



# Committee minutes

Community Financial Review Committee		
5.12.2014	6:30 PM to 8:30 PM	Baltz District Office Board Room
Meeting called by	Jane Rattenni, Chair	
Type of meeting	Monthly Financial Review	
Facilitator	Jane Rattenni, Chair	
Minutes	Laura Palombo, Red Clay	
Timekeeper	Jane Rattenni, Community Member	
Attendees	Jane Rattenni, Bill Doolittle , Ed Gregware and Tom Pappenhagen, Community Members; Steven Fackenthall, RCEA Member; Jill Floore, Red Clay CFO	
Minutes		
	Jane Rattenni, Chair	
Discussion:	A review of the April 2014 meeting minutes. Mr. Fackenthall moved to accept the minutes and Mr. Doolittle seconded. The motion carried.	
Action Items	Person Responsible	Deadline
Presentation – Federal Funds		
	Deborah Roberts, Red Clay Supervisor of Accounting	
Discussion	Ms. Roberts presented the Report on Federal Funding. See Section I attached.	
Action Items	Person Responsible	Deadline
Monthly Financial Reports		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore presented the April 2014 month end reports. See Section II attached.	
Action Items	Person Responsible	Deadline
Financial Position Report		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore presented the Financial Position Report. See Section III attached.	
Action Items	Person Responsible	Deadline
Announcements		
	Jill Floore, Red Clay CFO	
	The June meeting of the CFRC will be held at Brandywine Springs School on 6/30/14 at 6:30 PM.	
Action Items	Person Responsible	Deadline



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## **Red Clay Community Financial Review Committee Monday, May 12, 2014**

### **I. Presentation – Federal Funds**

Ms. Roberts distributed a packet on federal funding. She explained that one thing that has changed since her last presentation is the way the Department of Education has loaded the funding into the First State Financial (FSF) system. They load them for the entire 27-month period. They do this so if they have a later amendment or extension to the funding, they do not have to change the dates. However, it is not for us to use the money for the entire 27 months without their direct approval/extension request. They are granting those extensions. For example, they have granted our extension for Title 1. Typically, as with the FY13 grant, which is depicted on the distributed timeline, the grant begins in July 2012. This is based on our application date. If the award was not given until September, the DOE backdate it to the application date, in this case July 9<sup>th</sup>. If we don't get the application in until later, the grant date would be later.

Ms. Robert presents monthly funding reports to all of the program managers. Samples of those reports are in the distributed packet. Red Clay was required to submit to DOE an annual report of the June 30<sup>th</sup> fiscal end date due by August 15<sup>th</sup>. DOE no longer requires the report as they have access to our data through FSF.

Typically, with FY 13 consolidated grant, we had to have all funds encumbered by December 31, 2013. We did have some leftover funds. During the close-out period of January through March we check the funds leftover due to a vendor not providing a service or offering a discount. We then look to see what we've spent on the next year's grant and we reassign the coding to use up the previous year's entire grant. We usually run two fiscal years of a grant simultaneously for six to nine months. We use the oldest funds first so that we use all of the funds and recover the indirect costs.

Title 1 is the only one of the consolidated grants that has a balance. There are some encumbrances that we are working on spending. The other grants on the distributed packet with a balance are not the consolidated grant. They are smaller grants. Their timelines are very different. Depending on the application and grant of the award, these grants have their own life span. We not only monitor the time line but also that the money being spent matches the assurances of the grant.

Ms. Rattenni asked about a slight increase this year that is anticipated for federal grants. Ms. Roberts explained that we have not yet seen the new awards. Ms. Floore stated that the application deadline is July 16<sup>th</sup>. The preliminary allocations are due any time. Mr. Doolittle stated that legislation is such that we will receive 16% of what we lost 2 years ago. Ms. Floore will not know for certain but we anticipate that we will neither lose nor gain in our federal funding. Sequestration is out of the equation; therefore, no funds will be pulled back at this time.



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Ms. Roberts explained that some of the pluses and minuses in Title 1 aren't based on the allocation, but rather it is based on the student data compilation and poverty level. The formula didn't change, but the student base changed so therefore, so does your grant award. Ms. Floore explained that there are several ways for us to obtain financial information on our populations. It has moved away from the free and reduced lunch applications for the Title 1.

