

TO: SC Budget Subcommittee  
FROM: Don Sawyer, Business Manager  
DATE: September 14, 2007  
**RE: FY07 Budget Considerations**

While the final FY07 Budget Report will be distributed to the Committee at the School Committee School Committee Meeting on October 2<sup>nd</sup>, I offer the following considerations to the Budget Subcommittee for review:

1. While approved by the School Committee on February 14, 2007, the FY07 School Department Budget Request was not approved as written until the Spring Annual Town Meeting in May 2007.
2. During this time span, the initial request was reduced by \$909,763 after absorbing the FY07 Unit A Contract settlement costs totaling \$160,000.
3. Individual expenditure account budgets were set and upon ratification of the Union Contracts (after final budget approval), backfill adjustment efforts were made. Although the major budget accounts (i.e. teacher salaries, paraprofessional salaries, etc.) were increased according to settlement totals, these accounts received the proportionate share of the adjustments while some minor budget accounts (i.e. nurse salary, librarian salary, etc.) received not budget adjustments reflecting the contract settlements.
4. The transition to the VADAR Accounting System caused delays in the operations during the summer months and resulted in the first purchase orders issued in mid-August 2006. Subsequently, several internal audits conducted discovered errors demanding that further resources be utilized for reconciliation purposes.
5. Turnover in the Municipal Finance Office combined with the use of temporary services caused further disruptions until current Town Accountant, Justin Cole, was employed.
6. \$600K in additional SPED Out-of-District Cost was identified in the Fall of 2006. The recommendation was to attempt to absorb as much as possible, if not all, in the FY07 operating budget leaving the Spring 2007 Annual Town Meeting or June follow-up Town Meeting as a "safety net" for possible additional funding. The total costs were absorbed into the FY07 Budget without requesting additional funding.
7. In May 2007, I discovered and identified a potential process defect in the Town Finance Offices' planned end-of-year close as the VADAR system capabilities would only allow account balance roll-over at year end. Assurances were made that this was not the fact, however, in June, it was clear to all that this was indeed true. Our directive was to not process transactions after June 30<sup>th</sup> until a resolution was reached. As a result, first purchase orders for FY08 were processed and issued on July 30<sup>th</sup>.
8. While most communicated end-of-year reconciliation transactions were entered by the Town Accountant's Office, a few were not completed before the Town's end-of-year close and reporting to the Department of Revenue (8/30/07 Letter cc'd to School Committee). The failure to communicate and understand the impact on the School Department resulted in the remaining funds available balance totaling \$47,177. However, this balance does not include \$45,978 in expended fund transfers from revolving accounts. Had these transfers been posted, the remaining balance for FY07 would have totaled \$1,199. A corrective action will take place at the Fall Town Meeting and sponsored by the Town Manager with end-of-year transfers.