



***Arlington Public Schools***  
***Business Office***  
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Diane Fisk Johnson, Chief Financial Officer  
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June 10, 2014

Dear Members of the School Committee:

Attached please find the June, 2014 monthly tracking reports, which consist of:

- Monthly Summary Report
- Budget Tracking Report as of June 5, 2014
- Grant Expenditure Report as of June 5, 2014
- Revolving Expenditure Report as of June 5, 2014
- Revolving Revenues as of June 5, 2014

This is the last financial report presented during the 2013-2014 Fiscal year. There will be a final report discussing all FY14 financial activity presented at the first School Committee meeting in October, shortly after the DESE End of Year Report is filed on September 30, 2014.

At this point, I project that FY14 will finish \$1,014,866 above the approved budget. This overage will be covered by Special Education Stabilization and Emergency Repair funds voted by Town Meeting, taking an available LABBB collaborative credit and a reduction of revolving reserve balances from prior years, which I detail below.

At this time in the fiscal year, transfers between funding sources are made to tie up loose ends. As you know, I prefer to keep all Special Education out of district tuition expenses in the general fund until this point in the year, to allow a more easily monitored way to see all changes taking place. However, in our budget, out of district tuition is funded by the general fund, Circuit Breaker, and Tuition In revolving accounts. Because out of district tuition increased significantly above budget this year, as has been previously reported, we will also be funding a portion of out of district tuition from Stabilization funds previously held for us by Town Meeting, and by opting to take a tuition credit available to us from the LABBB collaborative.

The journal entry moving tuition from the general fund to the Circuit Breaker account can be seen in two places. If you look at the Budget Tracking report under Object 83201 and compare the YTD Expense column with the prior month, you will see that the expenses have been reduced by \$1,536,592. If you look at the Revolving Expense report, you will see on the first line that the same figure appearing under Circuit Breaker.



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As mentioned in last month's memo, at the Special Town Meeting on April 30, Town Meeting voted to give us back our \$500,000 in Special Education Stabilization Funds, and to compensate us \$25,862.17 for our emergency repairs of the Peirce School due to the heating failure and burst pipe. At the time the June financial reports were run, those increases to revenue had not yet been entered, and are not reflected in the Budget Tracking report. I have, however, made note of them in the Financial Reporting Summary.

If you look at Object 83201 in the Budget Tracking report, under the column labeled Estimate to Complete, you will see a negative amount of \$974,550. This represents the amount of additional expense in the general fund that must be covered, either with adding revenue (\$525,862.17 from Town Meeting), offsetting with credits (\$158,920 from LABBB) or by moving expenditures to other sources of funding (\$289,767.83 will be moved to Tuition In revolving balances from prior years).

As you know, we were able to improve both the energy efficiency and the comfort of the 6<sup>th</sup> Floor administrative offices by renovating space as well as upgrading our cooling and ventilation systems. This renovation was funded by a combination of a Green Communities state grant and by reserves built up in the Building Rental revolving account. This month, if you look at the Revolving Expense report under Building Rental, under Object 82103 you will see a large transaction of \$467,233, which is the energy offset for the cost of the 6<sup>th</sup> Floor renovation that can be found in the Budget Tracking report under Object 88920. The revolving transaction appears to create an additional deficit, but in fact is more than covered by prior year balances in that fund.

Other apparent overages on the Revolving Expense report in Athletics will be covered by available funding in Peirce Field rental, and in prior year balances in Athletic Ticket Sales.

Other apparent anomalies that I would like to bring to your attention can be found in the Revolving Revenue report. Building rental still shows a large amount in the Estimate to Completion column. This is because many of our long term tenants pay their rent only once a year at the end of the year, and these revenues have not yet hit. I do expect to collect the amount projected. Also, due to changes in the methodology required by the DESE for Tuition In rebilling, we have reduced our expectations of collecting the budgeted amount this



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year. In Menotomy Program Fees, the reduced estimate is due to fewer tuition paying students this year, not due to issues of collection.

Grants are expected to be fully expended by the end of their respective time periods, which do not necessarily align with the school fiscal year. Balances that remain in the grants will be fully used by the end of their grant periods.

These numbers are not yet final, since there is one last payroll of the fiscal year coming, and there are additional expense still being generated by the facilities department through the end of the year. Also, we have not yet received all utility invoices for the fiscal year, and will not until sometime in July.

I am sorry that I will not be able to present this report to you personally at the School Committee meeting on June 12. I will be attending my 25<sup>th</sup> college reunion. I am more than happy to answer any questions you might have about these reports, or the close of the fiscal year. Please feel free to contact me with any questions you might have.

Sincerely,

Diane Fisk Johnson