
Acton-Boxborough Regional School District

FY15 Budget Financial Landscape
February 1, 2014

Q. Have the “Million Dollar” savings that
were projected last spring from
regionalization savings been included in
the new FY15 Budget?

A. Yes
\$416k in Staff Savings;
\$550k in new Regional Transportation
Revenue

ABRSD FY' 15 Operating Budget

\$416k Regionalization Staff Savings

Superintendent Salary Cut	(\$164,625)
Business Manager Salary Cut	(\$92,244)
Business Office Secretary Salary Cut	(\$22,846)
Sped Secretary Salary Cut	(\$22,845)
Contracted Services Cut	(\$35,000)
Assistant Principal Cut (.5 FTE)	
& Principal Addition – Reduction & Increase, net:	\$61,453
Clerk/Receptionist Cut	(\$36,424)
Tech Support Salaries - Data Entry Position Cut	(\$25,000)
Teacher – Art	\$7,872
Teacher - Phys Ed Cut	(\$47,623)
Cafeteria Manager Cut	(\$39,172)
	(\$416,454)

3

ABRSD FY' 15 Operating Budget

\$550k New Regional Transportation Revenue

FY14 Regional Transportation	\$746,205
FY15 Regional Transportation	<u>\$1,296,794</u>
FY14 to FY15 Increase?	\$550,589
Staff Regionalization Savings?	<u>\$416,464</u>
TOTAL	\$967,051

4

ABRSD FY'15 Operating Budget

The vote to regionalize from Prek to Grade 12 last June requires that a new budget be produced.

During this transitional year, the normal budget-to-budget comparison we are used to does not easily comply from an “apples to apples” standpoint.

Here are several ways to compare this year's budget.

5

ABRSD FY'15 Preliminary Budget (in thousands)

	AB
FY'14 Final (Constructed)	\$75,326
FY'15 Preliminary Budget	\$77,068
\$ Change from Final FY'14	\$1,742
% Change from Final FY'14	2.31%

ABRSD FY'15 Operating Budget

FY14 "Final" to FY15 Preliminary % Increase:
2.31%

FY14 "Adjusted/Lowered"
(i.e. \$1,089,570 in Regional Transportation taken out)
to FY15 Preliminary
% Increase:
3.81%

7

ABRSD Preliminary Budget FY'15 Estimate

FY'14 Final to FY'15 Requested % Increase:

ABRSD Level Service Budget	2.12%
CASE Tuition Assessment Proposed	.73%
OPEB Trust Fund Increase	.17%
Staff Realignment Requests	<u>.76%</u>
 FY'15 ABRSD Preliminary Budget	 3.81%

ABRSD FY'15 Operating Budget

Another Way To Look At It-The ALG Format

	Acton FY14	Acton FY15
FY14 APS	\$26,960	\$0
FY14 Acton AB	<u>\$32,407</u>	<u>\$62,112</u>
FY14 Total Assessments	\$59,367	\$62,112
	\$2,745 million increase	
	4.6% Increase	

9

ABRSD FY'15 Operating Budget

Another Way: The Appendix A Shift
Using The New Regional Agreement

10

ABRSD FY'15 Operating Budget

When appropriated, the FY14 base was actually in five different places-budgets & regional assessments

Then, the decision to accelerate regional transportation expenses in FY14 changed things again-ABRSD budget was increased by \$1million-paid for from APS & Blanchard

Can we put the pieces together
to create an "FY14 Base" in a way that makes
the FY14 to FY15 comparison make sense?

11

FY14 to FY15 Comparison: Budgets & Assessments?

	Acton FY14	Boxborough FY14
School Expenses in Town Budgets (EST)	\$300,000	\$1,034,000
Elementary Budgets	\$26,960,725	\$5,798,321
ABRSD Assessments	\$26,459,873	\$5,822,527
Transp. Adjustment	<u>(\$889,198)</u>	<u>(\$200,372)</u>
FY14 TOTAL	\$52,831,400	\$12,454,476

