

# Masconomet Memo

To: School Committee  
Kevin Lyons, Superintendent



From: Susan K. Givens, Assistant Superintendent for Finance and Operations

Date: April 23, 2019

Re: FY19 March 31<sup>st</sup> Financial Report

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Attached is the FY19 financial report ending March 31, 2019. Footnotes appear at the end of the report on page 5.

- **Transfers/Appropriations** - All of the transactions approved through March 31<sup>st</sup> have been recorded, footnoted, and are reflected in this report. There were four (4) appropriations funded from E&D that affected the FY19 budget; 1) ten (10) assistant coaches for athletics, 2) transportation consulting services, 3) email archiving services, and 4) professional development. In addition, there were nine (9) appropriations from the stabilization fund for capital projects and repairs made after the FY19 Budget was adopted last March. These include: 1) FY18 Capital Budget supplement, 2) FY19 Capital Budget, 3) House A & C renovations, 4) WWTP supplement to cover emergency repairs, 5) two (2) supplemental appropriations for the roofing project (FY19 Capital Budget), 6) Hot water heater replacement, and 7) two (2) supplemental appropriations to add four security cameras. These projects appear in the Capital Project section of the report on pages 2 and 3. An analysis of stabilization fund activity is also included as an attachment to this report.
- **Revenue** - The final budget approved by the state in July included additional state aid in several areas totaling \$137,533 (charter and choice school reimbursement, Chapter 70, and transportation reimbursement). We are also anticipating more money from interest income this year due to more favorable interest rates and modifications to banking services implemented last fall (\$54,535). These local receipts are offset by a slight decrease in revenue anticipated in fees collected (enrollment driven) (-\$7,000). Last,

expected reimbursements from federal sources is expected to be higher than originally anticipated because Medicare reimbursements are expected to be \$50,000 and E-Rate reimburse for our WiFi project will be \$24,000. Therefore, the projected revenue for federal reimbursements is expected to be \$50,000 higher. Based on the above noted factors, there is a positive FY19 revenue variance of \$215,925. At this point in the year, it is likely that we will realize at least \$175,000 of this money.

- **Salaries** - All positions are filled at this time except for the HVAC mechanic. The salary forecast reflects all staff changes, leaves of absence, retirements, contract settlements, and breakage associated with positions that went unfilled for a portion of the year. The net salary variance for the operating budget is \$363,477 (positive). Though this variance will fluctuate, it is safe to assume that the year will close with positive variance of approximately \$300,000 in the salary accounts.
- **Operating/non-salary** - There are several noteworthy highlights in the non-salary lines. First, the cherry sheet assessments published by the state in July reported a much lower assessment for School Choice, Charter, and Other Tuitions than the House 1 number we used when developing the budget by \$27,732. Recent information provided by the state shows that our assessment for the year is now projected to be \$55,000 higher than the Cherry Sheet estimate. Final assessment information will be known in June but for now it looks like we have a deficit brewing in this area. In addition, some of the money allocated for curriculum development projects will likely be unspent. Having said that, the superintendent is actively pursuing professional (PD) and curriculum development (CD) projects that can be completed before the year ends. This financial report includes CD and PD projects that were finalized by March 31<sup>st</sup>. These two changes reduced the available balance in the Other Instructional Services non-salary line that appeared in the October 31<sup>st</sup> financial report.

Second, the Student Services Tuition, Transportation, and other operating expense account is showing a \$331,048 deficit. This deficit has increased by \$133,888 since October 31<sup>st</sup>. This deficit is the result of three (3) unilateral placements, six (6) unplanned placements for students with social/emotional needs, one (1) student that refused a diploma and is now in

an OOD placement, one (1) additional OOD placement that moved up from the elementary schools, and several placement changes. Special education placements are the most unpredictable expenses to predict because student needs change frequently. Though this number will fluctuate, it is highly unlikely that this deficit will change significantly by the end of the year.

