

NEW HOPE-SOLEBURY SCHOOL DISTRICT Engaging, Enriching, and Empowering All Students through a World-Class Education

Finance Committee

April 19, 2018 6:00PM – Upper Elementary School Library

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

Call to Order

Approve Minutes from the March 15, 2018 Meeting

Old Business

• None

New Business

- 2017-2018 Budget
 - o Fiscal Dashboard
 - o Budget Transfers
- 2018-2019 Budget Update
 - o April draft of budget
- MBIT 2018-2019 Budget
- Audit RFP Engagement Letter
- Contracts
 - o New
 - ALICE Training Institute Master Service Agreement
 - o Renew
 - Sweet, Stevens, Katz & Williams Special Education Pool Counsel
 - Transportation Update

Public Comment

Adjournment



NEW HOPE-SOLEBURY SCHOOL DISTRICT Engaging, Enriching, and Empowering All Students through a World-Class Education

Finance Committee Minutes

March 15, 2018

Board Chair— Mr. Mark Cowell **Administrative Liaison**—Mr. Andrew Lechman **Attendance**—Please see the accompanying committee attendance sheet.

Mr. Cowell called the meeting to order at 6:05 pm.

The minutes of the February 15, 2018 meeting were approved. Motion made by Mr. Marcus and seconded by Mrs. Stiefl. The committee unanimously approved.

Old Business

 Dr. Yanni provided an update on the naming rights policy that he reviewed with the committee in February. The policy is currently with our legal department for review and once it's complete we can start to explore opportunities.

New Business

- Bucks County Intermediate Unit
 - Programs and Services Budget for 2018-2019
 - Mr. Lechman provided a brief summary of the Bucks County Intermediate Unit 2018-2019 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 \$1,766,333 which is a 2.93% 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 2018-2019 is \$21,236 which represents a \$446 increase from the current year.
 - Special Education Services Agreement and Estimated costs for 2018-2019
 - This is an annual agreement that must be signed by all school districts that receive special education services from the Intermediate Unit. We have transitioned 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 multiple disabilities support classroom, vision and

hearing support as the need is small and is difficult to find a subcontractor 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. During the 17-18 year we also transitional behavior analyst services back to the IU.

• Audit RFP – Our current agreement with our auditors has ended and the district has completed an RFP process to identify a new auditor. The RFP was sent out to 5 firms that are in the business of completing audits for school districts and other governmental entities. 4 firms responded with proposals and 3 met the requirements of the RFP. All 3 responses met all the requirements of the RFP and were very competitive on costs as compared to our prior 3 year audit costs. The most recent audit costs were \$48,000 and the lowest cost proposal was \$19,500 per year. Mr. Lechman made the recommendation to move forward with Barbacane, Thornton & Company LLP for a 3 year engagement which with the goal of formally approving at the next board meeting. The committee requested that Mr. Lechman confirm costs submitted as compared to prior audit costs to assure that all services are being captured properly.

• 2017-2018 Budget

- o Mr. Lechman provided a brief overview of the current status of the 2017-2018 budget as compared to the same period in the prior year. Currently all revenues and expenses are trending normally. Current year 84% of budgeted revenues have been received and prior year 84% was received. It was noted that EIT continues to lag the prior year by \$200,000. February receipts were approximately \$140k higher than the same period in the prior year. On the expenditure side 53% of budgeted expenditures have been accounted for as compared to 58% prior year.
- o Budget Transfers were reviewed at this meeting and it was confirmed that none of these transfers have an impact to the overall 17-18 budget. Mr. Lechman discussed the \$50,000 transfer request. This money was approved for potential capital project needs for the year. Part of the districts goals for this budget year were to put a long range capital plan in place. The recommendation is to use these budgeted funds to complete a facility condition assessment with the final deliverable being a multi-year listing of all campus capital project and deferred maintenance needs. This list will be the framework for starting the process to fully fund our capital project fund balance.
- Mr. Lechman also provided an update on the campus revitalization project financials.

• 2018-2019 Budget

o March Budget Update – Mr. Lechman provided an update on the status of the 18-19 budget. Mr. Lechman reminded the committee that it is the goal of the administration to progress toward a final budget that is structurally balanced with a maximum tax increase recommendation of the approved Act 1 index which is 2.4%. As we progress toward a final budget in June many of the unknowns will come into focus. The March version of this budget reflects all changes that we are able to accurately update at this point in time. This version reflects a structurally balanced budget with a 2.48% tax increase. The preliminary budget had a deficit of \$117,000 with a 3.1% tax increase. Mr. Lechman reviewed the details of the changes with the committee.

Strategic Initiatives

- Or. Yanni reviewed that county Superintendents are scheduling meetings with legislators regarding school funding. All 13 Superintendents will be meeting quarterly with local/state representatives along with the Secretary of Education. The goal is to host two meetings each year located at bucks county district sites. The goal is to have targeted conversations with local reps to fight for public education.
- A motion was made by Mr. Marcus and seconded by Mr. Kearney to move the following items forward to the board for approval:
 - o Programs and Services Budget for 2018-2019
 - o Special Education Services Agreement and Estimated costs for 2018-2019
 - o 2017-2018 March Budget Transfers

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:
 - o None.

Mrs. Povacz made a motion which was seconded by Mr. Kearney to adjourn the meeting at 7:15pm.

Respectfully submitted,

Andrew Lechman Business Administrator



NEW HOPE-SOLEBURY SCHOOL DISTRICT Engaging, Enriching, and Empowering All Students through a World-Class Education

Finance Committee Meeting Sign-In and Attendance March 15, 2018

Name (Please Print)	Committee (C) or Public (P)
thdy Lechman	(C) P
Mike McKenn	(C) P
John O Hara	C P
Marcus Peckman	(C) P
Jeff Kearney	C P
+ ILLA Stelet	C P
Derdre Alderfer	(C) P
Seve Yannic	C P
GTAN MARCUS	C P
MARK COWELL	(C) P
Maria Hovacz	C P
110000000000000000000000000000000000000	СР
Kick doff	C P
1/5-A-Cflost	C (P)
Charles Malore (Admin	C (P)
	СР

Please note: This sign-in sheet will be included in the meeting minutes and posted to the District's website.

New Hope - Solebury School District 2017 - 2018 Fiscal Dashboard - Current March 31, 2018

Beginning Uncommitted Fund Balance	16-17 Budget 4,332,021	16-17 Actual	16-17 YTD	16-17 YTD %	17-18 Budget 4,768,811	17-18 YTD	17-18 YTD %
a to the to the porce.					, .		
Committed Fund Balance - PSERS	700,000				960,000		
Total Beginning Fund Balance - July 1st	5,032,021				5,728,811		
Revenues							
Local Revenue							
Real Estate Taxes	26,826,194	26,875,862	26,867,925		27,952,708	27,932,302	100%
Deliquent Tax	600,000	522,749	301,539	50%	600,000	400,881	67%
Transfer Tax	760,000	917,066	562,668	74%	760,000	572,051	75%
Earned Income Tax	3,800,000	4,203,127	2,438,629		3,750,000	2,265,311	60%
Other Local Revenue	322,817	478,925	369,250		423,067	306,612	72%
State Revenue - General	2,794,910	3,071,603	2,156,214		2,842,977	1,958,329	69%
State Revenue - Retirement/FICA Subsidy	3,331,452	3,266,250	1,270,183	38%	3,564,215	1,332,588	37%
Federal Revenue	269,515	146,310	62,508	23%	219,500	38,236	17%
Total Revenue	38,704,888	39,481,892	34,028,917	88%	40,112,467	34,806,309	87%
Expenditures							
Salaries and Wages	 18,097,148	18,000,582	11,700,013	65%	18,183,490	11,504,318	63%
Benefits & Taxes	10,683,618	10,413,019	6,790,587	65%	11,151,650	6,841,565	61%
Professinal Services	2,369,938	2,084,760	1,321,313	63%	2,022,343	1,157,846	57%
Property Services	920,085	832,545	593,651	71%	391,886	168,700	43%
Purchased Services	3,298,423	3,144,494	1,919,019	61%	3,447,693	1,823,573	53%
Supplies, Books, Software and Fuel	962,378	688,629	498,306	72%	1,751,446	1,023,573	59%
Equipment	235,771	173,350	436,300 114,170	66%	96,210	77,362	80%
Interest, Fees, and Dues	856,913	820,756	737,224	90%	1,065,386	997,242	94%
Principal and Transfers	2,686,686	2,626,967	2,156,316	82%	2,227,500	1,500,000	67%
Total Expenses	40,110,960	38,785,102	25,830,599	67%	40,337,604	25,109,118	62%
Total Expenses	40,220,500	30,703,102	23,030,333	0770	40,337,004	23,103,110	02/0
ACTIVITY FOR YEAR	(1,406,072)	696,790	2,102,862		(225,137)		
PROJECTED ENDING UNCOMMITTED FUND BALANCE	2,925,949	4,768,811	436,790		3,043,674		
Fund Balance Percentage of Expenditures	7.29%	12.30%			7.55%		
PSERS Committed Fund Balance	700,000	700,000			700,000		
Capital Projects Fund Balance		260,000			1,760,000		
TOTAL ENDING COMMITTED FUND BALANCE	700,000	960,000			2,460,000		
TOTAL ENDING FUND BALANCE - JUNE 30TH	3,625,949	5,728,811			5,503,674		

Fiscal Dashboard - 2017-2018 Highlights

2017-2018

Revenue - Overall trending in line with prior year - 87% received

- EIT: 17-18 YTD is lagging last year by \$175k
- State Revenue In line with prior year.
- Other Local Revenue Increase due to:

\$50,000 donation designated for athletics and increased interest income due to higher interest rates

Expenditures - Overall trending in line with prior year 62% used down from 67%

- Debt Service - Prior year included a \$2M payment in August to close out the 1999 bond series.