Mr. Pappenhagen asked if the grants tend to rollover. Ms. Roberts stated that there are finite end dates. Mr. Pappenhagen asked if once the grant runs out, would there be another one to come in. Ms. Roberts explained that in the consolidated grant, yes for the standard ones like Title I, Title II and ELL, homeless, etc. They do tend to renew every year. Ms. Floore explained there are two types of funding. The first one is what some call "entitlements". These are based on a formula determined by demographics. The other is "competitive" grants for which we apply for a specific program. The entitlement grant or consolidated grant is nation-wide and based on per population. Title I is for students in poverty. Title II is highly qualified which is to provide staff development. Title 3 is ELL or students who do not have English as their first language. IDEA is for Individuals with Disabilities Education Act. These are rolled every year. Due to federal budgets and cuts, there are ups and downs to the awards. They are a staple in our budget to support students with special needs. Looking at the 4<sup>th</sup> page of the distributed packet, you can see the first 5 grants are what we've had. The Title 3 grant for ELL has to be supported by our tuition as you can see the grant award is very small compared to the others. The Perkins grant is for vocational courses. All of the 1003G, Partnership Zone and Focus grants are programs that have come from the ESEA waiver. It is how the DOE identifies the lowest performing schools and they target for programs. We've had over the course of the last 5 years, Lewis, Marbrook, Warner, Stanton, A.I. Middle School, and Baltz have been designated in those categories. That is why we receive those additional funds.

The 21<sup>st</sup> Century Grant is supplemental programs for after school and during the summer months. Our "Off the Streets" grant for example is for secondary level students promoting college goals.

Ms. Floore explained that Race to the Top was \$7.4 million over the life of the grant which is coming to an end on June 13, 2013. This was a competitive grant of federal funding. Part of this grant was also given to the partnership zone school or focus school.

The Committee thanked Ms. Roberts for her presentation.

## **II. Monthly Reports**

Ms. Floore presented the monthly reports for April. Ms. Floore explained that at this time of year we are at 83.8% completed. The financial system goes down toward the end



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of June in preparation of the new fiscal year. Everyone at Red Clay has received information on the dates needed for processing of documents. While we are extremely busy in June, program managers need to finish spending their budgets in May.

On revenue, the State has loaded the funding at \$83.7 million. Ms. Floore budgeted \$86 million for State Division 1 salaries. Regardless of which number is correct, the State will fully fund it. For purposes of this report, we are showing 98.5% received. On the local side, at the time of this report, we had not received the Senior Tax credit. We have since received this funding and it will show on the May report. We will be over 100% due to delinquency payments and the Fisker settlement of over \$500,000 for Red Clay. This was a property tax that we should have received prior to this. There were no back taxes as it was only this past year they were delinquent on. The only penalty was from the County. They lost their reduced rate from the County. They were always paying full in school taxes.

The only one that is low at this time is indirect costs at 44%. When we expend against the federal grants the indirect rate is for services provided by the district (i.e. things like payroll, HR, etc.). You can only recover the percentage of what was already spent. Indirect costs are shown as revenue.

On the expenditure side, we look at 2 things. Anyone over or close and who is far behind. The only programs behind are the schools. They have a carryover. Everyone else is using it or loses it. If the curriculum department has funds left, that funding goes to the bottom line. Linden Hill, Richey, and North Star are low. We have been working with the school principals. North Star's principal has just returned from maternity leave. Warner and Stanton are also low, however in those schools, there is a new principal coming in. Out of courtesy, we let those schools carry over more. The current and new principals are coordinating with one another on needs and spending.

Ms. Rattenni asked that when there is the significant amount left, do we adjust the final budget numbers to reflect that carryover. Ms. Floore stated that she does. Unfortunately, that gives the impression of disparity between schools. The new budget will include the carryover with what they would be allocated due to student numbers.

Dickinson is at 99%. For a high school to be at 99% with a month left of school is a dangerous place to be. However, they are only 87% expended. There is \$44,000 encumbered that we will look at to see if it will be used. No one can over budget other than special circumstances, such as legal.

Curriculum and Instruction has \$785,000 left. That will be used for major textbook purchases at the end of the year. Professional development has \$110,000 left, they are at 43%. However, that is State money and it expires in September. Training funding is utilized during the summer. Technology is at 65% or \$323,000. Kristine Bewley explained at her presentation to our Committee that their department buys as late in the



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year as possible so that the warranty lasts as long as possible. Driver's education is 20%, \$56,000. It is low but we will be purchasing vehicles soon and also carries past June 30.

