



**THE PUBLIC SCHOOLS OF BROOKLINE**  
BROOKLINE, MASSACHUSETTS 02445

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MARY ELLEN N. DUNN  
DEPUTY SUPERINTENDENT  
FOR ADMINISTRATION AND FINANCE

TO: School Committee  
Andrew Bott, Superintendent  
FROM: Mary Ellen N. Dunn, Deputy Superintendent for Admin and Finance  
DATE: November 2, 2018  
RE: FY 19 Budget Update

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The Public Schools of Brookline budget is anticipating a working preliminary structural deficit for FY 19. Some of the items being identified are a result of the FY 18 budget deficit. The first quarter financial report is still being developed due to the level of unknown funded compensation in the FY 18 budget.

**FY 19 Budget Update/Status (\$254,699 Chapter 70 revenue & \$173,424 budget reduction)**

Be it confirmed, November 2018 Special Town Meeting is using FY 19 school funds to balance the FY 18 deficit. The district is not receiving its share of \$254,699 in new Chapter 70 Aid and will have a budget reduction by \$173,424 (Benefit Reserve and \$119k from Special Educ Contingency) that would normally be available to help our FY 19 budget problems. While we believe the state has made a promise of additional Circuit Breaker funds for FY 19, those resources have yet to be confirmed or materialize. The FY18 Claims submitted by the Special Education Department only netted us \$81k over our FY 19 budget estimate. While great news and the department applauded for their work, it is not without the fact that the \$81K now has to be used to back fill the budget cut of \$119k to special education contingency.

**FY 19 Known Deficit Issues (\$1.112 Projected)**

**Revenue Offsets: (\$358,680)**

Most concerning is that the \$358,000 revenue offset appears to no longer be viable. Offsets for operating budget expenditures from a variety of special revenue funds no longer produce year end balances. In some cases, the operating budget needed to make up a net of \$118,519 in expenses for these funds. In addition, the district had to encumber \$364,527 in reserve for \$97,000 in late payroll submission after July 5, \$127,526 in accumulated deficits in the 21<sup>st</sup> Century/Innovation Fund account. \$50,000 for anticipated unknown payroll the district anticipates to be turned in as the school year begins, and \$90,000 for invoices that do not have requisitions or purchase orders prior to the year closing.

**Revolving Funds: (753,827)**

Athletics and Food Service Revolving Funds are two funds requiring review of their funding and expenditure structures. The FY 18 Budget was required to fund a new high in their historical deficit.

Over \$280k was transferred from the Athletics Revolving Fund for salaries to the Operating budget to end the revolving fund in balance. Food Service requires a subsidy this year of \$91,827 for the FY 19 Food Service program deficit and an additional \$257K to fund Prior Year accumulated Food Service Deficits where program revenue did not match program expenditures year over year and depleted fund balance. In addition, the district anticipates \$125,000 in Grants Match for Indirect Costs that was pulled out of the federal grants in FY 18 and not funded. There are other funds with smaller negative balances that require clarification of purpose, revenue collection, and expenditures.

Operating Budget: Leadership continues to monitor for unknown Deficit Issues

- Pre- programmed budget amount for Salary Savings \$(800,000),
- Substitutes and Leaves of Absences,
- All salary/personnel accounts fully funded for support and services historically provided,
- Status of Special Education Tuition and Contracted Services, and
- Status of Special Education Transportation

Change in Practice for FY19

In order to prevent, curtail, or be forewarned about the scope and magnitude of any future deficit the following will be in place for fiscal year close

1. All Operating Budget and State Grants will close for ALL spending, excluding regular compensation on May 1.
2. Federal Grants and Revolving Funds will close for ALL spending, excluding regular compensation on June 1.
3. All professional development workshops that will be conducted after May 1 will be encumbered against the workshop payroll account until such time as the sign in sheets are received by June 30 and paid through payroll.
4. Ongoing work to identify all additional compensation will continue. Each will be reviewed to confirm funding. Ideally, prior to work being completed. If funding is not available, and it is a reoccurring expenditure, funding will be identified and added to the FY 20 budget.
5. Additional process, procedures, systems will be reviewed during the summer and training developed and delivered to administrative assistants and budget managers throughout the school year.

Change in Practice for FY 20

All Grants and Revolving Funds will be budgeted as part of the FY 20 budget document to advance knowledge for unsupported expenditures by revenue. Grants will be monitored for impact of level funded grant awards. Revolving Funds will be monitored, and fee increases requested.



