

## NOTES & COMMENTS

### FY23 QUARTER 2 -- FINANCIALS AS OF 12/31/2022

#### Overview

At the midway point of FY23, the Business Office is focused in opposite directions: while working to close out the prior fiscal year and complete the FY22 Town audit, we are also beginning to develop the Leadership Council's budget proposal for FY24. As we prepare to dive into the next few months of strategic planning for the coming year, we pause to take a look at our current financial status.

#### 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, FY23 expenses are within one or two percentage points of the comparison years, with growth over FY21 in most cases representing our full return to pre-pandemic programming. As we saw in FY21 and FY22, the payroll calendar fell in such a way that 14 of 26 payrolls occurred in the first half of the fiscal year, so overall expenses are pushed above 50% in budget categories where expenses are principally payroll-driven.

Here are a few variances of note:

**Special Education** – although we see a slight increase over FY21 and FY22 in this category, we are still struggling to fill open ed tech positions, and spending remains below the expected 50%. Department leaders have had to be creative to ensure that critical student services are maintained, with solutions including converting unfilled ed tech positions to specialist (teacher level) positions, and working with contracted services providers. This ongoing situation will certainly be a topic of discussion during budget planning for next year.

**Co-Curricular & Extra-Curricular** – as noted in the first quarter report, a continued slight increase in spending over FY21 and FY22 in this category reflects the return to a more typical range of student activities, both in athletics and clubs.

**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 posted by the Town Finance Office.

**Transportation** – this budget category shows similar expense percentages to prior years, with costs running below average due to continued turnover and unfilled positions. Gasoline and diesel prices have dropped slightly from the troubling market rates experienced during the first quarter, though this area will certainly bear watching.

**Facilities & Maintenance** – as with Transportation, Facilities is experiencing unfilled custodial positions, holding down the expense percentage at second quarter. We have been keeping a close eye on energy costs as we enter the coldest and darkest months of the year, although mild weather in December has helped keep fuel use down, and the higher amounts we budgeted for FY23 are looking viable so far.

## Revenues

Our revenue receipts at the end of the second quarter are trending as expected, with a slight increase in student activity fees and a continued slow revival of income from facility rentals as we have reopened space to the public. This quarter shows a return of revenues from State Agency Client reimbursement, a funding source which is notoriously difficult to predict due to shifts in the eligible student population.

## Other Funds

**Adult Education** is holding steady financially as we continue to rebuild programs and services for adult learners. As we have noted in past reports, the most subscribed courses are workforce programs which provide a pathway to career advancement for many of our neighbors, and literacy programs for English language learners which are a critical tool in removing barriers for newcomers to our community.

The **School Nutrition Program** continues to produce record numbers of breakfast and lunch meals across the district. Wage and benefit costs are below average in the second quarter due to staff turnover and open positions, and food costs are slightly lower than last year at this time when we faced persistent price increases and supply chain challenges. As we noted in the first quarter report, revenues lag behind last year due to the fact that we did not request any local tax funding for FY23. Local revenue from food sales is higher than expected as a la carte offerings have been expanded at the High School and Middle School, however, and we expect state and federal funding to fully cover program costs again this year.

For **Federal grant funds**, revenues are distributed on a reimbursement basis, through an invoice process to the State after districts have incurred actual expenses; this report shows grant funds beginning to roll in. Although revenues lag behind expenditures, grant allocations are approved and set aside for us and this is only a question of timing, not potential revenue shortfall; all FY23 expenses will be reimbursed by year end. Of note under **Grants, Trusts & Special Revenues**, the School Nutrition Backpack Program is running a higher than usual expenditure balance at this time of the year because they have taken on the challenge of providing meals for some of the displaced residents at the Comfort Inn who are in the process of being moved to alternate housing. A portion of expenses unrelated to school families will be covered by the Town once that project is completed.

## Capital Projects

In the CIP expense report for Quarter 2 you will see the first payments on our new transportation software which is beginning implementation, as well as the purchase of a replacement dump truck for Facilities. Repair and maintenance projects continue as the school schedule allows. Our two remaining buses are still on order with arrival time now pushed to the spring of 2023.

## In Summary

As we turn our attention to budget development for FY24, we are pleased to report a healthy financial picture for the current year to date. We expect challenges in this year's budget process as we balance our students' ongoing needs with the end of the federal funding that has been available during the COVID years, and having a solid foundation coming out of the current year will be vital to our success as we plan for the work that lies ahead.

