Brandywine School District

District Finance Committee

Minutes of the Meeting of August 13, 2025

Members Present: Chuck Landry (Interim Chairperson), Chris Milionis, Matt Auerbach, Ron Kimbrough, Victor Ferzetti

Members Absent: John Skrobot III

Other District Representatives Present: Daniel McCoy – Chief Financial Officer, Dr. Lisa Lawson – Superintendent

Members of the Public: Will Pollins

The meeting was called to order by Mr. Landry at 5:01 P.M.

I. Approval of Minutes – July 7, 2025 Meeting

The minutes for the July 7, 2025, meeting were introduced. Mr. Ferzetti suggested adding details to Section V. 2025-2026 Tax Warrant to highlight the Committee's intent to take the least amount possible from local taxpayers. The DFC came to an agreement on changing the last statement to "After much discussion, the Committee's recommendation to the Board is option 2: a neutral rate, plus the referendum year two increase, plus an additional 1.7% to recover the lost federal funding."

A motion to approve the minutes with the adjustment was introduced by Mr. Auerbach and seconded by Mr. Milionis; Approved unanimously.

II. Tax Rate Discussions

Mr. McCoy led the tax rate discussion with news that on August 12, 2025, Delaware passed legislation that allows school districts in New Castle County to revisit their tax warrants and split the tax rate between residential and non-residential parcels. This would give NCC school districts the ability to reset rates and update billing in an attempt to ease the burden on residential property owners.

Mr. McCoy explained that the districts would be held to the County's classifications of residential parcels (residential and farm) vs non-residential parcels (apartments over four units, commercial and industrial properties, and utilities). The Committee discussed the unintentional effects of the court-mandated reassessment on different sets of residential and non-residential populations. The heavier burden on lower-income households was noted, as well as the significant decrease in taxes that some large companies experienced. Factors that contributed to the inequities were the assessment being conducted during a housing market boom, the decrease in demand for office space and storefronts, the methods used to assess non-residential properties, and the failure of the County to adjust the outdated senior tax exemption eligibility.

The Committee then explored the potential consequences of a tax rate split to a level where non-residential is 1.5% higher than residential - the rate that New Castle County is applying, and a tax rate split to a level where non-residential is 1.847% higher than residential - the rate that would bring the residential tax burden percentage back to the pre-assessment level of 67.37% (Note that the State is allowing districts to split the rate so non-residential parcels pay up to 2 times the amount of residential parcels.).

Potential benefits of a 1.847% split included:

- Higher level of relief for residential property owners struggling due to tax increases after reassessment
- Commercial entities that saw large decreases in their tax rates after the reassessment can absorb part of the cost imposed on district residents
- If BSD goes beyond the County's recommended 1.5%, it might restore faith in residential property owners, many of whom supported the referendum and are now under the impression that large tax increases were primarily due to District demand.

Potential issues with a 1.847% split included:

- Larger tax increases for non-residential parcels, potentially heightening the burden on small businesses, who are also struggling
- The gains that residents would experience from the additional .347% would be minimal, so taxpayers would likely be disappointed by the outcome of the adjustment regardless.
- The acknowledgment by Mr. Ferzetti that the pre-assessment residential tax rate of 67.37% may not have been rooted in fact, and without knowing what data was used to come to that rate, or to the new rate, the decision to increase the split may be a placation to a single population rather than a true fix

Mr. McCoy reiterated that the split would be a temporary fix until school district funding is reformed. Though the Committee initially leaned toward increasing the tax split to a level where non-residential is 1.847% higher than residential, the motion raised by Mr. Auerbach was not seconded. Due to the concern of the strain on small businesses and lack of data, the Committee declared they were undecided and will defer to the Board for the final decision.

The Committee did come to a unanimous decision to pull back the 1.7% increase that was initially warranted to recover the loss of federal funds. The motion was raised by Mr. Ferzetti and seconded by Mr. Auerbach.

III. July 31, 2025 Monthly Financial Report

Mr. McCoy presented the July 31, 2025, Monthly Financial Report, mentioning the cashflow portion may need adjustment. There were no questions.

The motion to approve the Monthly Financial Report as presented was raised by Mr. Auerbach and seconded by Mr. Kimbrough. The vote was unanimous.

IV. DFC Volunteer Posting

The Committee opted to discuss the Volunteer Posting discussion at the end of the meeting, at which time it was pushed to the September Agenda.

V. DOE Financial Position Report

Mr. McCoy led the Committee through the DOE Financial Position Report, pointing out that the projected numbers will be accurate as of October 15, 2025. Per the State, local funds should be enough to cover payroll, projected at $5,167,850.00. The projected amount available is $7,452,943.29, which complies.

The motion to approve the Financial Position Report was made by Mr. Auerbach and seconded by Mr. Kimbrough.

VI. 2025-2026 Preliminary Budget 1.06

Mr. McCoy led the Committee through the 2025-2026 Preliminary Budget, first calling attention to the results of last year:

- $7 million more received than what was budgeted due to salaries and OEC reimbursements from the State, interest income, tax receipts, and facility rentals.
- $5.8 million under budget for expenditures
- Total revenues were $10 million over total expenditures; however $6.7 million was already encumbered.
- Local fund balance increased by $332,000, where more was expected.

25-26 Projected revenues increased by $15 million. Key points noted by Mr. McCoy:

- Some federal grants may be awarded later in the year, and therefore are not yet included.
- The projected amount for local interest income is conservative.
- Tuition revenue is higher due to Bush enrollment from other districts.
- Student count is currently inaccurate due to the change from Schoology to Infinite Campus.
- Nutrition is planning to resolve last year's $2 million deficit, so revenue may be higher than projected.
- State revenue for Personnel is up due to reimbursements for teacher and transportation salaries
- Unique alternatives projections decreased based on previous years
- Substitute block grant for Harlan was not received due to low-income student thresholds being missed

25-26 Projected expenditures increased by $9.3 million. Key points noted by Mr. McCoy:

- Federal grant expenditure projections decreased because the amount that would be spent during the fiscal year was budgeted rather than the full award.
- State and local salary categories increased to account for wage increases
- Student support budget was increased to make up for lost ESSR money
- Utilities and Special Education were increased
- Safety and security increased to cover higher investment as promised at referendum
- Nutrition increased in alignment with expenditures last year

Total Revenues and Total Expenditures:

- State - $500,000 balance
- Local - $1.475 mil balance + balance this year of $6.9 should equal total reserves of $8.4.

A motion to approve the 2025-2026 Preliminary Budget as drafted was introduced by Mr. Landry, seconded by Mr. Kimbrough; Approved unanimously. Mr. Auerbach recommended it be noted that the figures are based on the Board's approval of pulling back the 1.7% that was previously warranted.

VII. Public Comment

Will Pollin voiced his concern with graduating class enrollment numbers decreasing when tracking them back to kindergarten levels, especially noting the drop that occurred after FY 2023. Discussion about what can be done to retain students in the future ensued.

A motion to adjourn was introduced by Mr. Auerbach, seconded by Mr. Kimbrough. Approved unanimously.

The meeting was adjourned at 6:36 P.M.

This meeting was held in the Brandywine School District Administrative Office Board of Education conference room and via zoom.

Minutes respectfully submitted by Andrea Sisson, Business Office Associate Specialist

The next DFC Meeting is scheduled for September 10, 2025 at 5:00pm.