

**Early College High School at Delaware State University
Finance and Facilities Committee**

Minutes of August 8, 2019 Meeting

Location: Early College High School at Delaware State University

Time Scheduled: 4:00 – 5:00 p.m.

Facilitator: Ms. Nyia McCants, Early College High School

Committee Members Present: Dr. Evelyn Edney, Crystal Gillis, Lois Hobbs, and Robin Demby (by telephone)

Committee Members Absent: Dr. Marsha Horton, Ayeda Silent, Charles McDowell, Ronald Pinkett, and Dara Savage

Others in Attendance: Dorcell Spence (Neely & Spence), Nyia McCants (ECHS), and Timothy Yancy (ECHS)

- I. Call to Order** **Nyia McCants**
- A. Made by Nyia McCants @ 4:03 p.m.
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- II. Update on Financial Results (as of 06/30/2019) and FY2020 Budget** **Dorcell Spence**
- A. Receipts:
1. Web Report reflects receipts of 100.4% per All Funds Total;
 2. Interest to date of \$9,997.68 received above and beyond the Local School District;
 - a) Interest receipts are not budgeted due to varying and minimal factors;
- B. Dual Enrollment;
1. State deposit of \$30K related to dual enrollment expenditure correction;
 - a) Deposited funds are reimbursement for dual enrollment expenditures incurred in previous fiscal year but received in current fiscal year;
 - b) The \$30K is not included in any of the funding used for the FY2020 Preliminary Budget.;
- C. Expenditures;
1. The Account Code Expenditure Detail Report reflects 92.8% of the budget for all funding sources has been expended;
 2. The ratio for State and Local funding reflects 95.2%
 3. Several Categories surpassed the 100% spending level:
 - a) Acct Code 55000 Auditors received an additional payment for completion of the annual federal 990 - 116.3%;

- b) Acct Code 55434 Transportation costs overspent as budgeted due to additional hub stop in Seaford – 103.8%;
 - (1) Hub will remain in FY2020; however funds will be budgeted to cover the additional cost;
- c) Acct Code 55610 Advertisement – recruitment efforts – 201.8%;
- d) Acct Code 55641 Food Service – Unresolved Aramark contract;
 - (1) Dr. Evelyn Edney provided update: Delaware State University has signed a one-year contract with Aramark to allow room for negotiations; hopefully they will negotiate on behalf of ECHS when it relates to being considered K-12 and not Higher Education so price charge per student can aligns with other K-12;
- e) Acct Code 56157 – Textbooks – based on student college course participation – 103.3%;
- 4. 26 of 26 payrolls have been expended for a ratio of 100.0%;
 - (1) State and Local payrolls-based upon the time period completed 101.1% salary and 94.9% OEC;
- 5. Web Reports reflects 93.7 % of the budget for all funding sources has been obligated and expended, while the ratio for State and Local funding reflects 96.2%;
- 6. Budget for FY2019 is currently funded by One-Time funds of \$143,118 excluding the Accounts Payables (budgeted prior year but not paid until the current year) amount of \$56,962 supported by State/Local;
 - a) Line of Credit received an additional support of \$100,000 above budget;
 - b) If 2% required contingency amount of \$80,764 is not used, it would minimize a negative impact to the Financial Framework;
- D. Contingencies;
 - 1. Current total contingency balance is \$417,402;
 - a) \$416,790 has been transferred and is reflected in APPR 98079;
 - b) Continuing funds from FY2019 into FY2020 total \$614,964;
 - c) Once the contingency balance (\$416,790), safety & security funds (\$11,606 - as they are restricted), accounts payable (\$34,134) and DSU Lab Fees (\$12,030), are subtracted from the \$614,964, balance remaining will be \$140,404, which can be considered unallocated funds;
 - d) If all stars align and enrollment numbers are where we want them, ECHS stays within the formulated state and local funded budget, with no other surprise financial obligations, the Board could approve an additional \$100K to be used to pay down the line of credit as per unallocated funds calculated in item# c
 - (1) Decision will not be made until sometime in February, 2020.
- E. FY 2020 Budget Update:
 - 1. The Board approved the preliminary FY2020 budget, allowing expenditures to occur;
 - 2. Immediately following June 30, 2019, planning budget mode implemented, based on information available at that time;
 - 3. State did approve a 2% salary adjustment;
 - a) Charter Schools have their own salary plan;
 - b) At this moment these funds would only be considered as an impact to revenue;
 - 4. At time of this meeting, July financials were not yet completed;
 - 5. More up-to-date report on the planning budget will be given during the October meeting;
- F. Kudos to Administration for doing a wonderful job of managing funds;

(1) Monies must be spent according to the budget unless the Board votes to amend the budget;
G. Due to the fact that there were only 2 voting members present, the Committee could present a recommendation to the Board to accept the Web Report, if it so desired.

