

NOTES & COMMENTS

FY24 QUARTER 4 – YEAR-END FINANCIALS AS OF 6/30/2024

FOR SCHOOL BOARD 10/3/2024 – PENDING AUDIT

Overview

This year-end financial report is provided as a supporting document for the Business Office presentation to the School Board at their meeting of October 3, 2024. In FY24, budget resources were deployed to meet the needs of an increasingly complex student population, as well as to navigate the pressures of a volatile economy and a challenging labor market. This report describes the financial impacts of that environment, and our status at the end of the fiscal year.

As usual, this report is marked "pending audit". Although we do not anticipate any significant changes, we are currently working with the Town auditors to develop the official financial report for FY24. This introduction highlights major points of interest; the detailed financial statement begins on page 4.

Expenditures

As we have seen in the past few years, the 2023-24 fiscal year ended with a sizeable surplus in the General Fund. Expenditures came in under budget by \$2,086,340, which represents 3.4% of the FY24 operating budget. Throughout the budget categories, continued inflationary pressures in supplies and services have been offset by savings in personnel costs, keeping expenditures on target budget-to-actual. Here are the areas of FY24 spending that created the most year-end impact:

Personnel costs

With personnel costs representing 80% of our FY24 budget, it is understandable that most of our surplus is found in this area. A tight labor market and fierce competition for skilled workers in our region meant that multiple positions across the district went unfilled for at least some part of the year, with the most significant staffing shortages found in Special Services, Bus Driver and Custodian positions. A total surplus of \$1,153,000 is attributable to these factors, specifically:

- \$437,000 Special Services wages & benefits
- \$251,000 Custodian wages & benefits
- \$165,000 Bus Driver wages & benefits
- \$300,000 Additional turnover savings - salaries/wages & benefits across all lines

Other notable areas of savings were found in programs and operations, with a total surplus of \$541,000:

Student programs & services

- \$77,000 Curriculum – refined subscriptions, deferred updates, used grant funds
- \$37,000 Athletics & Activities – unfilled coaching positions
- \$240,000 Special Services – lower than anticipated tuition costs

Operations

- \$65,000 Debt Service – reduced interest payments on delayed bond issue
- \$122,000 Facilities – stabilizing energy costs

These are the major factors affecting the year-end surplus generated, with the remainder coming from smaller incremental balances across all of the other expenditure accounts in the budget. As usual, there are some individual accounts which were overspent by more than \$10,000 in FY24. Under School Board policy DBJ, the Board is asked to approve budget transfers to cover these deficits at the end of each fiscal year; this Board action item will take place at their meeting on October 3, 2024. This year every budget category ran at least a small a surplus, and all but one of the overspent accounts can be covered with transfers within the same category.

Revenues

Revenues were very close to budget projections in FY24, showing a revenue surplus of \$183,526. Most of this was due to a new allocation from the state Department of Education, providing targeted funds for supporting Multi-Lingual students who are new to our school districts and may need additional resources. These funds were distributed after our budget had already been approved, and are represented in a separate line below State Subsidy on the financial statement.

Other notable surpluses are in State Agency Client reimbursements, where the number of qualifying students increased significantly in FY24, and in Other Miscellaneous where we saw the growing impact of revenue from the sale of clean energy credits, worth almost \$20,000 in FY24.

Other Funds

The **Adult Education** program continued to expand enrichment offerings in FY24, but as we saw last year, the greatest growth was in programs supporting Multi-Lingual Learners with both English literacy courses and workforce preparation. Course tuition has almost rebounded to budgeted levels, and grant funds, both state and federal, have made up the balance. The year-end Adult Education fund balance is a healthy \$31,029 after \$35,000 is set aside as non-tax revenue for the FY24 budget.

School Nutrition continued to thrive financially, thanks to the State's commitment to continue funding universal free meals for all students. Meal counts served in 2023-24 were an astounding 12 times higher than the numbers seen in 2019-20, and the reimbursement amount we received is 200% higher. Revenue from food sales (a la carte at Middle School and High School) also increased, as did revenue from catering school and town events. Despite food production increases driving the need for more labor hours, spending was again under budget in wages and benefits due to ongoing staffing shortages, as well as in accounts for food and beverages where prices began to stabilize a bit as the year progressed.

After years of running at a deficit in the School Nutrition fund, we were surprised to hear from the Department of Education at the start of FY24 that our fund balance was too high. The USDA requires that school nutrition programs must hold no more than three months' average operating cost, and according to the DOE's calculations we had exceeded that amount by about \$18,000. We were instructed to submit a plan to spend the excess funds immediately. As it happened, we had already budgeted for replacement of the lunch truck, a 2009 van that was well beyond its useful life, so following the DOE directive we transferred the \$45,000 cost of the van to the School Nutrition operating budget. Even after this unplanned spending, the program ended the fiscal year with an overall budget surplus of \$10,755 and a total positive fund balance of \$554,050.

