

**Red Clay Community Financial Review Committee**  
**Monday, November 14, 2011**

**Meeting Minutes:**

The Community Financial Review Committee met on Monday, November 14, 2011 at 6:30 PM in the Brandywine Springs School Teachers Lounge.

**Members in Attendance:**

Jill Floore– Red Clay Chief Financial Officer  
Jack Buckley – Community Member  
Bill Doolittle – Community Member  
Lynn McIntosh – Community Member  
Kari Peyser – Teachers Union Representative  
Jane Rattenni – Community Member

**I. Introduction and Opening Comments:**

Ms. Rattenni opened the meeting and welcomed everyone.

**II. Minutes**

After a review of the October meeting minutes, Ms. Rattenni moved to accept them and Mr. Doolittle seconded.

**III. Old Business**

We have received the two CNs (Certificate of Need) from DOE and the Board has voted to move forward with a vote for a referendum on February 28<sup>th</sup>. We are gearing up for our events and information sessions. We have a bowling fund raiser for the promotion and campaign as we do not expend any district funds for that purpose. We are putting together a financial bowling team to participate. Kim Williams has volunteered and we are looking for other team members. It is on Friday, January 6<sup>th</sup> from 4:00-6:00 PM at Price Lanes. Larry Miller has also agreed. Please let Jill know if you'd like to participate. Mr. Buckley and Ms. Rattenni also expressed interest. You must be 21 or older to bowl and Ms. Floore will check if children can attend.

**IV. Monthly Financial Reports**

Ms. Floore reviewed the monthly financial reports. In viewing the local revenues, we received our taxes. Last year we were at 10.8% as the taxes that year came in after November 1<sup>st</sup>. This year posted prior to October 31<sup>st</sup>, and we are 87.39%. The taxes will continue to come in as they are received, but the bulk has been received and posted. Indirect costs were significantly higher last year than at this point this year. All of the ARRA for stimulus funds expired on 9/15/11. As with the regular federal funds, we now have 3 months to close them out. We cannot encumber any new funds after 9/15. We now have the bills to pay and the last thing we do is the indirect draw. At this time last

year, we had the indirect draw earlier as we did not have a deadline. Our last indirect draw for these funds will be around 12/10/11. It is the only significant difference between this year and last year.

In reviewing the other encumbered and expended, at this time you would expect to see 33% with 4 months into the fiscal year.

Mr. Buckley asked about state transportation difference from last year. Ms. Floore explained that they fund you 75% of what your allocation was the prior year and then they true up. We're not at 100%, but they fronted more than years past. We are still expecting \$200,000. It may be that there's a greater certainty in their formula than in the past. There are also fuel adjustments and reimbursement for driver OEC costs throughout the year.

Line 60 is Nurses. Last month they were over 100%. That was due to prior year charges. Those lines have been corrected. They are still high, and Ms. Floore has met with the manager, Irene Hills. It is a small budget of \$16,000 for all of the nurses in the district. These are not nursing supplies in the schools; they fall under the school budgets. This is EPER for nurses, professional development and education. Irene Hills requested an increase of \$10,000 to her final budget. It has been approved.

Copy center printing has a negative expended. The "bill backs" have come in and they have exceeded what they have sent out so far. The copy center is located at Brandywine springs. Whatever is sent to the print shop is charged back to the school/department. This may change as more requests for supplies for copy center have come in. Ms. Peyser stated that the teachers are requested to send in their printing requests by April/May of the year for the following school year. And the expectation would be that the copies would arrive by the start of school. Ms. Peyser stated that this did not happen. Testing and benchmarks were not available. They were told that Mr. Toner lost a person and district printing was done ahead of school printing. Now the teachers had already made their copies running the schools literally out of paper. Then the copies arrived from Mr. Toner long after they were needed. Ms. Floore stated that school requests come before district requests. In fact Mr. Toner had extra help. Ms. Floore will follow up with the time line with Dr. Ammann who supervises the print shop. Ms. Floore stated that there should be an incentive. On occasion, the deadline comes too close. It is significantly cheaper going to the print shop rather than printing at the schools.

