



LINCOLN PUBLIC SCHOOLS

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ADMINISTRATOR FOR BUSINESS AND FINANCE

June 13, 2018

To: Lincoln School Committee
Becky McFall, Superintendent of Schools
From: Buckner Creel, Administrator for Business and Finances
Subject: Current status -- FY18 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 FY18 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 fourteen 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 FY19 transportation budget was set at \$40,000 in October 2017 based on the RF balance which included FY18 transportation fee receipts, before the bus service was resolicited. The new rates received through the bus service bid process will require a greater level of funding from the revolving fund, and it seems prudent to reserve \$75,000 for next year's bus service purchase, an additional \$35,000 beyond the original budget projection.

Participation Statistics on school bus ridership for FY18 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	0	0	0	228	228
K-6 <2 miles	37	1	19	0	56
7 th & 8 th Grade	76	2	6	0	82
Total	113	3	24	228	366

Current fund status All fee revenues for FY18 have been received.

Transportation Revolving Fund	
FY18 beginning balance	\$76,274.49
FY18 fee receipts	\$29,597.25
FY18 transfer from appropriated budget to reimburse financial assistance (pending)	\$6,875.00
Total projected revenue	\$36,472.25
FY18 bus transportation	\$0.00
FY18 refunds and program supplies	\$174.79
Total projected expenses	\$174.79
Reserved for FY19 budget	\$75,000
Anticipated available ending balance	\$37,571.95

Financial assistance in the amount of \$6,875 was provided for 27 students in FY18; this amount is shown as a transfer from the appropriated budget. Financial assistance was comprised of 24 students who were eligible because of their participation in the Free and Reduced Lunch Program and received a full fee waiver and three students who applied for Financial Assistance, one of whom received a 50% fee waiver and two who received a 25% fee waiver.

Total amount of financial assistance:

24 students with full fee waivers @ \$275 each	= \$6,600.00
2 students with 25% waiver @ \$68.75	= \$ 137.50
1 student with 50% waiver @ \$137.50	= \$ 137.50
Total	= \$6,875.00

Recommend that no change be made to the current fee structure for FY19.

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, two Boys and two Girls team could be fielded)
- Spring Season – Baseball (boys), Softball (Girls), Tennis (Coed)

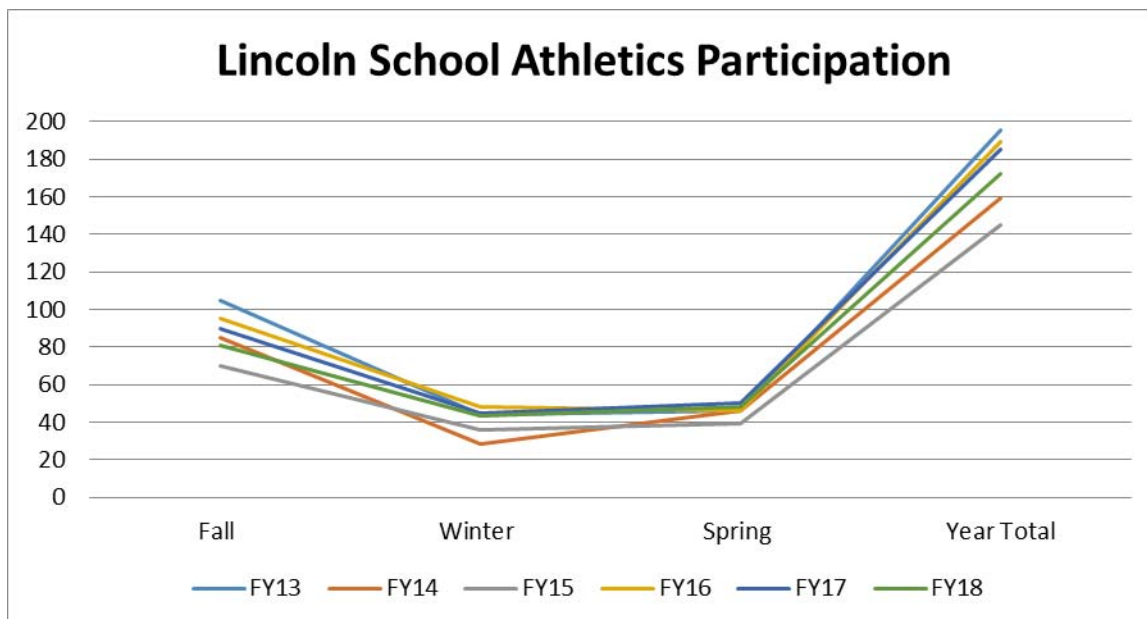
A smaller but similar suite of sports is offered at the Hanscom Middle School, but no fees are charged. The cost of the Hanscom athletic program is covered by the DoDEA contract.

The District operates the athletic program using fees collected, Lincoln appropriated funds of approximately \$20,000, 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	77	2	2	81
Winter Season	38	3	2	43
Spring Season	45	2	1	48
Total	160	7	5	172

As shown in the graph below, the participation in the last three years returned to a historically-typical level.



Current fund status All fee revenues for FY18 have been received.

Athletics Revolving Fund	
FY18 beginning balance	\$15,895.25
FY18 fee receipts Fall, Winter & Spring seasons	\$28,957.50
FY18 transfer from Appropriated Budget for financial assistance	\$1,312.50
Total projected revenue	\$30,270.00
FY18 bus transportation	\$11,370.94
FY18 stipends (director and coaches)	\$20,436.60
FY18 refund of player fee	\$0.00
FY18 program dues, supplies & equipment	\$2,352.92
FY18 official/referee fees	\$5,280.00
Total projected expenses	\$39,440.46
Anticipated available ending balance	\$6,724.79

Financial assistance in the amount of \$1,312.50 was provided to student athletes during the school year.