The detailed financial statement closes with the year-end status of **federal grant** funds as well as local and state **grants, trusts and special revenues**. The final reimbursement from the large COVID-related grants was received in September of 2023, covering the cost of summer payroll for supplemental staff in FY23. In

the spring of 2024 the Maine Department of Education offered a few mini grants using leftover state-level ARP funds, and we applied for three of them: the Maine Outdoor Learning Initiative (MOLI), Literacy and Summer Learning. Preliminary expenses for the MOLI grant appear on the FY24 financial statement, with the rest to come in Quarter 1 of FY25.

In the state and local grants section, most funds have flowed as expected in FY24. The MLTI Tech Hardware reimbursement for FY24 purchases has not yet been received, although the grant managers have had our invoice since May and have assured us that it is in process. Similar to last year, the School Nutrition Special Programs fund shows a small fund deficit at year-end. The Backpack Program continues to receive regular donations that support our efforts to provide healthy food for families in need, and outreach messaging is underway to boost visibility for the program.

Capital Projects

This report includes a year-end summary of our capital improvement project (CIP) accounts. Most CIP accounts are multi-year, ongoing areas of investment, allowing for project scheduling to minimize disruption for staff and students. Expenditures in FY24 included the purchase of our usual three replacement buses, and completion of a cyclical refresh of tech equipment at the Middle School. In Facilities, we made critical roof restorations at the Middle School and Eight Corners, and continued the scheduled replacement of obsolete HVAC controls, a non-functional air conditioning unit at the High School, and failing heat pumps at the Middle School. Also at the Middle School, damaged and deteriorating flooring was replaced in high traffic areas including the cafeteria and lobby.

Expenditures shown in the Long-Range Planning CIP account represent the balance of design and planning costs leading up to the failed Unified School project referendum in November of 2023. Additional funds have been budgeted in FY25 to advance the work of the new School Building Advisory Committee (SBAC) – for more information please see the “Building Committee” link on the Scarborough Public Schools website.

In Summary

During the 2023-24 school year, despite continued challenges with economic factors beyond our control, we kept our focus on the core mission and values of our district. Our spending decisions were made based on clearly defined goals: strengthening an inclusive environment and a sense of belonging among all our students and families; building a strong academic foundation at all phase levels; meeting the individual learning needs of all students; and incorporating social emotional learning through all developmental stages.

As of the end of FY24 we have preserved \$2,155,998 in undesignated fund balance pending audit adjustments (see page 5), which is equivalent to 3.5% of the total General Fund operating budget. In 2021, recognizing the unusual financial conditions created by the influx of federal funds to Maine school districts, the Legislature increased the statutory limit on undesignated surplus carry-over from 3% of the previous year's budget to 5%, with even higher exemptions allowed for FY22 through FY25. This change allows us to maintain a larger cushion against economic uncertainty, and to use surplus funds strategically to reduce the burden of increased costs on our local taxpayers.

We are pleased to present this financial report to our stakeholders, knowing that it reflects our ongoing commitment to provide the best possible programs and services for the children of our community with the resources entrusted to our care.

Scarborough Public Schools
Financial Statement
June 30, 2024

For School Board 10/3/2024
Pending final audit

General Fund Surplus as of 6/30/2024 (audited) \$ 3,686,133
Allocated to 2023-24 budget \$ (1,500,000)

