

## **NOTES & COMMENTS - YEAR END FY2018**

### **Overview**

This year-end financial report is provided as a supporting document to the Business Manager's public presentation at the School Board meeting of October 4, 2018. As usual, this report is marked "pending audit"; although we do not anticipate any significant changes, we will be working with the auditors over the next few months to develop the official year-end financial report. This introduction is intended to 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 sizeable surplus in the General Fund, coming in under budget by \$1,066,933. In contrast to the usual year-end surplus of \$400,000 or so, this larger expenditure surplus was achieved both through strategic action by school leaders and through unplanned expense fluctuations throughout the year.

At the very start of FY18, school leaders met to develop a curtailment plan for discretionary spending. Recognizing that our ability to maximize year-end fund balance would be a critical factor in developing a sustainable budget increase for FY19, the Leadership Council identified \$350,000 in potential savings, pledging to reduce and defer investments in staffing, supplies, equipment, contracted services and professional development across all departments of the district, both instructional and operational.

As you may remember, personnel costs made up 76% of our operating budget in FY18. Personnel turnover, benefit changes and unfilled positions accounted for approximately \$300,000 in overall savings over our budgeted projections. In the Transportation department, the ongoing challenge of finding and retaining qualified drivers, and our resulting inability to field a full fleet of buses, generated a savings of \$200,000 overall (\$125,000 in driver wages and benefits, the balance in vehicle maintenance and fuel). A portion of these savings will be used to offset the unbudgeted cost of contracted transportation for athletics and activities. The rest of the FY18 expenditure surplus is made up of incremental savings throughout the operating budget.

A separate document provided to the School Board outlines the individual accounts which were overspent by more than \$10,000 in FY18. Under policy DBJ, the Board is asked to approve budget transfers to cover these deficits at the end of each fiscal year. We will address the budget transfers in detail during the year-end presentation.

### **General Fund Revenues**

Having a substantial surplus in expenditures proved helpful in offsetting a deficit in FY18 General Fund revenues, which came in short of budgeted projections by \$264,288. Similar to our experience in FY17, the most significant shortfall was \$94,601 in State subsidy, which continues to be reduced by Medicare seed payments made directly to special purpose private schools by the Department of Education. State Agency Client reimbursement was short of budgeted estimates by \$54,798 due to changing student eligibility and services, while Medicaid reimbursement stopped altogether creating a shortfall of \$45,000\*.

## NOTES & COMMENTS - YEAR END FY2018

### Other Funds

The **Adult Education** program finished the year with a positive fund balance again, as a slight shortfall in revenues was offset by savings in expenditures, achieved partly through partnerships with local care facilities which allowed us to provide medical courses at reduced cost to the district. In FY18 the Adult Learning Center served over 480 participants in 100+ enrichment courses, while continuing to provide pathways to increased employment opportunity for area adults through workforce training (83 students), high school completion (25 students) and English language literacy (21 students).

The **School Nutrition** program ended FY18 over budget in expenditures by \$8,676 due to personnel wage and benefit shifts. While revenue projections were much closer to actuals with the welcome addition of budgeted local funding, we still experienced a shortfall in projected revenues and will require a year-end fund transfer of \$77,894 to balance the fund. Although we still have a year-end deficit for FY18, we see encouraging signs of improvement in the fiscal health of the program. The total FY18 contribution from local funds (tax appropriation plus fund transfer) will be \$34,315 lower than in FY17, and forecasts for the start of the FY19 school year show a continuing positive trend in meal counts and food sales.

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. One point of interest this year is our local Tech Maintenance Fees fund, which has accrued a balance of \$230,000 as of the end of FY18. While this fund will continue to be used to cover costs of maintenance and repair of student devices, we will also be applying a portion of this balance to the future purchase of replacement devices for High School students as described in the original FY16 project plan.

### Capital Projects

This report includes a year-end summary of our multi-year CIP project accounts. While most of the carryover balances as of June 30 reflect the timing of projects planned for the 2018 summer vacation, the large balance in the districtwide security and access management project line is still in place pending implementation of the town-wide IT disaster recovery plan. The 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

School leaders began FY18 with the unenviable task of managing a reduced operating budget while working to maximize the resources available to carry into FY19. We are pleased to report that our efforts have been successful, and that we ended FY18 on the solid ground we needed to move forward. 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.