12

ABRSD FY'15 Operating Budget

	Acton FY15	Boxborough FY15
FY14 TOTAL	\$52,831,400	\$12,454,476
FY15 Actual (Pre-Shift)	<u>\$51,727,216</u>	<u>\$ 9,821,802</u>
FY14 to FY15 Variance	(\$1,104,184)	(\$ 2,632,674)
 FY15 Actual (Post-Shift)	 \$50,732,251	 \$10,816,767
FY14 to FY15 Variance	(\$ 2,099,149)	(\$ 1,637,709)

13

Current Unaddressed Non-Personnel Needs

“Things Below The Line”

14

Non-Level Service FY' 15 Highlighted Budget Requests –
ABRSD Small Capital & Technology Needs
not included in budget

	<u>Total Cost</u>
Blanchard School Math Program	\$60,000
Conant Stone Area Removal	\$10,000
Increase Learning Materials Line Item	\$22,800
Douglas School Art Room Smart Board	\$4,000
Increase Elementary Schools Supply Accounts	\$60,000
High School Sidewalk Repair	\$50,000
Gates Gambrel Shed Purchase	\$5,000
Musical Instrument Purchase Backlog	\$15,000

15

Non-Level Service FY' 15 Highlighted Budget Requests –
ABRSD Small Capital & Technology Needs
not included in budget

	<u>Total Cost</u>
Gates Smart Board Music Room	\$4,000
Conant Main Front Office Refurbishment	\$10,000
Increase JH Textbook Purchase Line Item	\$7,000
High School Language Lab Software	\$24,644
SPED Technology: Desktops, Chromebooks, Ipads	\$15,940
High School Lower Gym Bleachers Repairs	\$10,000

16

Non-Level Service FY' 15 Highlighted Budget Requests –
ABRSD Small Capital & Technology Needs
not included in budget

	<u>Total Cost</u>
Blanchard School Window Replacement	\$180,000
Blanchard School Suppression Chamber Waterproofing	\$25,000
Blanchard School Driveway Repair	\$10,000
Blanchard School Parking Lot	\$80,000
Blanchard School Driveway & Lot	\$20,000
Blanchard School HVAC/Pneumatic Offices	\$16,000

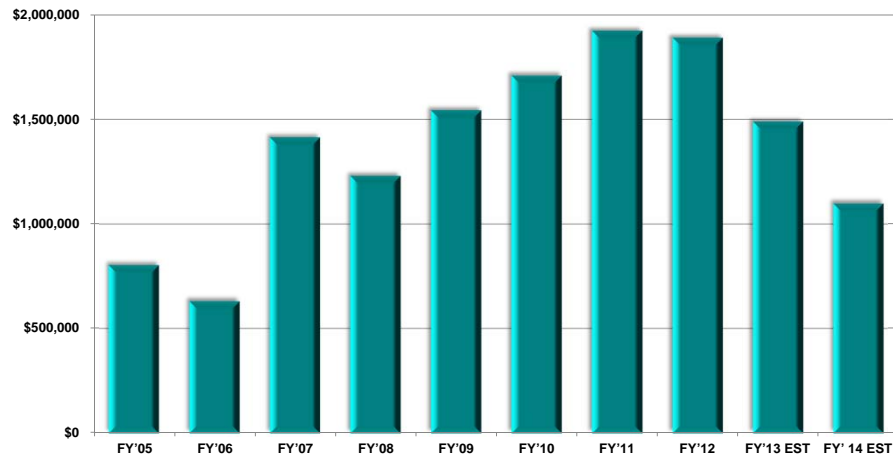
17

Reserves Replenishment

Q: What is the status of our ABRSD reserves?

A. ABRSD's "E & D" reserves remain in very solid shape compared to historical levels - but are starting to erode.

ABRSD Excess/Deficiency Balance: Where will we be in the fall?



19

Reserves Replenishment

Both school systems have benefited from the use of reserves to help support education. Because of that support, the replenishment of reserves is a pro-education decision.

