

**Finance Committee Minutes  
Joint with School Finance Committee  
March 10, 2009**

**Attendees:** Finance Committee & Councilors: Chairman Nick Mavodones, Councilor Anton, Councilor Waxman, and Councilor Skolnik. School Committee Members: Chair Kathleen Snyder, Jaimey Caron, Sarah Thompson, Robert O'Brien and Peter Eglinton. City Staff: Joe Gray, Anita LaChance, Ellen Sanborn, Suzanne Knight. School Staff: Herbert Hopkins and Jeanne Wynot-Vickers.

**Item 1: Update on Management Letter**

Chair Snyder called the meeting to order. The School's finance committee met to review the management letter from the auditors. The committee reviewed the letter item by item. Handouts were provided with responses to each item, along with a timeline that addressed whether or not these items would recur in the next auditor's report.

The two significant deficiencies were addressed:

*Accounting System Reconciliation* – Chair Snyder explained that the School has been receiving assistance from the City with reconciliation. They are in the process of hiring an accounting supervisor who will perform reconciliations on a regular basis. Jeannie said that they have completed the interview process and she is now checking references. It is her hope to have this position filled by the end of March. Chair Snyder also expects this to appear as a recurring note on the audit report.

*School Department Budget Compliance* – Chair Snyder stated they are still working on the FY09 budget and hope to close out in the black. They do not expect a reoccurrence of this deficiency next year.

The following are responses to comments within the management letter:

*Job Responsibilities* – Chair Snyder reported that job responsibilities and descriptions will be completed by May and that they do not expect this to reoccur.

*Grant Management* – Chair Snyder referred this item to Herb Hopkins. He said currently there is a part time person and they are hoping to change this position to fulltime as of July 1<sup>st</sup>. Herb is uncertain as to whether this will be a reoccurrence in next year's audit report. He hopes to have funds in FY10 budget to change software packages to one that has a grant tracking module. Councilor Anton asked who the software vendor is that they are looking to; Herb responded Advanced Data Systems out of Bangor. He said that he has used this software in Scarborough and that other districts use this software. Herb has a quote and this would be paid out over a 3-4 year period. Councilor Anton asked where the funding was going to come from to change position from the part-time position to fulltime. Herb said they are hoping that Title funds can cover this.

The handout provided by Chair Snyder regarding grant management states that the new chart of accounts enables them to better track local and federal grants and that School committee members have been provided monthly grant financials.

Chart of Accounts – Chair Snyder was pleased to report that most accounts have been cleared up and the account structure has been approved by State.

Semi-Annual Certification of Federal Funded Employees – Local Entitlement – Jeannie said that this is a requirement from No Child Left Behind and there are employees partially paid by federal funds. She said that a form has been developed that employees are required to sign. Herb said this form has been designed to address all issues. The forms are sent to School administrators monthly and each employee is required to sign and acknowledge that they understand they are being funded through federal funds. Herb feels that this issue will not come up in next year’s management letter.

Cash Receipts – Chair Snyder said there is a scanner in place that employees are being trained to use. This Check 21 deposit system began in July 2008. Herb said copies of these deposits are sent to Dick Lagarde in Treasury. Herb stated that they have been using the scanner since August.

Activity Funds at Various School Locations – This item has been a comment for the past two years as auditors have flagged checks written out to cash. Herb said that he expects to see this comment on next year’s audit. Schools are also required to send monthly statements to the business office. Herb will also be monitoring the disbursement records to see how checks are being written out and he will be visiting Schools and performing spot audits.

School Capital Assets – Chair Snyder said that they have not been able to correct the fixed asset inventory. They will be looking to hire an outside firm to complete this during the summer. Herb feels that the first time should be done by an outside firm and this will give them a fixed asset report going forward. He expects this to show up in next year’s audit as he doesn’t feel this will get completed this year. Herb also said that the software package they are looking at has a fixed asset module. Councilor Anton asked what happens if this is not completed. Herb explained that this is just an audit requirement and that the School does not take depreciation because of its non-profit status. Jeannie said this has not been done for quite some time and that there are about 20 buildings. She said that once this has been established it will be part of someone’s job responsibilities to keep it updated. Chairman Mavodones asked Herb if he had a sense of what this will cost. Herb said that when they did this in Scarborough through a Massachusetts firm it cost a little over \$3,000. His guess would be between \$5-10,000, although he has not even received quotes. He also said if they have good property records it will make this easier. Herb said that he has budgeted high on the software because of training and this is the same line he would charge this to. Chairman Mavodones feels it makes sense to have this outsourced for the first time.

Accrued Payroll and Related Liabilities – Chair Snyder has learned that central office is following the recommendation of auditors and these meetings will occur to ensure year end is recorded properly. Herb said that at the end of the year they need to provide the City with this information and that it was not done until the end of June. He said that there were inaccuracies in the schedules sent to the City last year and that these were corrected by the auditors. Herb said that they would meet prior to June to review the information so they would be prepared for year-end.

Chairman Mavodones thanked the School finance committee for following up on this and commended them on updating this and taking prompt action. He feels this sends message to public that it is being taken seriously. Councilor Anton agreed and asked that this be revisited in a couple of months to get an update.