Budget Transfer - Summary Sheet April 26, 2018 - Board Meeting

Transfer From	Account	Object	Object Descrption	٩	Amount Transfer To	Account	Object	Object Description	Amount Reason
1011001002000000	2nd Grade	650	Tech-Supplies	₹.	670.00 1023801000000000	LES Principal	640	Books	\$ 670.00 Staff Development books
									Purchase of lawn mower for LES - Transition LES
1026300000000003	Grounds	414	Lawn Care	45	36,200.00 10263000000000003	Grounds	752	Capital Equipment	\$ 36,200.00 lawn maintenance from contractor to in house.
									ALICE e-Learning and District Certification
10225000000000000	Curriculum	640	Books	S	2,750.00 1026600000000003	Safety & Security	330	Contracted Service	\$ 2,750.00 Program
10226000000000000	Curriculum	640	Books	4>	25,000.00 1026600000000003	Safety & Security	752	Capital Equipment	Door Key Fob's - Eliminate Number Keypads and \$ 25,000.00 Keys needed for external doors
	MS Library Donated				WILL.	MS Library Donor			www.
1022503000003118	Funds	758	Capital Tech Equipment	\$	4,789.00 1022503000003118	Funds	610	General Supplies	\$ 4,789.00 MS Donated Funds
	MS Library Donated					MS Library Donor		TATIVAL TO THE TATION OF THE T	TO THE WAY WHEN THE TAXABLE WAY AND THE TAXABL
1022503000003118	Funds	810	Dues & Fees	ςş	150.00 1022503000003118	Funds	610	General Supplies	\$ 150,00 MS Donated Funds
									Purchase and Installation of Glass Backboards in
1011003000190000	HS Social Studies	640	Books	s	1,500.00 10262000000000003	Buildings	752	Capital Equipment	\$ 1,500.00 High School Gym
									Purchase and Installation of Glass Backboards in
1013603000130000	Business Ed	940	Books	s	2,000.00 1026200000000003	Buildings	752	Capital Equipment	\$ 2,000.00 High School Gym
	;	į							Purchase and Installation of Glass Backboards in
1013603000130000	Business Ed	650	Tech-Supplies	s	1,000.00 1026200000000003	Buildings	752	Capital Equipment	\$ 1,000.00 High School Gym
	3	;	:						Purchase and Installation of Glass Backboards in
1011003000120000	HS Art/Music	610	General Supplies	s	4,000.00 102620000000003	Buildings	752	Capital Equipment	\$ 4,000.00 High School Gym
100000000000000000000000000000000000000		ć							
7000000000000000	Budgetary Keserve	940	Budgetary Reserve	S	17,912.00 10325030000000005	Athletics	752	Capital Equipment	\$ 17,912.00 Athletics Donation
1059000000000000	Budgetary Reserve	940	Budgetary Reserve	٠	32.088.00 103250300000005	Athletics	610	General Sunniles	\$ 32 088 00 Athletics Deportion
- Delentrosess				į	1			Candida a la	
	WATER TO THE PARTY OF THE PARTY	-			The second secon	The state of the s			"TOTAL TOTAL
			**************************************		THE PERSON NAMED IN COLUMN NAM	The second secon			A
		***************************************	The state of the s		- TATAL TOTAL CONTROL	70.00		***************************************	Manufathanish. Habitati Properti

Business Administrator Signature

Date

NEW HOPE-SOLEBURY SCHOOL DISTRICT HIGH SCHOOL & MIDDLE SCHOOL ADDITIONS AND RENOVATIONS SUMMARY April 16, 2018

<u> </u>		April 16, 2018	
Tota	l Project Budget	28,499,599	
ĺ	<u>Contracts</u>		
GC	Skepton Construction, Inc.	12,975,000	
MC	The Farfield Company	F 604 000	Remaining Allowances - \$90,680
EC	Boro Construction	5,691,000 3,810,000	Pending Allowance Changes - \$19,237
PC	Stan-Roch	800,000	
AA	Sargent Enterprises, Inc.	88,000	
	Contracts Total	23,364,000	
	Change Orders		
GC	Skepton Construction, Inc.	100,270	
MC	The Farfield Company	43,187	
EC	Boro Construction	136,333	
PC	Stan-Roch	3,000	
AA	Sargent Enterprises, Inc.	7,100	
	Changer Order Total	289,890	
	Pending Change Orders		
GC	Skepton Construction, Inc.	7,780	
MC	The Farfield Company	-	
			Includes \$89,500 estimate for non-code
EC	Boro Construction	107,550	compliant existing conditions and \$16,000 to perform MS work 2nd shift.
PC	Stan-Roch	(1,820)	personn was work and sint.
AA	Sargent Enterprises, Inc.	-	
	Pending Change Order Total	113,510	
	Total Contract & Change Orders	23,767,399	
	PROJECT SOFT COSTS		
	Architect Fee	1,502,140	
	Credit \$11,500 for MS PCO-048 (Fire Dampers)	(11,500)	GKO
	GKO - Printing Fees	36,308	
	GKO - Traffic Study	35,687	
	RPE Fee	846,490	
	Project Financing Builder's Risk Insurance	357,330 70,000	
	Legal Fees (Borough Escrow Solicitor & Engineer)	140,000	
	Permits/Approvals/Utilities	289,020	
	Legal Fees - District Solicitor	45,000	
	Construction Testing	50,000	
	Additional Soil Testing	6,200	Advantage Engineers, Soil Testing
	HVAC TAB & Commission Verification Environmental Testing & consulting	152,770	
	Indoor air quality monitoring	27,288 10,000	
	Furniture and Equipment	298,384	
	Telephone System	116,000	
	CCTV - Security Camera's	50,000	
	Other Items (PECO, Verizon, Boiler, Fire Alamr, etc)	78,956	
	Completed work - Auditorium	411,100	
	Interest Earned on Project Funds Total Project Soft Costs	(157,000) 4,354,173	
		4,334,113	
Origin	al Contingency	936,845	
-	ining Contingency	378,027	
Rema			
Rema Rema	ining MC Allowances	71,443	
Rema Rema Rema	ining EAC Allowances	80	
Rema Rema Rema	-		

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

Beginning Uncommitted Fund Balance	18-19 Budget 3,043,674	19-20 Projection 3,043,673	20-21 Projection 2,670,647	21-22 Projection 1,910,082
Committed Fund Balance - PSERS & CAPITAL PROJECTS	2,460,000	2,460,000	2,460,000	2,460,000
Total Beginning Fund Balance - July 1st	5,503,674	5,503,673	5,130,647	4,370,082
Revenues				
Local Revenue				
Real Estate Taxes	28,664,190	29,250,391	29,833,317	30,443,200
Deliquent Tax	525,000	525,000	525,000	525,000
Transfer Tax	760,000	760,000	760,000	760,000
Earned Income Tax	3,750,000	3,750,000	3,750,000	3,750,000
Other Local Revenue	494,067	494,067	494,067	494,067
State Revenue - General	2,753,170	2,724,072	2,724,072	2,724,072
State Revenue - Retirement/FICA Subsidy	3,767,878	4,003,114	4,167,188	4,332,526
Federal Revenue	210,000	60,000	60,000	60,000
Total Revenue	40,924,304	41,566,645	42,313,644	43,088,865
- "				
Expenditures	-			
Salaries and Wages	18,485,828	18,977,942	19,536,320	20,111,449
Benefits & Taxes	11,559,210	12,261,817	12,831,416	13,417,837
Professinal Services	2,237,002	2,234,002	2,234,002	2,234,002
Property Services and Utilities	411,225	411,225	411,225	411,225
Purchased Services	3,137,710	3,142,893	3,148,231	3,153,729
Supplies, Books, Software and Fuel	1,539,845	1,539,845	1,539,845	1,539,845
Equipment	274,060	106,652	106,652	106,652
Interest, Fees, and Dues	1,142,924	1,083,140	1,013,290	960,635
Principal and Transfers	2,136,500	2,182,155	2,253,228	2,301,568
Total Expenses	40,924,304	41,939,671	43,074,208	44,236,942
ACTIVITY FOR YEAR	(0)	(373,026)	(760,565)	(1,148,076)
PROJECTED ENDING UNCOMMITTED FUND BALANCE	3,043,673	2,670,647	1,910,082	762,006
Fund Balance Percentage of Expenditures	7.44%	6.37%	4.43%	1.72%
PSERS Committed Fund Balance	700,000	700,000	700,000	700,000
Capital Projects Fund Balance	1,760,000	1,760,000	1,760,000	1,760,000
TOTAL ENDING COMMITTED FUND BALANCE	2,460,000	2,460,000	2,460,000	2,460,000
TOTAL ENDING FUND BALANCE - JUNE 30TH	5,503,673	5,130,647	4,370,082	3,222,006

Assumptions

Revenue

- April Budget 2.4% in 18-19 and 2.0% beyond
 - Exceptions were approved at 2.82%
- State Education subsidy amount adjusted to reflect current state subsidy amount per 17-18 approved budget
 - Retirement/FICA subsidy increase with Expenditure increases

Expenditures - 18-19 now reflects first look of 18-19 budget process

- Beyond 18-19
 - Salary Average increase of 3%
 - Payroll Benefits 3% to match salary increase
 - Medical 6% increase
 - Retirement Increase based on PSERS schedule released December 2017
 - Insurance Increase 3% per year
 - Debt Service Matches current debt service schedule projections

NEW HOPE-SOLEBURY SCHOOL DISTRICT RECONCILIATION OF BUDGET CHANGES - Expenditures Preliminary Compared to April Iteration

NEW HOPE-SOLEBURY SCHOOL DISTRICT RECONCILIATION OF BUDGET CHANGES - Revenues Preliminary Compared to April Iteration

Preliminary Expenditure Total	March 41,194,399	April 41,194,399	Preliminary Revenue	March/April 41,076,937
Salary	(11,253)	(21,033)	Real Estate Taxes - Reduction from 3.1% to 2.4% Interest Income	(203,414) 50,000
Benefits Rate - Based on 1st Look: 7% Increase Benefits Rate - Based on 2nd Look: 5% Increase Benefits Rate - Based on Final Renewal Rates: 1% Increase Benefits Changes - New Employees GTL/STD/LTD - Carrier Change Workers Compensation - Rate Reduction of 23%	(95,238) (57,517) (15,476) (85,367) (31,637)	(95,238) (57,517) (135,827) (15,476) (85,367) (31,637)	State - FICA / PSERS Subsidy (as salary changes)	781
Special Education - IU Costs Special Education - Early Intervention Transportation - Diesel Fuel Fuel Oil Safety and Security MBIT Final Budget	71,314 26,000 (25,000) (25,800)	71,314 26,000 (25,000) (25,800) 136,185 (7,750)		
Other Other Total Expenditure Changes	(0) (249,974)	(270,095)	Other Total Revenue Changes	(152,633)
Current Expenditures	40,944,425	40,924,304	Current Revenues	40,924,304
Variance - Increase / (Reduction)	(249,974)	(270,095)	Variance - Increase / (Reduction)	(152,633)
Net impact of kevenues and Expenses		(117,462)		