Undesignated Surplus as of 7/1/2023 (audited balance) **\$ 2,186,133**

	Approved Budget	Revised Budget	Year-end Expended	Budget Balance	FY24 % Used	FY23 % Used	FY22 % Used
General Fund Expenditures:							
Regular Instruction:							
Regular Instruction Programs	25,131,246	25,059,546	24,771,057	288,489	98.8%	98.6%	98.1%
English as a Second Language (ESL)	616,725	616,725	567,993	48,732	92.1%	99.9%	96.5%
Gifted and Talented Programs	406,565	406,565	397,407	9,158	97.7%	99.7%	99.3%
Special Education Instruction	12,095,474	12,095,474	11,441,768	653,706	94.6%	96.4%	93.9%
CTE Instruction (Career & Technical Ed)	0	0	0	0	0.0%	0.0%	0.0%
Other Instruction:							
Co-Curricular	246,539	246,539	241,826	4,713	98.1%	95.8%	85.4%
Extra-Curricular	1,427,112	1,427,112	1,335,989	91,123	93.6%	95.3%	95.4%
Student & Staff Support:							
Guidance Services	1,842,470	1,908,170	1,900,362	7,808	99.6%	99.4%	100.5%
Health Services	869,649	869,649	824,210	45,439	94.8%	99.1%	103.0%
Improvement of Instruction	958,547	958,547	877,051	81,496	91.5%	91.6%	82.1%
Instructional Technology	1,529,892	1,529,892	1,515,010	14,882	99.0%	94.0%	96.6%
Library Services	822,677	822,677	770,958	51,719	93.7%	92.5%	98.5%
System Administration	1,506,410	1,552,410	1,503,049	49,361	96.8%	91.9%	91.7%
School Administration	1,977,203	1,977,203	1,911,587	65,616	96.7%	99.1%	99.1%
Transportation	2,067,292	2,067,292	1,894,548	172,744	91.6%	93.6%	98.2%
Facilities & Maintenance	5,005,760	5,005,760	4,530,097	475,663	90.5%	92.0%	99.6%
Debt Service	5,548,580	5,508,580	5,482,890	25,690	99.5%	91.2%	99.5%
All Other	0	0	0	0	0.0%	0.0%	0.0%
Total General Fund Appropriations	62,052,141	62,052,141	59,965,801	2,086,340	96.6%		
FY23 Year End	58,801,486	58,801,486	56,427,579	2,373,908		96.0%	
FY22 Year End	55,683,015	55,683,015	54,114,579	1,568,436			97.2%

	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	5,957,196	15,358	100.3%	100.6%	111.7%
MLL Hardship Funds - DOE	0	0	163,729	163,729	100.0%	0.0%	0.0%
State Agency Client Funding	40,000	40,000	61,870	21,870	154.7%	34.2%	0.0%
Comm. Services Daycare (rent space)	35,000	35,000	33,066	(1,934)	94.5%	104.5%	88.6%
Community Services Transportation	25,000	25,000	24,347	(653)	97.4%	85.4%	81.0%
Winslow Homer/Facility Rental Fees	25,000	25,000	14,545	(10,455)	58.2%	51.0%	30.1%
Student Sports/Activity Fees	160,000	160,000	131,800	(28,200)	82.4%	81.0%	94.5%
Summer Academy Fees	6,000	6,000	4,200	(1,800)	100.0%	100.0%	0.0%
Other Miscellaneous Revenue	60,000	60,000	85,611	25,611	142.7%	121.6%	132.6%
Total Revenue	62,052,141	62,052,141	62,235,667	183,526	100.3%	99.9%	100.9%

Scarborough Public Schools
Financial Statement
June 30, 2024

For School Board 10/3/2024
Pending final audit

Year-end Fund Transfers

Surplus to capital reserve fund - per SBFC recommendation	\$ (800,000)
Audit adjustments	\$ -
Total Transfers	\$ (800,000)

Breakdown of General Fund Surplus Balances

As of 6/30/2023 fund balance was :	\$ 3,686,133
Used For FY24 Budget	\$ (1,500,000)
Undesignated Fund Balance 7/1/2023	\$ 2,186,133
 FY24 Appropriations Balance	\$ 2,086,340
FY24 Revenue Balance	\$ 183,526
FY24 Year-end Adjustments	\$ (800,000)
FY24 Year-end Balance	\$ 1,469,865
 Total Available Fund Balance	\$ 3,655,998
Used for FY25 Budget	\$ (1,500,000)
Undesignated Fund Balance 6/30/2024	\$ 2,155,998

OTHER FUNDS

Adult Education:

	Approved Budget	Revised Budget	Year-to-date Expended	Budget Balance	FY24 % Used	FY23 % Used	FY22 % Used
Expenditures							
Wages & benefits (instructors & program admin)	152,889	152,889	156,259	(3,370)	102.2%	88.6%	85.9%
General supplies & operations	13,160	13,160	11,856	1,304	90.1%	94.9%	77.8%
Instructional supplies, software & equipment	17,100	17,100	13,023	4,077	76.2%	34.4%	48.2%
Expenditure totals	183,149	183,149	181,137	2,012	98.9%	83.5%	82.2%
 Revenues							
	Estimated Revenue	Revised Estimate	Year-to-date Received	Balance/ (Shortfall)	FY24 % Rec'd	FY23 % Rec'd	FY22 % Rec'd
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	29,423	7,573	134.7%	181.9%	675.5%
Adult Ed Tuition	30,000	30,000	23,431	(6,569)	78.1%	59.3%	54.4%
Revenue totals	183,149	183,149	184,126	977	100.5%	94.0%	101.5%

