

To: Hampshire Regional School District Stakeholders

Re: Highlighted Critical Reporting Requirements & Status

Date: Originally presented 3.5.2025; Updated 4.16.2025 (in red);

This document is meant to accompany the [financial issues document](#), which is organized by fiscal year and helps us track the myriad issues and necessary activities to resolve those issues. Most of our time is spent doing the work to resolve the issues but we want to have something that also tracks and reports on our progress to various stakeholders, including DESE, 5 School Committees, Finance Committees, Select Boards and Town Administrators.

Many of the issues cross fiscal years. There are some activities that are in the critical path for the next fiscal year and must be done sequentially. Beyond the nuts and bolts of the itemized financial issues listed, we want to provide some additional context, and it is outlined in the background section, which now follows the detailed list in the [financial issues document](#).

Below we are highlighting the most critical issues with State or Town impacts. Following the list of the 6 reporting requirements, is a summarized status of activity necessary to meet these key reporting requirements .

Critical Reporting Requirements:

1. Single Audits for FY 2023 & FY 2024 for Hampshire Regional and Chesterfield-Goshen, due March 2024 and March 2025, respectively;
2. The balance sheet submissions for the 2 regional schools to certify Excess & Deficiency, based on the FY 2024 fiscal year, due by November 30, 2024
3. The FY 2024 End of Year Reports for all 5 school districts, due Sept 30, 2024;
4. Final Grant reports for 72 grants from 2019 – 2024, across all 5 schools due various dates back to 2020.
5. Final numbers to be provided to 3 municipalities for the amounts owed for Central Office expenses that were appropriated as part of the FY 2024 Budget but never invoiced to the 3 municipal schools in the District. They were paid by the Hampshire Regional High School and must be reimbursed. This must be done in time for potential placement on the Annual Town Meeting Warrants as a Prior Year Bill article.
6. Development of the 2 FY 2026 Regional elementary and high school budgets and 3 municipal elementary school budgets

Summarized Status Update:

- ❓ **Quite simply, in order to complete each of these critical reporting requirements above and below, all financial transactions must be recorded in the respective general ledgers. Until all entries are in the GL, we cannot provide reliable, accurate reporting for E&D or End of Year. Nor can we provide meaningful Budget vs Actual expense reports.**
- ❓ Due to Central Office staff transition and vacancies in FY24, and transition in payroll platforms (Tyler to Harpers), which began in October of 2023, not all entries are in the general ledger, and some that are in were not recorded accurately.
- ❓ We have worked steadily to do in 6 months what has not been done in the last 15 months in some areas, and longer, in others.
- ❓ We have done this while working to keep the current fiscal year (FY 2025) going in terms of daily processing and analysis.
- ❓ We have done this while planning for the next fiscal year (FY 2026) .
- ❓ We have done this in an environment of fiscal challenges that all districts in Massachusetts face. Those challenges are compounded by the complications of not being able to extract reliable information from the general ledgers.
- ❓ Given the numerous complexities, workload and time pressures, we have had to expand our capacity by engaging external consultants who are focused on moving things forward in various areas in order to meet State reporting, which is currently quite overdue:
 - Abbe Schreibman is acting as our district accountant recording transactions in the general ledgers, reversing entries that were made in previous years in error, and providing critical support in scrubbing data. In addition to her accounting experience her skills in extracting data from many platforms is highly sophisticated and incredibly valuable in our situation.
 - Carey Sheehan is our grant consultant working on the 72 overdue final grant reports. He has completed all 33 grants within the 3 municipal districts and the elementary regional, Chesterfield-Goshen. He has finalized 4 within Hampshire Regional with 35 remaining. This work goes well beyond filing the final report in that significant data must be scrubbed in order to do so. Beyond that, he consults with us on best practices, with which he has become familiar after 30 years as a business administrator. His contributions are invaluable in our situation.
 - Eric Kinsherf's firm, Eric Kinsherf CPA, already provides accounting services to 3 of the 5 Towns in our district (Chesterfield, Goshen, Westhampton). He has recently been added as a consulting resource. He is familiar with the district, the State's reporting requirements and has worked with Hampshire Regional High School in the past. The expertise he brings is absolutely essential in our situation. His firm will take the lead in filing E&D.
- Beyond the ongoing grant reconciliations, and data scrubbing, the plan for March is to focus our accounting efforts on Chesterfield-Goshen Regional Elementary. We will begin

by rolling over FY 2023 balances, after scrubbing that data and identifying transactions that may need to be adjusted when the auditors engage in their work. Once the balances are rolled, we will continue to scrub the FY 2024 data and gather & prepare the balance sheet that will be provided to the DOR for E&D certification. If certified by the time of the annual town meetings, there is the possibility that E&D will be applied to the FY 2026 budget to reduce the Town assessments. **These activities and deadlines were successfully met. E&D was submitted on April 4 and certified by the DOR on April 8th. A portion of E&D was voted on 4.16.25 to be applied as an offset to the FY 26 budget for Chesterfield-Goshen, New Hingham Elementary.**

