



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

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

Agenda Items

Call to Order

Approve Minutes from October 13, 2016 Meeting

Old Business

- None

New Business

- PFM - Update on Bond Pricing - Chris Bamber
- 2016 - 2017 Budget
 - Fiscal Dashboard
 - Budget Transfers
- 2017 - 2018 Preliminary Budget - First look
- EDR Data - Form for Data Collection - Dr. Gianni

Public Comment

Adjournment



**New Hope-Solebury School District
Finance Committee Meeting Minutes
October 13, 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, Maria Povacz
- **Administration** - Andrew Lechman, Dr. Steve Yanni, Stan Marcus, Mike McKenna, Peter Rivera
- **Committee Members** – Rich Hepp, John O’Hara, Marcus Peckman
- **Public** - Chris Bamber – PFM, Melvin Band, Alison Kingsley

Mrs. Povacz called the meeting to order at 6:00PM.

The committee approved the minutes from the September 14, 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

- PFM– New Money Discussion – Mr. Lechman provided an overview of the prior meeting discussion. The total amount of the remaining borrowing on the project is \$16,395,000 and the plan consisted of borrowing \$9,850,000 this December and the remaining \$6,545,000 next September. The question was raised around the amount of funds needed in December and if issuing less debt now would reduce interest expense. D’Huy provided a draft draw schedule which was compared to current expenditures and current cash on hand and provided to PFM for analysis to assist in making the final decision. Mr. Bamber gave an overview of the packet that he provided. Interest rates remain at all time lows even though they have been gradually increasing. District is continuing its bank qualified financing plan which continues and resets each calendar year. Planning does not rely on any PlanCon reimbursement as this is a large unknown at the state level if any further

reimbursements will be received. The draw schedules were reviewed in detail by Mr. Bamber and there were two scenarios presented. An analysis was done comparing the two scenarios and Scenario B shows the possibility of a \$55,000 savings by issuing the current debt at 7,000,000 and 9,385,000 in September 2016. The risks associated with this strategy are interest rate risks. It would only take an increase of 5 basis points to break even. Other cons include ability to borrow additional bank qualified if needed. There is also bond rating downgrade risks. At the board meeting on October 17 the board will need to approve a parameters resolution. The resolution will indicate not to exceed \$12,000,000. We will not be issuing this much debt. The committee agreed to take the recommendation of Scenario A. Scenario A was unanimously approved by the committee.

- Discussion/Comments – Significant discussion occurred around the following topics:
 - Details around each option including the Pros and Cons of each.
 - Interest rates: Assumptions used, variability of interest rate moves, cost of a basis point.
 - Bond rating process and the potential bond rating impact on future interest rates, impact of a declining fund balance on bond rating.
- Extra Duty Responsibility (EDR) – Review of Costs – Mr. Lechman provided the committee with a number of reports analyzing the total costs of contractual EDR's.
 - Discussion/Comments
 - A request was made for more information about the cost of maintenance per acre.
 - Mr. Rehr will continue to monitor costs to get to the lowest level of data possible – Transportation costs/Gate Receipts/Supervision and Nursing costs.
 - A request was made to review a form for the format of data collection at the next meeting.
- 2016-2017 Budget
 - Fiscal Dashboard – Mr. Lechman provided an update on the 15-16 fiscal dashboard. It is too preliminary to start projections but monthly reports will identify any significant items that occurred that the committee needs to be aware of. An example is the expenditures associated with students attending charter schools. Last year our district only had 4 resident students attending charter schools. This year 4 additional students enrolled in charter schools. The cost to the district is approximately \$20,000 per student so the total impact on the 16-17 budget is \$80,000. This impact is being addressed with budget transfers. Mr. Lechman also provided an update on the future projections and included the 20-21 year in the projections to have 3 years beyond the current budget planning year.
 - Comment/Discussion
 - How are the costs of charter school tuition calculated? – PDE form 363.
 - Dr. Yanni mentioned that Bucks County Superintendents are discussing how these costs are calculated and are planning to

review this with legislators in Harrisburg to advocate for a fairer process for all districts.

- Questions about the future projections.
 - Budget Transfers were reviewed with the committee.
- 2017-2018 Act 1 Budget Timeline – Time was running short on the meeting so Mr. Lechman stated that the next step in the timeline is to provide a first look of the preliminary budget to the finance committee at the November committee meeting.
- ADP and Triton Benefits/HR Solutions – Mr. Lechman gave an overview of the staffing structure of the business office and then elaborated on the function of payroll and benefits administration. There is currently 1 staff member that is responsible for all of these functions which leaves a single point of failure for a critical business function of the district. There are also inefficient processes and procedures which are not documented. ADP was brought in for an exploratory meeting to review the opportunity of outsourcing this function. The goals of this meeting was to understand if we could address current concerns without increasing costs to the district. We learned that in an outsourced model the employer still has responsibilities so we need to have a part-time employee at most 20-25 hours per week for maintaining employee data/input of payroll data/verify payroll accuracy and ADP would handle the remainder of the tasks including adding electronic solutions that don't exist today. The other concern is the implementation process as there is currently not enough capacity in the business office for this work. ADP brings Triton Benefits and HR Resources to the table. Triton will take the lead on the implementation of the ADP software and solutions at a fee of \$2,500 and then Triton will be the full payroll and benefits administration for the district for 6 months at a cost of \$45 per hour for 20-25 hours per week. At the conclusion of 6 months the goal is to hire a part-time employee for this work to be transitioned back into the district. The cost estimates are a breakeven in year 1 and years 2-4 are approximately \$15,000 - \$20,000 savings.
 - Discussion/Comments
 - Mrs. Povacz acknowledged a few contractual items that needed to be addressed and it was confirmed that these were reviewed by the solicitor.
 - Mr. Peckman asked if any other vendors were reviewed. Mr. Lechman stated that no other vendors were reviewed because ADP was brought in for an explanatory meeting and provided all solutions needed at a cost savings and addressed all concerns as quickly as possible.
 - A hand vote was taken by the committee to move this forward to the board. Mr. Peckman was the lone dissenting vote.
- Facility Usage Fees – This agenda item was deferred due to time constraints.

