

NOTES & COMMENTS
FY2016 QUARTER 2 -- FINANCIALS AS OF 12/31/2015

Overview

As we arrive at the halfway point in FY2016, we are already gearing up for the budget development process for FY2017. In the meantime, we take this moment to check in on the current fiscal year to ensure that we are on the right track financially for a healthy year-end budget balance.

Expenditures

The end of the second quarter is 50% through the fiscal year and 43% through the school year, so as a general rule of thumb we look for our expense accounts to be between 43 and 50% expended. This year a trick of the calendar pushes that number a bit higher. Because January 1, 2016, was a payroll Friday on a bank holiday, we processed the payroll a day earlier and cut checks on December 31, 2015.

This single payroll represents a total expense of just over \$1 million, which was shifted from Quarter 3 to Quarter 2, so we see an increase in the budget percent expended compared with last year. The General Fund as a whole is now at 53% expended compared with the 50.3% we had spent last year at this time. Almost every expense category in the financial report includes staff wages, so you will see this shift across the board.

Here are some other variances of note:

Special Education -- Having explained the overall increase in percentage of budget used YTD, we now need to explain why the Special Education category is NOT showing an increase compared with prior years. There are two reasons: a number of ed tech positions have had turnover this Fall and we are running behind in payroll spending as we hire replacement staff; also billing of tuition for outside placements has been slightly lower this Fall because of shifts in student needs and the development of our in-house therapeutic swim program.

CTE Instruction -- As in prior years, we have paid both the PATHS and the Westbrook Voc invoices for this year, and we're showing a budget surplus of \$6,000, which is a nice turnaround from the slight budget shortfalls we saw in FY14 and FY15.

Instructional Technology -- As you may recall, the IT staff are paid by the Town under our shared services model. We reimburse the Town for our share of personnel costs through journal transfers twice a year (January and June), which is why this category appears to be underspent.

Transportation -- As we saw with Special Education, costs in this category do not show the same payroll-driven increase as other categories because we still have two open driver positions. A shortage of qualified driver candidates has left us struggling to cover all the necessary trips. We continue to accept applications and hope to be able to make the hires we need to get back to the appropriate staffing level.

Debt Service -- The percentage expended here is higher than prior years because more of the payments are going to principal this year than to interest. Interest payments are paid in two installments, Fall and Spring, while principal payments are all made in the Fall.

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Revenues

Revenues are a little harder to compare year-to-year, but in general we are on target at quarter's end. We are a bit behind last year in receipt of State subsidy because a smaller portion of our EPS allocation relates to debt service (for state-funded construction, i.e. the Middle School) which is paid on a different timetable from regular subsidy. This doesn't mean that our subsidy is reduced, just that more of it will arrive after January 1 this year. Also running behind is our reimbursement for State Agency Clients, because of personnel changes at the DOE. Our reports are in and we should be receiving our Fall reimbursements shortly -- we're actually expecting a bit more than last year for September-December.

Other Funds

Adult Education revenues are running somewhat behind last year's figures, with the most significant difference being the receipt of State subsidy in January instead of December this year. We continue to see strong interest in the workforce programming; recently both Piper Shores and the Maine Veterans Home have enrolled staff members in our CNA program.

In School Nutrition, we are beginning to see financial patterns shifting a bit with our new director's emphasis on house-made and locally sourced foods. A quick analysis shows that we are spending more on staff wages and less on pre-packaged foods, with a slight overall savings program-wide compared with this time last year. While we're still seeing a revenue shortfall, we are confident that the improvements in food quality will lead to an increase in sales over time. The fund balance is also impacted by the payroll shift described earlier; right now our fund balance is showing a slightly lower deficit than FY15 Q2.

Under Grants & Trusts, you will see a new line for a grant from the State DOE to support work in the district on the development of our State-mandated Performance Evaluation and Professional Growth (PEPG) plan. We will use this funding for ongoing staff training with the Marzano iObservation system.

Capital Projects

As usual, this report includes a year-to-date summary of our multi-year CIP project accounts. Spending has slowed in CIP now that we have moved into the middle of the school year, with most of our capital expenses either completed or waiting for school breaks so as not to disrupt students. We have officially closed our contract with AC Dudley for the Wentworth School project, making our last payment including retainage on 12/4/15.

In Summary

FY2016 continues on a healthy financial trajectory. As we begin our work to develop the budget for next year, we are encouraged by the continuing dialogue and joint efforts with Town leaders to identify appropriate use of public funds and relevant metrics for successful investment in our community.