- April & May will be spent closing FY 2023 for Hampshire Regional, identifying any adjusting entries for the auditor's review, rolling the balances to FY 2024, scrubbing the FY 2024 data with the goal of submitting the balance sheet information to the DOR by the end of May. E&D will not be certified in time to be applied to lower the Town assessments. The certification was historically low last year and we would not have recommended the use of E&D, even had it been certified timely. **We are in the midst of this work. We will submit E&D by the end of May and begin End of Year reports after that is successfully completed.**
- On March 7th, discussions with the external auditors, Adelson & Co, continued. They understand where we are in the process and agreed to a schedule that will begin this month with the submission of critical data for review. Once FY 24 data is certified by the DOR, the audit will be fully underway. They will start with Chesterfield-Goshen Regional and continue with Hampshire Regional. **Material was provided as scheduled and with the completion of E&D for C-G, the auditors are able to move forward with their review. The timeline for the various audits is linked here.**
- Also on a parallel path, has been the development of the FY 2026 budgets. This includes 5 separate budgets in that we are a unique "regional" district with 5 separate districts & school committees to whom we present budgets for approval. Per MGL the 2 regional budgets must be approved by March 31. By regional agreement, the approval must be March 26, or 45 days prior to the first Annual Town Meeting. **We have met with the 5 principals, and 5 school committees throughout Dec, Jan, Feb and Mar in developing, reviewing and refining the Central Office and 5 school budgets. We have met all MGL and regional agreement deadlines.**
- Once the Regional budgets are submitted, the 3 municipal budgets will be presented to the respective school committees for approval in late March through April. **All 5 of these budgets have been developed, public hearings held and school committee approvals on all 5 schools finalized.**
- We need to complete scrubbing the data in the general ledger (GL). Once the central office GLs are stabilized for the 5 schools, reconciliations can be done between the 3 municipal books and the central office. Once E&D is submitted for the regional elementary, we can begin **End of Year reporting for all the elementary schools.** End of Year reporting cannot be started until the GL data is complete and E&D submitted. The

target for Hampshire Regional for E&D is the end of May. End of Year Reporting will begin as soon as E&D is submitted. Reconciliations are done. Work can begin in the last week of April on the elementary school End of Year reports. The plan is to start with Chesterfield -Goshen Regional Elementary, move to Westhampton Elementary and then Norris Elementary in Southampton. Once E&D is submitted for Hampshire Regional High School, at the end of May, work will begin on the End of Year report.

- One critical outstanding item, of which all have been made aware, is that the Central Office expenses which were appropriated as part of the FY 2024 Budget were never invoiced to the 3 municipal elementary schools in FY 2024. They were paid by the Hampshire Regional High School in FY 2024 on behalf of the municipal schools and must be reimbursed. These amounts total over \$700,000 for the 3 schools. Invoices will be sent in March to the 3 municipal elementary schools for these FY 2024 expenses. These Central Office costs were a line item in the approved FY 2024 elementary school budgets for Southampton, Westhampton, and Williamsburg. These amounts were appropriated by the Towns. The municipalities should be under their school budgets by this amount. Quarterly reconciliations would have revealed this oversight, but those reconciliations were not done during the FY 24 fiscal year. Reconciliations are underway. We have met with the accountants to provide some information to help in their reconciliations and will be providing more information the week of March 10th. Unless they have been encumbered, MGL does not allow paying a prior year bill in the current fiscal year without Town approval at a Special or Annual Town Meeting. As a result, some of these invoices will need to be placed on the Annual Town Meeting Warrants as a Prior Year Bill article. Invoices have been developed and the 3 municipal school committees, finance committees and select boards are aware of the outstanding amounts they need to pay. We have provided warrant article language for each and are awaiting the Annual Town Meetings, which begin on May 6 and end on June 2.