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 7:35PM and unanimously approved.

Respectfully submitted,

Andrew Lechman
Business Administrator

New Hope - Solebury School District
2016 - 2017 Fiscal Dashboard - Current Projections
October 31, 2016

	15 -16 Budget	15-16 Actual	15-16 YTD	15-16 YTD %	16-17 Budget	16-17 YTD	16-17 YTD %	15-16 YTD to 16-17 YTD
Beginning Uncommitted Fund Balance	5,131,939	5,131,939			4,332,021			
Committed Fund Balance - PSERS	1,200,000	1,200,000			700,000			
Total Beginning Fund Balance - July 1st	6,331,939	6,331,939			5,032,021			
Revenues								
Local Revenue								
Real Estate Taxes	25,555,657	25,419,912	23,316,290	91%	26,826,194	24,805,231	92%	1,488,941
Delinquent Tax	600,000	743,248	139,838	23%	600,000	97,226	16%	(42,612)
Transfer Tax	760,000	943,076	334,218	44%	760,000	287,882	38%	(46,336)
Earned Income Tax	4,000,000	3,749,681	854,387	21%	3,800,000	887,876	23%	33,489
Other Local Revenue	325,067	442,132	81,243	25%	322,817	71,687	22%	(9,556)
State Revenue - General	2,748,796	2,751,291	790,868	29%	2,794,910	1,238,491	44%	447,623
State Revenue - Retirement/FICA Subsidy	3,011,700	2,951,515	-	0%	3,331,452	-	0%	-
Federal Revenue	87,000	88,318	1,881	2%	269,515	14,186	5%	12,305
Total Revenue	37,088,220	37,089,173	25,518,725	69%	38,704,888	27,402,579	71%	1,883,854
Expenditures								
Salaries and Wages	18,028,630	18,033,385	4,049,524	22%	18,132,048	4,276,946	24%	227,422
Benefits & Taxes	9,910,508	9,874,902	2,181,045	22%	10,703,968	2,394,325	22%	213,280
Professional Services	2,621,497	2,043,782	988,758	38%	2,224,688	691,912	31%	(296,846)
Property Services and Utilities	814,443	723,598	252,540	31%	869,085	244,595	28%	(7,945)
Purchased Services	2,999,716	2,948,775	504,821	17%	3,348,823	713,254	21%	208,433
Supplies, Books, Software and Fuel	1,240,917	800,642	469,559	38%	1,001,978	316,890	32%	(152,669)
Equipment	275,606	117,641	47,129	17%	236,771	84,416	36%	37,287
Interest, Fees, and Dues	654,633	669,993	300,522	46%	971,913	383,030	39%	82,508
Principal and Transfers	3,172,504	3,176,373	2,152,071	68%	2,621,686	2,156,316	82%	4,245
Total Expenses	39,718,455	38,389,091	10,945,970	28%	40,110,960	11,261,684	28%	315,714
ACTIVITY FOR YEAR	(2,630,235)	(1,299,918)			(1,406,072)	16,140,895		
PROJECTED ENDING UNCOMMITTED FUND BALANCE	3,001,704	4,332,021			2,925,949			
Fund Balance Percentage of Expenditures	7.56%	11.28%			7.29%			
PROJECTED ENDING COMMITTED FUND BALANCE	700,000	700,000			700,000			
TOTAL ENDING FUND BALANCE - JUNE 30TH	3,701,704	5,032,021			3,625,949			

Fiscal Dashboard - 2016-2017 Projections Highlights

2015-2016

- These are final audited numbers

2016-2017 Current through October 31, 2016

- It is too early in the year to complete projections. Until the January timeframe this will just highlight any key items for the year to date.
- Added the current column to track progress as we move through the year and compare to the same period in the prior year.

Revenue

- Real Estate Taxes - Discount was higher than anticipated, which can also be seen in the amount of real estate tax revenue collected YTD.
- Delinquent/Transfer Tax/EIT trending in line with prior year
- Received 71% of revenue to date as compared to 69% in the prior year.

Expenses

- Overall expenditures are in line with the prior year on a percentage used to budget year to date. 28% current year to 28% prior year.

NEW HOPE-SOLEBURY SCHOOL DISTRICT
2017-2018 PROPOSED PRELIMINARY BUDGET

FIRST LOOK – NOVEMBER 9, 2016

Overview: The first look of the budget is a very early look at the first version of the budget for the 2017-2018 fiscal year. The budget will be reviewed and updated regularly through an iterative process until it gets to its final version which will be presented in May 2017.