Adult Education year end fund balance	2,988
Fund balance as of 6/30/23	63,041
Used for FY25 budget	(35,000)
Total undesignated fund balance	31,029

Scarborough Public Schools
Financial Statement
June 30, 2024

For School Board 10/3/2024
Pending final audit

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	1,181,178	150,257	88.7%	89.7%	101.0%
Food & Beverages	860,600	860,600	758,917	101,683	88.2%	129.9%	121.9%
Contracted Services (software & repairs)	29,000	29,000	36,852	(7,852)	127.1%	105.6%	97.2%
Supplies & Equipment	89,400	89,400	146,133	(56,733)	163.5%	99.7%	180.0%
Operations	3,300	3,300	2,324	976	70.4%	123.0%	149.9%
Expenditure totals	2,313,735	2,313,735	2,125,404	188,331	91.9%	102.9%	110.3%
	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	342,553	44,553	115.0%	179.8%	15.9%
Federal Funding (USDA)	624,000	624,000	407,318	(216,682)	65.3%	28.2%	744.1%
State Funding (DOE)	1,385,735	1,385,735	1,386,083	348	100.0%	3583.7%	195.7%
Grants & Donations	6,000	6,000	205	(5,795)	3.4%	37.5%	27.3%
Revenue totals	2,313,735	2,313,735	2,136,159	(177,576)	92.3%	105.8%	136.6%

School Nutrition year-end fund balance	10,755
Fund balance as of 6/30/23	543,295
Total undesignated fund balance	554,050

<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
ARP GEER - MOLI Grant	0	52,978	3,097	3,097	49,881
Title IA	64,898	120,094	117,614	117,614	67,377
Title IIA	16,904	96,204	89,446	89,446	23,662
Pre-K Local Entitlement	0	13,169	13,169	13,169	0
Local Entitlement (IDEA)	262,732	763,876	857,205	856,592	170,016
Total Federal Restricted	411,969	1,046,321	1,147,966	1,147,353	310,936

*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		20,334	14,843	28,032
Local grants & donations	34,498		8,190	3,828	38,860
CC Admin Recertification (fiscal agent)	2,448		10,580	8,476	4,552
Tech Maintenance Fees	32,047		30,830	0	62,877
School Nutrition Special Programs	(3,394)		16,430	17,970	(4,935)
MLTI Cybersecurity Grant	0	96,819	96,819	96,819	0
MLTI Tech Hardware	0	103,282	0	103,282	0
Preventing Student Homelessness Grant	0	3,545	1,797	1,797	1,748
PEPG State Grant	588		0	0	588
Proficiency-based Graduation Grant	3,083		0	0	3,083
Total Grants, Trusts & Special Revenues	228,553		184,979	247,015	271,547

School CIP project account status
as of 6/30/2024

For School Board 10/3/2024
Pending final audit

FACILITIES	Account #	Budget Balance as of 6/30/2023	FY24 Budgeted	FY24 Expenses	TC Budget Authority Adj 8/16/23	Budget Balance as of 6/30/2024
Long-range Planning	73001798 570000	74,619	0	74,619		0
District-wide Energy Improvements	73001803 570000	84,903	150,000	180,314		54,589
District-wide Plumbing		16,276	0	0		16,276
District-wide Roofing	74001771 570000	458,742	500,000	538,579	(4,000)	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	(6,215)	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	185,090	14,335	85,205
HS Auditorium Equipment	74001793 570000	(0)	45,000	40,298		4,700
District-wide Building Envelope	74001794 570000	17,434	65,000	30,668		51,766
District-wide Grounds & Site Mtce	74001805 570000	64,251	150,000	85,871	(1,000)	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	423,884	(134)	110,480
Facilities Support/Equipment	74176900 573100	44,666	82,600	57,682		69,584
Facilities Support/Vehicles	74176900 573200	5,105	0	0		5,105
TOTALS		1,178,011	1,930,800	1,887,549		1,131,530

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	418,165		0
Transportation software	74001786 570000	20,968	0	20,900		68
TOTALS		33,351	405,783	439,065		69

TECHNOLOGY

Equipment Replacement	74001784 573100	171,227	620,000	726,404	(2,835)	61,988
New Equipment	74001799 573100	(2,709)	0	0		(2,709)
TOTALS		168,519	620,000	726,404		59,280

GRAND TOTALS		2,499,977	140,456,583	3,053,018		139,810,975
---------------------	--	------------------	--------------------	------------------	--	--------------------