

NOTES & COMMENTS

FY24 QUARTER 3 -- FINANCIALS AS OF 3/31/2024

Overview

At the end of the third quarter each year we are fully immersed in budget preparations for the following fiscal year, and this year's process has been particularly active for school leaders. Despite the focus on next year's budget, we have maintained a careful eye on FY24. This report provides a status update on our current financial position as well as an early forecast of our expected status at year-end.

Expenditures

The end of the third quarter is 75% through the fiscal year and 73% through the school year. As usual in our quarterly financial statements, this report includes columns showing comparative percentages from the third quarter of the two prior fiscal years, to help us identify and address any notable variances.

As we have seen throughout this fiscal year, in budget categories where expenses are principally payroll-driven budget-to-actual percentages are slightly lower than FY23 and FY22, due to a calendar anomaly 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). The overall budget imbalance will be resolved when summer accrued salaries are posted at the end of June, however personnel turnover and unfilled positions remain the single largest cause for unspent budgeted funds, offsetting continued inflationary pressures on the cost of supplies and services.

At this point in the year, we are able to forecast areas where we expect to see impacts on year-end surplus:

- **Special Services** – Turnover and open positions have been ongoing concerns throughout the year in this department. School leaders have worked hard to ensure that critical student services are provided, with solutions including converting unfilled ed tech positions to specialist positions, and working with contracted services providers. Even so, we anticipate an unspent budget balance of around \$300,000 in salary and benefit lines by year-end. We are also expecting savings approaching \$200,000 in the out-of-district tuition line due to changes in student enrollment.
- **System Administration** – Unexpectedly high legal costs for investigations, grievances and negotiation services this year have driven contracted services lines over budget in this expenditure category. Savings in other accounts as well as debt service costs will be sufficient to cover the overage, however.
- **Transportation** – Again in this budget category, continued turnover and open positions have reduced spending in personnel accounts, where we expect to see a year-end surplus of around \$250,000. In offsetting costs, we have invested in two additional minivans to facilitate transportation of Special Education students in an environment where we do not have sufficient CDL drivers, and have used contracted buses for field trips and athletics. Fuel and maintenance costs have leveled off somewhat, and have stayed within budget this year.
- **Facilities & Maintenance** – As with Transportation, the increased cost of supplies and services in Facilities have been offset by savings in personnel costs due to unfilled custodial positions. Contracted cleaning services have been used throughout the year 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 costs under budget, and electricity costs have benefitted from the savings generated through continued growth in our alternative energy consortium partnerships.

Revenues

Third quarter revenues are trending as expected, with small shortfalls that are balanced by the continued increase in State Agency Client reimbursements this year. Meanwhile, a new funding allocation from the Maine Department of Education has been added to subsidy payments across the state to address additional expenses related to increases in our population of Multi-Lingual Learners. In Scarborough, the additional allocation is \$163,729, which will help us to offset costs both in our MLL department specifically and across the district for interpreting services and other extra supports for students and their families. All told we expect revenues at year end to be higher than expected by around \$200,000.

Other Funds

In **Adult Education**, course enrollment is holding steady. While we do not expect to meet our full budgeted estimate in tuition revenues, grant funds continue to roll in to support our workforce and literacy programs, and we expect to end the year with a small budget surplus. Due to the high demand for these classes, courses will be provided throughout the summer which has traditionally been down-time for the Adult Education program. We are pleased to have the expanded resources provided in the FY25 budget with the addition of a part-time coordinator position.

As we've seen throughout the fiscal year, the **School Nutrition Program** shows a slightly lower expenditure rate in Quarter 3, with wage and benefit costs still affected by staff turnover and open positions. Federal and State funding in this report continue to lag behind expenses, however February and March reimbursements were received in mid-April (after this report) and claims processing in the DOE Financial Services department appears to be speeding up a bit going into the end of the fiscal year. Food Sales revenues continue to come in strong at the High School and Middle School where a la carte offerings are fully available, and catering revenues are growing. We anticipate that all program costs will be covered by year-end, and we expect to generate a small budget surplus similar to FY23.

As reported in Quarter 2, **Federal Grant** revenues always run behind expenses due to the structure of the state's reimbursement system. We continue to submit monthly invoices and all FY24 expenses will be reimbursed by year-end. While we have seen the end of the many COVID-related federal grants, we will continue to have allocations for Title I, Title II and IDEA (Local Entitlement) grants going into FY25, as well as smaller State grants that we will be managing throughout the summer.

Capital Projects

By the end of Quarter 3, most of the Facilities Department planned maintenance projects for the year are completed, and large-scale projects will not begin again until school is out for the summer. Funding in capital accounts is available on a multi-year basis, allowing for project scheduling to minimize disruption for staff and students. In Technology, purchase of replacement tech equipment is moving forward in preparation for work over the summer as well as implementation for the coming school year. Funding for this year's replacement buses still shows unexpended as of March 31, however they have since been received and paid for.

