



**New Hope-Solebury School District
Finance Committee Meeting Minutes
November 9, 2016
6:00PM— Upper Elementary School LGI**

Per Policy 006.2, all public meetings of the Board of School Directors, including committees, are audio recorded.

Agenda Items

Attendance:

- **School Board** – Mark Cowell, Neale Dougherty, Maria Povacz
- **Administration** - Andrew Lechman, Dr. Steven Yanni, Chuck Malone, Mike McKenna
- **Committee Members** – Jeff Kearney, Marcus Peckman, Ellen Steifel
- **Public** - Chris Bamber – PFM

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

The committee approved the minutes from the October 13, 2016 meeting.

Mr. Cowell reminded the committee that per policy 006.2, all committee meetings are now being audio recorded.

Old Business

- None

New Business

- Marcus Peckman requested that the Finance Committee discuss developing and proposing to the Board a written policy whereby all vendor contracts above a certain dollar amount require Administration to solicit, receive and consider at least two vendor proposals. The committee agreed that such a policy is considered a best practice and finalizing a policy recommendation should be an agenda item at an upcoming committee meeting.
- PFM – Update on Bond Pricing – Chris Bamber
 - Mr. Bamber gave an update on the pricing of our bonds on October 25, 2016. He explained that at the end of the pricing timeline a bombshell order from one regional Pennsylvania bank came in. This order came with an interest rate about 30 basis points lower than estimated 2.85% versus 2.55%. In

terms of interest rates, this was a significant benefit and was only possible through the strategy of issuing a bank qualified loan. The actual debt service schedule generated about \$578,000 in savings as compared to the estimate. The average yield of the issue is 2.45%. He also reviewed the pricing comparison of the pricing of the NHSD bonds at a Aa1 rating as compared to Montgomery Township at a AAA rating. Comparing spread to MMD – how far the bonds priced off of an index. When compared how the two priced the NHSD bonds priced 14.5 basis point better than a natural AAA.

- PlanCon – Mr. Bamber gave an update that PFM is working with the state on issuing debt to fund PlanCon and we should be expecting to receive these funds in the upcoming PDE subsidy payments.
- Question asked about the number of maturities in the issue – there are nine.
- Bonds will settle on December 1, 2016.

➤ 2016 – 2017 Budget

○ Fiscal Dashboard

- 2015-2016 is now labeled as actual as the audit has been completed. A copy of the audit report was provided to committee members and a formal presentation will be provided by the district auditor at the December Finance Committee meeting.
- 2016-2017 – As previously discussed it is too early to prepare projections. This will begin around the February timeframe. The format was updated to provide a comparison of the current year to date revenues and expenditures to the prior year to date. A summary was provided:
 - Revenue
 - Real Estate Taxes are 92% as compared to 91% prior
 - Delinquent/Transfer/EIT are in line with prior year
 - State Revenue is up significantly as state revenue wasn't received until January last year due to budget impasse
 - Overall revenue in line 71% compared to 69%
 - Expenditures – Overall in line with prior year at 28%
- Discussion ensued around the following items
 - How is the morale of district in a tight budget situation?
Overall teachers have what they need to be successful. The needs based budget has changed the conversation to how can we be more creative with the resources that we have.
Leadership team efficiency model to put resources where they need to be has assisted the process.

○ Budget Transfers

- No budget transfers this month

➤ 2017 – 2018 Preliminary Budget Review – First look

- The first look of the preliminary budget for 2017-2018 was provided. The first look is a very preliminary view of the budget after the first full pass through the budget. This will be an iterative process and will be refined

through to the final budget in June 2017. This year we maintained a needs based budget philosophy. Each building/department created a budget which was vetted through an internal presentation/review process. Mr. Lechman provided an overview of the highlights of the budget expenditures and revenues along with scenarios around tax increases. The key takeaway is the preliminary budget does not mandate a tax increase, but it allows for the option of a tax increase to the Act 1 Index and the ability to apply for referendum exceptions. Any tax increase is not finalized until the final budget is approved in June. Further details are available in the Finance Committee packet available on the website.

- Mr. Lechman also gave an overview of the budget unknowns that exist as we are very early in the process of creating a preliminary budget. The most significant unknown is the impact to the EIT revenue as a result of the end of the reciprocal tax agreement between New Jersey and Pennsylvania. Currently there is no way to estimate the impact of this change. Even Keystone, the tax collector for Bucks County, has stated its limitations with the data available. We will continue to work with Keystone, the state and other local school districts to push to formulate a solution.
 - There were discussions around the following topics:
 - The percentage increases for salaries and how they were calculated.
 - MBIT costs increasing consistently each year which is starting to be addressed through high school course offerings.
- EDR Data – Form for Data Collection – Dr. Yanni presented the current format that is going to be used for tracking EDR data. The reports will be separated by athletics, activities and other EDR's. Data that is not broken out at the individual athletic and activity level will begin to be tracked at this level for discussion at future meetings.
- Contracts – No contracts were reviewed at this meeting.

Public Comment

- Public comments were made throughout the meeting and captured as part of the write-up for each agenda item.

A motion was made to adjourn the meeting at 7:32PM and unanimously approved.

Respectfully submitted,

Andrew Lechman
Business Administrator