

RED CLAY COMMUNITY FINANCIAL REVIEW COMMITTEE
REPORT TO THE BOARD OF EDUCATION



October 15, 2008
Red Clay Consolidated School District

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Committee Chair

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INTRODUCTION

As the first quarter of the 2009 fiscal year has come to a close, the Red Clay Community Financial Review Committee (CFRC) met this past Monday at Baltz Elementary School to examine the budget and make sure revenue and expenditures were on target. A number of items were on the agenda that night including:

- A presentation on the consolidated grant process
- A review of the District's monthly financial reports

Two committee members (Mr. Woods and Mr. Suiter) were absent. Both had a scheduling conflicts , and Mr. Suiter was attending Financial Management training in Dover that was sponsored by the Delaware Department of Education (DOE).

CONSOLIDATED GRANT PROCESS PRESENTATION

Dr. Merv Daugherty was kind enough to attend our meeting, deliver a presentation on the consolidated grant process, and field questions from the committee. His team of parents, teachers, administrators, and staff work throughout the year to obtain federal and state grants focused primarily on improving the academic achievement of the disadvantaged and disabled. Once a grant is submitted, then the cycle begins all over again.

The grants were scheduled to be awarded on August 1st, but for some unexplained reason the money has not been released yet by the Delaware Department of Education to any school district in the state. Currently, the District is spending down last year's appropriations, but this will become problematic if this matter is not resolved by the end of the month.

This year's grant amounts were:

Federal		State	
Title I	\$4,485,865	Student Success Grant	\$1,010,280
Title II-A	\$1,889,683	ELL	\$423,023
Title II-D	\$75,691	IRMC	\$309,757
Title III	\$271,848		
Title IV	\$141,295		
IDEA 3-5	\$416,940		
IDEA 6-21	\$3,198,696		
Perkins	\$313,070		
Federal Total	\$10,793,088	State Total	\$1,743,060

MONTHLY FINANCIAL REPORT REVIEW

Budget Report -

Finance Director Jill Floore presented the monthly financial reports for the period ending September 30th. The first document we looked at was the monthly budget report broken down to the Intermediate Budget Unit (IBU) level. Since the first quarter of the fiscal

year is now complete, spending targets should be at, or near 25% expended and encumbered.

The District's Budget is broken out by three separate Divisions:

- Division 32 - also known as the general operating budget comprises most schools, programs, and departments in the district
- Division 54 - the Meadowood School
- Division 58 - the Intensive Learning Centers (Richardson Park ILC and the Central School)

All Divisions appear to be close to their budget targets. The good news is that when looking at the total revenue YTD for Division 32, we can see that the District has collected 49.7% of projected income, almost double the targeted amount. The percent expended and encumbered for Division 32 is at 23.5%, which is below the targeted amount. The Meadowood School's spending is slightly above targeted levels at 26.6%, and the Intensive Learning Centers are below budget at 22.1%.

Highlights from the report include:

DIV 32 - FY09	Preliminary Budget	Actual	Difference	% Actual to Budget
Total Revenue	167,078,916	83,096,583.77	83,982,332.23	49.7%

DIV 32 - FY09	Preliminary Budget	Expended & Encumbered	Remaining Balance	% Expended & Encumbered
Total Expense	160,612,405	37,737,591.74	122,874,813.26	23.5%

DIV 54 - FY09	Preliminary Budget	Expended & Encumbered	Remaining Balance	% Expended & Encumbered
Total Expense	8,984,823	2,241,977.31	6,592,294.21	26.6%

DIV 58 - FY09	Preliminary Budget	Expended & Encumbered	Remaining Balance	% Expended & Encumbered
Total Expense	10,628,436	2,344,201.61	8,284,234.39	22.1%

A copy of the September monthly financial report will be posted on the CFRC website by the end of the week and can be found at

http://www.redclay.k12.de.us/SchoolBoard/CFRC/0909/Rpt/CFRC_MFR_2008-09-30.pdf

YTD Total Expenditures and Encumbrances Reports -

The new YTD Total Expenditures and Encumbrances Reports for September track district costs by line item. The reports are presented in two formats - one, which includes prior year appropriations in its calculations and one that focuses only on the

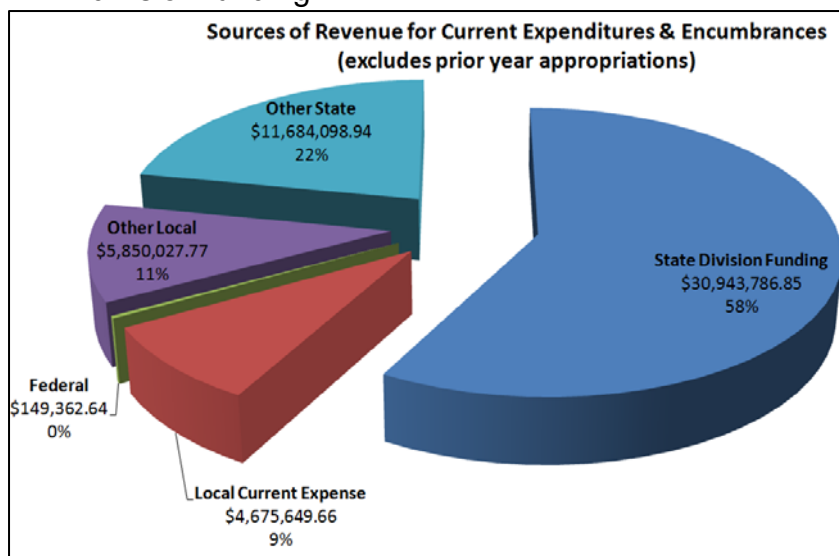
current year appropriations (an appropriation is an authorization granted by the legislature to make expenditures and to incur obligations for specific purposes). The dollar amounts in the report that excludes prior year appropriations most closely tracks the IBU report.