### **Item 2: Initial Feedback on upcoming School Budget**

Chair Snyder asked Jeannie to provide a brief overview. She provided handouts for presentation to the School Committee along with copies of the proposed budget. Jeannie also said that this information is available on the School's website. They looked at trends in enrollment and tried very hard to bring in this budget without increasing. They evaluated positions looking at a variety of areas. There are 6 retirements in the food service area and they were able to rearrange and not replace these positions. They have cut 23.6 positions across the board from all areas.

Building on last year's budget and student enrollment there is an increase in multilingual as they are 26% of classroom. 40% of students are on free or reduced lunch. Jeannie said they also paid close attention to the stimulus package due to the School's diverse population, requiring services in different ways. They also had a huge number of special education requirements where they have had to serve the educational needs of every child that attends a private School. She said they have two three-year plans to replace equipment and services and are hoping to add to fund balance.

Jeannie said that the transportation department has developed a partnership with South Portland to service busses and this has resulted in a cost savings of \$100,000. Due to an aging fleet, Kevin Mallory, Director of Transportation has presented a replacement scheme over time and was able to get 50% funding for two CDL busses. She said that they have budgeted for two new busses that they will receive funding for in future years. They will be bringing on five new busses.

Jeannie wanted the committee to know that the budget does not address the restoration of foreign language instruction in elementary School; increase in library staffing; funding for textbooks, supplies or furniture. She also said they have built in a percentage for benefits and once they receive information will make the necessary adjustments.

Chair Snyder said they are looking a proposed budget of \$90.046.043, which is a 2.83% increase overall and a 3.61% increase to taxpayers. She asked councilors what information they would need from them. Chairman Mavodones said he appreciates the effort and detail and thanked the School finance committee for providing this

information. He said that the City's finance committee will be seeing the budget again and that they will not be getting in to line items today.

Councilor Waxman questioned how the Medicaid/Medicare funding worked and where that is within the budget. Jeannie said they have a number of positions that they count on being funded by Medicaid/Medicare. Jeannie is working on a comparison of staffing and the grant information and hopes to have this done this week. She said they have also received questions on the budget which they will be responding to showing the questions asked and the answer.

Councilor Anton said he dug up budget information from last year's March 17<sup>th</sup> report and would like to see the grant funded positions. In addition, he would like to have a companion schedule with the stimulus package in terms of FTEs. Jeannie said she can provide a basic summary of where they feel the stimulus is going. Councilor Anton also requested information regarding short and long term borrowing expectations. He said he has found the reports on enrollment patterns and staffing extremely helpful for him and the public. He has put other questions in an email to Kate which she will forward to Jeannie.

Councilor Skolnik thanked the committee for all the information. He asked why the maximum capacity for West School is less than elementary. Jeannie said that there are twice as many grades in elementary and the need for West School is even along grades. She explained that this is a day treatment facility for a very specific population and that they would like to expand this program once they have space. This saves money because we are not sending those children out to specialized treatment facilities. Councilor Skolnik asked about the money that has been set aside to update the district's website. Jeannie said she could only give a basic overview. She said there was a taskforce formed last summer with City representation on this committee. She knows that they have specs and the City is also doing a study and they are hoping to move forward with the City. She said that a plan is in place and that now is the time to fund it. Councilor Skolnik asked about the cost. Jeannie said that they have this ready to go out to bid, but they don't have an actual cost. Councilor Skolnik asked for numbers on what has been spent on website planning, which Jeannie will provide him along with the plan.

Chairman Mavodones requested information on the revenue side. He would like an explanation pertaining to federal subsidies for adult education. On the expenditure side he would like to see costs for staff professional development; plowing, mowing and field maintenance. Nick said he is also interested in DOE leases and Maine State billing fees.

Chairman Mavodones felt it important to be able to understand field trips better. Kate said that the fieldtrip line is an example of where people have red-flagged. She too flagged this line but there is no way to do an apples to apples comparison. Jeannie explained that transportation costs have been shifted due to the chart of accounts. She said that transportation department employees are listed under transportation, but you will notice that we are paying less for the same number of people. They had to divide transportation costs into two different categories. One category sis back and forth from

the School, which is a requirement of the State. Now each School has a transportation cost in their budgets to cover fieldtrips. These funds are established within each School and then billed. Transportation was an area that has been budgeted differently due to the chart of accounts. Kevin Mallory will be tracking these expenses so that we can show where funds are being spent. Kate said that in the FY11 budget they will be able to do an apples to apples comparison.

Jaimey Caron asked about progress on the sustainability plan. Jeannie said she has been meeting with Anita Lachance and they have been tracking down materials. She said that she will have more knowledge of needs in terms of budgeting and will share this information at their next meeting. Jaimey said that it would be helpful for him to have a report to understand cost sharing and shared services.

Peter feels the need to have a mapping of where ADA funds are expended so that it can be seen how resources are used. He also would like to see written responses to questions posted to the website. Chairman Mavodones asked how much the ADA (average daily attendance) money is on a per student basis. Jeannie explained that this is based on what is received by the State and then is divided out to each School. The School determines how to use these funds. She was unsure of the per student amount and will have Herb Hopkins get that information together.

Chair Snyder stated that there is a timeline on the website for budgeting. Next joint meeting is scheduled for March 31<sup>st</sup> at 5:30 at PATHS.