



Our **vision** is to provide high-quality educational opportunities that inspire a community of learners

WELLNESS • EQUITY • ENGAGEMENT

Our **mission** is to develop engaged, well-balanced learners through collaborative, caring relationships

# Financial Information Presentation

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**August 22, 2023**

# Funding the Regional District's Budget

## TWO ROUTES:

1. Start with target Appropriation (% or \$)
2. Start with target Assessment (% or \$)

For illustrative purposes, this presentation assumes that in either case above, the target increase is 3%.

# Funding the Regional District's Budget

## TWO ROUTES:

1. Start with target Appropriation (% or \$)
2. Start with target Assessment (% or \$)

## Using FY24 District Data –

1. Appropriation Target (+3%)	<b>\$105,986,423</b>
Less Estimated Revenues	- 18,758,529
Less Use of Reserves	- <u>1,525,000</u>
Equals Total Assessment \$	85,702,894

This is a 3.3% increase in total Assessments

# Funding the Regional District's Budget

## TWO ROUTES:

1. Start with target Appropriation (% or \$)
2. Start with target Assessment (% or \$)

Using FY24 District Data –

2. Assessment Target (+3%)	\$ 85,435,337
Add Estimated Revenues +	18,758,529
Add Use of Reserves	<u>1,525,000</u>
Equals Total Appropriation	<b>\$105,718,866</b>

This is a 2.7% increase in the Appropriation  
 (\$270K below a 3.0% budget increase)

## Funding the Regional District's Budget

Because ACTON is at its Prop 2-1/2 Levy Limit, it has limited means of funding most government operations – including A-B's assessment.

As a result, in recent years, the District's budget development has used the second option:

- a. What can ACTON afford (typically a %)
- b. Determine town enrollment averages
- c. Calculate the resulting assessment (A and B)
- d. Identify estimated revenues and reserves
- e. Voila!!...This is the District's budget (max.)

# Funding the Regional District's Budget

## Takeaway #1:

In a period of low Revenue growth (where budgets increase at a higher rate than Revenues and Reserves), the shortfall must be made up by Assessments.

FY24 A-B budget (Appropriation) increase = 2.91%

FY24 A-B Revenue/reserve increase = 1.66%

FY24 Total Assessment increase = 3.22%

# Funding the Regional District's Budget

## Takeaway #2:

The District's budget is **DEPENDENT** on –

- a. ACTON's maximum assessment increase
- b. Enrollment
- c. Estimated external Revenues

The District's budget can **VARY** –

- d. Through the use of reserves

## Funding the Regional District's Budget

Budget Development Steps (previous slide):

- a. What can ACTON afford (typically a %)
- b. Determine town enrollment averages
- c. Calculate the resulting assessment (A and B)
- d. Identify estimated revenues and reserves**
- e. Voila!!...This is the District's budget (max.)

**What are the District's Revenue sources?**



# Regional District Revenue Sources

## **State Sources:**

1. Chapter 70 (Education Aid)
2. Regional Transportation Aid
3. Charter School Reimbursement Aid
4. Circuit Breaker Reimbursement

## **Other Sources:**

1. Medicaid Reimbursement
2. Investment Income

## Chapter 70 (State Education Aid)

Generally:

1. Intended to cover minimum education needs
2. Represents about 85% of District Revenues (↘)
3. Minimum Aid by law provides \$30 pp increase
4. Based on non-discretionary factors such as District enrollment (decreasing) and demographics (increasing EL and Low Income), inflation benchmarks (increasing in FY23 & 24), Student Opportunity Act (FY24 is year #3 of 6)
5. Uncertain whether A-B will benefit from SOA

# Chapter 70 Aid ([www.doe.mass.edu/finance/chapter70/](http://www.doe.mass.edu/finance/chapter70/))

## Massachusetts Department of Elementary and Secondary Education



### FY23 Chapter 70 Summary

600 Acton Boxborough

#### Aid Calculation FY23

<b>Prior Year Aid</b>	
1 Chapter 70 FY22	15,338,911
<b>Foundation Aid</b>	
2 Foundation budget FY23	61,160,338
3 Required district contribution FY23	48,377,825
4 Foundation aid (2 -3)	12,782,513
5 Increase over FY22 (4 - 1)	0
<b>Minimum Aid</b>	
6 Minimum \$60 per pupil increase	302,820
7 Minimum aid amount	
(if line 6 - line 5 > 0, then line 6 - line 5, otherwise	302,820
<b>Subtotal</b>	
8 Sum of 1,5,7	15,641,731
<b>Minimum Aid Adjustment</b>	
9 Minimum aid adjustment	15,490,321
10 Aid adjustment increment	

