



## **Finance Committee Minutes**

April 16, 2019

**Board Chair**— Mr. Mark Cowell

**Administrative Liaison**—Mr. Andrew Lechman

**Committee Members** – Mr. Cowell (Board Chair), Mr. Capriotti (Board), Mr. Marcus (Board), Rich Hepp, John O’Hara, Ellen Stiefel, James Trammel

**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. Marcus and seconded by Mr. Trammel the minutes of the March 21, 2019 meeting were approved by the committee.

### **Old Business**

- Transportation RFP/Contract Update – Discussions have begun with First Student regarding the contract. We are working on updated pricing to remove the requirement for snow chains and the performance bond. This should reduce pricing by about \$10,000-\$15,000 per year. The goal is to have a contract for consideration at the May finance committee.
- Copier RFP Update – Initial proposals were received on April 10. We are in the process of reviewing all our proposals received and after preliminary review three included costs lower than current costs. The next step will be to bring finalists in to review proposals with the goal of making a recommendation at the May finance committee meeting to begin contract discussions.
- Facility Management Plan – Use of Capital Reserve Funding – At the last meeting there was a question raised regarding eligible uses of capital reserve funds. To clarify there are two buckets of funds available for capital projects.
  - Committed fund balance in the general fund. These funds would need to be budgeted in the general fund budget with intent to use.
  - Capital Reserve Fund – This fund uses a regulatory definition of capital and the financial statements use an accounting definition of capital. Expenditures from this fund are limited to capital improvements, replacement of and additions to public works and improvements or for deferred maintenance. Our auditor recommended that there is no dollar amount threshold to determine if projects are eligible but did suggest that a differentiation be

made between a deferred maintenance task and deferred maintenance project.

### **New Business**

- Mr. Lechman presented the 2019-20120 budget for the Middle Bucks Institute of Technology (MBIT) as it relates to New Hope-Solebury School District. The total tuition cost is \$206,451 and the lease rental debt is \$114,568 for a total cost of \$321,020. Costs are allocated on a per pupil basis and as NHSD enrollment in MBIT programs are decreasing, cost projections are decreasing as well. The budget and payments throughout the year are based on an average daily membership trend. At the end of the year a reconciliation is completed to compare the budget to actual costs and actual enrollment and either a credit is issued or an invoice is submitted to be paid.
- Special Education Services Agreement and Estimated costs for 2019-2020 – Each year member districts must approve the estimated special education service costs with the Bucks County Intermediate Unit. These are estimated costs based on projected student needs for the 19-20 school year and can change as actual services are provided throughout the year. The estimated costs for 19-20 are \$922,000 which is an increase of about \$400,000 from the current year. The cost increases are coming from 3 areas.
  - New students requiring IU services - \$135,000
  - Students moving into transitions programs - \$210,000
  - MDS Program Cost Increase - \$45,000
- 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. To date 88% of budgeted revenues have been received as compared to 87% in the prior year. 62% of budgeted expenditures have been accounted for as compared to 62% in the prior year. Updated end of year projections were reviewed as we are about 70% through the school year as of March 31. Revenues are trending about \$218k over budget driven by transfer taxes due to a strong housing market and interest income due to rising interest rates. Expenditures are trending \$1.8 million under budget of which approximately \$700,000 of that was planned. Recommendation will be that any end of year surplus be transferred to the capital reserve to fund capital projects.
    - The committee had further discussion about being under budget and what is driving this. There are a number of factors that create this scenario. A budget is an estimate based on actual data available and trends and must include a plan for expenditures that may not be realized. As an example, there was a salary budget for the superintendent for the full year, but that position was not filled until

December. EDR's are budgeted per the NHSEA contract but not all EDR's run each year. As these salaries are under budget pension and payroll taxes will be under budget as a result. There was further discussion around the need to fully fund district facility capital needs and there should be a significant increase in this line item of the budget. The philosophy that we are currently using allows for less in this line item than is required and at the end of the year the recommendation is to transfer budget surplus to the capital reserve fund to assure that we can appropriately manage our facilities over time per our facility condition assessment.

- District Treasurer's Report and Investments – The committee received an update on the Treasurer's Report and district cash balances and investments as of March 31, 2019.
- Budget transfers were reviewed and it was confirmed that they have no impact to the overall 18-19 budget.
- 2019-2020 Budget Review
  - Mr. Lechman provided an update on the status of the 2019-2020 budget. The preliminary version of the budget had a deficit of \$94,000. The current version of the budget has a deficit of \$150,000 and reflects all changes that we are able to accurately update at this point in time. There are a number of items that remain unknown and will continue to be refined as we progress toward a proposed final budget in May and a final budget in June. The details of the changes were reviewed and are included as an informational item in the board packet.
- YMCA Lease Agreement – The District has had a longstanding agreement with Clubhouse for Kids for a before and after school program at the LES and UES. The YMCA of Bucks County will be taking over and operating the Clubhouse for Kids program and have agreed to the same lease terms. This is a 3 year agreement and the start date will be finalized with the transition date from Clubhouse for Kids to YMCA.
- A motion was made by Mr. Marcus and seconded by Mr. Hepp and approved to move the following items to the board agenda for approval:
  - MBIT Budget for 2019-2020
  - BCIU Special Education Contracted Costs for 2019-2020
  - Budget Transfers
  - YMCA Lease Agreement

#### **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. Band commented on the following:
    - Financial planning for capital needs.
    - Facility Condition Assessment - \$38 million project.
    - Fitness Center equipment replacement as part of the revitalization project
    - EDR's – Requested that a Scripps Spelling Bee EDR be added.
  - Mr. Coppens commented on the facility needs like the roof and the boiler.

Mr. Cowell adjourned the meeting at 7:11pm.

Respectfully submitted,

Andrew Lechman  
*Chief Operations Officer*

