



## **Finance Committee Minutes**

September 20, 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. Hepp and seconded by Mrs. Alderfer, the minutes of the June 21, 2018 meetings were approved by the committee. There were 2 abstentions for members that were not in attendance last month.

### **Old Business**

- None

### **New Business**

- 2017-2018 Fiscal Review
  - Mr. Lechman provided a summary of the general fund financials for the 2017-2018 year which are currently going through the annual financial audit.
    - Revenues were \$975,000 or 2.4% higher than budgeted revenues primarily driven by higher delinquent tax collections, EIT due to a large bonus payout from a large local employer, Transfer tax due to a strong housing market and interest income due to rising interest rates and efficient management of CD investments.
    - Expenditures were \$1.37M or 3.5% under budget. This was driven by a number of expenditure items including salaries and benefits, transportation, tuition and discretionary spending (supplies/equipment).
    - The overall change for the year was a surplus of \$2.1M and the recommendation will be to transfer this surplus to the capital reserve fund to continue to fund the long range facilities capital plan. The current balance of this fund is \$755,000 and the 20 year estimate costs are approximately \$17M.

- Mr. Lechman provided an overview of the 2017-2018 financial summary of the food service fund. Overall the food service fund had a small deficit of \$2,815. Sales are down about \$5,000 or 1% as compared to the prior year which is primarily driven by declining enrollment and 1 less food service day. Expenditures are up about \$5,000 or 1% due to the increase in PSERS employer rate and higher equipment repair costs.
- Audit Update – Mr. Lechman confirmed that our annual financial audit began on Monday September 10. The onsite portion of the audit is completed as of Thursday September 20. The goal is 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.
- 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. Current year 56% of budgeted revenues have been received and prior year 53% was received. 10% of budgeted expenditures have been accounted for as compared to 9% prior year.
  - 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 \$80,500 as compared to the prior report in June of a positive contingency of 205,500. Campus revitalization project work and financials are discussed in further detail at the facilities committee meeting.
    - A request was made to have Mr. Lechman follow up with the New Hope Borough on the accounting of the permit fees of \$278,000 to bring back to the committee.
- 2019-2020 Budget – Mr. Lechman confirmed that the Act 1 index for 2018-2019 is set at 2.3% which is slightly above the assumption of 2% in budget projections.
- Contracts
  - Sunoco Fleet Cards are credit cards with the sole purpose of purchasing fuel at the pump. The district currently purchases fuel at the pump for all district vehicles and for gas powered equipment. Fuel is purchased on account at the local Lukoil. The new card has an online platform that provides access to all purchases made on all cards and is secured through unique driver ID numbers. Other pros are the rebate program based on the number of gallons purchased if purchased at Sunoco stations, we do not pay state gas tax at the pump and increased security measures. The other major pro is an efficiency measure related to state gas tax. Currently when we pay for gas at the pump

we pay state gas tax that is imbedded into the per gallon cost. Then once per year we must submit a report to the state to be reimbursed for the state tax paid. This card recognizes that we are state tax exempt and removes the state tax on the purchase which eliminates the need for the reimbursement report. The cost is \$40 as a one-time set up and \$2 per card per month. It is estimated that we will need 5-10 cards.

- There was discussion about the number of staff that will have access to cards and the maximum will be 10.

- Facility Condition Assessment – Draft of estimated costs
  - Mr. Lechman provided an update on the status of the facility condition assessment. To date the LES, UES and MS have been completed and the draft reports are almost in their final form. The summary of the financials show the following as capital needs:
    - General Fund
      - 0-5 years: \$3.2M
      - 5-10 years: \$4.7M
      - 10-20 years: \$8.5M
    - Food Service Fund
      - 0-5 years: \$100,000
      - 5-10 years: \$175,000
      - 10-20 years: \$180,000
    - It is essential that we have begun to prepare and save now for these future capital needs.
  - All Finance Committee members were encouraged to remain for the first agenda item of the Facilities Committee meeting which was a presentation by EMG about the facility condition assessment that was completed.

### **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. Peckman requested a schedule of the school district investments to be presented to the Finance Committee.
  - Mr. Duffy – Asked about the student enrollment for this school year. It was confirmed that enrollment is lower and this report will be available at the September board meeting.
  - Mr. Band – Asked if EDR's are pensionable and it was confirmed they are.
    - Section 8 on page 10 of the contract defines how EDR's are approved.
  - Mr. Marcus – Commented that he did not believe that the finance committee's review of Act 153 properties has been completed. He was not comfortable with the board acceptance of this list at the August board meeting prior to Finance Committee review. Discussion confirmed that Board resolution defines the Board requirements under Act 153 and the Board was advised by

the district solicitor on this item. The request was made to have the current district solicitor review Act 153 and provide a list of options to the finance committee for consideration.

Mr. Cowell adjourned the meeting at 7:10pm.

Respectfully submitted,

Andrew Lechman  
*Business Administrator*