The goal of these reports is to track our accounts. Mr. Buckley asked about Division 1 salaries. Are they marginally below last year? Ms. Floore explained that is due to needs based funding. We are receiving more state funds for needs based funding. We lowered the tuition tax 2.5 cents for this reason. The formula or divisor makes you earn more units than in the past. We have received significant state cuts in many areas. But we have received more in special needs than in the past. This year we are estimating \$80 million in needs based funds. The estimate for Division 1 salaries is less. Mr. Buckley is looking at expenditures. Ms. Floore explained that this year has 27<sup>th</sup> pay and this month may have one more payroll in it than this time last year.

Mr. Buckley noted maintenance is expending more. Ms. Floore explained it is not questionable or dangerous at this time. They are expending earlier than last year.

Federal grant summary. On the first page ARRA is expiring. Except for the last two. Ed Jobs expires next year. Race to the Top expires 2014. They will still track in that section as they were awarded under the stimulus but with a longer window.

All federal funds expire in December 31<sup>st</sup> with the 3 month close out into March 2012. The two we are looking at are Title 1 and IdeaA. There is an error on line 18. We actually have until next year to finish those out. Line 10, IdeaB as of 10/31 there is \$843,000. The process we go through is to look at how much salary will be charged until 12/31. Each year the amounts differ. This year there were some cuts from the federal government, same with Title 1.

Sometimes with state money, i.e., a district hasn't spent their funding; the state will ask another district if they can use the money in the short turnaround time frame. Ms. Floore is meeting with all program managers over the next few weeks. Because we had funding through September, we spent it during that time. Alleviating our use of local funds. Our problem time may begin July 1<sup>st</sup>. It won't be as bad as we have Ed Jobs funding. Those people covered under ARRA funds cannot be completely covered by Ed Jobs. When Ed Jobs funding expires, there will be no coverage. We'll have some serious decisions to make. Ms. Floore had a promising meeting with the other district business managers. The DOE is requesting to OMB to completely reinstate Ed Jobs funding for July 1, 2012. This was state funding that was cut but filled with stimulus money. We lost \$5.8 million but they'll reinstate \$3.2 million. Mr. Doolittle asked about any other cuts. Ms. Floore wasn't given a line by line description. This was a briefing at her business managers meeting.

There is a hearing before the legislature with the final budget coming in July. The public hearing is some time in November. Ms. Floore will send that date to you. Ms. Rattenni asked what is the total package to support the state wide Ed Jobs program. Ms. Floore believes it to be \$23 million. Ms. Floore will give the committee the DOE budget request when it is posted and she will let the Committee know the hearing date.

Ms. Floore stated that in the budget you don't see a state cut. The stimulus replaced the original cut. When that funding expires, there is Ed Jobs funding. These are our literacy coaches and math interventionists. 90% people, no administrators. The district plan took into consideration that the money wouldn't last. This funding provided the training to the teachers in the classroom, hopefully taking the place of those coaches and interventionists that may be lost with the funding.

Mr. Buckley stated that the money will have to come out of our carryover money. Ms. Floore stated that reminds us of the 2008 budget. We are looking for a promise from the government so we don't make those staffing cuts if we don't need to. We have to tell teachers of RIFs by May. Ms. Peyser mentioned that date had moved up. Ms. Floore

stated that is voluntary transfers have moved up but not contractual RIF. We don't expect that 5 years of cuts will be funded within a year. But it is promising DOE has this request in place.

The Committee then reviewed the tuition information. On the percent expended for ELL is a program. The Consortium, Unique Alternatives and First State School are similar to last year. It fluctuates so much because we wait for the invoices. We have a contractual arrangement with Christiana care. We have teachers there, but we also have bills that come in. Kingswood and Parkway are part of the consortium for students who are expelled from the district. We are not delinquent; we just have not received the bills as yet.

