

**BOYERTOWN AREA SCHOOL DISTRICT
FINANCE COMMITTEE
MAY 1, 2018
MEETING MINUTES**

The May 1, 2018, Finance Committee meeting was convened at 8:38 PM by Mr. Elsier, Finance Committee Chair, at the Colebrookdale Elementary School.

Everyone participated in the Pledge of Allegiance to the United States of America and a moment of silence.

The following board members were in attendance:

Rodney Boyer, Clay Breece, Jill Dennin, Ruth Dierolf, Steven Elsier, Brandon Foose, David Lewis, Christine Neiman, Donna Usavage

The minutes for the Budget Workshop on January 23, 2018, January 30, 2018, February 6, 2018, and March 27, 2018, were presented to the Board for approval. Motion moved by Mrs. Dennin, second by Mr. Breece. Motion to accept the minutes of January 23, 2018, January 30, 2018, February 6, 2018, and March 27, 2018, as presented, carries: Yea: Boyer, Breece, Dennin, Dierolf, Foose, Lewis, Neiman, Elsier, Usavage. Nay: None.

Mr. Taylor, Assistant Business Manager, provided a presentation on the school district vehicle fleet.

Vehicle Information and Replacement Plan: 1) Average age of vehicle fleet is seventeen years old, 2) Pictures showing condition of current vehicles, 3) Current fleet, optimal fleet, and needs for Fiscal Year 2019 for Boyertown Area Senior High, Middle School West, Middle School East, and District Facilities, 4) Vehicle Operation and Maintenance Costs over last five years, 5) COSTARS program for purchases, 6) Purchasing Options: a) Purchase vehicles and pay with Capital Reserve Funds, b) Purchase vehicles and pay by borrowing from Internal Service Fund, and c) Lease vehicles, 7) Purchase five vehicles in Fiscal Year 2019 at a cost of \$236,000 - \$250,000: a) one dump truck, b) one pickup truck with plow, and c) three utility trucks, and 8) Future plan is to purchase one new vehicle per year.

Discussion/Questions/Comments by board members: 1) What is best recommended purchase option, 2) How are current eleven plows used efficiently, 3) Questioned number of vehicles needed for Fiscal Year 2019, and 4) Majority of board members in favor to have the purchase of vehicles and being paid with Capital Project Funds on the May 8, 2018, board meeting agenda.

Ms. Clouser, Chief Financial Officer, presented the Boyertown Area School District 2018-2019 General Fund Budget Overview:

BASD Act 1 Index: 1) Allowable percentage increase in millage before exceptions or voter referendum, 2) BASD Act 1 Index percentage is 2.9% and is set by the Pennsylvania Department of Education, and 3) Exceptions to allow a school district to raise tax rate beyond the Act 1 Index without voter approval.

General Fund Budget Information: 1) How is millage calculated, 2) 2017 millage tax rates for Berks County school districts and where Boyertown is located on the graph, and 3) 2017 millage tax rates for Montgomery County school districts and where Boyertown is located on the graph.

Budget Expenditures – Highest to Lowest: 1) Salaries – 47%, 2) Benefits – 27%, 3) Purchases – 15%, 4) Other Financing Uses – 4%, 5) Supplies – 4%, and 6) Other Objects – 3%.

Budget Factors – Expenditures: 1) Boyertown Area Education Association (BAEA) Negotiations, 2) Salaries and benefits represent approximately 75% of budget, 3) Special Education population and needs continue to increase, and 4) Charter school tuition.

Budget Summary With and Without Act 1 Exceptions: 1) Revenue, 2) Expenditures, 3) Savings from Retirements, Bond Refunding, and Internal Service Fund Holiday, 4) Planned spending of Pennsylvania State Employees' Retirement System (PSERS) Committed Fund Balance, and 5) Millage increase amounts. The deficit needing to be covered with exceptions is \$1,038,342. The deficit needing to be covered without exceptions is \$2,644,188.

General Fund 2018-2019 and 5 Year Budget Projection: 1) 2018-2019 to 2022-2023, 2) Local, State, and Other Revenue, 3) Expenditures, and 4) Continued deficit amounts – revenues not keeping pace with expenditures.

2018-2023 Graphs: 1) Projected Revenues versus Expenditures in dollar amounts, 2) Projected Year End Balances in dollar amounts 3) Past five years change in Revenues versus Expenditures by percentage, 4) Past five years Revenue versus Expenditures in dollar amounts, 5) Past five years Excess/Deficit in dollar amounts, and 6) Average dollar tax increase over past 10 years: a) Average millage change, b) Annual dollar impact per \$100k assessment, and c) Annual dollar impact per \$200K assessment.

Types of Fund Balance: 1) Non-spendable, 2) Committed, 3) Assigned, and 4) Unassigned.

Prudent Fiscal Management: 1) Use of Unassigned Fund Balance, and 2) Capital Projects Fund.

Choices - Act 1 Exceptions (Use): 1) Flexibility, 2) Future budget impacts, 3) Five year projections continue to exceed the Act 1 Index, 4) Need to use Act 1 Exceptions, and 5) Time to balance the budget at a level the community can live with.

Choices – To Stay at the Act 1 Index (Do not use Act 1 Exceptions): 1) Cut existing operations, 2) Consider closing a building, 3) Redistricting, and 4) Consider reducing/eliminating non-mandated programs.

Cost Saving Suggestions to Consider Shared in Prior Meetings: 1) Reduce the need for substitute teachers, 2) Reduce busses for high school runs – many students drive, 3) Generate revenue by renting underutilized capacity - such as to a preschool provider, 4) Audit business, educational, and operational processes for streamlining and efficiencies, 5) VOIP phone system, 6) Solar panels for electricity, 7) Teacher surplus page for no longer needed/used supplies, 8) Advertising revenue in athletic facilities, school monitors, and websites, and 9) Review the most outsourced placements for Special Education and explore our ability to improve services offered in-house.

Discussion/Questions/Comments by board members: 1) How the current budget impacts the future budgets, 2) Can the elimination of the per capita tax be reconsidered, 3) PSERS Committed Fund Balance, 4) How much is in the Unassigned Fund Balance, 5) Impact on taxpayers, 6) Activity fee concerns and analysis, 7) Providing a well-rounded education for the students, and 8) Majority of board members in favor to have the Act 1 Index plus Exceptions in Final Proposed Budget on the May 8, 2018, board meeting agenda.

Mr. Taylor shared information on the credit rating results for the school district. There was a discussion on how the credit rating can be affected in the future and the impact a credit rating has on future borrowing.

Due to time constraint the presentation/discussion on the New Monthly Financial Reports (Dashboard) and Contract Renewal for Kristine Parkes scheduled for this evening will be rescheduled to be presented at a future date.

Public Comment

Linda Curry asked that handouts be available to the public ahead of time. Ms. Curry questioned the change in the deficit amounts from previous presentations to the current presentation.

Committee Comment

There was discussion on when to hold future Finance Committee meetings and Facilities Committee meetings. Leadership will work on a schedule and notify board members.

Executive Session

Mr. Elsler announced the board members would be going into executive session immediately following this committee meeting for a discussion on the superintendent search.

Adjournment

There being no other business for consideration the meeting was adjourned at 10:20 PM moved by Miss. Neiman, second by Mr. Breece.