

MEMORANDUM

To: Members of the School Committee
Margaret M. Marotta, Superintendent of Schools

From: Brian A. O'Connell, Business Manager

Re: Financial Status Report – March 2019

Date: March 11, 2019

This Memorandum, accompanied by a detailed “red / green” report as of March 8, provides a summary of the current status of the fiscal operations of the Haverhill Public Schools. As of March 8, two-thirds of the way through our 2019 fiscal year, we have expended \$52,103,059.37. This is 61.99% of our “net” budget (i.e., funds specifically budgeted and administered by us) of \$84,056,526. In addition, we have encumbered expenditures – payroll and non-payroll – in the amount of \$27,904,340.48. When our expenditures and encumbrances are combined, we have spent, or committed, \$80,007,399.85 – 95.18% of our budget. The sum of \$4,049,126.15– 4.82% of our budget – remains unencumbered, and thus available to address expenditures for the remainder of the year which have not yet been committed. We are in a slightly more favorable situation now than we were last year at this time (March 15, 2018), when we had an unencumbered and available balance of \$3,576,814.85. Then, we were in the midst of a year-long – and ultimately successful - effort to monitor our expenditures meticulously, to make sure that we would conclude our year with a positive fiscal balance. This year, our staff has been frugal in its requests for expenditures, and, where feasible, we have applied our grant funds aggressively, retaining budget resources to address unanticipated challenges which customarily arise during the year.

If we allocate our finances carefully this year, and continue to expend them with thoughtful planning and fiscal restraint, I am optimistic that we will conclude the year within the fiscal resources available to us, and still address emergencies and critical needs as they arise. Caution is still important, however. For example, since January 2, the sums still unexpended and unencumbered – and thus available for “new” expenditures – have declined by \$2,039,643.44. This rate of “new expenditures” is understandable – for example, many “new” expenditures are frequently incurred during the first segment of the school year (e.g., school supplies), or through the winter, and we should be able to keep our expenditures in check if we continue to monitor them closely. All of these trends are common during the first two-thirds of the school year, and none of them reflect spending patterns which are atypical for this period. In addition, some of our unencumbered proceeds are included in the Maintenance / Utilities budget (\$234,660.08), but, with the challenges of the winter season, the balance was significantly larger at the beginning of January. Expenditures we anticipate as to many hourly-paid employees, such as tutors, are not encumbered in advance either. While these are all important, they do limit our ability to invest in additional initiatives or staff which were not incorporated into the budget as approved last spring. As you know, the School Committee added positions last spring for which no budget funds were assigned, and other positions have been added during the current academic year as well. We have been taking steps to fund these positions within the confines of the current budget, but careful budget monitoring, and precise control of expenditures, remain vital.

Several other factors advise close attention here. For example, Special Education Out-of-District Placements are always volatile at this point, and cumulatively they are a key budget driver for us. As of March 8, our cumulative Special Education budget has an available budget balance of \$944,858.19; it is still close to the budget balance reported to you over two months ago (\$1,098,503.88), and this is a positive development, especially as the normal timeframe for “new” placements is rapidly passing. Last year at this time (3-15-18), the balance was \$552,017.82. As always, additional placements early in the year customarily have a significant impact here. However, the special education department has been careful with its placements, and has tried to provide students the services they need in-house where feasible, and this has helped to provide grounds for significant fiscal optimism in this area.

Individually, this year has brought some variations in the projected expenditures of our individual accounts, when compared with our projections as of last spring. This is customary, and you have adjusted for a number of them with the transfers you have approved to date this fiscal year. None of this is a source of concern now. It reflects more precise figures as to payment of individual staff members (i.e., hiring of new staff members at salaries above or below those budgeted generically for them in May), degrees earned, longevity stipends accrued with anniversary dates, etc. It includes some staff reassignments as needs and facilities use plans have coalesced. Clearly, though, these transfers have complemented one another – they simply place the funds in the cost centers from which they will be spent. They do not suggest, at this point, any cumulative negative impact on our resources. During the past two months, more variations have occurred in expenditure patterns, and we will recommend that we adjust for them with the transfers we will propose to you with our “third quarter” budget status report in early April. At present, our “cost centers” have the following balances:

	Budget	Balance	%
School Committee (31)	\$232,000.00	\$72,814.07	31.39%
Office of the Superintendent (32)	\$1,276,527.08	\$85,157.93	6.67%
Curriculum Department (33)	\$914,118.03	\$256,296.33	28.04%
Special Education (34)	\$11,282,436.28	\$944,858.19	8.37%
ELL (Bilingual) (35)	\$208,272.53	\$19,648.13	9.43%
Parent Registration (36)	\$480,393.71	\$22,575.70	4.70%
Moody Early Childhood Center (41)	\$1,758,513.70	\$47,472.19	2.70%
Silver Hill School (42)	\$4,007,159.49	\$98,350.33	2.45%
Bradford Elementary School (43)	\$4,080,219.32	\$38,652.47	0.95%
Crowell Elementary School (44)	\$847,407.36	\$58,125.90	6.86%
Golden Hill Elementary School (45)	\$4,155,030.35	\$15,866.45	0.38%
Greenleaf Elementary School (46)	\$1,007,963.75	\$139,104.43	13.80%
Pentucket Lake Elementary School (47)	\$4,312,854.17	(\$81,166.16)	(1.02%)
Tilton Elementary School (48)	\$3,855,983.54	(\$384,559.17)	(1.10%)
Walnut Square Elementary School (49)	\$875,434.08	\$10,709.35	1.22%
Consentino Annex at Bartlett (50)	\$983,604.33	\$52,694.34	5.36%
John Greenleaf Whittier School (51)	\$3,237,570.81	\$162,301.93	5.01%
C.D. Hunking Middle School (52)	\$6,972,588.36	\$174,502.07	2.50%
Dr. Paul Nettle Middle School (53)	\$4,117,594.73	\$66,320.56	1.61%
Dr. A.B. Consentino Middle School (54)	\$5,573,967.20	\$196,122.48	3.52%
Haverhill High School (61)	\$14,786,743.70	\$487,672.60	3.30%
St. James HALT Alternative School (62)	\$1,264,274.45	\$59,874.47	4.74%
St. James TEACH Alternative School (63)	\$1,285,537.40	\$91,224.77	7.10%
Guidance Department (71)	\$623,375.50	\$11,449.00	1.84%

Athletics Department (72)	\$823,087.39	\$158,709.12	19.28%
Technology – Administration (73)	\$1,977,287.18	\$280,679.08	14.20%
Maintenance / Utilities (74)	\$1,582,458.56	\$234,660.08	14.83%
Transportation (75)	\$4,463,138.62	\$730,957.89	16.38%

We will monitor all of these accounts carefully as we prepare the next round of recommendations for fund transfers among accounts, and as we continue development of the budget for the 2019-2020 fiscal year. I will keep you updated on developments with the budget, during the next month, and I will have a formal “Third Quarter” status report for you on these topics, and on any pertinent fiscal or operations occurrences, as noted above, in early April. In the meanwhile, should any of you wish to discuss any aspect of this report, or of the fiscal posture of our school district, just let me know.

Brian A. O’Connell
Business Manager