



# Shrewsbury Public Schools

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To: School Committee

Subj: SPECIAL REVENUE FUNDS HISTORICAL DATA: FY14-FY16

## **Background**

There are a multitude of Massachusetts General Laws that have authorized the establishment of specific special revenue funds.

The Massachusetts Department of Revenue defines “Special Revenues” as: *Particular revenues that are earmarked for and restricted to expenditure for specified purposes. Special revenue funds include receipts reserved for appropriation, revolving funds, grants from governmental entities and gifts from private individuals and organizations. Special revenue funds must be established by statute.*

Given the size of our district, the fiscal environment that has necessitated the implementation of many fees, and the generosity and growth of private entities to support our district, we have a large number of special revenue funds.

For example, each individual SEF Grant we receive gets its own fund to separately account for the revenue and expenditures against that grant.

The attached pages detail the last three fiscal years of revenues, expenditures, and fiscal year-end [6/30/XX] fund balances.

## **Budgeting**

The vast majority of funds received from private grants have a specified purpose upon receipt of the gift/donation. In the SEF grant example, teachers write a grant for specific purpose and if they receive an award purchase equipment or supplies to implement the program. So, it’s a “money in-money out scenario.

Some revolving funds, Preschool, Athletic Fees, for example, have specific budget plans based upon annual revenue projections. Unlike General Fund appropriations, year-end fund balances stay with the revolving at year end.

We provide a summary of this information in our annual budget [FY17, page 26], but never mix or aggregate these figures into our Annual Operating Budget [General Fund Appropriation] because Town

Meeting has no authority over these funds. They are under School Committee jurisdiction. Further, the principles of fund accounting inherently prohibit the aggregation of different types of funds.

### **Reporting**

All revenues and expenditures from these funds, along with all grants, and general fund revenues and expenditures are required to be reported annually to the Department of Elementary and Secondary Education. This is done via the End of Year Report. When MA DESE calculates its annual Per Pupil Expenditure statistics, they do include expenditures from these funds in order to provide a complete and comparable statistic.

### **Summary Notes**

In general, the revenue sources for private grants include; Shrewsbury Education Foundation grants, Corridor Nine grants, loyalty program receipts from retailers such as Target, and fundraisers to include the Road Scholars Race and The Garden Party. There is a plan in place to invest the Colonial Fund balance into upgrades of equipment for the Educational Television Studio this fall.

With respect to revolving funds, it's important to point out that the 6/3/20XX snapshot of fund balance is not a depiction of uncommitted funds. Because of the schedule of the fee-based busing program and summer school programs, for example, we collect the majority of receipts prior to June 30<sup>th</sup> have them committed to the upcoming year bus and summer school expenditures. With respect to the Facility Rental Fund, the School Committee recently committed \$65,000 to consultant/design services for the High School Turf Project.

It is not uncommon and generally good practice to carry fund balances in revolving funds into the succeeding year. Federal guidelines for Food Service operations, for example, indicate a target of 30% of annual revenues as a healthy fund balance. That said, some fund balances provide opportunity for us and we will soon be presenting a proposal to the School Committee on upgrading our video surveillance systems that would use some of these funds.

Finally, as one can see from the annual grand totals, these funds play a vital role in financing school programs and operations in Shrewsbury. Careful planning and stewardship of these funds is imperative as we move into both the FY18 budget process and Five-Year Budget Projection Plan.