

NOTES & COMMENTS

FY22 QUARTER 2 -- FINANCIALS AS OF 12/31/2021

Overview

At the mid-point of the fiscal year, the attention of the Business Office is split between past and future. We have been collaborating with the auditors on field work and testing both at Central Office and electronically, and we have completed the school portion of the FY21 audit; once the Town Finance Office is ready we will receive the final report, and the auditors will provide a public presentation of their findings. Meanwhile, we have launched the FY23 budget process, beginning with the Leadership Council's strategic analysis of current and projected resource needs. Here we pause to review the current status of FY22.

Expenditures

The end of the second quarter is 50% through the fiscal year and 43% through the school year. As usual in our quarterly financial statements, this report includes columns showing comparative percentages from the second quarter of the two prior fiscal years, to help us identify and address any notable variances.

Overall, FY22 expenses are within one or two percentage points of the comparison years, despite the unusual circumstances of FY21. As noted in last year's report, Quarter 2 percentages for FY20 are lower overall than FY21 and FY22 for two reasons, both reflective of the significant impact of salaries, wages and benefits on our operating costs. First, at the end of the second quarter of FY20, we did not yet have a ratified Teachers' collective bargaining agreement, so we were still paying teachers and professionals at the lower rates on the expired CBA, and spending across most of the budget categories was at a slower rate than usual. Second, the timing of December and January payrolls affects the percentage of our overall budget that has been expended by the end of Quarter 2. In FY21 and FY22, 14 of 26 payrolls occurred in the first half of the fiscal year, and expenses were pushed above 50%. In FY20, the 14th payroll fell in January, so percentages were lower overall.

FY22 expenses are currently trending as expected, with a few notable variances:

- **Special Services** – spending is consistent with prior years, but well under the expected 50% mark. While hiring for open positions has been challenging across all departments, Special Education ed techs have been particularly difficult to find in recent years, with a significant turnover and a number of positions remaining unfilled.
- **Athletics & Activities** – one of the bright notes of this year's transition back to in-person learning is our return to offering a full range of student activities, both athletic and co-curricular. This quarter sees a trend toward the expenditure level of FY20 in club expenses (co-curricular), while athletics (extra-curricular) has slightly higher costs attributable to the additional event management, supply and equipment costs needed to meet COVID safety protocols.
- **Instructional Technology** – this shared services department relies on funding from both school and town budgets, with journal transfers for personnel costs processed twice each fiscal year. The low percentage of spending on this Quarter 2 report is simply because the mid-year transfer has not yet been made by the Town Finance Office.
- **Transportation** – expenses are trending closer to FY20 spending patterns, although like Special Services, unfilled positions continue to keep numbers well below the 50% mark.
- **Facilities** – spending is up from FY21; while unfilled positions are a challenge as in other departments, the additional funding budgeted in this department in FY21 for COVID-related health and safety has been reduced to more typical levels, resulting in a higher percentage spent by the end of Quarter 2.

Revenues

On the revenue side, second quarter numbers are encouraging. Of course, local tax revenue and use of fund balance form the bulk of our income, and state subsidy is holding steady. Student activity fees have bounced back with the return to a full slate of offerings for athletics and co-curriculars this year. We do anticipate shortfalls in Community Services revenues as well as facilities rentals, as the pandemic environment continues to limit travel and the use of public space.

Other Funds

The **Adult Education** program continues to rebound, with participation numbers increasing. A pleasant surprise was the receipt of a higher than expected state subsidy payment, reflecting the increase in subsidized courses offered, principally workforce programs, ELL classes and high school credit recovery.

As described in the Quarter 1 report, **School Nutrition** has benefited from the significant increase in meal reimbursement available from the USDA. With school meals free to all students, we are serving very high numbers at both breakfast and lunch, yet the program fund balance remains positive at Quarter 2, which bodes well for the remainder of the fiscal year. Understandably, food sales are contributing only a small percentage of program income, but the return of a la carte offerings this year at the High School has generated some revenue there.

