



**New Hope-Solebury School District
Finance Committee Meeting Minutes
February 22, 2017
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, Mike McKenna, Dr. Steven Yanni,
- **Committee Members** – Matthew Cozza, Rich Hepp, Jeff Kearney, Stan Marcus, Marcus Peckman, Ellen Stiefel
- **Public** –Alison Kingsley

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

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

The committee approved the minutes from the January 19, 2017 meeting.

Old Business

- Finance committee member Marcus Peckman requested an update on a discussion from a prior finance committee meeting regarding non-Board member involvement in the negotiations process. Dr. Yanni provided an update from legal counsel on what involvement non-Board members can play in the negotiation process which is the contract is an agreement between the Association and the School Board. Any involvement from parties outside of those two groups would need to be approved by both the School Board and the Association. The committee discussed the roles and responsibilities of the negotiation team and the process.
 - Dr. Yanni will review this request with the Board and NHSEA leadership if people other than Board can review the financial package of the agreement.
 - Other discussion included the need to review what is the practice in the industry and review with legal counsel and other districts to make sure we are following industry standard.
- Approval of contracts – Process now includes formalizing the analysis with a summary document that was presented to the committee. The form will contain information containing the recommended vendor with cost comparisons and pros

and cons. Any service contract over \$10,000 will require a minimum of two quotes for comparison purposes. This will also include a comparison to the current solution. A recommendation was made that going forward that all contracts should be tracked so the district is aware of when contracts are coming up for renewal.

New Business

- 2016 – 2017 Budget
 - Fiscal Dashboard – Mr. Lechman provided a summary of the fiscal dashboard for the 2016-17 year. This is the first month that early projections were provided through the end of the year.
 - Revenue is trending about \$30,000 over budget which is actually about \$230,000 over budget. This is primarily due to \$150,000 in PlanCon fund received from prior years. Real Estate taxes trended slightly better than forecast due to less delinquent taxes being filed this year. Delinquent/Transfer Tax and EIT continue to trend in line with prior year. Other Local revenue trending positively due to interest income from rising interest rates and FEMA reimbursement in the amount of \$15,000 from snow storm Jonas from last year. Federal Revenue is trending low because \$200,000 was a placeholder to use ACCESS funds if needed to cover special education contingency expenditures. YTD revenue is trending in line to slightly better than the same period in the prior year.
 - Expenditures are all trending below budget based on these early projections. This is only reflective of about 50 percent of the year being actual so it is still considered very preliminary. Seeing trends below budget as reflected on the fiscal dashboard. Current trends are showing expenditures approximately \$750,000 under budget. Of that approximately \$300,000 was a placeholder in the budget for special education costs and budgetary reserve. We are actively reviewing the current expenditure trends to the 17-18 budget for potential reductions.
 - Budget Transfers – No budget transfers were presented this month.
- 2017 – 2018 Budget
 - State Budget Highlights – Governor Wolf proposed a \$32.3 billion 2017-18 state budget, providing a 1.8% increase in total funding from the current fiscal year. The proposal includes no broad-based tax increases and cuts \$2 billion by consolidation of state agencies, maintenance of complement and a vast collection of other relatively small dollar changes. The proposal included the following:
 - \$100 million increase for Basic Education Funding. Several of the data components in them will change before June 2017—so they are estimates only. The estimated increase for NHSD is \$15,000.

- \$25 million increase for Special Education Funding. None of the formula data is updated from 2016-17 so these numbers will change before June 2017. The estimated increase for NHSD is \$4,000.
 - Level-funding of the Ready to Learn Block Grant (\$250 million)—maintained as a separate line item.
 - A \$50 million CUT to transportation, as a result of a proposed change to the transportation formula. There are no details available about these changes would impact each district.
 - \$11.7 million increase for Early Intervention.
 - \$75 million increase to early education (\$65 million for Pre-K Counts and \$10 million for HeadStart).
 - \$30 million for PlanCon to pay the debt on the bonds borrowed in October 2016. At this point, it is not clear that this will have any impact on the remainder of the 2016-17 PlanCon reimbursements.
 - \$2 million competitive grant program for school breakfast programs, targeted to school districts with at least 60% free and reduced price lunch-eligible students and focusing on providing additional options to target breakfast to students.
 - Budget 2017-2018 discussion
 - How is the district addressing property tax reform in the budget?
 - What are we doing strategically to address the growing gap of revenues to expenditures?
 - State Level
 - Pension reform needs to happen
 - Meeting with legislators.
 - County level – meet with state commissioners.
 - Reassessment of properties at the point of sale which is governed by the state constitution.
 - Request to add a recurring agenda of strategy to address budget gap.
 - Property Tax Elimination – After a significant amount of information prior to the last finance committee meeting regarding this topic, there have been very few updated on the status. There is no new information to report other than we need to continue to monitor this as the impact on our budget would be substantial.
- Bucks County Intermediate Unit Programs and Services Budget - Mr. Lechman provided a brief summary of the Bucks County Intermediate Unit 2016-2017 Programs & Services and Instructional Materials & Research Services Budget. This budget has been approved by the Superintendents Advisory Council and the Intermediate Unit Board of School Directors in the amount of \$1,725,687 which is a 2.5% increase. Each school district in Bucks County must take action on this budget as presented and votes are tabulated on a proportional basis. The NHSD proposed contribution for 2017-2018 is \$20,790 which represents a \$670 decrease from the current year. Dr. Yanni explained that the services received are providing appropriate value for the membership fee paid.
- Bank Account Consolidation – In an effort to streamline our banking processes and reduce banking fees, Mr. Lechman is evaluating the opportunity to consolidate many of our bank accounts under one bank. We currently have 10 accounts spread across 6

banks. The goal is to consolidate almost all accounts into the Pennsylvania School District Liquid Asset Fund which is a banking institution that exists solely to provide services to school districts and local governments. The fund has maintained the highest rating of AAAM since its inception and has over \$5 billion in public fund assets.

- EDR Data – Form for Data Collection – Dr. Yanni provided a brief update on the monitoring and collection of this data.
 - Committee discussed defining what constitutes a club and this is being analyzed.
 - Discussion occurred around numerous items to assure that the district is able to control the costs of EDR's in light of the financial challenges that exist.

Public Comment

- Public comments were made throughout the meeting and captured as part of the write-up for each agenda item. The following comments were made outside of agenda items:
 - Mr. Dougherty mentioned that the petition period is open if anyone wants to run for school board.
 - We know the cost of charter schools but does homeschool cost us any money and the answer is no.

Adjournment

- A motion was made to adjourn the meeting at 7:40pm and was unanimously approved.

Respectfully submitted,

Andrew Lechman
Business Administrator