

**FINANCE AND LONG RANGE BUDGET
PLANNING COMMITTEE MEETING MINUTES
MONDAY, NOVEMBER 16, 2015**

IN ATTENDANCE:

Committee Chair Steven Adams, members Michael Hartline, Mark B. Miller, Charles Kleinschmidt

BOARD MEMBERS: Jane Schrader Lynch

STAFF:

Katie Braun, Dr. David Baugh, Jennifer Polinchock, Judy Hengst, Raymond Kase, Timothy Trzaska

GUEST: Chris Herr, CPA – Maillie, LLP

PLEDGE OF ALLEGIANCE**CALL TO ORDER:**

Mr. Adams called the meeting to order at 7:25pm

Mr. Adams conveyed on behalf of himself and the committee that their thoughts and prayers are with the people in Paris.

3. MINUTES:**3.1 Approval of Minutes from October 19, 2015 (Action)**

Mr. Miller made a motion to approve the minutes from October 19, 2015. Mr. Hartline seconded. Motion carried 3-0-0.

4. PRESENTATION**4.1 2014-15 Audit Report – Chris Herr, CPA – Maillie, LLP (Action)**

Mr. Herr shared with the committee the Audit Report of June 30, 2015. He gave a brief overview of the financial audit in draft form and will have the final report ready for the next meeting. This is an audit opinion which is a clean, unmodified opinion, which means the statements are free of any material misstatement and no limitations were placed on the auditors. Each time the auditors asked for any materials needed, they received them quickly and in good order from Katie Braun and her team. The statements are also in compliance with GAP (General Accounting Principles) in the United States.

4.2 2016-17 Budget Update – Review of Possible Tax Increases – First Look and Review of Revenues vs Expenditures – First Look (Information)

Motion was made by Mr. Miller to move the budget to the board as an acceptance item. Mr. Hartline seconded. Motion carried 3-0-0.

Ms. Braun explained to the committee how the budget process works for this year. She shared the 2016 – 2017 school year budget and mentioned that these numbers are preliminary and this is the first

look and will change from now until June when the board passes the budget. These are first preliminary numbers that Dr. Baugh and Ms. Braun put together and will be tweaking the numbers for the next couple of months. Mr. Miller shared with the committee that every year the process is the same and that with the state you have to provide all exceptions.

Ms. Braun shared that Dr. Baugh had asked all Administrators to prepare a budget maintaining all existing personnel and programs. Administrators were told to keep their expenses flat for the school year 2016–2017. Ms. Braun shared that this is the best estimate of what they would need to continue operations for 16/17 SY.

Dr. Baugh shared that he began this process when he started at CSD. He mentioned that they've made sure that every Administrator with budgetary privileges had the data they needed based on actual expenditures for the last 5 years. We are going to begin building budgets for 3 and 5 years out so that this process is fairly consistent. Dr. Baugh mentioned that they do not know what the state is going to do, but we will continue to be compliant with the guidelines as we know them. There has been quite a strain largely due to state mismanagement for years that has fallen on the shoulders of the Centennial tax payers. We felt that it would be unwise to try to cut existing resources. Every single budget has been reviewed with that person based on the 5 year look back, this is our best guess estimate at this point and time.

Ms. Braun shared with the committee the 16/17 Budget Timeline. On December 15 the board will authorize the publication of the 2016–2017 preliminary budget in PDE format, PDE's deadline for this is January 7th. Advertisement of intent to adopt 2016-2017 Preliminary Budget on January 12 which is when the board will approve the preliminary budget. Mr. Adams has pointed out that the budget will include the ACT 1 index plus exceptions. The reason we do this for the proposed preliminary is because we want to give the board the flexibility to be able to have the maximum tax increase, but then you can decrease that as you see fit for the community. You are not locked into that and you can change it at any time but once you lock into 2.4% plus the exceptions you cannot go higher, but you can go lower.

January 1st is the deadline for Homestead Exclusion Notices to be sent to homeowners this is being done through BCIU. On January 12th the board adopts a 2016-2017 preliminary budget the PDE deadline to adopt the preliminary budget is January 27th. Board approves the advertisement and submission referendum exceptions. February 1st is the deadline to submit approved 2016-2017 preliminary budget to PDE. February 4th is the deadline to advertise intent to file for exceptions with PDE. February 11th is the deadline to file for exceptions. March 1st is the deadline for homeowners to file a homestead application with the county. March 2nd is the deadline for PDE to issue ruling on exceptions filed. May 1st is the deadline for PDE to notify the district of property tax reduction funding. May 10th propose final budget adopted by board/set final adoption date/public display PDE deadline is May 31st. June 14th is the date that Ms. Braun proposed that the final budget be adopted by the board, PDE's deadline is June 30th. The board did approve a timeline prior to the PDE timeline coming out. Ms. Braun will be doing multiple presentations for the board so that everybody is in full understanding of what's happening for this year. She will continue to do the same presentation for the Board of School Directors on November 24th. Ms. Braun will be doing another presentation in December so that the board is aware of changes that have occurred and they are fully aware of the expenditures and revenues. She will continue to update the board on any changes until they pass the budget.

