

# MEMO



DATE: 11/4/2011

TO: BOD

FROM: Finance Committee

CC:

ATTACHMENTS: SPA 2010-2011 Budget Model with September Actuals

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## Finance Update

- Custodial, Facility Maintenance and Groundskeeping Services RFP Update:
  - RFP was released on Tuesday Oct 11<sup>th</sup>; the deadline for proposals is Monday Nov 7<sup>th</sup>, and the bid selection announcement is expected Friday Dec 2<sup>nd</sup>
  - RFP Evaluation Committee consists of 5 voting members: Lee Adler, Anderson Baker, Betty Coulan, Niloy Gangopadhyay, and Kendall Wolfson; Daniel O'Connell (FOMP) will facilitate the committee and process
- Medicaid Reimbursements Update:
  - System Training of Nurse and SPED coordinator occurred Monday October 24<sup>th</sup>
  - Until a couple months of revenue have been received, Medicaid Reimbursements will not be included in the 2011-12 projections due to ambiguity in expected revenue
- Audit of 2010-11 Fiscal Year by Carr, Riggs & Ingram (CRI) (formerly Rebowe & Company) Update:
  - Began Tuesday October 11<sup>th</sup> with onsite work concluding Friday October 28<sup>th</sup>
  - Don Wheat of CRI will debrief Board on audit results
- School in Improvement Designation Status Update:
  - BESE approved a waiver the week of October 17<sup>th</sup> for schools that were reconstituted or reopened in the past two years to be exempt from AUS (School in Improvement) financial sanctions
  - Received confirmation by phone from contact at LDE, Donna Nola-Ganey, that SPA fell into exempt category
  - SPA submitted notice of intent to apply for waiver of sanctions on Wednesday October 26<sup>th</sup> with LDE- the LDE has not yet distributed waiver application, waiver will be due November 16<sup>th</sup>- the waiver decision will be made by December 23<sup>rd</sup>
  - Bottom-line: If waiver is approved, SPA will not be required to incur additional \$60k of new expenses for Supplemental Education Services
- Quarter 1 Financial Report submitted to LDE on Monday October 31<sup>st</sup>

## Budget Update

2011-2012 Budget Model (based on Scenario A budget changes pending official adoption) Net Income: -\$72,578

Revenue-

- Increase in Revenue from Local Sources, \$265- Textbook Sales and Collections

*Revenue- Net Increase \$265*

# MEMO



## Expenses-

- Increase in Total Salaries Expense, \$16k- Other-Paras/Aides (hiring of SPED para-professional for visually impaired student recently enrolled)
- Decrease in Total Employee Benefits, \$9k- Health Insurance Benefits, Social Security, Medicare, Retirement, and Unemployment
- Decrease in Purchased Professional and Technical Services, \$4k- Other Admin Fees (ADP Payroll Fees, Retirement Plan Charges)
- Decrease in Purchased Property Services, \$2k- Repairs and Maintenance Services
- Decrease in Total Supplies Expense, \$6k- Decrease in Utilities, Materials and Supplies- Technology

*Expense- Net Decrease, \$828*

## RECAP of Scenario A Budget Model Changes:

Reduces expenses by \$135,000

### Purchased Ed Services & Supplies Changes, Cuts \$91k

- **Materials and Supplies, reduce by \$28k**
  - Reduce Budget by \$3634k/month for remaining 10 months to \$3500k/month
  - On average last year SPA spent \$7k/month- average is inflated as SPA made many needed purchases for 11-12 year in last fiscal year
  - Will require a change in mindset on spending decisions across all instructional and operational areas
  - Will affect ramp-up of 2012-13 school year purchases typically made in May and June 2012
- **Books and Periodicals, reduce by \$31k**
  - Reduce Budget for remaining 10 months to \$1650/month
  - Between August-April last fiscal year, SPA spent an average of \$1760/month- Ramp up for 11-12 school year in last fiscal year (May and June 2011) was significant expenditure of Books and Periodicals budget at \$64k total
  - Eliminates 2012-13 school year ramp-up of Curriculum purchases typically made in May and June 2012. Preserves only \$4.5k for 2012-13 school year purchases. Purchases must be deferred to 2012-13 fiscal year starting in July 2012 and the Books and Periodicals budget adjusted accordingly for 12-13 budget
- **STEP Literacy Assessment, reduce by \$17k**
  - Preserving \$5000 for STEP assessment for Lower School, Upper School not participating
- **RSD IT Network Support, reduce by \$15k**
  - Change in RSD IT service agreement, preserving \$13k for acquiring services as needed

### Personnel Changes, Cuts \$42k plus benefits

- **Remove Data Manager Position, Reduce by \$32k**
  - 11 months of salary (\$32k)
  - Office Manager will perform State Reporting and Data System management functions
- **Change of DF Position Early, Reduce by \$10k**
  - 3 months of DF salary (\$17.5k) less difference of FOMP salary and starting DF salary for 5 months (5 months (\$10.5k)) (Save \$3k on reduction of FOMP salary overall)
  - Part-time return of DF in April-June is accounted