Process: The budget process is facilitated by the Business Administrator, but is a consolidation of the work done by multiple stakeholders across the district. The Business Administrator is responsible for creating the budget model. The expenditure budget model is then sent to each building and department director to create the budget for their respective areas. The philosophy of a needs based budget was used for the second straight year. This requires a collaborative approach, working with building and department staff, to create a budget that appropriates funds efficiently based only on the absolute needs to provide our students with a high level education. The department/building directors present their budgets to an internal team for vetting to assure all expenditures are based on needs. This version of the budget reflects one iteration of this process.

Expenditures: The first look of the budget shows an increase of \$517,543 or 1.29% from the prior year.

- Salaries and Wages - \$470,555 increase
 - Administrators – Flat 3.0% increase per the Act 93 agreement.
 - Teacher’s Contract expires June 30, 2017 – assumption used was current salary matrix and all staff move one step. Teachers at the top of the salary matrix retain the same salary.
 - Support Staff Contract expires June 30, 2018 – salaries are based on current contract matrix step and column movement.
- Benefits and Taxes - \$564,701 increase
 - Medical Benefits – Benefits consultant is currently working on the first look of the rates for the 17-18 year – will be provided by November 17.
 - Assumption is 6% increase based on past trends
 - Change of 1% has an impact of approximately \$33,000
 - PSERS – Employer rate is increasing from 30.03% to 32.04% (this rate is not yet certified – early December)
 - \$518,000 increase or about 10%
- Other Expenditure Categories - \$166,300 Decrease
 - Departmental Budgets - \$335,000 Decrease
 - Charter School - \$80,000 Increase
 - MBIT VoTech - \$49,000 Increase (Enrollment Increase Tuition from 15-16)
 - Transportation - \$40,000 Increase (Contractual 2.5%)
- Debt Service - \$342,000 decrease per current debt schedule

Revenues:

- Earned Income Tax - \$50,000 Decrease
 - Prior two years have been \$3,750,000

- State Revenues
 - Educational Subsidies – Remain flat to 16-17 Budget
 - Retirement and FICA Subsidy - \$278,440 based on increased expense
 - Receive 50% subsidy on all PSERS and FICA expenditures
- Federal Revenues - \$50,000 Decrease
 - Reduced special education contingency line item by \$50,000 and offset the reduction with the School Based Access Revenue drawdown
- Real Estate Taxes – Ran 3 scenarios
 - 0.00% Tax Increase – No increase in real estate taxes generated
 - 2.50% Tax Increase - \$ 700,000 Increase to the Act 1 Index
 - 3.75% Tax Increase - \$1,050,000 Increase to the Act 1 Index plus Exceptions
 - Exceptions for PSERS and Special Education cost increases

Scenario 1 - 0.00% Tax Increase				
	17-18	18-19	19-20	20-21
Beginning Fund Balance	3,625,949	1,874,107	(293,252)	(2,879,666)
Total Revenue - 0.00% Tax Increase	38,876,662	39,502,174	40,227,801	40,904,283
Total Expenditures	40,628,503	41,669,533	42,814,215	43,829,964
Surplus / (Deficit)	(1,751,841)	(2,167,359)	(2,586,414)	(2,925,681)
Ending Fund Balance	1,874,107	(293,252)	(2,879,666)	(5,805,348)

Scenario 1 - 2.50% Tax Increase - Act 1				
	17-18	18-19	19-20	20-21
Beginning Fund Balance	3,625,949	2,577,897	1,128,404	(725,788)
Total Revenue - 2.50% Tax Increase	39,580,451	40,220,040	40,960,024	41,651,150
Total Expenditures	40,628,503	41,669,533	42,814,215	43,829,964
Surplus / (Deficit)	(1,048,052)	(1,449,493)	(1,854,191)	(2,178,814)
Ending Fund Balance	2,577,897	1,128,404	(725,788)	(2,904,602)

Scenario 1 - 3.75% Tax Increase - Act 1 plus Exceptions				
	17-18	18-19	19-20	20-21
Beginning Fund Balance	3,625,949	2,929,777	1,839,200	351,104
Total Revenue - 3.75% Tax Increase	39,932,331	40,578,957	41,326,119	42,024,568
Total Expenditures	40,628,503	41,669,533	42,814,215	43,829,964
Surplus / (Deficit)	(696,172)	(1,090,577)	(1,488,096)	(1,805,397)
Ending Fund Balance	2,929,777	1,839,200	351,104	(1,454,293)

Budget Unknowns that are still being monitored:

Revenues

- Earned Income Tax – Impact of NJ ending reciprocal tax agreement with PA
- State Educational Subsidies – Finalized with State Budget
- Rabbit Run Creek Development
- Discussion Item – Act 153 Frozen Millage – Estimate \$120,000

Expenditures

- Teacher's Contract Expires June 30, 2017
- Benefits Rates – Medical, Dental, Group Term Life, Worker's Comp
- PSERS certified employer rate
- MBIT Budget
- Charter School Students

New Hope - Solebury School District
2017 - 2018 Fiscal Dashboard - Future Projections
October 31, 2016