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

Beginning Uncommitted Fund Balance	18-19 Budget 3,043,674	19-20 Projection 3,043,673	20-21 Projection 2,084,446	21-22 Projection 139,755
Committed Fund Balance - PSERS & CAPITAL PROJECTS	2,460,000	2,460,000	2,460,000	2,460,000
Total Beginning Fund Balance - July 1st	5,503,674	5,503,673	4,544,446	2,599,755
Revenues				
Local Revenue	_			
Real Estate Taxes	28,664,190	28,664,190	28,649,190	28,649,190
Deliquent Tax	525,000	525,000	525,000	525,000
Transfer Tax	760,000	760,000	760,000	760,000
Earned Income Tax	3,750,000	3,750,000	3,750,000	3,750,000
Other Local Revenue	494,067	494,067	494,067	494,067
State Revenue - General	2,753,170	2,724,072	2,724,072	2,724,072
State Revenue - Retirement/FICA Subsidy	3,767,878	4,003,114	4,167,188	4,332,526
Federal Revenue	210,000	60,000	60,000	60,000
Total Revenue	40,924,304	40,980,443	41,129,517	41,294,855
Eumandituras				
Expenditures Salaries and Wages	10 405 030	10 077 042	40 526 220	20 444 440
Benefits & Taxes	18,485,828 11,559,210	18,977,942 12,261,817	19,536,320 12,831,416	20,111,449
Professinal Services	2,237,002	2,234,002	2,234,002	13,417,837 2,234,002
Property Services and Utilities	411,225	411,225	2,234,002 411,225	2,234,002 411,225
Purchased Services	3,137,710	3,142,893	3,148,231	3,153,729
Supplies, Books, Software and Fuel	1,539,845	1,539,845	5,146,251 1,539,845	1,539,845
Equipment	274,060	1,559,645		
Interest, Fees, and Dues	1,142,924	1,083,140	106,652 1,013,290	106,652 960,635
Principal and Transfers	2,136,500	2,182,155	2,253,228	2,301,568
Total Expenses	40,924,304	41,939,671	43,074,208	44,236,942
Total Expenses	40,324,304	41,555,071	43,074,208	44,230,342
ACTIVITY FOR YEAR	(0)	(959,228)	(1,944,691)	(2,942,086)
PROJECTED ENDING UNCOMMITTED FUND BALANCE	3,043,673	2,084,446	139,755	(2,802,332)
Fund Balance Percentage of Expenditures	7.44%	4.97%	0,32%	-6.33%
PSERS Committed Fund Balance	700,000	700,000	700,000	700,000
Capital Projects Fund Balance	1,760,000	1,760,000	1,760,000	1,760,000
TOTAL ENDING COMMITTED FUND BALANCE	2,460,000	2,460,000	2,460,000	2,460,000
TOTAL ENDING FUND BALANCE - JUNE 30TH	5,503,673	4,544,446	2,599,755	(342,332)

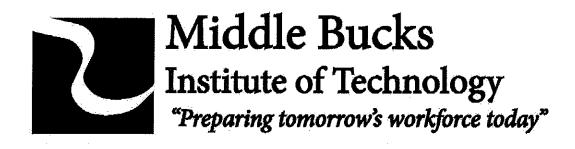
<u>Assumptions</u>

Revenue

- April Budget 2.4% in 18-19 and 0.0% beyond as a baseline
 - Exceptions were approved at 2.82%
- State Education subsidy amount adjusted to reflect current state subsidy amount per 17-18 approved budget
 - Retirement/FICA subsidy increase with Expenditure increases

Expenditures - 18-19 now reflects first look of 18-19 budget process

- Beyond 18-19
 - Salary Average increase of 3%
 - Payroll Benefits 3% to match salary increase
 - Medical 6% increase
 - Retirement Increase based on PSERS schedule released December 2017
 - Insurance Increase 3% per year
 - Debt Service Matches current debt service schedule projections



2018/2019 ROPOSED PROPOSED S APPROVED BY THE EXECUTIVE COUNCIL

The Middle Bucks Institute of Technology does not discriminate on the basis of race, color, national origin, sex, disability or age in its programs or activities and provides equal access to the Boy Scouts and other designated youth groups. Inquiries may be directed to Middle Bucks Institute of Technology, civilrightscoordinator@mbit.org, Title IX Coordinator or Section 504 Coordinator at 2740 York Road, Jamison, PA 18929 or 215-343-2480.

GENERAL FUND BUDGET HIGHLIGHTS

GENERAL OVERVIEW

To assist Member School Districts with Act 1 of 2006, a preliminary proposed General Fund Budget was presented to the Executive Council on November 13, 2017 & March 12, 2018 to provide an estimate of the planned operating and debt service expenditures for school year 2018/2019. This presentation on April 9, 2018 updates the Proposed General Fund Budget for fiscal year beginning July 1, 2018. The Act 1 Index is 2.4% for 2018/19 and was 2.5% for 2017/2018.

The proposed General Fund expenditures and Authority Lease Rental cost with budget-to-budget comparison are summarized in table A:

Table A
Proposed General Fund Expenditures

	<u>2018/2019</u>	<u>2017/2018</u>	\$ Change	% Change
Proposed General Fund Expenditures	\$9,791,364	\$9,598,974	\$192,390	2.00%
Authority Lease Rental	1,461,996	1,465,996	(4,000)	-0.27%
Total General Fund Expenditures	\$11,253,360	\$11,064,970	\$188,390	1.70%

This proposed financial plan provides a realistic budget to continue providing a high quality education to our students and demonstrates an effort by the Administration to continue their fiscal responsibility.

PROJECTED MEMBER DISTRICTS' CONTRIBUTIONS & OTHER FUNDING SOURCES

MBIT receives its funding and revenue from local, state and federal sources. The largest portion of local revenue is Member Districts' contributions to the General Fund for career and technical education and operating expenditures. Per the Articles of Agreement, the Member Districts share the cost of operating the School based on the average daily membership (ADM) of students. For budgeting, the last two years ending actual ADM and October 1, 2017 PIMS enrollment is used to allocate the member contribution for 2018/2019. This table provides the enrollment information used for 2018/2019 funding. Also see page 16.

Table B
Allocation – Oct 1 PIMS

				2018/2019	
	2015/2016	2016/2017	2017/2018	School Year	
	School Year	School Year	October 1	<u>Average</u>	
Member Districts	<u>ADM</u>	<u>ADM</u>	<u>PIMS</u>	<u>ADM</u>	<u>%</u>
Centennial	187.69	184.88	196.00	189.52	26.20%
Central Bucks	377.45	370.98	370.00	372.81	51.54%
Council Rock	135.72	138.1	142.00	138.61	19.16%
New Hope-Solebury	24.4	23.94	19.00	22.45	3.10%
	725.26	717.9	727.00	723.39	100.0%

The rolling average projects that 723.39 half day time students on an about schedule will attend in 2018/2019 compared to 739.30 in 2017/2018 and 752.56 in 2016/2017. See Table C for Proposed Member District's Contribution / Revenue from Member Districts.

The actual cash amount to be paid by Member District's in 2018/2019 will be adjusted by the balance due to or from Member Districts as of June 30, 2017 for the 2016/2017 fiscal year. Based on the net secondary vocational costs and actual ADM at year-end June 30, 2017 versus average ADM employed in budget preparation, the net amount due to members is \$325,840. This net amount will be refunded to or collected from members with their 2018/2019 contributions to MBIT. See Table C below and the Total Due with Adjustment \$7,685,624 at bottom of page 16.

Table C
Total Due with Adjustment – Net Due (to) from Members for 2016/2017

				New Hope-	
<u>2016/2017</u>	<u>Centennial</u>	Central Bucks	Council Rock	Solebury	<u>Total</u>
Receipts from Members (+)	\$1,960,641	\$4,112,055	\$1,205,746	\$173,633	\$7,452,075
Voc-Ed Subsidy (+)	104,953	211,113	75,880	13,606	405,552
Net Secondary Costs (-)	1,939,435	3,892,428	1,449,116	250,809	7,531,788
Due to (from) Members	\$126,159	\$430,741	(\$167,490)	(\$63,570)	\$325,840
Proposed 2017/2018 Receipts					
from Members	\$2,098,960	\$4,128,848	\$1,535,061	\$248,595	\$8,011,464
Less: Due to Members	(\$ 126,159)	(\$430,741)	\$167,490	63,570	(\$325,840)
Contribution Due w/Adjust.	\$1,972,801	\$3,698,107	\$1,702,551	\$312,165	\$7,685,624

LEASE RENTAL

The Member Districts make lease rental payments on behalf of MBIT to the Middle Bucks AVTS Authority to fund repayment of the Series of 2014 and 2015 bonds. These bonds were issued to refinance Series of 2006 bonds issued when school renovation occurred from 2006 to 2008. The Lease Rental for 2018/2019 and 2017/2018 are \$1,461,996 and \$1,465,996, respectively. Per the Articles of Agreement, the Authority's debt service is allocated to Member Districts using the market value as determined by the State Tax Equalization Board. See page 23 for more information.

See Table D below and page 15 for a summary of Member Districts' contributions to fund the preliminary proposed 2018/2019 and approved 2017/2018 budgets.

Table D
Proposed Member Districts' Contributions

	2018/2019	2017/2018	\$ Change	<u>%</u> <u>Change</u>
General Fund Receipts from Members	\$8,011,464	\$7,853,674	\$157,790	2.01%
Authority Lease Rental	1,461,996	1,465,996	-4,000	-0.27%
Total Projected Contributions	\$9,473,460	\$9,319,670	\$153,790	1.65%

The change for 2018/2019 is primarily driven by contractual obligations for salaries, health insurance and PSERS retirement cost.

State subsidies are received in form of the Vocational Education Subsidy which is paid based on Vocational Average Daily Membership (VADM). Subsidy received in 2018/2019 will be based upon the VADM from 2017/2018. The Vocational Education Subsidy is projected even with 2017/2018. The state has paid a Supplemental Equipment Grant for 2017/2018. There is no certainty that one will be paid in 2018/2019. The state also pays subsidies for Social Security and Retirement that are approximately one-half of employer's budgeted payroll expense.

Federal subsidy is for Carl D. Perkins Local Plan and has been projected to be \$267,000 compared to \$265,000 for 2017/2018. The 2018/2019 allocation is \$267,721.

OTHER INFORMATION

The annualized CPI-U for the Philadelphia region:

	December August	2017 0.8% 1.4%	2016 1.7% 0.3%	2015 -0.2% -0.3%
Fund Balances as of Committed for PSER		<u>20</u> <u>\$20,</u>		2016 \$75,000
Unassigned – Adult I	Ed	<u>\$209</u>	<u>,181</u>	<u>\$205,090</u>
Unassigned – Produc	tion Control	<u>\$ 74</u>	<u>,963</u>	<u>\$223,409</u>
Nonspendable		\$ <u>134</u>	,124	<u>\$ -0-</u>

Funds held by Bucks & Montgomery County Schools Health Care Consortium from the Bucks Limited Health Care Consortium restricted as to use were reduced to zero from \$95,869 in fiscal year 2017. The budget approved March 14, 2016 authorized use of \$95,869 as a "premium holiday" in 2016/2017.

