



November 10, 2006

Sharon L. Summers
Director of Finance
Acton Public Schools
16 Charter Road
Acton, MA 01720

Re: Revolving Fund Options for Extended School Programs
Our File No. 2006-345

Dear Ms. Summers:

This is in reply to your letter of September 20, 2006 regarding the use of special revolving funds to finance certain "before and after school" programs offered by the school department. To date, it seems the programs have been operated by use of a Departmental Revolving Fund under the provisions of G.L. c. 44, §53E½. However, you indicate that the subject programs also fall within the type of "extended school service" programs that are provided for in G.L. c. 71, §26A, §26B and §26C. You inquire as to which of these special fund provisions you should use with respect to these programs.

While G.L. c. 44, §53 generally provides that all municipal receipts are general fund revenue and may only be expended by regular appropriation, there are many provisions in the General Laws and special acts that authorize special revenue funds for a host of programs and activities. Many of these special fund financing options are available for school programs and educational services. By way of general information, I have included charts that inventory many of the special fund provisions for school-related programs and activities as well as general town programs and explain their features and requirements. For certain school programs or activities, there may be more than one statutory "special fund" option available for the service, and the referenced educational program would appear to be such a program.

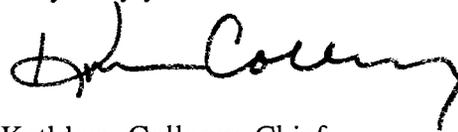
You indicate that this "before and after school" program has been operated to date under the provisions of G.L. c. 44, §53E½, the departmental revolving fund provision. While this provision is generally available for all town departments, and the schools generally have a variety of revolving fund provisions available, we know of no reason why the subject school program could not continue to be operated under §53E½. Key considerations thereunder, however, remain the need for an annual reauthorization by town meeting, the expenditure limitations imposed by annual vote, and the overall percentage limitations (10% cumulative and 1% per department) imposed upon the town's general use of these special funds.

On the other hand, from the descriptive information provided, it would appear that the “before and after school” program would likewise be a candidate for operation under the special provisions of G.L. c.71, §26A, §26B and §26C, the Extended School Services for Children provisions. Specifically, under §26C, the school department may establish a revolving fund for the receipts received in connection with the program and expend these funds without appropriation in support of the program. Unlike the §53E½ departmental revolving fund, this §26C revolving fund does not need to be voted by town meeting each year. Instead, it is established originally by approval of the school committee, board of selectmen and the Commissioner of Education. Once established, it will continue year to year until revoked. Moreover, the §26C revolving fund does not have expenditure limitations such as those found in the §53E½ departmental revolving fund.

In any event, where several choices exist, it is a local decision as to which option best suits the needs and requirements of the particular program, as well as the best interests of the schools and town generally. We can only suggest that school officials and town finance officers evaluate the features and requirements of the several choices, and determine which financial arrangement would provide for the most beneficial and efficient operation of the program. If you have any additional questions relating to technical, legal or accounting issues, please do not hesitate to contact us.

I hope this information proves helpful.

Very truly yours,



Kathleen Colleary, Chief
Bureau of Municipal Finance Law

KC/DJM
Enclosures