Another area of unexpected change that is reflected in this report relates to the utility accounts. National Grid increased their non-negotiable pass-through fees to customers for both gas and electricity causing a deficit in our gas and electric accounts. In addition, more metered water was used this year because of a pipe break. In total, these factors created a deficit in the utility accounts of \$27,986. Two other facility related deficits have developed in the Campus Maintenance landscaping/grounds and HVAC operating accounts. The landscaping/grounds account is overspent by \$27,084 because of the unplanned repairs to the entranceway sidewalks that took place this fall. The HVAC deficit, currently \$27,084, is overspent because the District was unable to retain a part-time mechanic as originally planned and has had to pay an HVAC contractor for most of our repairs. This will deficit will continue to grow during the remaining three months. The savings on the salary line for the mechanic are not visible because additional salary expenses incurred for a medical leave of absence offset them. Fortunately, current unspent balances in the electrical, snow and ice, and staff development accounts mitigate a portion these two deficits.

These collective non-salary account deficits offset the salary savings that accumulated during the year, leaving a current unspent balance in the operating budget of \$59,153.

- **Outlook** -At least \$175,000 of the revenue variance will remain by year-end. The unencumbered balance in the expense accounts will likely net out to zero by the end of the year. If this scenario holds true, E&D will increase by at least \$175,000 at the close of the fiscal year.

**Masconomet Regional School District  
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		Original Budget	Adjusted Budget	YTD Received	Add'l Rev Anticipated	Revenue Variance	% Change
<b>GENERAL FUND RECEIPTS:</b>							
<b>State Aid:</b>							
1	Chapter 70	\$5,127,759		\$3,384,783	\$1,761,516	\$18,540	0%
1	Transportation Reimbursement	\$569,053		298,156	353,579	\$82,682	15%
1	Other State Aid	-		\$12,121	\$5,000	\$17,121	#DIV/0!
	School Construction Aid	\$1,291,498		\$1,291,498	\$0	\$0	0%
<b>Local Receipts:</b>							
	Community Contributions - Debt	\$1,082,567		\$1,082,567	\$0	\$0	0%
	Community Contributions - O&M	\$26,908,660		\$20,181,494	\$6,727,166	\$0	0%
1a.	Interest	\$20,000		\$46,551	\$27,984	\$54,535	273%
	Fees Collected	\$43,000		\$28,867	\$7,133	(\$7,000)	-16%
	Misc. Receipts	\$20,000		\$11,647	\$8,400	\$47	0%
<b>District Appropriations:</b>							
2	Appropriation from E&D	71,591		-	71,591	\$0	0%
	Fund Transfers	\$645,278		645,278	-	\$0	0%
<b>Federal Aid:</b>							
3	Reimbursements	\$24,000		19,567	54,433	\$50,000	0%

