FY15 End of Year Financial Report Workshop

Welcome!

MASSACHUSETTS DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
State Budget News

- Subject to review and veto by Governor

- Chapter 70 up from $4.401b to $4.512b, increase of $111m, or 2.5%

- 83 (out of 322) operating districts receive foundation aid (up from 59 in FY15)

- $25 pp minimum aid, instead of $20 in Governor’s preliminary proposal

- Effort reduction @ 50% instead of preliminary 45%: regional districts be aware!
Progress Toward Equitable Contributions

- **FY07**
- **FY08**
- **FY09**
- **FY10**
- **FY11**
- **FY12**
- **FY13**
- **FY14**
- **FY15**
- **FY16 PRELIM**

- **Dollars Above/Below Target Local Share ($)**
- **excess effort before effort reduction**
- **net excess after effort reduction**
- **effort reduction**
- **shortfall below target before increment**
- **additional increments toward target**
- **net shortfall below target after increment**
State Budget News (cont’d)

- Transportation:
  - Regional: $56.9m to $59.0m
  - Homeless $7.4m to $8.4m
  - non-resident voke: 0 to $1.75m
- Foundation Reserve: $500k to $2.5m
- Circuit Breaker: $253.4m to $271.7m
- Charter Reimbursement $76.8m to $80.5m
- Kindergarten Grants level-funded at $18.6m
End of Year Report FY15
Purpose Of Report

• Education reform compliance and state aid
• Federal requirements and entitlements
• Statistical analysis for determining:
  • Per pupil spending comparisons
  • Average teacher salaries
  • School choice tuitions
  • Charter school tuitions
  • Indirect cost
  • Maintenance of effort
  • Special education expenditures % of budgets
  • Edwin Analytics, DART, ESE district reviews
Packet Contents

- Memo from Jay Sullivan
- End of Year Report Manual
- Certification (signature) page
- Power Point slides
- End of Year Download/Upload instructions
- Transportation Addendum to Schedule 7 (Certification)
- Guidance for reporting School Construction
- Schedule of Depreciation for Municipally and Regionally owned School Transportation Vehicles
- Schedule of Costs Claimed in 5300 for Leased Buildings & Capital Equipment
- Amendment Smartform instructions
- Workshop Evaluation
EOY Report Workbook Submission

Due by **September 30, 2015**

- Commissioner will only grant an extension under urgent and extenuating circumstances
- Certification and signatures by town and school officials made under penalty of perjury
- Files will be downloaded from and uploaded to the Department’s security portal – *see separate instructions*
- FY15 files should be available by late August
General Items

• Modified accrual
• Revenues and expenditures reported by funding source
• Edit instructions reconcile data reported
• Non-net school spending items highlighted
• Ordered by expenditure classifications

+ Indicates new reporting category
! refers to items of added emphasis that we want districts to be aware of.
File Management and Windows Versions

- Tested in Windows 7, Office 2007
- Files are still generated as .xls EXCEL 2003
- Sheets are protected; Freeze Panes won’t work but View Split will.

- Enable macros
Spreadsheet Dos and Don’ts

DO make a backup copy of your EOYR file
DO enable macros when opening the file

DON’T save the file using a different name
DON’T cut & paste
DON’T enter spaces to represent zeros
DON’T change formulas
DON’T mail a hard copy printout to us
Schedule 3
Instructional Costs by School

School Finance regulations 603 CMR 10.03 (3)(a)

“Each school district shall utilize a financial accounting system that permits the reporting of all school district expenditures by fund source, object, and function, and permits the reporting of certain costs by program, grade level and school.”

• Complete this Schedule first
• Include all instructional services
  • School committee & city/town appropriations (Cols 1-7)
  • Grants and Other funding sources (circuit breaker, choice etc.)
Schedule 1, Part I - Revenue

A. From Local sources + E-Rate
B. From State Aid, *included in report except for School Construction aid*
C. From Federal DESE Grants, *included in report*
D. From State DESE Grants, *included in report*
E. From Revolving and Special Funds, School Choice receipts, *included in report*

*Note: Must report State and Federal Grants from Other Agencies.*
Schedule 1, Part II - Expenditures

School Committee expenditures

- Administration (1000)
- Instruction (2000) *Already reported in Schedule 3*
- Pupil services (3000)
- Transportation (3300) – *Maintain Depreciation Schedule*
- Maintenance (4000) – Extraordinary Maintenance <$100,000
- Rental (5300) - *Maintain Rental Schedule*
- Crossing Guards (5550)
- Short term debt – (5400/5450) RANS/BANS
- Civic Activities and Community Services, *Include Adult Education*
- Fixed assets (7000)
- Long term debt (8000) – RSD only – *No principal for bonded extraordinary maintenance*
  - Report expenditures in accordance with ‘*Guidance for Reporting School Construction*’
- Tuition (9000) - *school choice and charter schools included for regional school districts*
Schedule 1, Part II - Expenditures

