

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

Finance Committee

January 18, 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 December 14, 2017 Meeting

Old Business

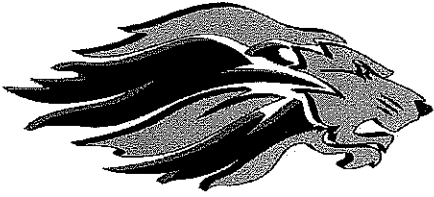
- Portnoff Law Associates – Delinquent Tax Collection

New Business

- Group Life Insurance and Disability Insurance Provider
- CBIZ Valuation Group – Capital Asset and Property Insurance Reporting
- 2017-2018 Budget
 - Fiscal Dashboard
 - Budget Transfers
- 2018-2019 Preliminary Budget Resolution
- Strategic Initiatives
 - Revenue Opportunities

Public Comment

Adjournment



Finance Committee Minutes

December 14, 2017

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 6:05pm.

The minutes of the November 16, 2017 meeting were approved. Motion made by Mr. Kearney and seconded by Mr. Hepp.

Old Business

- No Old Business was discussed.

New Business

- 2017-2018 Budget
 - 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 76% of budgeted revenues have been received and prior year 77% was received. It was noted that EIT continues to lag the prior year by \$300,000. On the expenditure side 33% of budgeted expenditures have been accounted for as compared to 35% prior year.
 - Budget Transfers – None were reviewed at this meeting.
- 2018-2019 Budget – Preliminary
 - Dr. Yanni and Mr. Lechman provided the Finance Committee with a presentation on the preliminary budget. This presentation will also be provided at the full Board meeting on December 21. At the December 21 meeting the Board of School Directors will be asked to approve a resolution authorizing proposed preliminary budget display and advertising. This is the path that needs to be followed in order to apply for referendum exceptions for increasing costs in special education and PSERS. This preliminary budget includes an estimated tax increase of 3.1%. Approving a preliminary budget with a tax increase above the index is necessary to allow for this flexibility if

needed. This sets the cap for a tax increase, but the final budget can be finalized with a tax increase below that amount.

- Highlights of the budget are:
 - Revenues: \$41.07M
 - Expenditures: \$41.19M
 - Use of Fund Balance: \$117,462
- While this is a substantial improvement over previous years, when looking out multiple years for the projections we still have a growing gap between revenues and expenditures. The presentation provided was a high level overview of the budget. The finance committee packet included all off the detailed documents that make up the preliminary budget. This is just a preliminary budget and it will be continuously reviewed and updated through to a proposed final budget in May and and final budget in June.
- Comments
 - A number of committee members acknowledged the substantial improvement in the budget process and the financial position of the district in two years. This is attributable to a strong leadership team working in coordination with the board and the finance committee.
 - The committee recommended that we have discussions around strategic initiatives including options for increased revenue.
 - Discussed that there are no other opportunities for retirement incentives
 - Demographers report will be available early next year.
- Portnoff Law Associates – Delinquent Tax Collection
 - Included in the packet are the resolutions and agreements that require board approval in order to move forward with approving Portnoff Law Associates as the districts Delinquent Tax Collector. Mr. Lechman confirmed that the district Solicitor has reviewed the agreements and resolution and he discussed the feedback received. The committee agreed that there is further clarification needed around the contract language and terms. Some of the specific items discussed were:
 - Termination of the contract – If the district would choose to terminate the contract how are any remaining delinquent taxes collected and is the district responsible for Portnoff legal fees that are not collected.
 - Does the tax collector have all of the information in the required format including VIN numbers for mobile homes?
 - The committee identified that this is a boiler plate contract and some of the information may not apply. The committee requested a term sheet in plain language to review.
 - Arbitration clause – Should be baseball type arbitration.

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:
 - None

Mr. Cowell adjourned the meeting at 7:30pm.