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

General Fund Appropriations: (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	9,151,646	8,409,194	52.1%	48.5%	49.1%
English as a Second Language (ESL)	266,025	266,025	125,887	140,138	47.3%	41.8%	48.8%
Gifted and Talented Programs	292,651	292,651	153,258	139,393	52.4%	49.4%	48.9%
Special Education Instruction	6,996,457	6,996,457	3,236,128	3,760,329	46.3%	46.0%	45.9%
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	70,271	67,371	51.1%	49.2%	48.3%
Extra-Curricular	787,476	787,476	399,210	388,266	50.7%	49.4%	52.5%
Student & Staff Support:							
Guidance Services	1,211,008	1,211,008	623,433	587,575	51.5%	47.8%	47.9%
Health Services	571,662	571,662	284,696	286,966	49.8%	46.1%	48.4%
Instructional Technology	856,739	856,739	205,311	651,428	24.0%	19.8%	26.2%
Improvement of Instruction	942,848	942,848	547,372	395,476	58.1%	62.1%	61.1%
Library Services	607,496	607,496	288,824	318,672	47.5%	46.0%	48.4%
System Administration	997,264	997,264	534,752	462,512	53.6%	52.5%	54.4%
School Administration	1,595,697	1,595,697	817,896	777,801	51.3%	48.6%	46.8%
Transportation	1,529,166	1,529,166	656,794	872,372	43.0%	42.0%	42.5%
Facilities & Maintenance	3,753,759	3,753,759	1,723,500	2,030,259	45.9%	43.7%	43.1%
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	23,067,609	20,476,147	53.0%		
FY15 Year-to-date	41,990,624	41,990,624	21,130,533	20,860,091		50.3%	
FY14 Year-to-date	39,325,825	39,325,825	20,001,232	19,324,593			50.9%

Estimated Revenue:	<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	2,441,991	(2,203,187)	52.6%	55.2%	55.8%
State Agency Client Funding	172,000	172,000	0	(172,000)	0.0%	17.6%	86.1%
Medicaid Reimbursement	48,500	48,500	5,715	(42,785)	11.8%	22.6%	20.1%
Comm. Services Daycare (rent space)	29,700	29,700	0	(29,700)	0.0%	0.0%	0.0%
Community Services Transportation	32,500	32,500	26,252	(6,248)	80.8%	98.5%	93.1%
Winslow Homer/Facility Rental Fees	43,000	43,000	15,064	(27,936)	35.0%	50.3%	54.8%
Student Sports/Activity Fees	157,500	157,500	108,136	(49,364)	68.7%	47.9%	58.2%
Other Miscellaneous Revenue	56,500	56,500	33,804	(22,696)	59.8%	42.1%	64.3%
Total Revenue	43,543,756	43,543,756	40,989,841	(2,553,915)	94.1%	94.2%	94.8%

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

OTHER FUNDS

<u>Adult Education:</u>	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>
Expenditures	181,552	181,552	89,382	92,170	49.2%	47.7%
Revenues	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY16 <u>% Rec'd</u>	FY15 <u>% Rec'd</u>
Town Funding - Tax Levy	99,552	99,552	99,552	0		
State Subsidy - Adult Ed	25,000	25,000	0	(25,000)		
Adult Ed Tuition	57,000	57,000	11,559	(45,441)		
Revenue totals	181,552	181,552	111,111	(70,441)	61.2%	82.9%
Adult Education YTD fund balance	0	0	21,729	21,729		

<u>School Nutrition Program:</u>	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>
Expenditures	1,495,568	1,495,568	648,241	847,327	43.3%	43.0%
Revenues	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY16 <u>% Rec'd</u>	FY15 <u>% Rec'd</u>
Food Sales	1,164,502	1,164,502	409,460	(755,042)		
Federal Funding (USDA)	258,000	258,000	70,222	(187,778)		
State Funding (DOE)	15,000	15,000	2,815	(12,185)		
Summer Meal Program	18,500	18,500	12,519	(5,981)		
Grants & Donations	2,000	2,000	1,744	(256)		
Contrib from General Fund	37,566	37,566	0	(37,566)		
Revenue totals	1,495,568	1,495,568	496,760	(998,808)	33.2%	33.0%
School Nutrition YTD fund balance	0	0	(151,481)	(151,481)		

<u>Federal Restricted Funds:</u>	Beg. Balance	Year-to-date Revenues	Year-to-date Expenses	End. Balance*
Title IA	0	71,019	84,149	(13,130)
Title IIA	0	8,179	15,869	(7,691)
Pre-K Local Entitlement	0	4,865	5,053	(188)
Local Entitlement	0	219,170	290,183	(71,014)
Total Federal Restricted	0	303,232	395,255	(92,023)

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

<u>Grants & Trusts:</u>	Beg. Balance	Year-to-date Revenues	Year-to-date Expenses	End. Balance
Louis & Tina Fineberg Trust	204,129	0	0	204,129
Scarborough Education Foundation	12,417	0	6,932	5,485
Local grants & donations	8,627	3,450	5,300	6,777
CC Admin Recertification (fiscal agent)	524	8,300	0	8,824
PEPG State Grant	0	4,600	0	4,600
Proficiency-based Graduation Grant	51,155	37,153	17,224	71,085
Total Grants & Trusts	276,852	53,503	29,456	300,899

School CIP project account status

as of 12/31/2015

FACILITIES	Account #	Budget Balance as of 6/30/2015	FY16 Budgeted	FY16 YTD Expenses*	Budget Balance as of 12/31/2015
Long-range Planning	73001798 570000	49,559	0	0.00	49,559
District-wide Energy Improvements	73001803 570000	12,671	20,000	0.00	32,671
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	(1,000.00)	20,000	15,854.60	3,145.40
District-wide Movable Equipment	74001792 573100	8,445	73,728	49,740.82	32,432
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	0.00	87,635
Facilities Support/Equipment	74176900 573100	16,999	0	11,059.34	5,940
TOTALS		818,215	223,728	290,205.98	751,737

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)			92,940
HS Tech FY2014 New	74001799-573100-04141		707,475	68,713.00	
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	237,192.10	378,368

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

*including encumbrances

GRAND TOTALS **729,275** **1,297,451** **828,748.08** **1,197,978**