

NOTES & COMMENTS

FY2015 QUARTER 2 -- FINANCIALS AS OF 12/31/2014

Overview

As we turn our focus to budget discussions for the 2015-16 fiscal year, we are moving quickly through FY2015, thankfully without any big surprises to date. While the Governor's proposed budget for the 2016-17 biennium is causing some concern, we seem to be dodging any talk of curtailment for this year.

Expenditures

As in my last two financial reports, I have used the voter budget categories as a reporting template to break out year-to-date expenses in the General Fund, and have kept a separate reporting section for Adult Education. For both revenues and expenditures in the General Fund, I have provided comparative budget-to-actual percentages from the end of the second quarter in FY2014 and FY2013.

The end of the second quarter is 50% through the fiscal year and 43% through the school year. The financial statement shows that our expenses for the most part fall between 45% and 50% of budgeted funds. Although this is a simplistic view, it can help us to identify any areas of potential concern; we can also use the prior year expense percentages to see whether or not we are in line with typical spending patterns. You'll see that we are right on target with spending based on prior years, but there are a few variances to note:

Charter Schools -- As you know from earlier reports, we expect to be significantly over budget on charter school costs for FY2015. We have now paid tuition for the first two quarters of 2014-15, and have just received notice of one additional student enrolling at the Maine Connections Academy for the second semester. While the budget deficit is certainly a concern, we expect to have sufficient surplus in other areas to balance this out. Interestingly, it was announced last week that Governor LePage is proposing legislation to include charter schools in the distribution of subsidy funding, which means that sending schools will no longer pay tuition; this would certainly be an improvement for Scarborough and other minimum receivers of state funding.

CTE Instruction -- Both PATHS and Westbrook Voc tuition are now paid in full, with a small budget overrun for the fiscal year.

Instructional Technology -- The bulk of our costs for this category, like many others, is salaries and benefits. Because of our shared services model with the Town, IT employees are paid by the Town and the School Dept. reimburses the Town accounts for its share. This internal fund transfer is done in two lump sum payments, one for July - December and one for January - June, so this spending won't be reflected until the 3rd quarter report.

Facilities -- In spite of increases in natural gas costs, expenditures in facilities are keeping pace with last year as of 12/31. With the recent cold weather and extra snow removal, however, I anticipate that we'll see a jump in Quarter 3 spending.

NOTES & COMMENTS
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Revenues

Although the financial statement shows our receipt of State Agency Client funding lagging behind last year's revenue receipts at the end of Quarter 2, this is not because of a funding shortfall; rather it reflects the fact that we budgeted \$150,000 in projected revenue this year vs. only \$50,000 last year. Eligible students and services are about the same this year as last, so we are still confident that we will meet or exceed our projected revenue target. Other general fund revenues are coming in as expected.

Special Funds

While our state subsidy for Adult Education did not reach our budgeted projection, we continue to see a robust tuition picture, particularly in the very popular workforce programs. School Nutrition is working to manage spending to the extent possible under USDA regs, but facing all-too-familiar revenue shortfalls. The \$75,000 contribution budgeted in the general fund will help; that transfer will be done at year-end along with any additional support needed to balance the fund.

Capital Projects

As usual, this report includes a year-to-date summary of our multi-year CIP project accounts, as well as an expense report for the Wentworth Building project. I'll be meeting with both Todd and Jenn in the next few weeks to review CIP project status for this year and begin to develop our CIP budget proposals for FY2016. I'm looking forward also to the work of the Long-Range Planning Committee to help us extend our vision beyond a one-year horizon.

We are now in the final stages of the Wentworth Building project, with almost all of the construction contract completed and only a few items remaining in furnishings and technology. At this point, management of the project has transitioned from the Building Committee back to school administration.

In Summary

As we begin our conversations around budget development for FY2016, we are well placed to continue on a healthy trajectory in FY2015. I'm encouraged by the steps that have already been taken to expand our dialogue with the Town Council and the public, and look forward to new opportunities for collaboration as we work to make the best use of the resources entrusted to us.

