

## **Finance Committee**

November 16, 2017

6:00PM – Upper Elementary School LGI

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

### **Call to Order**

### **Approve Minutes from the October 19, 2017 Meeting**

### **Old Business**

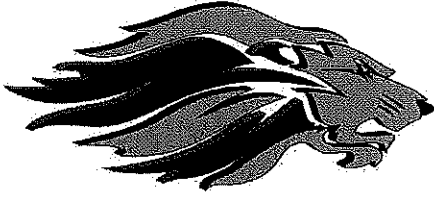
- None

### **New Business**

- Presentation of Audit Report – June 30, 2017
  - Bill Hamilton & Karianne Tomosky – Mayer Hoffman McCann P.C.
- Delinquent Tax Collection – Kevin Buraks Portnoff Law Associates
- 2017-2018 Budget
  - Fiscal Dashboard
  - State Budget Updates
  - Budget Transfers
- 2018-2019 Budget – First Look
- Contracts
  - New
  - Renew

### **Public Comment**

### **Adjournment**



## **Finance Committee Minutes**

October 19, 2017

**Board Chair**— Mr. Neale Dougherty

**Administrative Liaison**—Mr. Andrew Lechman

**Attendance**—Please see the accompanying committee attendance sheet.

Mr. Dougherty called the meeting to order at 6:04pm.

The minutes of the September 19, 2017 meeting were approved with a recommendation to amend the minutes as discussed at the meeting. The updated draft of the minutes are posted online.

### **Old Business**

- No Old Business was discussed.

### **New Business**

- Delinquent Tax Collection Option – Portnoff Law Associates
  - Mr. Lechman provided an update to the current status of delinquent tax balances which currently stand at \$490,000. This is about \$32,000 higher than the same period in the prior year. Last year we began looking at the downward trend of delinquent tax collections. Portnoff Law Associates is a firm that specializes in the collection of delinquent taxes for municipalities. Portnoff is able to be more aggressive at collection processes because they collect under the Municipal Claims and Tax Liens Act (MCTLA) instead of the Real Estate Tax Sale Law (RETSL) which the county collects under. MCTLA process allows for 100% of the claims to be collectible instead of only 95%. There is also more flexibility at the District level under MCTLA with hardships, payment plans and timely distributions to districts. The county charges a 5% commission for collection which costs us about \$30k per year based on \$600k in collections which could be passed onto the tax payer.
    - The recommendation from the committee is to do the following:
      - Bring additional delinquent tax trend data if possible
      - Contact other school districts that use Portnoff for delinquent tax collection for feedback on their services
      - Request Portnoff to attend a future meeting to provide a more in depth presentation on their services.
- Fund Balance Policy and Committed Fund Balance Recommendation

- In June we started a committed fund balance for capital projects as we acknowledged the need to start to financially plan for future facilities and technology capital needs. As we close the 2016-2017 fiscal year we have made huge changes in the financial outlook of the district. As such, we have a need to make a recommendation for an additional commitment based on our fund balance policy. Guidelines Section A states that the district will strive to maintain an unassigned fund balance between 7-8%. If the unassigned fund balance exceeds 8% the district has the option to budget for one time expenditures in the next year's budget or take Board action to Commit Funds. The recommendation is to commit funds to capital projects as we will build our capital plan as part of this year's budget and have a formal short/medium/long range plan for the utilization of these funds. The recommendation is to commit \$1.5M additional to capital projects making the total available at \$1.76M. A committed fund balance must be Board approved and it can also be undone by Board approval if it is determined at a future time that we need the money for another purpose.
  - Committee had the following discussion points:
    - The timing of this commitment is crucial as it must be ahead of the preliminary budget approval in December
    - Can these funds be committed for other categories such as PSERS. Yes, but the district has very little money set aside for facility and technology capital needs and it is prudent to begin planning for future needs. The goal is to build out a capital plan as part of the 18-19 budget process.
    - Where did the \$1,500,000 recommended amount come from and is that much needed for capital projects? \$1,500,000 is the amount needed to be committed to bring the unassigned fund balance within the 7-8% guideline of the fund balance policy.
    - Committed fund balance must be authorized by the Board and can be adjusted by Board approval if changes need to be made in the future.
- 2016-2017 Budget
  - Audit Update – Mr. Lechman confirmed that our annual financial audit is progressing smoothly. The onsite portion of the audit is complete and we have draft financials that are in the final stages of review. The goal remains for the final report to be issued in time to be presented at the November Finance committee meeting and to the full Board at the November Board meeting.
- 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. It was noted that EIT is

already \$170,000 less than prior year at the same time showing the unpredictability of this revenue stream.