Even after year end spending was authorized, unspent funds were returned to fund balance:

	APS	ABRSD
FY'11	\$498k	\$660k
FY'12	\$360k	\$269k
FY'13	\$190k	\$237k

Reserves Replenishment

Bond Rating Agencies Look Closely At
Both Towns & the new expanded Region:

E & D Reserve Balance
Use vs. Replenishment of Reserves
OPEB Trust Establishment
OPEB Balance
Capital Investment Plan

Will become important when the Region issues or
refinances debt

Certified Free Cash (Per DOR Website)

FY	Acton	Boxborough
For FY'04	\$2,399,422	\$341,275
For FY'05	\$85,425	\$606,940
For FY'06	\$337,451	\$883,359
For FY'07	\$2,199,776	\$874,207
For FY'08	\$1,908,941	\$735,931
For FY'09	\$2,454,644	\$597,752
For FY'10	\$2,333,592	\$867,606
For FY'11	\$4,650,574	\$982,421
For FY'12	\$5,933,591	\$1,259,439
For FY'13	\$7,080,410	\$1,087,863
For FY'14	\$7,406,552	\$1,428,917

Reserves Replenishment

Updating Bookmark:

When we close the FY14 books in July, it will be the last time APS unused budget allocation will flow into the Town of Acton “free cash” calculation;

Next year: everything from the expanded ABRSD will flow into the “E & D”

Proposition 2 ½ Tax Levy Status

Proposition 2 ½ Tax Levy Not Utilized

Both towns have chosen not to utilize the full tax levy as allowed under Proposition 2 1/2

This unused capacity has not been used for additional spending or directed towards OPEB liabilities

This has been done to provide tax relief for our stakeholders in both towns

Property Tax Levy Not Utilized (per DOR Website)

FY	Acton	Boxborough
FY'03	\$8,112	\$113,978
FY'04	\$31,433	\$13,867
FY'05	\$22,284	\$332
FY'06	\$13,268	\$31,885
FY'07	\$10,659	\$1,337
FY'08	\$581,710	\$1,153
FY'09	\$32,985	\$188
FY'10	\$27,798	\$4,795
FY'11	\$293,210	\$3,934
FY'12	\$519,781	\$74,693
FY'13	\$15,623	\$666,455
FY'14	\$441,410	\$1,266,773
TOTAL	\$1,998,273	\$2,179,390

Reality Checks

REALITY CHECK:

Local receipts revenue categories in both towns are slowly beginning to heal and return to pre-recession levels.

However, Unrestricted Government Aid remains well below pre-recession levels in both towns-it was reduced and has not substantially improved.

Total Unrestricted Government Aid (Boxborough)

FY'09 \$313k

FY'15 \$218K (Gov's H1)

Total Unrestricted Government Aid (Acton)

FY'08 \$1,711,261

FY'15 \$1,211,122 (Gov's H1)

REALITY CHECK:

Town and school leaders understand that due to declining enrollment, and other highly technical calculations, post-2007 reform Chapter 70 revenue hit a peak in FY'09 and has been relatively flat since then, *adjusted by enrollment and inflation.*

Barring another reform of the Chapter 70 formula, revenue growth will remain relatively modest compared to FY'07 to FY'09.

History of Chapter 70



Note – FY06 through FY14 = total Chapter 70 of ABRSD, APS, and Boxborough. FY15 = reflects Gov's proposed FY15 Budget.

ABRSD Next Round of Challenges

The current delicate balance:

How does the OPEB liability affect our future choices?

ABRSD Next Round of Challenges

OPEB Liability

We have been meeting the “current” liability for the health insurance costs for our retirees through a “pay-as-we-go” allocation within the (formerly two, now, one) operating budget.

Our future OPEB liability, begun long ago, selectively ignored by most for decades, began to be addressed in a small measure in FY'13.

ABRSD Next Round of Challenges

ABRSD OPEB Trust Fund Contribution:

FY'13: \$236k FY'14: \$376k FY'15: \$506k

Acton Municipal OPEB Trust Fund Contribution:

FY'13: \$310k FY'14: \$432k

Boxborough Municipal OPEB Trust Fund Contribution:

FY'13: \$75k FY'14: \$100k

ABRSD Next Round of Challenges

By appropriating funds into the OPEB ABRSD trust

Future school committees will use those trust funds
to help reduce the retiree health insurance liability
in future years

Current struggle: long term future liability vs.
current student needs vs. taxpayer relief

Next Round of Challenges

ABRSD Next Round of Challenges

1. Flattening Chapter 70 revenue
2. Lottery Aid revenue-will it stay flat?
 2. E & D use concerns
3. OPEB Contributions Increasing

All will put pressure on the tax levy in both towns to support future ABRSD budgets

ABRSD Next Round of Challenges

Both Boxborough and Acton have:

Maintained core services;
Made strategic investments in their schools;
Maintained reserves;
Not utilized \$4 million of tax levy as allowed under
Proposition 2 ½ from FY03 to FY14;
Started To Address OPEB Liability;
And steered through the most challenging
financial times since the early 1990s.

