The Public Schools of Dover and Sherborn
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Fiscal Year 2013
Debrief with Dover Warrant, November 14, 2013

Revenue
FY13 revenues exceeded budget by $181,439
  $59,571 was additional Chapter 70
  $38,898 was additional Regional Transportation aid
  The remainder was from miscellaneous revenue sources

Miscellaneous revenue of $75,252
  $23,496 Distribution from the West Suburban Healthcare Group (WSHG) from Medicare drug subsidy reimbursement (most likely last year so this reduced Rx costs for retirees).
  $50,000 in a legal settlement for the Waste Water Treatment Facility.

The average lane change in the Teachers' Contract amounts to $1,300

The $367,869 CDC deficit was completely satisfied in FY13. There was an operating deficit of $240K, which was added to the unemployment, workers' comp, retirement, and healthcare costs amounting to approximately $127,869.

WWTF
$50K settlement that rolled into Excess and Deficiency (E&D).

We are now meeting permit requirements as set forth by the DEP, and the Operator of Record is now Weston and Sampson, Inc.

Excess & Deficiency (E&D)
The current E&D statute (GL c71 s16B1/2) was enacted in 1979.
The statute clearly states that E&D is calculated based on both operating and capital costs for the succeeding fiscal year.
E&D has existed for regional school districts spanning that 3-decade period.

Maintaining a reasonable cash reserve for unforeseen circumstances is one of the basic tenets of good financial management for any organization. It is especially true for a regional school district that does not have any independent revenue raising capacity but must rely on annual appropriations from the member towns. E&D is simply the regional district equivalent of municipal free cash.

The Region's E&D was certified at 3.69% or $789,543 of the maximum allowable 5% or $1,069,892 of our FY13 operating budget of $21,397,830.

Bond Rating
Standard and Poor's rated the Region "AAA with Stable Outlook" as determined on May 16, 2013.

Minimum Local Contribution (MLC)
In mid-July the MLC changed for almost all cities and towns from what was reported in Governor's 1 Budget This has an adverse effect on Dover's FY14 assessment to the Region and a positive impact on Sherborn's assessment to the Region to the tune of $44,216.

Correspondence to this effect was provided to Dave Ramsey in July.

Status of Appropriations/Expenses
The FY13 closing balance reflects a surplus of $484,629

Salary Surpluses
The surplus was attributable to positive variances in salaries of $244,096
This is due to 6 maternity leaves totaling $198,758 that is net of the substitute teacher costs and reflects partial year leaves, as well as some time being paid.
The remainder of $45,338 was attributable to unanticipated attrition (late retirements), secretarial changes, and two lane changes that did not occur but were budgeted.

Note: In FY12 we had an operating surplus of $604,972, comprised of $243,479 in salary and $361,493 in operating variances.

Important to note that FY14 to-date positive salary variance is only $130K due to more conservative budgeting.

Expenditure variances
The $241,031 expenditure surplus consists of four major components:

$35,952 legal services: Used to have about $55K in legal, but increased the budget line to $75K and then did not spend as much in FY13.

$23,980 regular and athletic transportation: The majority is due to fuel surcharge that was not realized. Next year is last year of transportation contract and the prior contract had no fuel surcharge.
The fuel surcharge is now about $3,100/month.
The contract did not allow for a price reduction, but we saved about $25K in reduced bus costs by moving to full-day kindergarten last year (at the elementary schools).

($8,281) Medical/Health Services: Aspen conversion and training

$114,424 Utilities: $60K in gas savings and $40K in electric savings
Contract for electricity expires 12/1/13 and will increase
Utilities will also need to be revisited for FY15 due to middle school AC
Heat with gas at the Region

Net surplus of $38,947 in Workers' Comp and Healthcare
Positive for workers' comp of $45,379 due to unrealized claims
Healthcare overage of (6,432) due to greater plan movement than anticipated. We budget for nine plan changes at a per plan change of $10K.

Custodial Services overage of ($51,589) due to security enhancements of $35K and miscellaneous overages

($18,748) LT Debt Retirement: Overestimation of interest costs