

NOTES & COMMENTS

FY2017 QUARTER 3 -- FINANCIALS AS OF 3/31/2017

Overview

The end of the third quarter of FY17 was overshadowed as usual by the budget development process for FY18. This quarterly report shows a favorable budget-to-actual pattern, setting us up for a healthy close to the current fiscal year.

Expenditures

The end of the second 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 prior years. A slightly higher percentage is found in a few of the smaller budget categories where almost all of the funding goes to teacher & professional salaries, impacted by this year's new CBA.

Here are some other variances of note:

Special Education -- This category shows a slightly lower rate of expenditure than the General Fund overall. The majority of savings budget-to-actual comes in out-of-district tuition expenses, where the Special Services department has been able to transition students back into district programs.

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.

Instructional Technology -- Spending in this category has shifted back to a more typical trajectory since the second quarter, as purchases for replacement of tech equipment have slowed. 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 -- This category continues to run a bit below the 75% mark due both to ongoing staff turnover and to the continued lower cost of bus fuel.

Debt Service -- As noted in the second quarter report, the shift in percentage spent for debt service reflects the fact that a larger proportion of payments due this year are for principal rather than interest. All principal payments are made in the first half of the year, while interest payments are split between fall and spring.

On April 25, the Superintendent instructed the Leadership Council to enact a voluntary curtailment of discretionary spending through the end of the school and fiscal year. Recognizing that the sizeable fund balance generated in FY16 had been almost completely used up to offset loss of state revenue in the FY18 budget proposal, school leaders committed to generating as much new budget-to-actual surplus as possible by the close of FY17.

NOTES & COMMENTS

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Revenues

General Fund revenues are on track with a few exceptions. We will see a shortfall budget-to-actual in state funding this year due to the DOE's deduction of MaineCare seed payments from subsidy allocations. State Agency Client reimbursement continues to be delayed due to personnel turnover at the state level; both SAC and Medicaid reimbursements will most likely fall short of budgeted projections this year.

Other Funds

Adult Education has a positive fund balance at the end of the third quarter. Spending on supplies is a bit over budget due to purchase of textbooks and consumables for CNA classes and other workforce programs, which continue to generate very good offsetting tuition revenues.

Operations in the **School Nutrition** department have been discussed at some length during the budget development process for FY18. While expenditures at the end of quarter 3 are in line with what we see in the General Fund, food sale revenues continue to fall considerably short of the FY17 total budgeted, and we will need a year-end fund transfer to cover this deficit.

Looking forward to FY18, we have made a commitment to tackle this long-term problem in several ways. Ongoing improvements continue to ensure that we provide high-quality, delicious food, increase opportunities for students to purchase healthy meals and snacks throughout the school day, and expand communication about program offerings to students, parents and the community.

Most importantly, we have re-worked FY18 budgeted revenue projections to more accurately reflect food sale levels, and have directly budgeted local tax revenues in support of the program for the first time. This strategic decision appropriately acknowledges the current status of the program, and removes the need to rely solely on unbudgeted surplus at year-end.

Capital Projects

As usual, this report includes a year-to-date summary of our multi-year CIP project accounts. Apart from a few facilities projects scheduled for the April vacation and 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 third quarter of FY17 leaves us in a secure position to finish out the fiscal year. Our usual approach to thoughtful spending will be enhanced by the curtailment initiative so that we may end the year in the best possible situation to support budget development in coming years.

