

**Red Clay Community Financial Review Committee**  
**Monday, April 16, 2012**

**Meeting Minutes:**

The Community Financial Review Committee met on Monday, April 16, 2012 at 6:30 PM in the Brandywine Springs School Teachers Lounge.

**Members in Attendance:**

Jane Rattenni – Committee Chair  
Bill Doolittle – Community Member  
Jill Floore – Red Clay Chief Financial Officer  
Lynn McIntosh – Community Member

**Others in Attendance**

Deborah Roberts, RCCSD Supervisor of Accounting  
Stephen Mockbee, Community Member

**I. Introduction and Opening Comments:**

Ms. Rattenni opened the meeting welcoming everyone and introducing Debbie Roberts giving a presentation tonight.

**II. Minutes**

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

**III. Federal Report Review**

Ms. Roberts distributed federal grant information packets. Ms. Roberts then described the time line in a life cycle of a grant. Start dates can be as early as August and as late as October. It all depends on when the application is submitted and reviewed by the state. Our applications go to the state. The federal government has given the money to the state, and it is up to the state to then accept applications for that funding. This year we had not received our award notice until January 7<sup>th</sup>. We had the funding in our account for 2.5 months but the paperwork had not been sent to us until January. Ms. Roberts can see the funding online and work with it prior to the paperwork's arrival.

Ms. Rattenni asked if spending was on schedule. Yes. Ms. Roberts explained that she sends a monthly summary to the program managers. A few samples have been included in the packet along with the program report. The format changed for the FY 2012 grants to make them more user friendly for the program managers. It is now more in line with how the grant was written.

We have 2 reports due to DOE for federal grants. The first is due August 15<sup>th</sup> (as of June 30<sup>th</sup>) which is our annual report and the second is due May 15<sup>th</sup> (as of March 31<sup>st</sup>). The

grant closes on 12/31 of the year but we have a 3 month clean up period to use that funding under the confines of the grant. We also use that time to recover our indirect costs, which are the administrative costs of the grant.

Ms. Floore explained how this ties in with our monthly summary report in our monthly expenditures report, Page 4. Ms. Roberts explained that ARRA is complete with the exception of RTTT and EdJobs funding which will be ongoing for a time. The other funding has been expended and the reports completed. We spent the funding fully with no funding being returned to the state. In FY11 there are some monies left, but they will be expended and closed in the next 90 day time period. We are now actively spending the FY 12 grants. There are several grants from FY11, as well as subgrants, which are still ongoing.

The RTTT manager meets with Ms. Roberts monthly as we monitor that funding very carefully. Mr. Doolittle asked regarding the early childhood grant for FY13. Ms. Floore explained that just like RTTT, we will have to submit an application. The rules of the application have not been released as yet. We have a meeting prior to the applications being filed once we receive the parameters of the grant. Dr. Daugherty serves on the committee that is working on the assessment. The discussion is regarding the readiness of younger students going into school. The RTTT money, a significant portion of the district's grant, is being used for preschool.

Ms. Floore stated that since her start with Red Clay, the number of lines of federal funding has doubled. Ms. Roberts's job has also expanded with that funding. We have auditors from the Office of the Inspector General coming next week from the state regarding state stabilizations funds. Those findings will be brought to the Committee when they are received. We have been submitting ARRA reports monthly while using this funding.

Ms. Floore also explained that there are two sides to the equation. The business office staff are not the policy people that drive the grants but we participate in the process for accounting purposes. Once the program people write the grant with our input on estimated expenses, then there is the tracking of the funding. The Consolidated Grant application is online and open to the public. It does explain the plan for the funding and how it ties in with the school and district current plan. There is a Consolidated Grant Committee which also has parental and PTA involvement called RCPAC (Red Clay Parent Advisory Committee). Our outreach strategies come from this committee.

There were no further questions for Ms. Roberts. Ms. Rattenni thanked Ms. Roberts and asked her to come back at this time next year.

#### **IV. Old Business Updates**

Ms. Floore explained that the Barbacane group has not given us our local funds audit report at this time.

We spoke at an earlier meeting regarding procurement. With passing the capital referendum, we visited other school districts. We went to Appoquinimink and Capital with tomorrow going to Vo-Tech. Not only to share the process and procedures, but the procurement process. We have released 4 RFQs. One is for a construction manager, and three are for architects of the initial three major projects- the new school, AIHS and Cab Calloway. It was initially held up and there were several back and forths as well as an issue with a multi-district bid that suggests the concerns of delay and withholding has not improved. Colonial and Red Clay are working in collaboration with the attorneys as well as discussions with OMB. Every step is more of a struggle than in the past. After discussing, Ms. Floore sent a letter to all of the legislators of Red Clay and copied Ms. Williams as a BOE member and a member of this Committee. She asked for the epilogue language to be removed and for the recently revised enforcement of GSS to cease and allow the code as it has existed for years to be the guidance regarding procurement.

Ms. Rattenni asked if there was a requirement that would put the construction manager at risk. Ms. Floore explained no. Our internal debate was between general contractor vs. construction manager. Many pros and cons were discussed by the facilities committee. Ms. Floore has participated in the meetings and will be on the construction manager RFP committee and architect selection. The Facilities Committee includes BOE members and Red Clay staff.

Ms. Floore has not done capital funding before. Ms. Roberts also had not been in on the last one from the start. Mr. Mockbee added that there will be about 20 contracts per school rehab, and that the DOE gets involve in approving the contracts. Ms. Floore explained that it is OMB that needs to review before the contracts are approved. This approval is needed prior to funds being released from Dover. Ms. Floore will attend the owner's meeting at Howard tomorrow.

