

Buildings & Grounds / Finance Committee Meeting

Wednesday, March 25, 2020



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: 6:17 p.m. (Following the Special Voting Meeting of the Board)

Location: Virtual Meeting

Attended:

Board Members: Linda Johnston, Grant Keener, Adam Aloisi, Dylan Bard, Christopher Smiley, Patrick Wagner, Jim Maurer, Charles Merris, Mike Donato

Administration: Mike Bromirski, Denise Galen, Maria Hoover, Tab Musser, Mike Graham, Shannon Zimmerman, Mark Brooks, Sheryl Pursel,

Other:

Time for Public Comment: No comments.

Discussion Items:

1. Planning for Capital Projects and Facilities Work – Engineering Needs

Administration is compiling information to determine engineering needs in response to projects identified in the feasibility study. A five-year capital projects plan will be presented at the April Buildings and Grounds meeting. Administration will request approval to move forward with engineering services.

2. Update on Breakfast and Lunch Grab and Go Meals

As of March 25, 2,933 breakfast & lunch meals have been served. Beginning today, this program was expanded to East Petersburg Elementary School. The number of meals served is being tracked in the hopes we can get reimbursed, but this is still not a certainty. However, the District plans to continue food services for three days/week going forward.

3. Internet Request for Proposal (RFP) Results

As reported during the January 29, 2020 Finance Committee meeting, an RFP was issued for internet services to cover redundant connections that are not covered by eRate. The purpose of redundant connections is to provide backups pole diversity. In the case where a pole may be hit by

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a truck, the other routes will continue to work. Although the District currently has a contract with LLIU 13 to provide a second ISP, the contract ends June 30, 2020.

Four vendors responded to the RFP and responses included five providers and various pricing options.

The best option for the district is to go with KINBER, a company we've worked with for five years. This option will provide 1 gigabit of connection for a five-year contract at \$33,000 per year. It also includes one-time construction costs of \$17,000 which is expected to be complete in August, 2020.

This contract will be on the Board agenda for approval April 14, 2020.

4. Follow-up on Banking RFP

As reported during the February 26, 2020 Finance Committee Meeting, the Request for Proposal for Financial Services was sent to ten local banks with nine banks submitting proposals. In the review process, the District needs to consider customer service, fees, and investment rates for interest income. We also need to consider a local presence as many residents still prefer paying their real estate tax bills at a local branch office instead of mailing it to a lock box address.

After reviewing the proposals and continued discussions with three banking institutions who provided the best proposals to meet District needs, the Finance Committee will request Board approval during the April 14, 2020 to move forward with the financial institution that can provide all services at the least cost and best interest revenue options for the District. The Business Office will work with this bank to have operations in place effective June 1, 2020.

5. Budget Discussions

There are a lot of unknown factors as a result of COVID 19 and the impact of mandated school closings. Senate Bill 751 has put forth legislation for districts to follow. Administration will continue to implement the legislation and to review the impacts to District revenues and expenses.

To review year-end projections, one area that is currently trending similar to last year is the District's medical expenses. Although the projection for the 2019-20 school year was a 4.5% increase, with medical expenses holding flat year-to-date, the District could end the year with \$1 million under budget in this area. We will continue to watch this area as complications from COVID 19 could lead to a rise in medical expenses.

Senate Bill 751 guarantees all District employees as of March 13, 2020 will be paid their regularly scheduled salaries for the remainder of the school year. District salary expense for the year is projected to be under budget due to attritional savings from prior year retirements.

Changes to tuition reimbursements were made in the current CBA in an attempt to hold costs steady which keeps the District budget at \$500,00 annually.

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PSER's rate is currently 34.29% of eligible wages and will increase to 34.51% for the 2020-21 school year. This rate most likely will not change as a result of COVID 19 and the downturn in financial markets for next year, but PSERS will most likely need to increase projected rates in following years which will add a financial burden to districts for future years.

The cost of cyber tuition and placements outside of district is expected to be approximately \$4.2 million. Although schools are closed, districts are responsible to continue to make payments to cyber/charter schools for students enrolled on March 13, 2020. Expenses related to cyber/charter schools can be difficult to predict. As a District, we attempt to keep students enrolled in District programs. However, if a student chooses to attend a cyber/charter school, the District is legally liable to pay for this program. This is still an area being reviewed in the PA state legislature to find fair funding for these programs and not create such a high expense for districts.

Students identified as requiring special education services continues to increase. Because of the increase in needs, expenses also increase.

Within our special education program, the district has costs for both programs provided at the District and costs paid primarily to the IU for additional services. The Special Education Department continues to evaluate students and look for ways to provide services within the District. For year-end projections, we expect costs to be over budget and to exceed \$5 million.

Looking at the budget projection spreadsheet for 2020-21, we will continue to analyze contracted (fixed) costs and discretionary spending. Long-range impacts need to be reviewed as decisions made in the current year will impact outlying years and the impact on fund balance.

Mr. Mark Brooks, the District's new CFOO, started March 9, 2020 and is working through the Maintenance budget for 2020-21 as well as building the capital reserve budget. A decision in the budget process is to determine the transfer from general fund to capital reserve. The District typically budgets a planned transfer to the capital reserve fund.

As a result of COVID 19, the growth in assessed taxable values might be wiped out as a result of tax appeals. A final decision on the tax increase for 2020-21 will need to be determined before the final budget is voted on. The Proposed Final Budget will be voted on at the May 5, 2020 voting meeting. The Final Budget must be voted on and filed with PDE by June 30, 2020.

Adjourn: 7:37 p.m.

Future Meeting Dates

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

April 28, 2020

May 27, 2020