ABRSD Next Round of Challenges

**Our next challenge is to find the correct balance
for the post “Great Recession” world.**

How this is accomplished will reflect the values
of both towns.

FY'15 ABRSD Budget Overview

Thank you for this opportunity.

I will be happy to answer any questions.

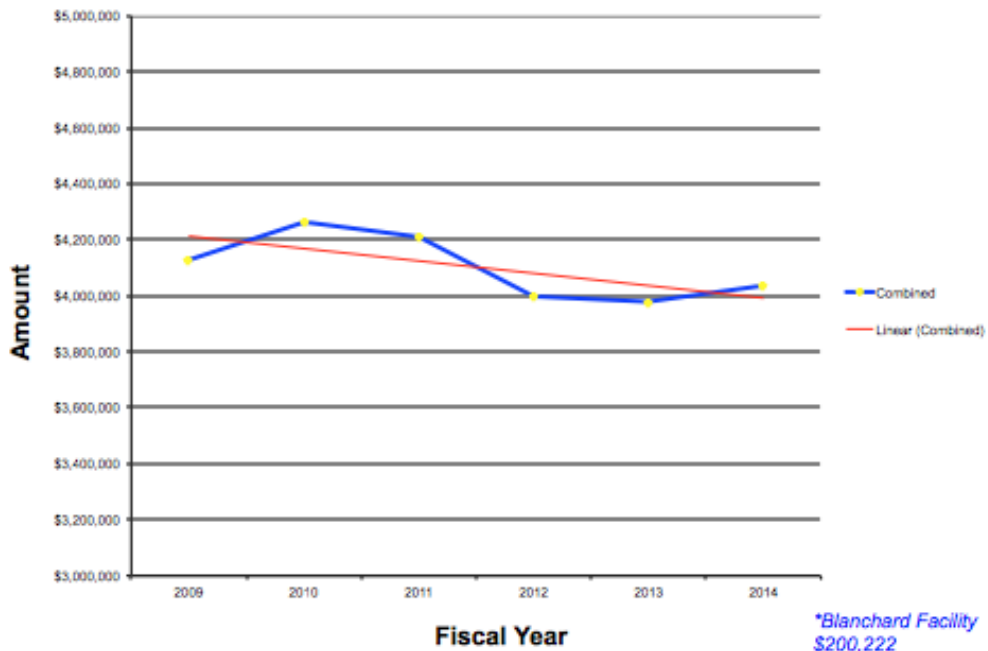
Facilities and Transportation

JD Head
Director, Facilities and Transportation
1:25 to 1:40

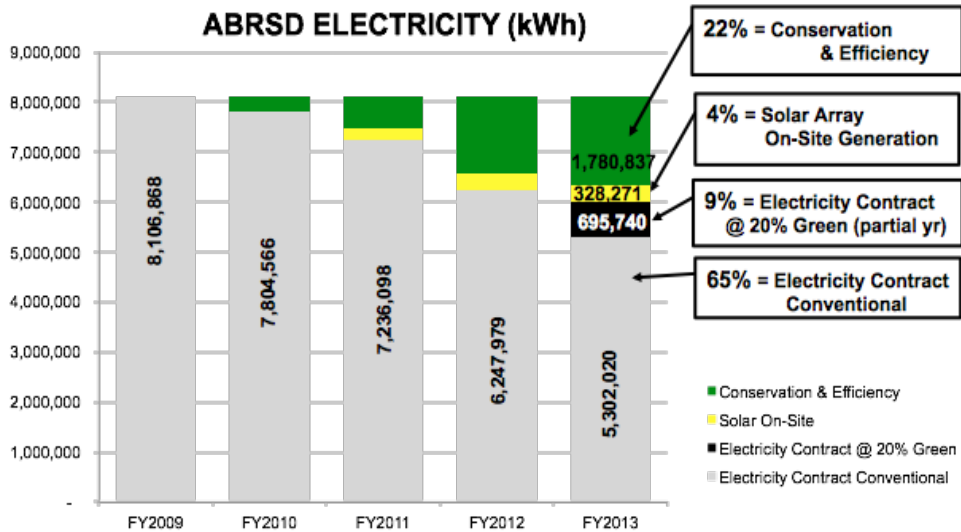
Goals

- First PreK – 12 Region Facilities Budget
 - Quick Energy snapshot and Green Communities Update
 - Capital Planning FY '15 and beyond
 - Discussion
-