**Scarborough School Department
2014-2015 Financial Report
Operating Account
As of December 31, 2014**

<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>FY15 % Used</u>	<u>FY14 % Used</u>	<u>FY13 % Used</u>
Regular Instruction:							
Regular Instruction Programs	17,021,924	17,021,924	8,263,771	8,758,153	48.5%	49.1%	48.4%
English as a Second Language (ESL)	259,966	259,966	108,643	151,323	41.8%	48.8%	46.5%
Gifted and Talented Programs	291,263	291,263	143,978	147,285	49.4%	48.9%	48.5%
Charter School Tuition	54,500	54,500	50,476	4,024	92.6%	60.4%	0.0%
Special Education Instruction	6,508,981	6,508,981	2,993,611	3,515,370	46.0%	45.9%	46.4%
CTE Instruction (Career & Technical Ed)	338,947	338,947	344,167	(5,220)	101.5%	127.6%	97.2%
Other Instruction:							
Co-Curricular	147,822	147,822	72,662	75,160	49.2%	48.3%	50.8%
Extra-Curricular	730,433	730,433	360,610	369,823	49.4%	52.5%	52.2%
Student & Staff Support:							
Guidance Services	1,159,435	1,159,435	553,728	605,707	47.8%	47.9%	46.9%
Health Services	562,250	562,250	259,445	302,805	46.1%	48.4%	46.5%
Instructional Technology	682,574	682,574	135,189	547,385	19.8%	26.2%	33.8%
Charter Commission Fees	2,250	2,250	4,671	(2,421)	207.6%	126.3%	0.0%
Improvement of Instruction	923,835	923,835	573,646	350,189	62.1%	61.1%	54.4%
Library Services	558,212	558,212	256,871	301,341	46.0%	48.4%	46.3%
System Administration	976,157	976,157	512,280	463,877	52.5%	54.4%	51.5%
School Administration	1,584,617	1,584,617	769,981	814,636	48.6%	46.8%	48.0%
Transportation	1,601,815	1,601,815	673,108	928,707	42.0%	42.5%	46.4%
Facilities & Maintenance	3,734,151	3,734,151	1,632,677	2,101,474	43.7%	43.1%	42.0%
Debt Service	4,776,492	4,776,492	3,421,019	1,355,473	71.6%	71.4%	73.4%
All Other	75,000	75,000	0	75,000	0.0%	0.0%	0.0%
Total General Fund Appropriations	41,990,624	41,990,624	21,130,533	20,860,091	50.3%		
FY14 Year-to-date	39,325,825	39,325,825	17,076,884	22,248,941		50.5%	
FY13 Year-to-date	37,280,610	37,280,610	15,872,254	21,408,356			50.3%

<u>Estimated Revenue:</u>	<u>Budgeted Revenue</u>	<u>Revised Estimate</u>	<u>Year-to-date Received</u>	<u>Balance/ (Shortfall)</u>	<u>FY15 % Rec'd</u>	<u>FY14 % Rec'd</u>	<u>FY13 % Rec'd</u>
Town Funding - Tax Levy	35,914,654	35,914,654	35,914,654	0	100.0%	100.0%	100.0%
Funding from Surplus	800,000	800,000	800,000	0	100.0%	100.0%	100.0%
State Subsidy - GPA	4,778,384	4,778,384	2,636,523	(2,141,862)	55.2%	55.8%	55.1%
State Agency Client Funding	150,000	150,000	26,421	(123,579)	17.6%	86.1%	82.2%
Medicaid Reimbursement	25,000	25,000	5,642	(19,358)	22.6%	20.1%	100.0%
Comm. Services Daycare (rent space)	28,500	28,500	0	(28,500)	0.0%	0.0%	58.0%
Community Services Transportation	30,000	30,000	29,561	(439)	98.5%	93.1%	95.2%
Winslow Homer/Facility Rental Fees	40,000	40,000	20,112	(19,888)	50.3%	54.8%	58.2%
Student Sports/Activity Fees	157,500	157,500	75,366	(82,134)	47.9%	58.2%	42.1%
Other Miscellaneous Revenue	66,586	66,586	28,062	(38,524)	42.1%	64.3%	24.4%
Total Revenue	41,990,624	41,990,624	39,536,340	(2,454,284)	94.2%	94.8%	93.8%

**Scarborough School Department
2014-2015 Financial Report
Operating Account
As of December 31, 2014**

OTHER FUNDS

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY15 <u>% Used</u>
<u>Adult Education:</u>					
Expenditures	174,691	174,691	83,376	91,315	47.7%
Revenues	<u>Budgeted Revenue</u>	<u>Revised Estimate</u>	<u>Year-to-date Received</u>	<u>Balance/ (Shortfall)</u>	<u>FY15 % Rec'd</u>
Town Funding - Tax Levy	97,691	97,691	97,691	0	
State Subsidy - Adult Ed	36,000	36,000	24,954	(11,046)	69.3%
Grant Funding	0	0	5,500	5,500	100.0%
Adult Ed Tuition	41,000	41,000	16,731	(24,269)	40.8%
Revenue totals	174,691	174,691	144,876	(29,815)	82.9%
Adult Education YTD fund balance	0	0	61,500	61,500	

