

NOTES & COMMENTS

YEAR END FY2016

Overview

The end of fiscal year 2016 finds the district poised to leverage a substantial fund balance going into the next budget development cycle. As you will recall from conversations during the FY2017 budget process, we developed a strategy for spending unused Wentworth building project funds on debt service over a two-year period; in FY2016 this action created an undesignated fund balance which we can now carry forward to soften the blow of anticipated continued reductions in state subsidy.

As usual, this year-end financial report is marked "pending audit"; we will be working with the auditors in November and December, but I don't anticipate any significant changes at this point. The following pages provide more detailed financials; here are some highlights:

Expenditures

General Fund expenditures came in under budget by \$2,214,134 overall. Most of the savings from budget to actual came in debt service, with a year-end balance of \$1,378,114 unspent due to the availability of Wentworth project funds to replace budgeted amounts. Other large areas of savings achieved were over \$240,000 in Special Services tuition for outside placements, due to our ability to bring several students back into appropriate programming in our own district; around \$100,000 overall due to lower energy and fuel prices districtwide; and around \$100,000 in bus driver wages and benefits. This savings was realized not by choice, unfortunately, but because of the ongoing difficulty we have had in hiring and retaining qualified bus drivers, particularly subs.

I have provided in a separate spreadsheet the individual accounts which were overspent by more than \$10,000 in FY2016. The Board is asked to approve budget transfers to cover these deficits according to policy DBJ. You will find notes there about the various cost overruns, and I will address these in my year-end presentation to the Board.

Revenues

Year-end General Fund revenues were short of budgeted projections by \$131,851. Shortfalls were booked in State subsidy (reduced by Medicare payments made directly to special purpose private schools) and in Medicaid and State Agency Client reimbursements which are based on changing student eligibility and notoriously difficult to predict.

Other Funds

Adult Education spending stabilized after a period of investment in FY2014, while tuition revenues fell a bit short of projections. A healthy fund balance generated in FY2015 allowed the program to end in the black for FY2016, and interest continues to expand, particularly in courses for English Language Learners and CNA certification.

The School Nutrition program ended the year with a \$55,000 budget-to-actual surplus on the expenditure side. The arrival of new School Nutrition Director Peter Esposito in July of 2015 sparked a number of changes which we have described in quarterly reports this year. An emphasis on healthy, local ingredients, scratch cooking, and improved inventory management created a savings in food

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costs, offset by higher spending on staff wages and replacement and repair of kitchen equipment. While food sales continue to improve, year-end revenues still show a deficit as expected, and a balancing fund transfer of \$237,065 will be requested from the Board.

Capital Projects

This report includes a year-end summary of our multi-year CIP project accounts, as usual. An item of note is the large carryover balance remaining in the districtwide security and access management account; funding was originally approved for installing backup generators at the K-2 schools but this project was deferred pending development of both the district-wide long-range facilities plan and the town-wide IT disaster recovery plan.

In Summary

At the close of FY2016, we are pleased to be in a position to move forward into the next few budget years on a solid financial footing. Faced with the continued uncertainty around state funding for education, school and town leaders have collaborated in a responsible fiscal strategy to support our commitment to providing a consistently high quality education for the children of Scarborough.

FY2016 year-end action items for School Board meeting on October 6, 2016:

- 1) Request approval of budget transfers for accounts which were overspent by more than \$10,000.
- 2) Request approval of transfer of \$237,065 from General Fund to cover School Nutrition deficit.

**Scarborough Public Schools
Statement of Surplus
June 30, 2016**

**all figures pending audit
does not include year-end budget transfers**

General Fund Surplus as of 6/30/2015	\$ 965,250
Allocated to 2015-16 budget	\$ (425,000)
Undesignated Surplus as of 7/1/2015	(audited balance) \$ 540,250