Annual Facility and Transportation Budget Request

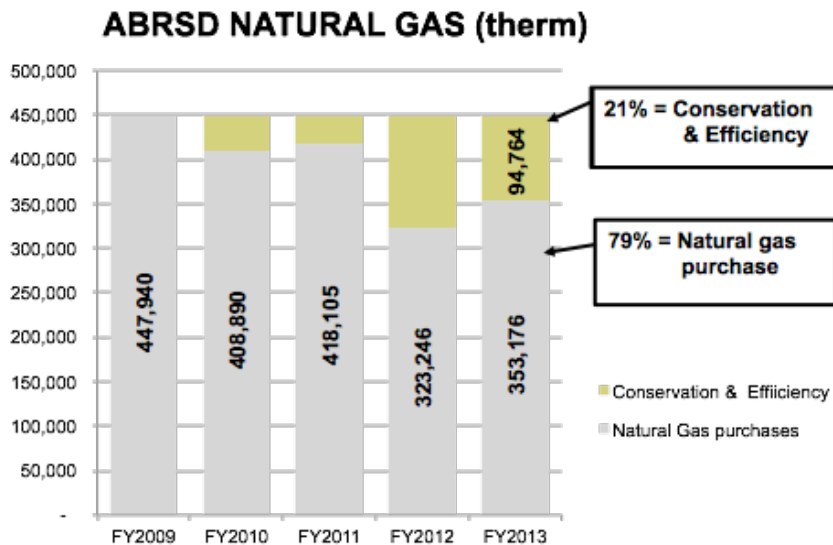


Utilities Electric



*First 5 months of FY '14 show a 4.8% drop from FY '13

Utilities Gas



*First 5 months of FY '14 show a 18.8% drop from FY '13 mainly due to mechanical projects, operational changes, and weatherization

Green Communities Update

- Commitment to the Commonwealth was a 20% reduction within 5 years
- As of the end of FY '13 Schools' have reduced 19%
- Acton's footprint Town and Schools is down only 14%
- Future grant funding would be in jeopardy if goal is not reached
- Over 5 year period Acton, Town and Schools, have received over \$250,000 in funding to support footprint reduction projects
- Goal could be reached if, Schools cut 10.1% in FY '14 and Town gets back to original benchmark

HS EPA Facilities Summary

Performance Metrics	Evaluation Periods		Comparisons		
	Current (12/2012)	Baseline (6/30/2009)	Rating of 75 ★	National Median	Reductions from baseline
Energy Performance Rating	91	62	75	50	n/a
Energy Intensity					
Site (kBtu/ft2)	56	74	72	92	18
Source (kBtu/ft2)	108	156	140	178	48
Energy Cost					
\$/year	\$590,027	\$940,293	\$767,279	\$972,819	\$350,266
\$/ft2/year	\$1.53	\$2.44	\$1.99	\$2.52	\$0.91

New Capital Line

- \$155,200 transferred from utility savings to “District” capital line item.
- Allows the district to be more proactive and less reactive
- Essentially used the 150K this year in funding district share of track improvements
- For FY ‘15 would suggest starting to phase in Campus Master Plan unless higher priority emerges
- Would also look for some consulting assistance in folding together sub-category priorities into district priority list

Capital Planning Guidelines

- Continue to reduce large operational costs centers to address Capital needs
 - An attempt to assist the process in becoming more objective
 - Assigning numeric values in specific areas will allow for more data driven analysis and should make the process more clear to our constituents
 - As a district we have benefited greatly from allowing ourselves to be fluid in decision making and acting on opportunities when they have become available
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Discussion Period

Facilities/Capital Plan
Discussion and Dialogue
(20 minutes)



Closing Comments & Reflections

Dr. Stephen Mills