

**Before the  
Federal Communications Commission  
445 12<sup>th</sup> Street SW, Washington, DC 20554**

_____ )	
Request for Review of the )	
Decision Dated September 1, 2005 )	
of the )	Billed Entity Number 3877
Universal Service Administrator )	
)	Form 471 Application Number
396098 )	
by )	
)	CC Docket No. 02-6
Sweetser )	
50 Moody Street, Saco, Maine 04072 )	
_____ )	

Sweetser respectfully requests review by the Federal Communications Commission of the above referenced decision of the Universal Service Administrator (the “Administrator”), which upheld a denial by the Administrator’s Schools and Libraries Division (“SLD”) of Sweetser’s application for e-rate funding for Funding Year 2004 - 2005. The reasons in support of this request for review are set forth below. Any communications regarding this request for review may be directed to the undersigned.

**Overview and Relief Requested**

Sweetser, a Maine not-for-profit corporation, provides a wide range of behavioral health, mental health and educational services. Its total operating budget for its fiscal year 2004 – 2005, corresponding to the SLD funding year in concern, was projected to be in excess of \$57 million, with a projected net surplus

from operations of over \$450,000, as shown in budget information submitted to SLD. The School at Sweetser, one of Sweetser's many service programs, is a special purpose school which qualifies for participation in the e-rate program and for which the e-rate application was submitted to SLD. The program-specific operating budget for just the school for the year concerned was projected to be well over \$4 million, with a net surplus of over \$260,000 based on revenues of over \$4½ million from secure tuition sources unrelated to e-rate discount revenue, all again as shown in budget information submitted to SLD. Nevertheless, SLD concluded that Sweetser had failed to demonstrate its ability, independent of e-rate discount revenue, to fund Sweetser's own share of its e-rate request, which totaled just \$18,606. On that basis alone, SLD denied the application entirely.

SLD's conclusion that Sweetser had not shown its ability to pay its e-rate portion was manifestly unreasonable and disregarded, or at best seriously misunderstood, the budgetary information which Sweetser had submitted in response to SLD's requests. Sweetser has demonstrated its financial ability to fund its own e-rate share. SLD's decision to deny the application on that basis ought to be reversed and the application ought to be referred back to the Administrator for further processing accordingly.

### **Specific Issues Presented**

- 1) The Administrator's decision, in the third bulleted paragraph, states in general terms that SLD properly concluded that Sweetser had failed to demonstrate that Sweetser had secured funds to pay its e-rate share. This is not correct. The budgetary information provided by Sweetser clearly showed that Sweetser had secured funds, separate and apart from the e-rate grant funds, which would much more than suffice to pay Sweetser's e-rate share.

- 2) In the Administrator's decision letter, in the second bulleted paragraph, it is stated that Sweetser had identified the e-rate grant funds as the funds that would be used to pay Sweetser's own e-rate share, and that, since the e-rate grant funds were not secured at the time the application was filed, Sweetser had failed to demonstrate that it had secured funds to pay Sweetser's e-rate share. This is not correct. Sweetser never identified the e-rate grant funds as the funds to be applied to Sweetser's share. This characterization was an error on the part of the Administrator's reviewer. The budgetary information supplied by Sweetser clearly showed other secure revenues, separate and apart from e-rate grant funds, which would much more than suffice to pay Sweetser's e-rate share. A letter of assurance supplied by Sweetser to SLD expressly identified these other revenue sources as the ones from which payment of Sweetser's e-rate share would come.
  
- 3) The Administrator's decision letter, in the second bulleted paragraph, states that new information may not be submitted on appeal. The letter does not state exactly what new information is being rejected. As far as Sweetser is aware, the only new information submitted in its appeal consisted of: (a) the overall final operating budget for Sweetser as an entire organization (as opposed to just the school division's budget) for the year in concern; and (b) the results of an on-site review of Sweetser's e-rate compliance records and procedures. The on-site review results in any event do not directly relate to the reasons given for denial of the application. Sweetser does not contest the exclusion from consideration of the on-site review results. Sweetser does, however, submit that the overall budget is consistent with the budgetary information supplied in response to SLD's requests and clarifies an evident mistake on SLD's part in its understanding of the previously supplied information. Accordingly, the overall budget should have been accepted and should have been considered in Sweetser's appeal of the initial SLD decision, and also should be considered in Sweetser's present appeal.

## **Argument**

### **Summary of E-rate Funding Request**

The e-rate items which pertain to the reasons given for denial of the application are the "Section I: Connectivity" items shown in the Item 25 Worksheet Summary attached as Appendix A. These items are categorized as Telecom, Internet Access and Internal Connections. The funding requests were as follows:

Item	Grant (e-rate discount) Portion	Sweetser's Share	Total
Telecom	\$ 141,818.36	\$ 15,757.60	\$ 157,575.96
Internet Access	\$ 5,460.30	\$ 606.70	\$ 6,067.00
Internal Connections	\$ 20,173.80	\$ 2,241.53	\$ 22,415.33
Total Request	\$ 167,452.46	<b>\$ 18,605.83</b>	\$ 186,057.99

The reason given for the denial, and the subject of this appeal, is the conclusion by SLD and the Administrator that Sweetser had not demonstrated that it had secured funds for Sweetser's e-rate share, which totaled \$18,605.83.