\*As we have noted in FY18 quarterly reports, Medicaid reimbursement was originally budgeted at \$45,000, however we have stopped billing Medicaid for school-based medical services due to the State DOE's inability to guarantee that family insurance will not be billed for school expenses. Understandably, this makes parents reluctant to give us informed consent to bill Medicaid. Further, we are concerned that this might constitute a failure to provide statutorily mandated "free & appropriate public education" (FAPE).

**Scarborough Public Schools**  
**Statement of Surplus**  
**June 30, 2018**

**PENDING AUDIT**

(includes School Board budget transfers of 10/4/2018)

General Fund Surplus as of 6/30/2017	\$ 2,343,954
Allocated to 2017-18 budget	\$ (2,100,000)
<b>Undesignated Surplus as of 7/1/2017</b>	<b>(audited balance) \$ 243,954</b>

<u>General Fund Appropriations:</u>	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Year End Expended</u>	<u>Budget Balance</u>	<u>FY18 % Used</u>	<u>FY17 % Used</u>	<u>FY16 % Used</u>
Regular Instruction:							
Regular Instruction Programs	19,023,239	19,019,039	18,798,017	221,022	98.8%	99.1%	98.5%
English as a Second Language (ESL)	338,276	338,276	335,011	3,265	99.0%	100.0%	92.9%
Gifted and Talented Programs	314,173	314,173	310,525	3,648	98.8%	99.0%	97.4%
Special Education Instruction	7,558,169	7,564,669	7,385,216	179,453	97.6%	97.0%	95.6%
CTE Instruction (Career & Technical Ed)	293,318	293,318	293,318	0	100.0%	100.0%	98.0%
Other Instruction:							
Co-Curricular	144,024	143,124	130,801	12,323	91.4%	96.3%	95.7%
Extra-Curricular	971,188	1,048,937	1,048,721	216	100.0%	100.0%	99.9%
Student & Staff Support:							
Guidance Services	1,375,713	1,375,713	1,357,940	17,773	98.7%	99.8%	99.9%
Health Services	636,237	643,517	641,907	1,610	99.7%	100.0%	100.0%
Improvement of Instruction	913,675	906,395	782,536	123,859	86.3%	93.2%	90.4%
Instructional Technology	1,042,756	1,042,756	999,957	42,799	95.9%	97.2%	93.6%
Library Services	690,786	688,486	625,691	62,795	90.9%	95.9%	96.5%
System Administration	1,069,128	1,055,943	1,019,646	36,297	96.6%	99.9%	100.0%
School Administration	1,837,854	1,837,854	1,827,097	10,757	99.4%	99.8%	99.3%
Transportation	1,494,471	1,419,971	1,282,461	137,510	90.3%	96.0%	90.0%
Facilities & Maintenance	3,818,590	3,818,590	3,604,985	213,605	94.4%	92.7%	95.8%
Debt Service	5,603,571	5,614,407	5,614,407	0	100.0%	100.0%	73.1%
All Other	0	0	0	0	0.0%	100.0%	100.0%
<b>Total General Fund Appropriations</b>	<b>47,125,168</b>	<b>47,125,168</b>	<b>46,058,235</b>	<b>1,066,933</b>	<b>97.7%</b>		
<b>FY17 Year End</b>	<b>45,855,067</b>	<b>45,855,067</b>	<b>44,994,040</b>	<b>861,027</b>		<b>98.1%</b>	
<b>FY16 Year End</b>	<b>43,543,756</b>	<b>43,543,756</b>	<b>41,064,619</b>	<b>2,479,137</b>			<b>94.3%</b>