<b>TOTAL RECEIPTS</b>	<b>\$35,803,406</b>	<b>\$0</b>	<b>\$27,002,530</b>	<b>\$9,016,801</b>	<b>\$215,925</b>	<b>1%</b>
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		Original Budget	Adjusted Budget	YTD Exp-nditures	Encum-brances	Available Funds	% Available
<b>GENERAL FUND EXPENSES:</b>							
<b>Middle School</b>							
4	Salaries	\$6,331,622		\$4,256,496	\$2,141,469	(\$66,343)	-1%
	Instructional Materials	\$166,160		\$95,411	\$45,118	\$25,631	15%
	<b>Totals</b>	<b>\$6,497,782</b>	<b>\$0</b>	<b>\$4,351,907</b>	<b>\$2,186,586</b>	<b>(\$40,712)</b>	<b>-1%</b>
<b>High School</b>							
4,5	Salaries	\$11,465,588		\$7,547,073	\$3,614,117	\$304,399	3%
	Instructional Materials	\$797,024		\$606,631	\$187,808	\$2,585	0%
	<b>Totals</b>	<b>\$12,262,612</b>	<b>\$0</b>	<b>\$8,153,704</b>	<b>\$3,801,925</b>	<b>\$306,984</b>	<b>3%</b>
<b>Other Instructional Services</b>							
6	Salaries	\$355,089		\$231,161	\$119,435	\$4,493	1%
	Staff Dev. & Curr. Oper.	\$383,269		\$230,128	\$129,836	\$23,305	6%
	<b>Totals</b>	<b>\$738,358</b>	<b>\$0</b>	<b>\$461,289</b>	<b>\$249,271</b>	<b>\$27,798</b>	<b>4%</b>
<b>Student Services</b>							
7	Salaries	\$1,201,931		\$806,265	\$371,353	\$24,313	2%
8	Tuition Out, Trans, & Other	\$2,370,838		\$1,811,178	\$890,708	(\$331,048)	-14%
	<b>Totals</b>	<b>\$3,572,769</b>	<b>\$0</b>	<b>\$2,617,443</b>	<b>\$1,262,061</b>	<b>(\$306,735)</b>	<b>-9%</b>
<b>General Administration</b>							
6	Salaries	\$286,846		\$221,692	\$67,169	(\$2,015)	-1%
9	Superintendent & SC Operations	\$58,428		\$33,988	\$35,451	(\$11,010)	-19%
	<b>Totals</b>	<b>\$345,274</b>	<b>\$0</b>	<b>\$255,680</b>	<b>\$102,620</b>	<b>(\$13,025)</b>	<b>-4%</b>
<b>Business &amp; Other Support Services</b>							
10	Salaries	\$1,156,377		\$723,373	\$337,491	\$95,513	8%
	Operations	\$6,949,848		\$5,297,498	\$1,637,828	\$14,522	0%
	<b>Totals</b>	<b>\$8,106,225</b>	<b>\$0</b>	<b>\$6,020,871</b>	<b>\$1,975,318</b>	<b>\$110,035</b>	<b>1%</b>
<b>Campus Maintenance and Security</b>							
	Salaries	\$483,230		\$374,884	\$105,229	\$3,117	1%
11	Utilities	\$576,556		\$474,435	\$130,107	(\$27,986)	-5%
12	O&M	\$846,535		\$671,266	\$181,492	(\$6,223)	-1%
	<b>Totals</b>	<b>\$1,906,321</b>	<b>\$0</b>	<b>\$1,520,585</b>	<b>\$416,828</b>	<b>(\$31,092)</b>	<b>-2%</b>
<b>Debt Service</b>							
	Principal	\$2,000,000		2,000,000	-	\$0	0%
	Interest	\$374,065		\$374,065	\$0	\$0	0%
	<b>Totals</b>	<b>\$2,374,065</b>	<b>\$0</b>	<b>\$2,374,065</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>
<b>TOTAL General Fund Expenses</b>		<b>\$35,803,406</b>	<b>\$0</b>	<b>\$25,755,544</b>	<b>\$9,994,610</b>	<b>\$53,253</b>	<b>0%</b>

