



Finance Committee Minutes

December 13, 2018

Board Chair— Mr. Mark Cowell

Administrative Liaison—Mr. Andrew Lechman

Attendance—Please see the accompanying committee attendance sheet.

Mr. Cowell called the meeting to order at 6:00 pm.

Upon a motion made by Mr. Marcus and seconded by Mr. Trammell the minutes of the November 26, 2018 meetings were approved by the committee.

Old Business

- None

New Business

- 2018-2019 Budget
 - Mr. Lechman provided an overview of the current status of the 2018-2019 budget as compared to the same period in the prior year. Revenues and expenses continue to trend normally. To date 78% of budgeted revenues have been received as compared to 76% in the prior year. 30% of budgeted expenditures have been accounted for as compared to 32% in the prior year.
 - District Treasurer's Report and Investments – The committee received an update on the Treasurer's Report and district cash balances and investments as of November 30, 2018.
 - One budget transfer was reviewed and it was confirmed that it has no impact to the overall 18-19 budget.
 - Mr. Lechman also provided an update on the campus revitalization project financials. The estimated remaining project contingency is \$0.00 and the estimated overrun is \$91,000.

- Mr. Marcus asked about the status of the construction project permit fees and if there is anything further that the district can do to recapture any of these fees from New Hope Borough.
 - Mr. Lechman confirmed that he requested an itemized list of expenditures to substantiate the \$278,000 permit fees from the New Hope Borough. The New Hope Borough responded that an itemized list could not be provided.
 - Mr. Marcus went on to ask the committee what our options are.
 - Mr. Cowell suggested going to New Hope Borough meeting to address the board of supervisors on this issue.
 - Mr. Capriotti confirmed that the topic of permit fees was addressed with the New Hope Borough at the beginning of the project and no consideration was given for the request for a lesser fee than their standard formula calculated.
 - The cost concerns on the project remain that due to a number of circumstances the project incurred cost overruns on the project budget and a refund of permit fees would help to offset these costs. The committee felt this was important enough to discuss because it is all at the expense of the residents/tax payers of our community. We should be working together rather than in silos.
- 2019-2020 Budget Review
 - Mr. Lechman provided the Finance Committee with a presentation on the preliminary budget. The presentation will also be provided at the full Board meeting on December 20. At the December 20 meeting the Board of School Directors will be asked to approve a resolution authorizing proposed preliminary budget display and advertising. This is the path that needs to be followed in order to apply for referendum exceptions for increasing costs in special education and PSERS. This preliminary budget includes an estimated tax increase of 2.75%. Approving a preliminary budget with a tax increase above the index is necessary to allow for this flexibility. This sets the cap for a tax increase, but the final budget can be finalized with a tax increase below that amount.
 - Highlights of the budget are:
 - Revenues: \$42.03M
 - Additional revenue generated from increase millage
 - Act 1 – 2.3%: \$746,000
 - Exceptions - .45% - \$134,000
 - Expenditures: \$42.12M
 - Use of Fund Balance: \$94,000
 - While this is a substantial improvement over previous years, when looking out multiple years for the projections we still have a growing gap between revenues and expenditures. The presentation provided was a high level overview of the budget. The finance committee packet included all off the detailed documents that make up the preliminary budget. This is just a

preliminary budget and it will be continuously reviewed and updated through to a proposed final budget in May and final budget in June.

- The committee discussed the options:
 - Approve a preliminary budget and apply for referendum exceptions
 - Approve an Opt Out Resolution confirming that the tax increase will remain within the index of 2.3%.
 - Exceptions are estimated to be \$134,000
 - The committee agreed that the recommendation for the preliminary budget should be to approve a preliminary budget and apply for referendum exceptions for PSERS and Special Education.

- Comments about the 2019-2020 Budget
 - Mr. Capriotti recommended adding a budget line item to continue funding capital projects beyond waiting until the end of the year and transferring general fund surplus funds to the capital reserve. He communicated his concern for the funding that will be needed to address the capital needs in the facility condition assessment which is in the process of being completed. He discussed that he didn't feel that issuing more debt was the right financing solution and that we needed to save and fund these projects with cash from the capital reserve fund.
 - The committee discussed and was in general agreement that we need to build out a plan for addressing the short and long term financing for capital needs of the district. It was agreed that this topic warrants further discussion and will be a regular topic of conversation at budget discussions in the planning of the 2019-2020 budget through the end of the year.
 - The committee also reviewed that there is a line item in the 18-19 and the 19-20 preliminary version of the budget for capital needs - \$243,000.
 - Mrs. Kingsley made reference to the demographic study that was completed and suggested that a more detailed review/presentation be done on this study for the Board and community to understand district enrollment trends and current building capacity. This should play a part in the facility condition assessment discussion.
 - Mr. Hepp recommended that further presentations be given to help the community better understand the demographic study, building capacity and the finances of the district and how all of these need to work together.

- Independent Consultant Contract Agreement with Amy Sichel Educational Services, LLC for mentorship services as agreed to in the Superintendent Contract. The cost is \$5,000 per year for 2018-2019 and 2019-2020.
 - The committee suggested updating the language in the agreement to make the language around the total costs more clear that the costs are \$5,000 total

from now until June 30, 2019 and then \$5,000 total from July 1, 2019 to June 30, 2020.

Public Comment

- Public comments were made throughout the meeting and are captured in the meeting minutes as appropriate.
- The following comments were made about non-agenda items:
 - None

Mr. Cowell adjourned the meeting at 7:30pm.

Respectfully submitted,

Andrew Lechman
Chief Operations Officer

