



# LINCOLN PUBLIC SCHOOLS

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ADMINISTRATOR FOR BUSINESS AND FINANCE

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To: Lincoln School Committee  
Becky McFall, Superintendent of Schools  
From: Buckner Creel, Administrator for Business and Finances  
Subject: Current status -- FY14 Revolving Funds and Legacy Gift Account

General The District receives fees for certain programs and accounts for them in revolving funds (RF), as allowed by various Massachusetts General Laws. Revolving fund balances carry over from fiscal year to fiscal year. The current status of several revolving funds with projections for the balance of FY14 follows, along with several recommendations for School Committee consideration.

Considerations pertaining to Student Financial Assistance are affected by the Transportation and Athletic Revolving Funds. As a result, an interim report on the Legacy Fund Gift Account also follows.

## Transportation Revolving Fund

Background The District charges fees for transporting 7<sup>th</sup> and 8<sup>th</sup> graders and all children living closer than 2 miles from the Lincoln School, according to the following schedule:

- First child \$275
- Second child \$200
- Third child \$100
- Family cap \$575

The fee schedule was set by the School Committee in February 2004, and has remained unchanged for the past ten years. No regular, daily bus services are provided at the Hanscom Schools, as the Base housing is within the 2 mile limit.

The District purchases bus services under the competitive contract with Doherty's using fees collected and appropriated funds. Each year the amount from the Transportation RF to be applied to the anticipated contract amount during the following year is set during the budget process. Accordingly, the amount from the RF to be applied to the FY14 transportation budget was set at \$30,000 in FY13 based on the RF balance which included FY12 transportation fee receipts.

A significant balance had built up in this fund, so the FY15 transportation budget included \$60,000 to be applied from the RF.

Participation Statistics on school bus ridership for FY14 follow on the next page.

<b>Transportation Revolving Fund -- Ridership</b>					
	Paid in Full	Reduced Fee	Full Waiver	Eligible at No charge	Total
K-6 >2 miles				266	266
K-6 <2 miles	42	0	8		50
7 <sup>th</sup> & 8 <sup>th</sup> Grade	74	1	7		82
<b>Total</b>	<b>116</b>	<b>1</b>	<b>15</b>	<b>266</b>	<b>398</b>

Current fund status All fee revenues for FY14 have been received.

<b>Transportation Revolving Fund</b>	
<b>FY14 beginning balance</b>	<b>\$82,570.46</b>
FY14 fee receipts	\$29,687.79
FY14 transfer from appropriated fund (pending)	\$1,934.16
<b>Total projected revenue</b>	<b>\$31,621.95</b>
FY14 bus transportation	\$30,000.00
FY14 refunds and program supplies	\$1,920.18
<b>Total projected expenses</b>	<b>\$31,920.18</b>
Reserved for FY15 budget	\$60,000
<b>Anticipated available ending balance</b>	<b>\$22,272.23</b>

Financial assistance in the amount of \$1,934.16 was provided in FY14; this amount is shown as a transfer from the appropriated fund.

Recommend that no change be made to the current fee structure for FY14.

## **Athletics Revolving Fund**

Background The District charges fees for participation in the interscholastic athletics program at the Lincoln School. The fee charged was reduced from \$200 per sport per season to \$175 per sport per season for school year 2012-2013. Sports offered are:

- Fall Season – Cross Country (Coed), Field Hockey (Girls) and Soccer (Boys & Girls)
- Winter Season – Basketball (often four teams, Boys A & B, Girls A & B. This school year, only one Boys and one Girls team could be fielded)
- Spring Season – Baseball (boys), Softball (Girls), Tennis (Coed)

A smaller but similar suite of sports is offered at the Hanscom Middle School, but no fees are charged. The cost of the Hanscom athletic program is covered by the DOD contract.

The District operates the athletic program using fees collected, Lincoln appropriated funds of approximately \$23,500, and funds allocated from the Hanscom contract. Expenses include the cost of bus transportation, equipment and supplies, official/referee

fees, and stipends for coaches and the Athletic Director. Only the Director stipend is split between campuses; the other program expenses are charged to campus-specific accounts. The Athletic RF supports only the Lincoln School program.

