

**FINANCE AND LONG RANGE BUDGET
PLANNING COMMITTEE MEETING MINUTES
MONDAY, DECEMBER 21, 2015**

IN ATTENDANCE:

Committee Chair David Shafter, members Michael Hartline, Mark B. Miller, Charles Kleinschmidt

STAFF:

Dr. David Baugh, Jennifer Polinchock

2. PLEDGE OF ALLEGIANCE

CALL TO ORDER:

Mr. Shafter called the meeting to order.

Mr. Shafter shared with the committee that Chris Berdnik is giving an overview of the Budget but that he was running late so they will move line item 4.1 and 4.2 budget to the end of the agenda.

3. MINUTES:

3.1 Approval of Minutes from November 16, 2015 (Action)

Mr. Shafter made a motion to approve the minutes from November 16, 2015. Mr. Hartline seconded. Motion carried 3-0-0.

4. BUDGET

Motion was made for a recess until Mr. Chris Berdnik arrive to give an overview on the budget. Mr. Hartline seconded. Motion carried 3-0-0.

4.1 2016-17 Proposed Preliminary Budget Presentation (Information)

Chris Berdnik explained that he's put together a presentation to walk you through the current budget. The documents reflect preliminary analysis and environmental analysis. The preliminary budget relies on 74% local revenues and 25% state revenues and a tiny bit of federal monies.

Real Estate tax includes 2.4% Act I increase plus the estimated retirement and special education exceptions, pending final release of the Pennsylvania Department of Education 2016 – 2017's guidelines. During the preliminary budget phase, the amount of homestead exemption available from commonwealth gambling proceeds is unknown and districts are required to budget estimates within real estate taxes. Actual collections of local taxes grew very modestly from 2013-2014 to 2014-2015 and this preliminary budget tempers expectations for business privilege, earned income, and mercantile until we get further into 2015-16.

State Revenues: Basic Education and Special Education funding estimates reflect the most optimistic projections for the state budget (run in part through a new funding formula to distribute \$350 million additional dollars in BEF) distributed over 2 school years. Retirement subsidy will grow as the

employer contribution rate reaches 30.03%. Because the state subsidy for retirement is roughly 50% of the expenditure, it is impossible to keep pace with the increase absent additional local revenues even if all other expenses remain flat. Our projections will be adjusted once a state budget is adopted. Federal Revenues: Federal programs in total are projected flat to 2015-16 levels. The offsetting expenditure for Title I, II, and III exactly matches the revenue side. For the purposes of preparing a preliminary budget, that offset sits on the expenditure side in a single contingency account pending final notification of our award and submission of approved plans. No material of sales and surplus property or other extraordinary revenue events are foreseen. On the expenditure side 74% of the expense has been for payroll cost. An additional 12% for in-services that includes charter school tuition which includes the contractual fee. 10% for debt service and contingency the place holder for titles is sitting in the 10%. 4% for equipment and supplies this includes your plans around curriculum and technology. Mr. Berdrik gave a review of the Expenditure Variance at a glance. Mr. Berdrik shared with the committee about the salaries and benefits. He said that salaries are rolled forward based on existing contractual obligations from the last known good starting point, final 2014-15. Significant attention to detail on staffing and associated costs will occur before the proposed final budget is presented to the board later this spring. Employer contributions for PSERS are budgeted at the state approved 30.03% of payroll level. Medical inflation rates were applied to the December 2015 health, dental and pharmacy census. Projections will be refined as the Delaware Valley Health Trust prepares formal renewals for the district.

Mr. Berdrik also shared that the professional/contracted services budgeted amounts reflect departmental requests. Estimates for contracted related services will be realigned to any changes in need identified prior to the proposed final budget. In prior years such adjustments have been immaterial to the budget. Also on property and other services budgeted amounts reflect departmental requests. The preliminary budget makes no assumption for implementation or charter school reform as part of the state budget process.

Mr. Berdrik shared with the committee our next steps which would be to post and adopt the preliminary budget in the prescribed Act 1 contract. Refine projections as additional information is available. Provide monthly updates through the Finance Committee. Advocate fiercely for public education. Reestablish multiyear rolling forecasts prior to presentation of the proposed final budget.

4.2 2016-17 Proposed Preliminary Budget Schedule Update (Information)

The 2016-17 Proposed Preliminary Budget Schedule was reviewed.

