
SCHOOL FINANCE

JARED STANTON
CONCORD PUBLIC SCHOOLS
CONCORD-CARLISLE REGIONAL HIGH SCHOOL
12/8/2020

Agenda

- Budget Structure and Reporting
- Type of Funds
- Zero Based Budget Process
- Regional Assessments
 - Statutory Method Vs. Alternative Method
- Financial Impact of Enrollment Shifts +/-
- Funding Sources
- Regional Agreement
- Excess & Deficiency (E&D)
- Other Post-Employment Benefits (OPEB)
- Municipal Finance Laws
- Appendix A: Definitions
- Appendix B: Other Resources

Budget Structure & Reporting Links

- [Uniform Massachusetts Accounting System](#)
- [DESE Chart of Accounts](#)
- [Compliance Supplement for Massachusetts School Districts Agreed Upon Procedures Engagements \(Updated December 2019\)](#)
- [Budget Books](#)
- [ClearGov \(CCRSD\)](#)
- [ClearGov \(CPS\)](#)

Types of Funds

➤ General Fund

- Taxes
- Local Aid

➤ Grant Funds

- Federal
- State
- Private/Gifts/Donation

➤ Revolving Account Funds

➤ Capital Funds

➤ Trust Funds

- Scholarships (graduation)
- Student Agency Accounts

Zero Based Budget Process

- Timeline
- Budget Packets
 - 5 Years of Budget VS. Actuals
 - Staffing Sheets
 - Non Salary Worksheets
 - Prior year line item backup
- October 1 Enrollments
- Capital

Regional Assessments

➤ Statutory Assessment Method

➤ Sum of the following

- Required Local Contribution or Minimum Local Contribution
- Net School Spending
- Transportation
- Capital Debt
- Other expenditures not included in the Regional Districts net school spending

➤ Alternative Assessment Method

- Share of the Net School Spending
- Transportation
- Capital Debt
- Other expenditures not included in the Regional Districts net school spending

ALTERNATIVE ASSESSMENT METHOD

		% Students 76.10% Concord	% Students 23.90% Carlisle	Total
Budget	30,348,395			
Chapter 70 (State Aid)	-2,700,821			
Excess and Deficiency (E&D)	-300,000			
Misc Revenue	-30,000			
Rental Income	-20,000			
Interest	-100,000			
Charter Reimbursement	-5,440			
Amount above Chapt.70 and MLC	27,192,134	20,693,214	6,498,920	27,192,134

Transportation	744,787			
Reg. Transp. Income (Chapter 71)	-675,000			
Amount Above Reimb.	69,787	53,108	16,679	69,787

Debt	4,351,703			
Amount to Assess	4,351,703	3,311,646	1,040,057	4,351,703

Total General Budget:	35,444,885
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TOTAL ASSESSMENT	24,057,968	7,555,656	31,613,624
Chapter 70 (State Aid)			2,700,821
Excess and Deficiency (E&D)			300,000
Chapter 71 (Transportation Aid)			675,000
Other Revenue			155,440
			Total General Fund Budget: 35,444,885

Assessment Comparison w/o Debt	Concord	Carlisle	Total
FY2021	20,746,322	6,515,599	27,261,921

Assessment Comparison w/ Debt	Concord	Carlisle	Total
FY2021	24,057,968	7,555,656	31,613,624

STATUTORY ASSESSMENT METHOD

		% Students 76.10% Concord	% Students 23.90% Carlisle	Total
Budget	\$30,348,395			
Chapter 70 (State Aid)	-\$2,700,821			
<u>Minimum Local Requirement (MLR)</u>	<u>-\$13,057,556</u>	<u>\$9,915,810</u>	<u>\$3,141,746</u>	<u>\$13,057,556</u>
Excess and Deficiency (E&D)	-\$300,000			
Rental Income	-\$20,000			
Misc Revenue	-\$30,000			
Interest	-\$100,000			
Charter Reimbursement	-\$5,440			
<u>Amount above Chapt.70 and MLC</u>	<u>\$14,134,578</u>	<u>\$10,756,414</u>	<u>\$3,378,164</u>	<u>\$14,134,578</u>
Transportation	\$744,787			
Reg. Transp. Income (Chapter 71)	-\$675,000			
Amount Above Reimb.	\$69,787	\$53,108	\$16,679	\$69,787
Debt	\$4,351,703			
Amount to Assess	\$4,351,703	\$3,311,646	\$1,040,057	\$4,351,703
Total Budget		\$35,444,885		
TOTAL ASSESSMENT		\$24,036,978	\$7,576,646	\$31,613,624
Chapter 70 (State Aid)				\$2,700,821
Excess and Deficiency (E&D)				\$300,000
Chapter 71 (Transportation Aid)				\$675,000
Other Revenue				\$155,440
Total General Fund Budget:				\$35,444,885
Assessment Comparison w/Debt		Concord	Carlisle	Total
FY2021		\$24,036,978	\$7,576,646	\$31,613,624
Assessment Comparison w/o Debt		Concord	Carlisle	Total
FY2021		\$20,725,332	\$6,536,589	\$27,261,921