- Mr. Lechman provided an update on the current status of the state budget. There is still no approved revenue plan in place at this time, but the state is currently still making payments to school districts. The committee also reviewed the proposed State Constitutional amendment question that is on the ballot in November. House Bill 1285 was passed by Legislature for 2<sup>nd</sup> year in a row which is a requirement to amend the PA Constitution. The final step for a Constitutional change is approval by the voters. The bill would allow an increase to the maximum allowable homestead/farmstead from 50% of the median assessed value to 100%. Currently we are receiving gaming revenue of 4.4% of the median assessed value of an individual property. If the voters approve the state would have to substantially increase funding to Districts for this to have any meaningful impact. The amendment would allow the framework for property tax elimination, just not the funding to do so.

#### **Public Comment**

- Public comments were made throughout the meeting and are captured in the meeting minutes as appropriate.
- The following comments were made about non-agenda items:
  - Mr. Band – Noted that there was a long range planning project that was done Feb 8, 2016 with 56 items totaling \$13.8M.
    - Asked questions about the current campus project and the cost of fitness center equipment.

Mr. Dougherty adjourned the meeting at 7:07pm.

Respectfully submitted,

Andrew Lechman  
*Business Administrator*

### Delinquent Property Tax Information

	Delinquent Property Tax Balances by Month																		
	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	
2013																			
2014	12,157	9,165	9,225	6,871	6,921	7,020	7,070	4,320	4,320	4,380	2,624	-	-	-	-	-	-	-	-
2015	72,451	69,905	67,195	66,890	56,194	50,568	50,761	46,533	46,533	47,167	41,058	27,675	27,871	23,547	12,873	-	-	-	-
2016							134,179	130,773	127,272	96,665	85,406	80,956	80,221	77,100	70,451	-	-	-	-
<b>Total New Hope</b>	84,608	79,070	76,419	73,761	63,115	57,589	192,011	181,626	178,125	148,213	129,088	108,631	108,092	100,647	83,324	-	-	-	-
2007	28	28	28	28	29	29	29	29	29	29	29	29	30	30	30	-	-	-	-
2008	256	257	258	258	259	261	262	264	264	266	267	268	269	270	270	-	-	-	-
2009	280	281	283	283	284	287	288	289	289	292	293	294	296	297	297	-	-	-	-
2010	272	273	275	275	276	279	280	281	281	284	285	287	288	290	290	-	-	-	-
2011	2,776	2,792	2,809	2,809	2,825	2,848	2,856	2,863	2,863	2,878	2,885	2,893	2,900	2,908	2,908	-	-	-	-
2012	1,800	1,810	1,820	1,820	1,830	1,842	1,843	1,845	1,845	1,847	1,849	1,850	1,852	1,853	1,853	-	-	-	-
2013	18,891	13,937	8,818	8,618	8,833	8,856	8,863	8,870	8,870	10,741	10,794	10,848	10,901	10,954	10,954	-	-	-	-
2014	102,141	95,390	47,628	47,628	42,339	42,929	29,175	29,365	29,127	29,504	29,693	29,882	30,071	25,000	19,220	-	-	-	-
2015	257,967	259,807	256,203	244,595	230,895	217,290	211,758	202,534	199,064	201,192	173,836	125,159	115,638	94,125	58,780	-	-	-	-
2016							342,735	330,354	317,836	318,489	300,546	279,797	281,474	252,897	257,956	-	-	-	-
<b>Total Solebury</b>	384,411	374,576	318,120	306,512	287,569	274,620	588,089	576,694	560,467	565,523	520,480	451,308	443,719	388,623	352,557	-	-	-	-
<b>Total Tax Due</b>	469,018	453,645	394,539	380,273	350,684	332,208	790,099	788,320	738,592	713,735	649,568	559,939	551,811	489,270	435,881	-	-	-	-

