



**New Hope-Solebury School District
Finance Committee Meeting Minutes
March 16, 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
- **Administration** - Andrew Lechman, Dr. Steven Yanni,
- **Committee Members** – Rich Hepp, Jeff Kearney, Stan Marcus, Marcus Peckman, Ellen Stiefel, Jim Trammell,
- **Public** –Alison Kingsley, James Coan, Philip Johnson
- **Presenters** – Jean Weiss, Dennis Carney

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

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

The committee approved the minutes from the February 22, 2017 meeting.

Old Business

- None

New Business

- Act 153 – Property Tax Frozen Millage Discussion – Jean Weiss Land Preservation/Planning Commission Administrator for Solebury Township and Dennis Carney – Solebury Township Manager attended our meeting to share information about Act 153. In 1996 Act 153 was approved by the state allowing school districts to exempt certain approved properties from further increase in millage for school property taxes only. The purpose of Act 153 was to preserve lands and keep developments down. On October 23, 2000 the school board approved a resolution which included frozen millage on improvements and the land. In 2004 a revised resolution was approved adding verbiage to freeze millage on the

land only. There didn't appear to be any minimum requirements but the presenters confirmed that they would only approve properties of significant acreage (over 10 acres) and as long as the land can be developed on. When the homeowner property is approved for Act 153 they receive funds for preserving the land which means this land can never be developed on in the future even when a sale occurs.

- The school district can revoke this resolution if desired.
- Many of these properties are also in Act 319 which is a significant tax break for these farms. Act 319 is county approved for farmland and is about a 75% reduction on the assessed value of the land. Then Act 153 is frozen millage on this reduced assessment from Act 319. If a property owner ever leaves Act 319 status, develops the land or sells the property they would owe back taxes for 7 years.
- The presenters discussed some variances in the total cost of Act 153 to the district versus the district estimates of this cost. The committee agreed that Mr. Lechman will follow up with Jean Weiss to discuss this variance and bring an update back to the finance committee at the April meeting.
- Solebury Township concluded with the intentions of the Board when this was originally approved in 2000 was that the school district felt as strongly as the township that land preservation was important for the community; the School Board was supportive of maintaining the open space in our community.

➤ 2016 – 2017 Budget

- Fiscal Dashboard – Mr. Lechman provided a summary of the fiscal dashboard for the 2016-17 year. This is the second month that early projections were provided through the end of the year.
 - Revenue is trending about \$66,000 over budget. Real Estate taxes trended slightly better than forecast due to less delinquent taxes being filed this year. Delinquent/Transfer Tax are beginning to trend below prior year, but prior year was higher than budget for both so trend is still in line with current year budget. EIT continues to trend in line with prior year. 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 60 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.
 - One item that is material but will not have a budget impact is Early Interventions services for Kindergarten eligible students being provided by the Bucks County Intermediate Unit. Early Intervention is a service provided by Intermediate Units across that state and this

program is state funded. Parents have the option to have their child remain in early intervention for an additional year when they are eligible to begin kindergarten. When this occurs that school district now becomes responsible for the costs of the student but still may not know who the student is as the parent does not have to release this information to the district. In this instance four students residing in the New Hope-Solebury School District remained in Early Intervention and no notification was provided about the potential costs to be incurred until a mid-year bill was received for services rendered. The total for the year will be approximately \$140,000 with only \$11,000 budgeted for this expense. In the prior three years these costs have been from \$0 to \$1,000. The 2016-2017 budget included a contingency line item for special education for just this type of scenario. This will be funded with ACCESS funds that will be drawn down from our account and will be recognized as revenue when the bills are paid. So this will be a net neutral impact to the budget, but will reduce our ACCESS balance.

- Budget Transfers – Mr. Lechman reviewed the budget transfers for March. There are 9 transfers in total for 2 items:
 - Payroll – outsource to ADP so funds are being transferred from salary and benefits to contracted services.
 - Early Intervention Kindergarten eligible services

➤ 2017-2018 Budget

- Current draft of budget – Mr. Lechman provided an update on the current draft of the 2017-2018 budget. The preliminary budget included a deficit of \$915,000 and the current version of the budget has a deficit of \$439,000. The significant changes include the following:
 - Medical Benefits reduction of \$186,000 as second look rates dropped from 11.1% to 5%
 - Pupil Services reduction of \$186,000 which includes savings from the Austill's contract and reduction in tuition expense for out of district students.
 - Departmental Discretionary Budgets reduction of \$65,000

It is important to note that the financial position of the district at the preliminary budget process last year exhausted all fund balance in the 2016-2017 year and presented a cumulative deficit of over \$10M by 2019-2020. The current version of the budget that amount is a positive fund balance of \$863,000. Secondly even in this scenario of the budget, expenses are still growing faster than revenues and the gap is getting larger which is projected to deplete fund balance by 2020-2021. We will continue to revise the expenditure side of the budget toward the proposed final budget in May and the approval of the final budget in June.

- Property Tax Elimination Update – There is not much of an update on this topic which is now termed Property Tax Independence Act. These discussions are continuing alongside the state budget process and it remains to be seen if a bill is introduced for considerations. Included in the packet is some additional details and facts about the proposal that could be rolled out.
- Strategic Initiatives – This was an agenda item that the committee agreed should be a topic of discussion at each Finance Committee meeting. Dr. Yanni discussed that he will be participating in a Day on the Hill with other stakeholders regarding school funding. We are also working with donors on possible private donations and we have already received a \$10,000 donation that will be presented to the Board for approval at the March meeting for the district art program.
- Bucks County Intermediate Unit – Special Education Services Agreement and Estimated costs for 2017-2018
 - This is an annual agreement that must be signed by all school districts that receive special education services from the Intermediate Unit. We are transitioning all of our related services to Austill’s, but there are still a number of services that will remain with the Intermediate Unit. This includes vision and hearing support as the need is small and is difficult to find a sub-contractor to provide these services. We only have a small number of students attending these classes and it would be too costly to hire our own staff to provide the support as it would be a 1:1 ratio of student to teacher. There are also no other providers for the transition services that will be provided by the Intermediate Unit. Committee approved moving this forward to the board agenda for approval.
- Contracts
 - Source 4 Teachers contract extension – Dr. Yanni presented the contract extension with Source 4 Teachers which provides substitute services. This is a four year extension which includes a 1.5% increase over the 4-year contract. Two other providers were considered in this review, but Source 4 Teachers was the lowest cost proposal and is the incumbent so we have an established long-term relationship in place that is working very well for the district. Source 4 Teachers fill rate is currently over 90% versus 70% last year. Teacher coverage pay is down and teachers are being able to utilize prep periods as intended. In the event the fill rate falls below 70% this is considered a material breach and we can end the contract. Committee approved moving this forward to the board agenda for approval.
- EDR Data – Form for Data Collection – Dr. Yanni provided a brief update on the monitoring and collection of this data.

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. Band – commented on the topic of teacher mentors and class advisors.

Adjournment

- A motion was made to adjourn the meeting at 7:30pm and was unanimously approved.

Respectfully submitted,

Andrew Lechman
Business Administrator