

Buildings & Grounds/Finance Committee Meeting

Tuesday, November 19, 2019



Committee Purpose

The Buildings & Grounds Committee provides the School Board with a broad, high-level overview of buildings and grounds areas of the district, acts as a sounding board for various projects, develops the project philosophy for both short-term and long-term needs, and provides communication back to the full School Board.

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 process of our district.

Committee Leadership

Bill Otto, Buildings & Grounds School Board Committee Chair

Jim Maurer, Finance School Board Committee Chair

Sheryl Pursel, Director of Finance

Per Board Policy, if you intend to record any portion of the meeting proceedings, you must notify the Communications Director or other Administrator prior to the start of the meeting. A public announcement will be made at the opening of the meeting to inform all attendees that all or part of the meeting is being recorded by an audience member.

Start Time: 4:32 pm

Location: Administration Building

Attendance:

Board members: Adam Aloisi, Mike Donato, Linda Johnston, Jim Maurer, Charles Merris, Bill Otto

District Staff: Mike Bromirski, Bill Brossman, Mike Graham, Tab Musser, Steve Polonus, Sheryl Pursel, Ellen Rinier, Craig Boltz, Kim James

Time for Public Comment (5-minute limit per Board Policy 903): 4 community members in attendance, no comments.

Agenda Items:

1. Audit Presentation – Trout, Ebersole & Groff audit presentation by Nicole Cradic, Audit Partner & Sean Post, Audit Manager. The statements were presented in draft form and will be presented as a final report at the December 3 Board meeting. The audit report will then be formally adopted by Board vote at the December 10 Board meeting.
 - o No new accounting standards were implemented in this year.
 - o The procurement concerns from previous audits were looked closely at with audit procedures to test internal controls. This is a clean opinion with no findings related to procurement or any other matters. The auditors were pleased with the results and

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- commended everyone for the diligence to implementing the controls over District processes.
- The District continues to be in a strong position regarding assets and liabilities with significant cash & investments, fund balance and declining debt.
 - Although debt is declining, the District share of PSER's liabilities increased slightly. See note 17 for detail.
 - Looking at the General Fund, local revenues were strong as a result of taxes collected and interest income which increased significantly.
 - Actual results compared to budget were good with revenues coming in higher and expenses lower than budgeted resulting in a positive addition to fund balance. Actual numbers ending close to budget is an indication that the budget is solid.
 - One area of concern continues to be Special Education which is still showing increases to provide services to qualifying students. We'll continue to watch these trends to determine how to best budget for these expenses.
 - Operation & maintenance expenses finished under budget; however, a lot of maintenance was held off until the results of the feasibility study are released to better indicate priority areas that will need work.
 - Debt service fund balance stands at \$4.4 million. This balance can be used as plans for the feasibility study and district-wide upgrades are determined. There will be needs for financing to cover necessary upgrades. This fund balance could help with Moody's ratings.
 - Capital reserve fund balance resulted in lower expenditures for this year again due to the feasibility study still underway.
 - Food service fund is performing better but continues to struggle. The loss was lower in this year. From a cash perspective, the food service fund is performing in a positive position after adding back depreciation, PSERS and opeb adjustments. Meals served numbers are up, and the Food Service Department is still trying to push breakfast to increase sales. Food service fund still owes general fund \$450,000. This needs to be reviewed and determined if this should be written off in the 2019-20 school year.
 - Internal service funds show overall relatively flat results due to the changes implemented with pharmacy rebates. The fund balance has a reserve of \$3.2 million which is appropriate to have as a balance with fairly high stop loss balances. Balance is appropriate. Stop loss levels are fairly high so having a larger reserve is good.
 - The audit went smoothly with operations and processes running well.
2. Feasibility Study – Crabtree Rohrbaugh & Associates, presentation by John Beddia and Anthony Colestock. Their plan is to develop for the District several different options on how to address projects. They are doing so using the guiding principles that have been developed to help determine plans to prioritize the work to be done.
- Options that are put together will include a recommended timeline with a more detailed breakdown of expected costs.

