Committee Purpose
The Finance Committee provides the board with the opportunity to more closely review various aspects of financial administration. This committee provides input to the budget process, meets with auditors, does long-term debt planning with financial consultants and oversees the ongoing business processes of our district.

Committee Leadership
Jim Maurer, School Board Committee Chair
Sheryl Pursel, Director of Finance

Start Time: 4:30 p.m.

Location: Performing Arts Center, Hempfield High School

Attended:

Board Members:  Adam Aloisi, Mike Donato, Linda Johnston, Grant Keener, Jim Maurer, Pat Wagner

Administration:  Mike Bromirski, Mark Brooks, Mike Graham, Karen Hall, Sheryl Pursel

Other:

Time for Public Comment:  None

Discussion Items:

1. Review of Act 319 – Clean and Green Program

   Mr. Brooks presented information on the Clean and Green Program which provides preferential tax assessments for land devoted to agricultural use, open space or forested land. Property that is enrolled in the clean and green program is taxed at a discounted taxable property value providing tax savings to the property owner. If at any point in time the property use changes, all taxes and interest will be billed retroactively back to the date of enrollment in the program.

2. Discuss Instrument Rentals for Students

   The School Board approved discontinuing extracurricular activity fees for the 2020-21 school year. Extracurricular activity fees prior to 2019-20 resulted in approximately $100,000 of revenue in the district’s annual budget. In addition to these fees, the music program also charged a usage fee to students who borrowed district owned instruments in
order to participate in a musical activity. This revenue was less than $5,000 on an annual basis (pre-Covid). Administration requested this also be discontinued for the 2020-21 school year.

Recommendation of the Finance Committee is to discontinue instrument usage fees. This will be an October board agenda item for full board vote and approval.

3. Financial Update – Revenue and Expense

Act 1 Index established by PDE for 2021-22 is 3.0%. The adjusted index for Hempfield School District is 3.5%. If the district would need to increase taxes in excess of 3.5%, the school board would need to approve a preliminary budget and file for referendum exceptions. Due to changes in the economy as a result of the pandemic, the expectation is that the Act 1 index for the 2022-23 index will most likely be lower than 3%.

Preliminary audit figures show revenues for 2019-20 at $125.4 million and expenses of $121.2 million for a net increase to fund balance of $4.2 million. The revenue from last year will be needed to cover the shortfall budgeted for the current school year (deficit of $4.6 million).

Real estate tax collections remain strong and are comparable with collections at the same point in time in the prior year. The school board approved the budget for 2020-21 with a zero percent increase in the tax rate but did not alter the tax collection cycle.

PDE was not able to fully fund the state subsidy for reimbursement of social security taxes. Hempfield School District is owed $148,000 from the state. All Pennsylvania schools were shorted in their subsidy payment for quarter 3 of 2019-20. The expectation is that the Pennsylvania legislature will re-open the budget process after the November election and will then be able to fund this line item in the state budget. For audit purposes, the district will not be able to recognize the revenue until state indicates that this reimbursement is fully funded. We will record this as deferred revenue at June 30, 2020.

One reason for the $4.2 million excess at June 30, 2020 was the decision to not make the $2 million budgeted transfer from general fund to capital reserve for the 2019-20 school year. Another transaction that typically occurs at year-end is the transfer of Market Street Sports Group (MSSG) revenues from general fund to capital reserve. These revenues for 2019-20 were $76,870. Recommendation of the Finance Committee is to move this revenue to capital reserve as intended in the MSSG agreements. This will also be an October board agenda item for full board vote and approval.
4. Review Budget Calendar and Timelines

The 2021-22 PDE mandated timeline requires the adoption of the preliminary budget in February 2022 if the school board intends to file for referendum exceptions. The Finance Committee will need to decide at the October committee meeting if the district wishes to pursue exceptions or file the Opt Out Resolution.

The internal budget timeline is created to have all preliminary budgets entered by November 13, 2020 to be followed by administrative review and additional budget meetings to discuss the needs that must be covered in the next budget.

Adjourned 5:18 p.m.

Future Meeting Dates

Unless otherwise noted, meetings are scheduled at 4:30 p.m. in the Performing Arts Center of the Hempfield High School.

October 27, 2020
November 17, 2020 (Joint with Buildings and Grounds Committee)
December 15, 2020 (Joint with Buildings and Grounds Committee)
January 26, 2021 - Public Board Room
February 23, 2021 - Public Board Room
March 30, 2021 - Public Board Room
April 27, 2021 - Public Board Room
May 25, 2021 - Public Board Room