

Gateway Lab School

Citizen's Budget Oversight Meeting Minutes



DATE: July 19, 2016, 5:00 pm

LOCATION: 2501 Centerville Road, Wilmington DE [Main Office]

Come to Order & Attendance - 5:06

Present: Dorcell Spence, Richard Riggs, Nate Schwartz, Ray Pendley, Tim Griffiths, Pam Draper

II. Approval of May Minutes

- A. Pam Draper made a motion to approve the May 24, 2016 minutes: Nate Schwartz seconded - Minutes unanimously approved.

III. Review of June 30th, 2016 Financials

- A. D. Spence reviewed the Budget Highlights (attached)
- B. Mr. Schwartz asked a question about how Summer Pay changes from year to year. Ms. Spence discussed that raises, increase and changes in staffing, etc. create changes.
Mr. Riggs asked about revenue - All funds were received (see revenue on web report). An additional \$9000 in revenue was received which included interest, increase in cafeteria funds, donations and cost recovery. Additionally, the school received and additional \$3,000 in federal funds to purchase a freezer for the cafeteria.
Ms. Spence noted that an approved \$15,000 was spent for computers purchased from Delaware Met that was not in the final budget. A footnote of that expenditure is on the web report.
- C. Ms. Spence reviewed the daily validity as of 6/30/2016.
- D. Ms. Spence suggested that the school come up with a reasonable indirect cost for the before and after school funds that are growing.

- a. Discussion ensued about the use of the funds, re: utilities based on the square footage of the space used for afterschool care and free tutoring.
- E. There are remaining funds in Federal that need to be expended before their expiration date.
- F. Ms. Draper asked about whether the school qualified for free school lunch for every student. Mr. Griffiths responded that the school is currently at 31% LMI and that the school would end up owing approximately \$50,000 at the end of the year if we did schoolwide free lunch at this time. Once new census data comes out, the school may be able to offer it if our population meets the criteria.

IV. 2016-2017 Preliminary Budget

- A. Ms. Spence discussed the summary of cost initiatives for SY 2016-17.
- B. Ms. Draper confirmed that the Case managers and Instructional Coach have been added to the budget. - Ms. Draper confirmed that the positions had been added to the preliminary budget.
- C. Additional hubs and switches need to be added at the tune of \$50K (one time); Erate will pay for 60 percent (\$50K).
- D. To date the school has less students classified as needs-based and so it has not reached the same teacher units as last school year with the same number of students. The school has not regained enough units to cover the Assistant Principal pay. Twenty-five units is what is needed to earn an Asst. Principal.
 - a. Mr. Schwartz asked if it was possible that some students would be classified differently after the start of the school year. Mr. Griffiths responded that it was possible but he was unable to know how many students might be reclassified.
- E. Mr. Riggs inquired if the reports were indicating a projected surplus of \$335,000 and Ms. Spence indicated that the \$335,000 was the amount of contingency (one-time) funds currently supporting the preliminary budget. Any extra dollars not budget go to the Strategic Plan contingency (surplus).
- F. Mr. Schwartz inquired what change needs to occur with student count to move the contingency funds out of the budget. Ms. Spence responded that the teacher units need to go above 25 units to give the school .65 of an Asst. Principal salary. It is possible that the school would not need the number of paraprofessionals as last year if there are not as many needs-based students, a scenario that has not been taken into account in the preliminary budget.
- G. Ms. Draper asked if Mr. Griffiths had heard back from DOE with regards to the calculations that he presented to the state which shows a major disparity in the Title II

(IDEA) funds that GLS receives (per pupil) versus other charter schools. He responded that he had not received an answer yet. Karen Thorpe was helping to review the numbers as well. Ms. Draper suggested that the CBOC send a letter to the department if there is no answer in the next couple of weeks.

H. Pupil Accounting & Staffing

- a. Ms. Draper asked if there was any additional enrollment or staffing changes that Mr. Griffiths had to share with the committee. There were no additional changes. Ms. Draper noted that any changes over what has been approved in the preliminary budget would need board approval.
- b. Department school district billing - waiting to see if CSD goes up or down.
- c. Mr. Griffiths said that current student enrollment is at 217 and 226 brings the school to its 105% maximum enrollment.
- d. Ms. Spence noted that the budget is built on one-time money that needs to be remedied by next school year. A discussion ensued about what changes would bring additional revenue and or reduction in expenses.
- e. Ms. Draper noted that following the Sept. 30th count, the committee needs to address what steps need to be taken by the school if contingency funds are still supporting the budget.