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- Outdoor facilities and field maintenance will also be examined. The review work is being done and results/recommendations will be shared with the Board in December.
- The final reporting will include comparison costs to building/buy new versus repair of existing buildings and systems. This will be especially critical in regards to decisions that will need to be made about the high school which is the building in greatest need of the most work to be done.

3. Updates

- Band Trailers – the Band Boosters have requested the District purchase band trailers to haul equipment instead of paying rent to Penske. This was discussed at the August, 2019 Finance Committee meeting. At that time, the recommendation of the committee was to pursue this to determine how this could be accomplished.
 - A good location to store the trailers has been identified as the parking lot at Landisville Middle School close to the Maintenance building.
 - Two maintenance vehicles can be equipped to tow the trailers and can be driven by booster club members. However, these vehicles can only be used on weekends.
 - Procurement methods still need to be determined. The District will look at consortium vendors or will put this out to bid.
- EPES Walker Update – the goal is to make sure that no students have to cross intersections deemed hazardous. The District could keep a small area closest to the elementary school as a walking zone and keep the 15 mph signs in place.
 - All EPES bus stops will be reapproved during December Board meetings, and changes will occur in January. The committee recommended bringing this back in December for approval. The crosswalks need to be examined and potentially repainted.
- District Signage – currently a team is looking to develop a recommendation for more signage or better signage on District campuses. The District will look at Costars vendors to avoid bidding if possible.
- Wrestling Light – a contract has been signed with Moore Engineering authorizing them to develop a plan for this project. This project most likely will not be done in time for this season.
- Air quality testing (LPC) - Testing is being done following concerns raised by employees working in the building. Consultants have been sent questions and testing will be done.
- eRate Consultant – this is a contractual agreement and will require Board approval in December.

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- Steam Update – contacted company that bought the company that installed original equipment. Waiting for answer. Alternative – bring in other companies to explore.
- 4. Budget
 - 20-21 Preliminary Budget – there will be a Board agenda voting item in December authorizing the advertising and public display of the preliminary budget no later than December 24. This is just the starting point of the budget process to allow the District to file for referendum exceptions.
 - The budget will be based on assumptions: 3% for salaries, 34.77% PSERs expense, Medical estimate will be 4.5%. Other costs will be use a 2-5% increase.
 - New money discussion – bond refunding will occur early in January. The interest rate hedge will be terminated, but the Board will need to decide how to move forward with the \$50 million of new money that was authorized in the parameters resolution the Board approved in November.
 - The ratings call will be scheduled with Moody's mid-December. In order to prepare the official statement, the District should determine an amount of new money borrowings to include in the transaction.
 - Although results of the feasibility study are not known, the recommendation is to include \$25 million as Series AA of 2020.
 - The next Buildings & Grounds/Finance Committee meeting will focus on the feasibility report. At this meeting, the Board will determine the exact amount of new money to borrow in January, 2020, if any. The Board may decide to delay the decision to sell bonds until a time that projects can be more specifically identified.

Adjoin: 6:51 pm

Future Meeting Dates: *Unless otherwise noted, meetings are scheduled at 4:30 p.m. in the Board Conference Room of the Administration Building.*

- December 18, 2019 (Joint Buildings & Grounds/Finance)
- January 21, 2020 (Buildings & Grounds)
- January 29, 2020 (Finance)
- February 19, 2020 (Buildings & Grounds)
- February 26, 2020 (Finance)
- March 25, 2020 (Joint Buildings & Grounds/Finance)
- April 21, 2020 (Buildings & Grounds)
- April 28, 2020 (Finance)
- May 19, 2020 (Buildings & Grounds)

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- May 27, 2020 (Finance)
- June 23, 2020 (Buildings & Grounds)