



To: Nashoba Regional School Committee
From: George King, Assistant Superintendent
Subject: Budget Recommendations for FY 2016 Close Out
Date: June 14, 2016

Please find below information discussed with the Finance Subcommittee. As we approach the end of the fiscal year, there are three significant outstanding items for consideration that will impact the budget close out.

Regional Transportation

Each year estimating the full amount of regional transportation funds that the District will receive is a challenge. In essence we have to estimate the amount 18 months before the actual payment is made. The state legislature funds an amount of money that is to be divided up amongst all regional Districts. Since it is based on actual expenses, submitted on the October 1st report, it tends to be variable as to what portion of the whole the District will collect. The final payment is generally not made until the last week of the fiscal year.

Chapter 233 of the Acts of 2014 was passed, effective for use in FY 15, to help address this issue. What the legislation does is it allows school districts to take any money not spent from regional transportation in a fiscal year and roll it over to the following fiscal year. The total sum carried over must be spent in the next fiscal year on regional transportation. In the Nashoba case we have \$815,000 in the revenue budget for FY 16. This revenue line has generally been budgeted slightly conservatively. I think it is likely we will receive as much as \$100,000 or more in excess of the budget amount this year. If the School Committee were to adopt this legislation any amount collected about the \$815,000 can be deposited into the fund. The advantage here is that next year we have budgeted a fairly aggressive amount of \$950,000. By utilizing the excess from this year we will be able to much more confidently hit the FY 17 revenue target.

If we do not adopt this legislation any excess amounts of transportation revenue, after any other revenue deficits are satisfied, will go to Excess and Deficiency.

I recommend the school committee adopt the provisions of Chapter 233 of the Acts of 2014 and deposited any FY 16 regional transportation reimbursement above \$815,000 into said account.

Year End Transfers

I have attached the year end transfer sheet that will be recommended to the school committee at the June 15th meeting. The senior accountant has reviewed all line items and feels these are the only control line items that will require transfers. They are all salary line items.

Most of the transfers are reflective of balancing teacher salary line items based on new hires for this year. Two line items are receiving relatively significant transfers, central office administration salary and facilities overtime. We have discussed the reasons for these several times. In addition administration lines at Hale, Center and the high school are all receiving increases to pay for the interim administrator costs that occurred during the fiscal year. Burbank administration is being supplemented to pay for the overlap of the new and retiring principal last summer.

I recommend these transfers be approved as presented.

Additional Transfer for Pre Paying Out of District Tuitions

For several years we have been prepaying a modest amount of the following years out of district (OOD) tuitions with surplus budget funds. This is expressly allowed by state law. I recommend that in addition to the above transfers, that an additional \$200,000 be transferred to the SPED OOD line item to prepay tuitions again this year.

This strategy was suggested during the budget process for FY 17 and is in the narrative of the budget book. The OOD line item request for FY 17 was reduced with this strategy in mind.

I recommend the following accounts be utilized in this order for the purpose of funding the transfer:

- Charter School Tuitions
- School Choice Tuitions
- Special Education Transportation

A couple of other pieces of information for consideration at your meeting:

Excess and Deficiency

I know there is a significant level of interest in the likely amount of E and D certification and recommendations such as those made above further heighten the complexity of that projection. As I have stated often there is never any totally accurate way to predict this. With that caveat, I gave a general outline of where I thought it may be headed at the last meeting. If those forecasts pan out, I believe we can likely take the above actions, namely the transportation reserve fund and the prepayment of tuitions and still restore most if not an excess of the E and D we used this year.