In **Federal Grants**, expenses outpace revenues at this point in the year. All federal grants are paid on a reimbursement basis, through an invoicing process after expenses have occurred. This year a new grant management portal has complicated the already lengthy state review process, particularly for the COVID-related grants. Grant allocations are approved and set aside for us, however, and this is only a question of timing, not potential revenue shortfall. One item of note in the local **Grants & Trusts** section is the use of most of the remaining Tech Maintenance Fees (collected from families prior to the elimination of fees by the Board last year) to purchase replacement Chromebooks for Wentworth and the Middle School.

Capital Projects

Apart from ongoing facilities expenses, the big change in the Quarter 2 CIP expense report is the amount expended for three new school buses which were purchased in November. A small expense in the Turf & Track project line is for survey work begun as a first step in moving this long-awaited project forward.

In Summary

As we begin to focus on budget development for FY23, we are gratified that we have stayed on solid financial ground in these difficult times. We know that this year's budget process will need to address significant challenges as we work to support our students' safety and recovery from pandemic conditions, and we appreciate the support of our community as we continue to plan for the work that lies ahead.

**Scarborough Public Schools
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	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY22 <u>% Used</u>	FY21 <u>% Used</u>	FY20 <u>% Used</u>
General Fund Expenditures: (including encumbrances)							
Regular Instruction:							
Regular Instruction Programs	22,900,410	22,900,410	11,698,375	11,202,035	51.1%	50.4%	47.9%
English as a Second Language (ESL)	409,578	409,578	207,690	201,888	50.7%	52.7%	48.8%
Gifted and Talented Programs	366,073	366,073	190,713	175,360	52.1%	51.7%	48.2%
Special Education Instruction	10,258,945	10,258,945	4,697,474	5,561,471	45.8%	45.1%	43.7%
CTE Instruction (Career & Technical Ed)	0	0	0	0	0.0%	0.0%	0.0%
Other Instruction:							
Co-Curricular	200,338	200,338	82,710	117,628	41.3%	32.0%	51.9%
Extra-Curricular	1,211,674	1,211,674	572,805	638,869	47.3%	32.7%	45.6%
Student & Staff Support:							
Guidance Services	1,665,632	1,665,632	840,514	825,118	50.5%	51.7%	46.2%
Health Services	849,701	849,701	453,235	396,466	53.3%	44.8%	47.1%
Improvement of Instruction	977,217	977,217	479,462	497,755	49.1%	55.4%	55.0%
Instructional Technology	1,336,728	1,336,728	208,472	1,128,256	15.6%	55.1%	24.0%
Library Services	800,131	800,131	374,162	425,969	46.8%	47.9%	45.6%
System Administration	1,407,428	1,407,428	717,666	689,762	51.0%	53.4%	47.7%
School Administration	1,833,187	1,833,187	962,264	870,923	52.5%	49.1%	47.0%
Transportation	1,737,872	1,737,872	705,397	1,032,475	40.6%	34.0%	45.9%
Facilities & Maintenance	4,190,725	4,190,725	2,047,964	2,142,761	48.9%	45.2%	47.0%
Debt Service	5,537,376	5,537,376	4,576,940	960,436	82.7%	78.7%	80.9%
All Other	0	0	0	0	0.0%	0.0%	0.0%
Total General Fund Appropriations	55,683,015	55,683,015	28,815,845	26,867,170	51.7%		
FY21 Year-to-date	53,311,243	53,311,243	27,175,544	26,135,699		51.0%	
FY20 Year-to-date	51,426,993	51,426,993	25,604,259	25,822,734			49.8%