Ms. Braun reviewed the Revenue Assumptions with the committee and shared that as Dr. Baugh and Ms. Braun built the budget they did a 5 year look back of revenues. PSERS and Special Ed exceptions are not built in. There are no transfers made from General Fund to Capital Reserve at this time. Ms. Braun assumes that there are no increase in Basic Education Funding for this year. There are no increase in Special Education Funding and Federal Funding, ACCESS Funding is to be eliminated. Dr. Baugh shared with the committee that based on these assumptions we are being very conservative in all our projections, assumptions and hopes. It is our expectation that there are no new monies.

Ms. Braun gave a brief overview on the Expenditure Assumptions and shared that there is the assumption that there will be no retirements this year. Obviously this will change as the school year progresses. No new positions for the district. PSER's rate increase from 25.84% to 29.69% is a huge impact on the budget. Health care rate increase of 7.5%. Teaching and Learning proposed capital plan (5 year) \$750,000 plan. Dr. Baugh added that he would like to make a concerted effort to evaluate current programs in the district to increase student achievement. Many materials currently utilized are not in line with PA Common Core. Transportation would like to buy 5 new buses and have proposed (\$450,000). Supply and utility costs will be increasing we have locked into their rates but their rates will be increasing next year this also includes the Swan Way utility cost. Building budgets remain unchanged but the principals did provide a wish list that Dr. Baugh and Ms. Braun will be reviewing. Special Education contracts will be increasing. Out-placement student tuition costs and special education Charter School Costs are increasing. We are trying to build capacity in the district to keep some of the students in district programs to reduce the costs of the out-placement of students. There is also a PIAA official fees proposed increase of 2%.

Ms. Braun gave an overview of the 16/17 Proposed Preliminary Budget tax increase 1.9%. Our revenue is \$111,416,506 the expenditures are the same. Ms. Braun gave a brief overview of the Revenue Summary and the Expenditure Summary. Mrs. Lynch asked Ms. Braun how much we receive in lieu of taxes from Ann's Choice. Ms. Braun said that she did not know the answer but that she will look it up and send Mrs. Lynch an email. Ms. Braun gave an overview of the 16-17 Proposed Preliminary Budget Tax increase Act 1: 2.4% from her PowerPoint presentation.

5. FINANCE

5.1 Review of Financials for October 2015 (Information)

Ms. Braun shared with the committee that our overall revenue is down and our expenditures are up. We are requiring everyone to put in encumbrances for this year. We are monitoring expenditures. Everything will be brought to the Superintendent's office for approval.

6. TECHNOLOGY

6.1 Update on 2015-16 Technology Capital Plan – Financing (Information)

Mr. Kase gave an overview of the RFP. He is working on an engineering plan statement of work for the firewalls which is coming along nicely. Our incomputing equipment is here and they are developing a project plan to play them for the schools. The Microsoft surfaces is a replacement for the iPads that the principles had and are out and in use. Our hardware for the servers are here and being installed this weekend. The Tricasters which run our TV studios in the schools 1 of 3 installed. We are working on the configuration for the wireless software. We have a couple of large projects and one of them is Student laptops. We are seriously looking at the Cloud book from Acers which is

tailor made for what we want to accomplish such as adding windows and wireless. On the teacher side we've been using the Lenovo ThinkPad for a while, but we've been looking at the mobility of the device and a portion of this design will allow the device to become a desktop. We are also looking at a touchscreen program. The current plan calls for a teacher laptop deployment over 2 years to stay within the budget. Mr. Kase proposed another option for accelerating that deployment which is a lease to purchase option and finance over 3 years to deploy all laptops at once instead of having to divide them in half.

7. OPERATIONS

7.1 Purchase of a New Dump Bed for Maintenance (Action)

Motion was made by Mr. Adams to move forward to purchase a New Dump Bed for Maintenance Mr. Hartline seconded. Motion carried 3-0-0.

7.2 Purchase of New Garage Doors for Transportation (Action)

Mr. Trzaska informed the committee that the existing garage doors that they have are really old and need a replacement. Motion was made by Mr. Adams to move forward to purchase a New Garage Doors for Transportation. Mr. Hartline seconded. Motion carried 3-0-0.

7.3 MOU with the BCIU for Head Start Delivery Services (Action)

Ms. Braun informed the committee that she is looking for approval to move this to the board meeting on 11/24 retroactive. Motion was made by Mr. Adams to move forward, Mr. Hartline seconded. Motion carried 3-0-0.

8. TEACHING AND LEARNING

8.1 Approval of New Titles for English and Language Arts Classes (Action)

8.2 Donation of Spanish books from Quakertown School District (Information)

8.3 Donation of 50 Books for High School English IV (Information)

Mr. Hartline made a motion to move 8.1 to the full Board for approval. Mr. Miller seconded. Motion carried 3-0-0.

9. ADJOURNMENT

9.1 The next Finance Committee meeting will be held Monday, December 21, 2015 at 7:00 PM.

10. READ AT HOME (INFORMATION)

10.1 MBIT - 2016-17 Preliminary General Fund Proposed Budget (Information)

Mr. Kleinschmidt shared with the committee that the MBIT budget planning is in process.