In Summary

As FY24 draws to a close, we are in a position to predict another comfortable year-end surplus, which is critical to sustaining the non-tax revenue level in our FY25 budget proposal, as well as leaving a cushion for use in future budget years. 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
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	Approved <u>Budget</u>	Revised <u>Budget</u>	Year-to-date <u>Expended</u>	Budget <u>Balance</u>	FY24 <u>% Used</u>	FY23 <u>% Used</u>	FY22 <u>% Used</u>
<u>General Fund Expenditures:</u> (including encumbrances)							
Regular Instruction:							
Regular Instruction Programs	25,131,246	25,065,546	17,483,399	7,582,147	69.8%	73.6%	73.6%
English as a Second Language (ESL)	616,725	616,725	398,235	218,490	64.6%	75.1%	73.0%
Gifted and Talented Programs	406,565	406,565	290,718	115,847	71.5%	74.7%	75.2%
Special Education Instruction	12,095,474	12,095,474	8,049,897	4,045,577	66.6%	70.2%	69.1%
CTE Instruction (Career & Technical Ed)	0	0	0	0	0.0%	0.0%	0.0%
Other Instruction:							
Co-Curricular	246,539	246,539	138,752	107,787	56.3%	54.6%	51.4%
Extra-Curricular	1,427,112	1,427,112	988,102	439,010	69.2%	71.0%	72.6%
Student & Staff Support:							
Guidance Services	1,842,470	1,908,170	1,351,067	557,103	70.8%	74.3%	75.4%
Health Services	869,649	869,649	612,460	257,189	70.4%	73.8%	77.5%
Improvement of Instruction	958,547	958,547	700,534	258,013	73.1%	75.3%	67.2%
Instructional Technology	1,529,892	1,529,892	1,046,539	483,353	68.4%	62.4%	52.8%
Library Services	822,677	822,677	566,370	256,307	68.8%	68.9%	69.8%
System Administration	1,506,410	1,546,410	1,138,611	407,799	73.6%	67.2%	70.4%
School Administration	1,977,203	1,977,203	1,390,107	587,096	70.3%	73.5%	75.3%
Transportation	2,067,292	2,067,292	1,315,765	751,527	63.6%	63.8%	64.1%
Facilities & Maintenance	5,005,760	5,005,760	3,306,965	1,698,795	66.1%	72.3%	74.9%
Debt Service	5,548,580	5,508,580	4,619,192	889,388	83.9%	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	43,396,712	18,655,429	69.9%		
FY23 Year-to-date	58,801,486	58,801,486	42,460,015	16,341,471		72.2%	
FY22 Year-to-date	55,683,015	55,683,015	40,541,127	15,141,888			72.8%

	Estimated <u>Revenue</u>	Revised <u>Estimate</u>	Year-to-date <u>Received</u>	Balance/ <u>(Shortfall)</u>	FY24 <u>% Rec'd</u>	FY23 <u>% Rec'd</u>	FY22 <u>% Rec'd</u>
<u>General Fund Revenues:</u>							
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	4,527,796	(1,414,042)	76.2%	75.7%	83.6%
State Agency Client Funding	40,000	40,000	46,956	6,956	117.4%	15.5%	0.0%
Comm. Services Daycare (rent space)	35,000	35,000	0	(35,000)	0.0%	0.0%	35.9%
Community Services Transportation	25,000	25,000	24,347	(653)	97.4%	0.0%	81.0%
Winslow Homer/Facility Rental Fees	25,000	25,000	12,619	(12,382)	50.5%	35.1%	22.9%
Student Sports/Activity Fees	160,000	160,000	144,652	(15,348)	90.4%	80.2%	89.2%
Summer Academy Fees	6,000	6,000	3,600	(2,400)	100.0%	100.0%	0.0%
Other Miscellaneous Revenue	60,000	60,000	56,299	(3,701)	93.8%	88.2%	121.2%
Total Revenue	62,052,141	62,052,141	60,575,571	(1,476,570)	97.6%	97.7%	98.4%

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OTHER FUNDS

Adult Education:

	Approved	Revised	Year-to-date	Budget	FY24	FY23	FY22
	<u>Budget</u>	<u>Budget</u>	<u>Expended</u>	<u>Balance</u>	<u>% Used</u>	<u>% Used</u>	<u>% Used</u>
Expenditures							
Wages & benefits (instructors & program admin)	152,889	152,889	108,272	44,617	70.8%	61.2%	61.8%
General supplies & operations	13,160	13,160	11,630	1,530	88.4%	91.0%	69.3%
Instructional supplies, software & equipment	17,100	17,100	12,038	5,062	70.4%	21.6%	34.5%
Expenditure totals	183,149	183,149	131,940	51,209	72.0%	59.0%	60.0%
	Estimated	Revised	Year-to-date	Balance/	FY24	FY23	FY22
	<u>Revenue</u>	<u>Estimate</u>	<u>Received</u>	<u>(Shortfall)</u>	<u>% Rec'd</u>	<u>% Rec'd</u>	<u>% Rec'd</u>
Revenues							
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%	100.0%	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%	63.3%	60.5%
Adult Ed Tuition	30,000	30,000	15,510	(14,490)	51.7%	42.5%	39.6%
Revenue totals	183,149	183,149	150,293	(32,856)	82.1%	84.1%	91.0%