	Historical Delinquent Collection Data												Total	Commission		
	Budget	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May			Jun	Pd 13
2017-2018	600,000	-	-	62,918	50,795	32,606	32,217	22,160	80,240	35,235	16,195	33,912	65,203	99,831	113,713	5,686
2016-2017	600,000	-	-	11,489	85,737	1,709	10,567	50,738	123,244	65,581	102,142	74,053	19,393	157,691	514,826	25,741
2015-2016	600,000	-	-	70,092	68,037	36,133	13,136	21,735	115,165	97,066	49,995	51,087	-	176,767	743,249	37,162
2014-2015	700,000	-	17,370	71,846	33,907	40,675	2,653	43,139	85,671	84,302	35,812	123,485	64,075	37,771	684,207	34,210
2013-2014	650,000	-	41,173	(41,173)	135,452	45,033	24,000	57,432	57,427	77,211	-	217,738	-	208,661	653,034	32,652
2012-2013	750,000	-	47,876	31,202	3,596	20,933	44,719	72,285	171,459	38,756	37,869	52,650	-	144,003	770,176	38,509
2011-2012	700,000	-	70,826	45,428	-	20,933	44,719	72,285	171,459	38,756	37,869	52,650	-	144,003	698,927	34,946

June 30 Delinquent Tax Balances	2011	2012	2013	2014	2015	2016	2017
	530,393	669,547	546,643	542,371	499,986	469,018	551,811

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

	15-16 Actual	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	5,131,939	4,332,021				4,768,811		
Committed Fund Balance - PSERS	1,200,000	700,000				960,000		
Total Beginning Fund Balance - July 1st	6,331,939	5,032,021				5,728,811		
<b>Revenues</b>								
<b>Local Revenue</b>								
Real Estate Taxes	25,419,912	26,826,194	26,875,862	24,805,231	92%	27,952,708	25,900,376	93%
Delinquent Tax	743,248	600,000	522,749	97,226	16%	600,000	119,698	20%
Transfer Tax	943,076	760,000	917,066	287,882	38%	760,000	291,756	38%
Earned Income Tax	3,749,681	3,800,000	4,203,127	934,176	25%	3,750,000	727,811	19%
Other Local Revenue	442,132	322,817	478,925	71,953	22%	425,067	149,469	35%
State Revenue - General	2,751,291	2,794,910	3,071,603	1,238,491	44%	2,842,977	1,239,065	44%
State Revenue - Retirement/FICA Subsidy	2,951,515	3,331,452	3,266,250	-	0%	3,564,215	-	0%
Federal Revenue	88,318	269,515	146,310	14,186	5%	219,500	301	0%
<b>Total Revenue</b>	<b>37,089,173</b>	<b>38,704,888</b>	<b>39,481,892</b>	<b>27,449,144</b>	<b>71%</b>	<b>40,112,467</b>	<b>28,428,476</b>	<b>71%</b>
<b>Expenditures</b>								
Salaries and Wages	18,033,385	18,097,148	18,000,582	4,190,308	23%	18,183,490	4,161,245	23%
Benefits & Taxes	9,874,902	10,683,618	10,413,019	2,335,997	22%	11,151,650	2,428,976	22%
Professional Services	2,043,782	2,369,938	2,084,760	691,912	33%	2,022,343	524,881	26%
Property Services	723,598	920,085	832,545	244,595	29%	391,886	66,800	17%
Purchased Services	2,948,775	3,298,423	3,144,494	713,254	23%	3,447,693	703,413	20%
Supplies, Books, Software and Fuel	800,642	962,378	688,629	316,890	46%	1,751,446	586,253	33%
Equipment	117,641	235,771	173,350	84,416	49%	96,210	1,941	2%
Interest, Fees, and Dues	669,993	856,913	820,756	383,030	47%	1,065,386	517,805	49%
Principal and Transfers	3,176,373	2,686,686	2,626,967	2,156,316	82%	2,227,500	1,405,000	63%
<b>Total Expenses</b>	<b>38,389,091</b>	<b>40,110,960</b>	<b>38,785,102</b>	<b>11,116,718</b>	<b>29%</b>	<b>40,337,604</b>	<b>10,396,313</b>	<b>26%</b>
ACTIVITY FOR YEAR	(1,299,918)	(1,406,072)	696,790	2,102,862		(225,137)		
PROJECTED ENDING UNCOMMITTED FUND BALANCE	4,332,021	2,925,949	4,768,811	436,790		3,043,674		
Fund Balance Percentage of Expenditures	11.28%	7.29%	12.30%			7.55%		
PSERS Committed Fund Balance	700,000	700,000	700,000			700,000		
Capital Projects Fund Balance			260,000			1,760,000		
TOTAL ENDING COMMITTED FUND BALANCE	700,000	700,000	960,000			2,460,000		
TOTAL ENDING FUND BALANCE - JUNE 30TH	5,032,021	3,625,949	5,728,811			5,503,674		

**Fiscal Dashboard - 2017-2018 Highlights**

**2017-2018**

Revenue - Overall trending in line with prior year - 71% received

- EIT: 17-18 YTD is lagging last year by \$200k
- 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 increase interest rates.