Financial Impact of Enrollment Shifts

	<u>October 1 2018</u>		<u>October 1 2019</u>		<u>Actual Enrollment Shift</u>	
	<u>Concord</u>	<u>Carlisle</u>	<u>Concord</u>	<u>Carlisle</u>	<u>Concord</u>	<u>Carlisle</u>
9th grade	235	72	252	74	17	2
10th grade	224	63	233	70	9	7
11th grade	206	78	230	69	24	-9
12th grade	238	84	205	76	-33	-8
Enrollment	903	297	920	289	17	-8
Enrollment %	75.25%	24.75%	76.10%	23.90%	0.85%	-0.85%
Enrollment Shift Impact					272,938	-272,938
Actual FY22 Budget Enrollment Shift Impact						
	<u>October 1 2019</u>		<u>October 1 2020</u>		<u>Actual Enrollment Shift</u>	
	<u>Concord</u>	<u>Carlisle</u>	<u>Concord</u>	<u>Carlisle</u>	<u>Concord</u>	<u>Carlisle</u>
9th grade	252	74	244	73	-8	-1
10th grade	233	70	251	72	18	2
11th grade	230	69	231	71	1	2
12th grade	205	76	227	65	22	-11
Other			5		5	0
Enrollment	920	289	958	281	38	-8
Enrollment %	76.10%	23.90%	77.32%	22.68%	1.22%	-1.22%
Enrollment Shift Impact:					426,646	-426,646

Funding Source Links

- Chapter 70 Legislation & Regulations
- Cherry Sheets
- Grants
- Revolving Funds
- Circuit Breaker
- Gifts & Donations
- Student Activities (fiduciary agent for Student Clubs and Organizations)

Regional Agreement

- **Type of Region**
- **Governance**
- **School Buildings**
- **Budget Preparation and Approval**
- **Assessment Method and Payment Times**
- **School Transportation**
- **Incurring Debt**
- **Regional District Amendment Process**
- **Positions and Committees Required by Law**

Excess & Deficiency (E&D)

- Authorized by M.G.L. C. 71, § 16B1/2.
- Surplus/deficit in the general fund must be closed to E&D at the end of the Fiscal Year
 - Surplus - must be within 5% of next year's budget
 - Excess – over 5% must be credited or returned to members
 - Deficiency – may result in borrowing
- Balance must be certified by DOR annually

Other Post-Employment Benefits (OPEB)

- Chapter 32B Section 20
- Allows a political sub division, district, municipality, collaborative to establish a Other Post-Employment Benefits (OPEB) Liability Trust Fund
 - Administered as trusts, or equivalent arrangements
 - Employer contributions to the plan are irrevocable
 - Plan assets are dedicated to providing benefits to their retirees and their beneficiaries in accordance with the terms of the plan
 - Plan assets are legally protected from creditors of the employer(s) or the plan administrator

[Informational Guideline Release on OPEB](#)

Municipal Finance Law Links

- [Ch. 30B: Uniform Procurement](#)
- [Ch. 39: Municipal Government](#)
- [Ch. 44: Municipal Finance](#)
- [Ch. 66: Public Records](#)
- [Ch. 70: School Funds and State Aid for Public Schools](#)
- [Ch. 71: Public Schools](#)
- [Ch. 71, § 47: Athletic programs; school organizations; student activity](#)
- [Ch. 71, § 14-16: Regional Schools](#)
- [Ch. 70B: School Building Assistance Program](#)
- [Ch. 150E: Labor Relations: Public Employees](#)
- [Ch. 268A: Conduct of Public Officials and Employees](#)
- [Ch. 149, § 148B: Independent Contractor Rules](#)

Appendix A: Definitions

- **Agency Fund** - A fund consisting of resources received and held by a school district as an agent for others; for example taxes collected and held by a school district for another school district. Sometimes resources held by one fund of a school district for other funds of the unit are handled through an agency fund. An example is taxes held by an agency fund for distribution among other funds.
- **Annuity**- A Series of equal money payments at equal intervals during a designated period of time. In school accounting the most frequent annuities are accumulations of debt service funds for term bonds in payments to retire employees and the public employee retirement systems.
- **Asset** - Property in property right of the school district which has monetary value.
- **Balance Sheet**- A statement which discloses the assets, liabilities, and equities of a fund of a school district at a specified date.
- **Bond** - A written promise to pay a specified sum of money at the face value or principle at a specified date or dates in the future, call maturity dates, together with periodic interest at a specified rate.
- **Bond Anticipation Note (BAN)** - A short term interest bearing note issued by a school district in anticipation of bonds to be issued at a later date. These promissory notes are retired from the proceeds of the bond issue to which they are related.