**Scarborough Public Schools
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General Fund Appropriations: (including encumbrances)	Approved Budget	Revised Budget	Year-to-date Expended	Budget Balance	FY17 % Used	FY16 % Used	FY15 % Used
Regular Instruction:							
Regular Instruction Programs	18,633,608	18,633,608	13,868,332	4,765,276	74.4%	75.1%	74.2%
English as a Second Language (ESL)	263,771	263,771	202,904	60,867	76.9%	69.5%	62.1%
Gifted and Talented Programs	301,899	301,899	230,298	71,601	76.3%	74.7%	75.8%
Special Education Instruction	7,125,737	7,125,737	5,053,321	2,072,416	70.9%	69.9%	72.9%
CTE Instruction (Career & Technical Ed)	259,555	259,555	259,555	(0)	100.0%	98.0%	101.5%
Other Instruction:							
Co-Curricular	138,729	138,729	95,727	43,002	69.0%	59.3%	54.1%
Extra-Curricular	866,587	866,587	728,188	138,399	84.0%	80.0%	82.7%
Student & Staff Support:							
Guidance Services	1,285,197	1,285,197	939,381	345,816	73.1%	74.9%	73.2%
Health Services	601,743	601,743	460,370	141,373	76.5%	73.8%	72.0%
Instructional Technology	995,908	995,908	654,454	341,454	65.7%	66.9%	59.2%
Improvement of Instruction	993,479	993,479	740,927	252,552	74.6%	76.9%	78.4%
Library Services	605,190	605,190	428,024	177,166	70.7%	73.0%	70.5%
System Administration	1,012,196	1,012,196	766,095	246,101	75.7%	75.6%	76.2%
School Administration	1,689,833	1,689,833	1,232,919	456,914	73.0%	75.1%	74.0%
Transportation	1,455,813	1,455,813	964,935	490,878	66.3%	65.4%	66.2%
Facilities & Maintenance	3,839,189	3,839,189	2,866,819	972,370	74.7%	69.8%	74.1%
Debt Service	5,761,633	5,761,633	4,642,407	1,119,226	80.6%	77.4%	71.6%
All Other	25,000	25,000	0	25,000	0.0%	0.0%	0.0%
Total General Fund Appropriations	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%	
FY15 Year-to-date	41,990,624	41,990,624	30,808,934	11,181,690			73.4%

Estimated Revenue:	Estimated Revenue	Revised Estimate	Year-to-date Received	Balance/ (Shortfall)	FY17 % Rec'd	FY16 % Rec'd	FY15 % Rec'd
Town Funding - Tax Levy	39,734,010	39,734,010	39,734,010	0	100.0%	100.0%	100.0%
Use of Fund Balance	425,000	425,000	425,000	0	100.0%	100.0%	100.0%
Wentworth Project Funds	1,585,910	1,585,910	1,585,910	0	100.0%	0.0%	0.0%
State Subsidy - GPA	3,589,147	3,589,147	2,658,474	(930,673)	74.1%	76.0%	77.4%
State Agency Client Funding	165,000	165,000	13,731	(151,269)	8.3%	36.2%	72.1%
Medicaid Reimbursement	45,000	45,000	334	(44,666)	0.7%	20.3%	90.3%
Comm. Services Daycare (rent space)	30,000	30,000	12,418	(17,582)	41.4%	43.2%	44.5%
Community Services Transportation	30,000	30,000	26,933	(3,067)	89.8%	80.8%	107.2%
Winslow Homer/Facility Rental Fees	43,000	43,000	22,620	(20,380)	52.6%	62.3%	78.7%
Student Sports/Activity Fees	150,000	150,000	114,630	(35,370)	76.4%	73.4%	75.6%
Other Miscellaneous Revenue	58,000	58,000	49,386	(8,614)	85.1%	65.9%	61.9%
Total Revenue	45,855,067	45,855,067	44,643,445	(1,211,622)	97.4%	96.9%	97.1%

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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>	FY17 <u>% Used</u>	FY16 <u>% Used</u>	FY15 <u>% Used</u>
Expenditures							
Wages & benefits (instructors & program admin)	162,055	162,055	111,339	50,716	68.7%		
General supplies & operations	10,000	10,000	8,267	1,733	82.7%		
Instructional supplies, software & equipment	10,750	10,750	13,785	(3,035)	128.2%		
Expenditure totals	182,805	182,805	133,392	49,413	73.0%	74.1%	70.0%
Revenues	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY17 <u>% Rec'd</u>	FY16 <u>% Rec'd</u>	FY15 <u>% Rec'd</u>
Town Funding - Tax Levy	99,552	99,552	99,552	0	100.0%		
Use of Fund Balance	1,253	1,253	1,253	0	100.0%		
State Subsidy - Adult Ed	25,000	25,000	29,306	4,306	117.2%		
Adult Ed Tuition	57,000	57,000	37,516	(19,484)	65.8%		
Revenue totals	182,805	182,805	167,627	(15,178)	91.7%	84.1%	88.3%
Adult Education YTD fund balance	0	0	34,235	34,235			

