



Acton-Boxborough Regional School District

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Clare L. Jeannotte
Director of Finance

TO: Acton-Boxborough Regional School District School Committee
Superintendent Glenn Brand
FROM: Clare Jeannotte, Director of Finance *Clare*
RE: Recommendation for use of Excess & Deficiency (E&D) for FY'18 Budget
DATE: February 16, 2017

As you are aware, in August 2015 we had a bond rating review by Moody's which assigned a negative outlook to our debt, but affirmed our Aa2 rating. (In February, 2014 S&P upgraded the District to AAA.) This was due to recognition of draws against fund balance, creating "Limited financial flexibility due to declining reserves" and stated that "management's ability to return to structurally balanced operations and increase reserves could lead to the removal of the negative outlook". As a result, the budget building process for the FY16, 17 and 18 budgets has conservatively only utilized \$200K of reserve funds from Excess and Deficiency (E&D).

At the school committee meeting on February 2, I presented information regarding the favorable revenue outlook for FY17 of between \$500K and \$600K, as well as an overview summarizing the causes for the increases to E&D at 6/30/15 and 6/30/16. Those slides are repeated in tonight's budget presentation. The History of E&D for the District is as follows:

FY	ABRSD Budget	E&D	% of Budget
2010	\$ 36,858,436	\$ 1,545,953	4.2%
2011	\$ 38,228,410	\$ 1,714,317	4.5%
2012	\$ 38,502,351	\$ 2,238,394	5.8%
2013	\$ 39,114,804	\$ 1,892,727	4.8%
2014	\$ 41,571,900	\$ 1,510,041	3.6%
2015	\$ 76,455,123	\$ 1,072,454	1.4%
2016	\$ 79,749,882	\$ 1,950,365	2.4%
2017	\$ 83,073,204	\$ 2,738,661	3.3%

We presented a 3 year outlook last fall that recommended we approach our capital needs for this size district with increases of \$250K per year, to increase our operating budget for "true" capital from \$273K in FY16 to approximately \$1M by FY20 (\$500K FY18, 750K FY19, \$1M FY20.) As you are aware, due to the need to replace the turf in Leary Field this coming summer, we had to increase our capital budget from \$273K in FY17 to \$ 770,725, an increase of \$497,725.

In order to fund the turf replacement at Leary Field in FY18, I recommend that the committee consider utilizing an additional \$250,000 of E&D for this one-time expense, or a total of \$450,000, with a view that this is tied directly to the capital increase and not to continuing operations.

Our Mission is to prepare all students to attain their full potential as life-long learners, critical thinkers, and productive citizens of our diverse community and global society.