	17-18 Budget	Change from 16-17	18-19 Projection	19-20 Projection	20-21 Projection
Beginning Uncommitted Fund Balance	2,925,949		1,874,107	(293,252)	(2,879,666)
Committed Fund Balance - PSERS	700,000		-	-	-
Total Beginning Fund Balance - July 1st	3,625,949		1,874,107	(293,252)	(2,879,666)
Revenues					
Local Revenue					
Real Estate Taxes - 0.00% Tax Increase	26,822,514	(3,680)	27,371,798	27,907,816	28,479,291
Delinquent Tax	600,000	0	600,000	600,000	600,000
Transfer Tax	760,000	0	760,000	760,000	760,000
Earned Income Tax	3,750,000	(50,000)	3,750,000	3,750,000	3,750,000
Other Local Revenue	321,289	(1,528)	321,289	321,289	321,289
State Revenue - General	2,793,452	(1,458)	2,782,652	2,782,652	2,782,652
State Revenue - Retirement/FICA Subsidy	3,609,892	278,440	3,846,920	4,036,528	4,141,536
Federal Revenue	219,515	(50,000)	69,515	69,515	69,515
Total Revenue	38,876,662	171,774	39,502,174	40,227,801	40,904,283
Expenditures					
Salaries and Wages	18,602,603	470,555	18,904,595	19,393,425	19,895,253
Benefits & Taxes	11,268,669	564,701	11,972,551	12,595,250	13,063,220
Professional Services	2,072,480	(152,208)	2,072,480	2,072,480	2,072,480
Property Services and Utilities	846,261	(22,824)	846,261	846,261	846,261
Purchased Services	3,439,597	90,774	3,484,091	3,529,624	3,576,222
Supplies, Books, Software and Fuel	897,651	(104,327)	897,651	897,651	897,651
Equipment	259,057	22,286	259,057	259,057	259,057
Interest, Fees, and Dues	1,067,186	95,273	1,147,841	1,089,805	1,019,710
Principal and Transfers	2,175,000	(446,686)	2,085,007	2,130,662	2,200,111
Total Expenses	40,628,503	517,543	41,669,533	42,814,215	43,829,964
ACTIVITY FOR YEAR	(1,751,841)		(2,167,359)	(2,586,414)	(2,925,681)
PROJECTED ENDING UNCOMMITTED FUND BALANCE	1,874,107		(293,252)	(2,879,666)	(5,805,347)
Fund Balance Percentage of Expenditures	4.61%		-0.70%	-6.73%	-13.25%
PROJECTED ENDING COMMITTED FUND BALANCE	-		-	-	-
TOTAL ENDING FUND BALANCE - JUNE 30TH	1,874,107		(293,252)	(2,879,666)	(5,805,347)

Assumptions

Revenue

- Act 1 Index - 2.5% in 17-18 and 2.0% beyond
- EIT reduced by \$50,000 to match trend of prior 2 years - Monitoring NJ Tax reciprocity
- State - Education subsidy amount adjusted to reflect current state subsidy amount per 15-16 approved budget
 - Retirement/FICA subsidy increase with Expenditure increases

Expenditure

- 17-18 is reflecting all actual salary increases per the current salary schedule - Teachers Contract expiring June 30, 2017
- PSERS Expense adjustment to only calculate PSERS eligible salary - Removed Retiree and Benefits waiver payments
- Charter School payments increased to match current enrollment.
- Beyond 17-18 Salary - Average increase of 3%
 - Average increase of 3%
 - Payroll Benefits - 3% to match salary increase
 - Medical - 6% increase
 - Retirement - Increase based on PSERS schedule
 - Insurance - Increase 3% per year
 - Debt Service - Matches current debt projections

New Hope - Solebury School District
2017 - 2018 Fiscal Dashboard - Future Projections
October 31, 2016

	17-18 Budget	Change from 16-17	18-19 Projection	19-20 Projection	20-21 Projection
Beginning Uncommitted Fund Balance	2,925,949		2,577,897	1,128,403	(725,788)
Committed Fund Balance - PSERS	700,000		-	-	-
Total Beginning Fund Balance - July 1st	3,625,949		2,577,897	1,128,403	(725,788)
Revenues					
Local Revenue					
Real Estate Taxes - 2.50% Tax Increase	27,526,304	700,110	28,089,663	28,640,039	29,226,158
Delinquent Tax	600,000	0	600,000	600,000	600,000
Transfer Tax	760,000	0	760,000	760,000	760,000
Earned Income Tax	3,750,000	(50,000)	3,750,000	3,750,000	3,750,000
Other Local Revenue	321,289	(1,528)	321,289	321,289	321,289
State Revenue - General	2,793,452	(1,458)	2,782,652	2,782,652	2,782,652
State Revenue - Retirement/FICA Subsidy	3,609,892	278,440	3,846,920	4,036,528	4,141,536
Federal Revenue	219,515	(50,000)	69,515	69,515	69,515
Total Revenue	39,580,451	875,563	40,220,040	40,960,024	41,651,150
Expenditures					
Salaries and Wages	18,602,603	470,555	18,904,595	19,393,425	19,895,253
Benefits & Taxes	11,268,669	564,701	11,972,551	12,595,250	13,063,220
Professional Services	2,072,480	(152,208)	2,072,480	2,072,480	2,072,480
Property Services and Utilities	846,261	(22,824)	846,261	846,261	846,261
Purchased Services	3,439,597	90,774	3,484,091	3,529,624	3,576,222
Supplies, Books, Software and Fuel	897,651	(104,327)	897,651	897,651	897,651
Equipment	259,057	22,286	259,057	259,057	259,057
Interest, Fees, and Dues	1,067,186	95,273	1,147,841	1,089,805	1,019,710
Principal and Transfers	2,175,000	(446,686)	2,085,007	2,130,662	2,200,111
Total Expenses	40,628,503	517,543	41,669,533	42,814,215	43,829,964
ACTIVITY FOR YEAR	(1,048,052)		(1,449,494)	(1,854,192)	(2,178,814)
PROJECTED ENDING UNCOMMITTED FUND BALANCE	2,577,897		1,128,403	(725,788)	(2,904,603)
Fund Balance Percentage of Expenditures	6.35%		2.71%	-1.70%	-6.63%
PROJECTED ENDING COMMITTED FUND BALANCE	-		-	-	-
TOTAL ENDING FUND BALANCE - JUNE 30TH	2,577,897		1,128,403	(725,788)	(2,904,603)