	Estimated <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY22 <u>% Rec'd</u>	FY21 <u>% Rec'd</u>	FY20 <u>% Rec'd</u>
General Fund Revenues:							
Town Funding - Local Taxes	49,456,932	49,456,932	49,456,932	0	100.0%	100.0%	100.0%
Use of Fund Balance	1,000,000	1,000,000	1,000,000	0	100.0%	100.0%	100.0%
State Subsidy - GPA	4,903,083	4,903,083	2,710,034	(2,193,049)	55.3%	50.7%	49.4%
State Agency Client Funding	60,000	60,000	0	(60,000)	0.0%	2.6%	7.3%
Comm. Services Daycare (rent space)	35,000	35,000	0	(35,000)	0.0%	0.0%	0.0%
Community Services Transportation	25,000	25,000	0	(25,000)	0.0%	0.0%	0.0%
Winslow Homer/Facility Rental Fees	23,000	23,000	4,653	(18,347)	20.2%	0.0%	20.0%
Student Sports/Activity Fees	120,000	120,000	60,993	(59,007)	50.8%	22.3%	45.4%
Other Miscellaneous Revenue	60,000	60,000	63,709	3,709	106.2%	70.3%	65.2%
Total Revenue	55,683,015	55,683,015	53,296,321.83	(2,386,693)	95.7%	95.7%	96.1%

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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>	FY22 <u>% Used</u>	FY21 <u>% Used</u>	FY20 <u>% Used</u>
Expenditures							
Wages & benefits (instructors & program admin)	152,629	152,629	67,528	85,101	44.2%	32.0%	54.0%
General supplies & operations	11,760	11,760	5,045	6,715	42.9%	49.0%	42.4%
Instructional supplies, software & equipment	15,250	15,250	3,674	11,576	24.1%	36.5%	47.0%
Expenditure totals	179,639	179,639	76,247.09	103,392	42.4%	33.3%	52.8%
	Estimated <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY22 <u>% Rec'd</u>	FY21 <u>% Rec'd</u>	FY20 <u>% Rec'd</u>
Revenues							
Town Funding - Local Taxes	65,481	65,481	65,481	0	100.0%	100.0%	100.0%
Use of Fund Balance	30,000	30,000	30,000	0	100.0%	100.0%	100.0%
State Subsidy - Adult Ed	36,969	36,969	48,979	12,010	132.5%	97.5%	103.3%
Grant Funds	2,000	2,000	1,210	(790)	60.5%	70.0%	100.0%
Adult Ed Tuition	45,189	45,189	11,942	(33,247)	26.4%	18.4%	9.5%
Revenue totals	179,639	179,639	157,613	(22,026)	87.7%	74.8%	74.7%

Adult Education YTD fund balance

81,366

School Nutrition Program:

	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY22 <u>% Used</u>	FY21 <u>% Used</u>	FY20 <u>% Used</u>
Expenditures							
Wages & Benefits	1,126,763	1,126,763	518,355	608,408	46.0%	43.7%	46.6%
Food & Beverages	595,500	595,500	371,097	224,403	62.3%	21.2%	48.8%
Contracted Services (software & repairs)	26,500	26,500	23,849	2,651	90.0%	71.0%	84.6%
Supplies & Equipment	56,450	56,450	44,555	11,895	78.9%	23.8%	45.0%
Operations	1,750	1,750	1,221	529	69.8%	61.2%	55.6%
Expenditure totals	1,806,963	1,806,963	959,077	847,886	53.1%	36.2%	47.7%
	Budgeted <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY22 <u>% Rec'd</u>	FY21 <u>% Rec'd</u>	FY20 <u>% Rec'd</u>
Revenues							
Town Funding - Local Taxes	200,000	200,000	200,000	0	100.0%	100.0%	100.0%
Food Sales	1,310,963	1,310,963	90,288	(1,220,675)	6.9%	0.2%	40.1%
Federal Funding (USDA)	272,000	272,000	708,360	436,360	260.4%	90.2%	21.1%
State Funding (DOE)	18,000	18,000	15,884	(2,116)	88.2%	23.0%	17.4%
Grants & Donations	6,000	6,000	0	(6,000)	0.0%	0.0%	0.0%
Revenue totals	1,806,963	1,806,963	1,014,532	(792,431)	56.1%	23.2%	44.2%