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY15 <u>% Used</u>
<u>School Nutrition Program:</u>					
Expenditures	1,485,180	1,485,180	638,556	846,624	43.0%
Revenues	<u>Budgeted Revenue</u>	<u>Revised Estimate</u>	<u>Year-to-date Received</u>	<u>Balance/ (Shortfall)</u>	<u>FY15 % Rec'd</u>
Food Sales	1,172,123	1,172,123	414,473	(757,650)	35.4%
Federal Funding (USDA)	215,104	215,104	58,553	(156,551)	27.2%
State Funding (DOE)	10,177	10,177	2,303	(7,874)	22.6%
Summer Meal Program	12,776	12,776	14,682	1,906	114.9%
Contrib from General Fund	75,000	75,000	0	(75,000)	0.0%
Revenue totals	1,485,180	1,485,180		(995,169)	#####
School Nutrition YTD fund balance	0	0	#VALUE!	(148,544)	

<u>Federal Restricted Funds:</u>	<u>Beg. Balance</u>	<u>Year-to-date Revenues</u>	<u>Year-to-date Expenses</u>	<u>End. Balance*</u>
Title IA	0	44,118	64,100	(19,982)
Title IIA	0	11,678	23,822	(12,143)
Title III	0	2,410	2,615	(205)
Pre-K Local Entitlement	0	1,909	1,843	65
Local Entitlement	0	104,781	319,255	(214,474)
Total Federal Restricted	0	164,896	411,635	(246,739)

*reimbursement pending - Federal funds disbursed after expenditures are reported

<u>Grants & Trusts:</u>	<u>Beg. Balance</u>	<u>Year-to-date Revenues</u>	<u>Year-to-date Expenses</u>	<u>End. Balance</u>
Louis & Tina Fineberg Trust	219,671	0	10,542	209,129
Scarborough Education Foundation	15,000	0	3,220	11,780
Local grants & donations	26,152	9,380	15,319	20,213
Proficiency-based Graduation Grant	29,465	33,287	3,245	59,507
Total Grants & Trusts	290,288	42,668	32,326	300,629

School CIP project account status

as of 12/31/2014

FACILITIES	<u>Account #</u>	Budget Balance as of 6/30/2014	FY15 Budgeted	FY15 YTD Expenses*	Budget Balance including FY15
District-wide Building Envelope	74001794 570000	4,898	50,000	0.00	54,898
District-wide Energy Improvements	73001803 570000	21,708	0	0.00	21,708
District-wide Flooring	74001791 570000	19,063	0	19,062.87	0.00
District-wide HVAC/Mechanical Systems	74176800 573100	22,491	50,000	16,483.69	56,008
District-wide Movable Equipment	74001792 573100	4,036	30,000	25,468.46	8,568
District-wide Roofing	74001771 570000	64,620	123,000	80,788.17	106,831
District-wide Security & Access Mgmt	74001787 570000	225,742	410,000	7,092.68	628,650
Facilities Support/Equipment	74176900 573100	17	111,000	68,953.00	42,064
HS Auditorium/Public Space	74001793 570000	0	35,000	0.00	35,000
Long-range Planning	73001798 570000	55,820	0	0.00	55,820
TOTALS		418,396	809,000	217,848.87	1,009,547

TRANSPORTATION

Bus purchase/lease	74001712 573600	1,780	328,653	277,458.00	52,975
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TECHNOLOGY

Equipment Replacement	74001784 573100 (orig acct)	28,065		22,252.50	425,645
HS Equipment Replacement	74001784-573100-04141			937.98	
MS Equipment Replacement	74001784-573100-04142			34,273.40	
WI Equipment Replacement	74001784-573100-04143			0.00	
K-2 Equipment Replacement	74001784-573100-04144			3,611.25	
DW Equipment Replacement	74001784-573100-04149		500,000	41,344.73	
New Equipment	74001799 573100 (orig acct)	132,643		7,247.50	117,509
HS Tech FY2014 New	74001799-573100-04141			85,701.82	
MS Tech FY2014 New	74001799-573100-04142		50,000	57,591.35	
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		98,500	13,093.41	
TOTALS		160,708	648,500	266,053.94	543,154