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CAPITAL PROJECT FUNDS	Original Budget	Adjusted Budget	YTD	Encum- brances	Available Funds	% Available
<b>Irrigation</b>						
Appropriation	\$140,000	\$162,759	\$162,759	-	\$0	0%
Engineers/Architects	\$24,000	\$46,759	\$35,154	-	\$11,605	25%
Construction, Repair, Materials	\$114,085	\$116,000	\$108,710	-	\$7,290	6%
<b>Totals</b>	<b>\$138,085</b>	<b>\$162,759</b>	<b>\$143,864</b>	<b>\$0</b>	<b>\$18,895</b>	<b>12%</b>
<b>WWTP</b>						
Appropriation	\$25,000	\$305,000	\$305,000	-	\$0	0%
Engineers/Architects	\$25,000	\$55,000	\$50,822	-	\$4,178	8%
Construction, Repair, Materials	-	\$250,000	\$204,319	-	\$45,681	18%
<b>Totals</b>	<b>\$25,000</b>	<b>\$305,000</b>	<b>\$255,141</b>	<b>\$0</b>	<b>\$49,859</b>	<b>16%</b>
<b>13 Learning Management, Student Information System Project</b>						
Appropriation	\$100,000	\$123,000	\$123,000	-	\$0	0%
Salary	-	\$13,000	\$6,513	-	\$6,487	50%
Software (set-up and training)	\$100,000	\$110,000	\$109,793	-	\$207	0%
<b>Totals</b>	<b>\$100,000</b>	<b>\$123,000</b>	<b>\$116,306</b>	<b>\$0</b>	<b>\$6,694</b>	<b>5%</b>
<b>Technology Infrastructure</b>						
Appropriation	\$170,000	\$245,000	\$245,000	-	\$0	0%
Salary	-	\$18,000	\$4,281	-	\$13,719	76%
Consultants	\$22,000	\$32,000	\$31,788	-	\$212	1%
Other Published Materials	-	\$12,500	\$12,500	-	\$0	0%
Durable Goods	\$148,000	\$182,500	\$164,181	-	\$18,319	10%
<b>Totals</b>	<b>\$170,000</b>	<b>\$245,000</b>	<b>\$212,750</b>	<b>\$0</b>	<b>\$32,250</b>	<b>13%</b>
<b>13 FY18 Capital Budget (Safety and Security)</b>						
Capital Assessment	\$506,000	\$506,000	\$506,000	-	\$0	0%
Appropriation	\$150,000	\$170,000	\$170,000	-	\$0	0%
<b>Total Revenue</b>	<b>\$656,000</b>	<b>\$676,000</b>	<b>\$676,000</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>
Repair to Buildings	\$30,000	\$50,000	104,962	-	(\$54,962)	-110%
Electrical	\$57,500	\$57,500	\$74,854	-	(\$17,354)	-30%
Telecommunication	\$500,000	\$500,000	\$403,470	6,409	\$90,121	18%
Security	\$35,000	\$35,000	\$33,283	-	\$1,717	5%
Fire Protection	\$33,500	\$33,500	\$1,332	-	\$32,168	96%
<b>Total Expense</b>	<b>\$656,000</b>	<b>\$676,000</b>	<b>\$617,901</b>	<b>\$6,409</b>	<b>\$51,690</b>	<b>8%</b>
<b>13 House A &amp; C</b>						
Appropriation	\$14,840	-	\$14,840	-	\$0	0%
Repair of Buildings	\$2,300	-	2,263	-	\$37	2%
Electrical	\$3,000	-	4,893	-	(\$1,893)	-63%
Durable (Furniture)	\$9,540	-	7,684	-	\$1,856	19%
<b>Totals</b>	<b>\$14,840</b>	<b>\$0</b>	<b>\$14,840</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>
<b>FY19 Capital Budget (Preservation and Safety)</b>						
Athletic Fund Transfer	\$35,000	-	\$35,000	-	\$0	0%
Appropriation	\$195,000	-	\$195,000	-	\$0	0%
<b>Total Revenue</b>	<b>\$230,000</b>	<b>\$0</b>	<b>\$230,000</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>
Repair to Buildings (Roof)	\$140,000	\$460,000	70,810	379,928	\$9,262	2%
Electrical	\$40,000	\$40,000	37,325	-	\$2,675	7%
Landscape/Grounds (Tennis Court)	\$35,000	\$35,000	31,950	-	\$3,050	9%
Durable Goods (AED)	\$15,000	\$15,000	7,550	-	\$7,450	50%
<b>Total Expense</b>	<b>\$230,000</b>	<b>\$550,000</b>	<b>\$147,635</b>	<b>\$379,928</b>	<b>\$22,437</b>	<b>4%</b>

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13 Security Camera Appropriation	\$16,000	\$20,000	\$20,000	-	\$0	0%
Security	\$16,000	\$20,000	-	19,915	\$85	0%
<b>Totals</b>	<b>\$16,000</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$19,915</b>	<b>\$85</b>	<b>0%</b>

