



Committee minutes

Community Financial Review Committee		
12.8.2014	6:30 PM to 8:30 PM	Brandywine Springs Teachers' Lounge
Meeting called by	Jane Rattenni, Chair	
Type of meeting	Monthly Financial Review	
Facilitator	Jane Rattenni, Community Member	
Minutes	Laura Palombo, Red Clay	
Timekeeper	Jane Rattenni, Community Member	
Attendees	Jane Rattenni, Community Members; Steven Fackenthall, RCEA Member;	
	Mike Piccio, BOEMember; Jill Floore, Red Clay CFO;	
Minutes		
	Jane Rattenni, CFRC Community Member	
Discussion:	A review of the November 2014 meeting minutes. Mr. Piccio moved to accept the minutes and	
	Ms. Rattenni seconded. The motion carried.	
Action Items	Person Responsible	Deadline
Final Budget		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore distributed the FY 2015 Final Budget. Please see Section I attached.	
Action Items	Person Responsible	Deadline
Audit Update		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore informed the committee of the current audits being performed.	
	See Section II attached.	
Action Items	Person Responsible	Deadline
Monthly Reports		
	Jill Floore, Red Clay CFO	
Discussion	Ms. Floore presented the reports for the end of November 2014. See section III attached.	
Action Items	Person Responsible	Deadline
Announcements		
	Jill Floore, Red Clay CFO	
	The next meeting will be held January 12, 2015 in the Brandywine Springs Teachers' Lounge.	
Action Items	Person Responsible	Deadline



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Red Clay Community Financial Review Committee Monday, December 8, 2014

I. Final Budget

Ms. Floore distributed a copy of the final budget which will be presented at the next Board of Education meeting.

There are few changes from the Preliminary Budget. Since that time, our September 30th count for enrollment has been finalized. Our enrollment was slightly lower than last year, which we predicted. We had more students go to charter schools than before. If you add our students together with the students from Red Clay going to charter schools, the numbers have increased as our demographic has increased. We had 5 new charter schools approved in our area this year, not necessarily located in Red Clay School District. It was a 1% decrease in our enrollment.

Looking at Page 16, choice revenue increased by \$90,000. Those are students from other districts coming to Red Clay regular schools. For charters, even though we are up in total, the final number came in less than the preliminary budget so it shows as a reduction in payments. The estimate was based on enrollments from last spring. In April, the charter schools must show an 80% enrollment count. When the Preliminary Budget was prepared, we had a count from charter schools which translated into \$9.6 million. Since April the student enrollment declines as more students elected to attend Red Clay schools which comes to \$699,000 less in charter payments. Our choice payment has still increased from last year, from \$8.2 million to just under \$9 million, but not as high as we expected. Mr. Piccio asked how many children the \$699,000 represents. Ms. Floore explained that our local per pupil is about \$4,000. It is more if you are special needs. That would be about 155 students. There are more charters opening next year and currently recruiting.

On the state revenue side, we are down overall in units. We are down in units at the Richardson Park Learning Center and Central. Some of those students have moved over to the regular schools as the inclusion plan moves forward, so there have been multiple shifts in the unit count. Next year's budget will continue to see moves and shifting of funding as we complete the full transition for inclusion.

In State Grants, additional programs revenue of \$120,000 is priority school funding planning money. It is \$40,000 per school. This will be EPER for teachers working after school on the plans. This shows on both the revenue and expense sides.

Our Expense side also has some minor changes. In Division 1 salaries, we have a true up with actual vs estimated expenses. Salaries are \$375,000 less than estimated in the



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preliminary budget. This also means we will be lower on the revenue as well; as those fewer units translate into less state funding.

Unit count has changed not only in how many students but in where they are attending. If a school loses students between the preliminary budget and the final budget, we do not change their budget. The school has already planned their budget and purchases supplies. But next year, it will be corrected as next year's budget is based on this year's enrollment. This is only the building budget, not salaries. On the flip side, if a school grows, we do give to those who gain students as they do need to increase their supplies. Those who gained were, Lewis, Linden Hill, Baltz, RPES, North Star, AI DuPont Middle, and the larger the increase, the more they gained in budget. Others who gained were HB DuPont, Skyline, Conrad, Cab, and AI DuPont HS.