School Nutrition YTD fund balance

55,455

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Federal Restricted Funds:	<u>Beg. Balance</u>	<u>FY22 Grant Funds Available</u>	<u>Year-to-date</u>	<u>Year-to-date</u>	<u>Available Funds*</u>
			<u>Revenues</u>	<u>Expenses</u>	
ESSER I	0	58,316	58,316	58,316	0
ESSER II	0	438,893	0	146,868	292,025
ARP ESSER III	0	985,994	0	240,281	745,713
ARP Pre-K Local Entitlement	0	19,251	0	0	19,251
ARP Local Entitlement	0	165,254	0	36,165	129,089
Title IA	0	180,182	18,211	66,707	113,475
Title IIA	0	126,433	15,889	17,669	108,764
Pre-K Local Entitlement	0	11,660	0	11,660	0
Local Entitlement	0	966,704	198,022	467,320	499,384
Total Federal Restricted	0	2,952,686	290,437	1,044,986	1,907,701

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

Grants & Trusts:	<u>Beg. Balance</u>	<u>Year-to-date</u>	<u>Year-to-date</u>	<u>End. Balance</u>
		<u>Revenues</u>	<u>Expenses</u>	
Louis & Tina Fineberg Trust	136,743	0	0	136,743
Scarborough Education Foundation	25,555	0	4,408	21,147
Local grants & donations	30,331	5,120	6,744	28,707
CC Admin Recertification (fiscal agent)	245	9,775	0	10,020
Tech Maintenance Fees	64,338	303	60,452	4,190
School Nutrition Special Programs	6,886	1,400	5,400	2,886
MLTI State Reimbursement	102,787	25,697	35,179	93,305
PEPG State Grant	588	0	0	588
Proficiency-based Graduation Grant	3,083	0	0	3,083
Total Grants & Trusts	370,556	42,295	112,182	300,669

School CIP project account status
as of 12/31/2021

FACILITIES	Account #	Budget Balance as of 6/30/2021	FY22 Budgeted	FY22 YTD Expenses*	Budget Balance as of 12/31/2021
Long-range Planning	73001798 570000	103,173	286,250	0	389,423
District-wide Energy Improvements	73001803 570000	162	0	0	162
District-wide Plumbing	74001739 570000	33,423	0	0	33,423
District-wide Roofing	74001771 570000	(0)	132,051	131,637	414
District-wide Interior Finishes	74001772 570000	52,847	0	0	52,847
District-wide Security & Access Mgmt	74001787 570000	143,369	20,000	11,653	151,716
District-wide Flooring	74001791 570000	2,143	47,500	4,458	45,185
District-wide Movable Equipment	74001792 573100	117,395	100,000	73,833	143,563
District-wide Building Envelope	74001794 570000	47,604	62,800	32,700	77,704
District-wide Grounds & Site Mtce	74001805 570000	412	150,000	43,356	107,056
Athletics Facilities/Equipment	74001807 570000	22,013	28,000	0	50,013
HS Science Labs Retrofit	74001808 570000	43,508	350,000	66,554	326,954
District-wide HVAC/Mechanical	74176800 573100	511,511	0	293,022	218,489
Facilities Support/Equipment	74176900 573100	44,499	0	23,722	20,777
Facilities Support/Vehicles	74176900 573200	714	50,000	50,000	714
TOTALS		1,181,536	1,226,601	730,936	1,677,201

TOWN/SCHOOL PROJECT

Turf field & track replacement	74001795 570000	0	1,900,800	8,300	1,892,500
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TRANSPORTATION

Bus purchase/lease	74001712 573600	31,927	346,500	359,100	19,327
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TECHNOLOGY

Equipment Replacement	74001784 573100	(0)	165,000	74,244	90,756
New Equipment	74001799 573100	7,352	0	3,051	4,301
TOTALS		7,352	165,000	77,295	95,057

*including encumbrances

GRAND TOTALS		1,220,815	3,638,901	1,175,630.21	1,791,586
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