Minor Cap is 0% expended because we are still spending out of last year's funding. The summer months are when we do most of the projects. We plan on a 2 year window.

Debt service is where you'd like to see it at 33%.

The last 2 have exceeded. Related services expended and encumbered is 122%. They simply have over encumbered a contract. We will monitor that. They cannot spend more than they have in the budget. Meadowood contract for transportation is 184% but the budget is \$1500. This means they are \$1200 over. In Meadowood we have Red Clay run their transportation. These are students with severe medical needs. Red Clay drivers and aides are used, not contractors. The small line for contractor transportation. If a parent provides the transportation for the child, the state reimburses them. This year there are 4 who have taken advantage of that. Ms. Peyser asked why the state does this if we as a district provide the service. Ms. Floore explained that question has been asked at the state level but the laws provide for this. Ms. McIntosh explained that private school parents also receive transportation costs. In many cases the private school keeps that funding. The formula also includes the needs of the child. The reason is because it exists in law. The special education one may not have been debated but the private school law has been.

Mr. Doolittle asked about related services. Ms. Floore explained that related services are funded in 2 places. Here in regular school and in special education. It is just over \$1 million on page 58 on line 2. These are contracted services for speech and occupational therapists, etc. Some is funding for employees we have on staff, not just contractors, which is in Division 1 salaries. This is our first full year of needs based funding. Ms. Rattenni asked about related services on line 7. Ms. Floore explained this is an over encumbrance. The same applies on page 6 for RPLC and Central School at 27%.

On Page 9 notes 183% due to the Barbacane audit. The auditors arrived this week working on the self audit for Red Clay. This is paid from local funds. It will be fixed in the final budget.

Ms. Peyser asked about the facility lease. This is Linden Park. Ms. Floore explained that we pay the lease and then the sublessors pay us. The budget was based on what we owe

absent from the subleases. We pay on their behalf and then get the funding always placing us in arrears. The lease expires February 2013. \$427,871 is what we owe for the rest of the year for the space not subleased. After February 2013 that funding will return to our budget. From the time of Dr. Daugherty's taking over as Superintendent, it has been a goal to be completely sublet and out of Linden Park.

Ms. Rattenni asked about the Financial Recovery Team column. Ms. Floore will rename it as Audit as the FRT no longer exists.

Mr. Doolittle asked about prior year payables. We are pretty much paid up and it will be altered in the final budget. That has shown fluctuation due to the new financial system.

#### **IV. Referendum**

The referendum presentation was incorrect on the last presentation as the negative numbers were not reflected correctly. This referendum is ½ the size of the last one. Mr. Doolittle asked if the average tax rate over the next 20 years ends in the negative. Ms. Floore stated no, but she will send that out.

#### **V. Procurement**

Ms. Floore reviewed the procurement procedures and policies with the Committee. The requirements for contracts and bids were also reviewed.

#### **VI. Public Comments**

Mr. Doolittle asked if the state has scheduled CFRC training. Ms. Floore stated that Karen Thorpe and Chuck Longfellow have volunteered to lead the training. Dates are forthcoming.

Ms. Floore asked if Mr. Hendrix has contacted any of the committee members. We have lost contact with him at this time. Mr. Buckley will try and locate him.

Ms. Peyser has given notice to Red Clay that she is moving to North Carolina. She has asked Philip Kaplan to help her find a replacement for the CFRC Committee. The Committee wished her the best in her new endeavors.

There were no other public comments at this time.

#### **VI. Announcements**

The next CFRC meeting will be held Monday, December 12, 2011 in the Brandywine Springs Teachers Lounge at 6:30 PM.

#### **VIII. ADJOURNMENT**

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The meeting adjourned at 8:17 PM.

Respectfully Submitted,

Laura Palombo

Recording Secretary