Expenditures - Overall trending in line with prior year 26% used down from 29%

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

**Budget Transfer - Summary Sheet**  
**November 30, 2017 - Board Meeting**

Transfer From	Account	Object	Object Description	Amount	Transfer To	Account	Object	Object Description	Amount	Reason
HS Industrial Arts	1013503000260000	756	Capital Tech Equipment	\$ 12,993.00	Information Technology	102240000000000002	650	Supplies&Fees Technology	\$ 12,993.00	Purchase of equipment was estimated for capital equipment. A cheaper solution was found and funds need to be transferred to a supplies account.
Pupil Services	1021100000000001	640	Books	\$ 75.00	Pupil Services	102110000000000001	810	Dues & Fees	\$ 75.00	Cover the balance of a membership
LES Principal	1023801000000000	810	Dues&Fees	\$ 416.00	LES Principal	102380100000000000	580	Travel	\$ 416.00	Additional funds needed for conference travel
LES General	1011001000000000	580	Travel	\$ 300.00	LES PE/Health	1011001000140000	610	Supplies	\$ 300.00	Cover the cost of unexpected equipment replacement
High School	1011003000000000	562	Charter School Tuition	\$ 5,000.00	High School	101100300000000000	566	Tuition-Higher Education	\$ 5,000.00	Tuition for dual enrollment
HS Library	1022503000000002	650	Supplies&Fees Technology	\$ 1,685.00	HS Library	102250300000000002	752	Capital Equipment	\$ 1,685.00	Money budgeted for equipment that was slightly more expensive than anticipated.

Business Administrator Signature \_\_\_\_\_

\_\_\_\_\_ Date

Superintendent Signature \_\_\_\_\_

\_\_\_\_\_ Date

**New Hope - Solebury School District**  
**2017 - 2018 Fiscal Dashboard - Future Projections**  
**October 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		2,791,046	1,960,561	729,098
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		5,251,046	4,420,561	3,189,098
<b>Revenues</b>					
<b>Local Revenue</b>					
Real Estate Taxes	28,641,964	689,256	29,227,721	29,810,193	30,419,614
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	445,067	22,000	445,067	445,067	445,067
State Revenue - General	2,753,170	(89,807)	2,724,072	2,724,072	2,724,072
State Revenue - Retirement/FICA Subsidy	3,815,590	251,375	4,069,662	4,230,718	4,400,790
Federal Revenue	210,000	(9,500)	60,000	60,000	60,000
<b>Total Revenue</b>	<b>40,900,791</b>	<b>788,324</b>	<b>41,561,522</b>	<b>42,305,050</b>	<b>43,084,543</b>
<b>Expenditures</b>					
Salaries and Wages	18,462,246	278,756	18,953,434	19,510,857	20,085,003
Benefits & Taxes	11,955,722	804,072	12,712,071	13,292,591	13,906,373
Professional Services	2,068,355	46,012	2,068,355	2,068,355	2,068,355
Property Services and Utilities	415,725	23,839	415,725	415,725	415,725
Purchased Services	3,298,812	(148,881)	3,303,995	3,309,333	3,314,831
Supplies, Books, Software and Fuel	1,552,258	(199,188)	1,552,258	1,552,258	1,552,258
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
<b>Total Expenses</b>	<b>41,153,418</b>	<b>815,814</b>	<b>42,392,008</b>	<b>43,536,512</b>	<b>44,725,623</b>
ACTIVITY FOR YEAR	(252,627)		(830,486)	(1,231,462)	(1,641,080)
PROJECTED ENDING UNCOMMITTED FUND BALANCE	2,791,046		1,960,561	729,098	(911,982)
Fund Balance Percentage of Expenditures	6.78%		4.62%	1.67%	-2.04%
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	5,251,046		4,420,561	3,189,098	1,548,018

**Assumptions**

Revenue

- Act 1 Index - 2.40% in 18-19 and 2.0% beyond
- State - Education subsidy amount adjusted to reflect current state subsidy amount per 15-16 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
  - Insurance - Increase 3% per year
  - Debt Service - Matches current debt service schedule projections