

NOTES & COMMENTS

FY24 QUARTER 2 -- FINANCIALS AS OF 12/31/2023

Overview

The mid-point of FY24 finds the Business Office turning our attention to the coming fiscal year, now that the FY23 audit has been completed and the development process for the Leadership Council's FY25 budget proposal has begun. As we prepare for the next few months of strategic forward planning, 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.

In budget categories where expenses are principally payroll-driven, we see budget-to-actual percentages slightly lower than FY23 and FY22, due to a calendar anomaly this year which forced our first payroll of FY24 (July 1) to be paid out on June 30, 2023 (see detailed notes in the FY24 Q1 Financial Report). This is the opposite of the effect we have seen in the past three fiscal years when the payroll schedule pushed expenses at the end of quarter 2 above 50%. Adjustments have been made to the summer payroll accrual accounts which will balance the difference when we make year-end allocations in June of 2024.

Here are a few variances of note:

Special Education – as we have seen in recent years, turnover and unfilled Ed Tech positions continue to impact spending levels in this category. As noted during budget conversations last spring, school leaders are working 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.

Improvement of Instruction – as noted in Quarter 1, the higher level of expenditure in this category is due to increases in professional development hours worked by staff over the summer of 2023 and in Summer Academy staffing.

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. Higher spending in this category is due to the purchase of K-5 staff laptops at the start of the school year, while personnel expenses for the first half of the year will be reflected in Quarter 3.

Facilities & Maintenance – the Facilities department continues to experience unfilled custodial positions, holding down the expense percentage at second quarter. We are currently using contracted cleaning services to ensure that all buildings are safe and sanitary, reallocating unused funds from wage and benefit budget lines. Mild weather in November and December have helped keep fuel use low, and we're in good shape with budget estimates for energy costs as we head into colder weather.

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 and events return to pre-COVID levels. This quarter shows an increase in revenues from State Agency Client reimbursement, a funding source which is notoriously difficult to predict due to shifts in the eligible student population, but which currently continues to trend up from FY23.

Other Funds

As we saw in the first quarter, **Adult Education** shows an increase in both spending on program instructors and revenues from course fees. Enrichment courses continue to draw good enrollment, and our workforce and literacy programs are booming. Grant funds are currently supporting expanded programming to assist new Mainers with both job training and language skills as they integrate into our working communities. As noted in the Quarter 1 report, a higher than usual expenditure rate in instructional equipment is due to the purchase of new computers for HISET testing.

The **School Nutrition Program** shows a Quarter 2 spending pattern similar to recent years, with wage and benefit costs still affected by staff turnover and open positions. A significant item of note is the high expenditure level in Supplies & Equipment, due to an unusual requirement from the Department of Education. Because our program generated such a large fund balance in FY23 (a good problem to have!), the state required that we spend down a portion of the balance in FY24 to reach their allowable threshold. To meet this requirement, a replacement for the van used to transport food from the Wentworth kitchen to the primary schools, which was initially purchased with CIP funds, has been charged to the School Nutrition budget instead. Revenues always lag behind expenditures due to the state's claims/reimbursement model, however this report shows the additional impact of delays in the DOE Financial Services department, which has been very slow to process payment in recent months.

In **Federal grant funds**, revenues have also been slower than usual to arrive due to processing delays at the state level. 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 FY24 expenses will be reimbursed by year end. A new item under **Grants, Trusts & Special Revenues** is a Cybersecurity grant from the state MLTI program. Following a successful application from the IT department, funds have been allocated and used to purchase a new network firewall.

Capital Projects

The CIP expense report for Quarter 2 shows ongoing expenditures in Facilities, particularly HVAC repairs and moveable equipment replacement. After a push to complete projects over the summer months, regular repair and maintenance continues with scheduling to minimize disruptions for staff and students. Tech projects are also ongoing with the start of replacement of classroom projectors at Wentworth in Quarter 2. Similar to FY23, this year's buses are on order but will not be ready for delivery until the spring of 2024.

In Summary

As we turn our attention to budget development for FY25, we are pleased to report a healthy financial position in the current year to date. We have strategically managed the loss of COVID-related federal funding over the past two fiscal years and, despite multiple challenges, expect to be on solid ground both at year end and moving forward. We appreciate the support of our community as we continue to plan for the work that lies ahead.

