



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 -- FY15 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 FY15 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 7th and 8th 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 eleven 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 FY15 transportation budget was set at \$60,000 in FY14 based on the RF balance which included FY13 transportation fee receipts. The FY16 transportation budget included \$30,000 to be applied from the RF.

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

Transportation Revolving Fund -- Ridership					
	Paid in Full	Reduced Fee	Full Waiver	Eligible at No charge	Total
K-6 >2 miles				278	278
K-6 <2 miles	40	0	7		47
7 th & 8 th Grade	62	0	2		64
Total	102	0	9	278	389

Current fund status All fee revenues for FY15 have been received.

Transportation Revolving Fund	
FY15 beginning balance	\$80,613.07
FY15 fee receipts	\$25,918.50
FY15 transfer from appropriated budget to reimburse financial assistance	\$2,200.00
Total projected revenue	\$28,118.50
FY15 bus transportation	\$20,000.00
FY15 refunds and program supplies	\$299.82
Total projected expenses	\$20,299.82
Reserved for FY16 budget	\$30,000
Anticipated available ending balance	\$58,431.75

During the mid-year review in January, the decision was made to reduce the amount taken from the revolving fund for current year transportation charges from the planned \$60,000 to \$20,000. Financial assistance in the amount of \$2,200 was provided for nine students in FY15; this amount is shown as a transfer from the appropriated fund.

Recommend that no change be made to the current fee structure for FY16.

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

Athletic Revolving Fund -- Participation				
	Paid in Full	Reduced Fee	Full Waiver	Total
Fall Season	66	0	4	70
Winter Season	33	0	3	36
Spring Season	39	0	0	39
Total	138	0	7	145

Current fund status Most fee revenues for FY15 have been received. Three Spring season fees are still outstanding.

Athletics Revolving Fund	
FY15 beginning balance	\$24,060.10
FY15 fee receipts Fall, Winter & Spring seasons	\$26,775.00
Total projected revenue	\$26,775.00
FY15 bus transportation	\$9,450.00
FY15 stipends (director and coaches)	\$17,233.50
FY15 program dues, supplies & equipment	\$1,641.75
FY15 official/referee fees	\$4,426.00
Total projected expenses	\$32,751.25
Anticipated available ending balance	\$18,083.85

Financial assistance in the amount of \$1,225 was provided from the Athletic Revolving Fund to student athletes during the school year.

Recommendation The anticipated available balance at the end of FY15 is less than the fund balance at the beginning of FY15. The plan put in place two years ago 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 proposed shifting the funding for another coach stipend to the revolving fund as part of the FY16 budget gap-closing process; this should continue the measured rate of fund balance decrease.

Recommend that no change be made to the current fee structure for FY16.

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; in 2013, the School Committee approved an increase to the teacher rate to \$57.00 per hour to begin in FY14.

Participation This year, 94 students were enrolled for private and semi-private lessons through LASMP. An additional 27 students were enrolled in Hanscom Beginner Classes.

Current fund status All lesson revenues for FY15 have been received.

LASMP Revolving Fund	
FY15 beginning balance	\$1,736.93
FY15 registration fee – 94 students @ \$30	\$2,820.00
FY15 Director surcharge -- \$1 per lesson	\$2,669.00
FY15 lesson fee receipts -- collected to-date	\$85,250.00
FY15 lesson fee receipts -- outstanding bills	\$0.00
FY15 transfer to operating budgets	\$6,000.00
Total projected revenue	\$96,739.00
FY15 Director stipend	\$8,436.00
FY15 music teacher wages	\$85,813.60
FY15 program supplies & piano tuning	\$1,800.00
FY15 refunds to parents for unused lessons	\$627.80
Total projected expenses	\$96,677.40
Anticipated available ending balance	\$1,798.53

Recommendation. The projected end of FY15 negative balance at the mid-year review in January was avoided through a transfer of a portion of the Director’s stipend to the Lincoln and Hanscom operating budgets. The negative balance is thought to be a product of decreased participation for the second year in a row; 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 2016.

School Lunch Fund

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

- Full price lunch \$3.00 + \$0.3975 State & Federal reimbursement
- Reduced price lunch \$0.40 + \$2.6975 State & Federal reimbursement
- Free lunch \$0.00 + \$3.0975 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

School Lunch Fund -- Participation			
	May average attendance	May total meals	May Participation %
Brooks	239	1460	35.93%
Smith	323	2496	45.48%
Hanscom	458	3386	43.45%
Total	1019	7342	41.62%

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

School Lunch Fund	
FY15 beginning balance	\$56,159.81
FY15 sales to students	
breakfast	\$0.00
lunch	\$147,486.20
a la carte	\$37,653.59
FY15 other sales	\$6,235.05
HUSSC award from USDA	\$1,000.00
FY15 interest income	\$26.25
FY15 State & federal reimbursements	\$62,114.15
FY15 sales tax	\$200.35
Total projected revenue through 30 Jun 14	\$254,715.59
FY15 food & paper costs	\$83,394.09
FY15 labor	\$168,624.54
FY15 equipment	
FY15 other	\$16,694.80
FY15 freezer repairs transferred	(\$6,466.00)
Total projected expenses through 30 Jun 14	\$262,247.43
Anticipated available ending balance	\$48,627.97

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 continued at the same level as reported last year.
- Currently, the uncollected balance of fees owed is \$94.35 across all schools, down from \$210.82 in FY14.
- The change in menu guidelines continues to negatively impact 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.
- The largest impact on the overall Food Service performance has been the move from the Hanscom Cafeteria into temporary facilities in the Hanscom Primary multipurpose room. In addition to limiting the menu which can be served, the temporary location is much less attractive than the old cafeteria.
- The Food Service Director, recognizing that the staffing does not match the number of meals being served, has reduced the staffing at all three kitchens. This new staffing model is anticipated to reduce labor costs by more than \$10,000 per year.

Recommendation While the School Lunch Fund ending balance is anticipated to be below the suggested range, the recommendation is that no change be made to the current fee structure for FY16.

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.

Legacy Fund Gift Account	
FY15 beginning balance	\$7,876.37
FY15 gifts	
Class of 2014 direct donations	\$884.46
Parent contribution	\$1,400.00
transfer of remaining balances	
Class of 2014 (pending)	\$807.37
Total projected revenue	\$3,091.83
7th Grade Sargent Camp overnight trip -- actual	\$393.91
FY15 Instrument rental (see note)	\$0.00
FY15 Bus transportation (see note)	\$0.00
8 th Grade Washington DC overnight trip – preliminary	\$3,050.00
Total projected expenses	\$3,443.91
Anticipated available ending balance	\$7,524.29

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. No requests for financial assistance for instrument rental were received in FY15.

The health of the Legacy Fund this year was due to the generous parent gift and to the transfer of residual balances from the Class of 2014 to the Legacy Fund. The balance at the end of the current fiscal year should be sufficient to meet the anticipated financial assistance needs in the next school year.

Recommendation Encourage the Class of 2015 to donate any remaining balances in their accounts to the Legacy Fund, as other classes have done in past years..