

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



September 17, 2008
Red Clay Consolidated School District

Paul Lloyd
Committee Chair

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INTRODUCTION

On Monday, September 8, 2008, the Red Clay Community Financial Review Committee (CFRC) held its monthly meeting in the cafeteria at Baltz Elementary School. On the agenda that night, we covered the following items:

- Presentation of the FY09 Preliminary Budget
- August 31st Financial Position Report
- Review of the August 2008 Monthly Financial Report
- New YTD Total Expenditures and Encumbrances Reports

Two committee members (Ms. Rattenni and Mr. Bank) were absent.

FY09 PRELIMINARY BUDGET

The committee received a presentation of the FY09 Preliminary Budget from Finance Director, Jill Floore.

Highlights included:

- A detailed breakout of referendum initiatives
- The impact of State reductions on the budget

FY09 Preliminary Budget				
DIV 32	FY08 Actual	FY09 Preliminary Budget	\$ Change	% Change
Total Income	157,782,700	167,078,916	9,296,216	5.8%
Total Expense	153,000,474	160,612,405	7,611,931	4.9%
Net Income	4,782,226	6,466,511	1,684,285	35.2%

FY09 Preliminary Budget				
DIV 54	FY08 Actual	FY09 Preliminary Budget	\$ Change	% Change
Total Income	8,726,139	9,474,386	748,247	8.5%
Total Expense	8,166,818	8,984,824	818,006	10.0%
Net Income	559,321	489,562	(69,759)	(12.4%)

FY09 Preliminary Budget				
DIV 58	FY08 Actual	FY09 Preliminary Budget	\$ Change	% Change
Total Income	10,285,659	10,935,929	650,270	6.3%
Total Expense	9,604,590	10,628,436	1,023,846	10.6%
Net Income	681,069	307,493	(373,576)	(54.8%)

Detailed budget information can be found at:

<http://www.redclay.k12.de.us/AboutRedClay/FinancialInformation/financialinformationindex.htm>

AUGUST 31st FINANCIAL POSITION REPORT

The August 31st Financial Position Report is required by the Delaware Department of Education and is focused exclusively on local district payroll obligations through and

including the October 15 payroll cycle. This report shall compare the district's year-end current expense balances from the previous fiscal year, and its preliminary Division III Equalization appropriation for the current year (which amount shall be based on 90% of the Division III amount earned in the previous fiscal year), with the district's projected local salary obligations through October 15. To the extent that this report shows a deficit, the district shall report what steps it will take to meet its payroll obligations through October 15. If the August 31 report projects an October 15 surplus that is less than the amount required to cover one month's full local payroll cycle, the district shall also indicate what steps it plans to take to attempt to assure that such a minimum balance will be in place in the subsequent fiscal year. *

*Delaware Code Title 14 -1507

Highlights from the report include:

- \$1,492,651.07 projected local expense total available balance on 10/15
- The District may still be a couple days short of making payroll before local revenue is realized at the end of October
- The District may require a small float from the State to cover any shortfalls

A copy of the August 31st Financial Position Report can be found at:

http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Rpt/CFRC_FPR_2008-06-30.pdf

MONTHLY FINANCIAL REPORT REVIEW

The August 2008 monthly financial report based on the IBU (Intermediate Budget Unit) was presented by Finance Director Jill Floore and reviewed by the committee. The committee studies these documents in order to ensure that the district stays on budget. A rough benchmark for tracking to see if the District is on budget can be done by taking the number of months into the fiscal year and dividing that number by 12. Using that example would produce an ideal budget target for August of 16.7% expended and encumbered.

Highlights from the report include:

DIV 32 - FY09	Preliminary Budget	Expended & Encumbered	Remaining Balance	% Expended & Encumbered
Total Expense	160,612,405	25,129,057.54	135,483,347.46	15.6%

DIV 54 - FY09	Preliminary Budget	Expended & Encumbered	Remaining Balance	% Expended & Encumbered
Total Expense	8,984,823	1,766,357.20	7,218,465.80	19.7%

DIV 58 - FY09	Preliminary Budget	Expended & Encumbered	Remaining Balance	% Expended & Encumbered
Total Expense	10,628,436	1,575,174.47	9,053,261.53	14.8%

A copy of the August monthly financial report can be found at:

http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Rpt/CFRC_MFR_2008-08-31.pdf

NEW YTD TOTAL EXPENDITURE AND ENCUMBRANCES REPORTS

The new YTD Total Expenditures and Encumbrances Reports for fiscal year 2008 tracks district costs by object code and is used by the State of Delaware's accounting system to identify line item expenses and encumbrances.

Note:

- An encumbrance is an accounting procedure that sets aside available funds for commitments related to unperformed contracts for goods and services, to ensure the availability of funds when payment is requested.
- An appropriation is an authorization granted by the legislative body to make expenditures and to incur obligations for specific purposes. Appropriations are usually limited in the amount and time in which they may be expended.

One report includes prior year appropriations that were expended in the 2008 fiscal year, while the other report does not and more closely parallels the dollar amounts found in the district's monthly financial report by Intermediate Budget Unit (IBU), which primarily focuses on expenditures by programs and departments.

A copy of both of these reports can be found at:

http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Rpt/CFRC_OCR_WPYA_2008-06-30.pdf (includes prior year appropriations)

http://www.redclay.k12.de.us/SchoolBoard/CFRC/0809/Rpt/CFRC_OCR_WOPYA_2008-06-30.pdf (excludes prior year appropriations)

RECOMMENDATIONS

The CFRC had no new recommendations generated at our last meeting. However, in following-up on last month's recommendations, I just wanted to provide a brief status of any progress made to date.

<i>Recommendation</i>	<i>Status</i>
To the School Board -	
<ul style="list-style-type: none">• Appoint a second board member to the CFRC to a full term• Creation of a joint CFRC/Board committee to review audit reports	<ul style="list-style-type: none">• Mr. Woods has begun serving in that capacity on the CFRC• Ms. Floore will email the parties involved to establish a meeting date
To the Business Office -	
<ul style="list-style-type: none">• Track the referendum money in the budget and on subsequent monthly financial reports• Provide a detailed breakdown of the budget cuts in FY08	<ul style="list-style-type: none">• Budget - complete / monthly financial reports - in progress• Complete

<i>Recommendation</i>	<i>Status</i>
For the CFRC -	
<ul style="list-style-type: none"> • Conduct an outreach to PTOs and PTAs • Do a write-up in the Red Clay Record • Webpage enhancements to the CFRC website 	<ul style="list-style-type: none"> • Will be kicked off after Back-to-School Open House programs have concluded • Mr. Buckley has agreed to spearhead that effort • New look is complete and content updates are in progress

UPCOMING MEETING / DATES AND TIME

The Red Clay Community Financial Review Committee will hold its next meeting on Monday, October 13, 2008, starting at 6:30 P.M. in the cafeteria at the Austin D. Baltz Elementary School located in Elsmere.

Highlighted in October will be an in-depth look at the consolidated grant process presented by Merv Daugherty.

Note: I just wanted to give everyone a warning that with the short turnaround (two days) between the CFRC and Board of Education meetings in October, it might be problematic having a Chair's report/presentation ready in time for next month.

Respectfully submitted,

Paul Lloyd

Paul Lloyd, Committee Chair