Breaking out the costs by the major categories found in the report shows total expenditures and encumbrances for all Divisions YTD are at \$53,302,925.86 when prior year appropriations are excluded and at \$83,755,056.93 if prior year appropriations are factored into the equation. The chart shows that money from prior year appropriations were spent on some capital expenditures this year.

Excludes Prior Year Appropriations		Includes Prior Year Appropriations	
Salaries	\$25,422,825.82	Salaries	\$26,860,463.45
OEC	\$10,491,486.16	OEC	\$11,704,434.35
Government. Services	\$7,931,456.93	Government. Services	\$8,319,036.78
Travel	\$5,170.90	Travel	\$19,649.28
Contractual Services	\$7,379,281.45	Contractual Services	\$13,900,206.15
Supplies & Materials	\$2,072,704.60	Supplies & Materials	\$4,668,297.72
		Capital Outlay-Equipment	\$2,324.44
		Capital Outlay-Property	\$18,280,644.76
Total	\$53,302,925.86	Total	\$83,755,056.93

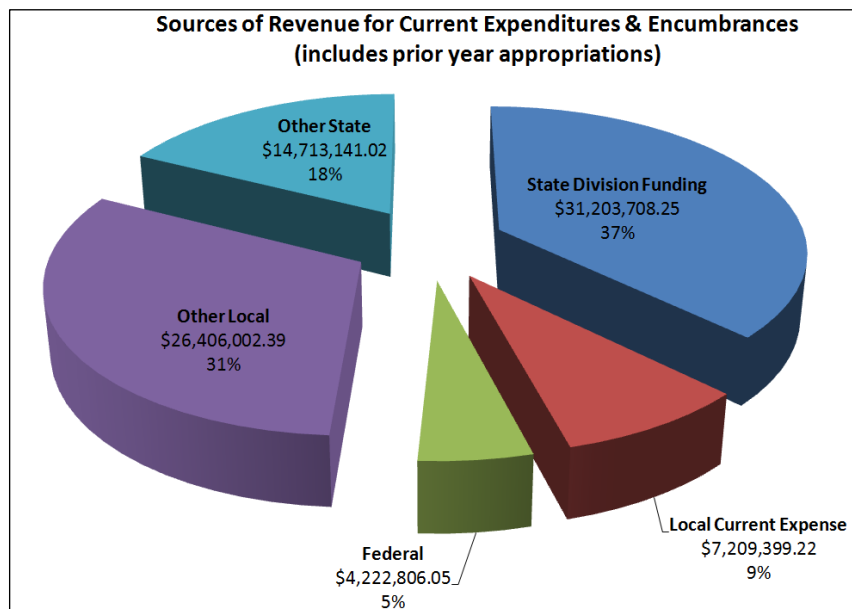
The two charts below show where the money comes from to pay current obligations incurred by the District based on line item expenditures and encumbrances. The pie is broken out into five slices that include:

- *State Division Funding* - money used for salaries, other employment costs (OEC), energy, state equalization funds, etc.
- *Other State* - any other money received from the state that falls outside of division funding



- *Local Current Expense* - local money used for general operating costs and the rates are approved by referendum
- *Other Local* - money used for Erate, CSCR, Indirect Costs, etc.
- *Federal* - grant money previously covered in this report

The charts are broken out by whether prior year appropriations are, or are not included. The chart on the previous page excludes prior year appropriations and focuses only on costs sustained in the current fiscal year. It clearly shows that the bulk of the money used to pay expenditures comes from State Division Funding in this situation.



When prior year appropriations are added to the totals (see the chart to the left), the pie's percentages shift. State Division funding increases in dollar amount, but as a percentage becomes much smaller. Money from Other Local funds increases substantially from 11% to 31%. Federal funds also show an increase, while Other State and Local Current Expense funds remain relatively flat.

A copy of both of September YTD Total Expenditures and Encumbrances Reports will be posted on the CFRC website by the end of the week and can be found at:
http://www.redclay.k12.de.us/SchoolBoard/CFRC/0909/Rpt/CFRC_OCR_WPYA_2009-09-30.pdf (includes prior year appropriations)

http://www.redclay.k12.de.us/SchoolBoard/CFRC/0909/Rpt/CFRC_OCR_WOPYA_2009-09-30.pdf (excludes prior year appropriations)

UPCOMING MEETING / DATES AND TIME

The CFRC will hold its next meeting on Monday, November 10, 2008, starting at 6:30 P.M. in the cafeteria at the Austin D. Baltz Elementary School located in Elsmere.

In the spotlight that night will be an in-depth look at expenses related to staffing.

Respectfully submitted,

Paul Lloyd

Paul Lloyd, Committee Chair