1) **Sweetser Clearly Showed That It Had Secured Funds Available To Pay Its E-Rate Share**

Sweetser, in response to SLD's request for budgetary information to show that Sweetser had secured funds to pay Sweetser's e-rate share, submitted the assurance letter of Sweetser's Chief Financial Officer attached as Appendix B and the preliminary budget for Sweetser's school division attached as Appendix C. This submission followed SLD's guidelines that an assurance letter and draft budget should be submitted if a final, approved budget was not yet available, which was the case.

Sweetser's assurance letter, in the fourth paragraph, confirms that the school operations are funded not by Medicaid, but rather through the Maine Department of Education. The letter further confirms that the Department of Education funding is secure and covers the applicant's (that is, Sweetser's) share of the e-rate expenses. Expressly, the letter states that Sweetser's e-rate share is covered by the Department of Education funding, and nowhere suggests that Sweetser is relying on e-rate grant funds for this purpose.

In the preliminary budget, in the revenue section, the Tuition line identifies the Department of Education funds. These were projected to amount to just under \$4 million, far in excess of Sweetser's e-rate share, which was just over \$18,000. On the expense side of the budget, the full e-rate expenses for telecom (line item 8100), internet access (line item 5440) and internal connections (line item 6800) were set out. These line items included both the e-rate discount share and Sweetser's share.<sup>1</sup> The budget overall showed a net operating surplus.<sup>2</sup> Accordingly, Sweetser demonstrated, as requested, that it had secured funds available to pay its e-rate share.

The final, approved budget for the school division even more clearly demonstrates that Sweetser had secured funds available which greatly exceeded its e-rate share. The final budget, attached as Appendix D, which was submitted in response to SLD's request, indicates that the projection of secure Tuition revenue from the Department of Education had increased by over a half million dollars, now totaling over \$4,500,000. Moreover, the projected operating surplus had increased to over \$260,000. Even if the requested e-rate grant funds were taken out of the projected revenue completely, a surplus of about \$100,000 would still remain.

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<sup>1</sup>The discount share was identified in the margin for reference for each line item. Each line item total includes both the discount share and Sweetser's share and exactly matches the sum of the corresponding items on the Item 25 Worksheet Summary.

<sup>2</sup> There is a revenue line item of "other program revenue" in the amount of just over \$12,000 which may in fact include Department of Education funds but may not have been clearly identified in the assurance letter as being "secured" funds. Even if this line item of \$12,000 were disregarded, however, the budget would still show a net operating surplus. Thus, the secure Tuition revenue, which was noted in the assurance letter to cover Sweetser's e-rate share, in any event has been shown to be available and sufficient to pay Sweetser's share of the e-rate expenses.

Nothing could more clearly demonstrate that the secure funds unrelated to e-rate grant funds amply sufficed to pay Sweetser's e-rate share of \$18,606.

The precise line items in the final budget, it might be noted, differ in minor amounts from the preliminary budget. A normal part of any budget process includes refining revenue and expense projections and, in some cases, reclassifying particular items of revenue or expense. The line item for the Telecom expense was listed in the preliminary budget at a total expense of \$157,575.96, with an e-rate request of \$141,818.36 (line item 8100). The final budget projected a greater total expense for this item of \$161,870, with the e-rate request also indicated to have increased to \$147,276. The projected increase in the expense reflected simply a refinement of the projected cost as part of the budget process. Although the increased cost projection was quite proper, there did appear to be a mistake in also increasing the designated e-rate request correspondingly. The e-rate request should have been limited to the amount in the application for e-rate funding, and accordingly should have been kept at \$141,818.36. The difference is inconsequential, however. Even with the greater expense projection in the final budget, there still was projected to be a very substantial surplus far exceeding Sweetser' e-rate share.

It might be noted as well for reference that the preliminary budget contained separate line items for the internet access and internal connections e-rate items. For the final budget, these items were reclassified into different line items, in which they were combined with similar cost items. Email correspondence from Mr. Paul

Diou of Sweetser in response to SLD's request for information pointed out the change. Mr. Diou indicated that, in the final budget, these items would be pulled from line items 9870 (Information Services) and 9865 (Telecommunications) under Indirect Program Support. The email correspondence is attached as part of Appendix E, which is discussed at greater length in the following section. Again, the final budget demonstrates very clearly that more than sufficient secure funds, apart from any e-rate grant funds, were available to pay Sweetser's e-rate share.

As noted at the outset, Sweetser operates many service programs in addition to its special purpose school. The final, approved overall budget for Sweetser as an organization for the funding year 2004 – 2005, which was submitted to the Administrator in Sweetser's appeal of the initial SLD decision, is attached as Appendix F. The overall budget shows a net operating surplus of over \$450,000. Once again, this demonstrates the availability of funds separate from e-rate revenues that are much greater than those needed to pay Sweetser's e-rate share.

2) **Sweetser Never Relied On E-rate Grant Funds To Demonstrate Sweetser's Having Secured Funds To Pay Sweetser's E-rate Share**

SLD appears to have mistakenly construed the "Miscellaneous Revenue" item of \$167,452.46 to be the revenue item that Sweetser relied on to cover its e-rate share. This was not the case. As clearly stated in Sweetser's assurance letter, the revenue on which Sweetser relied was the secure Department of Education funds, appearing in the Tuition line.

