



Shrewsbury Public Schools

Patrick C. Collins, Assistant Superintendent for Finance & Operations

21 August 2018

To: School Committee

Subj: FY18 YEAR END FISCAL RESULTS

General

It usually takes about three weeks after the official close of the fiscal year each June 30th to complete all financial transactions and capture all expenses and liabilities. FY18 ended more favorably than projected. We did fully expend our general fund appropriation of \$62,375,000 but used less Circuit Breaker funding, so we are able to carry more into FY19.

Circuit Breaker Fluctuations in FY18

The special education Circuit Breaker Reimbursement Program has provided a much-needed but sometimes volatile and hard-to-predict amount of funding on an annual basis. At just over \$3.2M reimbursement in FY18, Shrewsbury ranked 11th highest in funding out of the 258 school districts receiving funds. In FY18 we experienced both positive and negative events relative to our reimbursement which complicated year-end forecasting. The quarterly payments are displayed below and as one can see the Q4 payment was \$316,647 more than Q3 as a result of passage of FY18 statewide supplemental budget in May 2018 and a statewide re-assessment of total costs and funding available.

Quarter	Payment Amount	Notes
Q1 – end of Sept. 2017	\$ 741,177	MA DESE published 65% reim rate
Q2 – end of Dec 2017	\$ 741,177	MA DESE published 65% reim rate
Q3 –end of March 2018	\$ 709,168	Reflects MA DESE audit adjustment on our claim
Q4 –end of June 2018	\$1,025,815	MA DESE increased reim rate to 72.09% for the year
Total	\$3,217,337	

Detailed below is a recap of the FY18 inflows and outflows of Circuit Breaker funds. It also shows that our FY19 Budget anticipates \$3,005,000 in funding and we await further information from the Massachusetts Department of Elementary and Secondary Education about the actual funding level and final review of our claim.

FY18 Beginning Year Balance	\$ 1,364,878	
FY18 Total Reimbursement	\$ 3,217,337	
FY18 Actual Use	\$ (1,875,552)	
FY18 Year End Balance	\$ 2,706,663	
Planned Reserve	\$ (500,000)	
FY19 Planned Carry Forward Use	\$ (1,427,000)	
Add'l Available Funds	\$ 779,663	
FY19 Budgeted Reimbursement	\$ 3,005,000	70.1%
MA DESE Published Info	TBD-Mid Sept.	72.0%

Conservative Encumbering of Expenses

As we approached the close of FY18, the Business Office received a large number of communications from staff to either close-out open purchase orders or reduce the remaining encumbered amount. While it is prudent to lean to the conservative when encumbering funds, it makes it more difficult to make year-end projections. I will consider factoring this observed trend into my future projections.

Status for FY19

As we enter FY19, we effectively have \$780K more in Circuit Breaker funding on account than projected. As Dr. Sawyer indicated previously, this funding will allow us to avoid the paraprofessional staff reductions [\$250,000] that were included in the final FY19 budget reduction plan. In doing this, we now have a net of \$530,000 in additional funds if all other budget assumptions were to hold constant.

Impact

In context, the \$780K represents about 1% of our total financial operations of approximately \$76M for FY19. Our General Fund budget appropriation of \$64M and \$12M in special revenue and grant funding are always subject to some risk as our statutory and regulatory environment requires us to provide certain student services regardless of any financial impact.

As we move into FY19 we can be assured that the \$530K in additional funds will help stabilize and insulate our operations from unexpected costs that may arise. But we should also be thoughtful about trying to “stretch” dollars like this or other operating efficiencies into future years to assist us in allocating funding to achieve our Five-Year Strategic Plan and open a new Beal School.