ASSUMPTIONS

This presentation of the proposed budget includes assumptions for many unknowns including: negotiations with the MBEA, member district contract negotiations, equivalent premium rates for health insurance, property and casualty insurance rates, contracted services, utilities and others.

Significant assumptions impacting this budget projection include:

- 1. Object Code 100 Salaries and wages in this budget increase \$128,024 or 1.33% of the budget-to-budget increase. The teacher salary matrix is prepared using input from member district teachers' contracts. One of the member districts maybe in status quo with their teachers. The budget for teachers' salaries assumes this and also contemplates changes for step and level of teachers. The salaries for administrators (Act 93) and for support staff wages are budgeted using a two percent increase.
- 2. Object Code 200 Benefits. Overall benefits are projected to increase by \$123,184 or

1.28% of the budget-to-budget increase. More specifically:

- Medical & prescription benefit cost are budgeted using the plans offered under the teachers' contract to all eligible employees and known elections thereunder. MBIT will receive first, second and third look of the July 1, 2018 renewal. This budget has used premium equivalent rates proposed by DVHT: 17.3% health increase and 11.4% decrease for pharmacy for combined effective increase 11.8%. Net increase over 2017/2018 is \$46,302.
 - Teachers and all eligible staff participating in the benefits contribute a percentage of the monthly health and prescription plan premium equivalents based on coverage they elect per CBA with MBEA. Employee contribution for the PPO plans is 22% or 17% of premium cost depending on coverage elected. For the HMO POS plan, employees share 12% of premium. The prescription plan co-pay is \$5/\$25/\$40 for generic, formulary/non-formulary.
 - o The MBEA contract is being reopened in 2017/2018 to negotiate employee contribution for medical benefits.
 - o These costs are self-insured.
 - Health and prescription benefits will be offered by the Delaware Valley Health Trust starting July 1, 2018. MBIT was given notice of departure from the Bucks & Montgomery County Schools Health Care Consortium (BMCS). Immediate savings of \$36,609 are reflected.
 - o MBIT Administration recommended leaving BMCS to move to Delaware Valley Health Trust for fiscal year beginning July 1, 2018. Recommendation was made to achieve rate stability, pooling of all claims, to reduce financial risk and enhance benefits via Wellness program that has monetary incentives for employees to take care of themselves.
 - The Executive Council passed motions to join DVHT and to leave BMCS at their March 12, 2018 meeting.
- Dental benefits are provided via United Concordia/School Claims Services and are self-insured. The budget line cost for 2018/2018 are \$10,648 lower when compared to 2017/2018.
- Retirement has been budgeted using information from PSERS 2016 CAFR using certified employer contribution rate of 33.43% for 2018/2019. For 2017/2018, the PSERS certified rate was 32.57%. Employer retirement contribution cost increase budget-to-budget \$82,911 or 5.32%. The Executive Council has approved creation of a Committed Fund Balance for purposes of mitigating the escalating employer contributions to PSERS. The Committed Fund Balance is currently \$20,000 with it being used in current budget for 2017/2018.
- Workers compensation has been budgeted according to renewal for 2018/2019 from SDIC that reflects 5% loyalty discount and 5% discount for Safety Committee.
- 3. Object Code 300 Purchased Professional & Technical Services decrease by \$14,485 or -0.15% budget-to-budget from 2017/2018. The net decrease includes money for a GASB 75 actuarial study and reduction of other professional fees.

- 4. Object Code 400 Purchased Property Services are presented as a net decrease of \$17,414 or -0.18% budget-to-budget from 2017/2018. Savings come from reduction in cost for contracted services.
- 5. Object Code 500 Other Purchased Services shows net decrease budget-to-budget of -0.20% or -\$18,865 budget-to-budget.
- 6. Object Code 600 Supplies cost have a net increase of \$1,046. Program costs for supplies are budget \$3,744 lower compared to 2017/2018. Electricity cost are budgeted at same level as 2017/2018. MBIT has a fixed energy price agreement through June 30, 2019 and natural gas basis agreement for July 2017 through July 2019. In fiscal years 2018 and 2019, MBIT will be hosting the local District SkillsUSA competitions with an added \$14,000 to the supplies line for Student Activities.
- 7. Object Code 700 Equipment are \$9,100 lower than 2017/2018.
- 8. Object Code 800 Other is budgeted even with 2017/2018.

MIDDLE BUCKS INSTITUTE OF TECHNOLOGY PROPOSED BUDGET SUMMARY

BUDGETED GENERAL FUND CONTRIBUTIONS BY MEMBER DISTRICTS RECORDED TO 1300-564.

		CE	NTENNIAL	CENTRAL BUCKS	COU	NCIL ROCK		W HOPE- LEBURY	TOTAL
<u>2016-2017</u>									
GENERAL FUND	Pg. 15	\$	1,960,641	\$ 4,112,055	\$	1,205,746	\$	173,633	\$ 7,452,075
LEASE RENTAL DEBT	Pg. 22		206,739	\$ 667,960		472,609		112,714	1,460,022
2016-2017 CONTRIB	UTIONS	\$	2,167,380	\$ 4,780,015	\$	1,678,355	\$	286,347	\$ 8,912,097
					Y	ear-to-year perc	entag	e increase	1.80%
2017-2018									
GENERAL FUND	Pg. 15	\$	2,047,453	\$ 4,251,194	\$	1,350,047	\$	204,981	\$ 7,853,674
LEASE RENTAL DEBT	Pg. 22		206,412	\$ 673,039		473,810		112,735	1,465,996
2017-2018 CONTRIB	UTIONS	\$	2,253,865	\$ 4,924,233	\$	1,823,857	\$	317,716	\$ 9,319,670
					Y	ear-to-year perc	entag	e increase	4.57%
2018-2019				 					
GENERAL FUND	Pg. 15	\$	2,098,960	\$ 4,128,848	\$	1,535,061	\$	248,595	\$ 8,011,464
LEASE RENTAL DEBT	Pg. 22		201,756	\$ 671,787		473,248		115,205	1,461,996
2018-2019 CONTRIB	UTIONS	\$	2,300,716	\$ 4,800,635	\$	2,008,309	\$	363,800	\$ 9,473,460
					Y	ear-to-year perc	entage	e increase	1.65%

Note: General fund contribution is allocated to member districts using a three-year averaging of ADM.

Lease rental debt is for the Series of 2014 and 2015 Middle Bucks AVTS Authority Revenue

Bonds. Lease Rental is allocated based on market value as determined by Pennsylvania State Tax

Equalization Board - DCED.

MIDDLE BUCKS INSTITUTE OF TECHNOLOGY PROPOSED BUDGET SUMMARY

REVENUES

CODE	CATEGORY		2016/2017 APPROVED BUDGET	2017/2018 APPROVED BUDGET	2018/2019 PROPOSED BUDGET	% CHANGE
6000	REVENUE FROM LOCAL SOURCE	S				
6510	INTEREST		\$1,000	\$1,000	\$1,200	
6740	FEES		6,000	6,000	6,000	
6910	RENTAL OF BUILDING		6,000	6,000	9,000	
6943	TUITION - ADULT STUDENTS		36,000	36,000	36,000	
6944	TUITION - NON PARTICIPATING DIS		15,300	15,300	15,300	
6946	RECEIPTS FROM MEMBER DISTRIC		7,452,075	7,853,674	8,011,464	
6991	REFUND OF PRIOR YEARS EXPENS	Е	8,000	8,000	8,000	
6999	MISCELLANEOUS REVENUE		10,000	12,000	15,000	
	TOTAL REVENUE LOCAL SOURCES		7,534,375	7,937,974	8,101,964	2.07%
7000 7220 7810 7820	REVENUE FROM STATE SOURCES VOCATIONAL EDUCATION SUBSIDI SOCIAL SECURITY-STATE SHARE RETIREMENT-STATE SHARE		420,000 171,860 696,200	420,000 177,700 778,300	420,000 182,400 820,000	
	TOTAL REVENUE STATE SOURCES		1,288,060	1,376,000	1,422,400	3.37%
8000	REVENUE FROM FEDERAL SOURCE	CES				
8521	LOCAL PLAN/PERKINS		281,000	265,000	267,000	
	TOTAL REVENUE FEDERAL SOURCE	ES	281,000	265,000_	267,000	0.75%
9000	TRANSFERS / OTHER SOURCES					
9810	COMMITED FUND BALANCE - PSER	S	55,000	20,000	0	
9900	BMCSHCC - MBIT - PREMIUM HOLID	ΑY	95,869	0	0	
	TOTAL TRANSFERS / OTHER SOURCE	EES	150,869	20,000	0	-100.00%
	TOTAL PROPOSED REVENUES	,	\$9,254,304	\$9,598,974	\$9,791,364	2.00%
DISTRIC	T CONTRIBUTION BREAKDOWN					(TABLE C. PAGE 6) TOTAL DUE WITH
					Oct 1 PIMS	ADJUSTMENT
	CENTENNIAL	26.20%	\$1,960,641	\$2,047,453	\$2,098,960	\$1,972,801
	CENTRAL BUCKS	51.54%	\$4,112,055	\$4,251,194	\$4,128,848	\$3,698,107
	COUNCIL ROCK	19.16%	\$1,205,746	\$1,350,047	\$1,535,061	\$1,702,551
	NEW HOPE-SOLEBURY	3.10%	\$173,633	\$204,981	\$248,595	\$312,165
		100.00%	\$7,452,075	\$7,853,674	\$8,011,464	\$7,685,624

MIDDLE BUCKS INSTITUTE OF TECHNOLOGY PROPOSED BUDGET SUMMARY - LEASE RENTAL

SCHOOL FACILITIES LEASE - MIDDLE BUCKS VOCATIONAL-TECHNICAL SCHOOL AUTHORITY

SERIES OF 2014 BONDS - BALANCE JULY 1, 2018 SERIES OF 2015 BONDS - BALANCE JULY 1, 2018 \$ 9,405,000 4,030,000 \$ 13,435,000

LEASE RENTAL COVERING DEBT SERVICE IS PAID BY THE MEMBER DISTRICTS' DIRECTLY TO THE AUTHORITY'S TRUSTEE FOR THE BOND HOLDERS IN AUGUST & FEBRUARY.

