



Community Financial Review Committee

April 21, 2010

Volume 10-9

By: Paul Lloyd

Report to the Board of Education

Prepared by the CFRC Committee Chair

Committee Members

- Jill Floore, Red Clay Chief Financial Officer
- Kelly Krapf, Red Clay Education Association Representative
- Paul Lloyd, Community Representative
- Larry Miller, Community Representative
- Eric Randolph, Board of Education Representative
- Jane Rattenni, Community Representative
- Kim Williams, Board of Education Representative

For more information, visit the CFRC website at <http://www.redclay.k12.de.us/boardcfr/cfrcindex.shtml>

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Table of Contents

INTRODUCTION	3
MONTHLY FINANCIAL REPORT REVIEW	3
Budget Scorecard.....	3
Highlights from the March 31 st Monthly Financial Report	4
Highlights from the March 31 st YTD Total Expenditures and Encumbrances Report	4
Variance Report	5
UPCOMING MEETING / DATES AND TIME	5

INTRODUCTION

My last quarterly report to the Red Clay Consolidated School District's Board of Education occurred in January. Since that time the Red Clay Community Financial Review Committee (CFRC) met in March and April, but our February meeting had to be cancelled due to inclement weather. The committee has covered a number of items over the last two months, which include:

- **March 8, 2010 Meeting** – in addition to reviewing the regular monthly financial documents for February, the CFRC also discussed the recent audits that have taken place. Employees from the Barbacane Thornton Company made a presentation on the FY08 financial statement audit that was commissioned by the School Board. Steve Horgan attended the meeting and expressed a desire to fill the current vacant community representative position on the committee.
- **April 12, 2010 Meeting** – Deborah Roberts from the Red Clay Business Office made a presentation on how her department reports the close out of federal funds that are received by the district. The committee had also requested a detailed breakout of prior year encumbrances and expenditures for us to study and the Chief Financial Officer, Jill Floore prepared and presented that report. She also updated us on the status of the new statewide accounting system that is scheduled to be rolled out in July and what its impact will be on the school district. We discussed the findings in an auditor's report that looked at procedures involving the September 30th count. The CFRC reviewed the March financial reports, copies of the Board of Education's policies pertaining to fiscal management, the latest profit and loss statement for Nutrition Services, and DOE regulations that govern our committee.

For complete coverage of our recent meetings, please read our detailed minutes which can be found on the CFRC website at <http://www.redclay.k12.de.us/boardcfr0910/meetings0910.shtml>.

MONTHLY FINANCIAL REPORT REVIEW

Budget Scorecard

The Budget Scorecard provides a quick high level overview of whether the District's revenue projections and expenditures are within acceptable limits based on information provided in the *Monthly Expenditure Report*. As of March 31st the District is now three quarters of the way through FY10.

The committee sets budget targets based on the percentage of months we are into the current fiscal year. March being nine months into the fiscal year, and if divided by 12, would give a budget target of 75%. We then compare those numbers against the percentage of revenue collected and money expended in the budget. Ideally, revenue should be above target levels, while the percentage expended should be below the target number. Below are the results taken from the *March 31st Monthly Expenditure Report*:

Budget Item	Target	% Actual to	
		Budget	Status
Div 32 Total Revenue	75%	88.6%	Good – Above Target
Tuition Revenue	75%	97.7%	Good – Above Target

Budget Item	Target	% Expended	
		Actual	Status
Div 32 % Expended	75%	68.8%	Good – Below Target
Div 54 % Expended	75%	68.0%	Good – Below Target
Div 58 % Expended	75%	69.5%	Good – Below Target

Any specific cost overruns in the budget are covered in the Variance Report (see below).

Highlights from the March 31st Monthly Financial Report

General Operating Revenue (DIV 32) as of March 31, 2010

DIV 32 - FY10	Final Budget	Actual	Difference	% Actual to Budget
Total Revenue	\$174,304,807	\$154,507,673.80	(\$19,797,133.20)	88.6%

General Operating Expenditures (DIV 32) as of March 31, 2010

DIV 32 - FY10	Final Budget	Expended & Encumbered	Remaining Balance	% Expended & Encumbered
Total Expense	\$160,975,359	\$119,186,071.08	\$41,789,287.92	74.0%

Tuition Revenue (DIV 32, 54, & 58) as of March 31, 2010

DIV 32/54/58 - FY10	Final Budget	Actual	Difference	% Actual to Budget
Total Revenue	\$21,974,228	\$21,476,687.44	(\$497,540.56)	97.7%

