

Acton Public and Acton-Boxborough  
Regional School Districts  
FY13 Budget Presentation  
January 28, 2012

Superintendent's Introduction  
Dr. Stephen Mills

# Introduction

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The Public School Budget must be:

- a) A Statement of Values
- b) The Product of Teamwork
- c) Transparent

# Introduction

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1. Long-Range Strategic Plan
2. Investment Budget
3. Sound Financial Management

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Financial Overview  
Donald Aicardi

# FY' 13 Preliminary Budget

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What is the appropriate amount of reserves that is prudent for use in this year's budget?

What is the current status of our reserves?

# Review of Total Reserves (Includes ABRSD E & D)

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Beginning Balance of Reserves  
Entering FY'12: \$8.3m

**ESTIMATED:** Beginning Balance of  
Reserves Entering FY'13\*: \$9.7m

\*DOR certified Free Cash, Friday, December 2,  
2011; E&D by February, 2012

# Review of ABRSD Reserves

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Beginning Balance of ABRSD E & D at Beginning  
of FY'12 Budget Season: **\$1.7m**

**ESTIMATED:** Beginning Balance of ABRSD E & D  
Entering FY'13 Budget Season: **\$1.9m\***

**\*DOR to certify E&D by February, 2012**

# FY' 13 Preliminary Budget

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Whatever we use for reserves, what is our comfort level with the replenishment rate?



# Review of Reserves FY'11 to FY'12

The replenishment of reserves is a pro-education decision:

1. FY'11 Close - APS Turned Back \$498k
2. FY'11 Close - ABRSD Turned Back \$841k
3. ABRSD Approved Revised Table 6 that:

\*Lowered Use of E & D from \$502k to \$314k by Using Higher than Budgeted State Aid *AND*

\*Ensured \$313k (over 5% cap) will flow back to Acton & Boxborough by the end of FY'12 (for availability for FY'14)

# Review of Reserves FY' 11 to FY' 12

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## The complexity of replenishment:

Last spring's ALG plan assumed **\$250k** in reserve replenishment from the Town of Acton at FY11 year end.

The actual replenishment from the Town of Acton at FY11 year end was **\$2.7m**.

# FY' 13 Preliminary Budget

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What is the amount above level service that we are willing to support this year - how much of the FY'13 Investment Budget should be approved?

# ABRSD FY'13 Preliminary Budget (in thousands)

|                            | <b>AB</b> |
|----------------------------|-----------|
| FY'12 Final                | \$38,502  |
| FY'13 Preliminary Budget   | \$39,915  |
| \$ Change from Final FY'12 | \$1,412   |
| % Change from Final FY'12  | 3.67%     |

# ABRSD Preliminary Budget FY'13 Estimate

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|                                   |             |
|-----------------------------------|-------------|
| ABRSD Level Service Budget        | 2.03%       |
| Lower Fields Construction         | .72%        |
| Investment Budget Recommendations | <u>.92%</u> |
| <br>                              |             |
| FY'13 ABRSD Preliminary Budget    | 3.67%       |

# ABRSD Preliminary Budget FY'13 Estimate

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|                                      |              |
|--------------------------------------|--------------|
| FY10 to FY11 Annual increase?        | 3.72%        |
| FY11 to FY12 Annual increase?        | 0.72%        |
| <b>FY12 to FY13 Annual increase?</b> | <b>3.67%</b> |

# APS FY'13 Preliminary Budget (in thousands)

|                            | <b>APS</b> |
|----------------------------|------------|
| FY'12 Final                | \$26,113   |
| FY'13 Preliminary Budget   | \$27,266   |
| \$ Change from Final FY'12 | \$1.152    |
| % Change from Final FY'12  | 4.41%      |

# APS Preliminary Budget FY'13 Estimate

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|                                   |              |
|-----------------------------------|--------------|
| APS Level Service Budget          | 2.56%        |
| Investment Budget Recommendations | <u>1.85%</u> |
| FY'13 APS Preliminary Budget      | 4.41%        |



# APS Preliminary Budget FY'13 Estimate

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|                                      |              |
|--------------------------------------|--------------|
| FY10 to FY11 Annual increase?        | 0.61%        |
| FY11 to FY12 Annual increase?        | 0.78%        |
| <b>FY12 to FY13 Annual increase?</b> | <b>4.41%</b> |

# FY'13 APS & ABRSD Budget Overview

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Financially knowledgeable people in the two towns are very concerned about the **sustainability** of an investment budget.

# FY'13 APS & ABRSD Budget Overview

By living within Prop. 2 ½ revenue, by using available federal grants, and using reserves, services have not been severely eroded and the school systems remains strong.

# FY'13 APS & ABRSD Budget Overview

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We believe that the reserve levels, which have been carefully monitored, will allow for a modest amount of investment budget spending for the next several years.

As the economy improves, local receipts and several state aid accounts should improve over the next several years which could allow unrestricted state aid to increase back to pre-recession levels.

# FY'13 APS & ABRSD Budget Overview

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## Total Unrestricted Government Aid (Boxborough)

FY09 \$313k

FY12 \$197k

## Investment Income (Boxborough)

FY08 \$162k

FY12 \$8.5k

# FY'13 APS & ABRSD Budget Overview

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## Total Unrestricted Government Aid (Acton)

FY09 \$1.74m

FY13 \$1.09m

## Investment Income (Acton)

FY08 \$723k

FY13 \$170k

# FY'13 APS & ABRSD Budget Overview

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A delicate balance between declining use of reserves, improving local receipts, unrestricted state aid and eventually, new casino aid that will eventually flow to municipalities, will have to be struck in the next several years.

# APS/ABRSD FY'13 Operating Budget

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Even though we are optimistic for a improving revenue picture, in order to maintain our current level of service, we must continue our annual thorough, thoughtful review of budgets.



# APS/ABRSD Next Round of Challenges

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Next Round of Collective Bargaining agreements will be key-**“total compensation”**

Positions, when become vacant, should reevaluated

Vacancy Factor assumptions will be refined but will still continue

Utility expenses, from lower usage, will need to continue to decrease

# APS/ABRSD Next Round of Challenges

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We will continue with the scrutiny of non-classroom expenses in order to direct resources towards the classroom

ABRSD's E & D positive balance must be maintained at a prudent level.

# APS/ABRSD Next Round of Challenges

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All employees, administrators, and both School Committee(s) will continue to work towards successfully managing all aspects of health care costs- in concert with the health insurance trustees- as we try to keep increases as modest as possible. All of us are collectively grappling with this national issue.

# APS/ABRSD Next Round of Challenges

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The projected student population decreases in both school districts will have Chapter 70 funding ramifications and staffing will likely be shifted from one area to new areas of need

Ongoing, outside funding resources will have to be intelligently integrated

Efficiency: thoughtful examination of budgets will need to be heightened and will continue

Expectations of all of our stakeholders will have to be more measured in terms of future investment budgets

# APS/ABRSD Next Round of Challenges

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## OPEB Liability

This commitment, for both demographic and policy reasons, has been growing for municipalities for some time.

Our OPEB “Long-term” Liability Will Compete Against Our “Short-term” Future Needs

Solution: Due to its size across Massachusetts, will likely be addressed on the revenue and policy end

Delicate dance between operating budgets, HIT and OPEB trusts

# FY'13 APS & ABRSD Budget Overview

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We will be happy to answer any questions.