Sweetser identified the "Miscellaneous Revenue" item as "E Rate Funding Request", both in the preliminary budget and in email correspondence to SLD,

simply because this is just what that revenue item represented – the e-rate discount revenue projected to be received. This identification does not in any way imply that Sweetser was relying on these funds to pay its e-rate share. Under generally accepted accounting principles, revenue items are identified by source. A particular revenue item is not designated to be applied to any particular expense item. Rather, the various revenue items are identified by source, the various expense items indicate the operating costs to be incurred, and the bottom line indicates whether the revenues, in the aggregate, suffice to cover the expenses.

Sweetser’s assurance letter flatly stated that the funds to pay Sweetser’s e-rate share were supplied by secure funding from the Maine Department of Education, reflected in the Tuition revenue line. This should in any event have been self-evident from the budget itself, with the Tuition revenue reflecting virtually all of the school’s revenue. It should not have been necessary on the budget itself either to rename this revenue item or to give it some kind of label in order to tie it to a specific expense. This would not have been consistent with normal accounting practice for identifying sources of revenue. The expense side of the budget itself very clearly designated all of the e-rate expense items.

SLD’s erroneous interpretation of the “Miscellaneous Revenue” item may in part have arisen from email correspondence related to SLD’s request for information. Close review, however, shows that Sweetser consistently characterized the revenue items solely by source and relied on the expense side of the budget to

show that Sweetser's e-rate share was covered by the secure funds represented in the Tuition item on the revenue side.

The relevant email correspondence is attached in Appendix E, comprising an initial information request of December 23, 2004 from Robert Sniecinski of PIA Selective Review, a follow-up request from Mr. Sniecinski of March 7, 2005, and a response from Paul Diou of Sweetser of March 8, 2005. Mr. Sniecinski's initial request in December, 2004 was:

Would you please provide a copy of your final approved budget. For the budget you did submit would you please provide an explanation of what is covered under the Miscellaneous Revenues section.

His follow-up email in March, 2005 asked for the following clarifications:

- 1 – On the budget I need a positive response, either the budget is the final approved budget or it is not.
- 2 – On the miscellaneous revenues. Please indicate the dollar values from each item identified (USDA Income, Vending Income and ERate Income) that will be applied to your e rate share. Also, regarding the ERate Income, is this from the current year (2004-2005) or the prior year (2003-2004)?

Mr. Diou replied as follows:

Here's the final budget for the school. You'll want the tab labeled 'final'.

On your question two: I'm told that the misc. revenue is just the E-Rate revenue and that it is for the year 2004-2005. Most of the 10% that needs to be covered is pulled from line 9870 & 9865 under the Indirect Program Support section. 9870 is IS and 9865 is telecommunications. For the next budget year we actually created a line item to cover the 10% not covered so it would be more obvious but that approach was not used in past years.

Clearly, Mr. Diou's reply, regarding the Miscellaneous Revenue item, did nothing more than confirm that the item included only E-Rate revenue for the year

2004 – 2005. He never indicated that this was being applied to pay Sweetser’s e-rate share. Rather, he referred to the expense line items to show that Sweetser had accounted for payment of its e-rate share. Mr. Diou’s reply may not have been composed precisely in the format of Mr. Sniecinski’s last email inquiry. Notably, Mr. Sniecinski’s March inquiry differed from his December request for information, while Mr. Diou’s reply appears to have been framed consistent with the December request and not to have focused on the fine points of difference between the two requests. Still, Mr. Diou’s reply makes very clear just what he meant to say – that he was simply identifying the source of the Miscellaneous Revenue in the revenue section and the location of the e-rate items in the expense section, without any implication at all that Sweetser was relying on the Miscellaneous Revenue to pay its e-rate share. For the Administrator’s reviewer to conclude otherwise patently misconstrues Mr. Diou’s reply, disregards accepted accounting practices and ignores the identification in the assurance letter from Sweetser’s Chief Financial Officer that the secure Department of Education funds in the Tuition revenue line cover Sweetser’s e-rate share.

3) **Sweetser’s Overall Budget Is Consistent With The Information Supplied To SLD And Clarifies An Apparent Mistake Or Misunderstanding On SLD’s Part And Ought To Have Been Accepted On Appeal**

As noted above, SLD apparently misinterpreted the Miscellaneous Revenue in the preliminary and final school division budgets. Moreover, SLD apparently failed to appreciate the significance of the other revenue items that were shown and of the projected operating surpluses as indicators of Sweetser’s having secured

funds available to pay its e-rate share. The submitted materials may have been insufficiently clear, and to that extent ambiguous, on these particular points. The overall budget of Sweetser that was submitted on appeal was consistent with the materials previously submitted to SLD and sought to clarify any ambiguity and the apparent misunderstandings on SLD's part concerning these points. Although generally new information may not be admitted on appeal to contradict earlier information, new information may be admitted to clarify an ambiguity in earlier information. *See, Request for Review by Roosevelt Elementary School District No. 66, File No. SLD-245714, CC Docket No. 02-6, Order, paragraph 5 (Wireline Comp. Bur., July 26, 2005); Request for Review by the Shawano-Gresham School District, File No. SLD-292913, CC Docket No. 02-6, Order, paragraph 5 (Wireline Comp. Bur., Feb. 5, 2004).* Accordingly, the overall Sweetser budget ought to have been accepted to be considered on appeal.

### **Conclusion**

For the foregoing reasons, the decision of the Administrator upholding SLD's denial of the funding request ought to be reversed. Sweetser ought to be found to have properly demonstrated that it had secured funds available to pay its e-rate share and this matter ought to be referred back to the Administrator for further processing accordingly.

