

**RED CLAY COMMUNITY FINANCIAL REVIEW COMMITTEE**  
**CHAIR'S REPORT TO THE BOARD OF EDUCATION**



February 18, 2009  
Red Clay Consolidated School District

**Paul Lloyd**  
**Committee Chair**

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## **INTRODUCTION**

The February meeting of the Red Clay Community Financial Review Committee (CFRC) was held on the 9<sup>th</sup> of this month, at Brandywine Springs School. A presentation on the District's energy usage and procurement took center stage, but time was also allocated for reviewing the regular monthly financial reports created by the Chief Financial Officer (CFO), Jill Floore and the Business Office.

All committee members were in attendance.

## **OLD BUSINESS**

A few revisions were requested to the minutes from the January meeting after the committee took time to read over the document. It was then approved as amended. Once corrections were made the document was posted on the CFRC website [http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Minutes/CFRC\\_MM\\_2009-01-12.pdf](http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Minutes/CFRC_MM_2009-01-12.pdf).

A copy of the January minutes will also be emailed to the members of the school board.

In other old business there was a brief discussion on the status of the Audit Committee, which is comprised of members of the CFRC and the school board. The committee has not met yet, but one of their first tasks will be to review the financial statement audit for FY08 , which was recently approved by the Board of Education. Examples of this type of audit done for Newark Charter School and the Delaware Military Academy were provided to the members of the CFRC, so we could understand the scope of work that will be involved.

## **ENERGY PRESENTATION**

A presentation on the District's energy usage, procurement, and conservation measures was given by Energy Specialist, George McDowell. David Mitchell, an energy broker with Mitchell Energy Management also assisted with providing information to the committee on this matter. According to their report the district has saved \$3.5M through conservation measures and an additional \$3M from the procurement of energy on the open market.

Eighteen school buildings in the district have earned the Energy Star Label and other awards from the EPA and the U.S. Department of Energy for saving money while protecting the environment by using energy efficient products and promoting best practices as compared to their peers.

Both Mr. McDowell and Mr. Mitchell have worked actively to reduce electrical demand charges levied by the utility that penalize the customer when they incur usage spikes, especially on hot summer days. Both gentleman were able to reduce demand by 24% by turning off chillers and other HVAC equipment during the summer at 3:00 PM.

Energy innovation is also in the works for Red Clay as there is a cooperative agreement planned which will put solar panels on a roof at one of the schools in the district. The vendor will install and maintain the equipment free of charge for twenty years and sell

the electricity that is generated back to the district for 9 cents/kWh, well below the rates currently being charged by Delmarva Power.

## MONTHLY FINANCIAL REPORT REVIEW

Based on the latest monthly financial reports reviewed by the CFRC as of January 31st, the District appears to be currently on budget with only five months left in the fiscal year. Metrics used to track the budget show that spending (based on the % expended) in all three Red Clay Divisions is below target, while revenue from all sources is meeting or exceeding projections at this point in FY09. At each meeting the CFRC looks at two different monthly reporting formats in order to get a more complete picture of district expenditures. These reports are:

- **Monthly Expenditure Report** - based on a Delaware Department of Education (DOE) template and is broken out by schools, programs, departments, etc.
- **YTD Total Expenditures and Encumbrances Report** - comes in two versions (with and without prior year appropriations) and looks at expenses by line item.

### January 31<sup>st</sup> Monthly Expenditure Report Highlights

- The goal for revenue collection is still 100%, and to date 86.75% has been collected
- Budget targets should be at, or near 58.3% expended
  - Division 32 (General Operating Budget) - is at 55.0% expended
  - Division 54 (Meadowood School) - is at 50.1% expended
  - Division 58 (Intensive Learning Centers) - is at 51.3% expended

Highlights from the report include:

| DIV 32 - FY09 | Preliminary Budget | Actual         | Difference      | % Actual to Budget |
|---------------|--------------------|----------------|-----------------|--------------------|
| Total Revenue | 163,102,492        | 141,498,320.06 | (21,604,171.94) | 86.75%             |

| DIV 32 - FY09 | Preliminary Budget | Expended & Encumbered | Remaining Balance | % Expended & Encumbered |
|---------------|--------------------|-----------------------|-------------------|-------------------------|
| Total Expense | 155,107,351        | 95,647,988.38         | 59,459,362.62     | 61.7%                   |

| DIV 54 - FY09 | Preliminary Budget | Expended & Encumbered | Remaining Balance | % Expended & Encumbered |
|---------------|--------------------|-----------------------|-------------------|-------------------------|
| Total Expense | 9,350,191          | 5,507,266.98          | 3,842,924.02      | 58.9%                   |

| DIV 58 - FY09 | Preliminary Budget | Expended & Encumbered | Remaining Balance | % Expended & Encumbered |
|---------------|--------------------|-----------------------|-------------------|-------------------------|
| Total Expense | 10,803,486         | 6,308,919.25          | 4,494,566.75      | 58.4%                   |

A copy of the *December Monthly Expenditure Report* is posted on the CFRC website and can be found at: [http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Rpt/CFRC\\_MFR\\_2009-01-31.pdf](http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Rpt/CFRC_MFR_2009-01-31.pdf)

## Variance Report

For an item to appear on the *Variance Report* expenses must exceed budget targets by 30 points. For January that would be  $58.3\% + 30 = 88.3\%$  expended. Again, no budget items meet that criteria for this month.