#### Comparison to FY22

	FY22	FY23	Change
Enrollment	5,120	5,047	-73
Foundation budget	57,822,928	61,160,338	3,337,410
Required district contribution	46,723,042	48,377,825	1,654,783
Chapter 70 aid	15,338,911	15,641,731	302,820
Required net school spending	62,061,953	64,019,556	1,957,603
Target aid share	19.20%	17.50%	
C70 % of foundation	26.53%	25.57%	
Required NSS % of foundation	107.33%	104.67%	

Items 2-5 relate to the Foundation Budget (to assure adequate education)  
 Item 6 provides a minimum aid increase for all districts (over 50% in MA)  
 Chapter 70 Aid equals the GREATER of Foundation Aid (Item 4) 12,782,513  
 OR  
 Prior Year Chapter 70 (Item 1) plus Minimum Aid (Item 7) 15,641,731  
 The Difference between Foundation Aid and Chapter 70 Aid is referred to as "Hold Harmless Aid". Until "HH Aid" is zero, districts do not receive any benefit from the Student Opportunity Act -2,859,218

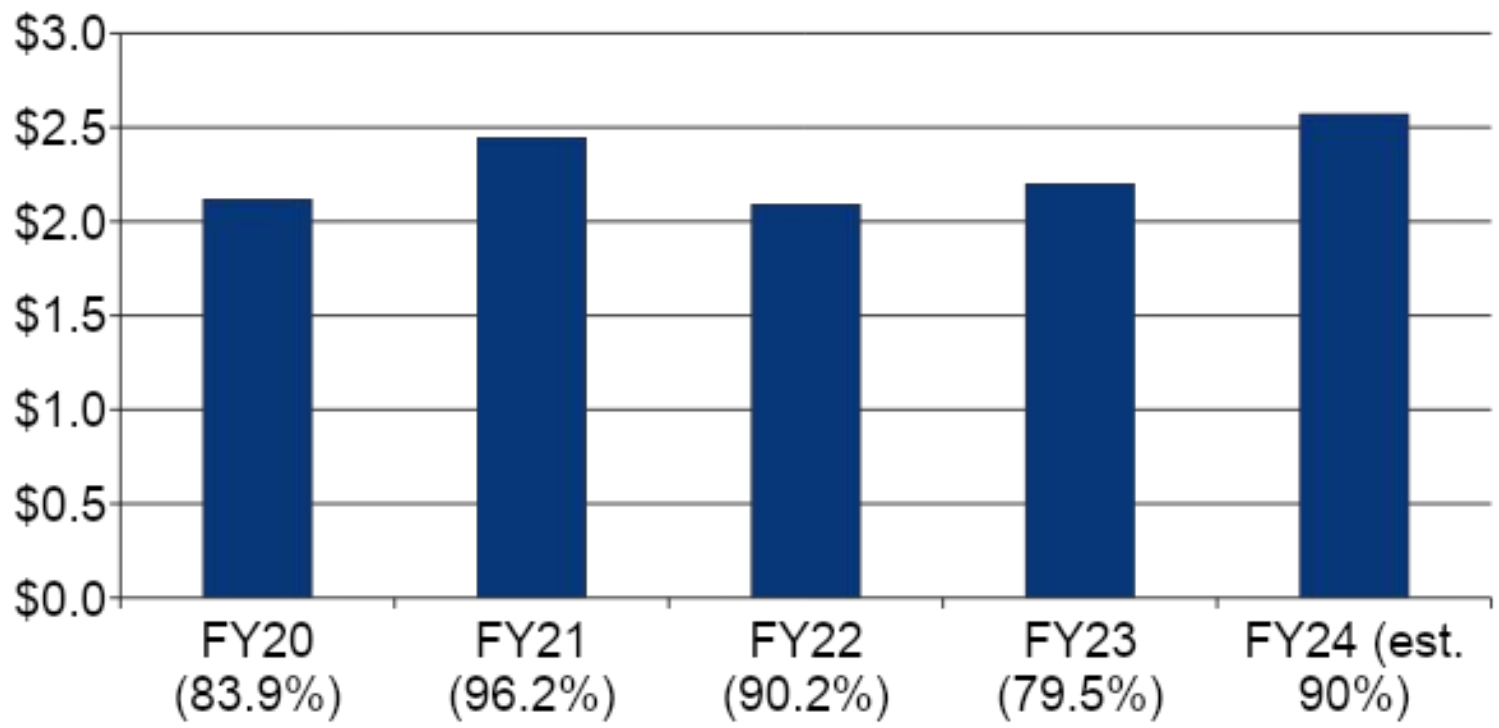
# Regional Transportation State Aid

Generally:

1. Intended to provide a long-term financial incentive for districts to regionalize
2. Represents about 12% of District Revenues ( ↗ )
3. Reimbursement for eligible regular transportation costs of prior year
4. Reimbursement rate can fluctuate year-to-year
5. Rate is estimated in state budget (FY24 - 90%); final rate determined by DESE in June (end of FY)

# Chapter 71 Aid ([www.doe.mass.edu/finance/transportation/](http://www.doe.mass.edu/finance/transportation/))

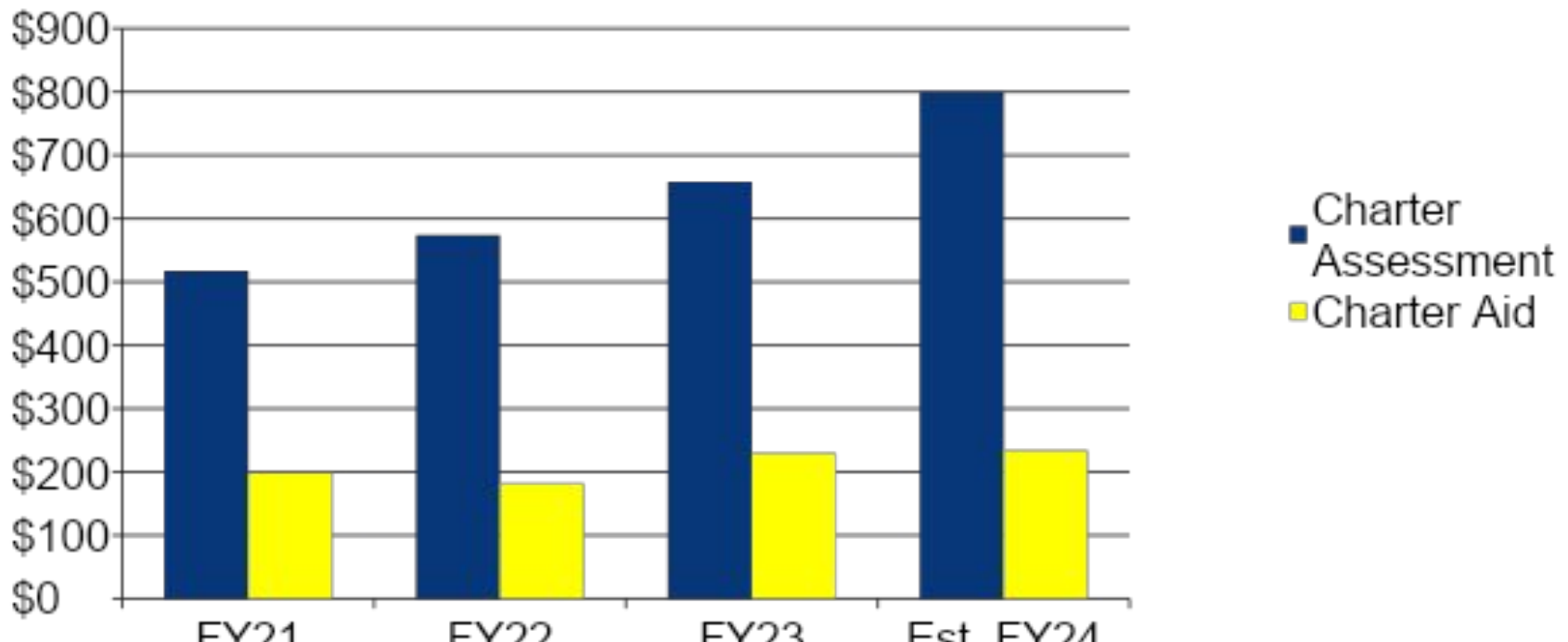
		Entitlement	Reimb (rounded) @79.5%	First FY23 Payment	2nd FY23 Payment
600	ACTON BOXBOROUGH	2,767,086	2,201,179	1,106,834	1,094,345