Respectfully submitted,



Robert Jay White, Esq.  
Compliance Officer

Sweetser  
50 Moody Street, Saco, ME 04072  
Tel: 207-294-4470  
Fax: 207-294-4465  
Email: [rwhite@sweetser.org](mailto:rwhite@sweetser.org)

Date: October 26, 2005

## List of Appendices

### *Materials submitted to SLD in response to SLD's requests for information*

Appendix A	Item 25 Worksheet Summary
Appendix B Officer	Letter of Assurance from Sweetser's Chief Financial Officer
Appendix C	Preliminary Budget for Sweetser's School
Appendix D	Final, Approved Budget for Sweetser's School
Appendix E	Email Correspondence

23 Dec. 2004, Mr. Sniecinski to Mr. Diou  
07 Mar. 2005, Mr. Sniecinski to Mr. Diou  
08 Mar. 2005, Mr. Diou to Mr. Sniecinski

### *Materials submitted on appeal of SLD's denial of application for funding*

Appendix F	Final, Approved Budget for All Sweetser Operations
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**Appendix A**

**Item 25 Worksheet Summary**

**ITEM 25 WORKSHEET SUMMARY: FAX BACK PAGE 1**

<b>Item 25 Worksheet Summary</b>		<b>Funding Year 2003</b>	<b>Funding Year 2004</b>
Please Add Subtotals of Sections I through VI		(07/01/03-06/30/04)	(07/01/04-06/30/05)
<b>Section I: Connectivity</b>			
I-A. Commitment Amount Requested			
• Telecom		\$141,818.36	✓
• Internet Access		\$5,460.30	✓
• Internal Connections		\$20,173.80	✓
<b>Total of Funding Requests (I-A)</b>	<b>168,757</b>	<b>\$167,452.46</b>	✓
I-B. Form 471 Applicant's Share			
• Telecom		\$15,757.60	✓
• Internet Access		\$606.70	✓
• Internal Connections		\$2,241.53	✓
<b>Total of Applicant Share (I-B)</b>	<b>18,750</b>	<b>\$18,605.83</b>	✓
I-C. Amounts not covered by E-Rate			
• Telecom		\$ —	
• Internet Access		\$ —	
• Internal Connections		\$ —	
<b>Total of Amounts Not Covered (I-C)</b>		<b>\$ —</b>	
<b>Total Connectivity (I-A + I-B + I-C)</b>	<b>187,507</b>	<b>\$ 186,058</b>	
<b>Section II: Hardware</b>			
II-A. Number of Computers Connected	13a. # 195	13b. # 195-210	
II-B. Number of Servers Connected	14a. # 4	14b. # 5	
II-C. Number of Data/Voice Drops Installed	15a. # 223-250	15b. # 40 to 275	
II-D. Applicant Expenditure	16a. \$ 38,754	16b. \$ 23,260	
II-E. Contribution / In-Kind Donations	17a. \$ —	17b. \$ —	
<b>Total Hardware (II-B + II-C)</b>	18a. \$ 38,754	18b. \$ 23,260	
<b>Section III: Professional Development</b>			
III-A. Staff Training Hours (Total 100%):			
0-5 Hrs. <u>35</u> % 5-15 Hrs. <u>40</u> % 15-25 Hrs. <u>10</u> % 25-50 Hrs. <u>10</u> % 50+ Hrs. <u>5</u> %			
III-B. Applicant Expenditure	20a. \$ 5031	20b. \$ 16,896	
III-C. Contribution / In-Kind Donations	21a. \$ 7005	21b. \$ unknown at this time	
<b>Total Professional Development (III-B + III-C)</b>	22a. \$ 12,036	22b. \$ 16,896	
<b>Section IV: Software</b>			
IV-A. Applicant Expenditure	23a. \$ 8,910	23b. \$ 5,000	
IV-B. Contribution / In-Kind Donations	24a. \$ —	24b. \$ —	
<b>Total Software (IV-A + IV-B)</b>	25a. \$ 8,910	25b. \$ 5,000	
<b>Section V: Retrofitting</b>			
V-A. Applicant Expenditure	26a. \$ 48,095	26b. \$ 49,557	
V-B. Contribution / In-Kind Donations	27a. \$ —	27b. \$ —	
<b>Total Retrofitting (V-A + V-B)</b>	28a. \$ 48,095	28b. \$ 49,557	
<b>Section VI: Maintenance</b>			
VI-A. Applicant Expenditure	29a. \$ 64,927	29b. \$ 77,243	
VI-B. Contribution / In-Kind Donations	30a. \$ —	30b. \$ —	
<b>Total Maintenance (VI-A + VI-B)</b>	31a. \$ 64,927	31b. \$ 77,243	
<b>Total of E-Rate Initiative (Total of Section I to VI)</b>	32a. \$ 360,229	32b. \$ 358,014	

Technology Implementation Level (Enter Number of schools/libraries at each level from worksheet)

Level 1 current:	Level 2 current:	Level 3 current:	Level 4 current:
Level 1 by 6/30/05:	Level 2 by 6/30/05:	Level 3 by 6/30/05:	Level 4 by 6/30/05:

For Consortium applicants choosing to provide a response on a disaggregated basis:

Block 4 Entity Name: \_\_\_\_\_ Entity Number: \_\_\_\_\_

Item 25 Worksheet Summary page: \_\_\_\_\_ of \_\_\_\_\_

**Appendix B**

**Letter of Assurance from Sweetser's Chief Financial Officer**



May 3, 2004

USAC  
Joe Moryl  
SLD  
80 South Jefferson Road  
Whippany, New Jersey 07981

Dear Mr. Moryl:

The purpose of this letter is to provide assurance that the applicant share of E rate funding for The School at Sweetser will be provided regardless of budget deficits, state funding cuts, and fund raising effort shortfalls.