**Scarborough Public Schools
2023-24 Financial Report
As of December 31, 2023**

	Approved Budget	Revised Budget	Year-to-date Expended	Budget Balance	FY24 % Used	FY23 % Used	FY22 % Used
General Fund Expenditures: (including encumbrances)							
Regular Instruction:							
Regular Instruction Programs	25,131,246	25,131,246	11,705,320	13,425,926	46.6%	51.4%	51.1%
English as a Second Language (ESL)	616,725	616,725	259,673	357,052	42.1%	52.3%	50.7%
Gifted and Talented Programs	406,565	406,565	197,015	209,550	48.5%	51.8%	52.1%
Special Education Instruction	12,095,474	12,095,474	5,307,253	6,788,221	43.9%	47.4%	45.8%
CTE Instruction (Career & Technical Ed)	0	0	0	0	0.0%	0.0%	0.0%
Other Instruction:							
Co-Curricular	246,539	246,539	123,863	122,676	50.2%	48.5%	41.3%
Extra-Curricular	1,427,112	1,427,112	658,626	768,486	46.2%	49.5%	47.3%
Student & Staff Support:							
Guidance Services	1,842,470	1,842,470	903,552	938,918	49.0%	51.2%	50.5%
Health Services	869,649	869,649	408,139	461,510	46.9%	52.6%	53.3%
Improvement of Instruction	958,547	958,547	557,749	400,798	58.2%	54.1%	49.1%
Instructional Technology	1,529,892	1,529,892	495,843	1,034,049	32.4%	24.1%	15.6%
Library Services	822,677	822,677	382,354	440,323	46.5%	47.3%	46.8%
System Administration	1,506,410	1,506,410	772,092	734,318	51.3%	49.6%	51.0%
School Administration	1,977,203	1,977,203	921,558	1,055,645	46.6%	50.0%	52.5%
Transportation	2,067,292	2,067,292	871,972	1,195,320	42.2%	41.5%	40.6%
Facilities & Maintenance	5,005,760	5,005,760	2,200,398	2,805,362	44.0%	47.5%	48.9%
Debt Service	5,548,580	5,548,580	4,619,192	929,388	83.2%	76.0%	82.7%
All Other	0	0	0	0	0.0%	0.0%	0.0%
Total General Fund Appropriations	62,052,141	62,052,141	30,384,600	31,667,541	49.0%		
FY23 Year-to-date	58,801,486	58,801,486	30,319,384	28,482,102		51.6%	
FY22 Year-to-date	55,683,015	55,683,015	28,815,845	26,867,170			51.7%

	Estimated Revenue	Revised Estimate	Year-to-date Received	Balance/ (Shortfall)	FY24 % Rec'd	FY23 % Rec'd	FY22 % Rec'd
General Fund Revenues:							
Town Funding - Local Taxes	54,259,303	54,259,303	54,259,303	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	5,941,838	5,941,838	3,013,304	(2,928,534)	50.7%	50.1%	55.3%
State Agency Client Funding	40,000	40,000	15,064	(24,936)	37.7%	6.7%	0.0%
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	24,347	(653)	97.4%	0.0%	0.0%
Winslow Homer/Facility Rental Fees	25,000	25,000	5,572	(19,428)	22.3%	18.2%	20.2%
Student Sports/Activity Fees	160,000	160,000	99,606	(60,394)	62.3%	53.4%	50.8%
Summer Academy Fees	6,000	6,000	3,600	(2,400)	100.0%	100.0%	0.0%
Other Miscellaneous Revenue	60,000	60,000	35,385	(24,615)	59.0%	59.7%	106.2%
Total Revenue	62,052,141	62,052,141	58,956,181	(3,095,960)	95.0%	95.4%	95.7%

**Scarborough Public Schools
2023-24 Financial Report
As of December 31, 2023**

OTHER FUNDS

Adult Education:

	Approved	Revised	Year-to-date	Budget	FY24	FY23	FY22
Expenditures	<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)	152,889	152,889	77,210	75,679	50.5%	40.4%	44.2%
General supplies & operations	13,160	13,160	8,201	4,959	62.3%	90.6%	42.9%
Instructional supplies, software & equipment	17,100	17,100	8,405	8,695	49.2%	24.6%	24.1%
Expenditure totals	183,149	183,149	93,815	89,334	51.2%	17.9%	20.1%
Revenues	<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	62,411	62,411	62,411	0	100.0%	100.0%	100.0%
Use of Fund Balance	30,000	30,000	30,000	0	100.0%	0.0%	100.0%
State Subsidy - Adult Ed	38,888	38,888	38,861	(27)	99.9%	99.8%	132.5%
Grant Funds	21,850	21,850	3,511	(18,339)	16.1%	16.5%	60.5%
Adult Ed Tuition	30,000	30,000	11,139	(18,861)	37.1%	23.7%	26.4%
Revenue totals	183,149	183,149	145,921	(37,228)	79.7%	77.2%	87.7%

Adult Education YTD fund balance 52,106

School Nutrition Program:

