

**Subject: SPS financial forecasting, budgeting and tracking.
(Swampscott Public School)**

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I recommend the agenda item, “SPS financial forecasting, budgeting and tracking.” This document is my **strawman** for a discussion on this topic.

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Background

I am of the firm opinion that it is possible to dramatically reduce the disruption caused by budgetary and operational “surprises” by adopting a more aggressive and disciplined approach to financial forecasting, budgeting and tracking. The approach would require that the School Committee adopt policies that support such tasks and associated expected outcomes. Part of the proposed change is to align the time line of SPS financial forecasting, budgeting and tracking with the town time line. In conversations with the Andrew Maylor, the Town Administrator, other town officials, previous school administrators, school committee members, and from my own experience, it should be both feasible and effective to make such changes.

In its current form, this proposal is a conceptual start, and then some¹. At this stage, I would hope that it is a sufficiently complete to lead to answers to the following questions:

1. Does the proposal it capture all the additional essential components required to adequately address?
2. Is there anything extraneous in the proposal?
3. Does the proposal contain anything objectionable or inappropriate to the public interest or any town bodies?

Financial Forecasting

A financial forecast is a plan that represents an estimate of the future financial situation, based upon past trends, current financial status and the expected range of changes, into the future under consideration. The Town Charter currently requires two forecasts (although one is referred to as a “Budget Plan”².

¹ There are numerous reasons for the “early stage” nature of this proposal. Among them is the fact that, due to the obscure nature of school committee policy documentation, I was unable to find the secret, “Code Finder Index,” to which school district policy manuals are supposed to adhere.

² Swampscott Town Charter

SECTION 9-9: Annual Financial Forecast

The town administrator shall report to the board of selectmen, the finance committee, and the school committee no later than November 15 of each year and present a financial forecast for the next fiscal year detailing anticipated revenues, transfers and expenditures.

SECTION 9-10: Five-Year Budget Plan

The town administrator shall submit as supplemental information to town meeting a five-year budget plan detailing anticipated revenues and expenditures.

Although not stipulated that he do it this way, I understand that the Town Administrator, Mr. Maylor currently presents the “Five-Year Budget Plan” at the same time as the “Annual Financial Forecast”, that is by November 15th of each year. I will refer to these, jointly, as the Town of Swampscott “Financial Forecast.” I suggest that SPS follow a coordinated time line, in which the SPS “Financial Forecast” will inform the subsequent Town of Swampscott Financial Forecast, and both the Town of Swampscott Financial Forecast and SPS Financial Forecast will inform the public, in preparation for a subsequent public comment hearing on the SPS Financial Forecast.

Due to the significant change in reporting and the magnitude of changes in the SPS system this summer, it may be appropriate to modify the time line, for the first year.

Financial Budgeting

Budgeting refers to the process of preparing a financial plan for a specific fiscal year.

Financial Tracking

Financial Tracking refers to the process of comparing actual funding and expenditures to the planned (forecasted or budgeted) funding and expenses.

Proposed Policies

Attached, under separate cover, are proposed changes to SPS Policy. All changes are highlighted by appearing in *red, italicized font*.

Spreadsheet Examples

I have attached a spreadsheet (school_cost_tracking_070325b_nsb.xls), that gives examples of “informative” spreadsheets and clear and concise graphs.

In the spreadsheet, are the following examples:

Tracking the SPS budget³:

School Budget 95-04

Financial forecasts⁴:

Town-GeneralFundForecast

Town-SurplusDeficitForecast

³ I compiled this data by copying the summary page of Swampscott School budgets, which I found in the Swampscott Library.

⁴ I extracted this spreadsheet from the Town Administrator’s November 2006 Powerpoint presentation, from which I created the town deficit graph.