

# School Administrative District No. 53

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**Excellence in Education**

Michael A. Gallagher  
Superintendent of Schools

Budget/Finance Committee

Minutes

10/26/10

Members in attendance: B. Poirier, J. Laux, M. Hodgins, Business Manager L. Glidden, administrators F. Anderson and A. Miller, Auditor Charemon Davis and Superintendent Gallagher

Item 1. Auditor Charemon Davis provided all in attendance with certain pages of a draft audit report. She highlighted two pages of the report to begin the meeting. Statement C, Balance Sheet, Governmental Funds as of June 30, 2010. It was noted that the Undesignated Fund Balance at the end of FY '10 was \$417,591. This is approximately \$300,000 less than the Undesignated Fund Balance for Statement C for FY '09 (\$728,593) and was significantly impacted by the loss of \$122,000 in state funding in last year's curtailment. Of concern is that the Fund Balance is under the amount that was used as Undesignated Fund Balanced carried forward into this current year's budget of \$500,000. The difference is approximately \$82,000 less. Historically the annual budget is under-expended by between \$200,000 and \$400,000 as was the case with the FY '10 budget. However, this year's expenditures must be tracked carefully to assure that the district has sufficient funds at the close of the budget year. This shortage would be particularly problematic if there should be a state funding curtailment that occurred during this year.

She then reviewed Schedule 1 and addressed a change that will need to be made with planning for expenditures built into the budget for revenues received for State Agency Clients. Superintendent Gallagher and Business Manager Glidden will work with the Mrs. Davis to better understand the process and make the needed adjustments.

Clarification questions were asked and answered about other sections of the audit report having to do with carryover grant funds that have not been expended.

Item 2. Review of September Expenditure Report –Mrs. Glidden had prepared the expenditure report information which indicated that there were no over-expenditures in any additional budget lines.

Item 3. Review of Monthly Budget Calculations chart - As of September 30, 2010, 20.54% of the total budget has been expended in comparison to 20.65% expended at this same time last year. This is also in comparison to 20.37% in FY'09 and 20.16% in FY'08

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and 19.39% in FY'07. It was noted that the percent of expenditure at the end of September is approximately .11% lower than last year's expenditure at the end of September.

Item 4. Preparing for the 2011-2012 FY budget - A review of positions paid through federal funds was conducted. Of particular note are two funding sources being used this year – ARRA and Stabilization funds totaling \$314,767 that will not be available next year. Federal funds from Title I and Title II totaling \$256,352 are used to pay for staffing positions this year are likely to continue in the next year. Local Entitlement funds that are also expected to continue next year are used to fund positions this year totaling \$111,799. Currently the district is funding one position this year out of the Jobs Bill. This saves the district from using \$45,777 budgeted in this year's district. Approximately \$80,000 of Jobs Bill funding will be used to carry into next year's budget.

The committee then reviewed the annual debt costs and the dates that the loans would be retired. The payments for two debts will end in November 2011. The last debt will not be paid off until 2015.

Superintendent Gallagher then shared a very preliminary budget summary page for FY '12. He indicated that a preliminary budget with small percentage increases was constructed so that early projections could be made. Of note is that the preliminary state revenues are expected to decrease by at least \$283,000 and the district would need to raise \$280,000 more than this current year to receive the state funds. Because of the significant reduction in the Undesignated Fund Balance reported in the FY'10 audit, the Undesignated Fund balance carried forward is anticipated to be approximately \$100,000 compared to the \$500,000 use in the current budget. This significantly impacts the amount of additional local funds that would need to be raised. He then shared an eleven (11) year history of local funding and an historical perspective on state and local funding. State funding increased significantly between FY '06 – FY '08. However, since then state funding has decreased by over \$915,000.

The committee was provided with a budget development calendar of meetings and discussed sharing the pertinent information from this committee meeting with the full board. It was decided to share the preliminary budget summary page and emphasizing that it was more a sample of how difficult the budgeting process will be for the FY ' 12 budget.

Mr. Laux suggested that it may be a good opportunity to go to a zero based budgeting process again.

With no other business before the committee, the meeting adjourned at 6:40 P.M.

Respectfully submitted,

Michael A. Gallagher

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