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<b>General Fund Expenditures:</b> (including encumbrances)	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Year-to-date Expended</u>	<u>Budget Balance</u>	<u>FY23 % Used</u>	<u>FY22 % Used</u>	<u>FY21 % Used</u>
Regular Instruction:							
Regular Instruction Programs	23,955,747	23,955,747	12,304,116	11,651,631	51.4%	51.1%	50.4%
English as a Second Language (ESL)	413,220	413,220	215,996	197,224	52.3%	50.7%	52.7%
Gifted and Talented Programs	386,784	386,784	200,220	186,564	51.8%	52.1%	51.7%
Special Education Instruction	11,064,123	11,064,123	5,242,104	5,822,019	47.4%	45.8%	45.1%
CTE Instruction (Career & Technical Ed)	0	0	0	0	0.0%	0.0%	0.0%
Other Instruction:							
Co-Curricular	211,446	211,446	102,540	108,906	48.5%	41.3%	32.0%
Extra-Curricular	1,334,419	1,334,419	660,263	674,156	49.5%	47.3%	32.7%
Student & Staff Support:							
Guidance Services	1,757,825	1,757,825	900,150	857,675	51.2%	50.5%	51.7%
Health Services	892,024	892,024	468,903	423,121	52.6%	53.3%	44.8%
Improvement of Instruction	902,090	902,090	488,165	413,925	54.1%	49.1%	55.4%
Instructional Technology	1,488,865	1,488,865	358,312	1,130,553	24.1%	15.6%	55.1%
Library Services	815,533	815,533	385,670	429,863	47.3%	46.8%	47.9%
System Administration	1,451,500	1,451,500	720,024	731,476	49.6%	51.0%	53.4%
School Administration	1,920,485	1,920,485	960,645	959,840	50.0%	52.5%	49.1%
Transportation	1,893,021	1,893,021	785,021	1,108,000	41.5%	40.6%	34.0%
Facilities & Maintenance	4,601,844	4,601,844	2,185,048	2,416,796	47.5%	48.9%	45.2%
Debt Service	5,712,560	5,712,560	4,342,208	1,370,352	76.0%	82.7%	78.7%
All Other	0	0	0	0	0.0%	0.0%	0.0%
<b>Total General Fund Appropriations</b>	<b>58,801,486</b>	<b>58,801,486</b>	<b>30,319,384</b>	<b>28,482,102</b>	<b>51.6%</b>		
<b>FY22 Year-to-date</b>	<b>55,683,015</b>	<b>55,683,015</b>	<b>28,815,845</b>	<b>26,867,170</b>		<b>51.7%</b>	
<b>FY21 Year-to-date</b>	<b>53,311,243</b>	<b>53,311,243</b>	<b>27,175,544</b>	<b>26,135,699</b>			<b>51.0%</b>

<b>General Fund Revenues:</b>	<u>Estimated Revenue</u>	<u>Revised Estimate</u>	<u>Year-to-date Received</u>	<u>Balance/ (Shortfall)</u>	<u>FY23 % Rec'd</u>	<u>FY22 % Rec'd</u>	<u>FY21 % Rec'd</u>
Town Funding - Local Taxes	51,949,958	51,949,958	51,949,958	0	100.0%	100.0%	100.0%
Use of Fund Balance	1,500,000	1,500,000	1,500,000	0	100.0%	100.0%	100.0%
State Subsidy - GPA	5,003,528	5,003,528	2,507,903	(2,495,625)	50.1%	55.3%	50.7%
State Agency Client Funding	60,000	60,000	3,998	(56,002)	6.7%	0.0%	2.6%
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	4,180	(18,820)	18.2%	20.2%	0.0%
Student Sports/Activity Fees	145,000	145,000	77,494	(67,506)	53.4%	50.8%	22.3%
Summer Academy Fees	0	0	5,075	5,075	100.0%	0.0%	0.0%
Other Miscellaneous Revenue	60,000	60,000	35,798	(24,202)	59.7%	106.2%	70.3%
<b>Total Revenue</b>	<b>58,801,486</b>	<b>58,801,486</b>	<b>56,084,406</b>	<b>(2,717,080)</b>	<b>95.4%</b>	<b>95.7%</b>	<b>95.7%</b>

