

OFFICE OF THE
EXECUTIVE ASSISTANT



Town of Hudson
78 Main Street
Hudson, MA 01749
Tel: 978-562-9963
Fax: 978-568-9641
tgregory@townofhudson.org

Town of Hudson MASSACHUSETTS 01749-2134

September 26, 2022

To: Select Board

From: Thomas Gregory

Re: Recommendation to Transfer Funds to the Hudson Public School FY2023 Budget

Regional school districts are allowed to maintain an excess and deficiency fund which captures at year end the surplus or deficit in the district's general fund. On or before October 31st of each year, regional school districts must submit information to the Department of Revenue to certify the balance in the fund – a process which is akin to the certification of a municipality's Free Cash. Per G.L., Ch. 71, Section 16B½, a regional school district *must use* the amount in excess of 5% of its operating budget and its budgeted capital costs for the succeeding fiscal year as a revenue source to reduce the amount to be raised through member assessments.

The certified FY2021 excess and deficiency fund for the Assabet Valley Regional Technical High School exceeded the statutory 5% cap by \$864,765, and as a result each of the member communities had their FY2023 assessments reduced in proportions corresponding to each member's student enrollment. See chart below showing assessment reductions for each member.

FY2021 Above 5% of E&D	Berlin	Hudson	Marlborough	Maynard	Northborough	Southborough	Westborough	Total
	(35,161)	(192,909)	(438,084)	(64,620)	(64,620)	(22,807)	(46,564)	(864,765)
Enrollment	37	203	461	68	68	24	49	910
Percentage	4.1%	22.3%	50.7%	7.5%	7.5%	2.6%	5.4%	100%

Hudson's share of the amount above 5% was \$192,909, and the first quarter FY2023 assessment invoice to Hudson was subsequently reduced by this amount in conformance with the statute. So that the year-to-year budget history for Assabet Valley would not be skewed by this one-time adjustment, the original FY2023 assessment to Hudson was retained in the Town's operating budget. If not otherwise adjusted at the November Special Town Meeting, the Assabet Valley

Regional Technical High School appropriation this year would result in a year-end surplus of \$192,909 which would close out to Free Cash on June 30, 2023.

After meeting with school administration officials earlier in the summer, I am recommending that these funds be transferred to the Hudson Public School FY2023 operating budget to be expended in the current fiscal year to address several one-time expenditures. I am, therefore, recommending that \$192,909 be transferred at the Special Town Meeting from the Assabet Valley Regional Technical High School's FY2023 assessment to the Hudson Public Schools FY2023 operating budget (expenses – line 58) which the school administration intends to program in the following manner:

- Investments in safety and security in school buildings which will include new exterior security cameras at several schools and new building access equipment such as door locks and door controls. Also included will be mandated upgrades to all elevators.
- New cybersecurity software which is designed to protect against cyberattacks and safely restore IT infrastructure should a cyberattack occur.
- Field-lining equipment intended to reduce labor hours to allow rapid field lining during the busy sports seasons in spring and fall.

If approved at the Special Town Meeting, the Hudson Public School's FY2023 operating budget would be revised to \$41,755,284 which would represent a 3.23% increase over the FY2022 operating budget. Additionally, I intend to make every effort to use the revised budget figure, if approved, as the basis for determining a recommended percentage increase for the FY2024 Hudson Public Schools operating budget.

I am available to answer any questions.

Cc Finance Committee
P. Fay, Finance Director – Town of Hudson
M. Rodrigues, Superintendent – Hudson Public Schools
D. Gale, Director of Finance and Operations – Hudson Public Schools
R. DiPersio, Police Chief