

MEMORANDUM

Date: October 13, 2022
To: Framingham School Committee
From: Lincoln D Lynch IV, Executive Director of Finance and Operations
Re: Fiscal Year 2021-2022(FY22) FINAL Budget Close out

We have closed out the 2021-2022 (FY22) fiscal year. Working to close out the fiscal year has been tremendously difficult due to the number of funding sources that had to be managed. The operating budget, revolving accounts, capital accounts, entitlement grants, non-entitlement grants, gifts and COVID-19-related funds had to be managed to ensure costs were charged correctly to maintain compliance which we accomplished as a team. The work between the City's CFO and Accountant and my business office staff made it a successful closeout.

The final balance of the 2021-2022 operating budget is \$0.00. After journal entries were made to get to the final available balance, the final journal entry was made to shift \$1,917,092.77 in costs from circuit breaker to the operating budget. The result of the final journal entry adheres to the Committee's vote which zeroes out the FY22 operating budget and increases the available funds in the FY22 circuit breaker account. The funds will be carried in that account to be utilized in the 2022-2023 fiscal year to cover special education tuition costs. To begin the FY23 fiscal year the balance in the FY22 circuit breaker account was \$3,816,084.95.

With the successful management of the operating budget and the circuit breaker account, the available funds will enable the District to move forward with the intended FY23 plan which was to use \$2,500,000 of the FY22 Circuit Breaker carryforward to balance the FY23 operating budget. The District will also be able to cover any unanticipated out-of-district tuition costs with the remaining funds.

The 2021-2022 fiscal year projections had a significant element of difficulty throughout the year as supply chains were strained and delivery dates were tough to decipher. Some previously projected costs in my reports did not occur due to supply chain issues which did not allow for the goods or services to be received by June 30, 2022, the end of the 2021-2022 fiscal year. Purchase orders were closed out and liquidated because we are not able to use previous year's funding for goods and services delivered in the following fiscal year which caused a slightly higher than anticipated balance. Another contributing factor to the balance was the need to move allowable costs to close out multiple grants so the District would not have to return any funds. The shifting of costs resulted in less costs charged to the FY22 operating budget. The result of the closeout process puts the District in a positive financial position as we are prepared to cover any unanticipated special education tuition costs in the current 2022-2023 fiscal year.

It is important to remember, the Department of Elementary and Secondary Education emphatically allows the carryover of Circuit Breaker to offset the following year's out-of-district tuition costs. A survey of dozens of Massachusetts communities was completed in July 2020 and the results show that most Districts follow this financial strategy and the Districts that did not, wish they were able to do so but due to financial constraints were unable to carry as much forward as hoped. Also to note, if the carry forward of Circuit Breaker funds was not planned and approved, the FY23 Operating budget would have to have been increased to avoid detrimental cuts to core services. It is also important to note that the Circuit Breaker carry forward plan is consistent with what was presented to the City Council and School Committee after budget discussions with the Mayor and City CFO during the budget process.