<u>General Fund Appropriations:</u>	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Year End Expended</u>	<u>Year End 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	17,448,344.25	112,495	99.4%	99.7%	99.2%
English as a Second Language (ESL)	266,025	266,025	247,108.79	18,916	92.9%	97.4%	98.4%
Gifted and Talented Programs	292,651	292,651	284,992.11	7,659	97.4%	99.5%	99.0%
Special Education Instruction	6,996,457	6,996,457	6,688,003.16	308,454	95.6%	99.5%	99.6%
CTE Instruction (Career & Technical Ed)	293,591	293,591	287,589.02	6,002	98.0%	101.5%	127.6%
Other Instruction:							
Co-Curricular	137,641	137,641	131,769.33	5,872	95.7%	93.6%	96.8%
Extra-Curricular	787,476	787,476	786,996.71	479	99.9%	99.6%	104.5%
Student & Staff Support:							
Guidance Services	1,211,008	1,211,008	1,210,144.38	864	99.9%	99.1%	97.6%
Health Services	571,662	571,662	571,630.16	32	100.0%	98.7%	102.8%
Instructional Technology	856,739	856,739	802,031.94	54,707	93.6%	97.4%	94.0%
Improvement of Instruction	942,848	942,848	863,058.63	79,789	91.5%	95.8%	95.8%
Library Services	607,496	607,496	586,068.51	21,427	96.5%	94.6%	98.5%
System Administration	997,264	997,264	962,825.94	34,438	96.5%	98.7%	105.6%
School Administration	1,595,697	1,595,697	1,629,625.73	(33,929)	102.1%	99.9%	99.8%
Transportation	1,529,166	1,529,166	1,416,350.68	112,815	92.6%	95.4%	100.5%
Facilities & Maintenance	3,753,759	3,753,759	3,647,759.91	105,999	97.2%	96.7%	93.0%
Debt Service	5,118,437	5,118,437	3,740,322.85	1,378,114	73.1%	96.4%	100.0%
All Other	25,000	25,000	25,000.00	0	100.0%	100.0%	90.8%
Total General Fund Appropriations	43,543,756	43,543,756	41,329,622.10	2,214,134	94.9%	98.6%	99.1%

<u>General Fund Revenue:</u>	<u>Budgeted Revenue</u>	<u>Revised Estimate</u>	<u>Year End 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	37,659,488.00	0	100.0%	100.0%	100.0%
Use of Fund Balance	425,000	425,000	425,000.00	0	100.0%	100.0%	100.0%
Wentworth Project Funds	274,390	274,390	274,390.00	0	100.0%	100.0%	100.0%
State Subsidy - GPA	4,645,178	4,645,178	4,601,470.49	(43,708)	99.1%	99.4%	77.8%
State Agency Client Funding	172,000	172,000	133,507.33	(38,493)	77.6%	105.6%	173.5%
Medicaid Reimbursement	48,500	48,500	16,716.21	(31,784)	34.5%	170.2%	35.2%
Comm. Services Daycare (rent space)	29,700	29,700	30,273.94	574	101.9%	104.4%	47.8%
Community Services Transportation	32,500	32,500	27,028.21	(5,472)	83.2%	108.5%	100.5%
Winslow Homer/Facility Rental Fees	43,000	43,000	35,109.93	(7,890)	81.7%	102.5%	73.0%
Student Sports/Activity Fees	157,500	157,500	158,718.45	1,218	100.8%	75.8%	83.4%
Other Miscellaneous Revenue	56,500	56,500	50,202.45	(6,298)	88.9%	101.0%	68.5%
Total General Fund Revenue	43,543,756	43,543,756.00	43,411,905.01	(131,851)	99.7%	99.9%	97.5%

Scarborough Public Schools
Statement of Surplus
June 30, 2016

all figures pending audit
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Year-end Fund Transfers

Food Services fund deficit (see below)	\$ (237,065)
Audit corrections (pending)	\$ -
Surplus bond proceeds from closed CIP projects to General Fund (pending)	\$ -
Total Transfers	\$ (237,065)

Breakdown of General Fund Surplus Balances

As of 6/30/2015 Surplus was :	\$ 965,250
Used For FY16 Budget	\$ (425,000)
Undesignated Fund Balance 6/30/2015	\$ 540,250
FY16 Appropriations Balance	\$ 2,214,134
FY16 Revenue Balance	\$ (131,851)
FY16 Year-end Adjustments	\$ (237,065)
FY16 Year-end Balance	\$ 1,845,218
Total Available Fund Balance	\$ 2,385,468
Used for FY17 Budget	\$ (425,000)
Undesignated Fund Balance 6/30/2016	\$ 1,960,468

OTHER FUNDS

Adult Education:

	Approved Budget	Revised Budget	Year End Expended	Budget Balance	FY16 % Used
Expenditures	181,552	181,552	178,867.74	2,684	98.5%
Revenues	Budgeted Revenue	Revised Estimate	Year End Received	Balance/ (Shortfall)	FY16 % Rec'd
Town Funding - Tax Levy	99,552	99,552	99,552.00	0	
State Subsidy - Adult Ed	25,000	25,000	21,244.08	(3,756)	85.0%
College Transitions Grant	0	0	3,211.42	3,211	100.0%
Adult Ed Tuition	57,000	57,000	42,515.68	(14,484)	74.6%
Revenue totals	181,552	181,552	166,523.18	(15,029)	91.7%
Adult Education FY16 totals	0	0	(12,344.56)	(12,345)	
Adult Education fund balance	22,930	7/1/2015		10,585.44	6/30/2016