Assumptions

Revenue

- Act 1 Index - 2.5% in 17-18 and 2.0% beyond
- EIT reduced by \$50,000 to match trend of prior 2 years - Monitoring NJ Tax reciprocity
- State - Education subsidy amount adjusted to reflect current state subsidy amount per 15-16 approved budget
 - Retirement/FICA subsidy increase with Expenditure increases

Expenditure

- 17-18 is reflecting all actual salary increases per the current salary schedule - Teachers Contract expiring June 30, 2017
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 - Average increase of 3%
 - Payroll Benefits - 3% to match salary increase
 - Medical - 6% increase
 - Retirement - Increase based on PSERS schedule
 - Insurance - Increase 3% per year
 - Debt Service - Matches current debt projections

New Hope - Solebury School District
2017 - 2018 Fiscal Dashboard - Future Projections
October 31, 2016

	17-18 Budget	Change from 16-17	18-19 Projection	19-20 Projection	20-21 Projection
Beginning Uncommitted Fund Balance	2,925,949		2,929,777	1,839,200	351,104
Committed Fund Balance - PSERS	700,000		-	-	-
Total Beginning Fund Balance - July 1st	3,625,949		2,929,777	1,839,200	351,104
Revenues					
Local Revenue					
Real Estate Taxes - 3.75% Tax Increase	27,878,183	1,051,989	28,448,580	29,006,135	29,599,576
Delinquent Tax	600,000	0	600,000	600,000	600,000
Transfer Tax	760,000	0	760,000	760,000	760,000
Earned Income Tax	3,750,000	(50,000)	3,750,000	3,750,000	3,750,000
Other Local Revenue	321,289	(1,528)	321,289	321,289	321,289
State Revenue - General	2,793,452	(1,458)	2,782,652	2,782,652	2,782,652
State Revenue - Retirement/FICA Subsidy	3,609,892	278,440	3,846,920	4,036,528	4,141,536
Federal Revenue	219,515	(50,000)	69,515	69,515	69,515
Total Revenue	39,932,331	1,227,443	40,578,957	41,326,119	42,024,568
Expenditures					
Salaries and Wages	18,602,603	470,555	18,904,595	19,393,425	19,895,253
Benefits & Taxes	11,268,669	564,701	11,972,551	12,595,250	13,063,220
Professional Services	2,072,480	(152,208)	2,072,480	2,072,480	2,072,480
Property Services and Utilities	846,261	(22,824)	846,261	846,261	846,261
Purchased Services	3,439,597	90,774	3,484,091	3,529,624	3,576,222
Supplies, Books, Software and Fuel	897,651	(104,327)	897,651	897,651	897,651
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Interest, Fees, and Dues	1,067,186	95,273	1,147,841	1,089,805	1,019,710
Principal and Transfers	2,175,000	(446,686)	2,085,007	2,130,662	2,200,111
Total Expenses	40,628,503	517,543	41,669,533	42,814,215	43,829,964
ACTIVITY FOR YEAR	(696,172)		(1,090,577)	(1,488,096)	(1,805,397)
PROJECTED ENDING UNCOMMITTED FUND BALANCE	2,929,777		1,839,200	351,104	(1,454,293)
Fund Balance Percentage of Expenditures	7.21%		4.41%	0.82%	-3.32%
PROJECTED ENDING COMMITTED FUND BALANCE	-		-	-	-
TOTAL ENDING FUND BALANCE - JUNE 30TH	2,929,777		1,839,200	351,104	(1,454,293)

Assumptions

Revenue

- Act 1 Index - 2.5% in 17-18 and 2.0% beyond
- EIT reduced by \$50,000 to match trend of prior 2 years - Monitoring NJ Tax reciprocity
- State - Education subsidy amount adjusted to reflect current state subsidy amount per 15-16 approved budget
 - Retirement/FICA subsidy increase with Expenditure increases

Expenditure

- 17-18 is reflecting all actual salary increases per the current salary schedule - Teachers Contract expiring June 30, 2017
- PSERS Expense adjustment to only calculate PSERS eligible salary - Removed Retiree and Benefits waiver payments
- Charter School payments increased to match current enrollment.
- Beyond 17-18 Salary - Average increase of 3%
 - Average increase of 3%
 - Payroll Benefits - 3% to match salary increase
 - Medical - 6% increase
 - Retirement - Increase based on PSERS schedule
 - Insurance - Increase 3% per year
 - Debt Service - Matches current debt projections

Real Estate Tax Budget (2017-2018)

