

**REGIONAL SCHOOL UNIT NO. 38
BOARD OF DIRECTORS
Maranacook Community High School
March 26, 2014, 6:30 p.m.**

AGENDA

1. Call to order:
2. Consent Agenda: (5 min.)
 - a. Approval of Minutes of March 5, 2014*
3. Citizens' Comments: (5 min.)
4. Additions/Adjustments to the Agenda by Board and/or Superintendent: (5 min.)
5. Action/Discussion/Informational Items: (20 min.)
 - a. Administrative Nomination – Technology Director, Diane MacGregor*
 - b. Report from RSU 38 Auditor Ronald Smith *
6. Budget Workshop (60 min.)
 - a. Updates*
 - b. Deliberations, follow-up and decision making
 - c. Board questions
 - d. Citizens comments regarding budget
 - e. Board discussion
7. Adjournment:

* Attachments

*A Caring School Community Dedicated To Excellence***Regular Meeting****Regional School Unit No. 38****Board of Directors****Maranacook Community High School****March 19, 2014****Minutes of Meeting**

Members present: Chair David Greenham, Vice Chair Lynette Johnson, Michael Apolito, David Guillemette, Stephen Hayes, Jason Morgan, Marie Rodriguez, Bonnie Simcock, Madeline Snow, Richard Spencer

Members excused: Russell Evans, Melissa O'Neal, Jessica West

Administrators: Superintendent Donna Wolfrom, Principals Jeff Boston, Dwayne Conway, Pia Holmes, and Cathy Jacobs, Finance Manager Brigitte Williams, Director of Curriculum, Assessment & Instruction Nancy Harriman, Technology Director Jan Kolenda, Math Integration Specialist Sarah Caban, Literacy Integration Specialist Barbara Bourgoine, Special Education Director Ryan Meserve, Adult Education Director Steve Vose

1. Call to order: Chair Greenham called the meeting to order at 6:30 p.m.
2. Consent Agenda:
 - a. Approval of Minutes of March 5, 2014
 - b. Approval of out-of-state travel Futures Without Violence Program, Washington DC, April 7-10, 2014
 - c. Acceptance of Donations
 - d. Acceptance of teacher resignation due to retirement – Elementary Art, Dona Seegers
 Request was made to vote on the Consent Agenda items separately.
MOTION by S.Hayes, second by R.Spencer, to accept the minutes of March 5, 2014 as presented.
Motion Carried: 8 in favor, 0 opposed, 1 abstention (Morgan)
MOTION by L.Johnson, second by R.Spencer to approve the out of state travel as outlined in item 2b.
Motion Carried: 9 in favor, 0 opposed
MOTION by R.Spencer, second by J.Morgan to accept the donations as outlined (Item 2c.)
Motion Carried: 9 in favor, 0 opposed
 Madeline Snow arrived at 6:35
MOTION by R.Spencer, second by L.Johnson to accept the retirement of Dona Seegers with regret.
Motion Carried: 10 in favor, 0 opposed.
3. Citizens' comments: none
4. Additions/adjustments: none
 Chair Greenham reported that a rally will be held at the State House on Monday, March 19 opposing cuts to general purpose aid to education. He asked members to attend if possible.
5. Action/Discussion/Informational Items:
 - a. Consideration of Release of Health Center Funds:
 Superintendent Wolfrom provided a review of the \$36,000 reserve for the Health Center, outlining the options available for releasing the funds so they can be used toward the FY 15 budget. She met with the Health Center Advisory Committee and they were in agreement that the funds are not needed for the Health Center at this time and should be released. To do this, the Board needs to vote to recommend the release of funds so that it can be added as a warrant article at the Annual RSU 38 meeting or at a special RSU 38 budget meeting. She recommends the board vote to release the funds for consideration as a warrant article at the next RSU 38 Annual Meeting.

