



**Town of Arlington, Massachusetts**  
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## **Budget Minutes 08/31/2010**

**Budget Subcommittee of the Arlington School Committee**  
*Arlington School Committee Room*

August 31, 2010

### **Minutes**

#### **ATTENDEES**

*Committee Members:* Leba Heigham, Chair  
Kirsi Allison-Ampe  
Jeff Thielman

*Administration:* Superintendent Kathleen Bodie  
Diane Johnson

*Others:* Richard Fanning, Finance Committee  
Annie LaCourt, Board of Selectmen  
Dean Carman, Finance Committee

#### **CALL TO ORDER**

The meeting was called to order at 7:04 p.m.

#### **PUBLIC PARTICIPATION**

Stephen Harrington and Len Kardon spoke to the issue of the FY10 budget shortfall and the need for greater oversight.

Dana Ansel, Lisa French Kelly and Larry Dieringer spoke to the issue of the Brackett kindergarten class size and asked for reconsideration by the full committee.

Dr. Bodie responded to the questions raised about guidelines, explaining that state recommendations are not mandates. She also noted that the numbers of kindergartners are still changing. Dr. Bodie clarified that any use of the Bridge the Gap funds has to be approved by School Committee.

## **FY10 BUDGET DEFICIT**

Dr. Bodie stated she will look at the staffing and the salary account to see if it's possible to cover the difference in the cost of an additional position.

Dr. Bodie noted that FY10 is a multi year problem. She explained the budget history of the school department. During Superintendent Donovan's tenure, budgets were conservatively developed which buffered shortfalls. During Superintendent Levenson's tenure, there was aggressive budgeting to provide services to students and the revolving accounts were depleted. Dr. Bodie noted that we went into FY10 without any reserves for the first time in recent history. The town allocation has represented a smaller portion of our budget and we had not been tracking the outside funding. Grants and fees have gone from 10% to 20% of total budget. There were assumptions that out of district tuitions, grants and fees would all remain flat. Dr. Bodie state that their revenue and Special Education assumptions were incorrect and we received notice during the course of the year. We had additional students move in and some settlements that both added to out of district Special Education costs. These factors contributed to the \$1.7 million hit to the budget. Dr. Bodie noted that the current system did not track these hits because they were from grants and credits which Arlington didn't reconcile until June. Dr. Bodie had discretionary funding frozen in October. Dr. Bodie noted speaking to the Deputy Town Manager and the Budget Subcommittee at the end of the school year. Dr. Bodie apologized for not raising the flag publically at that point. Dr. Bodie stated that we budgeted very closely, so there is no reserve and we may need to revisit that.

Ms. Johnson identified the lack of ability to accurately budget for the actual out of district costs. Mr. Thielman asked for the FY10 actuals. Ms. Johnson said she and Janet will get those to the School Committee once they finish the state end of year report. Dr. Bodie said Ruth Lewis will put our FY10 data into the codes for FY11 so we can see FY10 in the same detail. Ms. Johnson noted that she couldn't commit to having the report for the first School Committee meeting since last year it wasn't completed until October. Ms. Johnson noted that she only had the ability to track the town allocations last year and there are some discrepancies because of the two systems. She reported that the auditors said they would send a draft of the letter and it should take a few weeks.

Ms. LaCourt asked for the exact dates that we knew there was a gap and if we could know our exact position on any given time. Ms. LaCourt stressed the importance of establishing exactly what happened on each date.

Mr. Thielman recommended that implement a systems audit from an outside auditor. Ms. Johnson noted that she has access to a group of retired business managers that does this work. The Subcommittee discussed the need to seek the services of an outside auditor and whether we should use Powers and Sullivan. Ms. LaCourt asked about qualifications for auditor from Mr. Carman. Mr. Carman noted that no system could have predicted the collapse and an outside auditor would identify adequate modeling. The Subcommittee decided to each research outside auditors and business managers and bring names forward for the next meeting.

Ms. Johnson detailed the FY11 budget. Ms. Johnson noted that corrections have been made based on the grants already received. When asked by Ms. Heigham, Ms. Johnson said that collection problems would be remedied by new collection procedures. When Mr. Thielman asked about LABBB, Ms. Johnson stated that she's confident that the distributions will be expended this year. The Subcommittee went through line by line. When asked about F1 Visa's, it was reported that there are 25 students and the fees will be used to offset the deficit. It was noted the Town appropriation is down to repay deficit. Ms. Johnson noted that Julie McGlaughlin in payroll can do projections of step changes and lane changes. Mr. Carman suggested that we do a monthly benchmarking and accounting. Mr. Thielman asked about Ms. Johnson's confidence in projections. Ms. Johnson said she is confident in salary, fuel, maintenance, and transportation. She identified Special Education tuition and reliance on grants and fees as wild cards. Dr. Allison-Ampe requested on the monthly reports seeing the revenues and how they accrue and the need to see the cash flow on the fees. Mr. Thielman commented that this is a vast improvement. Ms. Johnson said that it will be going on and she may be able to identify items sooner. Ms. Heigham brought up salary licensure impact and Special Education as adding to our expenditures. Mr. Thielman asked about the plan for the upcoming budget deficit. Mr. Thielman asked for a plan when we identify a red flag. Dr. Bodie spoke to looking to a reserve fund transfer.

Mr. Thielman will review policy DI and bring forward recommendations for next meeting. It was noted the difference in the FY11 budget and the town appropriation matches the budget deficit. Mr. Thielman said when we face a situation we need to focus on solving the situation.

## **NEXT MEETING**

Subcommittee members set a tentative meeting for Monday, Sept 13<sup>th</sup>, at 7 p.m. Confirmation will be done via email.

**ADJOURNMENT**

*On motion by Mr. Thielman, seconded by Dr. Allison-Ampe, the meeting was adjourned at 9:20 p.m. by unanimous vote.*

*Respectfully submitted by Leba Heigham, approved 9/13/10.*