<u>Estimated Revenue:</u>	<u>Estimated Revenue</u>	<u>Revised Estimate</u>	<u>Actual 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%	86.6%	100.0%
State Subsidy - GPA	2,150,151	2,150,151	2,055,550	(94,601)	95.6%	97.5%	99.1%
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	110,202	(54,798)	66.8%	71.3%	83.4%
Medicaid Reimbursement	45,000	45,000	0	(45,000)	0.0%	0.7%	34.5%
Comm. Services Daycare (rent space)	30,000	30,000	20,212	(9,788)	67.4%	98.5%	101.9%
Community Services Transportation	30,000	30,000	28,938	(1,062)	96.5%	97.6%	83.2%
Winslow Homer/Facility Rental Fees	43,000	43,000	29,256	(13,744)	68.0%	68.9%	81.7%
Student Sports/Activity Fees	150,000	150,000	125,560	(24,440)	83.7%	90.0%	100.8%
Other Miscellaneous Revenue	75,000	75,000	56,145	(18,855)	74.9%	105.2%	88.9%
<b>Total Revenue</b>	<b>47,125,168</b>	<b>47,125,168</b>	<b>46,860,880</b>	<b>(264,288)</b>	<b>99.4%</b>	<b>99.0%</b>	<b>99.7%</b>

**Scarborough Public Schools  
Statement of Surplus  
June 30, 2018**

**PENDING AUDIT**

(includes School Board budget transfers of 10/4/2018)

**Year-end Fund Transfers**

Food Services fund deficit (see below)	\$ (77,894)
Surplus bond proceeds from closed CIP projects to General Fund	\$ -
Audit adjustments	\$ -
<b>Total Transfers</b>	<b>\$ (77,894)</b>

**Breakdown of General Fund Surplus Balances**

As of 6/30/2017 fund balance was :	\$ 2,343,954
Used For FY18 Budget	\$ (2,100,000)
Undesignated Fund Balance 6/30/2017	\$ 243,954
FY18 Appropriations Balance	\$ 1,066,933
FY18 Revenue Balance	\$ (264,288)
FY18 Year-end Adjustments	\$ (77,894)
FY18 Year-end Balance	\$ 724,751
Total Available Fund Balance	\$ 968,705
Used for FY19 Budget	\$ (500,000)
<b>Undesignated Fund Balance 6/30/2018</b>	<b>\$ 468,705</b>

**OTHER FUNDS**

**Adult Education:**

	Approved <u>Budget</u>	Revised <u>Budget</u>	Actual <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	150,057	7,464	95.3%	98.4%	97.0%
Instructional supplies, software & equipment	15,300	15,300	15,059	241	98.4%	171.1%	124.7%
General supplies & operations	9,880	9,880	8,212	1,668	83.1%	97.5%	87.8%
<b>Expenditure totals</b>	<b>182,701</b>	<b>182,701</b>	<b>173,329</b>	<b>9,372</b>	<b>94.9%</b>	<b>102.6%</b>	<b>98.5%</b>
	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Actual <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%	85.0%
Adult Ed Tuition	52,000	52,000	50,943	(1,057)	98.0%	89.1%	80.2%
<b>Revenue totals</b>	<b>182,701</b>	<b>182,701</b>	<b>178,850</b>	<b>(3,851)</b>	<b>97.9%</b>	<b>99.0%</b>	<b>91.7%</b>
<b>Adult Education YTD fund balance</b>			<b>5,521</b>				

**Scarborough Public Schools  
Statement of Surplus  
June 30, 2018**

**PENDING AUDIT**

(includes School Board budget transfers of 10/4/2018)

	Approved Budget	Revised Budget	Actual Expended	Budget Balance	FY18 % Used	FY17 % Used	FY16 % Used
<b>School Nutrition Program:</b>							
<b>Expenditures</b>							
Wages & Benefits	869,602	869,602	912,629	(43,027)	104.9%	103.1%	100.3%
Food & Beverages	562,000	562,000	559,838	2,162	99.6%	99.4%	91.9%
Contracted Services (software & repairs)	28,000	28,000	13,236	14,764	47.3%	101.8%	162.5%
Supplies & Equipment	59,600	59,600	42,950	16,650	72.1%	60.7%	73.0%
Operations	2,600	2,600	1,826	774	70.2%	176.4%	69.1%
<b>Expenditure totals</b>	<b>1,521,802</b>	<b>1,521,802</b>	<b>1,530,478</b>	<b>(8,676)</b>	<b>100.6%</b>	<b>99.7%</b>	<b>96.3%</b>
<b>Revenues</b>							
Town Funding - Local Taxes	188,942	188,942	188,942	0	100.0%	100.0%	-33.1%
Food Sales	1,034,360	1,034,360	1,015,494	(18,866)	98.2%	79.9%	82.4%
Federal Funding (USDA)	258,000	258,000	219,190	(38,810)	85.0%	83.1%	86.3%
State Funding (DOE)	15,000	15,000	13,393	(1,607)	89.3%	92.2%	92.0%
Summer Meal Program	16,500	16,500	12,565	(3,935)	76.2%	70.4%	67.7%
Grants & Donations	9,000	9,000	3,000	(6,000)	33.3%	111.3%	320.7%
<b>Revenue totals</b>	<b>1,521,802</b>	<b>1,521,802</b>	<b>1,452,584</b>	<b>(69,218)</b>	<b>95.5%</b>	<b>80.9%</b>	<b>80.4%</b>