<b>TOTAL Capital Projects Expenses</b>	<b>\$1,349,925</b>	<b>\$2,081,759</b>	<b>\$1,508,436</b>	<b>\$406,252</b>	<b>\$181,911</b>	
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REVOLVING FUNDS	Original Budget	Adjusted Budget	YTD	Encumbrances	Available Funds	% Available
<b>School Lunch</b>						
Revenue	\$843,000	-	667,102	\$175,898	\$0	0%
Salaries	\$415,000	-	313,708	101,292	\$0	0%
Fund Transfer	\$59,000	-	59,000	-	\$0	0%
Operating	401,000	-	339,377	61,623	\$0	0%
<b>Totals</b>	<b>\$875,000</b>	<b>\$0</b>	<b>\$712,085</b>	<b>\$162,915</b>	<b>\$0</b>	<b>0%</b>
<b>School Store</b>						
Revenue	\$22,500	-	13,070	\$9,430	\$0	0%
Operating	\$22,500	-	11,825	4,758	\$5,918	26%
<b>Totals</b>	<b>\$22,500</b>	<b>\$0</b>	<b>\$11,825</b>	<b>\$4,758</b>	<b>\$5,918</b>	<b>26%</b>
<b>Use of Facilities</b>						
Revenue	\$50,000	-	38,213	\$17,706	\$5,918	12%
Salaries	\$27,500	-	9,308	5,692	\$12,500	45%
<b>Totals</b>	<b>\$27,500</b>	<b>\$0</b>	<b>\$9,308</b>	<b>\$5,692</b>	<b>\$12,500</b>	<b>45%</b>
<b>Summer School</b>						
Revenue	\$14,475	-	16,280	-	\$1,805	12%
Salaries	\$14,300	-	16,120	-	(\$1,820)	-13%
Supplies & Services	-	-	128	-	(\$128)	#DIV/0!
<b>Totals</b>	<b>\$14,300</b>	<b>\$0</b>	<b>16,248</b>	<b>\$0</b>	<b>(\$1,948)</b>	<b>-14%</b>
<b>14 Circuit Breaker</b>						
Revenue	\$831,366	903,309	451,654	451,655	\$0	0%
Tuition	\$831,366	922,121	922,121	-	\$0	0%
<b>Totals</b>	<b>\$831,366</b>	<b>\$922,121</b>	<b>\$922,121</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>
<b>Non Resident Tuition - Special Education</b>						
15 Revenue	64,000	-	43,498	25,480	\$4,978	
Operating	95,000	-	47,900	22,000	\$25,100	
<b>Totals</b>	<b>\$95,000</b>	<b>\$0</b>	<b>\$47,900</b>	<b>\$22,000</b>	<b>\$25,100</b>	
<b>Non Resident Tuition - International Students</b>						
Revenue	-	-	-	-	\$0	
Fund Transfer	\$20,278	-	20,278	\$0	\$0	0%
<b>Totals</b>	<b>\$20,278</b>	<b>\$0</b>	<b>\$20,278</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>
<b>College Prep Program</b>						
Revenue	\$50,375	-	29,802	\$20,573	\$0	0%
Salaries	\$2,700	-	-	-	\$2,700	100%
Operating	\$47,130	-	558	46,150	\$422	1%
<b>Totals</b>	<b>\$49,830</b>	<b>\$0</b>	<b>\$558</b>	<b>\$46,150</b>	<b>\$3,122</b>	<b>6%</b>

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REVOLVING FUNDS - continued	Original Budget	Adjusted Budget	YTD	Encum- brances	Available Funds	% Available
<b>Athletic and Co-curricular</b>						
Revenue	\$566,490	-	459,109	\$121,325	\$13,944	2%
Fund Transfer	\$566,000	-	566,000	\$0	\$0	0%
<b>Totals</b>	<b>\$566,000</b>	<b>-</b>	<b>\$566,000</b>	<b>\$0</b>	<b>\$0</b>	<b>0%</b>
<b>TOTAL REVOLVING</b>	<b>\$2,363,996</b>	<b>\$922,121</b>	<b>\$2,226,320</b>	<b>\$214,756</b>	<b>\$13,675</b>	<b>1%</b>

**GRANTS**

<b>Special Education Entitlement (240)</b>						
Revenue	\$421,626	424,462	\$197,433	227,029	-	0%
Transportation	421,626	424,462	283,524	140,938	-	0%
<b>Totals</b>	<b>421,626</b>	<b>\$424,462</b>	<b>\$283,524</b>	<b>\$140,938</b>	<b>\$0</b>	<b>0%</b>