Respectfully submitted,

Andrew Lechman
Business Administrator

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

	16-17 Budget	16-17 Actual	16-17 YTD	16-17 YTD %	17-18 Budget	17-18 YTD	17-18 YTD %
Beginning Uncommitted Fund Balance	4,332,021				4,768,811		
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	26,798,893	100%	27,952,708	27,899,105	100%
Delinquent Tax	600,000	522,749	162,050	27%	600,000	213,866	36%
Transfer Tax	760,000	917,066	442,360	58%	760,000	418,232	55%
Earned Income Tax	3,800,000	4,203,127	1,526,170	40%	3,750,000	1,211,512	32%
Other Local Revenue	322,817	478,925	91,376	28%	423,067	204,704	48%
State Revenue - General	2,794,910	3,071,603	1,683,229	60%	2,842,977	1,498,073	53%
State Revenue - Retirement/FICA Subsidy	3,331,452	3,266,250	495,779	15%	3,564,215	506,957	14%
Federal Revenue	269,515	146,310	36,990	14%	219,500	33,022	15%
Total Revenue	38,704,888	39,481,892	31,236,846	81%	40,112,467	31,985,469	80%
Expenditures							
Salaries and Wages	18,097,148	18,000,582	6,995,998	39%	18,183,490	6,949,174	38%
Benefits & Taxes	10,683,618	10,413,019	3,985,989	38%	11,151,650	4,076,728	37%
Professional Services	2,369,938	2,084,760	1,000,396	48%	2,022,343	809,476	40%
Property Services	920,085	832,545	333,087	40%	391,886	120,562	31%
Purchased Services	3,298,423	3,144,494	1,180,651	38%	3,447,693	1,133,028	33%
Supplies, Books, Software and Fuel	962,378	688,629	392,994	57%	1,751,446	762,692	44%
Equipment	235,771	173,350	81,796	47%	96,210	53,255	55%
Interest, Fees, and Dues	856,913	820,756	388,706	47%	1,065,386	522,800	49%
Principal and Transfers	2,686,686	2,626,967	2,156,316	82%	2,227,500	1,405,000	63%
Total Expenses	40,110,960	38,785,102	16,515,936	43%	40,337,604	15,832,715	39%
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 - 80% received

- EIT: 17-18 YTD is lagging last year by \$300k
- State Revenue - Revenue plan has been approved
- 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 39% used down from 43%

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

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

	18-19 Budget	Change from 17-18	19-20 Projection	20-21 Projection	21-22 Projection
Beginning Uncommitted Fund Balance	3,043,674		2,926,211	2,248,376	1,164,942
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		5,386,211	4,708,376	3,624,942
Revenues					
Local Revenue					
Real Estate Taxes	28,867,604	914,896	29,457,874	30,044,949	30,659,065
Delinquent Tax	525,000	(75,000)	525,000	525,000	525,000
Transfer Tax	760,000	0	760,000	760,000	760,000
Earned Income Tax	3,750,000	0	3,750,000	3,750,000	3,750,000
Other Local Revenue	444,067	21,000	444,067	444,067	444,067
State Revenue - General	2,753,170	(89,807)	2,724,072	2,724,072	2,724,072
State Revenue - Retirement/FICA Subsidy	3,767,097	202,882	4,002,285	4,166,316	4,331,609
Federal Revenue	210,000	(9,500)	60,000	60,000	60,000
Total Revenue	41,076,937	964,471	41,723,298	42,474,403	43,253,813
Expenditures					
Salaries and Wages	18,472,259	288,769	18,964,197	19,522,393	20,097,335
Benefits & Taxes	11,941,550	789,900	12,665,292	13,257,239	13,867,278
Professional Services	2,089,355	67,012	2,089,355	2,089,355	2,089,355
Property Services and Utilities	415,725	23,839	415,725	415,725	415,725
Purchased Services	3,322,253	(125,440)	3,327,436	3,332,774	3,338,272
Supplies, Books, Software and Fuel	1,552,958	(198,488)	1,552,958	1,552,958	1,552,958
Equipment	120,875	24,665	120,875	120,875	120,875
Interest, Fees, and Dues	1,142,924	77,538	1,083,140	1,013,290	960,635
Principal and Transfers	2,136,500	(91,000)	2,182,155	2,253,228	2,301,568
Total Expenses	41,194,399	856,795	42,401,133	43,557,837	44,744,001
ACTIVITY FOR YEAR	(117,462)		(677,835)	(1,083,434)	(1,490,188)
PROJECTED ENDING UNCOMMITTED FUND BALANCE	2,926,211		2,248,376	1,164,942	(325,245)
Fund Balance Percentage of Expenditures	7.10%		5.30%	2.67%	-0.73%
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	5,386,211		4,708,376	3,624,942	2,134,755 1,241,055

Assumptions

Revenue

- Act 1 Index plus exceptions (preliminary budget) - 3.10% in 18-19 and 2.0% beyond
- 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
HIGH SCHOOL & MIDDLE SCHOOL ADDITIONS AND RENOVATIONS
SUMMARY
JANUARY 11, 2018