At this time, a final approved budget for the School at Sweetser is not available for the period of July 1, 2004 - June 30, 2005. The School at Sweetser is one of the many programs operated by Sweetser. Many of the other programs are funded by Medicaid Dollars through the State of Maine budgeting process, which has not yet been finalized.

The delay in the finalization of the Medicaid funding process, at the State level, has prevented us from completing a final, Board approved, organizational operating budget.

The anticipated operations of The School at Sweetser are not contingent upon Medicaid funding specifically. We have every confidence that the funding mechanism, which supports the school activities through the Maine Department of Education, is secure; thus are the applicant share of the E rate expenses.

In addition to this letter and pursuant to your request, please find a *draft* of The School at Sweetser's operating budget for the period of July 1, 2004 - June 30 2005.

Please call me with any questions at 294-4650.

Respectfully Submitted,

Sweetser



Michael R. Abbatiello, CPA  
Senior Director of Finance

Enclosure

50 MOODY STREET • SACO, MAINE 04072

207-284-5981 • FAX 207-286-0212



**Appendix C**

**Preliminary Budget for Sweetser's School**

Sweetser  
 The School at Sweetser  
 FY 05 Operating Budget  
 July 1 through June 30, 2005  
 SWEET:3100

Fy 05  
 12 MONTH  
 BUDGET

Revenue:

Tuition	3,948,263.46
Tuition Prior Period	0.00
Other Program Revenue	11,417.69
Miscellaneous Revenue	167,452.46E Rate Funding Request
Net Assets Released From Restrictions	0.00
<b>TOTAL REVENUE</b>	<b>4,127,133.61</b>

Expenses:

Salaries:

5101 Salaries Direct Clinical	54,349.76
5103 Salaries Direct Non Clinical	1,528,352.70
5105 Salaries Relief/Substitutes	47,761.25
5109 Salaries Other	258,303.63
5290 Earned Time	928.84
<b>Total Salaries</b>	<b>1,889,696.18</b>

Employee Health and Retirement Benefits:

5220 Group Retirement	129,490.10
5230 Group Health/Dental/Life Insurance	242,067.20
5260 Group L-T Disability Insurance	6,979.87
5270 Worker's Compensation Ins	31,124.65
<b>Total Health and Retirement Benefits</b>	<b>409,661.82</b>

Payroll Taxes and Unemployment Benefits:

5210 Payroll Taxes	141,290.67
5280 Unemployment Payments	292.00
<b>Total Payroll Taxes and Unemployment Benefits</b>	<b>141,582.67</b>

Professional Fees:

5400 Professional Services Clinical	104,682.38
5410 Professional Services Other	8,652.95
5440 Professional Services Svc Contracts	6,067.00E Rate Request \$5,460.30
<b>Total Professional Fees</b>	<b>119,402.33</b>

Contracted Services:

8800 Contract Cleaning and Moving	34,426.39
8810 Contract Waste Removal	3,020.49
8820 Contract Security Service	770.71
<b>Total Contracted Services</b>	<b>38,217.59</b>

7850 Children's Payroll and Work Study: 14,957.52

Food:

6400 Food	77,156.40
6410 USDA Donated Goods Expense	189.85
<b>Total Food</b>	<b>77,346.25</b>

Supplies:

6210 Household Supplies	15,086.77
6220 Office Supplies	8,231.23
6230 Other Supplies	2,004.30
6240 Program Supplies	20,959.23

Sweetser  
 The School at Sweetser  
 FY 05 Operating Budget  
 July 1 through June 30, 2005  
 SWEET:3100

Fy 05  
 12 MONTH  
 BUDGET

6800 Purchase of Minor Furnishings & Equipment:	22,415.33E Rate Request \$20,173.80
7810 Children's Motivational Program	3,762.80
7840 Children's Gifts	637.30
6750 School Library	6,485.50
	-----
Total Supplies	79,582.46
8100 Telephone	157,575.96E Rate Request \$141,818.36
8110 Cell Phones	2,000.65
8120 Pagers	72.72
	-----
Total Telephone:	159,649.33
Electricity, Fuel and Water:	
8210 Electricity	40,699.75
8230 Natural Gas	18,406.69
8240 Sewage Usage	2,173.48
8250 Water	1,091.25
	-----
Total Electricity, Fuel and Water	62,371.17
Repairs and Maintenance:	
8610 Repairs and maintenance-Equipment	13,295.75
8620 Repairs and maintenance-Building	8,365.83
8640 Grounds Maintenance	1,318.83
	-----
Total Repairs and Maintenance	22,980.41
Rent Expense:	
8350 Equipment Rental	5,142.06
	-----
Total Rent Expense	5,142.06
6600 Property & Liability Insurance:	8,034.55
6500 Postage:	1,211.93
6280 Printing and Stationery:	954.95
Special Publicity and Education:	
7830 Educational Activities	7,003.48
7910 Staff Recognition	26.24
6755 Staff Library	3,830.73
	-----
Total Special Publicity and Education	10,860.45
Special Assistance:	
Staff Expenses:	
5510 Staff Training	16,896.47
5520 Staff Education Program	135.00
5610 Staff Recruitment	1,047.25
5620 Staff Physicals	1,030.00
	-----
Total Staff Expenses	19,108.72
Dues, Subscriptions & Recreation Expenses:	
6700 Publications & Subscriptions	24.00
6900 Dues:	761.25

