

Audit is good, but \$600,000 deficit proposed for '08-09

Written by Brenda Johnson Brandt

A deficit of only \$14,026 for Holyoke School District Re-1J for the year 2007-08 was reported by auditor Scott Szabo at the Dec. 15 meeting of the Re-1J board.

This was good news to the tune of \$165,000, as last year's school budget projected a \$179,000 deficit.

Unfortunately, the district is already six months into its 2008-09 budget, and is projecting a deficit of \$609,784 in that final budget which was adopted Monday.

A resolution by the board authorizes a portion of the beginning fund balance up to \$609,784 to be spent in 2008-09, if needed, for general operating expenditures and completion of capital construction costs to the heating, ventilation, air conditioning (HVAC) system.

In the revised budget which was adopted Monday, the beginning fund balance increased to \$1.7 million. However, the \$610,000 projected deficit pushes the year-end reserves to \$1,090,217.

Additionally, the district's capital reserve fund has already been spent in its entirety.

Sharon Thompson, director of budget and finance, confirmed the HVAC project represents about \$350,000 of the projected deficit.

The ending reserve figure of \$1.1 million in the 2008-09 budget falls below the \$1.2 million floor that the board has cited for a number of years.

Board member and budget committee member Dan Kafka said the HVAC project was needed, and they'd never have been able to do the project in the future. "But I'm a little spooked as to where it's left us," he added.

Kafka noted the deficit has historically in the past several years not come in as bad as the projection. He sees the financial situation as recoverable, but the board needs to be resolved to recover it.

He said he'd like to set some short-term goals to turn the budget in the right direction. A budget committee meeting was set for the very next day.

Szabo's audit report showed the general fund balance for the past five years, as follows: \$1.678 million in 2004, \$1.496 million in 2005, \$1.461 million in 2006, \$1.755 million in 2007 and \$1.741 million as of June 30, 2008.

The actual budget projects a drop in the general fund balance to \$1.090 million by June 30, 2009, but even conservative budgeting shows a plummet to \$1.2-1.3 million in the ending fund balance.

Kafka cited through frugal spending and additional cuts, the past years' reserves have remained stable. He believes if tradition holds, the district won't spend the \$600,000 over revenues.

However, a clear plan with specific goals will need to be in place. He pointed out when teacher salaries were cut several years ago, he believes student achievement was directly affected. Alternatives will need to be reviewed.

Budget appropriations for 2008-09 were adopted, as follows:

General Fund	\$6,837,038
Capital Reserve	1,212,250
Athletic	175,000
Bond Redemption	433,000
Food Service	171,800
Trust and Agency	267,000
Activity Fund	280,000

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Total Appropriation \$9,376,088

Other business

In other business Monday night, the Re-1J board:

—heard about a resolution proposed in support of local control and in opposition to Senate Bill 212. The board will vote on whether it supports the resolution at its Jan. 6 meeting.

—held a three hour and 15 minute executive session at the close of the meeting for personnel. The first part of the meeting included administration on a personnel issue. The second part was devoted to the superintendent evaluation.