MOTION by B.Simcock, second by R.Spencer to recommend the release of \$36,000 held in a reserve for the Health Center to be added as a warrant article at the RSU 38 Annual Budget meeting. Discussion followed.

Motion Carried: 9 in favor, 1 opposed (Rodriguez)

b. School Law for Board Members Workshop:

Superintendent Wolfrom noted a School Law workshop for Board Members is coming up on April 30 in Bangor and May 1 in Portland. Any members interested in attending should contact Donna Foster.

6. Budget Workshop:

a. Updates: Superintendent Wolfrom provided the following updates:

- Revised enrollment projection chart for FY15 for elementary schools. Registration for Mt. Vernon kindergarten is now 27 so will be looking at the possibility of splitting the 27 students into two classes. Elementary enrollment projection is up 25 students. In response to the question several weeks ago about the State recommendation/requirement for class sizes, Superintendent Wolfrom reported it is 20:1 for kindergarten; average size shall not exceed 25:1 for grades 1-8. Currently we are well within those ranges and will continue to monitor it closely.
- Summary of budget reductions from Version 1. With the report that the health insurance cap will be 9.5%, and based on our experience rating being much better than last year, the budget amount for health insurance was reduced from 10% to 8%. Due to student needs in special education Ryan Meserve has reduced a special education self contained ed tech at the high school, and due to Dona Seegers' retirement, Donna Wolfrom met with the elementary principals and they believe art can be reduced by one-half day. In reviewing schedules, they believe the art programming for Wayne Elementary students can be accomplished in the morning without any reduction in art instruction.
- The second draft of the school summary budget shows a zero percent increase (actual decrease of \$28,025), but keeping in mind that Phoenix Academy will no longer be part of the RSU 38 budget. In reality this budget is still 122,000 above last year.
- Version 3 of the preliminary revenue sheet. With preliminary figures received from the State, the revenues show an increase of \$291,678 over last year. With these preliminary numbers we now have a shortfall of \$327,858.

b. Deliberations, follow-up and decision making – administrative recommendations:

Superintendent Wolfrom reported that following the March 5th meeting, she met with Al MacGregor and Brigette Williams regarding the proposal to change the middle school sports program to an intramural program. They developed an alternate proposal that would cover all of that money. Cuts include reducing the secretarial support in the high school front office to 4 hours per day and to raise the high school activity fee to \$75 and the middle school activity fee to \$50. They also talked about putting a system in place that holds people accountable for paying those fees. This proposal would reduce the local dollar revenue budget by \$3,500.

MOTION by B.Simcock to consider Option B and increase the activity fees as outlined. The motion was seconded by R.Spencer. Discussion followed. Concern was raised that there is still a ways to go in the budget work. Chair Greenham added that at this point the Board is not recommending a budget. The Board may need to revisit the big picture as they move forward. B.Simcock added that the families do have the Awesome Bear Society and Maranacook Education Foundation to help families that need assistance.

Motion Carried: 9 in favor, 1 opposed (Hayes).

Superintendent Wolfrom reported that the Board was provided with revised projected elementary enrollments for FY15 and there is concern about overcrowding at the elementary schools. The art and music rooms may need to be used as classroom space in some of the schools in the upcoming year. The A-Team has been studying several options for saving expenditures, using the lens of what's best for students and referring to the guiding principles. When the administration looked at the proposal which is being proposed, they felt it supported all these things. It provides the opportunity for a group of students to have access to increased programming such as chorus, band, accelerated math classes, possibly foreign language, increased Gifted and Talented services, increased opportunities for physical education and art, access to expanded media services for research purposes, access to participation in drama experiences, and expand the learning and social experiences with a larger group of students their own age. Teachers would have the opportunity to work as a team and possibly teach in their specialized areas of expertise and be able to coordinate content

curriculum and share resources. Students and teachers would work in a self contained grade level wing with a grade level lunch and recess period. There would be no impact to the transportation budget and it relieves overcrowding due to increased enrollment in the elementary schools. It saves \$63,000 in the FY15 budget. No one would lose their job, but it would cut 2 teaching positions, and the proposal meets all our guiding principals. Superintendent Wolfrom and the Administrative Team propose having a 5th grade wing at the Maranacook Middle School, with 22-23 students per class. They believe this is a win:win situation. Superintendent Wolfrom stated they do not expect a vote tonight, but recommends the board discuss this proposal, and regard it as a way to reduce expenditures while providing opportunities for students.

