



Finance Committee Minutes

November 16, 2017

Board Chair— Mr. Neale Dougherty

Administrative Liaison—Mr. Andrew Lechman

Attendance—Please see the accompanying committee attendance sheet.

Mr. Dougherty was not able to attend the meeting so Mr. Cowell called the meeting to order at 6:00pm.

The minutes of the October 19, 2017 meeting were approved.

Old Business

- No Old Business was discussed.

New Business

- Presentation of the Audit Report for the year ended June 30, 2017
 - Bill Hamilton and Karianne Tomosky of Mayer Hoffman McCann P.C. provided the committee with a presentation summarizing the highlights of the audited financial statements for the year ended June 30, 2017. The audit process continues to get a little more efficient from prior years. The auditors have issued an unmodified opinion which is a clean audit or the financial statements are free from material misstatements.
 - The committee was able to ask questions during the presentation and there were questions around the following topics:
 - PSERS Liability – Is this really meaningful to the district. This is a required estimate on the statement of net position that is required per GAAP to be on the statement. This had a material for all school districts across the state and had little to no impact on bond rating agencies ratings process for school districts.
 - Capital Assets – What is the process to review and account for capital items.
 - Budgetary Transfers – Were all handled via the appropriate board approval process.
 - The committee recommended the audit report be moved to the board agenda for final acceptance by the Board.
- Delinquent Tax Collection Option – Portnoff Law Associates

- Mr. Lechman introduced this topic at the last committee meeting. The committee agreed that they would like to hear further from an associate of Portnoff. Mr. Lechman introduced Kevin Buraks from Portnoff Law Associates to review the services that Portnoff has to offer around the collection of delinquent taxes. The district has options in the collection of delinquent property taxes. MCTLA is the law Portnoff collects under and they have been in the business of collecting delinquent taxes for municipal clients for 28 years and they currently represent 42 school districts across the state. The district has the ability to set collection parameters and set hardship policies with positive incentives which the county is not able to offer. Fees and costs are billed through to the delinquent taxpayer not the school district. If the delinquent taxpayer responds to the first letter they don't have any penalty for legal fees. MCTLA process allows for 100% of the claims to be collectible instead of only 95%. The county charges a 5% commission for collection which costs our district about \$30k per year based on \$600k in collections and the district has the option to pass this onto the tax payer.
 - The following comments/questions were posed during this discussion:
 - Timing of the collection was discussed – Portnoff is able to start the collection process sooner than the county and they are able to be more aggressive in the collection process.
 - What is the cost to the district and what is your revenue stream – The only cost to the district is \$40 for the initial communication to the delinquent taxpayer which the district will get back when the delinquent taxes and fees are paid. Portnoff does not collect this fee until they collect an equal amount in delinquent taxes for the district. Portnoff generates its revenue from fees charged to delinquent taxpayers during the collection process.
 - The district also has the ability
 - The committee recommended that Mr. Lechman request draft agreements from Portnoff with the 5% commission fee included as a pass through and then request the solicitor to review. These agreements will then be brought back to the finance committee for a final recommendation to the full Board.
- 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 lagging the prior year by \$205,000. The committee also requested a review of the campus revitalization project financials and at future meetings the project documents that are reviewed at the facilities committee meeting will be included in the finance committee packet as available.
 - Mr. Lechman provided an update on the current status of the state budget. The state budget has finally been approved. Governor allowed the budget to become law without his signature. The revenue package has over \$1B of one time revenue sources to balance the budget which is not sustainable. House

Bill 1285 was approved by the voters during the November election. At this time we see no immediate impact to school districts as a result.

- 2018-2019 Budget – First look
 - Mr. Lechman provided a brief overview of the current status of the 2018-2019 budget. For the third year a needs based budget philosophy has been used to create our operating budget. To date all department directors have created a first draft of their budgets and we are in the process of meeting to review each individual budget. The budget numbers included in the future projections are a reflection of the first pass with only about half of the budgets reviewed. Revenue includes the assumption of a 2.4% tax increase. Highlights of the budget are:
 - Revenues: \$40.90M
 - Expenditures: \$41.15M
 - Use of Fund Balance: \$250,000
 - 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.
 - A more detailed preliminary budget will be reviewed with the finance committee in December and the Board will be asked to approve that the preliminary budget be made available for public inspection at the December Board meeting and to approve a preliminary budget at the January Board meeting.

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. Marcus – What is the current status of the F1 Visa program.

Mr. Cowell adjourned the meeting at 8:08pm.

Respectfully submitted,

Andrew Lechman
Business Administrator