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY17 <u>% Used</u>	FY16 <u>% Used</u>	FY15 <u>% Used</u>
<u>School Nutrition Program:</u>							
Expenditures							
Wages & Benefits	841,841	841,841	604,843	236,998	71.8%		
Food & Beverages	543,675	543,675	419,606	124,069	77.2%		
Contracted Services (software & repairs)	19,000	10,500	9,645	855	91.9%		
Supplies & Equipment	64,800	73,300	51,233	22,067	69.9%		
Operations	1,750	1,750	2,727	(977)	155.8%		
Expenditure totals	1,471,066	1,471,066	1,088,054	383,012	74.0%	70.2%	71.2%
Revenues	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY17 <u>% Rec'd</u>	FY16 <u>% Rec'd</u>	FY15 <u>% Rec'd</u>
Food Sales	1,150,566	1,150,566	674,037	(476,529)			
Federal Funding (USDA)	258,000	258,000	122,953	(135,047)			
State Funding (DOE)	15,000	15,000	13,339	(1,661)			
Summer Meal Program	18,500	18,500	13,026	(5,474)			
Grants & Donations	4,000	4,000	7,135	3,135			
General Fund support	25,000	25,000	25,000	0			
Revenue totals	1,471,066	1,471,066	855,491	(615,575)	58.2%	60.8%	64.1%
School Nutrition YTD fund balance	0	0	(232,563)	(232,563)			

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Federal Restricted Funds:	<u>Beg. Balance</u>	Year-to-date	Year-to-date	<u>End. Balance*</u>
		<u>Revenues</u>	<u>Expenses</u>	
Title IA	0	91,667	118,279	(26,612)
Title IIA	0	42,476	55,969	(13,493)
Pre-K Local Entitlement	0	4,097	4,306	(209)
Local Entitlement	0	365,989	533,196	(167,208)
Total Federal Restricted	0	504,229	711,751	(207,521)

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

Grants & Trusts:	<u>Beg. Balance</u>	Year-to-date	Year-to-date	<u>End. Balance</u>
		<u>Revenues</u>	<u>Expenses</u>	
Louis & Tina Fineberg Trust	194,129	0	10,000	184,129
Scarborough Education Foundation	16,079	14,180	11,830	18,428
Local grants & donations	7,291	10,091	1,623	15,760
CC Admin Recertification (fiscal agent)	852	8,100	4,036	4,915
Tech Maintenance Fees**	92,893	158,479	545	250,827
PEPG State Grant	2,235	1,500	0	3,735
Proficiency-based Graduation Grant	70,910	36,299	73,750	33,458
Total Grants & Trusts	384,388	228,649	101,784	511,253

**transferred to MUNIS account from School Activity Accounts

School CIP project account status
as of 3/31/2017

FACILITIES	Account #	Budget Balance as of 6/30/2016	FY17 Budgeted	FY17 YTD Expenses*	Budget Balance as of 3/31/2017
Long-range Planning	73001798 570000	(4,488)	0	0.00	(4,488)
District-wide Energy Impr	73001803 570000	22,598	60,000	39,889.25	42,708
District-wide Roofing	74001771 570000	21,649	238,500	176,350.00	83,799
District-wide Security & Access	74001787 570000	512,824	0	11,383.28	501,440
District-wide Flooring	74001791 570000	3,145	20,000	0.00	23,145
District-wide Movable Equipmt	74001792 573100	24,264	88,375	80,222.66	32,416
HS Auditorium	74001793 570000	0	10,000	0.00	10,000
District-wide Building Envelope	74001794 570000	(9)	125,000	91,803.00	33,188
District-wide Pavement Mtce	74001805 570000	0	15,000	15,000.00	0
Athletics Facilities/Equipment	74001807 570000	0	76,000	76,000.00	0
HS Science Labs Retrofit	74001808 570000	0	50,000	0.00	50,000
District-wide HVAC/Mechanical	74176800 573100	65,656	100,000	103,186.82	62,469
Facilities Support/Equipment	74176900 573100	9,152	52,000	41,406.00	19,746
TOTALS		654,791	834,875	635,241.01	854,425
TRANSPORTATION					
Bus purchase/lease	74001712 573600	0	315,000	310,828.60	4,171
TECHNOLOGY					
DW Equipment Replacement	74001784-573100-04149				0
DW Tech FY2014 New	74001799-573100-04149				0
TOTALS		184,961	230,955	81,898.47	334,018
				*including encumbrances	
GRAND TOTALS		839,752	1,380,830	1,027,968.08	1,192,614