Definitions

- **Budget** - A plan of financial operation embodying an estimate or proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year.
- **Capital budget** - A plan of propose capital outlays and the means of financing them for the current fiscal period. It is usually a part of the current budget. If the capital program is an operation, it will be the first year thereof.
- **Charter School** - A public school operating under M.G.L. c. 71, § 89, and 603 C.M.R. 1.00. This term encompasses Commonwealth and Horace Mann charter schools unless otherwise specified.
- **Circuit Breaker** - The reimbursement program for certain costs of special education as specified in M.G.L. c. 71B, § 5.
- **Debt** - An obligation resulting from borrowing of money or from the purchase of goods or services. Debts of school systems include bonds, time warrants, tax anticipation notes payable, accounts payable, vouchers payable, interest payable, and salaries payable.
- **Encumbrances** - Obligations or commitments in the form of purchase orders, contracts issued or salary commitments which are chargeable to in appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when the title to goods or services is received in the actual liability is created.

Definitions

- **Fixed assets** - Assets of a long term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture, and equipment.
- **Function** - The activity for which a service or material is acquired. The functions in which school districts are required to maintain and report financial data shall be identified and described in guidelines for reporting student and financial data published by the Department.
- **General Ledger** - A book, file, or other device which contains the accounts needed to reflect, in summary and in detail, the financial position, the results of financial operations, the changes in equities of a fund or account group used by a school district.
- **General Fund** – A fund used to account for our transactions of a school district which are not accounted for in another fund. The general fund is used to account for the ordinary operations or the basic educational programs of a school district which are financed from taxes and other general revenues.
- **Internal control** - A plan of an organization under which employees' duties are so arranged and records and procedures are so designed as to make it possible to provide effective safeguards and counting control over Assets, liabilities, revenue, income, expenses and expenditures. Under such a system, the work of employees is subdivided so that no single employee performs a complete cycle of operations. Procedures to be followed which require proper authorization by designated officials for all actions to be taken.
- **Level Funded** – The bottom line remains the same regardless of the fixed cost increase. This automatically will require a reduction in the final budget due to the increases of the fixed costs (insurance, heat, salaries, contracts, etc.).

Definitions

- **Liability** - Debt or other legal obligation arising out of transactions in the past which must be paid, renewed, or refunded at some future date.
- **Long Term Debt** - Debt with the maturity of more than one year after the date of issuance.
- **Municipal Bonds** - A bond issued by a state or local governmental unit.
- **Object** - The service or commodity obtained as a result of a specific expenditure. The object classifications in which school districts are required to maintain and report financial data shall be identified and described in guidelines published by the Department.
- **Operating Budget** – A budget which applies to all revenue and expenditures other than capital outlay expenditures.
- **Operating Expenses** - As used in the accounts of a school district's enterprise funds and internal service funds, the term means these costs which are necessary to the maintenance of the enterprise, the rendering of services, the sale of products, the production and disposition of commodities produced, and the collection of enterprise revenues.
- **Purchase Order** – A document which authorizes the delivery of specified merchandise to the school district or the rendering of the making of a charge for them.

Definitions

- **Requisition** –A written demand or request, usually from one department to the purchasing officer or to another department, for specified articles or services.
- **School Choice** - Program that allows a parent to enroll his or her child in a school district that is not the child's home district. Every year the school committee in each school district decides whether it will accept new enrollments under this program and, if so, in what grades.
- **Short-term debt** - Debt with the maturity of one year or less after the date of issuance. Short term debt usually includes bond anticipation notes (BANS) payable, tax anticipation notes payable and warrants payable.
- **Site-Based Budgeting** – Is a concept of developing a district budget through the involvement of teachers, community and administrators at the school level.
- **Special revenue fund** - A fund that is created to be used to account for financial transactions for designated educational purposes from special sources of revenue and that are not part of the school districts foundation educational program.
- **Statute** - A written law enacted by a duly organized in constituted legislative body.
- **Trial balance** – A list of the balances of the accounts in a ledger kept by double entry, with the debit and credit balance is shown in separate columns. If the totals of the debit and credit columns are equal or their net balance agrees with a control account, the ledger from which the figures are taken is said to be in balance.

Definitions

- **Warrant** - An order drawn by the school District to the school district treasurer ordering him/her to pay a specified amount to a payee named on the warrant. Once signed by the treasurer, the warrant becomes a check payable by a bank named on the warrant by the treasurer.
- **Warrants Payable** - Warrant issued by the school district but not yet signed by the treasurer.

Appendix B: Other Resources

- A Guide to Financial Management for Town Officials
- Massachusetts Regionals School Administrators' Guidebook