Sweetser  
 The School at Sweetser  
 FY 05 Operating Budget  
 July 1 through June 30, 2005  
 SWEET:3100

Fy 05  
 12 MONTH  
 BUDGET

7820 Recreational Activities	2,519.83
Total Dues, Subscriptions & Recreation Expenses	3,305.08
Travel and Auto:	
7100 Mileage Reimbursement	2,585.02
7200 Travel	353.50
7300 Gas & Oil Agency Vehicles	20.00
Total Travel and Auto	2,958.52
9100 Bad Debts Expense:	1,947.37
Interest Expense:	
8510 Interest Expense	55,946.29
Total Interest Expense	55,946.29
8400 Depreciation of Buildings & Equipment:	112,002.70
8450 Amortization:	4,081.44
Miscellaneous:	
7950 Miscellaneous Expense	150.44
Total Miscellaneous	150.44
Total Direct Expenses	3,241,152.23
Gross Operating Income before allocation of Direct & Indirect Expenses	885,981.38
Allocated Direct Program Support:	
9840 Direct Support - Health Clinics	113,026.69
9844 Direct Support - Medical Director	2,692.89
9858 Direct Support - CQI	4,113.53
9860 Direct Support - Organizational Training	20,466.84
9865 Direct Support - Telecommunications	9,381.98
9880 Direct Support - Exec VP Programs	19,578.78
9892 Direct Support - Director Cost Center	84,121.68
Total Allocated Direct Support	253,382.39
Indirect Program Support:	
9810 Indirect Support - Support Services	90,763.58
9820 Indirect Support - Maintenance	116,430.68
9832 Indirect Support - Patient Accounts	13,616.59
9834 Indirect Support - Medical Records	2,989.86
9850 Indirect Support - Executive Administration	124,166.68
9855 Indirect Support - Organizational Compliance	17,347.27
9852 Indirect Support - Planning & Special Projects	0.00
9854 Indirect Support - Communications	22,446.61
9856 Indirect Support - Finance	77,242.63
9870 Indirect Support - Information Services	74,430.20
9872 Indirect Support - Human Resources	69,151.22
9873 Indirect Support - Volunteers	6,065.74
Total Allocated Indirect Program Support	614,651.06

Sweetser  
 The School at Sweetser  
 FY 05 Operating Budget  
 July 1 through June 30, 2005  
 SWEET:3100

Fy 05  
 12 MONTH  
 BUDGET

Total Allocated Program Support	868,033.45
	-----
TOTAL OPERATING EXPENSES	4,109,185.68
	-----
SURPLUS/(DEFICIT)	
excluding Investment Income	17,947.93
	=====
Investment Income:	
9310 Bank Fees	-35.00
SURPLUS/(DEFICIT)	17,912.93
	=====
Statistical Information	
Revenue Based Statistics	
Calendar Days	365.00
School Days	180.00
Summer School Days	38.00
Available Capacity	240.00
Tuition Days Full Days	_____
Tuition Days Half Days	_____
Paid Hour Statistics	
Paid Hours Direct Clinical	3,041.88
Paid Hours Direct Non Clinical	87,987.28
Paid Hours Direct Non Clinical Overtime	7.20
Paid Hours Relief/Substitutes	3,037.50
Paid Hours Other	12,595.55
Paid Hours Other Overtime	2.50
	-----
Total Paid Hours	106,671.91
Total FTE	51.28
Miscellaneous Statistics	
Telephone Units	132.00
Pager Units	0.00
Information System Units	11.81
Square Footage	35,053.00

**Appendix D**

**Final, Approved Budget for Sweetser's School**

Sweetser  
The School at Sweetser  
FY 05 Operating Budget  
July 1 through June 30, 2005  
SWEET:3100

	FY05 <u>BUDGET</u>
Revenue:	
Tuition	4,524,098
Tuition Prior Period	0
Other Program Revenue	12,080
Gifts and Grants	0
Miscellaneous Revenue	147,276 E Rate Request
Net Assets Released From Restrictions	0
	-----
TOTAL REVENUE	4,683,454
	-----
Expenses:	
Salaries:	
5101 Salaries Direct Clinical	56,033
5103 Salaries Direct Non Clinical	1,622,674
5105 Salaries Relief/Substitutes	60,538
5109 Salaries Other	217,013
511x Overtime Salaries	2,645
5290 Earned Time	6,325
	-----
Total Salaries	1,965,227
Employee Health and Retirement Benefits:	
5220 Group Retirement	86,603
5230 Group Health/Dental/Life Insurance	247,701
5260 Group L-T Disability Insurance	8,227
5270 Worker's Compensation Ins	27,914
	-----
Total Health and Retirement Benefits	370,446
Payroll Taxes and Unemployment Benefits:	
5210 Payroll Taxes	149,856
5280 Unemployment Payments	3,918
	-----
Total Payroll Taxes and Unemployment Benefits	153,774
Professional Fees:	
5400 Professional Services Clinical	130,000
5410 Professional Services Other	18,000
5440 Professional Services Svc Contracts	2,500
	-----
Total Professional Fees	150,500
Contracted Services:	
8800 Contract Cleaning and Moving	36,709
8810 Contract Waste Removal	2,080
8820 Contract Security Service	440
	-----
Total Contracted Services	39,229
7850 Children's Payroll and Work Study:	16,000
Food:	
6400 Food	77,000
6410 USDA Donated Goods Expense	0
	-----
Total Food	77,000

