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WAYLAND, MASSACHUSETTS

Susan Bottan, School Business Administrator

(508) 358-3750

susan_bottan@wayland.k12.ma.us

To: Finance Subcommittee
From: Susan Bottan, School Business Administrator
Date: December 1, 2016
RE: Special Revenue Fund Project and FY 2017 First Quarter Financial Report

In FY16 the Finance Subcommittee and School Committee authorized a new Special Revenue Fund accounting format to improve financial oversight, decision-making, and accountability of special revenue funds and allocate staff's time more efficiently.

Clifton Allen Larson was hired and Hannah York, CPA, was assigned to the project which began in the early spring of 2016. Hannah worked closely with Carla McAuliffe, the school accountant, and me and throughout the process Brian Keveny, the town finance director, was consulted. The project began by categorizing more than 54 projects that made up one special revenue fund, based on comparable accounting attributes. From there a new chart of accounts was created which resulted in the development of eight new fund categories within which all of the former projects operate. The eight fund categories are summarized below.

1. Fees: Budgeted Annually, Funds 3000 to 3015

Fifteen fee-based programs fall within this category and include programs such as WSCP, Athletics, and Transportation. Revenue and expense budgets are established and have been entered into Munis. Revenue receipts, expenditures and encumbrances are measured against budgets. Retained balances and budgeted surpluses are coded as a "fund reserve" and reported separately.

2. Fees: Revolving Accounts: Funds 3016 to 3025

Ten fee-based accounts fall within this category and include accounts such as the METCO revolving account, HS/MS maintenance fees and lost book fees. These programs are categorized as "true" revolving accounts. Funds are received for a specific purpose via fees (and donations in the case of METCO) and expended for that purpose. As a result, the funds received are the funds expended. However, using historical information, a projected budget has been published for these funds in the FY 2017 Special Revenue Budget document. Budgets have been entered into Munis.

3. Gifts: Revolving Accounts: Funds 3300 to 3309

These nine funds consist of donations and gifts. It is difficult to budget these funds since it is unknown how many donations will be received during any given period. Just as with Fee revolving accounts, the funds received are the funds expended. However, using historical information, a projected budget has been published for these funds in the FY 2017 Special Revenue Budget document.

4. Reimbursements: Revolving Accounts: Funds 3500 to 3501

The two funds that consist of this category are ERATE and Circuit Breaker Reimbursements. This year, the ERATE fund will be spent down and replaced by credits to monthly internet invoices. Circuit Breaker Reimbursements budgets are determined based on DESE calculations of prior year special education spending. The budget entered into Munis is the sum remaining to spend for ERATE and the amount DESE awarded in FY 2016.

5. Student Activity Accounts: Revolving Accounts: Funds 3600 to 3605

Student Activity Accounts have been established for each school. In addition, Theater Arts is categorized as a Student Activity. No budgets are established for SAA. Instead, each school is given a checking account threshold. All funds received exceeding the thresholds established remain in the Student Agency Accounts managed through the Treasurer's Office. For Theater Arts, all proceeds generated from ticket sales are expended on performance productions. However, using historical information, a projected budget has been published for Theater Arts in the FY 2017 Special Revenue Budget document.

6. Private Grants: Live to Date: Fund 3400

Wayland Public Schools Foundation makes up this fund category. An estimated contribution and budget for this fund is submitted to the Superintendent at the beginning of the school year. Final grants are awarded by December. The estimated budget has been entered into Munis. When the grants are awarded, the budget will be adjustment in Munis if necessary.

7. State Grants: Live to Date: Fund 3700

The FY 2017 METCO grant makes up the one state grant in this category. The budget is equal to the award and has been entered into Munis. This fund category will report prior year awards and expenditures.

8. Federal Grants: Live to Date: Funds 3800 to 3806

Five FY 2017 grants make up this fund category and include Title I, Title IIA, IDEA 94-142, SPED Program Improvement and Substance Abuse Prevention. The budget is equal to the award and has been entered into Munis. This fund category will report prior year awards and expenditures which is helpful as these funds are based on a September 1 to August 30 fiscal year.

The chart of accounts has been designed to allow growth within each category. As the school staff works with each fund we imagine some refinements will need to be made. For example, we will explore if the Lauren Dunne Astley and Gossels Family Fund for Academic Excellence should be categorized as private grants instead of Gifts. In addition, we are working with Ed Bryant, an outside consultant, to further refine a Crystal Report to download data from Munis into a more "user-friendly" quarterly report requiring minimal staff data entry.