Discussion followed. Question was asked about how the United Arts (UA) program would work for students. Principal Jacobs responded that currently grades 6, 7 and 8 each has UA for 7 weeks, the schedule would be reduced to 6 weeks and the 5th grade would probably get one trimester each of art, music, and possibly foreign language.

What would this mean for Wayne Elementary? Wayne would probably go from a proposed combination grade 1/2 and grade 4/5 to a combination grade 3/4. Wayne Elementary needs to remain open; there is no room at the other elementary schools for those students.

It was noted that once feedback is received from the community that they know this is not a short term solution because at some point it could create a space problem at the middle school. Principal Jacobs responded that based on upcoming class enrollments, next year's 5th grade class is the largest class currently in the elementary schools, so this shouldn't become a problem.

Chair Greenham commented that you can't ask people to be creative and think outside the box and not expect any changes. He commended the Administrative Team for all the work they are doing to develop a budget and for coming up with this proposal.

Further discussion ensued regarding the opportunities for the students, suggestions for other scenarios such as having the first floor a 5/6 type environment. At this time the administrative team would like to pursue the plan as presented with the 5th grade being self contained in a wing of the building.

The building principals were asked about their thoughts about the culture of the schools as they are now and whether this move would affect it in any way.

Principal Holmes stated that although they would miss the 5th graders and it would put more work on the teachers left behind she honestly feels it is a good move. There is a space issue in both of her schools and the opportunities outweigh any concerns that she would have.

Principal Boston added that with any change there is a sense of loss, but is looking at this as new opportunities that would be a good fit and good opportunity for the fifth graders; must look at what's best for the kids.

Principal Jacobs added that the middle school would love to have the 5th graders and it would enhance the culture of the school.

c. Board Questions:

Superintendent Wolfrom reported that the administrative team is continuing to brainstorm and work on this.

d. Citizens comments regarding budget:

John Harker, Mt. Vernon resident provided written testimony and asked the Board to consider his ideas as a way to obtain better outcomes for the money the communities are investing in education.

e. Board discussion: none

7. **Adjournment: MOTION** and second to adjourn at 7:43 p.m.

Respectfully submitted,

Donna H. Wolfrom, Superintendent/Secretary
Recorded by: D.Foster

Maranacook Area School District
Regional School Unit No. 38

A Caring School Community Dedicated to Excellence

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Superintendent of Schools

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Director of Curriculum, Instruction & Assessment

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5a.

TO: RSU #38 Board of Directors

FROM: Donna H. Wolfrom, Superintendent of Schools

SUBJECT: Nomination of Diane MacGregor, Director of Technology

DATE: March 21, 2014

I am pleased to recommend Diane MacGregor for the position of Director of Technology for RSU #38. Two very qualified candidates applied for this position and both were interviewed. There were 11 people on the interview team including teachers, ed techs that teach technology, principals representing various levels, a central office representative, the Finance Manager, members of the technology team, teachers, and me. The committee unanimously supported Diane for the position of Director of Technology.

Diane is currently a technology integrationist K-8 in our district. She received very high recommendations from those who work with her and she expressed a strong commitment to both the district and to the use of technology as an educational tool that will enhance the education of our students. Recommendations lauded her strong organizational skills, her ability to learn and implement new systems, her strong ties to professional organizations that promote the use of technology in education, and her ability to work with colleagues.

I believe that Diane will be a wonderful addition to our administrative team, that she will be an effective leader of the technology team, and that she will be dedicated to the vision, mission, and guiding principles of RSU #38.