We are at 81.6% for local funds in salaries, with 82% on State funds.

Maintenance is on the watch list at 95% encumbered and expended but 75% expended. Transportation may go over budget based on the routes. Ms. Rattenni asked if transportation was just through the end of the school year or does it run through the summer months? Ms. Floore explained it does include summer school but typically for the year prior because June expenses won't be billed until July. However, we don't have summer school in the district paid by local funds. The money brought in from summer school pays for that program. The PZ schools summer programs are paid through that grant. The special schools summer programs are paid through IDEA and tuition. If we go over budget with the regular school year transportation, it comes directly from our local funds. Fuel costs and the number of routes are closely monitored. Choice transportation is currently being discussed. It is provided from local funds for approximately \$250,000 a year. If you are a choice student outside of Red Clay, you need to get to the bus stop within Red Clay that is closest to your stop. We also have choice bus stops throughout the district. Mr. Fackenthall stated that if that's a regular stop and other students are on the bus, it shouldn't cost more. Ms. Floore explained that the more students that ride the buses, the more buses we need. The State helps us with Cab Calloway. Mr. Gregware asked why we have two separate buses for Cab Calloway and Charter School of Wilmington when they are in the same building. Ms. Floore stated it is written in law that way, but it is currently being debated. Even if we consolidated those students who live in Red Clay, there is no mechanism for the school district and charter school to combine them for billing purposes.

Security is at 65% expended but the encumbrances are large. We are working with the program manager to come within budget.

We are at 81.4% expended and encumbered and 79.7% expended slightly ahead from last year but slightly below the target.

With our federal reports, tuition is at 95.8% revenues received. We still have the tuition billing outstanding that is the reason for it being lower than other funds. We pay the tuition bills and the other districts pay us for their students in our tuition programs. Mostly it pertains to the First State School at Wilmington Hospital.

The consortium transportation is at 106%. We are still owed the transportation reimbursement so that will come within budget. Ms. Rattenni asked if they require any indirect costs and overhead. Ms. Floore stated no.

Meadowood payroll is low on the salary side. When we are unable to hire staff in the specialties (speech and occupational therapies) and we have needed to contract out more



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this year. Our related services are encumbered in division 32. We will be moving the funding over shortly. We budget in our salaries but it can be interchangeable between contracted services and salary.

Utilities are 112%. We receive state funding and we cannot spend less than what the state gives us. We get more energy money with needs-based funding.

Ms. Rattenni asked if we will see a lower cost at Meadowood and RPLC with the inclusion of the students. Ms. Floore explained that part of the inclusion debate is that there are already students who leave RPLC and Central into the traditional schools. The tuition dollars follow the student. On Page 1, there is a new line 9, Needs Based Tuition. In two years it has grown to \$1.25 million supporting special needs students in the regular schools. Mr. Fackenthall asked for an example of where that funding would go. Ms. Floore explained one-on-one paraprofessionals. These are students who have come from RPLC or have been mainstreamed the entire time. This is also speech therapists. If that student moved into our district or is identified after September 30<sup>th</sup>, the money comes wholly from the district in tuition dollars.

Mr. Frank Defroda from Barbacane & Thornton has asked Ms. Floore if the Committee is interested in another audit. Mr. Fackenthall asked how much the last audit cost. Ms. Floore stated approximately \$65,000. Ms. Rattenni stated that originally it was an audit every 3 years. However, the last time we discussed this at the CFRC, it was voted that we would not have a scheduled audit but on an as needed basis. The State does its own audits on the district as well. The Committee has decided not to have one at this time.

### **III. Financial Position Report**

Ms. Floore presented the May 1, 2014 Financial Position Report. This will be presented to the Board of Education this coming Wednesday. We project \$14.6 million in local funds for the end of the fiscal year. One month of local payroll is \$4 million. It is not what is needed on hand, however, as we have to make 30% of our charter payments which is over \$8 million. The comfortable place is to be \$8 million. We are deficit spending at this time but still have sufficient reserves to meet our obligations.

### **IV. Announcements**

Our next meeting will be held at Brandywine Springs School teachers' lounge on June 30, 2014 at 6:30 PM. This is a change from the previously scheduled June date. The FY 15 tax rate will be discussed. There will be no July and August meetings.

There have been no public inquiries to the CFRC.