	Account Code	New Hope Borough	Solebury Township	Totals
Total Assessments		59,941,650	244,578,090	304,519,740
Incremental Assessments			-	
Total Assessments		59,941,650	244,578,090	304,519,740
Millage Rate		97.46	97.46	97.4614
Taxes Billed		5,841,997	23,836,923	29,678,920
Less: Act 153 Discounts		-	122,000	122,000
Less: Tax Relief		151,676	630,000	781,676
Net Taxes Billed		5,690,321	23,084,923	28,775,244
Less: Estimated Liens		117,500	447,500	565,000
Net Collections	6111	5,572,821	22,637,423	28,210,244
Less: Discounts on Current Taxes	6211	92,338	379,725	472,063
Add: Penalties on Current Taxes	6311	23,000	48,500	71,500
Net Taxes to be Collected		5,503,484	22,306,198	27,809,682

	<u>Assessments</u>	<u>New Hope Borough</u>	<u>Solebury Township</u>	<u>Totals</u>
April 2016		59,877,500	244,130,410	304,007,910
Current		59,941,650	244,578,090	304,519,740
Increase / (Decrease)		64,150	447,680	511,830

**NEW HOPE-SOLEBURY SCHOOL DISTRICT
EXPENDITURE SUMMARY - BY OBJECT**

ACCOUNT	ACCT TITLE	13-14 Actual	14-15 Actual	15-16 Actual	16-17 Final Budget	17-18 Preliminary Budget	17-18 Preliminary to 16-17 Final	Change
569	500 TUITION- OTHER	588,421	671,082	670,053	871,149	795,610	(75,539)	-8.7%
580	500 TRAVEL	37,092	28,858	17,444	30,060	29,505	(555)	-1.8%
594	500 I U PAYMENTS-SPEC CLASSES	-	-	-	-	-	-	#DIV/0!
595	500 I.U. PAYMENTS	12,144	12,215	13,034	12,000	12,000	-	0.0%
	Total Other Purchased Services	2,783,958	2,855,465	2,948,775	3,348,823	3,439,597	90,774	2.7%
610	600 GENERAL SUPPLIES	414,125	376,697	298,089	451,719	426,441	(25,278)	-5.6%
618	600 ADMIN SOFTWARE	139,729	138,533	119,583	130,649	148,613	17,964	13.8%
624	600 FUEL OIL	82,972	75,740	71,235	82,800	82,800	-	0.0%
626	600 GASOLINE	7,329	5,072	3,942	-	-	-	#DIV/0!
630	600 FOOD	9,206	6,139	5,925	8,950	4,300	(4,650)	-52.0%
640	600 BOOKS AND PERIODICALS	118,771	261,679	227,710	240,510	171,039	(69,471)	-28.9%
648	600 ED SOFTWARE	85,860	76,303	74,158	87,350	64,457	(22,893)	-26.2%
	Total Supplies	857,992	940,162	800,642	1,001,978	897,651	(104,327)	-10.4%
751	700 NONCAPITAL EQUIPMENT	37,929	52,124	24,619	36,600	42,777	6,177	16.9%
752	700 CAPITAL EQUIPMENT	80,706	47,023	7,775	33,700	37,870	4,170	12.4%
757	700 NONCAPITAL TECHNOLOGY EQP	187,282	116,900	67,927	124,871	125,320	449	0.4%
758	700 TECH EQUIP	10,585	87,478	17,320	41,600	53,090	11,490	27.6%
	Total Equipment	316,502	303,525	117,641	236,771	259,057	22,286	9.4%
810	800 DUES AND FEES	40,618	43,251	44,114	55,745	55,998	253	0.5%
831	800 INTEREST- LOANS	806,817	519,814	585,961	913,168	1,008,188	95,020	10.4%
890	800 MISCELLANEOUS EXPENDITURE	1,600	1,500	-	3,000	3,000	-	0.0%
	Total Other Objects	849,035	564,565	630,075	971,913	1,067,186	95,273	9.8%
910	900 PRINCIPAL PAYMENTS	3,230,429	3,508,692	3,160,000	2,512,186	2,075,000	(437,186)	-17.4%
930	900 FUND TRANSFERS	9,500	9,500	9,500	9,500	-	(9,500)	-100.0%
940	900 BUDGETARY RESERVE	-	-	-	100,000	100,000	-	0.0%
990	900 #N/A	-	-	25,212	-	-	-	#DIV/0!
	Total Other Use of Funds	3,239,929	3,518,192	3,194,712	2,621,686	2,175,000	(446,686)	-17.0%
	Total 300 - 800	11,017,033	11,083,049	10,459,225	11,274,944	10,757,231	(517,713)	-4.6%
	Total	35,271,436	36,700,919	38,389,092	40,110,960	40,628,503	517,543	1.3%
	Percentage Change	5.3%	4.1%	4.6%	4.5%	1.3%		

