

NOTES & COMMENTS
FY2016 QUARTER 3 -- FINANCIALS AS OF 3/31/2016

Overview

The close of the third quarter arrives each year as we are busy planning for the next budget cycle. Meanwhile, a look at the financial picture for FY2016 indicates that we are on track to finish the current fiscal year in good shape.

Expenditures

The end of the third quarter is 75% through the fiscal year and 73% through the school year. The attached financial statements show that our year-to-date expenditures are within that range overall and compare favorably with prior year spending patterns. Typically at this time of year we begin projecting year-end budget-to-actual expenditures so we can be assured of coming in under budget with fund balance left over to support the FY2017 budget.

Here are some variances of note:

Special Education -- As mentioned in the 2nd Quarter report, personnel costs in Special Services have been reduced by employee turnover and timing of new hires during the school year. We anticipate that this will change somewhat by year-end due to the need to add support staff for students entering the district this Spring. Spending for outside placement tuition continues to be lower than anticipated, and we should end the fiscal year with a surplus in that account.

CTE Instruction -- As we pointed out in the 2nd Quarter report, we have paid both the PATHS and the Westbrook Voc invoices for this year, and we're showing a budget surplus of \$6,000, a favorable comparison with the slight budget shortfalls we saw in FY14 and FY15.

Co- and Extra-Curriculars -- Since co-curricular stipends for the most part are paid half in December and half in June, spending in this category lags behind the 75% mark at third quarter. For Extra-Curriculars, however, spending trends a bit higher than 75% because the Fall and Winter seasons have more (and more expensive) sports offerings.

Instructional Technology -- At third quarter we have reimbursed the Town for the first half of our share of personnel costs under the shared services model. Slightly higher spending than prior years reflects the shift of funding for a portion of our Technology expenses from CIP into the operating budget this year.

Transportation -- This category still lags below the 75% mark, although we have now managed to fill all but one open driver position. Gasoline costs are also running below budget and we anticipate continued savings in that area.

Facilities -- Spending is running just a bit below last year due to the mild winter, reflected both in utility costs and contracted services (used heavily last year for snow and ice removal).

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Revenues

Revenues on the whole are on track without any surprises. Medicaid reimbursement continues to be a moving target - while we budgeted a higher revenue for FY16 based on FY15 actual receipts, we are now lagging behind that projection. Also, as noted in the 2nd Quarter report, the Department of Education has had turnover in the team that processes reimbursements for State Agency Clients. We did finally receive payment for our September-December reports, but we're still waiting for January and February, which would traditionally register by the end of the third quarter.

One major development in the revenue picture is the decision to apply remaining Wentworth Project funds to the cost of debt service in FY2016. These funds were identified in December 2015 once the Wentworth project was closed and audited, and should serve to create an FY2016 year-end budget surplus in the neighborhood of \$1 million. School and Town leaders are confident that, with careful management, this funding will enable us to address the continued loss of state subsidy for several budget cycles.

Other Funds

Adult Education ends the third quarter with a positive fund balance. CNA classes continue to be very popular, and we are working on developing a partnership with the new Comfort Keepers location in Scarborough. Course offerings for English Language Learners (ELL) are another highlight, continuing to expand due to increasing demand.

In School Nutrition, spending patterns continue to show a shift, with savings in food costs offset by higher spending on staff wages, consistent with the new Director's emphasis on scratch cooking. Some additional spending has been needed to bring kitchen equipment up to standard; this concern is being addressed systematically with plans for effective preventive maintenance and a regular equipment replacement cycle. While meal counts are beginning to increase, and the program is becoming more popular for quality event catering throughout the district, we anticipate that it will take time for the fund to turn around and that we will still have a year-end deficit.

Capital Projects

As usual, this report includes a year-to-date summary of our multi-year CIP project accounts. Spending continues relatively slowly at this time of year, with some projects planned for the April vacation week and larger items waiting for the end of the school year.

In Summary

FY2016 is on a steady track to year-end with a responsible budget-to-actual surplus. As we continue through the FY2017 budget process, we are confident that we will be on solid financial ground at June 30.