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**OTHER FUNDS**

**Adult Education:**

	Approved	Revised	Year-to-date	Budget	FY23	FY22	FY21
<b>Expenditures</b>	<u>Budget</u>	<u>Budget</u>	<u>Expended</u>	<u>Balance</u>	<u>% Used</u>	<u>% Used</u>	<u>% Used</u>
Wages & benefits (instructors & program admin)	154,310	154,310	62,270	92,040	40.4%	44.2%	32.0%
General supplies & operations	11,360	11,360	10,297	1,063	90.6%	42.9%	49.0%
Instructional supplies, software & equipment	18,700	18,700	4,593	14,107	24.6%	24.1%	36.5%
<b>Expenditure totals</b>	<b>184,370</b>	<b>184,370</b>	<b>77,160</b>	<b>107,210</b>	<b>41.9%</b>	<b>42.4%</b>	<b>33.3%</b>
<b>Revenues</b>	<u>Revenue</u>	<u>Estimate</u>	<u>Received</u>	<u>Balance/ (Shortfall)</u>	<u>% Rec'd</u>	<u>% Rec'd</u>	<u>% Rec'd</u>
Town Funding - Local Taxes	80,000	80,000	80,000	0	100.0%	100.0%	100.0%
Use of Fund Balance	14,000	14,000	14,000	0	100.0%	100.0%	100.0%
State Subsidy - Adult Ed	36,225	36,225	36,149	(76)	99.8%	132.5%	97.5%
Grant Funds	9,000	9,000	1,484	(7,516)	16.5%	60.5%	70.0%
Adult Ed Tuition	45,145	45,145	10,687	(34,458)	23.7%	26.4%	18.4%
<b>Revenue totals</b>	<b>184,370</b>	<b>184,370</b>	<b>142,320</b>	<b>(42,050)</b>	<b>77.2%</b>	<b>87.7%</b>	<b>74.8%</b>

**Adult Education YTD fund balance 65,160**

**School Nutrition Program:**

	Approved	Revised	Year-to-date	Budget	FY23	FY22	FY21
<b>Expenditures</b>	<u>Budget</u>	<u>Budget</u>	<u>Expended</u>	<u>Balance</u>	<u>% Used</u>	<u>% Used</u>	<u>% Used</u>
Wages & Benefits	1,293,689	1,293,689	537,959	755,730	41.6%	46.0%	43.7%
Food & Beverages	639,072	639,072	370,113	268,959	57.9%	62.3%	21.2%
Contracted Services (software & repairs)	26,500	26,500	20,317	6,183	76.7%	90.0%	71.0%
Supplies & Equipment	79,739	79,739	46,951	32,788	58.9%	78.9%	23.8%
Operations	2,000	2,000	1,495	505	74.7%	69.8%	61.2%
<b>Expenditure totals</b>	<b>2,041,000</b>	<b>2,041,000</b>	<b>976,834</b>	<b>1,064,166</b>	<b>47.9%</b>	<b>53.1%</b>	<b>36.2%</b>
<b>Revenues</b>	<u>Revenue</u>	<u>Estimate</u>	<u>Received</u>	<u>Balance/ (Shortfall)</u>	<u>% Rec'd</u>	<u>% Rec'd</u>	<u>% Rec'd</u>
Food Sales	200,000	200,000	142,149	(57,851)	71.1%	6.9%	0.2%
Federal Funding (USDA)	1,799,000	1,799,000	207,139	(1,591,861)	11.5%	260.4%	90.2%
State Funding (DOE)	36,000	36,000	395,291	359,291	1098.0%	88.2%	23.0%
Grants & Donations	6,000	6,000	1,937	(4,063)	32.3%	0.0%	0.0%
<b>Revenue totals</b>	<b>2,041,000</b>	<b>2,041,000</b>	<b>746,516</b>	<b>(1,294,484)</b>	<b>36.6%</b>	<b>56.1%</b>	<b>23.2%</b>