Ms. Rattenni asked for the percentage of variance between the preliminary budget and this final budget. Ms. Floore stated it is .06%.

Mr. Piccio asked if our enrollment has increased after the September 30th count. Ms. Floore stated yes, and she can have those numbers for him by the next meeting. Mr. Piccio asked if the state could pay monthly based on enrollment. Ms. Floore stated this would pose a significant challenge for any district that lost students because teachers have already been contracted for the entire year and there is no mid-year option to RIF which would be necessary if a district lost units. It would be difficult to make it workable. There is an option for the state that is very workable that would hold funding in reserve for such increases, but it doesn't exist at this time.

Mr. Fackenthall asked about the 98% focus when planning for budget. Ms. Floore explained the law that provides an estimated unit count in April that secures funding for districts. Because Red Clay has been growing, it has been no benefit until this year. For a while this summer we were below the 98% guarantee and when a district has a rapid enrollment decline like we did with the opening of the new charters this year, that number and guarantee gave great peace of mind for staffing. This year, we came up to 99% so we did not need to invoke the guarantee but there is nothing to say we couldn't be in a similar situation in the future. There is certainly no harm in having it available.

On the regular budget side, there wasn't much movement, but on the tuition side, we had a lot of movement. Our number of private placements in unique alternatives continues to grow. Every district is reporting the same trend. There is a review team at ICT for each case. The complexity of the complex cases is going up as well. Our Meadowood team reports that they have received students who are moving here from out of state to specifically attend our program. In some cases, if the student is a ward of the state, the state then pays 100%. If the child lives at home, the state pays 70% and Red Clay pays 30%. The state funding is estimated to go up by \$289,000 but our total payments are estimated to go up by \$410,000.



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First State School expanded from 18 students to 22 students. There is an additional teacher hired. Therefore, expenses raised by \$50,000. We start from the start of school so that amount is prorated in this budget. Ms. Rattenni asked if these students all have medical problems. Ms. Floore stated yes, these students are medically fragile and cannot attend school or be on homebound schooling. They coordinate with Medicaid or the student's insurance. There is no change to the estimated tax rate.

The most change happened at the ILCs, RPLC and Central. Even though inclusion begins next year, there were many students who moved to their feeder school this year. In consultation with both schools and principals there are transition teams working on it now.

Mr. Piccio asked regarding the students who have transitioned over, are they doing well. Mr. Fackenthall stated that after meeting with teachers, he's found that the teachers in the receiving schools are working extra hard to get the students to where they need to be but are finding they don't have the support they need. Even the regular education students are behind and should be evaluated.

The greatest number of students making the move is the ELL students. Those students will move to almost every one of our schools. It impacted attendance zones. Ms. Rattenni asked if we will be monitoring the budget shifts from the ILCs to the regular schools. Is there a mechanism to track the expenditures? Ms. Floore stated, absolutely, as we need to track the tuition funding to follow the student. The complicating factor at this time is Choice. Because we are Choice friendly, we are giving these parents the option to decide which schools to attend, i.e. feeder versus choice. Once we know exactly where students will be attending, full plans can be developed. Mr. Fackenthall stated that the RPLC teachers are fearful as to where they may be placed themselves. Ms. Floore also noted that RPLC will continue to exist next year. There are preschool students as well 5th grade. Mr. Fackenthall agreed, but not as the entity it is now. Ms. Floore explained that Central School will not exist at all.

On Page 24, ELL, the preliminary budget stated that the 2014 actual was \$2.4 million. When we prepared this budget, the Board had voted to send all of the 6-8 grade students back to their original schools, but then rescinded that decision. This plan had full blown inclusion. We are now spending \$2.9 million in anticipation of that transition. We will reach the peak in support and transition next year. Mr. Fackenthall asked if ELL was Division 32 as well. Ms. Floore stated yes, it falls under Division 32 but is funded with tuition.