**Scarborough Public Schools
2015-2016 Financial Report
Operating Account
As of March 31, 2016**

<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>FY16 % Used</u>	<u>FY15 % Used</u>	<u>FY14 % Used</u>
Regular Instruction:							
Regular Instruction Programs	17,560,839	17,560,839	13,187,949	4,372,890	75.1%	74.2%	75.2%
English as a Second Language (ESL)	266,025	266,025	184,919	81,106	69.5%	62.1%	75.1%
Gifted and Talented Programs	292,651	292,651	218,691	73,960	74.7%	75.8%	75.5%
Special Education Instruction	6,996,457	6,996,457	4,889,160	2,107,297	69.9%	72.9%	73.3%
CTE Instruction (Career & Technical Ed)	293,591	293,591	287,589	6,002	98.0%	101.5%	127.6%
Other Instruction:							
Co-Curricular	137,641	137,641	81,559	56,082	59.3%	54.1%	68.6%
Extra-Curricular	787,476	787,476	629,602	157,874	80.0%	82.7%	81.7%
Student & Staff Support:							
Guidance Services	1,211,008	1,211,008	906,505	304,503	74.9%	73.2%	73.7%
Health Services	571,662	571,662	421,913	149,749	73.8%	72.0%	76.4%
Instructional Technology	856,739	856,739	573,301	283,438	66.9%	59.2%	65.5%
Improvement of Instruction	942,848	942,848	724,968	217,880	76.9%	78.4%	79.9%
Library Services	607,496	607,496	443,273	164,223	73.0%	70.5%	73.3%
System Administration	997,264	997,264	748,075	249,189	75.0%	76.2%	80.7%
School Administration	1,595,697	1,595,697	1,198,366	397,331	75.1%	74.0%	74.2%
Transportation	1,529,166	1,529,166	1,000,635	528,531	65.4%	66.2%	71.7%
Facilities & Maintenance	3,753,759	3,753,759	2,619,328	1,134,431	69.8%	74.1%	68.3%
Debt Service	5,118,437	5,118,437	3,961,043	1,157,394	77.4%	71.6%	71.4%
All Other	25,000	25,000	0	25,000	0.0%	0.0%	0.0%
Total General Fund Appropriations	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%	
FY14 Year-to-date	39,325,825	39,325,825	29,117,243	10,208,582			74.0%

<u>Estimated Revenue:</u>	<u>Revenue</u>	<u>Revised Estimate</u>	<u>Year-to-date Received</u>	<u>Balance/ (Shortfall)</u>	<u>FY16 % Rec'd</u>	<u>FY15 % Rec'd</u>	<u>FY14 % Rec'd</u>
Town Funding - Tax Levy	37,659,488	37,659,488	37,659,488	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 Unused Funds/Bond Premium	274,390	274,390	274,390	0	100.0%	0.0%	0.0%
State Subsidy - GPA	4,645,178	4,645,178	3,529,848	(1,115,330)	76.0%	77.4%	77.8%
State Agency Client Funding	172,000	172,000	62,332	(109,668)	36.2%	72.1%	173.5%
Medicaid Reimbursement	48,500	48,500	9,864	(38,636)	20.3%	90.3%	35.2%
Comm. Services Daycare (rent space)	29,700	29,700	12,827	(16,873)	43.2%	44.5%	47.8%
Community Services Transportation	32,500	32,500	26,252	(6,248)	80.8%	107.2%	100.5%
Winslow Homer/Facility Rental Fees	43,000	43,000	26,799	(16,201)	62.3%	78.7%	73.0%
Student Sports/Activity Fees	157,500	157,500	115,583	(41,917)	73.4%	75.6%	83.4%
Other Miscellaneous Revenue	56,500	56,500	37,217	(19,283)	65.9%	61.9%	68.5%
Total Revenue	43,543,756	43,543,756	42,179,599	(1,364,157)	96.9%	97.1%	97.5%

Scarborough Public Schools
 2015-2016 Financial Report
 Operating Account
 As of March 31, 2016

OTHER FUNDS

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY16 <u>% Used</u>	FY15 <u>% Used</u>
Adult Education:						
Expenditures	181,552	181,552	134,575	46,977	74.1%	70.0%
Revenues	<u>Budgeted Revenue</u>	<u>Revised Estimate</u>	<u>Year-to-date Received</u>	<u>Balance/ (Shortfall)</u>	<u>FY16 % Rec'd</u>	<u>FY15 % Rec'd</u>
Town Funding - Tax Levy	99,552	99,552	99,552	0		
State Subsidy - Adult Ed	25,000	25,000	21,244	(3,756)		
Adult Ed Tuition	57,000	57,000	31,841	(25,159)		
Revenue totals	181,552	181,552	152,638	(28,914)	84.1%	88.3%
Adult Education YTD fund balance	0	0	18,062	18,062		