Adult Education YTD fund balance	18,353
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School Nutrition Program:

	Approved	Revised	Year-to-date	Budget	FY24	FY23	FY22
	<u>Budget</u>	<u>Budget</u>	<u>Expended</u>	<u>Balance</u>	<u>% Used</u>	<u>% Used</u>	<u>% Used</u>
Expenditures							
Wages & Benefits	1,331,435	1,331,435	823,355	508,080	61.8%	63.8%	66.8%
Food & Beverages	860,600	860,600	601,286	259,314	69.9%	91.1%	96.6%
Contracted Services (software & repairs)	29,000	29,000	28,200	800	97.2%	94.1%	75.0%
Supplies & Equipment	89,400	89,400	121,191	(31,791)	135.6%	82.8%	133.6%
Operations	3,300	3,300	1,826	1,474	55.3%	98.6%	89.2%
Expenditure totals	2,313,735	2,313,735	1,575,858	737,877	68.1%	73.5%	80.3%
	Budgeted	Revised	Year-to-date	Balance/	FY24	FY23	FY22
	<u>Revenue</u>	<u>Estimate</u>	<u>Received</u>	<u>(Shortfall)</u>	<u>% Rec'd</u>	<u>% Rec'd</u>	<u>% Rec'd</u>
Revenues							
Food Sales	298,000	298,000	253,522	(44,478)	85.1%	125.9%	11.4%
Federal Funding (USDA)	624,000	624,000	249,929	(374,071)	40.1%	16.1%	402.8%
State Funding (DOE)	1,385,735	1,385,735	749,587	(636,148)	54.1%	1793.0%	195.7%
Grants & Donations	6,000	6,000	0	(6,000)	0.0%	32.3%	27.3%
Revenue totals	2,313,735	2,313,735	1,253,037	(1,060,698)	54.2%	58.3%	82.0%

School Nutrition YTD fund balance	(322,820)
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<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	55,696	55,696	0
ARP Local Entitlement	11,740	0	11,740	11,740	0
Title IA	64,898	120,094	63,891	95,566	89,426
Title IIA	16,904	96,204	16,904	67,584	45,524
Pre-K Local Entitlement	0	13,169	0	13,169	0
Local Entitlement (IDEA)	262,732	763,876	205,362	659,051	367,557
Total Federal Restricted	411,969	993,343	353,592	902,805	502,506

*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		17,752	11,459	28,833
Local grants & donations	34,498		3,978	3,328	35,148
CC Admin Recertification (fiscal agent)	2,448		10,580	4,238	8,790
Tech Maintenance Fees	32,047		17,065	0	49,112
School Nutrition Special Programs	(3,394)		15,230	12,874	(1,038)
MLTI Cybersecurity Grant	0	96,819	0	96,819	0
Preventing Student Homelessness Grant	0	3,545	0	185	3,360
PEPG State Grant	588		0	0	588
Proficiency-based Graduation Grant	3,083		0	0	3,083
Total Grants, Trusts & Special Revenues	228,553		64,604	128,903	264,618

School CIP project account status

as of 3/31/2024

FACILITIES	Account #	Budget Balance as of 6/30/2023	FY24 Budgeted	FY24 YTD Expenses*	Budget Balance as of 3/31/2024
Long-range Planning	73001798 570000	74,619	0	63,101	11,519
District-wide Energy Improvements	73001803 570000	84,903	150,000	98,855	136,048
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	63,285	0.00
District-wide Security & Access Mgmt	74001787 570000	34,247	50,000	68,560	9,471
District-wide Flooring	74001791 570000	43,715	150,000	132,370	61,345
District-wide Movable Equipment	74001792 573100	105,960	150,000	195,417	74,877
HS Auditorium Equipment	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	85,871	127,380
Athletics Facilities/Equipment	74001807 570000	15,294	110,500	6,330	119,464
District-wide HVAC/Mechanical	74176800 573100	106,798	427,700	519,934	14,430
Facilities Support/Equipment	74176900 573100	44,666	82,600	55,642	71,624
Facilities Support/Vehicles	74176900 573200	5,105	0	0	5,105
TOTALS		1,178,011	1,930,800	1,897,072	1,122,006

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	20,900	68
TOTALS		33,351	405,783	20,900	418,234

TECHNOLOGY

Equipment Replacement	74001784 573100	171,227	620,000	709,900	78,493
New Equipment	74001799 573100	(2,709)	0	0	(2,709)
TOTALS		168,519	620,000	709,900	75,784

*including encumbrances

GRAND TOTALS		2,499,977	140,456,583	2,627,872	140,236,121
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