# Charter School Reimbursement State Aid ([www.doe.mass.edu/charter/finance/](http://www.doe.mass.edu/charter/finance/))

Generally:

1. Intended to cover a portion of costs assessed to districts whose students attend charter schools
2. Separate from assessment costs (in budget)

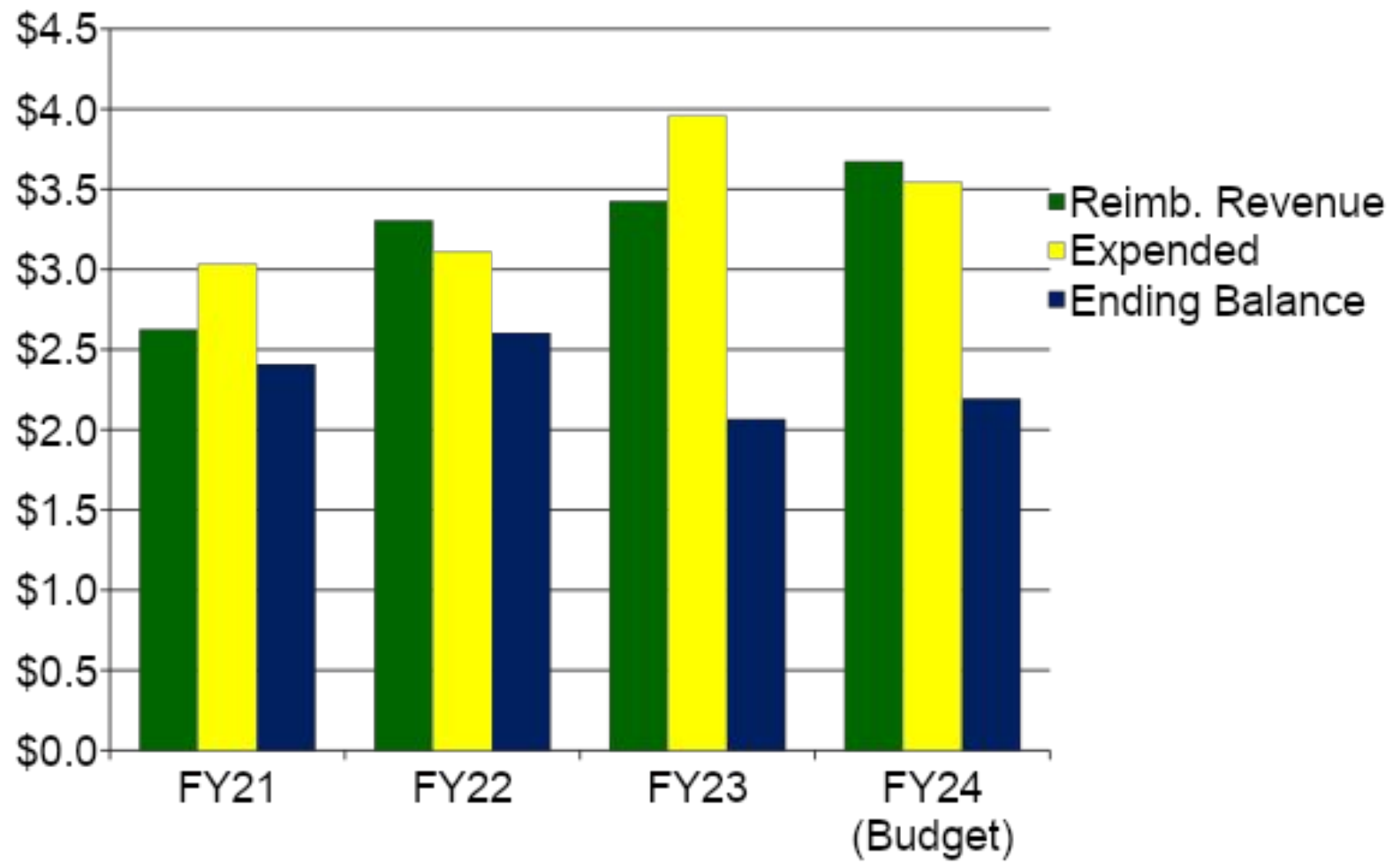


## Circuit Breaker Reimbursement Aid ([www.doe.mass.edu/finance/circuitbreaker](http://www.doe.mass.edu/finance/circuitbreaker))

Generally:

1. Intended to subsidize high cost of providing specialized services (including transportation) for special needs students
2. Reimbursement on a student-by-student basis, at 75% of the student's prior year IEP cost above threshold (4X Foundation Budget rate)
3. Not treated as a typical Revenue item; Circuit Breaker funds are maintained in a separate fund, used to offset budgeted tuition costs, and must be spent by the end of the following FYE