Participation

<b>Athletic Revolving Fund -- Participation</b>				
	Paid in Full	Reduced Fee	Full Waiver	Total
Fall Season	101	2	2	105
Winter Season	35	6	3	44
Spring Season	43	2	1	46
<b>Total</b>	<b>179</b>	<b>10</b>	<b>6</b>	<b>195</b>

Current fund status All fee revenues for FY13 have been received.

<b>Athletics Revolving Fund</b>	
<b>FY14 beginning balance</b>	\$24,060.10
FY14 fee receipts Fall, Winter & Spring seasons	\$26,675.00
<b>Total projected revenue</b>	<b>\$26,675.00</b>
FY14 bus transportation	\$10,626.70
FY14 stipends	\$13,499.74
FY14 program supplies & equipment	\$1,807.44
FY14 official/referee fees	\$4,538.00
<b>Total projected expenses</b>	<b>\$30,471.88</b>
<b>Anticipated available ending balance</b>	<b>\$20,263.22</b>

Financial assistance in the amount of \$1,356.25 was provided from the Athletic Revolving Fund to student athletes during the school year.

Recommendation The anticipated available balance at the end of FY14 is less than the fund balance at the beginning of FY13, after transfers from the Legacy Fund are completed. The plan put in place last year was to have reduced the fund balance, with the goal of achieving a steady-state fund balance of approximately \$10,000 to assure an appropriate level of business continuity. We will consider shifting the funding for another coach stipend to the revolving fund to accelerate the rate of fund balance decrease.

## Lincoln After School Music Program (LASMP) Revolving Fund

Background The District provides after-school music lessons on both campuses, according to the following schedule:

- 33 lessons @ 30 minutes is \$973.50 ( \$29.50 per lesson)
- 33 lessons @ 45 minutes is \$1445.40 ( \$43.80 per lesson)
- 33 lessons @ 60 minutes is \$1914.00 ( \$58.00 per lesson)
- \$30 registration fee for each student.

Lessons may be private, semi-private or quartet lessons, so a variety of options are available to match parent requests. This year, approximately 3,000 lessons will be given.

The District contracts with area music teachers to provide instrument lessons after school using fees collected; no appropriated or allocated funds support this program. The LASMP revolving fund operates on an annual basis, and requires only a modest balance of less than \$10,000 to sustain operations Expenses include the teacher wages, a stipend for the director and a small amount for miscellaneous program expenses. The intent of the fee structure is to pay the Director stipend through a \$1.00 surcharge on each lesson. This surcharge has remained constant over the past five years while the Director stipend has increased with successive teacher contracts. The teacher rate was set at \$51.50 per hour in 2007; last year, the School Committee approved an increase to the teacher rate to \$57.00 per hour for FY14.

Participation This year, 113 students were enrolled for private and semi-private lessons through LASMP. An additional 30 students were enrolled in Hanscom Beginner Classes.

Current fund status All lesson revenues for FY14 have been received.

<b>LASMP Revolving Fund</b>	
<b>FY14 beginning balance</b>	<b>\$3,014.20</b>
FY14 registration fee -- 113 students @ \$30	\$3,390.00
FY14 Director surcharge -- \$1 per lesson	\$3,002.00
FY14 lesson fee receipts -- collected to-date	\$97,178.80
FY14 lesson fee receipts -- outstanding bills	\$0.00
<b>Total projected revenue</b>	<b>\$103,570.80</b>
FY14 Director stipend	\$8,436.00
FY14 music teacher wages	\$95,497.00
FY14 program supplies & piano tuning	\$852.37
FY14 refunds to parents for unused lessons	\$2,867.70
<b>Total projected expenses</b>	<b>\$107,653.07</b>
<b>Anticipated available ending balance</b>	<b>(\$1,068.07)</b>

Recommendation. The projected negative balance at the end of FY14 will have to be corrected through the transfer of a portion of the Director stipend to the Lincoln and

Hanscom budgets. The negative balance is thought to be a product of decreased participation; should the trend continue in the next year, we will propose an adjustment to the Director surcharge and/or the registration fee in the spring of 2015.

