

# FY11 ASSESSMENT TO THE TOWNS

LINCOLN-SADBURY REGIONAL SCHOOL DISTRICT

Adapted from Presentations to the School Committee and to the  
Lincoln and Sudbury Finance Committees

January 29, 2010



# WHAT IS THE ASSESSMENT?

The Assessment is the amount each Town (Lincoln and Sudbury) is charged for its share of the total cost of L-S. The Assessment is not just the Budget. The Assessment has 3 components:

1.The School Budget

2.Revenues from the State and Other Sources

(Chapter 70, Regional Transportation, District Receipts, Reapportionment, ARRA Federal Funds)

3.Debt Service

(Principal and Interest for funds borrowed for the school construction)



## WHAT IS THE ASSESSMENT?

Each component – the Budget, Revenues, and Debt Service - is apportioned (i.e., allocated) to each Town based on the ratio of students from each Town using a 3-year rolling average.

In FY'11 the Apportionment ratio shifts .15% to Lincoln (i.e., Lincoln's share of the cost of L-S is slightly higher in FY'11 than in FY'10 and Sudbury's share is slightly lower)



## COMPONENTS: SCHOOL BUDGET

The School Budget is the total operating cost of running the high school. This consists of salaries, expenses, services, equipment, utilities, employee benefits, pension costs, and other insurance, minus the direct offsets from the various fees collected and from Circuit Breaker reimbursement.

In FY'11, the School Budget would be \$23,700,560 under the 0% No Override scenario and \$24,767,085 under the 4.5% Fixed Growth Override scenario.



# COMPONENTS: REVENUES

There are revenues that L-S receives, in addition to the fees it collects, that help reduce the cost of the high school for Lincoln and Sudbury.

## Estimated Receipts

These have included Medicaid reimbursement from the federal government for services to students who qualify for Medicaid, an overhead allocation from the Food Services Program, Transcript Fees charged for transcript copies in excess of three, Gate Receipts at athletic events, and an overhead allocation for the Pre-School Program

In FY'11 Estimated Receipts have been lowered to reflect anticipated lower Medicaid reimbursement, the status of the Pre-School Program, and the potential shift of Gate Receipts to be a direct offset to the operating budget (similar to the athletic fees).



# COMPONENTS: REVENUES

## Chapter 70 State Aid

All cities and towns in Massachusetts receive Chapter 70 educational funding for their school systems. For example, the Town of Lincoln receives Chapter 70 funding for its Pre-K through Grade 8 schools and the Town of Sudbury receives Chapter 70 funding for the Sudbury Public Schools' Pre-K through Grade 8 system. Regional school districts receive Chapter 70 funding directly from the State since the regional school district serves students from more than one city or town.

In FY'09 and FY'10 the State could not meet its Chapter 70 commitment to cities, towns and regional school districts and made up the difference with federal American Recovery and Reinvestment Act (ARRA) funds. Given the State's projected deficit in FY'11, the Chapter 70 amount is estimated at 10% less than the FY'10 Chapter 70 amount (excluding the ARRA supplement).



# CHAPTER 70 REVENUE HISTORY

	FY'08	FY'09	FY'10	FY'11
Chapter 70	\$2,197,525	\$2,374,621	\$2,661,548	\$2,471,805
Chapter 70 Adjustment		\$ 147,629		(\$247,181) (10% reduction)
Budgeted Chapter 70	\$2,197,525	\$2,522,250	\$2,661,548	\$2,224,624
Chapter 70 Reduction		(\$265,251)	(\$189,743)	
Revised Chapter 70	\$2,197,525	\$2,256,999	\$2,471,805	\$2,224,624
<b>Add: ARRA Funds</b>	<b>\$0</b>	<b>\$265,251</b>	<b>\$189,743</b>	<b>\$0</b>
Total Chapter 70	\$2,197,525	\$2,522,250	\$2,661,548	\$2,224,624
Actual Chapter 70	\$2,374,621	\$2,522,250	\$2,471,805	Not available
<b>Chapter 70 in Excess of Budget</b>	<b>\$177,096</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	



# COMPONENTS: REVENUES

## Regional School Transportation Reimbursement

The State provides partial reimbursement to regional school districts for the cost of transporting students who live more than 1.5 miles from school.