Meadowood School Operating Expenditures (DIV 54) as of March 31, 2010

DIV 54 - FY10	Final Budget	Expended & Encumbered	Remaining Balance	% Expended & Encumbered
Total Expense	\$8,877,746	\$6,592,987.60	\$2,284,758.40	74.3%

Intensive Learning Centers Operating Expenditures (DIV 58) as of March 31, 2010

DIV 58 - FY10	Final Budget	Expended & Encumbered	Remaining Balance	% Expended & Encumbered
Total Expense	\$10,428,601	\$7,837,548.49	\$2,591,052.51	75.2%

A copy of the *March Monthly Expenditure Report* is posted on the CFRC website and can be found at: http://www.redclay.k12.de.us/boardcfr0910/reports/CFRC_MFR_2010-03-31.pdf

Highlights from the March 31st YTD Total Expenditures and Encumbrances Report

The second set of financial reports that the committee looks at on a monthly basis track expenditures by line item. One version of the report lists just expenditures from funds appropriated in the current fiscal year. The other version accounts for any expenditures made from funds that were appropriated in both the current and previous fiscal years. The report with prior year appropriations provides a complete look at the total expenditures incurred by the district.

The table below is a summary from the prior year appropriations report as of March 31st for all accounting Divisions and is compared to the same period in the previous fiscal year. It summarizes the major expense categories found in the report. The majority of the cost savings this year can be attributed to a reduction in spending on the major capital improvement project which is nearing completion. Those costs can be seen in the category called Capital Outlay for Property.

**YTD Total Expenditures and Encumbrances Report as of March 31st For All Divisions
(Includes Prior Year Appropriations)**

	FY09	FY10	Difference	% Change
Salaries	\$78,411,026.75	\$80,596,133.20	\$2,185,106.45	2.8%
OEK	\$35,283,217.86	\$34,809,449.32	(\$473,768.54)	-1.3%
Government Services	\$23,519,744.59	\$21,703,758.22	(\$1,815,986.37)	-7.7%
Travel	\$97,721.18	\$131,253.57	\$33,532.39	34.3%
Contractual Services	\$32,284,879.19	\$33,007,817.36	\$722,938.17	2.2%
Supplies & Materials	\$8,094,123.62	\$8,552,592.60	\$458,468.98	5.7%
Capital Outlay-Equipment	\$59,108.67	\$105,715.43	\$46,606.76	78.8%
Capital Outlay-Property	\$19,288,626.90	\$3,701,880.86	(\$15,586,746.04)	-80.8%
Total	\$197,038,448.76	\$182,608,600.56	(\$14,429,848.20)	-7.3%

Copies of both March *YTD Total Expenditures and Encumbrances Reports* are posted on the CFRC website and provide a detailed breakout of each category listed above. The reports in their entirety can be found at:
http://www.redclay.k12.de.us/boardcfr0910/reports/CFRC_OCR_WPYA_2010-03-31.pdf (includes prior year appropriations)

http://www.redclay.k12.de.us/boardcfr0910/reports/CFRC_OCR_WOPYA_2010-03-31.pdf (excludes prior year appropriations)

Variance Report

The variance report looks at items significantly over budget targets for the current fiscal year. For an item to appear on the *Variance Report* expenses must exceed budget targets by 30 points. For March that would be $75\% + 30 = 105\%$ expended. Two items exceeded 105% of budget this month (see chart below).

Division/IBU	Final Budget	Expended	Remaining Balance*	% Expended
32/IBU 67 - Consortium	\$302,975	\$344,975.47	(\$42,300.47)	113.9%
Reason: The District is billed annually for alternative student placement in the Kingswood & Parkway schools. Higher than expected transportation costs caused the budget overrun.				
32/IBU 97/MBU 75 – Administration Tuition Reimbursement	\$5,000	\$10,909.00	(\$5,909.00)	218.2%
Reason: Tuition reimbursement has been eliminated for administrators, but some individuals were grandfathered into the program. No other costs are anticipated to be charged to this MBU.				

*Includes any encumbrances (not shown) in the calculation

UPCOMING MEETING / DATES AND TIME

Our next meeting will be held on Monday, May 10, 2010, starting at 6:30 PM in the Teacher's Lounge at Brandywine Springs School. In addition to reviewing the monthly financial documents the committee will also hear a presentation on the English Language Learners Program and the May 1st Financial Position Report.

Respectfully submitted,

Paul Lloyd

Paul Lloyd, Committee Chair