VI. Expansion Update

A. Mr. Griffiths discussed a visit to a site that Odyssey Charter School is looking to lease space to other charter schools. The school would only lease the portion of space that it is using.

B. Other reduction includes sharing transportation and food service costs.

C. Issues include problems with the roof and HVAC. Other than that the building is a shell.

D. Renovations estimated to be approximately \$22/sqft or 1.2 million.

E. Mr. Griffiths is meeting again with the Odyssey Board President to discuss options.

F. -Other building options were discussed (FFA - 40,000 sq feet) is not big enough.

G. The St. Catherine's lease is not up for three more years. There are a few organizations that are looking for space.

H. Ms. Spence inquired whether any of the properties might consider a lease-purchase arrangement. Mr. Griffiths said that hadn't been discussed with Odyssey but it was an option with FFA.

I. A discussion ensued about the timeline being discussed for relocation including grade expansion and modification.

J. Ms. Spence provided input on a project sheet that she and Mr. Griffiths were working on that would outline a savings plan to earmark funds for expansion.

VII. Approval of Barbacane & Thornton Contract

- A. Ms. Draper made a motion to add a discussion about the continuation of GLS's agreement with Barbacane & Thornton for auditing and accounting services for up to 5 years.
 - a. Mr. Schwartz seconded the motion; the motion was unanimously approved.
- B. A discussion ensued about the new AOA requirement that charter schools must put auditing contracts out to bid every 5 years.
- C. Ms. Draper noted that it is important to get new quotes every 3 years or so, and that the school has been pleased with the services that it has received from Barbacane. There are not many accounting firms that are familiar with charter school audits and pricing was pretty similar across firms during the school's last RFP.
- D. The rates proposed by B&T would go up incrementally every year.
- E. The proposed engagement letter does not include the fees for the school's 990.
- F. The committee discussed the various options including getting additional quotes and or contracting with B&T for a shorter period of time. Ms. Spence noted that there was no time to do a formal bid for the current school year audit.
- G. A consensus was reached to contract with B&T for an additional two years since we have used their services for three years.

Meeting adjourned at 6:03 pm



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**Gateway Lab Budget Highlights:
For the Month Ending June 30, 2016**

- 100.0% of the year is complete:
 - The Expenditure Detail Report reflects 94.7% of the budget for all funding sources has been expended, while the ratio for State and Local funding reflects 96.2%.
 - The Web Report reflects 94.7% of the budget for all funding sources has been obligated and expended, while the ratio for State and Local funding reflects 96.2%.
- 26 of 26 payrolls have been expended for a ratio of 100.0%
 - State and Local Payrolls—based upon the time period completed 98.7% and 92.6% of salary and OEC have been expended.
- Contingencies:
 - Unallocated 5,378.00
 - 2% Contingency 88,640.75
 - Summer Pay 407,385.00
 - Strategic Plan 358,799.00
 - Retention Bonus Proposal—\$53,497 (budgeted)
- Unbudgeted Items to date:
 - 150 Computers \$ 15,000
 - Settlement 85,000
 - § Total \$100,000





Notes:

FY2017 Projected Budget Growth, Reductions and Concerns:

Enrollment:

- **September 30, 2015: 212 students and 25.53 teacher units**
- July 8, 2016: 110 students and teacher 24.22 units

Growth:

- | | |
|------------------------------|---------------|
| • Lease | 8,698 |
| • Transportation | 4,122 |
| • Para Professional Services | <u>45,747</u> |
| ○ Preliminary Projection | \$58,567 |

Reductions:

- | | |
|-------------------------|----------|
| • Washington Lab School | \$25,000 |
|-------------------------|----------|

Concerns:

- Christina School District reported Staff Layoffs of 100 employees during FY2016, which will impact FY2017 per pupil local school district revenues for FY2017.
 - The school has suffered a **loss of \$41,463** over a 2 year period from FY2014 to FY2016 due to a per pupil reduction for 2 consecutive years
 - 41% of the 212 students enrolled are residents of the Christina School District
- Due to a reduction in per pupil amounts for multiple school districts, Gateway suffered a **cumulative loss** of local school district revenues **of \$74,726** over a 4-year period from FY2012 through FY2016.
- Frivolous lawsuits