Expenditures by City or Town

Record expenditures which result in services directly related to the local school department

- Reporting categories allowed by state aid regulations 10.04
  - Administrative Services - Per Pupil Cost for FY13 is $111.83
  - Pupil Transportation – (3300, 6900) must reconcile with Schedule 7
  - Extraordinary maintenance (4300) < $100,000
  - Benefits and Insurance - costs to administer, record in 1420
  - Rental – (5300) do not record lease/purchase costs. Maintain Rental Schedule
  - RANS – (5400) revenue anticipation notes (operating)
  - BANS – (5450) short term debt (capital)
  - Long term debt – (8000) No principal for bonded extraordinary maintenance or debt as part of capital assessment to RSD

Report expenditures in accordance with Guidance for Reporting School Construction

- Tuition (9000)
  - ESE included School choice and charter schools costs on lines 2220 and 2230
Schedule 1, Part II - Expenditures

C.2 Expenditures from Federal Grants, State Grants and Special Funds

Include by function:

- All Federal Grant Expenditures – from ESE or direct
  - +Column added to record Federal SFSF Grant Funds
- All State Grant Expenditures – from ESE or other state agencies
- All Revolving and Special Funds
  - All Expenditures from Circuit Breaker Funds
  - All Expenditures from School Choice – must not be included in school committee expenditures
- All Private Grants & Gifts
Schedule 2 - Regional School Assessments

- Categories of reporting:
  - Minimum
  - Above minimum*
  - Transportation*
  - Capital costs*
    - *Apportioned according to regional agreement

- Do not report E/D on this Schedule.
- Be sure to check if you used the statutory or agreement method to assess costs in FY15.
- Reconciliation item: check figure to right and bottom of column 6 and resolve any differences with Schedule 1, line 10, column 7.
Schedule 4 - Special Education

All expenditures by school committee, city/town, and circuit breaker by function and program

- Include these functions:
  - Instructional services: (2000)
    - Supervisory
    - School Building Leadership
    - Teaching
    - Textbooks including instructional equipment
    - Guidance
    - Psychological
  - Tuition (9000)
  - Non public health (6800)

- Grants and other funds – report on line 3930 by program

- **Reconciliation item:** review figures, if any, in last column on right of schedule 4 and resolve any differences with Schedule 1, Column 2, Special Education
Schedule 7 - Pupil Transportation

Report expenditures from appropriated funds and the associated number of riders for those pupils transported at public expense

- Include municipal and school committee costs
- Report by program
  - Special Ed. *Delineate in- and out-of-district costs & riders*
  - Vocational Ed. *Include out-of-district transportation costs & riders*
- Report by reimbursable and non-reimbursable categories
- Report in accordance with 10.08 and 10.09 of the School Finance Regulations
- Report in accordance with section VIII of the Guidelines
Schedule 7 - Pupil Transportation (Continued)

- Transportation expenditures reported in columns 1 through 5 must have corresponding pupil rider data reported in columns 6 through 9.
- Expenditures and student counts for school choice and charter school students regardless of mileage must be reported in column 3 and 8, respectively.
- **Report homeless transportation expenditures on lines 4283 and 4285.**
- Maintain Depreciation Schedule, if applicable.

**Note:** In- and Out-of-District Costs and Riders for special education are reported differently from all other programs.
  - Special Education report by columns
  - All other programs report on separate lines.
Schedule 7 - Pupil Transportation (Continued)

Notes:

• Expenditures from fees deposited into revolving accounts must be reported on line 4320.
• Reimbursable expenditures are based on “portal to portal” measurement.
• Reimbursable expenditures are based on expenditures for transporting students living at least 1 ½ miles from school once daily to and from school.

• **Reconciliation item:** resolve any differences with Schedule 1, 3300 and 6900 categories for both school committee and city/town expenditures
Schedule 7 Addendum
Separate Certification - Regional School Districts only

- Pupil transportation 75% capacity certification in accordance with MGL, chapter 71, section 7A
- Necessary in order to receive state transportation reimbursement

Questions to Jay Sullivan at (781) 338-6594
Schedule 19 - FY2016 Budget

- **Purpose:**
  - Determine school district’s compliance with FY2016 net school spending requirement
  - Information and statistical reporting
  - Cherry sheet estimates for school transportation
  - Charter school rates
Schedule 19 - FY2016 Budget (Continued)

A.1 Appropriation by School Committee

- 2015-2016 School Budget
  - Report by expenditure classification and programs
    Include Adult Education in Community Services (6000)
  - School choice/charter school tuition is estimated from cherry sheet but cells are not locked – districts can change the amounts if they have better info
  - ESE uses most current choice/charter tuition in calculating FY16 net school spending, regardless of what is reported on those lines by district
  - FY 2016 long term debt, regions only
Schedule 19 - FY2016 Budget (Continued)