**School Nutrition YTD fund balance (77,894)**

<b>Federal Restricted Funds:</b>	Beg. Balance	FY18 Grant Funds Available	Actual	Actual	End. Balance*
			Revenues	Expenses	
Title IA	0	167,282	155,789	155,789	0
Title IIA	749	80,905	66,377	66,377	749
Title IVA	0	9,856	3,300	3,300	0
Pre-K Local Entitlement	(34)	7,421	7,421	7,421	(34)
Local Entitlement	36	858,439	681,263	681,300	(0)
<b>Total Federal Restricted</b>	<b>751</b>	<b>1,123,902</b>	<b>914,152</b>	<b>914,188</b>	<b>715</b>

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

<b>Grants &amp; Trusts:</b>	Beg. Balance	Actual	Actual	End. Balance
		Revenues	Expenses	
Louis & Tina Fineberg Trust	184,129	0	19,055	165,074
Scarborough Education Foundation	24,469	36,666	23,529	37,606
Local grants & donations	18,496	7,480	5,994	19,982
CC Admin Recertification (fiscal agent)	746	8,300	8,177	869
Tech Maintenance Fees	157,934	72,236	0	230,170
School Nutrition Special Programs	5,355	9,782	4,138	10,999
PEPG State Grant	3,735	0	3,147	588
Proficiency-based Graduation Grant	7,883	0	4,800	3,083
<b>Total Grants &amp; Trusts</b>	<b>402,747</b>	<b>134,464</b>	<b>68,840</b>	<b>468,372</b>

School CIP project account status  
as of 6/30/2018

Year-end FY18

FOR SCHOOL BOARD 10/4/18 - PENDING AUDIT

FACILITIES	Account #	Budget Balance as of 6/30/2017	FY18 Budgeted	FY18 YTD Expenses	FY18 year-end close to GF	Budget Balance as of 6/30/2018
Long-range Planning	73001798 570000	(8,547)	50,000	0.00		41,453
District-wide Energy Impr	73001803 570000	182	60,000	36,269.35		23,913
District-wide Roofing	74001771 570000	83,799	177,000	95,042.36		165,757
District-wide Security & Access	74001787 570000	490,289	0	56,481.88		433,807
District-wide Flooring	74001791 570000	23,145	20,000	10,770.00		32,375
District-wide Movable Equipmt	74001792 573100	1,220	100,000	67,193.37		34,026
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	8,604.49		66,396
HS Science Labs Retrofit	74001808 570000	50,000	0	0.00		50,000
District-wide HVAC/Mechanical	74176800 573100	43,338	100,000	113,048.00		30,290
Facilities Support/Equipment	74176900 573100	0	64,000	59,381.00		4,619
<b>TOTALS</b>		<b>716,617</b>	<b>769,000</b>	<b>531,465.45</b>		<b>954,152</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	5,627.50		96,939
New Equipment	74001799 573100	108,529	10,000	0.00		118,529
<b>TOTALS</b>		<b>(88,104)</b>	<b>309,200</b>	<b>5,627.50</b>		<b>215,468</b>
					TBD by Town Finance Office	
<b>GRAND TOTALS</b>		<b>632,684</b>	<b>1,396,200</b>	<b>853,142.95</b>		<b>1,175,741</b>