town in January and June.

**Improvement of Instruction** -- As noted in the first quarter report, a lower rate of expenditure in this category compared with prior years reflects uncertainty about available funds for investment in curriculum materials due to the late passage of the school budget, as well as curtailment of originally planned FY18 investments.

**Library Services** -- A slightly lower expenditure percentage in this category can be attributed to both staffing shifts and delayed spending under the Leadership Council's curtailment plan.

**Transportation** -- Expenses in this category are even lower than usual in recent years for a number of reasons. We continue to experience turnover and a chronic shortage of qualified drivers, resulting in savings budget-to-actual in wage and benefit costs. We are also seeing lower than expected fuel and vehicle maintenance costs (with fewer buses on the road), compounded by the fact that both the November and December journals to Public Works were posted in January 2018 after the close of the quarter. Any savings in this area by year-end will be needed to offset the high cost of contracted transportation for athletics, activities and special services, which have already exceeded budgeted funds.

**NOTES & COMMENTS**  
**FY2018 QUARTER 2 -- FINANCIALS AS OF 12/31/2017**

**Revenues**

As reported in Quarter 1, we already have almost all of our budgeted revenues in place, due to the early posting of local tax revenues by the Town Finance office. Areas under watch are Special Services revenues for State Agency Clients and Medicaid reimbursement, which as you are aware are likely to produce shortfalls by year-end.

**Other Funds**

Adult Education is on target for another successful year, with program expenses held stable at the mid-year mark and enrollment consistent particularly in workforce, ELL and academic credit recovery. School Nutrition comes in under the 50% mark on percentage of budget expended, and revenues are again showing a positive trend with this year's upfront tax allocation. I'll be providing the School Board Finance Committee with some sample reports that are available to us now through our upgraded LunchTime software.

Changes in grant application requirements with the state and federal implementation of ESSA (Every Student Succeeds Act) as a replacement for NCLB (No Child Left Behind) have caused some delays in reimbursement processing, but as noted in the Quarter 1 report we have our FY18 allocations confirmed and revenues will balance expenditures 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 facilities and IT projects for FY18 will be planned for school breaks to minimize interruptions to school operations.

**In Summary**

As we continue to focus on budget development for FY19, we are confident that FY18 is on track to end the year with a positive fund balance. Through a combination of strategic efforts and fortunate cost shifts, we are working to establish a healthy foundation for the next budget cycle.

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<b><u>General Fund Appropriations:</u></b> (including encumbrances)	<b><u>Approved Budget</u></b>	<b><u>Revised Budget</u></b>	<b><u>Year-to-date Expended</u></b>	<b><u>Budget Balance</u></b>	<b><u>FY18 % Used</u></b>	<b><u>FY17 % Used</u></b>	<b><u>FY16 % Used</u></b>
Regular Instruction:							
Regular Instruction Programs	19,042,589	19,042,589	9,939,424	9,103,165	52.2%	51.5%	52.1%
English as a Second Language (ESL)	338,276	338,276	176,156	162,120	52.1%	49.1%	47.3%
Gifted and Talented Programs	314,173	314,173	163,944	150,229	52.2%	53.3%	52.4%
Special Education Instruction	7,558,169	7,558,169	3,637,843	3,920,326	48.1%	47.9%	46.3%
CTE Instruction (Career & Technical Ed)	293,318	293,318	293,318	0	100.0%	99.5%	98.0%
Other Instruction:							
Co-Curricular	144,024	144,024	72,299	71,725	50.2%	58.7%	51.1%
Extra-Curricular	971,188	971,188	527,345	443,843	54.3%	51.3%	50.7%
Student & Staff Support:							
Guidance Services	1,375,213	1,375,213	705,653	669,560	51.3%	50.4%	51.5%
Health Services	636,237	636,237	329,615	306,622	51.8%	52.8%	49.8%
Instructional Technology	1,042,756	1,042,756	219,420	823,336	21.0%	33.8%	24.0%
Improvement of Instruction	913,675	913,675	493,865	419,810	54.1%	59.7%	58.1%
Library Services	673,936	673,936	305,376	368,560	45.3%	50.2%	47.5%
System Administration	1,069,128	1,069,128	583,502	485,626	54.6%	55.8%	53.6%
School Administration	1,835,854	1,835,854	951,031	884,823	51.8%	50.2%	51.3%
Transportation	1,494,471	1,494,471	582,581	911,890	39.0%	46.2%	43.0%
Facilities & Maintenance	3,818,590	3,818,590	1,949,592	1,868,998	51.1%	48.3%	45.9%
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%
<b>Total General Fund Appropriations</b>	<b>47,125,168</b>	<b>47,125,168</b>	<b>25,460,800</b>	<b>21,664,368</b>	<b>54.0%</b>		
<b>FY17 Year-to-date</b>	<b>45,855,067</b>	<b>45,855,067</b>	<b>24,867,554</b>	<b>20,987,513</b>		<b>54.2%</b>	
<b>FY16 Year-to-date</b>	<b>43,543,756</b>	<b>43,543,756</b>	<b>23,067,609</b>	<b>20,476,147</b>			<b>53.0%</b>

