

**BOYERTOWN AREA SCHOOL DISTRICT**  
**Boyertown, Pennsylvania**  
**[www.boyertownasd.org](http://www.boyertownasd.org)**  
**Finance Committee Meeting**  
**September 16, 2014**  
**Meeting Minutes**

Mrs. Hartford, Finance Committee Chair, called the meeting to order at 8:10 pm in the Junior High West Cafeteria.

Members attending: Mr. Caso, Dr. Christman, Mrs. Dennin, Mr. Elsier, Mrs. Hartford, Mr. Landino, Ms. Neiman, Mr. Stengle, Mrs. Usavage  
Administration: Dr. Faidley, Mr. Szablowski,

Members of the Public: 3

Everyone recited the Pledge of Allegiance to the Flag and observed a moment of silence

Ms. Ruth Baker commented on the proposed borrowing for the construction projects asking several questions regarding the variable rate portion of the borrowing through the Emmaus Bond Pool.

The minutes from the committee meeting of May 20, 2014 were moved and seconded. The minutes were adopted unanimously.

Brad Remig, District Financial Advisor from PFM, & Lauren Eby, RBC Capital, presented an update to the Committee regarding the proposed financing plan for the BASH construction project and the JHW renovation project. A copy of the presentation is included with these minutes. The plan includes the issuance of \$30 million in General Obligation Bonds this calendar year and \$30 million in 2015. Both will be fixed rate bonds. The third portion of the financing is a variable rate note issued to the Emmaus Bond Pool in the amount of \$15 million. The Pool Administrators have agreed to assume the closing costs for this borrowing, which will be executed after bids are awarded for the BASH project. Mr. Remig responded to several questions from committee members regarding the structure of the borrowing, the fixed rates of the bonds versus the variable rate for the notes. There was discussion on the risk of variable rate notes and how the District budgets for variable rate debt. The current variable rate debt of approximately \$5 million is annually budgeted at a conservative rate, but the actual rate of interest paid has been less causing a positive variance. There was discussion about utilizing the difference between the

budget interest and the actual interest to pay down the principal of the variable rate notes. The October 21 Finance Committee meeting will include an explanation of the parameters resolution by Brad Remig, Lauren Eby and Megan Santana, Bond Counsel from Fox Rothschild. The timeline would be to approve the parameters resolution at the October 28 Board meeting and close the GOB and the Emmaus Bond Pool financing before the end of the year.

Mr. Szablowski distributed detail reports in reviewing the 2013-2014 Fiscal Year Budget results prior to the local audit. Copies of the reports are included with these minutes. The revenue was reviewed with the District receiving 99.09% of budgeted revenue. 2013-2014 expenditures were reviewed with Mr. Szablowski reviewing the budget assumptions that were considered during the development of the 2013-2014 budget. The District had a two-year pay freeze in place the previous two years and the teachers were moving to a new salary schedule in the final year of the teacher contract. Due to no column movement or tuition reimbursement during the previous two years, conservatively, the District budgeted for a large column movement for teachers. With the details of the budget assumptions explained for the benefit of five (5) new board members, Mr. Szablowski continued with the expenditure review. Overall, the expenditures totaled 97.7% of budget, creating an operating surplus of \$1,406,788 (unaudited). The District had intended to utilize \$750,000 of committed fund balance, but due to the lower than expected expenditures, the \$750,000 was not utilized. There were questions about the surplus, the assumptions, and the fact that the School Board did not know about the size of the surplus until after the 2014-2015 budget was adopted with a tax increase. Mr. Szablowski explained that based on the actual expenditure levels in 2013-2014, the 2014-2015 budget was adopted with lower levels of expenditures in the areas that produced the surplus, namely substitute wages, column movements, tuition reimbursement, and other expenditure line items. There was discussion on accounting methodology and the Committee discussed the timing of an accrual type summary report during the April timeframe that might give the Board some insight into the current budget prior to the adoption of the next fiscal year budget.

Mr. Szablowski explained that although the 2013-14 budget was adopted as a planned deficit, the budget assumptions produced a surplus which has added to the District's Unassigned Fund Balance. Historically, the District has utilized unassigned fund balance by transferring amounts into other funds with designed purposes or committing the unassigned fund balance for a specific reason. This has been the case for the last four fiscal years when the School Board committed fund balance for the

PSERS retirement liability contributions. The School Board also has transferred funds into the Capital Projects Fund to be utilized for facility maintenance and larger purchases that are not funded through the General Fund Budget. A copy of the presentation is included with these minutes. Several alternatives for the use of the unassigned fund balance in the amount of \$5 million were discussed. The Committee directed Administration to develop recommendations for the committee to be discussed at the October 21 Finance Committee.

The Committee was updated on the 2013-14 and the 2014-15 healthcare claims to date. Mr. Szablowski recounted the excessive claims experienced during the August to December 2013 timeframe but stated that the 2013-2014 year ended with a relatively small deficit. The 2014-2015 health care claims have been even higher this year than last, with several employees exceeding or approaching the stop-loss threshold of \$150,000. To date the claims have produced a deficit in excess of \$500,000. Realizing that many school employees have their medical procedures completed over the summer, the Committee agreed to monitor the situation and hope that the rest of the year allows for a reduction of the current deficit.

Earlier this year, the School Board voted to extend the contract of the local Auditors, Major and Mastro, one year to perform the 2013-2014 audit. The publishing of a Request for Proposal (RFP) was discussed. The timeframe was established as advertising in December for receipt of proposals in January and the appointment of an auditing firm in February. The committee agreed on at least a two year agreement with pricing for a third year to be considered. The Board will consider this action at the September 23 Board meeting.

Mr. Szablowski updated the Committee on the proposed Berks Tax Collection Committee/Berks EIT Merger, giving details about the merger procedure and the justification for the action. Mr. Szablowski informed the Committee that each School Board in Berks County would be considering the merger resolution in the near future and suggested that the document should be available for review at the October 21 Finance Committee.

Mr. Szablowski distributed the 2015-2016 Budget Development Calendar memo outlining the important dates and planned committee meetings and Board actions that are planned. A copy of the memo is included with these minutes.

## Public Comment Period #2

Ms. Ruth Baker commented on the two other PlanCon projects, namely Colebrookdale Elementary and a new elementary school. She questioned the need to renovate the Junior High West building and wondered what the parameters are for the School District's Double A (AA) credit rating.

Mrs. Dierolf commented on the tax increases to Boyertown residents over the last five years and the proposed financial report discussed by the committee.

### Announcements:

September 23, 2014	Curriculum Committee, Earl Elem. Library	6:00 p.m.
September 23, 2014	Board of School Directors, Earl Elementary	7:00 p.m.
October 14, 2014	Personnel Committee, Ed. Center Conf. Rm. A	6:00 p.m.
October 14, 2014	Board of School Directors, Education Center	7:00 p.m.
October 21, 2014	Finance Committee, Education Center	6:30 p.m.
October 28, 2014	Curriculum Committee, Wash. Elem. Library	6:00 p.m.
October 28, 2014	Board of School Directors, Washington El.	7:00 p.m.
November 5, 2014	Facilities Committee, Education Center	6:00 p.m.
November 11, 2014	Policy Review Committee, Gilbertsville El.	6:00 p.m.
November 11, 2014	Board of School Directors, Gilbertsville El.	7:00 p.m.

Motion to adjourn moved by Ms. Neiman, second by Mr. Caso. Mrs. Hartford adjourned the meeting at 10:40 p.m.