	Approved	Revised	Year-to-date	Budget	FY24	FY23	FY22
Expenditures	<u>Budget</u>	<u>Budget</u>	<u>Expended</u>	<u>Balance</u>	<u>% Used</u>	<u>% Used</u>	<u>% Used</u>
Wages & Benefits	1,331,435	1,331,435	536,806	794,629	40.3%	41.6%	46.0%
Food & Beverages	860,600	860,600	344,811	515,789	40.1%	57.9%	62.3%
Contracted Services (software & repairs)	29,000	29,000	23,726	5,274	81.8%	76.7%	90.0%
Supplies & Equipment	89,400	89,400	94,598	(5,198)	105.8%	58.9%	78.9%
Operations	3,300	3,300	1,528	1,772	46.3%	74.7%	69.8%
Expenditure totals	2,313,735	2,313,735	1,001,469	1,312,266	43.3%	47.9%	53.1%
Revenues	<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	298,000	298,000	154,303	(143,697)	51.8%	71.1%	6.9%
Federal Funding (USDA)	624,000	624,000	80,787	(543,213)	12.9%	11.5%	260.4%
State Funding (DOE)	1,385,735	1,385,735	313,322	(1,072,413)	22.6%	1098.0%	88.2%
Grants & Donations	6,000	6,000	0	(6,000)	0.0%	32.3%	0.0%
Revenue totals	2,313,735	2,313,735	548,412	(1,765,323)	23.7%	36.6%	56.1%

School Nutrition YTD fund balance (453,057)

**Scarborough Public Schools
2023-24 Financial Report
As of December 31, 2023**

<u>Federal Restricted Funds:</u>	<u>Beg. Balance</u>	<u>FY24 Grant Funds Available</u>	<u>Year-to-date Revenues</u>	<u>Year-to-date Expenses</u>	<u>Available Funds*</u>
ARP ESSER III	55,696	0	0	55,696	0
ARP Local Entitlement	11,740	0	11,740	11,740	0
Title IA	64,898	120,094	23,664	63,891	121,101
Title IIA	16,904	96,204	0	44,647	68,461
Pre-K Local Entitlement	0	13,169	0	13,169	0
Local Entitlement (IDEA)	262,732	763,876	127,838	453,950	572,657
Total Federal Restricted	411,969	993,343	163,241	643,093	762,219

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

<u>Grants, Trusts & Special Revenues:</u>	<u>Beg. Balance</u>	<u>FY24 Grant Funds Available</u>	<u>Year-to-date Revenues</u>	<u>Year-to-date Expenses</u>	<u>Ending Balance</u>
Louis & Tina Fineberg Trust	136,743		0	0	136,743
Scarborough Education Foundation	22,541		0	2,016	20,524
Local grants & donations	34,498		650	3,328	31,820
CC Admin Recertification (fiscal agent)	2,448		10,580	0	13,028
Tech Maintenance Fees	32,047		16,430	0	48,477
School Nutrition Special Programs	(3,394)		12,658	7,884	1,379
MLTI Cybersecurity Grant	0	96,819	0	96,819	(96,819)
PEPG State Grant	588		0	0	588
Proficiency-based Graduation Grant	3,083		0	0	3,083
Total Grants, Trusts & Special Revenues	228,553		40,317	110,047	158,823

School CIP project account status

as of 12/31/2023

FACILITIES	Account #	Budget Balance as of 6/30/2023	FY24 Budgeted	FY24 YTD Expenses*	Budget Balance as of 12/31/2023
Long-range Planning	73001798 570000	74,619	0	59,701	14,919
District-wide Energy Improvements	73001803 570000	84,903	150,000	45,378	189,525
District-wide Plumbing	74001739 570000	16,276		0	16,276
District-wide Roofing	74001771 570000	458,742	500,000	538,579	416,163
District-wide Interior Finishes	74001772 570000	13,285	50,000	41,682	21,603
District-wide Security & Access Mgmt	74001787 570000	34,247	50,000	63,196	14,836
District-wide Flooring	74001791 570000	43,715	150,000	132,370	61,345
District-wide Movable Equipment	74001792 573100	105,960	150,000	175,458	94,837
HS Auditorium	74001793 570000	(0)	45,000	40,298	4,700
District-wide Building Envelope	74001794 570000	17,434	65,000	28,830	53,604
District-wide Grounds & Site Mtce	74001805 570000	64,251	150,000	82,871	130,380
Athletics Facilities/Equipment	74001807 570000	15,294	110,500	6,330	119,464
District-wide HVAC/Mechanical	74176800 573100	106,798	427,700	515,457	18,907
Facilities Support/Equipment	74176900 573100	44,666	82,600	54,099	73,167
Facilities Support/Vehicles	74176900 573200	5,105	0	0	5,105
TOTALS		1,178,011	1,930,800	1,784,248	1,234,831

TOWN/SCHOOL PROJECTS

Turf field & track replacement	74001795 570000	1,120,097	0	0	1,120,097
Unified Primary School 2027	73007800 545000	0	137,500,000	0	137,500,000
TOTALS		1,120,097	137,500,000	0	138,620,097

TRANSPORTATION

Bus purchase/lease	74001712 573600	12,382	405,783	0	418,165
Transportation software	74001786 570000	20,968	0	5,070	15,898
TOTALS		33,351	405,783	5,070	434,064

TECHNOLOGY

Equipment Replacement	74001784 573100	171,227	620,000	461,146	327,247
New Equipment	74001799 573100	(2,709)	0	0	(2,709)
TOTALS		168,519	620,000	461,146	324,538

*including encumbrances

GRAND TOTALS		2,499,977	140,456,583	2,250,464	140,613,530
---------------------	--	------------------	--------------------	------------------	--------------------