## School Lunch Fund

Background The District serves lunches under the National School Lunch Program at three locations. Meal costs are as follows:

- Full price lunch        \$3.00 + \$0.3125 State & Federal reimbursement
- Reduced price lunch   \$0.40 + \$2.4225 State & Federal reimbursement
- Free lunch                \$0.00 + \$2.8225 State & Federal reimbursement

The meal price was increased to \$3.00 for FY10. In addition, through the efforts of our Food Service Director and her staff, we now qualify for an additional \$.06 reimbursement per meal. The Food Service consultant who conducted a program review in 2009 recommended maintaining a fund balance equal to a three-month operating budget, or \$60-65,000 at the time. The School Lunch Fund operates as a revolving fund, and receives revenues of over \$250,000 each year.

### Participation

<b>School Lunch Fund -- Participation</b>			
	May average attendance	May total meals	May Participation %
Brooks	242	1413	48.70%
Smith	324	2850	61.48%
Hanscom	514	4524	51.83%
<b>Total</b>	<b>1080</b>	<b>8787</b>	<b>56.09%</b>

Current YTD fund status, as of the end of May report

<b>School Lunch Fund</b>	
<b>FY14 beginning balance</b>	<b>\$69,674.24</b>
FY14 sales to students	
breakfast	\$0.00
lunch	\$161,731.35
a la carte	\$28,636.04
FY14 other sales	\$11,426.24
FY14 interest income	\$7.81
FY14 State & federal reimbursements	\$70,423.13
FY14 sales tax	(\$245.97)
<b>Total projected revenue through 30 Jun 14</b>	<b>\$271,978.60</b>
FY14 food & paper costs	\$90,703.22
FY14 labor	\$166,548.64
FY14 equipment	
FY14 other	\$9,853.54
FY14 freezer repairs	\$7,404.43
<b>Total projected expenses through 30 Jun 14</b>	<b>\$274,509.83</b>
<b>Anticipated available ending balance</b>	<b>\$67,143.01</b>

Discussion

- The Brooks and especially the Hanscom kitchens continue to experience a higher-than-normal failure rate in the stand-alone freezer and refrigerator units, requiring greater-than-anticipated expenses for repairs. This problem has increased significantly since last year's report.
- Currently, the uncollected balance of fees owed is \$210.82 across all schools.
- The change in menus guidelines continues to negatively impacted participation in the Brooks and Hanscom programs. Some adjustments in the entrée portion size and bread/grain servings have been increased, to the extent allowable.

Recommendation The School Lunch Fund ending balance is anticipated to be near the suggested range. Recommend that no change be made to the current fee structure for FY15.

## Legacy Fund Gift Account

The Legacy Fund Gift Account was established to provide a mechanism to manage gifts in support of the School Committee's policy on financial assistance. The current account status follows.

<b>Legacy Fund Gift Account</b>	
<b>FY14 beginning balance</b>	<b>\$6,947.46</b>
FY14 gifts – miscellaneous	\$357.48
transfer of remaining balances (pending)	
Class of 2009	\$1,789.93
Class of 2010	\$44.23
Class of 2011	\$4,363.60
Class of 2012	\$16.34
Class of 2013	\$1,343.46
<b>Total projected revenue</b>	<b>\$7,915.04</b>
7th Grade Sargent Camp overnight trip -- actual	\$2,117.13
FY14 Instrument rental (see note)	\$0.00
FY14 Bus transportation (see note)	\$0.00
8 <sup>th</sup> Grade Washington DC overnight trip – preliminary	4,969.00
<b>Total projected expenses</b>	<b>\$7,086.13</b>
<b>Anticipated available ending balance</b>	<b>\$7,776.37</b>

Discussion Following the School Committee guidance given at the end of FY12, the financial assistance required by parents for bus transportation was absorbed by the Transportation Revolving Fund or by the Appropriated Budget. Through research we learned that the Friends of Lincoln Music Gift Account was created for several purposes, one of which is to provide financial assistance for instrument rental. Accordingly, the \$200 in requests for financial assistance for instrument rental in FY14 were met by the Friends of Lincoln Music Gift Account.

The health of the Legacy Fund this year was due to the pending transfer of the residual balances from the Classes of 2009-2013 to the Legacy Fund. The balance at the end of the current fiscal year will be barely sufficient to meet the anticipated financial assistance needs in the next school year.

Recommendation Discuss the situation with the Lincoln 5-8 principal to explore several possible solutions. Be prepared to fund a portion of the authorized financial assistance for the DC trip from the Lincoln Appropriated Budget in FY15.