		Budgeted 2017/2018	Actual 2017/2018	Projected 2018/2019
6946	LEASE REVENUE	\$ 1,465,996	\$ 1,465,996	\$ 1,461,996
5110	DEBT SERVICE - AUTHORITY BONDS	\$ 1,465,996	\$ 1,465,996	\$ 1,461,996
	PRINCIPAL INTEREST ADMINISTRATIVE FEE	\$ 1,010,000 447,996 8,000 1,465,996	\$ 1,010,000 447,996 8,000 1,465,996	\$ 1,035,000 418,996 8,000 1,461,996

Rental is allocated to the member districts' on the basis of the proportion which the market value of each Participating School District bears to the total market valuation of all the Participating School Districts, as certified by the DCED State Tax Equalization Board annually. An annual administrative fee equaling \$4,000 per bond issue is paid by the sending districts in addition to the debt service.

	7/1/2017 STEB Markét Value <u>2016</u>	usii STI	Budgeted ng 7/1/2016 EB MV 2015 017/2018	ST	Actual ng 7/1/2017 EB MV 2016 2017/2018	usi ST	Projected ng 7/1/2017 EB MV 2016 2018/2019
Centennial	13.80%	\$	206,412	\$	202,307	\$	201,756
Central Bucks	45.95%	•	673,039	•	673,625	•	671,787
Council Rock	32.37%		473,810		474,543		473,248
New Hope-Solebury	7.88%		112,735		115,521		115,205
	100.00%	\$	1,465,996	\$	1,465,996	\$	1,461,996

The most current STEB MV available is 2016 effective July 1, 2017. 2017 MV is published on July 1, 2018. Member School Districts should use the Projected column numbers to budget lease rental.

Member School Districts will receive a subsidy from the Pennsylvania Department of Education for reimbursement of the cost of construction from the 2006-2008 renovations at MBIT. Members should include in their projected state subsidies the following:

	2016 MV	Projected	PDE 2071	PDE 2071
	<u>STEB</u>	<u>2017/2018</u>	<u>2017/2018</u>	<u>2018/2019</u>
Centennial	13.80%	\$ 69,212	\$ 67,835	\$ 67,643
Central Bucks	45.95%	225,676	225,872	225,231
Council Rock	32.37%	158,873	159,118	158,667
New Hope-Solebury	7.88%	 37,801	 38,735	 38,625
	100.00%	 491,562	\$ 491,561	 490,166

MIDDLE BUCKS INSTITUTE OF TECHNOLOGY 2018/2019 BUDGET SUMMARY COMMITTEE UPDATE USING OCT 1 PIMS APRIL 3, 2018

		2015/2016	2016/2017	2016/2017 APPROVED	2017/2018 APPROVED	2018/2019 PROPOSED	\$ INCREASE/	% INCREASE/	% INCREASE/ (DECREASE)
DES	DESCRIPTION	ACTUAL	ACTUAL	BUDGET	BUDGET	BUDGET	(DECREASE)	(DECREASE)	BUD. TO BUD.
900	6000 LOCAL REVENUE								
	EDUCATION AND LEASE RENTAL								
	CENTENNIAL	\$ 2,029,268	\$ 2,040,053	\$ 2,167,380	\$ 2,253,865	\$ 2,300,716	\$ 46,851	2.08%	0.42%
	CENTRAL BUCKS	4,324,343	4,351,610	4,780,015	4,924,233	4,800,635	(123,598)	-2.51%	-1.12%
	COUNCIL ROCK	1,795,805	1,845,115	1,678,355	1,823,857	2,008,309	184,452	10.11%	1.67%
	NEW HOPE-SOLEBURY	351,676	349,478	286,347	317,716	363,800	46,084	14.50%	0.42%
	RECEIPTS FROM MEMBERS	8,501,092	8,586,255	8,912,097	9,319,671	9,473,460	153,790	1.65%	1.39%
	OTHER LOCAL SOURCES	79,676	66,294	82,300	84,300	90,500	6,200	7.35%	%90.0
	- Triple and the second								
7007	7000 STATE SOURCES	1,175,150	1,275,631	1,288,060	1,376,000	1,422,400	46,400	3.37%	0.42%
8000	8000 FEDERAL SOURCES	281,445	268,272	281,000	265,000	267,000	2,000	0.75%	0.02%
9000	9000 FUND BALANCE / TRANSFERS	200,000	150,869	150,869	20,000	1	(20,000)	-100.00%	0.00%
	TOTAL REVENUE	\$ 10,237,363	\$ 10,347,322	\$ 10,714,326	\$ 11,064,971	\$ 11,253,360	\$ 188,390		1.70%
		FUND B.	FUND BALANCES	CONSUME	CONSUMED / UTILIZED				
	Fund balance:	6/30/2016	6/30/17	2016/2017	2017/2018				
	Committed - PSERS	\$ 75,000	\$ 20,000	\$ 55,000	\$ 20,000				
	Nonspendable	- \$	\$ 134,124						
	Unassigned - Adult Ed	\$ 205,090	\$ 209,181						
	Unassigned - Production Control	\$ 223,409	\$ 74,963						
	Premium "holiday" BMCSHCC			\$ 95,869	٠,				
		11000		\$ 150,869	\$ 20,000				
	Balance Due to Member School Districts	\$ 245,472	\$ 325,840		And the said of				
	alpho								
	Member District Contribution for Operations and Lease Rental combined increase for 2017/2018 = 4.57%	and Lease Rental c	ombined increase	for 2017/2018 ==	4.57%				

MIDDLE BUCKS INSTITUTE OF TECHNOLOGY 2018/2019 BUDGET SUMMARY COMMITTEE UPDATE USING OCT 1 PIMS APRIL 3, 2018

	A MARKANIA M								
i 1		2015/2016	2016/2017	2016/2017 APPROVED	2017/2018 APPROVED	2018/2019 PROPOSED	\$ INCREASE/	% INCREASE/	% INCREASE/ (DECREASE)
	DESCRIPTION	ACTUAL	ACTUAL	BUDGET	BUDGET	BUDGET	(DECREASE)	(DECREASE)	BUD. TO BUD.
	- Approximate								
100	100 SALARIES & WAGES:	-							
	TEACHERS - MBEA	\$ 2,902,510	\$ 2,938,915	\$ 3,008,769	\$ 3,094,653	\$ 3,188,525	\$ 93,872	3.03%	0.85%
	ADMIN & SUPPORT SERVICES	1,468,887	1,506,882	1,533,076	1,586,502	1,626,153		2.50%	0.36%
	SUBSTITUTES & TEMPORARY	110,397	74,763	94,845	99,615	94,115	(5,500)	-5.52%	-0.05%
200	BENEFITS:								
	MEDICAL & PRESCRIPTION	752,399	703,407	773,362	819,284	865,586	46,302	5.65%	0.42%
	DENTAL/VISION/LIFE/LTD/CONTRACTUAL	146,050	118,751	177,350	179,414	170,006	(9,408)	-5.24%	%60:0-
	STATUTORY (FICA, PSERS, WC & UC)	1,524,713	1,761,268	1,811,685	1,989,968	2,076,259	86,291	4.34%	0.78%
300	PROFESSIONAL & TECHNICAL SERVICES	77,343	112,874	105,300	113,905	99,420	(14,485)	-12.72%	-0.13%
400	400 PURCHASED PROPERTY SERVICES	632,756	576,484	625,727	638,650	621,235	(17,415)	-2.73%	-0.16%
200	OTHER PURCHASED SERVICES	206,531	221,413	257,935	248,970	230,105	(18,865)	-7.58%	-0.17%
009	SUPPLIES:								
	INSTRUCTIONAL SUPPLIES	299,432	265,900	304,335	294,129	290,385	(3,744)	-1.27%	-0.03%
	UTILITIES	216,131	213,395	235,265	210,500	210,500		0.00%	0.00%
	ALL OTHER SUPPLIES	167,704	187,437	209,030	206,050	210,840	4,790	2.32%	0.04%
700	EQUIPMENT	108,264	94,518	55,300	55,550	46,450	(9,100)	-16.38%	-0.08%
800	OTHER	998'6	11,293	12,325	11,785	11,785		0.00%	0.00%
5220	5220 TRANSFER TO CAPITAL RESERVE FUND	150,000	100,000	ŧ		,	,		0.00%
2900	BUDGETARY RESERVE			50,000	50,000	50,000	1	%00.0	0.00%
5110	AUTHORITY LEASE RENTAL	1,464,380	1,460,022	1,460,022	1,465,996	1,461,996	(4,000)	-0.27%	-0.04%
	TOTAL EXPENDITURES	\$ 10,237,363	\$ 10,347,322	\$ 10,714,326	\$ 11,064,971	\$ 11,253,360	\$ 188,390		1.70%

Barbacane, Thornton & Company LLP

200 Springer Building 3411 Silverside Road Wilmington, Delaware 19810

> T 302,478,8940 F 302,468,4001 www.btcpa.com

April 10, 2018

Mr. Andrew Lechman Business Administrator/Board Secretary New Hope-Solebury School District 180 West Bridge Street New Hope, PA 18938-1392

Dear Mr. Lechman:

We are pleased to confirm our understanding of the services we are to provide the New Hope-Solebury School District for the years ended June 30, 2018, 2019, and 2020. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the New Hope-Solebury School District as of and for the years ended June 30, 2018, 2019, and 2020. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the New Hope-Solebury School District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the New Hope-Solebury School District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following R\$I Is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis
- Schedule of the District's Proportionate Share of the Net Pension Liability PSERS
- Schedule of District Contributions

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and will include tests of the accounting records of the New Hope-Solebury School District and other



procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the New Hope-Solebury School District's financial statements. Our report will be addressed to the Board of School Directors of the New Hope-Solebury School District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards. The report on internal control and compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the New Hope-Solebury School District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors; (2) fraudulent financial reporting; (3) misappropriation of assets; or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and Government Auditing Standards.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the New Hope-Solebury School District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

Other Services

We will also assist in preparing the financial statements and related notes of the New Hope-Solebury School District in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under Government Auditing Standards, and such services will not be conducted in accordance with Government Auditing Standards. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, Implementing, and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management; (2) employees who have significant roles in internal control; and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are required to disclose in the financial statements the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or were available to be issued. You agree that you will not date the subsequent event note earlier than the date of the management representation letter.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and the liming and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

During the course of our engagement, we will request information and explanations from management regarding, among other things, the government's operations, internal controls, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide certain representations in a written representation letter. The procedures we will perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. You agree that we shall not be responsible for any claim that may arise out of or relate to any of the written or oral representations relied upon by us in issuing our report to you.

In addition, you further agree to indemnify and hold us harmless from any claim, demand, or potential liability; and you agree to tender a defense (including providing counsel) on our behalf, reasonably acceptable to us, to defend against any claim, demand, or potential liability arising out of our services performed under this engagement asserted, brought, or commenced against us by any third party retailing to or pertaining to any false or misleading representations by any officer, director, or member of your management team. It is expressly understood that your indemnification and duty to defend obligations apply even if such claim, demand, or potential liability asserts that we were negligent in any way or that the claimed negligence was our own negligence. If you fall to tender a defense, you agree to pay all of our costs and attorneys' fees incurred by us incident to defending against any such claim, demand, or potential liability asserted, brought, or commenced against us by any third party. Additionally, you agree to reimburse us for any settlement reached by us or any monetary award paid by us (unless you have tendered the defense required herein) in the event any such claim, demand, or potential liability is asserted, brought, or commenced against us by any third party.