A.2 Appropriation by city/town

• 2015-2016 school budget
  • Report only expenditures allowed under school finance regulation, section 10.04
  • Must be for services directly related to local school department and through agreement with school department
  • Administrative Average Cost for FY16 is $108.96
  • FY 2016 Long Term Debt
B. Estimated revenues

- Local sources
  - Include assessments and E&D funds for regional districts
- General fund receipts
- Revenues that are not used to offset net school spending are highlighted in report
- Purpose - education reform compliance

- DO NOT INCLUDE SCHOOL CHOICE RECEIPTS, GRANTS OR ANY OTHER REVOLVING/SPECIAL FUNDS
C. Estimated regional assessment
   • Minimum
   • Above minimum*
   • Transportation*
   • Capital and debt*
   • Assessment voted
   • Budgeted E/D

• Be sure to check if you used the statutory or agreement method to assess costs in FY16

* Apportioned according to regional agreement
Comments & Reports

• Comments Tab
  • Include comments, explanations, problems

• Reports Tab
  • Net School Spending Compliance FY15, FY16
  • Three-year comparative data
  • Average Teacher Salary
FY 2015 Net School Spending

- School committee expenditures from Schedule 1
- City/town costs

- **FY2015 budget** reported in **2013-2014** End of Year Report:
  - Administration 1000
  - Educational media 2500
  - Health 3200
  - Maintenance 4000
  - Rental 5300

- **FY2015 actual costs** reported on schedule 1 of **2014-2015** End of Year Report:
  - Benefits 5100
  - Insurance 5200
  - Short term debt (RANS) 5400
  - Tuition 9000
Districts that failed to meet Net School Spending requirement

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<td>21</td>
<td>28</td>
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<td>23</td>
<td>17</td>
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</tbody>
</table>
Comparison of FY13 thru FY15 Reported Data

• Prior to submission of report, review reports sheet comparisons of various data, costs and transported riders for the last three fiscal years.

• Can help you detect any anomalies from one year to next.
Edits

• Hit “Run Edits” macro on “Edits” sheet

• Explain any unresolved edits in the comments sheet.
Edits (Continued)

- Edit 1 – transportation fees and expenditures sch1 vs sch7
- Edit 2 – correspondence of riders and transportation expenditures
- Edit 3 – regional district member but no assessment reported
- Edit 4 – correspondence of revenues and expenditures from grants and other funds
- Edit 5 – schedule 1 vs schedule 4 expenditures
- Edit 6 – schedule 19 instructional spending by program
- Edit 7 – sch 1 vs sch7 transportation expenditures
- Edit 8 – sch 4 grant expenditures
- Edit 9 – MSBA one-time payments/purchase of land and buildings

Be aware: There is not an edit for every conceivable situation
EOY Report Printing

- The EOY report can be printed in Excel using the macro Ctrl+P
  - Full Report
  - Individual Schedules
  - Individual Schools
Amendments

- Amendments are processed through the security portal – bottom of first screen.
- See instructions in FY15 End of Year Report web site (Accounting and Auditing).
- FY14 amendment form is currently available.
- FY15 amendment form will be available in early September.
Amendments (Continued)

- DO NOT use Mozilla Firefox as your browser for this application

- 218 districts amended 3,121 cells on the FY14 eoy report

- In some cases, especially with large numbers of changes, submitting a new workbook is acceptable.

Amended copies of all districts’ final FY13 reports through July 1 2014 have been posted to the security portal drop box. During the year, amended copies can be posted to the drop box upon request.
Audit Requirement

• FY 2015 EOY Report will be audited by Independent Public Accountants (CPAs) when they conduct the A-133 Single Audit for your City, Town or Regional School District.
Foundation Budget Review Commission

• Preliminary report released on June 30th
  • Main Recommendations
    • Adjust benefits rate
    • Increase in-district sped enrollment assumptions
    • Increase out-of-district sped tuition rate

• Commission is seeking an extension to Nov. 30th to consider additional topics and issue final report
Foundation Budget Review Commission Recommendations

Benefits

1. Adjust the employee health insurance rate captured in the “Employee Benefits/Fixed Charges” component of the formula to reflect the average Group Insurance Commission (GIC) rate.

2. Add a new category for “Retired Employee Health Insurance” to the foundation budget.

3. Establish a separate health care cost inflation adjustor for the employee health insurance portion of the “Employee Benefits/Fixed Charges” component of the formula, based on the change in the GIC rates.
Foundation Budget Review Commission
Recommendations

Special Education

• Increase the assumed in-district special education enrollment rate from 3.75% to 4.00% (for non-vocational students) and 4.75% to 5.00% (for vocational students)

• Increase the out-of-district special education cost rate to capture the total costs that districts bear before circuit breaker reimbursement is triggered.
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