<b><u>Estimated Revenue:</u></b>	<b><u>Estimated Revenue</u></b>	<b><u>Revised Estimate</u></b>	<b><u>Year-to-date Received</u></b>	<b><u>Balance/ (Shortfall)</u></b>	<b><u>FY18 % Rec'd</u></b>	<b><u>FY17 % Rec'd</u></b>	<b><u>FY16 % Rec'd</u></b>
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	1,066,774	(1,083,377)	49.6%	49.8%	52.6%
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	0	(165,000)	0.0%	8.3%	0.0%
Medicaid Reimbursement	45,000	45,000	0	(45,000)	0.0%	0.7%	11.8%
Comm. Services Daycare (rent space)	30,000	30,000	0	(30,000)	0.0%	0.0%	0.0%
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	13,525	(29,475)	31.5%	24.9%	35.0%
Student Sports/Activity Fees	150,000	150,000	76,441	(73,559)	51.0%	51.3%	68.7%
Other Miscellaneous Revenue	75,000	75,000	43,677	(31,323)	58.2%	66.9%	59.8%
<b>Total Revenue</b>	<b>47,125,168</b>	<b>47,125,168</b>	<b>45,664,370</b>	<b>(1,460,798)</b>	<b>96.9%</b>	<b>95.3%</b>	<b>94.1%</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>	FY18 <u>% Used</u>	FY17 <u>% Used</u>	FY16 <u>% Used</u>
<b>Expenditures</b>							
Wages & benefits (instructors & program admin)	157,521	157,521	77,147	80,374	49.0%	44.4%	48.7%
General supplies & operations	15,300	15,300	7,170	8,130	46.9%	54.8%	50.6%
Instructional supplies, software & equipment	9,880	9,880	5,474	4,406	55.4%	90.5%	53.8%
<b>Expenditure totals</b>	<b>182,701</b>	<b>182,701</b>	<b>89,791</b>	<b>92,910</b>	<b>49.1%</b>	<b>47.7%</b>	<b>49.2%</b>
	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>
<b>Revenues</b>							
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%	0.0%
Adult Ed Tuition	52,000	52,000	15,619	(36,381)	30.0%	24.1%	20.3%
<b>Revenue totals</b>	<b>182,701</b>	<b>182,701</b>	<b>143,526</b>	<b>(39,175)</b>	<b>78.6%</b>	<b>78.7%</b>	<b>61.2%</b>
<b>Adult Education YTD fund balance</b>			<b>53,735</b>				