Total Project Budget **28,500,000**

Contracts

GC	Skepton Construction, Inc.	12,975,000
MC	The Farfield Company	5,691,000
EC	Boro Construction	3,810,000
PC	Stan-Roch	800,000
AA	Sargent Enterprises, Inc.	88,000
	Contracts Total	<u>23,364,000</u>

Remaining Allowances - \$149,449; Pending
PCO's \$55,255

Change Orders

GC	Skepton Construction, Inc.	113,751
MC	The Farfield Company	(42,296)
EC	Boro Construction	213,912
PC	Stan-Roch	3,311
AA	Sargent Enterprises, Inc.	26,000
	Changer Order Total	<u>156,309</u>

Pending Change Orders

GC	Skepton Construction, Inc.	42,402
MC	The Farfield Company	-
EC	Boro Construction	85,156
PC	Stan-Roch	4,811
AA	Sargent Enterprises, Inc.	26,000
	Pending Change Order Total	<u>158,369</u>

Includes \$60,000 estimate for non-code
compliant existing conditions

PROJECT SOFT COSTS

Architect Fee	1,502,140
RPE Fee	846,490
Project Financing	357,330
Builder's Risk Insurance	70,000
Legal Fees (Borough Escrow Solicitor & Engineer)	140,000
Permits/Approvals/Utilities	289,020
Legal Fees - District Solicitor	45,000
GKO - Printing Fees	23,083
GKO - Traffic Study	28,500
Construction Testing	50,000
HVAC TAB & Commission Verification	152,770
Environmental Testing & consulting	27,288
Indoor air quality monitoring	10,000
Furniture and Equipment	298,384
Telephone System	116,000
CCTV - Security Camera's	50,000
Other Items (PECO, Verizon, Boiler, Fire Alarm, etc)	78,956
Completed work - Auditorium	411,100
Interest Earned on Project Funds	(150,000)
Total Project Soft Costs	<u>4,346,060</u>

Original Contingency **936,845**

Remaining Contingency **475,262**

Budget Transfer - Summary Sheet
January 25, 2018 - Board Meeting

Transfer From	Account	Object	Object Description	Amount	Transfer To	Account	Object	Object Description	Amount	Reason
High School	1011003000000000	640	Books & Periodicals	\$ 2,500.00	High School	1011003000000000	752	Capital Equipment	\$ 2,500.00	Need to replace chemical storage unit in chemistry lab as a safety precaution
High School	1011003000000000	640	Books & Periodicals	\$ 1,000.00	High School	1011003000000000	610	General Supplies	\$ 1,000.00	Cover costs of items needed in classrooms after renovations
MS Gifted	1012433000000008	390	Contracted Service	\$ 271.00	MS Gifted	1012433000000008	610	General Supplies	\$ 271.00	Original budget was for NY Times subscription which is no longer needed for this program.
Vehicles	1026500000000003	624	Fuel Oil	\$ 7,000.00	Vehicles	1026500000000003	626	Gasline	\$ 7,000.00	Operations Dept budgeted on wrong line item - Same function/main object
School Board	1023100000000007	525	Bonding Insurances	\$ 3,325.00	Operations	1026200000000003	522	Auto Insurance	\$ 3,325.00	Insurance Budget provided by broker is estimate. Actuals were lower than budget and require minor reclasses.
School Board	1023100000000007	525	Bonding Insurances	\$ 5,732.00	Operations	1026200000000003	523	General Property & Liability Insurance	\$ 5,732.00	Insurance Budget provided by broker is estimate. Actuals were lower than budget and require minor reclasses.

Business Administrator Signature _____ Date _____

**Resolution Adopting 2018-19
Preliminary Budget and Authorizing the Filing for Referendum Exceptions**

RESOLVED, that the Board of School Directors:

1. Approves the Preliminary 2018-2019 General Fund Budget in the amount of \$ 41,194,399 in the form attached;
2. Authorizes the Administration to publish no later than February 23, 2018, notice of intent to file for Act 1 Referendum Exceptions (“Exceptions”) necessary to fund the Preliminary Budget;
3. Authorizes the Administration to file for Exceptions with the Pennsylvania Department of Education at least one week after the publication of notice of intent to file for Exceptions and no later than March 1, 2018; and
4. Authorizes the Superintendent, Business Administrator and Solicitor to take any and all actions necessary to ensure legal compliance with preliminary budget approval and filing of referendum exceptions.

NEW HOPE-SOLEBURY SCHOOL DISTRICT

BY: _____
John Capriotti, President

ATTEST:

Andrew Lechman, Secretary

(SEAL)