



## **Finance Committee Minutes**

October 19, 2017

**Board Chair**— Mr. Neale Dougherty

**Administrative Liaison**—Mr. Andrew Lechman

**Attendance**—Please see the accompanying committee attendance sheet.

Mr. Dougherty called the meeting to order at 6:04pm.

The minutes of the September 19, 2017 meeting were approved with a recommendation to amend the minutes as discussed at the meeting. The updated draft of the minutes are posted online.

### **Old Business**

- No Old Business was discussed.

### **New Business**

- Delinquent Tax Collection Option – Portnoff Law Associates
  - Mr. Lechman provided an update to the current status of delinquent tax balances which currently stand at \$490,000. This is about \$32,000 higher than the same period in the prior year. Last year we began looking at the downward trend of delinquent tax collections. Portnoff Law Associates is a firm that specializes in the collection of delinquent taxes for municipalities. Portnoff is able to be more aggressive at collection processes because they collect under the Municipal Claims and Tax Liens Act (MCTLA) instead of the Real Estate Tax Sale Law (RETSL) which the county collects under. MCTLA process allows for 100% of the claims to be collectible instead of only 95%. There is also more flexibility at the District level under MCTLA with hardships, payment plans and timely distributions to districts. The county charges a 5% commission for collection which costs us about \$30k per year based on \$600k in collections which could be passed onto the tax payer.
    - The recommendation from the committee is to do the following:
      - Bring additional delinquent tax trend data if possible
      - Contact other school districts that use Portnoff for delinquent tax collection for feedback on their services
      - Request Portnoff to attend a future meeting to provide a more in depth presentation on their services.
- Fund Balance Policy and Committed Fund Balance Recommendation

- In June we started a committed fund balance for capital projects as we acknowledged the need to start to financially plan for future facilities and technology capital needs. As we close the 2016-2017 fiscal year we have made huge changes in the financial outlook of the district. As such, we have a need to make a recommendation for an additional commitment based on our fund balance policy. Guidelines Section A states that the district will strive to maintain an unassigned fund balance between 7-8%. If the unassigned fund balance exceeds 8% the district has the option to budget for one time expenditures in the next year's budget or take Board action to Commit Funds. The recommendation is to commit funds to capital projects as we will build our capital plan as part of this year's budget and have a formal short/medium/long range plan for the utilization of these funds. The recommendation is to commit \$1.5M additional to capital projects making the total available at \$1.76M. A committed fund balance must be Board approved and it can also be undone by Board approval if it is determined at a future time that we need the money for another purpose.
  - Committee had the following discussion points:
    - The timing of this commitment is crucial as it must be ahead of the preliminary budget approval in December
    - Can these funds be committed for other categories such as PSERS. Yes, but the district has very little money set aside for facility and technology capital needs and it is prudent to begin planning for future needs. The goal is to build out a capital plan as part of the 18-19 budget process.
    - Where did the \$1,500,000 recommended amount come from and is that much needed for capital projects? \$1,500,000 is the amount needed to be committed to bring the unassigned fund balance within the 7-8% guideline of the fund balance policy.
    - Committed fund balance must be authorized by the Board and can be adjusted by Board approval if changes need to be made in the future.
- 2016-2017 Budget
  - Audit Update – Mr. Lechman confirmed that our annual financial audit is progressing smoothly. The onsite portion of the audit is complete and we have draft financials that are in the final stages of review. The goal remains for the final report to be issued in time to be presented at the November Finance committee meeting and to the full Board at the November Board meeting.
- 2017-2018 Budget
  - Mr. Lechman provided a brief overview of the current status of the 2017-2018 budget as compared to the same period in the prior year. Currently all revenues and expenses are trending normally. It was noted that EIT is

already \$170,000 less than prior year at the same time showing the unpredictability of this revenue stream.

- Mr. Lechman provided an update on the current status of the state budget. There is still no approved revenue plan in place at this time, but the state is currently still making payments to school districts. The committee also reviewed the proposed State Constitutional amendment question that is on the ballot in November. House Bill 1285 was passed by Legislature for 2<sup>nd</sup> year in a row which is a requirement to amend the PA Constitution. The final step for a Constitutional change is approval by the voters. The bill would allow an increase to the maximum allowable homestead/farmstead from 50% of the median assessed value to 100%. Currently we are receiving gaming revenue of 4.4% of the median assessed value of an individual property. If the voters approve the state would have to substantially increase funding to Districts for this to have any meaningful impact. The amendment would allow the framework for property tax elimination, just not the funding to do so.

#### **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:
  - Mr. Band – Noted that there was a long range planning project that was done Feb 8, 2016 with 56 items totaling \$13.8M.
    - Asked questions about the current campus project and the cost of fitness center equipment.

Mr. Dougherty adjourned the meeting at 7:07pm.

Respectfully submitted,

Andrew Lechman  
*Business Administrator*