The reimbursement percentage has decreased from 90.76% in FY'07 to 56% (projected) in FY'10.

For FY'11 the reimbursement is currently estimated at \$131,714 based on initial information that the reimbursement percentage was going to be reduced even further during FY'10. However, this revenue projection may increase as new information about State Aid becomes available.



# REGIONAL TRANSPORTATION HISTORY

	FY'08	FY'09	FY'10	FY'11
<b>Budgeted Regional Transportation Reimb.</b>	\$266,233	\$334,790	\$192,081	\$131,714
<b>District Cost to Provide Transportation</b>	\$421,025	\$427,171	\$469,242	\$483,133
<b>Actual Reimbursement</b>	\$351,697	\$358,622	\$239,215*	Not available
<b>Regional Transportation in Excess of Budget</b>	<b>\$ 85,464</b>	<b>\$23,832</b>	<b>\$47,134*</b>	

FY'10 "Actual Regional Transportation" is a projection based on information at this time



# COMPONENTS: REVENUES

## Reapportionment

This is one of the more complex revenue sources because it is comprised of funds from a budget cycle two years prior. The amount of Reapportionment is the total of unspent funds at the end of that earlier fiscal year, the unanticipated revenues, and the revenues received in excess of the budgeted amount. The Reapportionment is then allocated back to each Town based on the percentage ratio for the fiscal year in which the funds were generated.

The Reapportionment for FY'11 is based on FY'09. In FY'09 there were no Chapter 70 funds that came in beyond what was budgeted, and there was \$23,832 more in Regional Transportation Reimbursement than what was budgeted (refer to the previous slides on Chapter 70 History and Regional Transportation History).



# REAPPORTIONMENT HISTORY



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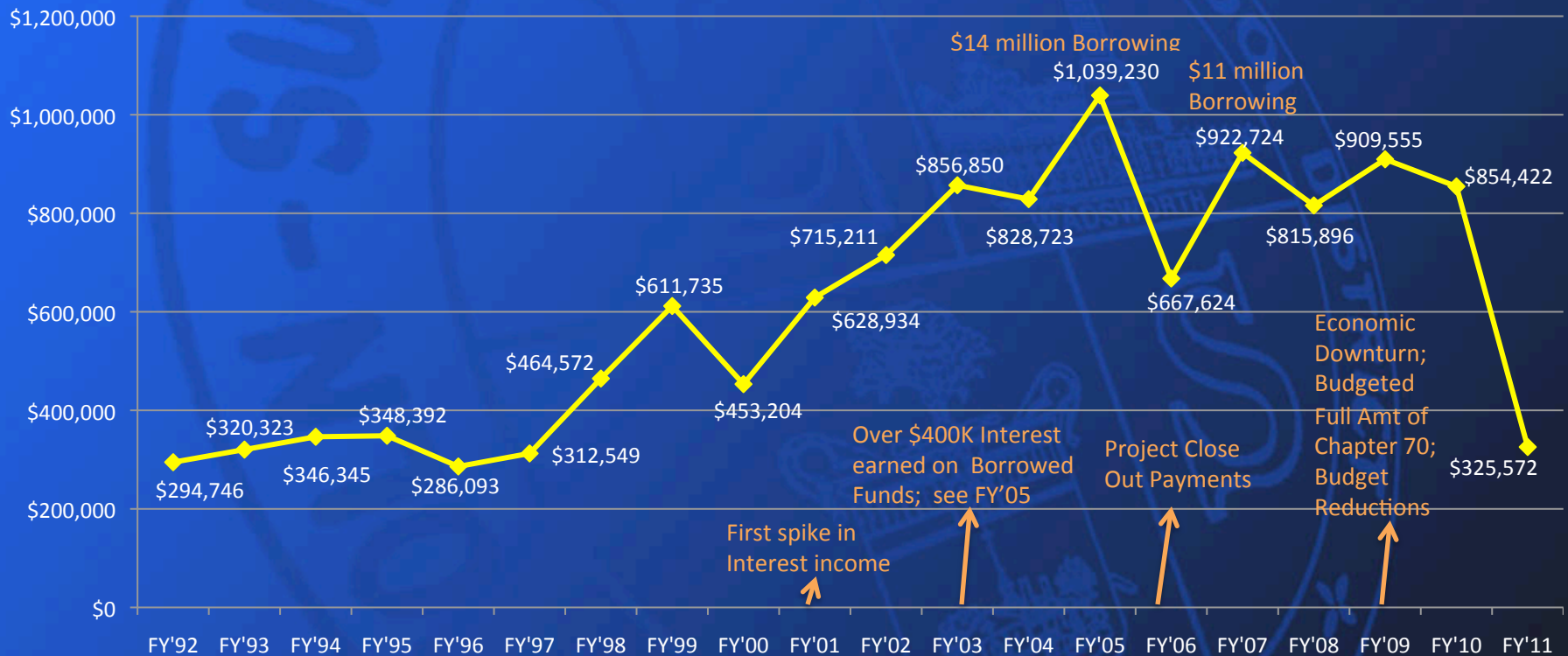
## WHY IS THERE OVER A \$500,000 DECREASE IN REAPPORTIONMENT IN FY'11?