1. Assuming there is a quorum present, the overall Board can still decide on having the Web Report posted with a notation “pending Board approval”; Explanation will be provided;

III. Enrollment Update

Dr. Evelyn Edney

1. Enrollment goal is 425 students;
2. Current enrollment at 420 students;
3. Approximately 15 students not returning, but have not yet been formally withdrawn by parents
4. Fluctuation in enrollment will continue for next couple of weeks as parents are still calling in and final decisions are still being made.;
5. Dr. Edney mentioned two un-expected items with financial impacts;
 - a) Lawsuit was filed by lawyer of a student;
 - (1) Alleging that ECHS did not find the student eligible for special education services in a timely manner;
 - (2) ECHS is working with Ms. Moultrie in DSU’s Legal Office;
 - (3) Preliminary hearing was scheduled for the next day, August 9;
 - (4) Settlement was reached last night between the parties after 2 weeks of negotiations;
 - (5) Agreement to settle is no indication that parent has won and upon completion of case, it will be reflected that neither party was at fault.
 - (6) ECHS has agreed to set aside a small escrow of \$5.5K for the student over the next two school years (\$2,250 p/yr.) for compensatory items;
 - (7) If the student requires therapy, ECHS will pay the therapist directly, as we do not pay individuals;
 - (8) Parents, however, can get reimbursement from ECHS for any advanced co-pays;
 - (9) ECHS was able to negotiate the cost down to \$3K. Lawyer started at \$7,000, ECHS started at \$1,000 and it ended up being \$3K;
 - b) Grossley Hall Construction;
 - (1) Discussion was to create two (2) additional classrooms by knocking down walls in the office space, taking place in two phases;
 - (2) Phase I took place last year, and ECHS was able to get into Grossley Hall then;
 - (3) Phase II was to have started last December, 2018, but delayed to an early Summer, 2019 start date;
 - (4) Meetings were held in the Spring regarding outfitting the classrooms and furniture, and ECHS was provided with the name of the vendor to be used;
 - (5) ECHS received a grant to help with future building and it was clear that funds could not be used for the purpose of purchasing furniture;
 - (a) DSU would present an invoice for the construction costs, which would be paid by the grant obtained by ECHS; in turn, DSU would purchase the furniture;
 - (b) The construction cost invoice was denied by the grant funding source as it did not fit the bill for funding;
 - (6) ECHS had to pay \$25K for the furniture, which was definitely an unexpected/unanticipated cost;

(7) Both of costs associated with these unanticipated items were paid out of the one-time funds from prior year;

IV. Facilities & Audit Update

Timothy Yancy

1. Mr. Yancey mentioned the proposal for the renovations in Grossley Hall;
2. Nyia McCants added that when information for the renovation was originally submitted by DSU to the City it was processed under a business code, however there is a difference in coding requirements for business vs educational;
 - a) The City reviewed the Grossley proposal, and concluded that if renovations were for the ECHS, it would be considered an educational institution with different requirements from a coding standpoint;
 - b) DSU has gone back to the City and said that it is a dual-use building, not solely used by ECHS; actually utilized more by the University than by ECHS;
3. At this point, we are still waiting for the City to approve.
4. Monies are not involved as this is a matter of having the proper coding so that the renovations can take place;
5. It is a permitting and inspection issue, and currently we are at a stall until resolved;
6. The University is looking at other ways to help in the interim such as identifying space to place students and teachers;
 - a) The ECHS building can't hold 400 students;
 - b) If ECHS has to utilize any portion of this building for upperclassmen's classes, it will have a financial/budget impact as there will be a need for shuttles to transport students back and forth to their college classes;
7. University Facilities personnel are in direct contact with the City of Dover and look to complete renovations in the middle of August, but no later than the end of September;
8. Auditors received most of the requested information and newly requested documentation will also be provided. Documentation to support the Administration forgiving ECHS' obligation owed to DSU has also been provided to the Auditors.

V. Adjournment

Nyia McCants

The meeting was adjourned @ 4:45p.m.