56.

Proven Expertise and Integrity

November 22, 2013

Board of Directors
Regional School Unit No. 38
45 Millard Harrison Drive
Readfield, Maine 04355

MANAGEMENT LETTER

In planning and performing the audit of the Regional School Unit No. 38 (RSU) for the year ended June 30, 2013, we considered the Regional School Unit No. 38's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Regional School Unit No. 38's internal control over financial reporting or compliance.

During our audit we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating procedures of the Regional School Unit No. 38. The following pages summarize our comments and suggestions on those matters.

This report is intended solely for the information and use of the management, those charged with governance, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Old Outstanding Checks:

While performing our audit for the above mentioned year we noted the RSU is carrying several old outstanding checks. We also noted that the RSU has adopted a policy for clearing these checks. However, it appears that these checks are not always cleared in a timely manner. As such, we encourage the RSU to remain diligent in their efforts to regularly monitor old outstanding checks. In addition, the RSU should review the policies and procedures currently in place and make any adjustments to ensure proper protocols are followed.

Management Response:

RSU #38 will now review old outstanding checks at least every three months. This will be done in conjunction with reconciling bank statements monthly. Recipients of old outstanding checks will receive letters requesting status of the check and asking whether it needs to be voided and reissued.

Student Activity Account - Sales Tax and Other Fees Paid:

While performing the audit for the above mentioned year end, it was noticed that the RSU paid sales tax and other fees, including ATM withdrawal fees, on the following accounts:

- Manchester Elementary – sales tax paid
- Wayne Elementary – sales tax paid
- Readfield Elementary – sales tax paid
- Maranacook Foreign Travel – sales tax paid on purchases made in the U. S. before and after travel; paid numerous ATM withdrawal fees

We advise the RSU that as a governmental organization, it is exempt from paying sales tax. While in isolation, each occurrence of sales tax and other fees paid may be immaterial, but in the aggregate these amounts may place an unnecessary and added burden on the RSU's budget. Further, the RSU should review its current accounts payable procedures and modify where necessary.

Management Response:

Reviewed with principals and secretaries at elementary school that sales tax was not to be reimbursed on purchases made by employees.

The bank account with the associated debit card for the foreign travel account has been closed. This will stop ATM withdrawal fees. This will also stop sales tax from being paid with district funds. In the future all expenses will be reimbursed after the fact with sales tax deducted from the reimbursement.

Student Activity Accounts - Lacking Disbursement Controls:

While performing our test work on disbursements for the above mentioned year end, we noticed in several instances that approval and documentation for payment of invoices was missing in the accounts: Manchester, Mt. Vernon and Readfield Elementary and Maranacook Foreign Travel. In addition, all documentation on ATM withdrawals was missing and an RSU employee was reimbursed for more than the amount of their purchase. We caution the RSU that all RSU funds disbursed should be accompanied by complete and properly authorized invoices prior to payment. We also recommend that the administrator(s) over student activity accounts ensure strict adherence to the disbursement policies and procedures currently in place and make any adjustments to ensure proper protocols are followed.

Management Response:

The bank account with the associated debit card for the foreign travel account has been closed. A cover sheet requiring approval of a disbursement has been generated and mandated to be used for all student activity expenditures.

School Lunch - Deficit Fund Balance:

As a result of recent audits, we noted that the school lunch fund continues to have a deficit fund balance, however at a reduced level, despite annual budget appropriations from the RSU's general fund. This fund should be reconciled to \$0 every year and at the beginning of the fiscal year (July 1), RSU lunch fiscal reporting starts over. We recommend the RSU initiate a detailed review of school lunch finances for accuracy and make procedural and fiscal changes to future budgets accordingly.

Management Response:

RSU #38 recognized the school lunch program was running in a deficit when budgeting for 2012-2013. The 2012-2013 budget contained funds to fully fund the deficit balance at June 30, 2012 and also contained additional funds for the 2012-2013 food service operations. It was determined during the 2012-2013 year the additional funds budgeted would not be enough to fully fund the food service program, so the 2013-2014 budget for food service was increased.

