

WAYLAND • PUBLIC • SCHOOLS

WAYLAND, MASSACHUSETTS

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To: Wayland School Committee
CC: Paul Stein, Superintendent of Schools
From: Susan Bottan, School Business Administrator
Date: November 14, 2016
RE: FY 2017 First Quarter Financial Report

Wayland Public Schools was appropriated \$37,722,833 by Annual Town Meeting in the spring of 2016. The school department expects to meet all contractual obligations within the funds appropriated.

The purpose of the following report is to provide an overview of the General Fund by reporting the quarterly expenditures and encumbrances in comparison to the appropriated budget for all personnel and non-personnel accounts. On the attached financial schedules the following information is provided by Function Code as established by the Department of Elementary and Secondary Education (DESE):

- Original Budget
- Budget Transfers
- Revised Budget
- Actual Expenditures
- Encumbrances
- Balance Surplus
- Balance Deficit
- Balance Quarter 1
- Percentage Expended and Encumbered to Date
- Projected Expenditures through Balance of Year
- Projected End Year Balance
- Comments

General Fund Highlights

The first quarter report extends from July 1, 2016 to September 30, 2016. During this time, school has been in session for approximately one month. With nine more months to the end of the school year, it is expected that the projected estimates for end-year balances will change due to the many factors that influence and drive expenditures throughout the school year, even though the budget has been built on realistic estimates based on known expenditures and forecasts based on historic trends in spending. Factors that will drive the projected balances include, but are not limited, to staff medical and maternity leaves, energy consumption shifts due to climate change and delivery costs projected to increase in January, unanticipated building and equipment repairs and replacement, new student enrollment, bus fuel costs, and realization of pending costs such as Special Education consulting services, transportation and tuition are not reflected in projected requirements. In FY 2016, pending costs were reflected in the quarterly reports as “Projected Requirements.” This year, these costs will move from pending to projected once services are confirmed.

During the next nine months, new students will move into the district and some students will move out, new student needs will be identified, some staff members will go on leave, and utilities expenses will ebb

and flow depending on the weather and temperature. Each quarterly report will attempt to capture the current status and provide an overview of projected end year balances.

To follow is a brief overview of the first quarter report accompanied by a financial report summarized by DOE Function Code for each major category of spending:

Function Code 1000 District Leadership and Administration – represents 4% of total appropriated budget

Personnel – At the end of Quarter 1, 31% of the budget had been expended and, as budgeted, a negative balance of (\$125,000) is projected. Each year, it is anticipated that the district will realize staffing exchange savings as a result of, for example, unanticipated retirements and salary differential between outgoing and incoming staff. This anticipated savings is reflected as a decrease of our budget by \$125,000.

Non-Personnel – At the end of Quarter 1, 60% of the budget was either expended or encumbered and, at this, it is expected that all funded budgeted will meet requirements and obligations for the year.

Function Code 2000 Instructional Services – represents 78% of total appropriated budget

Personnel – At the end of Quarter 1, 13% of the budget had been expended. The surpluses and deficits in projected end year balances represents staffing exchange and accounting code changes causing differences between the account to which funds were budgeted versus the account to which expenses are charged. These surplus and deficit balances can be addressed by shifting budgets to the accounts where the charges are being made, or recoding staff and journal entering the expense from one account to the other to align the budgets and accounts.

As of the end of Quarter 1, there is a projected balance of \$304,726. A number of factors have resulted in this generating this first quarter balance: 1.) \$71,000 net savings associated with an unanticipated retirement, 2.) \$139,000 as a result of leaves of absences however substitute costs will increase as a result, and 3.) \$131,000 of budgeted degree changes which will decrease as staff submit documentation confirming the earning of degrees through the balance of the year, 4.) \$123,000 of new special education staff due to enrollment and need changes. In addition, at FY 2016 year end, the special education tuition prepayment was increased by \$66,485 so that funding could be transferred from tuition to the middle school for .20 FTE psychologist, .60 FTE grade 8 restoration and .65 FTE at Claypit Hill for assistant teacher in the new kindergarten classroom. This transfer will be completed at year end if staffing savings in instructional services falls short of this sum.

Non-Personnel – At the end of Quarter 1, 55% of instructional supplies and services had been expended or encumbered to be spent. At this time, it is expected that all funds budgeted will meet the district's requirements and obligations for the year.

Function Code 3000 Other School Services - represents 5% of total appropriated budget

Personnel – Other Student Services is made up of Transportation, Athletics and other student activities. At the end of Quarter 1, 25% of the budget had been expended. A projected deficit in Athletics is anticipated due to the high estimates in revenue planned for Athletic fees which will unlikely be generated. When budgeting revenue, the district factored in a 6% Financial Assistance. The actual level of financial assistance is 8% and the percentage of families qualifying for the family cap is 12%. It is anticipated that this year's deficit in the coach account will be approximately (\$49,712.)

Non-Personnel – At the end of Quarter 1, 89% of supplies and services had been expended or encumbered to be spent. The majority of this total category is allocated to student transportation for both regular education and special education. It is projected that five additional students will be sent out of district, which will reduce the balance in special education transportation. At this time, it is expected that all funds budgeted will meet the district's requirements and obligations for the year.

Function Code 4000 Operations and Maintenance - represents 9% of total appropriated budget

Personnel –At the end of Quarter 1, 26% of the budget had been expended. Custodial Services are projecting to break even, however this projection will be impacted by overtime expenditures and unanticipated staffing exchange that could take place during the year.

Non-Personnel – At the end of Quarter 1, 80% of supplies and services had been expended or encumbered to be spent. This year, there has been a several HVAC system repairs required at the middle school. In addition, the district has incurred expenses for plumbing leaks at Loker and the middle school and roof repair at Loker. New contracts have been issued for natural gas and electricity for commodities and funds have been encumbered that represents a reasonable estimate, based on new contract prices, projected delivery increases anticipated in January, and utilization rates from the prior year. At the end of Quarter 1, the Director of Facilities noted an increase in utilization at the middle school likely resulting in a number of repairs to roof top units last year, funded through the ESCO energy saving initiative. Quarter 2 projected requirements for facilities and specifically utilities will be more realistic due to six months of actual data on utilization and delivery cost forecasts for January.

Function Code 9000 Tuition - represents 4% of total appropriated budget

Non-Personnel – At the end of Quarter 1, 86% of tuition had been expended or encumbered. The projections reflect the reimbursement of \$717,240 from Circuit Breaker and \$200,000 tuition pre-payment. At year end, a budget transfer of \$66,485 will be completed moving funds from tuition to the middle school for .20 FTE psychologist, .60 FTE grade 8 restoration and .65 FTE at Claypit Hill for assistant teacher in the new kindergarten classroom. This total represents the additional pre-payment of \$66,485 special education tuition made at the end of FY 16.

Although the tuition account reflects a positive balance after the \$717,240 in Circuit Breaker Reimbursement will be applied, there are pending costs for up five additional students that may require out of district placements and transportation. Pending costs for special education services will not be reflected in “projected requirements” until services are confirmed.

If you should have any questions about the information provided, please feel free to contact me.