# Circuit Breaker Reimbursement – Trend Data



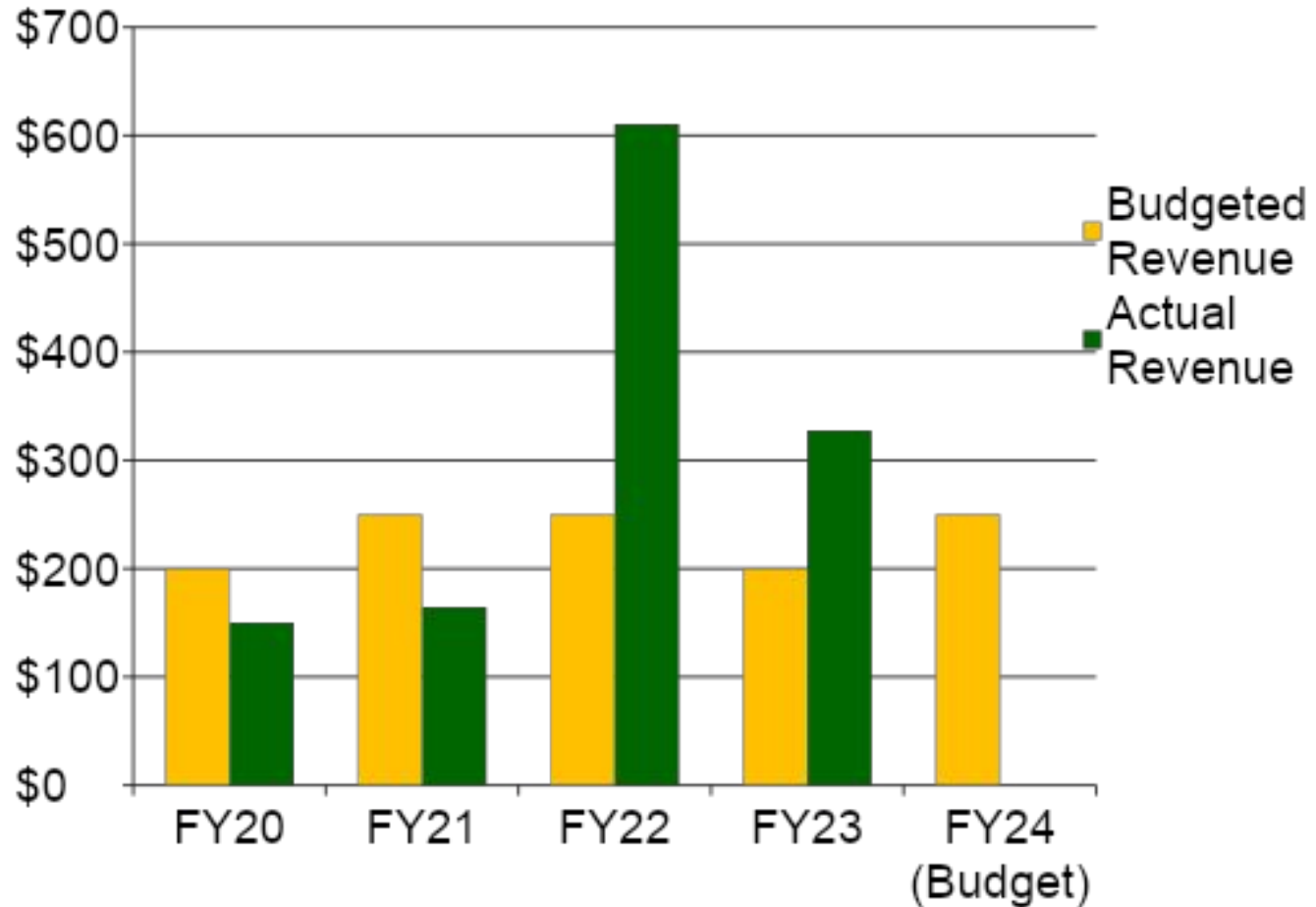


# Medicaid Cost Reimbursement

Generally:

1. Federal reimbursement intended to subsidize direct and indirect costs of providing medical services to students of low income families
2. Reimbursement based on data compiled by District personnel through the use of a collaborative consulting service (Accept)
3. Subject to year-to-year variations due to changes in federal regulations regarding reimbursement eligibility (e.g., Covid!)