You agree that any claim, dispute, or cause of action that may arise out of this engagement or relate, in any way, to this engagement, prior to any claim or cause of action being brought in any court of in any other proceeding, must first be brought to the attention of our Managing Partner by written notice ("Informal Dispute Notice"), and you agree to give the Managing Partner at least twenty (20) days after receipt of your Informal Dispute Notice to resolve any such claim or dispute ("Informal Dispute Procedure").

After the expiration of the Informal Dispute Procedure, you agree that any dispute not resolved must be submitted to mandatory mediation and that the parties will engage in the mediation process in good faith. The mandatory mediation process shall be initiated by a written demand given by either party to the other party in the engagement which describes the nature and basis of the dispute or disputes to be mediated and what relief and/or damages are sought. A mediation demand must be made within one hundred eighty (180) days after the Informal Dispute Notice. Mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association existing as of the date of the mediation demand ("Mediation Rules"). The parties may agree to the selection of a mediator However, if the parties are unable to agree to the selection of a mediator within twenty (20) days of the mediation demand (or such later time as the parties may mutually agree), such mediator shall be selected in accordance with the Meditation Rules. The Mediator selected must have a minimum of ten (10) years related experience. You shall advance the costs of the mediation, and we agree to reimburse you for one-half of such costs at the conclusion of the mediation process or as may otherwise be mutually agreed during the mediation process. The mediation shall be confidential

Bucks County, Pennsylvania. Pennsylvania

Any court action or other litigation shall be conducted only within the Geunty of New Castle, Delaware. Delaware law shall apply irrespective of any conflicts of laws rules. You agree and consent to personal jurisdiction in the federal and state courts located in New Castle County, Delaware. The parties both agree to waive any right to a trial by jury in any dispute.

Bucks County, Pennsylvania

Any claim or litigation arising out of this engagement, except solely for any claims by us for payment of amounts due to us under our invoices, must be commenced within the earlier of (i) one (1) year from the accitual of such claim or cause of action; or (ii) one (1) year from the completion of the engagement, notwithstanding any statute of limitations or other statutory provision to the contrary. It is expressly understood that the completion of the engagement contemplated herein shall be deemed to have occurred upon delivery of our audit report to you. However, this period shall be deemed extended for ninety (90) days after the conclusion of the mediation process if the parties were engaged in the mediation process on the date that the period to commence any claim of litigation expires.

We shall not be liable for any incidental, consequential, punitive, exemplary, or non-economic damages of any sort. In-addition, any damages shall be limited to the amount of professional fees paid by you to us in connection with this engagement and shall not exceed such amount. Additionally, such damages shall only be required to be paid once; and upon paying such damages, we shall have no further or other liability for any damages. Further, we may refund to you the amount you paid for our services in connection with this engagement and fully discharge any and all liability to you for damages whatsoever without admitting any fault, or liability.

indemnification. Unless otherwise prohibited by law or applicable professional standard, each Party ("Indemnifying Party") shall indemnify and hold harmless the other Party ("Indemnified Party") and its board members, agents, employees, and representatives from and against any causes of action, damages (whether compensatory, consequential, special, indirect, incidental, punitive, exemplary, or of any other type or nature), costs and expenses (including, without limitation, reasonable attorneys fees) brought or claimed against the Indemnified Party and arising out of or relating to the wrongful or negligent actions of the Indemnifying Party in connection with this engagement. This provision shall survive the termination of this agreement for any reason, and shall apply to the fullest extent of the law, whether in contract, tort, or otherwise.

Other Matters

An auditor is required to be "independent" under applicable professional guidelines. If, at any time, our Independence is questioned, challenged, or otherwise at risk, we reserve the right to immediately discontinue any further services until such time as such independence issue is resolved to our satisfaction. You agree that you shall have no claim against us for any breach of this agreement if we, in good faith, cease performing work under this engagement due to any issue of independence.

You agree, during the term of this engagement and for a period of six (6) months following the conclusion of this engagement, not to discuss with or otherwise solicit for employment, hire, and/or appoint any person employed by us without our prior written consent. This prohibition shall apply to each and all entities controlled by you or any of your management team. If we give permission for you to engage in any act that you would otherwise be in violation of this prohibition, you agree to pay for all additional services that we reasonably deem to be necessary in order to maintain our independence. If you engage in any act that would be in violation of this prohibition, any reports issued by us shall be automatically deemed withdrawn and void.

The parties agree that no third-party beneficiaries are intended to be created by this engagement or by the work performed by us in connection with this engagement. However, without limiting the applicability of the foregoing, it is expressly understood that any person or entity claiming to be a third-party beneficiary of our services under this engagement shall be bound by all of the provisions of this engagement.

related to knowledge or information related to this engagement

In the event we are required to respond to any subpoona, court order, or other legal process directing us to produce documents and/or testimony (deposition, grand jury, trial, or otherwise) related to knowledge or information we obtained and/or prepared related to, out of, or during the course of this engagement, you agree to empensate us for all time expended by us, in the same mapper as set forth above in connection with such response and to reimburse us all costs incurred in connection with such response at our usual rates in effect at such time. We will notify you of the receipt of any such subpoena, court order, or other legal process, unless prohibited by law, by forwarding same to your last known address in our billing records. Unless we receive from you, at least a week before the response deadline in any such subpoena, court order, or other legal process, a court order quashing or other evidence satisfactory to us in our sole discretion that such response deadline is extended, we will respond to such subpoena, court order, or other legal process.

Engagement Administration, Price, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information, and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, or other confirmations we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in price over our original price estimate.

We will provide copies of our reports to the New Hope-Solebury School District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.



The audit documentation for this engagement is the property of Barbacane, Thornton & Company LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a regulator or its designee, a federal agency providing direct or Indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Barbacane, Thornton & Company LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. The government agrees to compensate us for the time we expend in connection with such response and to reimburse us for all out-of-pocket costs incurred in that regard.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Jeffrey A. Kowalczyk, CPA, CFE, CGAP is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. To ensure that Barbacane, Thornton & Company LLP's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our price for these services will be at our standard hourly rates plus out-of-pocket expenses. We estimate that our price for the above services will be \$19,500 for each year (\$17,500 for the audit, and \$2,000 for non-attest services). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these services will be replaced each month as work progresses and are payable upon presentation. Interest is charged at a rate of 14-percent per month on past due invoices. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. The suspension or termination of our work may result in adverse consequences to you including your failure to meet deadlines imposed by governments, lenders, or other third parties. You agree that we will not be responsible for your failure to meet such deadlines, or for penalties or interest that may be assessed against you resulting from such failure. The above price is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. The price does not include a single audit in accordance with the Uniform Guldance. If significant additional time is necessary, we will discuss it with you and arrive at a new price estimate.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated price. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

This engagement letter is contractual in nature and includes all of the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior or contemporaneous oral or written discussions, negotiations, representations, promises, or commitments by or between the parties. Any modifications, changes, or additions to the terms set forth in this letter will only become effective if evidenced by a writing signed or transmitted by the party against whom such amendment or modification is sought to be enforced clearly indicating assent to such amendment or modification.

Eng&Memo/2018June/NewHope-SoleburySD.govybaudit.eng

We appreciate the opportunity to be of service to the New Hope-Solebury School District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,
Barbacane, Thomaton & Company LLP BARBACANE, THORNTON & COMPANY LLP
BARBACANE, THORNTON & COMPANY LLP
/nrb
Enclosure
RESPONSE:
This letter correctly sets forth the understanding of the New Hope-Solebury School District.
Approved by Andrew Lechman, Business Administrator/Board Secretary
Date



MASTER SERVICE AGREEMENT

This Agreement ("Agreement") is made by and between ALICE Training Institute LLC ("ATI") with its principal place of business at 3593 Medina Road #320, Medina, OH 44256 and the Customer described below. ATI agrees to furnish services as described below ("Services") for certain training programs offered by ATI. This Agreement constitutes with respect to the Services the entire agreement between Customer and ATI.

Customer:

New Hope-Solebury School District

Charles Malone

cmalone@nhsd.org

Proposal No:

Proposal Expires:

Q-00425

Proposal Expires: Proposal By: 5/12/2018 Joanna Lucas

Email:

jlucas@alicetraining.com

Services:

ALICE Services listed below, each subject to the applicable Terms and Conditions attached hereto.

Term:

The 12 month term for recurring Services begins on 5/1/2018 and ends on 4/29/2021.

Payment:

Invoiced Annually - Net 15

ANNUAL RECURRING SERVICES

Item	Description	Quantity	Price
1000	Elearning Users (K12)	250	\$2,497.50
1200	Elearning Support & Maintenance	1	\$250.00

Annual Recurring Price:

\$2,747.50

TOTAL RECURRING PRICE OVER TERM:

\$8,242.50

ONE-TIME SERVICES

ltem	Description	Quantity	Price
4000	The ALICE Organizational Certification program helps mitigate legal and financial risk by ensuring your violent intruder response plan complies with Federal and State guidelines. A comprehensive document set includes customizable policy templates, implementation best practices, and program roll-out plans.	1	\$0.00

TOTAL ONE-TIME PRICE:

\$0.00

TOTAL CONTRACT PRICE OVER TERM:

\$8,242.50

Accurate Sales Tax will be added when applicable.



IN WITNESS WHEREOF, the parties have caused their respective duly authorized representatives to execute this Agreement in consideration of the promises and mutual covenants contained herein.

ATTSIGNATORY	CUSTOMER BILLING INFORMATION
Name:	Billing Contact Name:
Date:	Billing Phone:
Signature:	Billing Email:
	Billing Address:
CUSTOMER SIGNATORY	
Name:	
Title:	Federal Tax ID:
Date:	Purchase Order:
Signature:	Sales Tax Exempt No.
	*Sales Tax Exemption Certificate must be attached.



TERMS AND CONDITIONS - SERVICES

By executing the Master Service Agreement, You agree to these terms and conditions (the "Terms and Conditions"). If You are entering into the Agreement on behalf of a company or other legal entity, You represent that You have the authority to bind such entity and its Affiliates (as defined below) to these Terms and Conditions. If You do not have such authority, or if You do not agree with these Terms and Conditions, You must not accept the Agreement and may not use the Services (as defined below).