## January 31<sup>st</sup> YTD Total Expenditures and Encumbrances Report Highlights

Totals for all three Red Clay Divisions:

| Fiscal Year 2008<br>Excludes Prior Year Appropriations |                  | Fiscal Year 2009<br>Excludes Prior Year Appropriations |                  |
|--|------------------|--|------------------|
| Salaries   | \$56,034,126.88  | Salaries   | \$59,712,275.68  |
| OEC  | \$26,465,434.07  | OEC  | \$26,687,688.59  |
| Government Services                                    | \$16,196,563.80  | Government Services                                    | \$15,498,175.38  |
| Travel   | \$43,343.34      | Travel   | \$27,837.31      |
| Contractual Services                                   | \$20,037,603.47  | Contractual Services                                   | \$21,497,402.18  |
| Supplies & Materials                                   | \$2,406,410.71   | Supplies & Materials                                   | \$4,054,308.77   |
| Capital Outlay-Equipment                               | \$25,227.72      | Capital Outlay-Equipment                               | \$56,666.64      |
| Capital Outlay-Property                                | \$0              | Capital Outlay-Property                                | \$150.84         |
| Total  | \$121,208,709.99 | Total  | \$127,534,505.39 |

| Fiscal Year 2008<br>Includes Prior Year Appropriations |                  | Fiscal Year 2009<br>Includes Prior Year Appropriations |                  |
|--|------------------|--|------------------|
| Salaries   | \$58,666,756.39  | Salaries   | \$62,307,992.62  |
| OEC  | \$27,527,228.11  | OEC  | \$28,269,401.16  |
| Government Services                                    | \$16,307,161.58  | Government Services                                    | \$15,885,755.23  |
| Travel   | \$65,956.96      | Travel   | \$72,058.38      |
| Contractual Services                                   | \$28,683,251.09  | Contractual Services                                   | \$28,314,829.22  |
| Supplies & Materials                                   | \$3,626,944.21   | Supplies & Materials                                   | \$7,435,310.79   |
| Capital Outlay-Equipment                               | \$25,227.72      | Capital Outlay-Equipment                               | \$58,991.08      |
| Capital Outlay-Property                                | \$34,053,064.37  | Capital Outlay-Property                                | \$19,036,987.40  |
| Total  | \$168,955,590.43 | Total  | \$161,381,325.88 |

Copies of both January *YTD Total Expenditures and Encumbrances Reports* are posted on the CFRC website and can be found at:

[http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Rpt/CFRC\\_OCR\\_WPYA\\_2009-01-31.pdf](http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Rpt/CFRC_OCR_WPYA_2009-01-31.pdf) (includes prior year appropriations)

[http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Rpt/CFRC\\_OCR\\_WOPYA\\_2009-01-31.pdf](http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Rpt/CFRC_OCR_WOPYA_2009-01-31.pdf) (excludes prior year appropriations)

## **Financial Position Report**

At the last meeting the CFRC also reviewed the latest Financial Position Report which is required to be filed with the DOE three times per year. The purpose of the document is to provide a projection of the school district's local current expense funds which can be carried over into the next fiscal year to meet local payroll obligations until new tax revenue becomes available in October. Current projections are approximately \$8.6M, and will be enough to cover the local portion of the payroll.

A copy of the latest *Financial Position Report* is posted on the CFRC website and can be found at: [http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Rpt/CFRC\\_FPR\\_2009-01-02.pdf](http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Rpt/CFRC_FPR_2009-01-02.pdf)

## **UPCOMING MEETING / DATES AND TIME**

The CFRC will hold its next meeting at the Brandywine Springs School on Monday, March 9, 2009, starting at 6:30 P.M.

Below is a calendar for the remainder of the fiscal year listing special topics that will be discussed at our future meetings.

### **MARCH 2009 -**

- Referendum Review
- Transportation Presentation w/George Middleton

### **APRIL 2009 -**

- Current fiscal year contract review
- Federal Closeout w/Deborah Roberts

### **MAY 2009 -**

- May 1<sup>st</sup> Financial Position Report

### **JUNE 2009 -**

- Tax warrant review

Respectfully submitted,

*Paul Lloyd*

Paul Lloyd, Committee Chair