**NEW HOPE-SOLEBURY SCHOOL DISTRICT
EXPENDITURE SUMMARY - BY FUNCTION**

Function	12-13 Actual	13-14 Actual	14-15 Actual	15-16 Actual	16-17 Budget	17-18 Prelim	Change
1100 Regular Programs	12,776,894	13,675,197	14,095,052	14,689,305	15,218,345	15,811,408	3.9%
1225 Speech and Language	217,686	240,240	(92)	-	-	-	#DIV/0!
1233 Autistic Support	-	-	659,127	690,477	814,787	869,670	6.7%
1241 Learning Support	2,658,411	2,882,355	2,667,521	3,064,657	3,089,235	3,177,896	2.9%
1243 Gifted Support	325,101	365,569	320,133	347,042	412,580	421,928	2.3%
1280 Early Intervention	6,460	-	990	-	12,000	11,000	-8.3%
1290 Other Support	1,121,540	1,365,182	1,293,028	1,281,635	1,493,642	1,456,822	-2.5%
1341 Home Economics	51,301	53,665	58,416	65,205	17,362	10,000	-42.4%
1350 Industrial Arts	299,700	301,316	303,870	323,852	352,921	395,827	12.2%
1360 Business Education	44,027	73,216	72,635	64,514	81,802	50,106	-38.7%
1390 Other Vocational Ed	135,563	187,952	181,955	213,750	309,492	358,177	15.7%
1430 Homebound Instruction	9,150	9,123	8,642	2,694	9,167	9,243	0.8%
1441 Court Placements	3,829	-	13,909	171	-	10,000	#DIV/0!
1442 Alternative Ed Programs	100,754	11,891	59,966	1,079	-	-	#DIV/0!
1700 Higher Ed Programs	965	-	-	-	-	-	#DIV/0!
1000 Total - Instruction	17,751,381	19,165,705	19,735,152	20,744,381	21,811,333	22,582,076	3.5%
2110 Pupil Services	354,030	303,079	334,071	354,829	395,700	398,883	0.8%
2120 Guidance Services	601,276	546,194	604,914	776,041	889,107	923,172	3.8%
2130 Attendance	89,479	103,332	106,086	116,451	39,717	42,320	6.6%
2140 Psychological Services	330,416	371,518	411,635	372,172	427,905	405,030	-5.3%
2160 Social Work Services	254,963	260,583	271,338	303,557	329,886	344,633	4.5%
2220 Tech Support	7,512	9,977	9,726	9,554	-	11,000	#DIV/0!
2240 Tech Services	499,005	808,210	838,510	972,001	975,099	834,401	-14.4%
2250 Library	748,436	762,965	702,111	757,541	796,680	827,401	3.9%
2260 Curriculum Development	309,933	309,102	759,887	833,840	686,584	646,849	-5.8%
2271 Prof Dev - Certified Staff	51,973	56,616	58,735	24,032	63,028	58,204	-7.7%
2272 Prof Dev - Non-Certified Staff	375	645	823	441	800	800	0.0%
2310 School Board	91,806	100,584	105,620	124,259	134,900	135,700	0.6%
2320 Board Treasurer	9,110	9,392	9,520	8,674	13,980	14,463	3.5%
2330 Tax Collection Services	153,542	175,836	155,532	133,997	167,287	168,589	0.8%
2340 Human Resources	97,651	170,684	153,141	141,587	157,409	163,117	3.6%
2350 Legal and Accounting	138,756	138,085	115,730	83,292	170,000	170,000	0.0%
2360 Superintendent	337,584	350,632	374,115	382,689	420,147	382,155	-9.0%
2370 Community Relations	2,301	3,382	2,159	3,105	3,500	3,350	-4.3%
2380 Principal	1,176,430	1,040,119	1,273,682	1,466,103	1,624,214	1,689,524	4.0%
2400 Pupil Health	297,176	287,304	324,004	348,136	418,943	434,596	3.7%
2500 Business	61,876	70,105	80,726	81,370	-	-	#DIV/0!
2511 Business Administrator	194,253	175,377	122,004	178,844	202,985	215,717	6.3%
2514 Payroll	91,921	90,874	95,492	102,965	108,995	110,370	1.3%
2515 Financial Accounting	80,287	80,882	86,592	94,619	185,912	173,613	-6.6%
2517 Property Accounting	-	-	-	-	-	-	#DIV/0!
2520 Purchasing	76,901	76,895	86,502	93,791	98,267	106,917	8.8%
2540 Duplicating	140,687	146,681	162,894	170,906	164,620	168,004	2.1%
2600 Operations and Maintenance	2,978,405	2,948,999	1,273,828	-	-	-	#DIV/0!
2610 Maintenance	-	-	238,867	196,432	410,456	216,710	-47.2%
2611 Director of Operations	-	-	-	-	-	209,286	#DIV/0!
2619 Director of Maintenance	-	-	-	-	-	139,388	#DIV/0!
2620 Buildings	-	-	1,103,566	2,512,665	2,481,409	2,367,540	-4.6%
2630 Grounds	-	-	302,640	324,176	350,928	361,108	2.9%
2650 District Vehicles	16,819	50,186	19,925	13,081	20,600	25,650	24.5%
2660 Security	-	-	96,482	87,899	87,222	90,470	3.7%
2700 Transportation	1,126,157	1,155,097	1,121,010	1,221,332	1,292,753	1,327,741	2.7%
2750 Transportation - Non-Public	289,286	267,464	319,731	332,253	351,184	358,199	2.0%
2800 Support Services	299,798	310,914	327,730	374,404	427,585	457,025	6.9%
2834 Prof Dev - Non-Instructional	16,269	5,719	24,348	5,541	10,000	8,500	-15.0%
2900 Other Support Services	13,731	12,144	12,215	13,034	12,000	12,000	0.0%
2000 Total - Support	10,938,147	11,199,574	12,085,894	13,015,610	13,919,802	14,002,423	0.6%
3200 Student Activities	184,165	247,891	240,225	229,891	193,970	191,210	-1.4%
3250 Athletics	537,636	594,260	600,141	622,092	639,501	658,106	2.9%
3300 Community Services	6,729	-	-	-	-	-	#DIV/0!
3400 Scholarships & Awards	1,500	1,600	1,500	-	1,500	1,500	0.0%
3000 Total - Non-Instructional	730,031	843,751	841,866	851,984	834,971	850,816	1.9%
4200 Existing Site Improvements	-	15,660	-	-	10,000	10,000	0.0%
4300 Architect and Engineering - Orig	-	-	-	-	-	-	#DIV/0!
4400 Architect and Engineering - Impr	14,028	-	-	-	-	-	#DIV/0!
4500 Construction Services - Original	-	-	-	-	-	-	#DIV/0!
4000 Total - Capital Costs	14,028	15,660	-	-	10,000	10,000	-
5100 Debt Service	4,050,633	4,037,246	4,028,507	3,742,405	3,425,354	3,083,188	-10.0%
5250 Enterprise Fund Transfers	-	-	-	6,873	-	-	#DIV/0!
5280 Activity Fund Transfers	9,500	9,500	9,500	9,500	9,500	-	-100.0%
5530 Misc Expense	-	-	-	18,339	-	-	#DIV/0!
5900 Budgetary Reserve	-	-	-	-	100,000	100,000	0.0%
5000 Total - Other Costs	4,060,133	4,046,746	4,038,007	3,777,118	3,534,854	3,183,188	-9.9%
Total	33,493,720	35,271,436	36,700,919	38,389,092	40,110,960	40,628,503	1.3%