Mr. Piccio asked if Nutrition made \$10,000 for the year. Ms. Floore explained that no, that is their ending balance. They have a \$3.7 million carry forward that they have every year. This is showing that their expenses match their revenue with the \$3.7 million carry forward in the bank as well as the \$10,000. Ms. Floore stated that they are working on the night feeding program at 3 schools. This is separate from the school lunch program.



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Ms. Rattenni asked for a motion to accept the final budget as presented. Mr. Piccio made the motion and Mr. Fackenthall seconded. The motion carried.

II. Auditor Update

Ms. Floore presented the Auditor's summary of results by district, staff report. The public report is forthcoming. Looking at the local funding, Ms. Floore pointed reported that there were no findings for Red Clay. There is a state-wide question regarding the use of intergovernmental vouchers. For example: When Nutrition provides food for an event, they bill the requisitioner. We do an IV to pay for the food and it shows as an expense to our budget. However, when Nutrition purchased the food, it showed as an expense to their budget. They believe this is double booking the expense. The auditors would like it shown back to Nutrition as revenue. This is an accounting process the auditors are questioning. This is a state dictated procedure. It will have to be changed at that level.

III. Monthly Reports

Ms. Floore distributed the November monthly reports. Last year at this time we were at 101% of revenues. At that time the charter payments had not been taken at that time. This year, however, our charter payment has been taken but the choice payments to us are not in. We receive over \$2 million from Christina alone. This year we are 93% of local funds. The only district we send choice payments to is Brandywine. However, Colonial, Christina, and Appoquinimink send us payments.

We are at 41% encumbered and 38% spent. We are under the 41.7% threshold of 5 months into the year.

In our legal encumbered is \$113,000. We have had a lot of legal expenses this year. Ms. Floore didn't adjust the final budget as it fluctuates. Mr. Piccio stated that overages can be explained.

Ms. Rattenni asked about the encumbrances in related services. Ms. Floore explained those are our contracts with occupational, speech and physical therapists for the students. The encumbrances are for the year as they are contracted for that period.

Ms. Floore pointed out that on the Federal Grants, even though the grants are closed out at this time, Ms. Roberts in our Business Office has until 3/1/15 for the final numbers close out where we make final payments on obligations but no new funding can be encumbered. We have begun to spend from the FY 2015 consolidated grant funding.

On the tuition side, the trends are similar to Division 32 slightly behind as a result of our tuition billing. \$1.3 million is the estimated tuition billing. Those bills will be sent out



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in February. The \$1.8 million in tuition will also come through in delinquent payments throughout the year.

First State School is over budget with a \$700,000 encumbrance due to a contract with Christiana Care. Ms. Floore will adjust that to reflect a truer estimate. The contract is written as if each student was there every day. We only pay for the days the students actually attend and are billed for accordingly.

The utilities for RPLC and Central are in the 90% in utilities. These are state funds and need to be encumbered for the year.

District Wide services shows an encumbrance for Paraprofessionals. Kelly Services provides a service for substitute teachers. We now have the same service for paraprofessionals. Kelly Services does not provide this service, so we went with Delta T.

In Division 32, substitutes, we are only at 29% expended. We have had fewer days this year due to holidays falling on week days, therefore, fewer days a substitute can be called in to work. Mr. Piccio stated that we have had less professional development as well. Ms. Floore explained that substitutes for professional development days are not charged here, but back to curriculum or whoever is paying for the professional development. As an aside, for the Affordable Care Act, substitutes are not allowed to work more than 30 hours per week for greater than 3 months. We cannot offer a long-term substitute teacher benefits as we do not have a unit for them. Some districts are looking to contract with Kelly Services, but that will cost more. In talks with the State, we do not have the option of offering benefits as long term substitutes are not eligible. This also applies to seasonal custodians and interventionists who have to have their hours below 30 hours.

IV. Announcements

Our next meeting will be held at Brandywine Springs School teachers' lounge on Monday, January 12, 2015 at 6:30 PM.

There have been no public inquiries to the CFRC.