**School Nutrition YTD fund balance (230,318)**

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<b><u>Federal Restricted Funds:</u></b>	<b><u>Beg. Balance</u></b>	<b><u>FY23 Grant Funds Available</u></b>	<b><u>Year-to-date Revenues</u></b>	<b><u>Year-to-date Expenses</u></b>	<b><u>Available Funds*</u></b>
ESSER II	0	90,658	90,658	90,658	0
ARP ESSER III	0	606,317	146,887	282,843	323,474
ARP Local Entitlement	0	99,059	0	21,838	77,221
Title IA	0	159,438	12,602	50,733	108,705
Title IIA	0	152,291	30,566	75,475	76,817
Pre-K Local Entitlement	0	13,001	0	13,001	0
Local Entitlement	0	925,642	11,628	329,744	595,898
<b>Total Federal Restricted</b>	<b>0</b>	<b>2,046,406</b>	<b>292,340</b>	<b>864,292</b>	<b>1,182,114</b>

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

<b><u>Grants, Trusts &amp; Special Revenues:</u></b>	<b><u>Beg. Balance</u></b>	<b><u>Year-to-date Revenues</u></b>	<b><u>Year-to-date Expenses</u></b>	<b><u>End. Balance</u></b>
Louis & Tina Fineberg Trust	136,743	0	0	136,743
Scarborough Education Foundation	23,851	0	3,214	20,637
Local grants & donations	31,938	910	2,413	30,435
CC Admin Recertification (fiscal agent)	1,334	4,140	0	5,474
Tech Maintenance Fees	4,492	16,245	0	20,737
School Nutrition Special Programs	(1,567)	11,590	9,114	909
MLTI State Reimbursement	19,637	171,673	181,941	9,368
PEPG State Grant	588	0	0	588
Proficiency-based Graduation Grant	3,083	0	0	3,083
<b>Total Grants &amp; Trusts</b>	<b>220,099</b>	<b>204,558</b>	<b>196,682</b>	<b>227,975</b>

**School CIP project account status**

as of 12/31/2022

<b>FACILITIES</b>	<b>Account #</b>	<b>Budget Balance as of 6/30/2022</b>	<b>FY23 Budgeted</b>	<b>FY23 YTD Expenses*</b>	<b>Budget Balance as of 12/31/2022</b>
Long-range Planning	73001798 570000	319,015	0	85,705	233,309
District-wide Energy Improvements	73001803 570000	162	150,000	0	150,162
District-wide Plumbing	74001739 570000	33,423	0	2,248	31,175
District-wide Roofing	74001771 570000	414	476,000	5,790	470,624
District-wide Interior Finishes	74001772 570000	33,550	50,000	41,904	41,646
District-wide Security & Access Mgmt	74001787 570000	132,097	60,000	119,861	72,235
District-wide Flooring	74001791 570000	45,185	30,000	31,470	43,715
District-wide Movable Equipment	74001792 573100	105,902	285,000	249,476	141,426
District-wide Building Envelope	74001794 570000	74,804	0	45,134	29,670
District-wide Grounds & Site Mtce	74001805 570000	107,056	150,000	134,179	122,877
Athletics Facilities/Equipment	74001807 570000	32,005	15,000	10,853	36,152
HS Science Labs Retrofit	74001808 570000	113,117	0	64,660	48,457
District-wide HVAC/Mechanical	74176800 573100	201,431	150,000	330,452	20,979
Facilities Support/Equipment	74176900 573100	18,995	29,000	0	47,995
Facilities Support/Vehicles	74176900 573200	714	55,000	46,850	8,864
<b>TOTALS</b>		<b>1,276,616</b>	<b>1,450,000</b>	<b>1,168,583</b>	<b>1,558,032</b>

**TOWN/SCHOOL PROJECT**

Turf field & track replacement	74001795 570000	1,831,962	0	680,508	1,151,455
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**TRANSPORTATION**

Bus purchase/lease	74001712 573600	19,327	405,783	122,950	302,160
Transportation software	74001786 570000	0	120,000	19,233	100,768
<b>TOTALS</b>		<b>19,327</b>	<b>525,783</b>	<b>142,183</b>	<b>402,928</b>

**TECHNOLOGY**

Equipment Replacement	74001784 573100	79,305	312,500	185,922	205,883
New Equipment	74001799 573100	(0)	25,000	13,499	11,501
<b>TOTALS</b>		<b>79,305</b>	<b>337,500</b>	<b>199,421</b>	<b>217,384</b>

\*including encumbrances

<b>GRAND TOTALS</b>		<b>3,207,210</b>	<b>2,313,283</b>	<b>2,190,694</b>	<b>3,329,799</b>
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