Keystone Monitoring New Jersey's Threat to End Income Tax Reciprocity with PA

New Jersey Governor Chris Christie is threatening to end New Jersey's 38-year old tax reciprocity agreement with Pennsylvania on January 1, 2017. Unilaterally ending this arrangement will subject PA residents who work in New Jersey to that state's income tax system, effectively reducing or eliminating their local tax obligation in Pennsylvania.

Keystone is carefully monitoring the issue and anticipates there may be a significant impact on revenues at the local level, even though the effect will vary by community.

Although reports indicate ending reciprocity is not a done deal, Moody's Bond Rating Service and PA Governor Tom Wolf expect PA to lose a net of \$5 million a year at the state level. The State's net loss is based on projections that Pennsylvania will lose \$204 million in taxes currently paid by PA residents working in New Jersey, but will pick up \$199 million from New Jersey residents working in PA.

The effect of New Jersey's planned tax changes at the state level are not comparable to the expected impact at the local level. The statewide analyses project revenues based on average annual incomes of the entire region of PA, rather than the income levels of PA residents who work in New Jersey. Moreover, the state analyses are not broken down by municipality and thus do not measure the greater losses on PA communities bordering New Jersey. Most importantly there will be no additional offsets in local revenues from New Jersey residents currently working in PA. Unlike at the state level, New Jersey residents working in PA already pay the non-resident local earned income tax to their workplace jurisdictions.

There exist many obstacles to attempting to estimate the effect of New Jersey's planned action on local tax revenues by community. The major obstacles include:

- Some New Jersey employers withhold local EIT for their PA-resident employees, but not all do. Those without employer withholding must self-report and pay their EIT, without identifying an employer location. As a result, a self-reporter who works in New Jersey is indistinguishable from an individual who is self employed in PA.
- A New Jersey business address on the taxpayer's W-2 does not necessarily mean that the individual is employed in New Jersey, only that the payroll taxes are filed from a central payroll office location there. Act 32 does not require employers to provide workplace location addresses when filing their payroll withholding tax. As such, the actual workplace location could be anywhere inside or outside of PA.
- The DCED assigned the same PSD code to all out-of-state workplace locations, rather than separate PSD codes for each state. As such, New Jersey employers who withhold EIT are systematically indistinguishable from those workplaces in other reciprocal states (such as Indiana, Maryland, Ohio, Virginia and West Virginia).
- At the individual level, PA's uniform local earned income tax return form provides no place for the taxpayer to indicate that the income is earned in New Jersey.
- PA residents who work in non-reciprocal states (such as Delaware or New York) may claim out-of-state tax credits on Line 12 of the local tax return. As such, comparable data for New Jersey would not be available until 2018, after the 2017 tax returns are processed under new non-reciprocity rules, assuming New Jersey's plan goes into effect.

Team/Sport	EDR Rate	Total Compensation	Supplies, Equipment	Transportation	Officials	Other Supervision Costs	Field Maintenance	Gate Receipts	Number of Students	Total Cost	Total Cost Per Student
XYZ Team	\$3,000.00	\$4,250.00	\$5,000.00	\$1,325.00	\$5,000.00	\$7,500.00	\$1,000.00	\$350.00	23	\$21,725.00	\$944.57

At the Finance Committee Meeting on 11/9, we will determine if this will be the format for the data collection.

Data collection will continue throughout the 2016-2017 School Year. This is the first time collecting data in this format. We will provide "best guess" estimates for cost breakdowns from previous years.

Club or Organization	EDR Rate	Total Compensation	Registrations or Fees	Supplies	Number of Students	Total Cost	Total Cost Per Student
ABC Organization	\$1,600.00	\$2,200.00	\$100.00	\$0.00	18	\$3,900.00	\$216.67
DEF Club	\$2,000.00	\$2,600.00	\$0.00	\$50.00	7	\$4,650.00	\$664.29

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EDR Name	EDR Rate	Total Compensation	Total Cost
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Mentors
Curriculum Liaisons

At the Finance Committee Meeting on 11/9, we will determine if this will be the format for the data collection.

Data collection will continue throughout the 2016-2017 School Year. This is the first time collecting data in this format. We will provide "best guess" estimates for cost breakdowns from previous years.