*including encumbrances

GRAND TOTALS

580,884 1,786,153 761,360.81 1,605,676

WENTWORTH SCHOOL

New construction project - November 2011 to September 2014

Project Expense Accounting

	APPROVED BUDGET	TRANSFERS/ ADJUSTMENTS	REVISED BUDGET	TOTAL PROJECT EXPENSES TO DATE	TOTAL PROJECT BUDGET BALANCE	REMAINING COST EXPECTED	REVISED TOTAL COST ESTIMATE	REVISED ESTIMATED BUDGET BALANCE	
A. NEW CONSTRUCTION									
1 New Construction (includes retainage)	31,191,877	(3,118,171)	28,073,706	28,060,896	12,810	12,810	28,073,706	0	
Subtotal	31,191,877		28,073,706	28,060,896	12,810	12,810	28,073,706	0	
B. ADMINISTRATIVE COSTS & RESERVE									
4 Moveable Equipment	1,026,668	0	1,026,668	965,648	61,020	66,645	1,032,293	(5,625)	
5 Technology	1,056,418	0	1,056,418	944,658	111,760	36,671	981,329	75,089	
6 Utility Allowance	90,000	0	90,000	133,189	(43,189)	0	133,189	(43,189)	
7 Asbestos Abatement	400,000	0	400,000	584,652	(184,652)	0	584,652	(184,652)	
7A Playground Equipment/Transition	128,000	40,000	168,000	182,518	(14,518)	0	182,518	(14,518)	
8 Bessworth Demo	35,000	0	35,000	30,628	4,372	0	30,628	4,372	
9 Wetlands Impact Fee	218,000	0	218,000	18,958	199,042	0	18,958	199,042	
10 Advertising/Insurance/Legal	40,000	0	40,000	27,344	12,656	0	27,344	12,656	
11 Construction Contingency 7.25% see detail next page	2,262,065	(226,721)	2,035,344	1,795,725	239,619	0	1,795,725	239,619	
12 Owner Construction	9,000		9,000	19,430	(10,430)	0	19,430	(10,430)	
Subtotal	5,265,151		5,078,430	4,702,751	375,679	103,316	4,806,067	272,363	
C. FEES & SERVICES									
13 Architect/Engineer	1,887,435	0	1,887,435	1,855,991	31,444	31,444	1,887,435	0	
14 A/E Reimbursable	70,000	0	70,000	32,086	37,914	1,000	33,086	36,914	
15 Environmental Permitting	102,500	0	102,500	99,273	3,227	0	99,273	3,227	
16 Construction & Testing Allowances	140,000	0	140,000	108,084	31,916	0	108,084	31,916	
17 Commissioning (mech/elec/envelope)	102,000	0	102,000	95,266	6,734	6,734	102,000	(0)	
18 Surveys/Soils	8,000	0	8,000	21,884	(13,884)	0	21,884	(13,884)	
19 Traffic Study	3,000	0	3,000	1,016	1,984	0	1,016	1,984	
20 Geothermal Test Well	29,000	0	29,000	30,800	(1,800)	0	30,800	(1,800)	
21 Project Support - Owners Representative	180,000	0	180,000	205,880	(25,880)	15,000	220,880	(40,880)	
22 Project Support - Clerk of the Works	183,000	0	183,000	133,610	49,391	0	133,610	49,391	
23 Code Enforcer	50,000	0	50,000	0	50,000	0	0	50,000	
24 Moving Costs	10,000	0	10,000	90,300	(80,300)	0	90,300	(80,300)	
Subtotal	2,764,935		2,764,935	2,674,189	90,746	54,178	2,728,367	36,568	
Total variance to date from forecast expenses									
Total available construction contingency									
MONTHLY TOTALS									
CUMULATIVE TOTALS									
	39,221,963		35,917,071	35,437,836	479,235	170,304	35,608,140	308,931	
Less Efficiency Maine & other misc credits	(150,000)		(150,000)	(103,855)	(46,145)	0	(103,855)	(46,145)	
				35,333,981	433,090		35,504,285	262,786	
Total project cost	39,071,963		35,767,071	Construction contract expense breakout					
				28,631,708	Contract completed to date				
				7,475	Less retainage				
REFERENDUM - "NOT TO EXCEED" AMOUNT	39,077,594		39,077,594	28,624,233	Amount paid to A Dudley				
Difference	(5,631)		(3,310,523)					Net projected savings over referendum approved	3,573,309