<b>Title I (Part A) Improving the Academic Achievement of the Disadvantaged</b>						
Revenue	\$40,183	40,212	22,560	17,652	-	0%
Salaries	40,183	40,212	27,577	\$12,606	29	0%
<b>Totals</b>	<b>\$40,183</b>	<b>\$40,212</b>	<b>\$27,577</b>	<b>\$12,606</b>	<b>\$29</b>	<b>0%</b>

<b>Title II (Part A) Improving Educator Quality</b>						
Revenue	\$25,799	25,996	15,311	\$10,685	\$0	0%
Salaries	4,000	2,140	2,015	-	125	6%
Operating	21,799	23,856	20,247	540	3,069	0%
<b>Totals</b>	<b>\$25,799</b>	<b>\$25,996</b>	<b>\$22,262</b>	<b>\$540</b>	<b>\$3,194</b>	<b>12%</b>

<b>TOTAL GRANTS</b>	<b>487,608</b>	<b>490,670</b>	<b>333,362</b>	<b>154,085</b>	<b>3,223</b>	<b>1%</b>
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<b>Total System-Wide</b>	<b>\$40,004,935</b>	<b>\$3,494,550</b>	<b>\$29,823,662</b>	<b>\$10,769,703</b>	<b>\$252,061</b>	<b>1%</b>
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**Masconomet Regional School District  
Financial Report  
For the period ending March 31, 2019**

**FOOTNOTES:**

- 1 The final budget approved by the state included charter and choice school reimbursement aid as well as additional Chapter 70 and transportation reimbursement.
- 1a. Additional interest income is expected this year because of favorable interest rates and modifications made to our banking services that were implemented last fall.
- 2 On June 23th, the School Committee appropriated \$71,591 from E&D to fund the following: 1) transportation consulting services related to school start time changes (\$6,242), 2) professional development (\$16,329), 3) email archiving services (\$6,200), and 10 additional assistant coaches for the athletic department (\$42,820).
- 3 Medicare reimbursements have been trending at \$50,000 for the past two years. Also, we will receive \$24,000 in Erate reimbursement for the WiFi upgrade performed this summer/fall.
- 4 Two paraprofessionals were transferred from the High School to assist two students with IEP's who were struggling and there are several staff members on paid medical leaves who require long-term substitutes.
- 5 There were several unanticipated retirements, unpaid leaves of absence, and resignations that occurred after the budget was adopted. Positions vacated by veteran staff were replaced with less experienced staff resulting in significant savings in the High School's salary line.
- 6 The variance is related to non-represented employee salary increases for FY19.
- 7 The new Health Services Director and Medical Secretary positions were not filled by July 1; therefore, only a portion of the wages will be expended this year.
- 8 There have been a number of changes in out-of-district placements since the budget was adopted. There were 3 unilateral placements, 6 unplanned placements for students with social/emotional needs, 1 student refused a diploma and is now in an OOD placement, and 1 additional OOD placement from the elementary schools, and several placement changes.
- 9 The School Committee approved funding for the superintendent search after the budget was approved.
- 10 Funds for extra sections are not needed this year and contract settlements for the Administrator bargaining group and non represented staff have been settled. Settlements appear on the salary lines where employees are assigned.
- 11 National Grid increased their non-negotiable pass-through fees to customers for both gas and electricity causing a deficit in our gas and electric accounts. Also we "used" more water this year because we had a pipe break and we lost water when that happened.
- 12 This fall we had to make some unplanned repairs to the entranceway sidewalks. We also had to use an HVAC contractor for most of our repairs because we were not able to retain a part-time mechanic as originally planned. The savings on the salary line are not visible because they were offset by costs to cover an MPFT who was on medical leave.
- 13 This project will be complete by the end of the year and the fund will be closed out at that time.
- 14 This fall we were informed that we would be receiving \$903,309 in Circuit Breaker funds this year. These funds will be used to offset out-of-district special education tuitions next year. Also, we received additional reimbursement for FY18 claims. This has been applied to further offset FY19 expenses.
- 15 We have two tuition paying students attending school from other communities (Ipswich and North Andover) this year.