Recommendation The anticipated available balance at the end of FY18 is less than the fund balance at the beginning of FY18. The plan put in place five 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 have made significant progress towards that goal, and will continue the plan, but may need to correct to allow a higher ending balance in future years.

Recommend that no change be made to the current fee structure for FY19.

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 3,008 lessons were 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 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 twelve years while the Director stipend has increased with successive teacher contracts. The teacher rate was set at \$57.00 per hour in FY14.

Participation This year, 106 students were enrolled for private and semi-private lessons through LASMP. An additional 37 students were enrolled in Hanscom Beginner Classes.

Current fund status All lesson revenues for FY18 have been received.

LASMP Revolving Fund	
FY18 beginning balance	\$1,138.93
FY18 registration fee -- 106 students @ \$30	\$3,180.00
FY18 Director surcharge -- \$1 per lesson hour	\$3,150.00
FY18 lesson fee receipts -- collected to-date	\$98,702.70
FY18 lesson fee receipts -- outstanding bills	\$0.00
Total projected revenue	\$105,032.70
FY18 Director stipend	\$8,436.00
FY18 music teacher wages	\$98,695.40
FY18 transfer to operating budgets	(\$3,500.00)
FY18 program supplies & piano tuning	\$1,800.00
FY18 refunds to parents for unused lessons	\$442.50
Total projected expenses	\$105,873.90
Anticipated available ending balance	\$297.73

Recommendation. For the third time in four years, the LASMP revolving fund is projected to end with a negative balance, requiring transfer of \$3,500 of the Director's

stipend to the operating budget. The participation decreased by 6.2%, and the LASMP fund ended with a negative balance because the projected expenses exceeded revenues. This level of operating budget subsidy is considered reasonable, and we recommend that no change be made to the current fee structure for FY19.

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 + \$0.4300 State & Federal reimbursement
- Reduced price lunch \$0.40 + \$2.9500 State & Federal reimbursement
- Free lunch \$0.00 + \$3.3500 State & Federal reimbursement

The meal price was last increased, to \$3.00, in FY10. Through the efforts of our Food Service Director and her staff, we now qualify for an additional \$.06 reimbursement per meal (included in the rates above). 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 \$230,000 each year.

Participation

School Lunch Fund – FY18 Participation			
	May average attendance	May total meals	May Participation %
Brooks	233	1,979	50.02%
Smith	284	2,622	54.30%
Hanscom	523	4,919	55.28%
Total	1,040	9,520	53.20%

Current YTD fund status, as of the end of May report projected to the end of June:

School Lunch Fund	
FY18 beginning balance	\$57,611.72
FY18 sales to students	
breakfast	\$0.00
lunch	\$137,920.00
a la carte	\$49,705.56
FY18 other sales	\$2,362.50
FY18 interest income	\$31.89
FY18 State & federal reimbursements	\$64,582.33
FY18 sales tax	(\$31.89)
Total projected revenue through 30 Jun 18	\$254,570.39
FY18 food & paper costs	\$70,099.14
FY18 labor	\$175,604.66
FY18 equipment	
FY18 other	\$8,809.84
Total projected expenses through 30 Jun 18	\$254,513.64
Anticipated available ending balance	\$57,668.47

Discussion

- Currently, the uncollected balance of fees owed is projected to be \$70.41 by the end of the week, across all schools, up from \$19.00 in FY17, \$32.60 in FY16, \$94.35 in FY15 and \$210.82 in FY14.
- The change in lunch/recess policy continues to negatively impact participation in the Brooks programs. Some adjustments in the entrée portion size and bread/grain servings have been increased, to the extent allowable, and a “Grab’n’Go” program was recently launched, which seems to have been positively received. More importantly, the Department of Defense Fresh Produce Program has provided a range of fruit and vegetables which continue to be very popular with students as well as cost-effective. \$6,938 in free, fresh produce was received for both campuses.

Recommendation As the School Lunch Fund ending balance is anticipated to be close to the suggested range, the recommendation is that no change be made to the current fee structure for FY19. Federal regulations under the rubric “Equity in Meal Pricing” set an average meal price threshold of \$2.92 for FY19, so during the coming year we will continue to examine the need for a meal price increase, perhaps in FY2021, and monitor the meal prices in our comparable towns. Recommend that no change be made to the current meal prices for FY19.

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	
FY18 beginning balance	\$1,478.19
FY18 gifts	
PTO gift on behalf of Class of 2017	\$1,733.74
Town Mtg fund raiser	\$119.16
transfer of remaining balances (Class of 2017)	\$409.79
Total projected revenue	\$2,262.69
7th Grade Sargent Camp overnight trip -- actual	\$1,613.87
FY18 Instrument rental (see note)	\$0.00
FY18 Bus transportation (see note)	\$0.00
8 th Grade Washington DC overnight trip – preliminary	\$3,475.75
transfer to appropriated budget	(\$1,504.33)
Total projected expenses	\$3,585.29
Anticipated available ending balance	\$155.59

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 \$300 in requests for financial assistance for instrument rental in FY18 were met by the Friends of Lincoln Music Gift Account.

The balance of the Legacy Fund this year was insufficient to meet the relatively low level of financial assistance requests, and required a supplement from the appropriated budget. The balance at the end of the current fiscal year will not be sufficient to meet the anticipated financial assistance needs in the next school year.

Recommendation Encourage the Class of 2018 to donate any remaining balances in their accounts to the Legacy Fund, as other classes have done in past years. Alert the Lincoln 5-8 principal and Class of 2019 to the low balance.