

# Fairfield Public Schools

2014 – 2015

## Quarterly Financial Report as of December 31, 2014

### **Summary**

As of December 31, 2014, midway through the fiscal year, total projected expenses for the Fairfield Public Schools are within budget. The most difficult expenses to predict are special education (tuition, professional services, consultations and transportation), and operation and maintenance of facilities, including utilities. These costs can increase or decrease unexpectedly over the next six months depending on student needs and weather conditions.

There are projected savings of \$700,000 in salaries due to an additional 20 FTE teacher retirements this year and that savings is earmarked for the medical retention fund to help mitigate that obligation.

As reported last quarter, capital equipment purchases and certain maintenance projects were deferred until later in the year when special education and maintenance expenditures can be more accurately projected. A few of those maintenance projects were released due to the lead time required for those projects.

### **Personnel Services**

Contracted salaries, hourly wages, extra-curricular stipends and substitute pay are the single largest budget classification at approximately \$100 million of the \$155 million budget appropriation. The largest balance in this category is in staff replacement which is where the \$700,000 savings from additional teacher retirees is located. The other balances in this category will be spent down as needed for substitutes, overtime and extra-curricular stipends.

### **Fixed Charges**

Fixed charges, or benefits, account for approximately 15 % of the budget. Health insurance and pension contributions are made to their respective funds in a lump sum and other benefits such as life and disability insurance and social security are paid as incurred. The \$700,000 savings held in abeyance for the medical retention fund will over-expend this category.

## **Pupil Personnel Expenses**

Special education costs, with the exception of salaries, transportation and capital are included in this category. This segment is the most volatile as expenses are determined by the special needs of individual students. Whether the expenses qualify for excess cost reimbursement is also a variable. An additional 22 students qualified for excess cost reimbursement in the December 1, 2014 filing compared to the previous year. Projected annual costs per student that exceeds 4 ½ times the PPE for district-placed students, or one-time the PPE for DCF placed students, qualify for reimbursement. As a result, the initial excess cost reimbursement calculation is \$3.5 million. That calculation is based on an assumption of 75% reimbursement of eligible costs but the proration will be determined by the state based on state-wide filings and available funding. Since this calculation is preliminary and there are so many variables, \$3.1 million was used for projection purposes as a precaution. It is incredibly difficult to forecast special education expenses halfway through the fiscal year for all the above reasons.

## **School Expenses**

These expenditures support instruction and activities at the building level and include supplies, materials, textbooks, copying, sports and other activities. Approximately 60% of the funding has been expended which is typical at this time of year.

## **Support Expenses**

Program implementation, centrally funded instructional programs, non-special education tuition and central support operations are included here. Program implementation and instructional supplies/materials expenses are incurred in the same manner as school expenses. Professional/Technical, maintenance services (software/network maintenance), security and postage indirectly support school operations and are expended on a contractual or as-needed basis.

## **Maintenance/Operation/Transportation**

Maintenance, operations and transportation account for 10 % of the total budget. Preliminary encumbrances for transportation are included in this report but special education transportation is always subject to change. Although transportation appears to have a deficit on the December 30 financial report, it will be offset with excess cost, magnet school transportation and Pre-K tuition revenue.

Nearly 25 % of the budget in this category is designated for utilities. Utility costs are not encumbered and are paid as incurred. Electric and heating costs are impossible to project this early in the year. We do know electricity was purchased at a slightly higher rate than budgeted for the January to June period. Although the first six months of the fiscal year were budgeted at a contractual rate, it is impossible to forecast the overall impact on the budget with 6 months remaining in the fiscal year.

The budget of \$3.6 million for maintenance services is for preventative maintenance, repairs and major maintenance projects. Approximately \$230,000 in maintenance projects were held as a budgetary precaution but \$90,000 of those projects have been released. Other contractual services have been encumbered but general repair and maintenance accounts are expended as needed.

## **Capital**

The capital budget totals approximately \$1.8 million and approximately 83% of the funding has been expended or encumbered. The remaining balance will be expended as needed.

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Doreen T. Munsell