# Medicaid Reimbursement - Trend Data

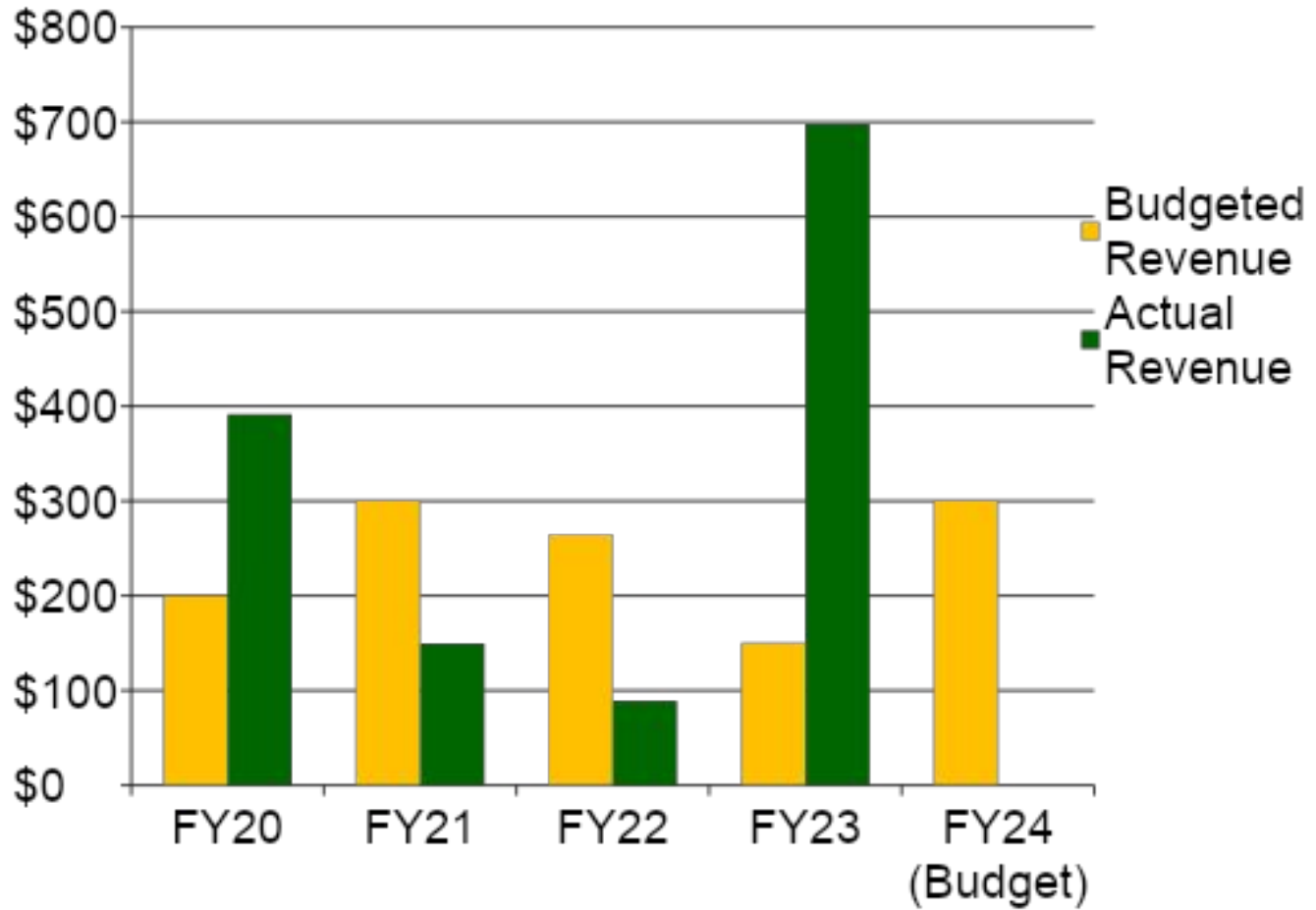


## Investment Income

Generally:

1. Return on invested funds, excluding OPEB and other monies held in trust (e.g., scholarship funds), maintained by the District Treasurer
2. Cash in excess of immediate needs (payroll and vendor warrants) is pooled with the MMDT (Massachusetts Municipal Depository Trust), the primary custodian of public funds in the state
3. Annual income fluctuates with average cash balances and – especially – interest rates

# Investment Income - Trend Data



ABRSD						
FY2024 Budget Planning Worksheet						
Budget Funding Sources - Summary						
				(SC Prelim Vote)		
	FY2022	FY2023	FY2023	FY2024	Budget	
<u>REVENUE</u>	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Recommended</u>	<u>Change</u>	
<b>STATE AID -</b>						
Foundation Aid (Chapter 70)	15,338,911	15,492,511	15,641,731	15,792,511	300,000	
Regional Transportation (Chapter 71)	2,105,961	2,200,000	2,208,462	2,241,018	41,018	
Charter School Reimbursement Aid	190,293	100,000	229,766	150,000	50,000	
<i>Sub-Total</i>	<i>17,635,165</i>	<i>17,792,511</i>	<i>18,079,959</i>	<i>18,183,529</i>		
<b>OTHER REVENUES -</b>						
Medicaid Reimbursement	610,090	200,000	327,429	250,000	50,000	