	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>
<b><u>School Nutrition Program:</u></b>							
<b>Expenditures</b>							
Wages & Benefits	869,602	869,602	394,294	475,308	45.3%	44.7%	44.2%
Food & Beverages	562,000	562,000	251,660	310,340	44.8%	48.4%	40.9%
Contracted Services (software & repairs)	28,000	28,000	10,274	17,726	36.7%	29.9%	116.4%
Supplies & Equipment	59,600	59,600	23,089	36,511	38.7%	45.1%	39.8%
Operations	2,600	2,600	1,681	919	64.6%	62.4%	21.3%
<b>Expenditure totals</b>	<b>1,521,802</b>	<b>1,521,802</b>	<b>680,997</b>	<b>840,805</b>	<b>44.7%</b>	<b>45.9%</b>	<b>43.3%</b>
	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>
<b>Revenues</b>							
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	432,533	(601,827)	41.8%	35.0%	35.2%
Federal Funding (USDA)	258,000	258,000	47,420	(210,580)	18.4%	27.4%	27.2%
State Funding (DOE)	15,000	15,000	2,198	(12,803)	14.7%	22.4%	18.8%
Summer Meal Program	16,500	16,500	12,565	(3,935)	76.2%	65.7%	67.7%
Grants & Donations	9,000	9,000	0	(9,000)	0.0%	175.0%	87.2%
<b>Revenue totals</b>	<b>1,521,802</b>	<b>1,521,802</b>	<b>683,658</b>	<b>(838,144)</b>	<b>44.9%</b>	<b>33.5%</b>	<b>30.7%</b>
<b>School Nutrition YTD fund balance</b>			<b>2,661</b>				

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<b>Federal Restricted Funds:</b>	<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	23,188	70,205	(47,018)
Title IIA	749	80,905	0	46,805	(46,056)
Title IVA	0	9,856	0	0	0
Pre-K Local Entitlement	(34)	7,421	0	0	(34)
Local Entitlement	35	858,439	69,881	358,332	(288,416)
<b>Total Federal Restricted</b>	<b>750</b>	<b>1,123,902</b>	<b>93,069</b>	<b>475,342</b>	<b>(381,524)</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	184,129	0	0	184,129
Scarborough Education Foundation	24,469	22,584	15,797	31,256
Local grants & donations	18,496	7,280	2,686	23,090
CC Admin Recertification (fiscal agent)	746	8,300	105	8,941
Tech Maintenance Fees	157,934	39,085	0	197,019
School Nutrition Special Programs	5,355	5,745	2,725	8,375
PEPG State Grant	3,735	0	3,147	588
Proficiency-based Graduation Grant	7,883	0	0	7,883
<b>Total Grants &amp; Trusts</b>	<b>402,747</b>	<b>82,994</b>	<b>24,460</b>	<b>461,280</b>

**School CIP project account status**  
as of 12/31/2017

<b>FACILITIES</b>	<b>Account #</b>	<b>Budget Balance as of 6/30/2017</b>	<b>FY18 Budgeted</b>	<b>FY18 YTD Expenses*</b>	<b>Budget Balance as of 12/31/2017</b>
Long-range Planning	73001798 570000	(8,547)	50,000	0.00	41,453
District-wide Energy Impr	73001803 570000	182	60,000	0.00	60,182
District-wide Roofing	74001771 570000	83,799	177,000	87,525.00	173,274
District-wide Security & Access	74001787 570000	490,289	0	16,675.00	473,614
District-wide Flooring	74001791 570000	23,145	20,000	10,770.00	32,375
District-wide Movable Equipmt	74001792 573100	1,220	100,000	74,348.80	26,871
HS Auditorium	74001793 570000	2	8,000	2,495.00	5,507
District-wide Building Envelope	74001794 570000	33,188	100,000	61,225.00	71,963
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	69,436.00	73,902
Facilities Support/Equipment	74176900 573100	0	64,000	38,135.17	25,865
<b>TOTALS</b>		<b>716,617</b>	<b>769,000</b>	<b>375,009.97</b>	<b>1,110,607</b>
<b>TRANSPORTATION</b>					
Bus purchase/lease	74001712 573600	4,171	318,000	316,050.00	6,121
<b>TECHNOLOGY</b>					
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
<b>TOTALS</b>		<b>(88,104)</b>	<b>309,200</b>	<b>44,536.50</b>	<b>176,559</b>
*including encumbrances					
<b>GRAND TOTALS</b>		<b>632,684</b>	<b>1,396,200</b>	<b>735,596.47</b>	<b>1,293,288</b>