School Nutrition Program:

	Approved Budget	Revised Budget	Year End Expended	Budget Balance	FY16 % Used
Expenditures	1,495,568	1,495,568	1,450,047.82	45,520	97.0%
adjust inventory			(10,350.37)		
Year-end balance			1,439,697.45	55,871	
Revenues	Budgeted Revenue	Revised Estimate	Year End Received	Balance/ (Shortfall)	FY16 % Rec'd
Food Sales	1,164,502	1,164,502	959,593.66	(204,908)	82.4%
Federal Funding (USDA)	258,000	258,000	222,747.00	(35,253)	86.3%
State Funding (DOE)	15,000	15,000	13,792.73	(1,207)	92.0%
Summer Meal Program	18,500	18,500	12,519.47	(5,981)	67.7%
Donations	2,000	2,000	6,414.00	4,414	100.0%
Contrib from General Fund	75,000	37,566	(12,434.00)	(50,000)	-33.1%
Revenue totals	1,533,002	1,495,568	1,202,632.86	(292,935)	80.4%
School Nutrition fund balance		0	(237,064.59)	(237,065)	

**Scarborough Public Schools
Statement of Surplus
June 30, 2016**

**all figures pending audit
does not include year-end budget transfers**

<u>Federal Restricted Funds:</u>	<u>Beg. Balance</u>	<u>Year End Revenues</u>	<u>Year End Expenses</u>	<u>End. Balance</u>
Title IA	0	174,392.49	174,392.49	0
Title IIA	0	51,278.17	49,405.54	1,873
Pre-K Local Entitlement	0	5,383.64	5,383.64	0
Local Entitlement	0	564,710.92	564,817.21	(106)
Total Federal Restricted	0	795,765.22	793,998.88	1,766

<u>Grants & Trusts:</u>	<u>Beg. Balance</u>	<u>Year End Revenues</u>	<u>Year End Expenses</u>	<u>End. Balance</u>
Louis & Tina Fineberg Trust	204,129	0.00	10,000.00	194,129
Scarborough Education Foundation	12,417	33,317.00	29,655.05	16,079
Local grants & donations	8,627	5,888.30	7,223.90	7,291
CC Admin Recertification (fiscal agent)	524	8,500.00	8,172.38	852
PEPG State Grant	0	4,600.00	2,365.35	2,235
Proficiency-based Graduation Grant	51,155	37,153.39	17,398.83	70,910
Total Grants & Trusts	276,852	89,458.69	74,815.51	291,495

School CIP project account status

as of 6/30/2016

all figures pending audit

FACILITIES	Account #	Budget Balance as of 6/30/2015	FY16 Budgeted	FY16 YTD Expenses	FY16 yr-end close to GF	Budget Balance as of 6/30/2016
Long-range Planning	73001798 570000	49,559	0	5,500.00		44,059
District-wide Energy Impr	73001803 570000	12,671	20,000	10,061.77		22,609
District-wide Roofing	74001771 570000	96,987	30,000	105,308.00		21,679
District-wide Security & Access	74001787 570000	570,928	0	56,587.22		514,341
District-wide Flooring	74001791 570000	(1,000)	20,000	15,854.60		3,145
District-wide Movable Equipmt	74001792 573100	8,445	73,728	57,884.97		24,288
HS Auditorium	74001793 570000	0	0	0.00		0
District-wide Building Envelope	74001794 570000	25,990	0	25,990.00		0
District-wide Pavement Mtce	74001805 570000	0	30,000	30,000.00		0
HS Athletics Equipment	74001807 570000	0	0	0.00		0
HS Science Labs Retrofit	74001808 570000	0	0	0.00		0
District-wide HVAC/Mechanical	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	337,012.84		704,930

TRANSPORTATION

Bus purchase/lease	74001712 573600	52,975	316,248	323,879.00	(45,344.00)	0
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TECHNOLOGY

Equipment Replacement	74001784 573100 (orig acct)	443,907		187,275.43		88,895
HS Equipment Replacement	74001784-573100-04141			136,572.83		
MS Equipment Replacement	74001784-573100-04142			15,796.00		
WI Equipment Replacement	74001784-573100-04143			0.00		
K-2 Equipment Replacement	74001784-573100-04144			1,550.00		
DW Equipment Replacement	74001784-573100-04149		10,000	23,817.58		
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	430,707.84		184,852

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

GRAND TOTALS

729,275 1,297,451 1,091,599.68 889,782