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TO: School Committee  
Andrew Bott, Superintendent of Schools  
FROM: Mary Ellen N. Dunn, Deputy Superintendent for Administration and Finance  
DATE: November 2, 2018  
RE: FY2018 School Dept. Budget Deficit Update

The Deputy Town Administrator's memo dated September 28, 2018, outlines the process whereby the Town will balance the FY 18 School Department budget deficit of \$428,123.25 or 0.41% at November Special Town Meeting.

June 30, 2018 Balance as of September 21, 2018

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANFRS/ ADJSMTS	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	% USED
51 SALARIES	92,865,697	142,173	93,007,870	\$ 94,182,325		\$ (1,174,455.13)	101.26%
52 OUTSIDE SERVICES	7,764,543	203,542	7,968,085	\$ 7,286,418	\$ 186,959	\$ 494,707.61	93.79%
53 SUPPLIES	2,052,025	27,885	2,079,910	\$ 1,895,987	\$ 78,432	\$ 105,490.69	94.93%
55 OTHER CHARGES	1,013,231	-443,576	569,655	\$ 370,764	\$ 77,220	\$ 121,670.84	78.64%
56 UTILITIES	10,350	1,600	11,950	\$ 6,223		\$ 5,726.51	52.08%
5A BUDGETTED CAPITAL	1,005,066	115,807	1,120,873	\$ 1,074,054	\$ 28,083	\$ 18,736.23	98.33%
Grand Total	104,710,912	47,431	104,758,343	\$ 104,815,772	\$ 370,694	\$ (428,123.25)	100.41%

The School Department has agreed and supports the return of \$428,123.25 to the taxpayers from the following sources:

- 1) \$254,699 Chapter 70 Aide: "Pursuant to the Town/School Partnership, the \$509,397 translates to \$254,699 available for the Town and School budgets. The School share of \$254,699 is needed to address a deficit that occurred to the School Department's FY2018 General Fund budget." [FY 2019 Budget Amendments Memorandum by Melissa Goff dated 9/28/18]
- 2) \$173,424 Operating Budget Reduction will come from Contingency Reserve - Special Education and Health Insurance Reserve Accounts
  - a) \$53,643 Health Insurance Reserve Account: (334099-558097); These funds were being held to assist with the original BACE Payroll paying back the FY 18 transfer. No transfer is being requested to support the Town's Health Insurance Account;
  - b) \$119,781 Contingency Reserve - Special Education: (327699-558080); These funds will be replaced with Circuit Breaker funds once the Legislature's adjustment is known for FY 18 and received.
    - i) Circuit Breaker Reimbursement per DESE: as of 9/19/18

- (1) FY 19 Initial Circuit Breaker Reimbursement per DESE: \$1,769,814;
- (2) FY 19 Budget Offset projection: \$1,688,705;
- (3) New Funds Available \$81,109 to partially replace contingency reserve account reduction of \$119,781.
- (4) Any additional funds from Circuit Breaker for FY 19 will also be used to replace this budget reduction.

June 30 2018, Balance as of July 12, 2018

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANFRS/ ADJSMTS	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	% USED
<b>51 SALARIES</b>	\$ 92,865,697	\$ 142,173	\$ 93,007,870	\$ 93,915,325	\$ 274,527	\$ (1,181,982)	101.27%
<b>52 OUTSIDE SERVICES</b>	\$ 7,764,543	\$ 203,542	\$ 7,968,085	\$ 7,266,418	\$ 206,959	\$ 494,708	93.79%
<b>53 SUPPLIES</b>	\$ 2,052,025	\$ 27,885	\$ 2,079,910	\$ 1,875,987	\$ 98,432	\$ 105,491	94.93%
<b>55 OTHER CHARGES</b>	\$ 1,013,231	\$ (443,576)	\$ 569,655	\$ 398,760	\$ 97,220	\$ 73,675	87.07%
<b>56 UTILITIES</b>	\$ 10,350	\$ 1,600	\$ 11,950	\$ 6,223		\$ 5,727	52.08%
<b>5A BUDGETTED CAPITAL</b>	\$ 1,005,066	\$ 115,807	\$ 1,120,873	\$ 1,074,054	\$ 28,083	\$ 18,736	98.33%
<b>Grand Total</b>	\$ 104,710,912	\$ 47,431	\$ 104,758,343	\$ 104,536,767	\$ 705,221	\$ (483,645)	100.46%

The original deficit reported on July 12, in the amount of \$483,645 was reduced to \$475,519.25 with closing entries. It was reduced again by \$47,396 for FY2018 to \$428,123.25 for displaced students from Puerto Rico. DESE guidance is forthcoming on how to book this when we have closed books. The federal requirement is that the funds are for FY 18 expenses only. We cannot use these funds for FY19 or for any other use. As of the date of the memorandum, funds have not been received. The district is awaiting draw down instructions from the DESE.