Sweetser  
The School at Sweetser  
FY 05 Operating Budget  
July 1 through June 30, 2005  
SWEET:3100

FY05  
BUDGET

Supplies:

6210 Household Supplies	15,000
6220 Office Supplies	8,000
6230 Other Supplies	5,000
6240 Program Supplies	30,000
6800 Purchase of Minor Furnishings & Equipment:	6,500
7810 Children's Motivational Program	2,000
7840 Children's Gifts	325
6750 School Library	6,000
	-----
Total Supplies	72,825

8100 Telephone	161,870	E Rate request 147,276
8110 Cell Phones	1,656	
8120 Pagers	55	
	-----	
Total Telephone:	163,581	

Electricity, Fuel and Water:

8210 Electricity	40,899
8230 Natural Gas	17,147
8240 Sewage Usage	2,157
8250 Water	1,078
	-----
Total Electricity, Fuel and Water	61,282

Repairs and Maintenance:

8610 Repairs and maintenance-Equipment	14,498
8620 Repairs and maintenance-Building	9,888
8640 Grounds Maintenance	1,750
	-----
Total Repairs and Maintenance	26,136

Rent Expense:

8350 Equipment Rental	7,126
	-----
Total Rent Expense	7,126

Taxes:

6600 Property & Liability Insurance	11,494
	-----
Total Insurance:	11,494

6500 Postage:	1,500
---------------	-------

6280 Printing and Stationery:	1,000
-------------------------------	-------

Special Publicity and Education:

7830 Educational Activities	12,500
7910 Staff Recognition	500
6755 Staff Library	5,000
	-----
Total Special Publicity and Education	18,000

Special Assistance:

9600 Specific Assistance	150
--------------------------	-----

Sweetser  
The School at Sweetser  
FY 05 Operating Budget  
July 1 through June 30, 2005  
SWEET:3100

	<u>FY05</u> <u>BUDGET</u>
Total Special Assistance	150
Staff Expenses:	
5510 Staff Training	5,000
5520 Staff Education Program	12,000
5610 Staff Recruitment	5,000
5620 Staff Physicals	2,000
Total Staff Expenses	24,000
Dues, Subscriptions & Recreation Expenses:	
6700 Publications & Subscriptions	2,000
6900 Dues:	750
7820 Recreational Activities	500
7825 Rec Act - Cable TV	0
Total Dues, Subscriptions & Recreation Expenses	3,250
Travel and Auto:	
7100 Mileage Reimbursement	3,000
7200 Travel	1,500
Total Travel and Auto	4,500
9100 Bad Debts Expense:	70,000
Interest Expense:	
8510 Interest Expense	48,089
Total Interest Expense	48,089
8400 Depreciation of Buildings & Equipment:	165,694
8450 Amortization:	4,054
Miscellaneous:	
7950 Miscellaneous Expense	50
Total Miscellaneous	50
Total Direct Expenses	3,454,908
Gross Operating Income before allocation of Direct & Indirect Expenses	1,228,546
Allocated Direct Program Support:	
9840 Direct Support - Health Clinics	120,371
9844 Direct Support - Medical Director	2,710
9858 Direct Support - CIM	4,225
9860 Direct Support - Organizational Training	21,813
9880 Direct Support - Exec VP Programs POD 2, 3	17,981
9892 Direct Support - Director Cost Center	118,808
Total Allocated Direct Support	285,910

Sweetser  
 The School at Sweetser  
 FY 05 Operating Budget  
 July 1 through June 30, 2005  
 SWEET:3100

FY05  
BUDGET

Indirect Program Support:	
9810 Indirect Support - Support Services	86,519
9820 Indirect Support - Maintenance	97,991
9832 Indirect Support - Patient Accounts	8,599
9834 Indirect Support - Client Records	25,535
9850 Indirect Support - Executive Administration	86,413
9855 Indirect Support - Org Compli, Plan & CQI	25,832
9854 Indirect Support - Communications	21,664
9856 Indirect Support - Finance	74,091
9870 Indirect Support - Information Services	165,284
9865 Indirect Support - Telecommunications	13,699
9872 Indirect Support - Human Resources	69,064
9873 Indirect Support - Volunteers	7,086
	-----
Total Allocated Indirect Program Support	681,776
	-----
Total Allocated Program Support	967,685
	-----
TOTAL OPERATING EXPENSES	4,422,593
	-----
SURPLUS/(DEFICIT)	
excluding Investment Income	260,861
	=====
Investment Income:	
SURPLUS/(DEFICIT)	260,861
	=====
Statistical Information	
Revenue Based Statistics	
Calendar Days	365
School Days	181
Summer School Days	40
Available Capacity	127
Tuition Days Full Days	25,148
Tuition Days Half Days	0
Paid Hour Statistics	
Paid Hours Direct Clinical	3,062
Paid Hours Direct Non Clinical	89,465
Paid Hours Direct Non Clinical Overtime	150
Paid Hours Relief/Substitutes	3,003
Paid Hours Relief/Substitutes Overtime	0
Paid Hours Other	11,872
	-----
Total Paid Hours	107,552
Direct Care Clinical FTE	1.47
Direct Care Non-Clinical FTE	43.08
Relief FTE	1.44
Other FTE	5.71
Total FTE	51.71

