

Fairfield Public Schools

2012 – 2013

Quarterly Financial Report as of September 30, 2012

Summary

Financial reports for the first quarter of the fiscal year (July, August, September) are always preliminary. The beginning of the school year is typically when expenditures solidify as school year staff assignments are finalized and salary/benefit costs stabilize. Transportation, special education services, supplies and non-public tuition are initiated at the same time and generally aren't confirmed until the second quarter or later. In addition, funds are encumbered throughout the year for purchases and other costs that can be reasonably estimated.

As of September 30, 2012 there is an unencumbered balance of \$14,874,717 and 90 % of the budget has been expended or encumbered. However, as referenced in the Maintenance section of this report, \$461,000 of unbudgeted Osborn Hill PCB expenses are included in this report which has a significant impact on our budget. A sizable amount of contractual and/or fixed costs are not encumbered i.e., utilities, general repairs and maintenance, student activity salaries, part-time salaries, benefits, instructional materials and professional development. As these expenditures are incurred throughout the year our available balance will dwindle and will require action prior to year end. A description of each major expense category and its dynamics is provided below along with key factors which impact account balances.

Personnel Services:

Contracted salaries, hourly wages, extra-curricular stipends and substitute pay are the single largest budget classification at 66.7 % of the budget appropriation. The largest balance in this category is for part-time employment including substitutes, staff replacement, degree changes and overtime which are paid over time as needed. All other salaries have been encumbered except for winter and spring coaches. The final staffing level is over budget by a total of 3.05 F.T.E.'s. Certified staffing increased by 4.8 F.T.E.'s and non-certified decreased by 1.75 F.T.E.'s. 3.55 F.T.E.'s of the increase impacts the general fund and there's a .5 F.T.E. decrease in grants. The additional staffing is due to an increase in sections at the elementary and high school levels.

Fixed Charges:

An additional 14 % of the budget is allocated to employee benefits which have been categorized as fixed charges. Our contribution to the medical retention fund and initial pension payment are accounted for in this report. Social security and life insurance are paid as incurred throughout the year.

Pupil Personnel Expenses:

Special education costs with the exception of salaries, out of district transportation and capital are included in this category. This classification of expenditures is typically the most volatile as expenses are determined by the special needs of individual students and state excess cost reimbursement for qualifying expenses is always uncertain. The initial excess cost reimbursement which is received in February is based on anticipated costs filed by the Pupil Services in December. The first quarter report indicates a negative balance of \$1.5 million but excess cost reimbursement is currently expected to restore a positive position. The final status of this category is impossible to determine until much later in the year.

School Expenses:

These expenditures support instruction and activities at the building level and include supplies, materials, textbooks, copying, sports and other activities. There is a remaining balance of approximately 65% in this category which is reasonable with only one month of school activity in this quarter.

Support Expenses:

Program implementation, centrally funded instructional programs, non-special education tuition and central support operations are included here. Professional development and instructional supplies/materials comprises 44 % of this funding and follows the same justification 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 11 % of the total budget. Regular and special education anticipated transportation costs have been encumbered but the town offset for non-public transportation has not been calculated. The non-public share of our bus costs will reduce the current encumbrance. There will also be an offset for excess cost reimbursement and regional transportation grant funding. Special education transportation costs are volatile and will fluctuate throughout the year.

Utilities are also difficult to estimate prior to the heating season and will fluctuate until at least the third quarter.

The maintenance services category budgeted at \$3.4 million for preventative maintenance, repairs and major maintenance projects includes known expenses to date for the PCB issue at Osborn Hill. The total amount expended and/or encumbered in the attached report for this project is approximately \$461,000. The

Maintenance department estimates an additional \$250,000 will be needed for additional remediation costs and provisional measures exclusive of the gymnasium and these costs are not included in this first quarter report. The current estimate of over \$700,000 was not budgeted and needs to be addressed when total costs are confirmed.

Capital:

The capital budget totals approximately \$1,200,000 and about 65% of this funding has been expended and/or encumbered to date. The \$300,000 balance in the technology capital budget is designated for a K-8 wireless project and projectors which were put on hold when costs for the Osborn Hill PCB issue began to escalate.

Submitted: October 4, 2012

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