The factors that have affected the decline in the Reapportionment include:

- The significant drop in interest rates associated with the downturn in the economy;
- The closeout of the construction project and related reduction in the borrowed funds that had generated significant interest income;
- Budgeting the Legislature's full commitment of Chapter 70 funds in FY'09;
- Mid-year budget reductions necessitated by lower than projected revenue collections in Sudbury. Reducing the school budget mid-year resulted in a lower amount of unspent funds available to reapportion back in FY'11.



# REAPPORTIONMENT HISTORY



Circumstances in any given year do not have an impact until two years later.

# REAPPORTIONMENT CATEGORIES & AMOUNTS

		FY'03 for FY'05	FY'08 for FY'10	FY'09 for FY'11
Unexpended Funds:	Operating	\$481,046.40	\$125,636.88	\$9,475.95
	Pensions & Insurance	\$96,244.00	\$219,578.10	\$179,221.08
	<i>Total</i>	<i>\$577,290.40</i>	<i>\$345,214.98</i>	<i>\$188,697.03</i>
Miscellaneous Income:	Interest	\$82,534.57	\$231,785.11	\$88,878.02
	Miscellaneous	\$5,563.70	\$839.17	\$9,744.82
	<i>Total</i>	<i>\$88,098.27</i>	<i>\$232,624.28</i>	<i>\$98,622.84</i>
State Aid:	Chapter 70		\$177,096.00	(\$265,251.00)
	Regional Transportation		\$85,464.00	\$23,832.00
	<i>Total</i>	<i>(\$27,717.00)</i>	<i>\$262,560.00</i>	<i>(\$241,419.00)</i>
Stimulus Grant	ARRA Funds	\$0.00	\$0.00	\$265,251.00
Return of Unspent Encumbered Funds			\$14,022.33	\$14,420.12
Capital Interest Applied	Interest on Borrowed Funds	\$401,559.00	\$0.00	\$0.00
<b>TOTAL REAPPORTIONMENT</b>		<b>\$1,039,230.67</b>	<b>\$854,421.59</b>	<b>\$325,571.99</b>



## COMPONENTS: DEBT SERVICE

Debt Service is the cost to pay back principal and interest on funds borrowed for a particular purpose. In the case of L-S, it was for the construction of the new school. Debt Service can be paid for as part of the budget within the Proposition 2 ½ levy limit, or it can be paid through a tax amount in addition to the 2 ½ levy limit. The taxpayers of Lincoln and Sudbury approved a Debt Exclusion Override several years ago to pay for the cost of the school construction by being taxed for the Debt Service until the principal and interest on the debt was paid off.

The principal and interest charged to each Town on the Assessment is declining as the debt is paid down. At the end of FY'10 there will be 4 years of debt service remaining on the first borrowing, 16 years on the second borrowing and 3 years remaining on the final borrowing.





Revised 01/29/2010