Investment Policy:

While the RSU does have basic guidance to invest its excess cash dollars during the fiscal year, we recommend that the RSU initiate a review of its current policies and procedures and adopt a more comprehensive approach to comply with state and federal regulations ensuring the following standards of safety, liquidity and yield are addressed. Subsequent to fiscal year end the RSU will, where necessary, revise and/or develop and implement investment policies to meet its needs. These policies should then be given to the RSU Board of Directors for approval.

Management Response:

RSU #38 did have an investment policy, but it was not as detailed as the auditors felt it should be. Sample policies were obtained from RHR Smith & Co. and also from Maine School Management Association. This policy, along with the samples, is being sent to the policy committee. Once the policy committee has revised the policy, it will be sent to the school board for approval.

Regional School Unit No. 38 – Page 4

We would like to thank Donna, Brigette and all of the staff at the RSU for all of their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

RHR Smith & Company

RHR Smith & Company, CPAs

REGIONAL SCHOOL UNIT NO. 38
SUMMARY OF BUDGET CHANGES FROM VERSION 2 DRAFT
2014-2015
March 21, 2014

Reinstated Middle School Interscholastic Sports

Reduced Extra Curricular Secretarial Support to 4 hrs per day

Reduced Two Elementary School Teachers

Reduced One High School Teacher

Increased Middle School Resource Room Ed Tech

Regional School Unit No. 38
General Fund School Summary Budget
THIRD DRAFT - 03/26/14

Report # 19883

Statement Code: Gen Sch

6a.

Account Number / Description	2011-2012 Expend 7/1/2011 - 6/30/2012	2012-2013 Budget 7/1/2012 - 6/30/2013	2012-2013 Expend 7/1/2012 - 6/30/2013	2013-2014 Budget 7/1/2013 - 6/30/2014	2013-2014 YTD Expend 7/1/2013 - 6/30/2014	2014-2015 PROPOSED 7/1/2014 - 6/30/2015	\$ Change FY15 v FY14 7/1/2014 - 6/30/2015	% Change FY15 v FY14
010 MANCHESTER ELEMENTARY	\$1,196,214	\$1,244,203	\$1,214,720	\$1,351,539	\$943,555	\$1,371,978	\$20,446	2%
020 MT VERNON ELEMENTARY	\$718,610	\$795,164	\$785,457	\$862,046	\$634,355	\$858,653	\$(3,392)	0%
030 READFIELD ELEMENTARY	\$1,189,108	\$1,156,694	\$1,137,661	\$1,170,454	\$870,457	\$1,233,346	\$62,891	5%
040 WAYNE ELEMENTARY	\$505,308	\$545,160	\$526,983	\$599,858	\$413,911	\$589,038	\$(10,819)	(2)%
100 MARANACOOK MIDDLE SCHOOL	\$2,176,824	\$2,318,485	\$2,241,720	\$2,438,072	\$1,749,149	\$2,364,258	\$(73,814)	(3)%
300 MARANACOOK HIGH SCHOOL	\$3,409,685	\$3,592,939	\$3,402,958	\$3,683,890	\$2,634,774	\$3,573,312	\$(110,579)	(3)%
500 PHOENIX HOUSE	\$109,943	\$127,688	\$124,459	\$153,146	\$100,168	\$0	\$(153,146)	(100)%
900 DISTRICT WIDE	\$3,090,514	\$3,356,717	\$3,287,408	\$3,363,081	\$2,606,186	\$3,338,172	\$(24,917)	(1)%
910 OTHER FACILITIES-SUPT	\$32,737	\$32,200	\$30,253	\$10,450	\$6,280	\$9,650	\$(800)	(8)%
920 OTHER FACILITIES-TRANS	\$35,966	\$27,800	\$29,133	\$32,200	\$31,803	\$30,450	\$(1,750)	(5)%
950 ELEMENTARY	\$1,513,042	\$1,603,874	\$1,566,189	\$1,615,953	\$1,062,364	\$1,736,801	\$120,846	7%
990 SECONDARY	\$459,728	\$444,463	\$365,870	\$444,092	\$270,600	\$496,922	\$52,827	12%
1000 GENERAL FUND	\$14,437,679	\$15,245,387	\$14,712,811	\$15,724,781	\$11,323,602	\$15,602,580	\$(122,207)	(1)%
GRAND TOTAL	\$14,437,679	\$15,245,387	\$14,712,811	\$15,724,781	\$11,323,602	\$15,602,580	\$(122,207)	(1)%