Earnings on Investments	89,156	150,000	697,908	300,000	150,000	
Rental Income	-	-	15,000	15,000	15,000	
Miscellaneous	7,018	10,000	10,000	10,000	-	
<i>Sub-Total</i>	<i>706,264</i>	<i>360,000</i>	<i>1,050,337</i>	<i>575,000</i>		
<b>Total Revenues</b>	<b>18,341,429</b>	<b>18,152,511</b>	<b>19,130,296</b>	<b>18,758,529</b>	<b>606,018</b>	<b>3.34%</b>
<b><u>RESERVE USE</u></b>						
Appropriated E&D	1,245,000	1,500,000	1,500,000	1,375,000	(125,000)	
Capital Stabilization	150,000	300,000	300,000	150,000	(150,000)	
Transportation Stabilization	200,000	-	-	-	-	
<b>Total Reserves</b>	<b>1,595,000</b>	<b>1,800,000</b>	<b>1,800,000</b>	<b>1,525,000</b>	<b>(275,000)</b>	
<b>REVENUES PLUS RESERVES</b>	<b>19,936,429</b>	<b>19,952,511</b>	<b>20,930,296</b>	<b>20,283,529</b>	<b>331,018</b>	<b>1.66%</b>
<i>Relative budget funding share</i>	<i>19.9%</i>	<i>19.4%</i>	<i>20.1%</i>	<i>19.2%</i>		

# Other Finance Topics - Budgets

Operating Budget versus Special Funds

Regional Assessment calculation

Capital expenditures and Debt Service

Health Insurance premiums – Acton HI Trust

Retirement benefit programs – MCRS & OPEB

Special Ed services – tuition and transportation

Building-based expenditures

Facilities costs – utilities, maintenance, custodial

Budgeting and projecting personnel costs