

DOE Assigns Financial Consultant to Red Clay

Red Clay officials were notified August 27, 2007 that the Delaware Department of Education has assigned a financial consultant to verify and validate information provided by the district and review a \$10 million budget reduction plan passed by the Board of Education in June.

On-site financial consulting provided by Frank Rishel, a former deputy superintendent of the Christina School District, is expected to begin late this week, said Education Sec. Valerie Woodruff in a letter to Red Clay Superintendent Robert Andrzejewski. State law requires that the cost of the review will be paid by Red Clay.

Mr. Rishel's duties will include review of the preliminary 2008 budget, which included the reductions, to ensure that staffing levels are in compliance. His review will also confirm that the plan is adequate to ensure financial solvency by the district, that steps have been taken to adhere to the plan as approved and make recommendations for future financial planning.

"An independent consultant with Mr. Rishel's background will provide excellent feedback and guidance as we manage our current financial situation and look to establish stronger financial controls," said Red Clay Board of Education President Irwin Becnel.

Under Delaware law, the Financial Recovery Team has the authority to approve all expenditures and hiring decisions by the district. Red Clay officials said they welcomed the review.

"Frank Rishel is a recognized authority on finances," said Dr. Andrzejewski. "We welcome his expertise to either confirm the reductions are on track and sufficient or provide recommendations for additional financial adjustments."

For two years in a row, Red Clay sought an advance of funds from the State of Delaware to cover payroll payments from late August until October tax receipts were received. In June 2007 the district also received a line of credit to meet financial obligations. Under new legislation passed in 2006, DOE can assign a State Financial Recovery Team to review a district's finances when such loans are needed. The team was assigned in May and was reviewing finances off-site.

After a failed operating tax rate referendum in May 2007, Red Clay officials passed a preliminary 2008 budget in June that cut staff positions, transportation and technology costs and other expenses totaling \$10 million. The on-site review, said Woodruff, will help ensure that the district and newly hired Red Clay Finance Director Jill Floore will be successful in meeting the goals set down in the plan.

Mr. Becnel said district officials were becoming concerned in recent weeks whether the cost reductions would be sufficient to end the 2008 school year with a significant cash balance.

Red Clay officials said they will continue to provide the community with monthly financial updates and will move to appoint members to a newly created Financial Advisory Committee as early as next month.
