



THE PUBLIC SCHOOLS OF BROOKLINE
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 FOR ADMINISTRATION AND FINANCE

TO: School Committee
 Andrew Bott, Superintendent

FROM: Mary Ellen N. Dunn, Deputy Superintendent for Admin and Finance

CC: Town Finance Offices
 School Department Budget Managers
 Claudia Dell'Anno, Director of BACE

DATE: July 12, 2018

RE: FY 2018 Fiscal Year Close and Impact on FY 19

The Public Schools of Brookline budget ended in net deficit of \$483,046 or -0.5%. The Personnel lines were in net deficit of \$1,331,982. The Expense accounts ended with a net balance of \$698,936. The projected \$2m structural deficit is beginning to show its presence and must be addressed.

FY 2018 Operating Budget Balance
 {prior to closing entries}

		Original Appropriation	Department Relocations	Revised Budget	YTD Expended	Encumbrances	Balance
51	Personnel	\$ 92,865,697	\$ 142,173	\$ 93,007,870	\$ 94,065,325	\$ 274,527	\$ (1,331,982)
52	Services	\$ 7,764,543	\$ 203,542	\$ 7,968,085	\$ 7,266,418	\$ 206,959	\$ 494,708
53	Supplies	\$ 2,052,025	\$ 27,885	\$ 2,079,910	\$ 1,875,987	\$ 98,432	\$ 105,490
55	Other Charges	\$ 1,013,231	\$ (443,576)	\$ 569,655	\$ 398,160	\$ 97,220	\$ 74,275
56	Utilities	\$ 10,350	\$ 1,600	\$ 11,950	\$ 6,223	\$ -	\$ 5,727
5A	Capital	\$ 1,005,066	\$ 115,807	\$ 1,120,873	\$ 1,074,054	\$ 28,083	\$ 18,736
		\$ 104,710,912	\$ 47,431	\$ 104,758,343	\$ 104,686,168	\$ 705,221	\$ (633,046)
	BACE Assesment				\$ 150,000		\$ 150,000
	Fund Balance Used 342988-510151				\$ (118,519)	\$ (364,527)	\$ (483,046)
							-0.5%

Impact of Balancing the FY 18 Budget

The Town General Ledgers cannot close with a deficit fund balance. After reviewing all grant and revolving fund ledgers for transactions that were possibly miss coded to the operating budget, and assessing the already programed indirect costs, the operating budget continued to be in deficit. The budget was balanced using the fund balance of the Brookline Adult and Community Education program which was approximately \$1.4m at year end close.

The deficit was partially offset by unexpended expense accounts of \$698,936 and the fund balance of Brookline Adult and Community Education \$483,046. The result of this balancing requires the district

as a point of equity, to replace the funds from BACE. To do so, \$483,046 in BACE payroll will be charged to the school district's operating budget until the \$483,046 is replaced.

The Net Cause of the Final Net Deficit

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 21st 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.

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. Identify deficit early
 - a. Known as of July 12, 2018
 - i. Identify Cost reductions to replace BACE Fund Balance \$ (483,046)
 - ii. Identify Cost reductions to offset "Other Revenue" \$ (358,680)
 - iii. Anticipate Special Revenue Fund shortfalls \$ (125,000)
 - b. Monitor pre- programmed budget amount for Salary Savings \$ (800,000)
 - c. Unknown as of July 12,2018
 - i. Monitor FY 19 Special Revenue Funds balances
 - ii. Monitor all salary/personnel accounts fully funded
 - iii. Monitor and know status of
 1. Special Education Tuition and Contracted Services
 2. Special Education Transportation

\$ (1,766,726)

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.