



Arlington Public Schools
Business Office
869 Massachusetts Avenue
Arlington, Massachusetts 02476
Telephone 781-316-3511

Diane Fisk Johnson, Chief Financial Officer
djohanson@arlington.k12.ma.us

February 2, 2017

Dear Members of the School Committee:

Attached please find the February, 2017 monthly tracking reports, which consist of:

- Monthly Summary Report
- Budget Tracking Report as of January 31, 2017
- Grant Expenditure Report as of January 30, 2017
- Revolving Expenditure Report as of January 30, 2017
- Revolving Revenues as of January 30, 2017

Because this is my last monthly report for Arlington, I have made estimates to year end based on current spending trends. Normally, I would not make such estimates until much later in the spring, once the threat of snowstorms is well past. While I appreciate the necessity of doing the projections before I go, I caution all of you that many things could change between now and June 30. I can only project on the assumption that things will continue as they have begun this year, which is rarely the case.

You will notice that the overage has decreased dramatically. This is because I have started projecting savings in lines where I believe it will be in June, if things continue in a steady way. Until this point in the year, I have not projected any savings at all, unless the line was one that would not have further expenses, like 81119 - Summer Program. As I reported previously, despite the large increase in out of district tuition and the unanticipated increase in longevity, I felt there were savings in other areas that could mitigate much of that problem before we needed to utilize our reserves.

If the savings should ultimately prove to be less extensive than I am currently projecting, we still have \$325,000 in Special Education stabilization through Town Meeting, and a balance from prior years in the Tuition In revolving account slightly above \$300,000. My recommendation would be to utilize the Stabilization funds first, if necessary, and retain the Tuition In balance for future Special Education concerns. The funds in Tuition In are not easily replenished, due to changes in state requirements about billing other districts.



Arlington Public Schools
Business Office
869 Massachusetts Avenue
Arlington, Massachusetts 02476
Telephone 781-316-3511

Diane Fisk Johnson, Chief Financial Officer
djohanson@arlington.k12.ma.us

Also this month, we are presenting the FY18 Superintendent's Proposed Budget. While there will be more discussion at the meeting, I would like to make a few points about this budget here.

Most importantly, the FY18 Budget, as proposed, is a solid, workable budget that meets our current spending needs and allows us to address some open concerns. However, it is a lean budget, without wiggle room. It is very important that all of the reductions detailed be fully made, or substituted with other reductions of equivalent value. It is also very important that all departments, schools and divisions not exceed their totals. Should it be necessary to overrun in any given area of the budget, corresponding reductions in another area must be made.

Also, I would like to take this opportunity to once again recommend in the strongest possible terms that future Circuit Breaker funds not be utilized in FY18. The Department of Elementary and Secondary Education strongly recommends that districts utilize Circuit Breaker in exactly the way Arlington has been doing since FY13, which is to say that funds collected in a current fiscal year are held until the next fiscal year before they are used. By managing the Circuit Breaker funds in this way, we can have a very solid number to budget against. Any other approach introduces a level of uncertainty that is risky.

Many districts work for years to get themselves into our very fortunate current position with Circuit Breaker. To abandon this practice, particularly when there are changes underway in the financial administration of the district, opens the door to future fiscal problems. Projecting Circuit Breaker is fraught with uncertainty, and is tremendously labor intensive at our end. I ask you to at least delay any changes until a new, permanent CFO is hired and in place for some time. Arlington is a complex and challenging district to understand and manage financially. Adding yet one more potential problem for my successor is highly inadvisable. Trust me when I say that all of Arlington will benefit if you do all you can to keep things as simple as possible until the new person has a chance to gain an in-depth understanding of this district.

I would also like to take this opportunity to thank all of you for the opportunity to work with you. I have learned a great deal during my time here, and am grateful for all that I have



Arlington Public Schools
Business Office
869 Massachusetts Avenue
Arlington, Massachusetts 02476
Telephone 781-316-3511

Diane Fisk Johnson, Chief Financial Officer
djohanson@arlington.k12.ma.us

gained. I wish all of you the best in your future endeavors, and hope that the Arlington Public Schools will continue to flourish under your leadership.

Sincerely,

Diane Fisk Johnson