Sweetser  
The School at Sweetser  
FY 05 Operating Budget  
July 1 through June 30, 2005  
SWEET:3100

FY05  
BUDGET

Miscellaneous Statistics	
Admissions	0.00
Discharges	0.00
Telephone Units	802.68
Pager Units	4.80
Information System Units	326.52
Square Footage	35,553

## **Appendix E**

### **Email Correspondence**

23 Dec. 2004, Mr. Sniecinski to Mr. Diou

07 Mar. 2005, Mr. Sniecinski to Mr. Diou

08 Mar. 2005, Mr. Diou to Mr. Sniecinski

**From:** PIAIntegrated  
**Sent:** Thursday, December 23, 2004 10:56 AM  
**To:** 'pdjou@sweetser.org'  
**Subject:** Entity 3877 - Selective Review

Paul,

We are continuing to review you application and need some additional information.

Would you please provide a copy of your final approved budget. For the budget you did submit would you please provide an explanation of what is covered under the Miscellaneous Revenues section.

If you have nay questions please feel free to give me a call.

Thanks,

Robert Sniecinski

PIA Selective Review

Phone: 973-560-4472

Fax: 973-599-6515

**From:** PIAIntegrated [mailto:PIAIntegrated@sl.universalservice.org]  
**Sent:** Monday, March 07, 2005 11:40 AM  
**To:** Diou, Paul  
**Subject:** RE: Entity 3877 - Selective Review

Paul,

I need some clarification on you message below.

1 - On the budget I need a positive response, either the budget is the final approved budget or it is not.

2 - On the miscellaneous revenues. Please indicate the dollar values from each item identified (USDA Income, Vending Income and ERate Income) that will be applied to your e rate share. Also, regarding the ERate income, is this from the current year (2004-2005) or the prior year (2003-2004)?

If you have any questions please call. Thanks for your help.

Robert Sniecinski

PIA Selective Review

Phone: 973-560-4472

Fax: 973-599-6515

bsnieci@sl.universalservice.org

From: Diou, Paul  
Sent: Tuesday, March 08, 2005 10:38 AM  
To: 'PIAIntegrated'  
Subject: RE: Entity 3877 - Selective Review

Hi Bob:

Here's the final budget for the school. You'll want the tab labeled 'final'.  
On your question two: I'm told that the misc. revenue is just the E-Rate revenue and that it is for the year 2004-2005. Most of the 10% that needs to be covered is pulled from line 9870 & 9865 under the Indirect Program Support section. 9870 is IS and 9865 is telecommunications. For the next budget year we actually created a line item to cover the 10% not covered so it would be more obvious but that approach was not used in past years. There has never been an issue with having the funds available (as attested to) in the application process.

Hope this finally answers PIA's questions.

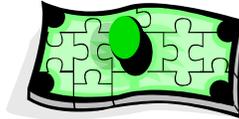
Regards,

Paul Diou

**Appendix F**

**Final, Approved Budget for All Sweetser Operations**

## Proposed Operating Budget



### Functional Details

	Total FY05 Proposed Budget	Total FY04 Actual	Variance
<b>Revenues</b>			
Net Program Service Revenue	55,764,517	52,749,058	3,015,459
Gifts and Grants	747,000	597,641	149,359
Miscellaneous revenue	378,892	324,928	53,964
Investment income	860,400	787,800	72,600
<b>Total revenues</b>	<b>\$57,750,809</b>	<b>\$54,459,427</b>	<b>\$3,291,382</b>
<b>Expenses</b>			
Salaries	35,056,719	34,548,228	508,491
Employee health and retirement benefits	6,623,903	6,514,241	109,662
Payroll taxes and unemployment benefits	2,800,971	2,595,077	205,894
Professional Fees	1,091,693	968,552	123,141
Contracted Services	347,023	399,469	(52,446)
Children's payroll and work study	58,854	55,830	3,024
Food	573,152	566,433	6,719
Supplies	847,297	817,518	29,779
Telephone	1,067,292	957,309	109,983
Electricity, fuel and water	541,137	512,000	29,137
Repairs and maintenance	649,910	535,963	113,947
Rent Expense	775,724	831,197	(55,473)
Property taxes	877,240	0	877,240
Insurance	375,117	312,419	62,698
Postage	126,903	126,010	893
Printing and Stationery	111,774	105,710	6,064
Special publicity and education	103,427	102,861	566
Special assistance	414,266	512,984	(98,718)
Staff expenses	618,012	406,958	211,054
Dues, subscriptions and recreation expenses	157,940	167,979	(10,039)
Travel and auto	1,075,668	986,101	89,567
Bad debts	525,000	152,110	372,890
Interest expense	648,869	531,783	117,086
Depreciation of buildings and equipment	1,780,095	1,609,249	170,846
Amortization	32,796	32,994	(198)
Miscellaneous	13,541	(5,379)	18,920
<b>Total expenses</b>	<b>\$57,294,323</b>	<b>\$54,343,596</b>	<b>\$2,950,727</b>
<b>Total Surplus from Operations</b>	<b>\$456,486</b>	<b>\$115,831</b>	<b>\$340,655</b>