REGIONAL SCHOOL UNIT NO. 38

REVENUE AREAS

PRELIMINARY ED 279

2014-2015

3/21/2014

REVENUE AREA	2013-2014	Inc / Dec	2014-2015	DESCRIPTION
State EPS Allocation	3,191,465	291,678	3,483,143	This is the preliminary subsidy projection for FY15. This subsidy has NOT been enacted by the State Legislature. This subsidy still contains some State funding for the shift to local school districts for the 2.65% MePERS match.
State National Teacher Funding	-	12,500	12,500	State of Maine provides additional funds for nationally certified teachers. The amount funded per teacher changes each year.
State Phoenix House Funding	150,202	(150,202)	-	Phoenix House will no longer be part of RSU #38
Other Revenues				
Tuition Revenue	575,000	(100,000)	475,000	Tuition revenue from the Town of Fayette for students in grades 6 - 12 and for special education students in the WRAP program.
Transportation Revenue	140,000	(100,000)	40,000	repairs on Winthrop & Fayette buses. The large reduction in revenue is due to no longer needing to transport a State Agency Client student to an out of district placement.
McCare Reimbursement	350,000	(250,000)	100,000	Revenue from the State of Maine for McCare reimbursement for students attending our Day Treatment Programs. The number of students we can bill for has decreased.
Fiscal Services/Admin Fees	25,000	(15,000)	10,000	Fees for services provided to other school districts with RSU #38 personnel.
Curricular Participation Fees & Gate Receipts	70,000	-	70,000	Co & extra curricular participation fees paid by students and gate receipts from basketball games and play productions.
Miscellaneous	75,000	25,000	100,000	The majority of these revenues are in State Agency reimbursement for foster children within our district that need special ed educational programming. Also included are interest income, rental income (Wayne Town Office), e-rate reimbursement, insurance proceeds, sale of equipment, and other miscellaneous revenues.
Release of Designated Reserve	-	36,000	36,000	Releasing Health Center designated reserve for general fund use.
Balance Forward	300,000	(95,863)	204,137	The audit is done on a full accrual basis and the auditors make entries for summer salaries for the professional staff. Because of this, the auditor feels a "Cash Balance" should not be listed and the district should be working toward having the entire summer salaries set aside in a reserve. The FY15 balance is the additional unanticipated subsidy received in FY14.
Property Tax Revenue				
Required Local Dollar Match	7,858,738		?	Amount required to be raised by each town based on valuation within each town and required mills for education (these amounts change each year).
Local Only Debt	242,171		?	Local debt for construction projects approved at referendum in each town (14% of Middle School, High School renovations, new athletic fields).
Additional Local Dollars	2,747,211		?	Additional local funds needed to fund the expenditure budget once all other revenue areas have been taken into consideration.
Sub-Total Property Tax Revenue	10,848,120	-	10,848,120	Total local funds to be raised by our four towns. Currently estimating same funding as FY14.
TOTAL BUDGET	15,724,787	(122,207)	15,602,580	Total revenue budget, which matches total expenditure budget
Revenue Shortfall			223,680	This is the revenue shortfall for the proposed budget if local funds raised by our towns remains the same as in FY14 and this subsidy is received.