Ms. Floore is working on a bond anticipation note so the bonds can be sold this summer. Dr. Ammann is working on the time line of the construction and new school for this Wednesday's Board of Education meeting. We will be tracking the funding by project. Construction Work in Progress will also be a report shared with the Committee. Ms. Rattenni applauded the reports on the last operating referendum. Mr. Doolittle asked if they had split the RFQ between renovations and the new school. Ms. Floore reported no.

## **V. Monthly Reports**

Ms. Floore explained on the revenue side she typically budgets a 98% with a delinquency factor. We are very close to 100%. The (\*\*) notations break out what we received this year vs. funds that were available at the end of the year or what is called prior year. These are funds that continue to roll from year to year. Ms. Floore always views it as a onetime rollover. For that one year you may look like you have \$400,000 in revenue but the reality you have \$300,000 in rollover. The purpose of this report is to show if the revenues match our expenditures. Our current year revenues are 103%. Tax collections have exceeded 98% but we are also seeing FY11 funds that were on purchase orders now closed. Those leftover funds are now back in our budget and we would like to notate it as

money from the other fiscal year. This will lower the 103% but will be there to track and review. Ms. Rattenni asked if we would see the rollover month to month. Ms. Floore said that was difficult as they fluctuate. She will bring it next month for discussion. It is part of the cash available and would be reported as any available local balance as of June 30.

On expenses for operating units we would expect to be 75%. It is disappointing to see some that are low. Some managers prepare for the summer or next year. As in Forest Oak, the principal spent what was needed but is trying to save for a technology lab to be in place next year. New principals also are still learning what will be needed. Ms. Roberts also added that with the new financial system, they can use this funding for the start of school as the new system does not allow purchases with the following year's funding until after mid-July. This will not change in the future. Purchase Orders are essentially closed after the beginning of June and not available again until mid-July.

The only line that is exceeding in Division 32 is State Stabilization. State Stabilization is federal funds mingled into the state/local funds budget. The reason it was given was to help with state cuts and help the districts maintain. The line is not negative but the funds have been expended in a different operating unit. With federal funds, we cannot spend what we don't have so we are not overspending the funding. We are spending the federal funds first and then going to local.

Special education is only 13% expended but it is 69.8% encumbered and expended. These are for large contracts mostly for therapists. And some of that is used for the special education summer programs.

Mr. Mockbee asked about the contingency how it is allocated. Ms. Floore stated that it is a percentage of revenue. If it is not used in a fiscal year, it will carry into the available balance. He also asked about a reserve. Ms. Floore reported the reserves are only what the available balance is and there is no separate emergency fund.

Ms. Rattenni noted that average we are exactly where we expect to be at 75%.

Federal funds are put to great use. But it is hard not to start to depend on them, especially when hiring people. Ms. Floore asked if there was any information on the ESEA waiver. Mr. Doolittle explained that DOE is getting the comments back at this time.

Ms. Roberts stated that it was discussed that the Title 1 grant will become a competitive grant. Ms. Floore explained it is intended to supplement the services and needs of students in poverty and special education. The idea that it will be a competitive grant process there may result in some states that receive nothing. Mr. Doolittle stated he felt it may become a hybrid. At the legislative conference, the structure is changing to a performance based/evidence based monitoring distribution model vs. the old headcount model.

Mr. Mockbee stated that Howard benefited from the partnership zone schools. Ms. Floore explained that we have 3 partnership zone schools.

Tuition billing for those students registered in the tuition programs from other districts is significantly higher this year than in the past. In large part because of First State School. Our other programs don't fluctuate and they are mostly from Red Clay. First state has a yearly graduation so we don't know who the students are and their needs year to year. In State revenue, we were right on track and out of state assignments.

Mr. Doolittle asked about how will be capturing the needs based funding tuition. Will it be a new line item? Ms. Floore explained that in the budget, all tuition programs do have the allocation listed for needs based students. On the revenue side it should start to move within the existing allocations of Division I, II and III. On the local side, anyone hired after September 30<sup>th</sup> are fully funded by tuition funds. On the financial report, it shows how much money is going to the programs. There is still further discussion on what a needs based report would look like depending on the detail collected. Doolittle stated that not just salaries but excess expense will go to tuition schools. Ms. Floore believes it will be easier at the tuition schools rather than the regular classrooms. Ms. Floore explained that's why the tuition tax is different and can be raised without referendum.

Minor cap is where we expect to be saved for summer projects. In Division 54, Meadowood School, operations and utilities are over encumbered. This year for the special needs students we are receiving needs based funding. This year for the same group of children, we earned more units. In Division II you earn it under energy. We earned it, but we don't need it. We can't get rid of the encumbrance. We will continue to roll the encumbrance and use it as it becomes available. We cannot move it to another division.

In Division 58, the utilities are smaller as fewer units were earned. The negative for state stabilization is because of as of June 30<sup>th</sup>, there was no balance to be anticipated to be carried over as well as encumbrances released. Between carried forward and released funding there is \$23,000 available. It's been fully expended that is why its 100% on the federal side, but it doesn't match as there was nothing expected to be available.

The other large is local salaries and benefits are at 98.9%. That final budget number \$3.2 million is an error. It was taken from Division 54. It should be \$4.4 million putting us closer to 75%.

Unassigned operating unit expense. That is a charge used by someone incorrectly. We monitor this and make changes.

District wide expenditures. Substitutes are 75% expended and 98% encumbered. It is more than what was expended last year but have more leaves due to babies as well as units.

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**V. Public comments**

There were no public comments at this time.

**VI. Announcements**

The next CFRC meeting will be held Wednesday, May 9, 2012 in the Brandywine Springs Teachers' Lounge at 6:30 PM. This is a change from the normal Monday meeting date.

**IX. ADJOURNMENT**

The meeting adjourned at 8:00 PM.

Respectfully Submitted,

Laura Palombo

Recording Secretary