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY16 <u>% Used</u>	FY15 <u>% Used</u>
School Nutrition Program:						
Expenditures	1,495,568	1,495,568	1,050,524	445,044	70.2%	71.2%
Revenues	<u>Budgeted Revenue</u>	<u>Revised Estimate</u>	<u>Year-to-date Received</u>	<u>Balance/ (Shortfall)</u>	<u>FY16 % Rec'd</u>	<u>FY15 % Rec'd</u>
Food Sales	1,164,502	1,164,502	709,155	(455,347)		
Federal Funding (USDA)	258,000	258,000	133,504	(124,496)		
State Funding (DOE)	15,000	15,000	13,171	(1,829)		
Summer Meal Program	18,500	18,500	12,519	(5,981)		
Grants & Donations	2,000	2,000	3,914	1,914		
Contrib from General Fund	37,566	37,566	37,566	0		
Revenue totals	1,495,568	1,495,568	909,829	(585,739)	60.8%	64.1%
School Nutrition YTD fund balance	0	0	(140,695)	(140,695)		

	<u>Beg. Balance</u>	<u>Year-to-date Revenues</u>	<u>Year-to-date Expenses</u>	<u>End. Balance*</u>
Federal Restricted Funds:				
Title IA	0	121,832	130,414	(8,582)
Title IIA	0	34,179	32,781	1,399
Pre-K Local Entitlement	0	4,865	5,334	(470)
Local Entitlement	0	352,869	419,174	(66,306)
Total Federal Restricted	0	513,745	587,703	(73,959)

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

	<u>Beg. Balance</u>	<u>Year-to-date Revenues</u>	<u>Year-to-date Expenses</u>	<u>End. Balance</u>
Grants & Trusts:				
Louis & Tina Fineberg Trust	204,129	0	0	204,129
Scarborough Education Foundation	12,417	16,207	13,969	14,655
Local grants & donations	8,627	4,268	5,799	7,096
CC Admin Recertification (fiscal agent)	524	8,300	4,036	4,788
PEPG State Grant	0	4,600	1,441	3,159
Proficiency-based Graduation Grant	51,155	37,153	17,399	70,910
Total Grants & Trusts	276,852	70,529	42,644	304,737

School CIP project account status

as of 3/31/2016

FACILITIES	Account #	Budget Balance as of 6/30/2015	FY16 Budgeted	FY16 YTD Expenses*	Budget Balance as of 3/31/2016
Long-range Planning	73001798 570000	49,559	0	5,500.00	44,059
District-wide Energy Improvements	73001803 570000	12,671	20,000	8,248.77	24,422
District-wide Roofing	74001771 570000	96,987	30,000	105,308.00	21,679
District-wide Security & Access Mgmt	74001787 570000	570,928	0	52,253.22	518,675
District-wide Flooring	74001791 570000	(1,000)	20,000	15,854.60	3,145
District-wide Movable Equipment	74001792 573100	8,445	73,728	50,038.04	32,135
District-wide Building Envelope	74001794 570000	25,990	0	25,990.00	0
District-wide Pavement Maintenance	74001805 570000	0	30,000	30,000.00	0
District-wide HVAC/Mechanical Systems	74176800 573100	37,635	50,000	21,978.94	65,656
Facilities Support/Equipment	74176900 573100	16,999	0	7,847.34	9,152
TOTALS		818,215	223,728	323,018.91	718,924

TRANSPORTATION

Bus purchase/lease	74001712 573600	52,975	316,248	301,350.00	67,873
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TECHNOLOGY

Equipment Replacement	74001784 573100 (orig acct)	443,907			285,428
HS Equipment Replacement	74001784-573100-04141			137,781.80	
MS Equipment Replacement	74001784-573100-04142			15,796.00	
WI Equipment Replacement	74001784-573100-04143			0.00	
K-2 Equipment Replacement	74001784-573100-04144			0.00	
DW Equipment Replacement	74001784-573100-04149		10,000	14,901.30	
New Equipment	74001799 573100 (orig acct)	(585,822)			95,957
HS Tech FY2014 New	74001799-573100-04141		707,475	65,696.00	
MS Tech FY2014 New	74001799-573100-04142			0.00	
WI Tech FY2014 New	74001799-573100-04143			0.00	
K-2 Tech FY2014 New	74001799-573100-04144			0.00	
DW Tech FY2014 New	74001799-573100-04149		40,000	0.00	
TOTALS		(141,915)	757,475	234,175.10	381,385

(HS laptops budgeted in FY16, invoice posted to FY15.)

*including encumbrances

GRAND TOTALS **729,275** **1,297,451** **858,544.01** **1,168,182**