5. FINANCE

5.1 Review of Financials for November 2015 (Information)

Dr. Baugh shared with the committee that he is hoping that they can advance these financials for the month of November to the full board for approval. Dr. Baugh asked the committee if there are any questions. Mr. Hartline added that the financials are really useless at this point because they are not getting any money from the state or federal government they only show expenditures and the revenue sources that are coming in. Dr. Baugh agreed and responded by saying that we are being very conservative at this time. There are not a lot of initiatives going on at this moment as we continue to monitor.

5.2 Banking Services Contract with PSDLAF (Information)

Dr. Baugh shared that we have been doing our banking with PSDLAF for a number of years and we

are happy with them and the services they provide. Dr. Baugh and Ms. Braun met with PSDLAF and they recommend a 3 year contract extension for current services. They are seeking approval from the committee for the contract extension. Mr. Miller is in favor of renewing the services but he had 2 questions. Mr. Miller had a question regarding the agreement, he explained that the contract says that it expires now but the contract also says it is a 3 year contract and it will expire in June 2019 which means it is longer than 3 years. Also the commitment for the services states to maintain a balance of 80% of the budget and we don't have 80% of our budget through the entire year, so we don't know how we can comply with that section. Mr. Miller asked that this section may have been poorly written and needs to be cleaned up. Dr. Baugh agreed and he added that they may be referring to 80% of the current amount of monies available. Mr. Miller suggested that we move the contract to the full board for approval which will give enough time to resolve it. Mr. Hartline seconded. Motion carried 3-0-0.

5.3 Extension of Audit Services Contract with Maillie, LLP (Action)

Mr. Hartline shared that this is something we bid out. Dr. Baugh agreed and asked that we table it until Mr. Berdnik would have time to review it. Motion was made to table it for 2 months until Mr. Berdnik reviews it. Mr. Hartline seconded. Motion carried 3-0-0.

5.4 First Amendment to Athletic Services Training Agreement (Action)

Dr. Baugh shared with the committee that there was an incident with a freshman at the William Tennent High School whose life was saved through the prompt response of Athletic Trainers. While we have them available for the high school, many of our sports in the middle schools are fairly rigorous and we think in terms of safety issues for our students, we'd like to recommend this contract for the middle schools. We've been able to find the money within the budget to make it affordable and we think it's in the best interest of the students and we would like to move this forward. Mr. Miller added that safety is paramount but he wanted to know how the monthly fee is broken down. Dr. Baugh pointed out a section in the contract that explains what Mr. Miller was asking. Mr. Shafter raised a question and asked, "Have we been receiving services since September 28th and they want us to sign the contract and pay for services retroactive?" The committee had a general conversation regarding dates of when the services were rendered and fees per the contract. Mr. Miller made a motion to move the contract to the full board for approval at the January 12th Board meeting subject to answers to open questions. Mr. Hartline seconded. Motion carried 3-0-0.

6. TEACHING AND LEARNING

6.1 Spatial Temporal Math (Action)

Mr. Miller shared with the committee that both items 6.1 and 6.2 were both discussed at the Education committee this is just approval that the funds are available. Mr. Miller made a motion to move items 6.1 and 6.2 to the full board for approval. Mr. Miller made a motion. Mr. Hartline seconded. Motion carried 3-0-0. There was an extensive conversation within the committee regarding the length of the contract, fees and what services would be included. Mr. Hartline suggested that we fund it for 2 years and see if we can get a follow up of how much our renewal fees would be after that. Mr. Shafter asked the committee if there is a motion to approve the quote for Mind Research Institute for renewal of ST Math. Mr. Hartline seconded. Motion carried 3-0-0.

6.2 Novel for Middle School Social Studies (Action)

Mr. Shafter shared with the committee that a motion for 140 copies of the novel called "Chasing Lincoln's Killer" \$12.74 each 70 for Klinger and 70 for Log College the objective is to return

literature to our middle school program. Motion made. Mr. Hartline seconded. Motion carried 3-0-0.

7. ADJOURNMENT

7.1 The next Finance Committee meeting will be held Monday, January 25, 2016 at 7:00 PM.

8. READ AT HOME (INFORMATION)

8.1 PSDLAF Cash Flow Optimization - October (Information)

8.2 PSDLAF Liquid News – November (Information)