These Terms and Conditions describe the terms under which the Alice Training Institute, LLC ("ATI") offers You access to its Services. By accessing the Services, You agree to comply with and to be bound by the Terms and Conditions set out herein.

In the event of any conflict between the provisions contained in an Agreement and these Terms and Conditions, the provisions in the Agreement shall control (provided, however, that the fact that a provision appears in an Agreement but not these Terms and Conditions, or in these Terms and Conditions, but not the applicable Agreement, shall not be deemed to be a conflict for purposes of this sentence).

1 Standard Definitions

- 1.1 Affiliates. Means any entity which directly or indirectly controls, is controlled by, or is under common control with a party to the Agreement.
- 1.2 Agreement. Means the Master Service Agreement between You and Us.
- 1.3 ALICE. Means the violent intruder response program that includes Alert, Lockdown, Inform, Counter, and Evacuate strategies.
- 1.4 Beta Services. Means Our services that are not generally available to customers.
- 1.5 Fees. Means all monetary charges for Services resulting from the Agreement and these Terms and Conditions.
- 1.6 Marks. Means Our trademarks, service marks, logo and certification marks.
- 1.7 Program. Means ALICE and RAIDER collectively or individually.
- 1.8 RAIDER. Means the solo officer tactical training program that includes Rapid Deployment, Awareness, Intervention, Decisiveness, EMS, and Recovery strategies.
- 1.9 Registrant. Means an individual who is authorized by You to access the Services.
- 1.10 <u>Services</u>. Means the Services contracted for in the Agreement, which may include instruction and teaching of the Program using the ATI approved curricula and training models.
- 1.11 We, Us, Our. Means the Alice Training Institute, LLC.
- 1.12 You, Your. Means You as an individual or the legal entity identified as the Customer in the Agreement.

2 Obligations of ATI

- 2.1 <u>Training</u>. We shall carry out the Services at the time and place upon which the parties agree in writing.
- 2.2 Quality. We represent and warrant that: i) the Services will be performed in a professional and workmanlike manner, in accordance with generally accepted industry standards; and, ii) We have all rights including, without limitation, intellectual property rights to the Services and to provide the Services for use by You in accordance with these Terms and Conditions and the Agreement.
- 2.3 Additional Services. The parties may agree to add Services to the Agreement from time to time. We shall provide a price estimate of such extra Services and will finalize a price proposal for the additional Services to which You must agree, in writing and in advance, before such additional Services are incorporated to the Agreement.

3 Customer Obligations for eLearning Services

3.1 Responsibility for Use. To enable access and use of the Services, You agree to: (i) obtain access to the world-wide web; (ii) complete the implementation and setup process as directed by Us including, but not limited to. Registrants agreeing to the



terms and conditions presented on Our elearning portal, which may change from time to time, provided that any such terms and conditions that purport to amend any provision of these Terms and Conditions and/or the Agreement shall be null and void and of no effect; (iii) be responsible for maintaining the confidentiality of any passwords and account information provided by Us to You; and (iv) to immediately notify Us of any unauthorized use of Your account, breach of security or loss or theft of Registrant user IDs or passwords.

- 3.2 Registrations and Registrants. Your Agreement will specify a number of Registrants allowed for a given Service and Fee. You will be billed for any registrations beyond this number at the rate specified in your Agreement, or the then current rates for overage if none is specified. Except for price, which may differ, You agree that Registrants incurred beyond the contracted level will be subject to these Terms and Conditions.
 - You agree that the number of Registrants listed on the Agreement is the minimum number of Registrants for which You will pay annually. Should there be fewer Registrants than this minimum number, Fees will not be reduced. Unused Registrations will not roll over to another term year.
- 3.3 Responsibilities. You will provide complete and accurate data. We may rely upon such data when providing You Services. If Your data provided to Us is inaccurate and/or incomplete, We will not be liable for any performance or alleged non-performance of Services caused by such inaccuracy or incompleteness.
 If specified on the Agreement, We may assign you one or more user IDs and passwords that will enable You to access the Services. You shall take reasonable precautions to protect against theft, loss or fraudulent use of such IDs and passwords. You will use the Services only for lawful purposes and in accordance with these Terms and Conditions.
- 3.4 <u>Designation of Administrative Liaison</u>. You shall designate an individual who shall be Our main point of contact ("Administrative Liaison"). The Administrative Liaison will be responsible to consult with Us regarding the Services and whether the Services are reasonably addressing Your eLearning needs. The Administrative Liaison will respond to all of Our communications seeking information within one (1) business day.
- 3.5 Notification of Service. In consultation with Us, the Liaison shall use commercially reasonable efforts to promote the Services to Registrants. In so doing, the Administrative Liaison shall include a written notification that Your organization has purchased a certain number of subscriptions to the Service.
- 3.6 <u>Technical Requirements</u>. You shall be responsible for achieving the following technical requirements to enable access and use of the Services:

Whitelist the following domains on firewalls:

- · cloud.scorm.com
- portal.alicetraining.com
- · mg.alicetraining.com (also whitelist on mail servers for noreply@mg.alicetraining.com)

Supported Browsers: IE 9+, Safari 5+, Chrome 10+, Firefox 4+

Browser Settings:

- Javascript must be enabled.
- Third-party cookies must be allowed.
- Popups must be allowed.
- Add portal.alicetraining.com and cloud.scorm.com as trusted sites.
- 3.7 Other Responsibilities. You shall be responsible, where applicable, for Registrants' compliance and their use of Services in accordance with the Agreement, these Terms and Conditions and applicable laws and government regulations. In so doing, You shall not: (i) sell, resell, rent or lease the Services; (ii) operate to modify or abridge the Services; (iii) tamper with or remove copyright notices and Marks; and, (iv) copy, modify, upload, download, transmit, publish or otherwise distribute any Service content, except as expressly permitted by the Agreement. You are solely responsible for acquiring and maintaining all equipment, software and communication services necessary to allow Your access to the Services.
- 4 Ownership of Services, Programs and Use Marks
- 4.1 Ownership of Program. You acknowledge that the Program, and know-how relating thereto, and the educational manuals, brochures, training programs, processes, and information contained or embodied therein (including all intellectual property related thereto) (collectively "ATI Intellectual Property") constitute valuable, confidential and proprietary property rights of Ours. We are and shall remain the sole owner of the ATI Intellectual Property. You further acknowledge that Your use of the Program



under the Agreement shall not operate to modify or abridge such rights of Ours in the Program or create any rights of Yours in the Program.

- 4.2 Ownership of Marks. Nothing in the Agreement shall constitute a transfer, license, or assignment of any Marks or other intellectual property right of either party unless otherwise specifically granted.
- 4.3 Proprietary Rights. You acknowledge that We or Our licensors retain all copyright, trademark, trade secret, patent and other proprietary and intellectual property rights to the Services, and any or all modifications to the Services, related documentation and marketing materials regardless of (i) whether such intellectual property notices appear on the materials or (ii) whether such intellectual property notices have been filed with governmental agencies. Nothing in the Agreement will directly or indirectly be construed to assign or grant You any right of ownership, title or interest in the Services, or any intellectual property rights relating thereto.

 Except as may be required by applicable law,
- 4.4 Non-Disclosure You agree not to disclose to anyone Our trade secrets and that You will not use any of the information available within the Services to compete against Us or reverse engineer Our product offerings. No competitors or future competitors are permitted access to Our Services or information, and any such access by third parties is unauthorized. You agree that You will not copy, record, publish, compile, reproduce, republish, use or resell for any competing commercial purpose any information on our Services. In addition, You agree to pay all reasonable attorney's fees and costs incurred by Us in enforcing these provisions.
- 4.5 <u>Copyright Act</u>. To the best of Our knowledge, all material published by Us and other media properties, are done in full agreement with the original copyright owners (be that ATI or another third party). If You come across a situation where You suspect that this may not be the case, in accordance with the Digital Millennium Copyright Act (DMCA), We ask that You contact:

Alice Training Institute, LLC. ATTN: General Counsel 2508 Medina Road Medina, OH 44256

- 4.6 <u>Suggestions for Improvement</u>: We shall have a royalty-free, worldwide, irrevocable, non-exclusive, perpetual license to use and incorporate into the Services any suggestions, enhancement requests, recommendations or other feedback provided by You and the Registrants, relating to the operation or content of the Services.
- 5 Licensing of Services, Programs and Use Marks
- 5.1 <u>License Grant.</u> Subject to these Terms and Conditions, We will provide You with a non-exclusive, non-transferable license to access and use the Services as upgraded from time to time. You may use the Services only for purposes of performing Your internal training operations. You may not use the Services as part of a commercial time- sharing or service-bureau operation or in any other resale capacity. Except for the foregoing license, no other rights in the Services are granted to You hereunder. The Services are and will remain Our sole and exclusive property and that of Our licensors, if any, whether the Services are separate or integrated with any other products, services or deliverables.
- 5.2 <u>License to ALICE Marks.</u> During the Term, We hereby grant to You and Your Affiliates a limited, non-transferable, non-exclusive, non-assignable license to use and display Marks (e.g., the ALICE trademark, service marks, and logo). In the event that We reasonably object to the manner in which You use Our Marks, hereof, We shall notify You in writing and You shall cease using such Marks in the manner found objectionable.

You agree not to use any Marks on stationery, business cards or signs with Your logo or within internet domain names or company names. Use of these references could incorrectly imply more than a safety certification relationship between the parties.

Upon termination of the Agreement, all material that refers to a Certification Mark shall be immediately removed from distribution and further use of any Marks shall be discontinued.

If some building locations within Your organization are entitled to bear the Certification Mark but others are not, You must make it clear which locations are certified by Us and which are not. You agree not to use the Certification Mark in general advertising or promotional material to suggest that non-certified locations have in fact been certified.

- 6 Limitation of Warranties and Liability
- 6.1 <u>Disclaimer of Warranties</u>. EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER PARTY MAKES ANY WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. EXCEPT AS EXPRESSLY PROVIDED HEREIN,



YOU AGREE THAT THE ALICE SYSTEM IS PROVIDED ON AN "AS IS" BASIS. WE DO NOT REPRESENT THAT THE SERVICES WILL MEET YOUR REQUIREMENTS OR THAT THE SERVICES WILL BE UNINTERRUPTED OR ERROR FREE. WE EXPRESSLY DISCLAIM ANY AND ALL LIABILITY FOR ANY CLAIM FOR INJURIES OR DAMAGES RELATED TO THE USE OF THE SERVICES, EXCEPT FOR DAMAGE ARISING OUT OF THE SERVICES' INFRINGEMENT OF ANY THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, THE VIOLATION OF APPLICABLE DATA PRIVACY OR DATA SECURITY LAWS, AND INJURIES OR DAMAGES ARISING OUT OF OUR GROSS NEGLIGENCE.

- 6.2 Limitation of Liability. IN NO EVENT SHALL EITHER PARTY HAVE ANY LIABILITY TO THE OTHER PARTY FOR ANY LOST PROFITS OR REVENUES, ADDITIONAL EMPLOYEE HOURS, LOSS OF ANTICIPATED SAVINGS, OR FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, COVER OR PUNITIVE DAMAGES, HOWEVER CAUSED, WHETHER IN CONTRACT, TORT OR UNDER ANY OTHER THEORY OF LIABILITY, AND WHETHER OR NOT THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING DISCLAIMER SHALL NOT APPLY TO THE EXTENT PROHIBITED BY APPLICABLE LAW.
- Organization Certification. We agree to issue an ALICE certificate that demonstrates You are an authorized licensee including any certification level that may be associated with the Services during the Term. This certification (the "Certification") shall include: (i) Your name, (ii) an ALICE Certified Mark including safety level, (iii) a Certification number, and (iv) issue and expiration dates. You agree that We may publish this organizational certificate on the Alice certification directory. Additionally, You agree that We may issue a press release identifying the same, subject to Your prior approval, which will not be unreasonably withheld or delayed.

8 Registrant (Individual) Certification

- 8.1 Individual Certificate. Each Registrant who completes a training Service shall be awarded a certificate (the "Individual Certificate") that bears the Marks for that Service. Individual Certificate shall include: (i) Registrant's name; (ii) ALICE Certified Mark including any designated safety level; (iii) Certification number; and (iii) issue and expiration dates.
- 8.2 <u>Printed Certificates</u>. At the sole expense of the Registrant, ATI shall make available, for a nominal fee, a printed certificate for any valid Individual Certificate. Certificates will be printed and mailed via US Postal Services.

9 Fees, Payment and Taxes

- 9.1 Fees and Payment. You agree to pay all Fees and other charges in accordance with the Agreement. If You do not pay Fees or other charges when they are due, then such amounts owing may accrue late interest at the maximum rate permitted by law from the date such payment was due until the date paid. Payment shall be made by check or wire transfer, unless the parties otherwise agree. Annual Fees are charged per annum. As an example, if the Term spans three years, You will be charged the annual Fee three times.
- 9.2 Additional Registrants. If, during the Term, You require additional Registrants, beyond what is specified in the Agreement, You will be charged a pro-rata fee for each additional Registrant, which Fee shall be agreed upon by the parties, in writing.
- 9.3 Taxes. Fees do not include any taxes, levies, duties or similar governmental assessments of any nature, including but not limited to value-added, sales, use or withholding taxes, assessable by any local, state, provincial, federal or foreign jurisdiction, but excluding taxes based on Our net income (collectively, "Taxes"). You are responsible for paying all Taxes associated with the Agreement and agree to indemnify and hold Us harmless from any liability for such charges, penalties or interest in connection therewith.

10 Term and Termination

- 10.1 <u>Term.</u> The Term is given on the first page of the Agreement. If the Term spans several years, then each year of the Agreement is termed a "Contract Year". The parties may agree to extend the Term upon written agreement. The number of Registrants specified on the Agreement pertains to each year of the Contract Year.
- 10.2 <u>Termination for Cause</u>. Either party may terminate the Agreement if (i) the other party breaches any material term or condition and fails to cure within thirty (30) days' written notice, or (ii) the other party becomes the subject of a petition in bankruptcy or any proceeding relating to insolvency, liquidation or receivership. If a breach on our part remains uncured after the thirty (30) day period, then You may terminate the applicable Agreement immediately. In such case, We will promptly refund the remaining Fees for which Services have yet to be rendered, as of the termination.
- 10.3 Overdue Charges. In the event of Your non- payment, We may accelerate and declare all Fees due, under the Agreement, immediately payable without notice or demand. All accelerated payments due under the Agreement shall be discounted to their



net present value at a discount rate of 5% per annum from the day of default. If you fail to pay Fees when due, then You shall also be liable for all Fees due during the Term and any additional reasonable expenses (including but not limited to reasonable attorney's fees and accrued interest) that We incur in collecting such delinquent fees.

- 10.4 Suspension. In the event of non-payment, We reserve the right to restrict access to the Services. You agree that such restrictions do not modify the Fees due under the Agreement.
- 11 Use of Data. Data provided by You while using the Services will only be used by Us as reasonably required for providing Services as contemplated hereunder and in accordance with Our Privacy Policy (http://www.alicetraining.com/about-us/privacypolicy/) or any privacy policy subdomain. Unless We have Your permission, We will not disclose or share personally identifiable information collected with any third party (except as required by law or pursuant to a governmental request.) We may retain offline copies of Your data on backup media for archival purposes following expiration or termination of the Agreement, according to Our record retention policies, provided that such data shall continue to be protected as confidential. We shall comply with all applicable laws regarding the privacy and security of personal information.
- Indemnification. Each party agrees to indemnify, defend and hold the other (and each of its Affiliates, and all of their respective present and former officers, members, directors, employees, representatives and agents, and the successors, heirs and assigns of any of these) harmless from and against any and all losses, liabilities, claims, reasonable costs, damages and reasonable expenses related to any third-party claim arising directly out of a breach of the other party's obligations and representations and warranties set forth herein.
- Additional Development Services. Nothing herein shall prevent, restrict, or limit in any manner: (i) Our continuing to develop the Service(s) in an effort to increase the value of the Service(s) (e.g., by adding new and or updated content, functionality); or (ii) Our developing additional Services. We will supply You access to any enhancements and modifications to the Services for which We do not charge a separate fee. The parties acknowledge that We may introduce new Services from time to time which will require a separate agreement and a separate fee if You desire to utilize any such new Service.
- Beta Services. From time to time, We may invite You to try Beta Services at no charge. Beta Services will be clearly designated as beta, pilot, evaluation or similar description. Beta Services are for evaluation purposes and are not considered "Services" under the Agreement, are not supported, and may be subject to additional terms. We will have no liability for any harm or damage arising out of or in connection with a Beta Service, unless caused by Our gross negligence.
- 15 Entire Agreement. This Agreement supersedes any prior agreement or understanding between the parties whether oral or written regarding the subject matter hereof. Any additional or conflicting terms contained in Your purchase order, proposal or other document shall be deemed to be rejected by Us without need of further notice of objection, even if such document is acknowledged or accepted by Us, and regardless of any statement to the contrary which may be contained therein, and shall be of no effect or in any way binding upon Us. The provisions of the Agreement shall be deemed severable, and the unenforceability of any one or more provisions shall not affect the enforceability of any other provisions.
- 16 Notice. Any notice pursuant to the Agreement shall be in writing and shall be deemed to have been duly given: (i) five (5) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested; (ii) when delivered if delivered personally or sent by express courier service; (iii one business day after transmission if sent by a confirmed facsimile; or (iv) one business day after transmission via email, provided that the receiving party acknowledges receipt by return email, and that the email clearly states in the subject line that it is intended to give notice under the Agreement.
- Assignment. Except for assignment to an Affiliate, or in the case of a merger, acquisition or sale of all or substantially all assets 17 of a party, neither party may assign or otherwise transfer any right or obligation set forth in the Agreement without the other party's prior written consent, not to be unreasonably withheld or delayed. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.
- 18 Surviving Provisions. The sections titled "Fees & Payment," "Term and Termination," "Disclaimer of Warranties", "Limitations of Liability," "Indemnification," "Ownership of Services," and "Laws & Disputes," and "Entire Agreement" shall survive any termination or expiration of the Agreement.

19	Electronic Signature. The Agreement may be executed and delivered by facsimile, PDF or by other means of electronic
	signature and such facsimile. PDF's or other electronic signatures will be deemed to be valid and original
	, Commonwealth of Pennsylvania

20 Miscellaneous. This Agreement will be construed in accordance with the laws of the State-of-Chio (excluding its choice-of-law rules). The local or federal courts located in Medina, Ohiq will have exclusive jurisdiction over any proceeding relating to the Agreement. The parties waive their right to a jury trial. No waiver of any breach of any term or condition of the Agreement shall constitute a waiver of any subsequent breach. If any term shall be held by a court of competent jurisdiction to be unenforceable,

state courts located in Bucks County, Philadelphia. Pennsylvania Proposal No: Q-0042



such term shall be deemed restated, in accordance with applicable law, to reflect as nearly as possible the original intentions of the parties, and the remainder of the Agreement shall remain in full force and effect. The parties are independent contractors. This Agreement does not create a partnership, franchise, joint venture, agency, fiduciary or employment relationship between the parties.

Legal Services Consultation Agreement

For the retainer stated below, Sweet, Stevens, Katz & Williams LLP ("SSKW") will provide the following services to the New Hope-Solebury School District ("District") during the 2018-2019 school year:

- 1. Andrew E. Faust ("Faust"), David Painter ("Painter") or such other members of the SSKW attorney staff as are acceptable to the District, will provide telephone and electronic mail advice and opinions concerning special education, NCLBA compliance, student services, and student civil rights issues pertinent to the District. Such advice and such opinions shall be provided to the administrator or administrators designated by the District as the contact. SSKW shall assign to the District a code enabling unlimited access, during the term of this agreement, to the pool counsel "special education resource room" section of the SSKW Website, a searchable data base of past pool counsel opinions and materials.
- 2. Faust, Painter, or such other members of the SSKW attorney staff as are acceptable and are available to the District will provide up to two (2) full-day face-to-face consultations and file reviews with District special education and student services administrators during the term of this Agreement. Scheduling of consultations and file reviews will be on a first come, first served basis.
- 3. As an alternative to any face-to-face consultation provided for in paragraph 2 of this agreement for any given month, Faust, Painter, or such other members of the SSKW attorney staff as are acceptable to the District will provide or participate in staff, board, or parent training sessions, in-services, or group meetings, concerning special education, NCLBA compliance, student services, and student civil rights issues, with the specific topics and nature and size of each such training, in-service, or meeting to be determined solely by the District. Use of "microtraining"—training concerning a single or narrow topic delivered to a small audience for whom the training is uniquely suited or necessary—is encouraged. Scheduling of training, in-services, and meetings will be on a first come, first served basis.

The substitution of any attorney for Faust in the performance of any of the foregoing duties shall occur only with the prior approval of the District.

This agreement does not include representation in administrative or judicial proceedings. Arrangements for such representation must be made separately with SSKW.

In consideration of the foregoing services and commitments, the District shall pay to SSKW the sum of six thousand dollars (\$6,000.00), payable in a single lump sum or ten equal monthly installments, as the District shall designate in writing.

Andrew E. Faust Date Sweet, Stevens, Katz & Williams LLP Authorized Agent Date New Hope-Solebury School District