



Board of School Directors Committee Meeting Minutes Wednesday, January 12, 2022

Generated by Renai Cardillo on Thursday, January 13, 2022

Members present: Courtney Barbieri, Nick Braccio, Bill Brong, Janet Flisak, Ken Keith, Tom Kwiatkowski, Stephen Nelson, Donna Scheuren

Members absent: Andrew Landis

Other present: Lisa Ball, Frank Ball, Henry Franz, Christopher Hey, Michael Taylor, Megan Zweiback,

1. Finance Committee

1.1 Accept the Single Audit Report for 2020-2021

Mrs. Scheuren called the meeting to order at 6:35 P.M., noting it was the first Finance Committee Meeting of the new calendar year.

Dr. Hey mentioned that Dr. Gallagher was not in attendance this evening as he was dealing with family matters.

Director of Business Affairs, Mr. Taylor stated that this an annual motion to accept the financial auditor's report. This report is another unmodified opinion providing the highest level of assurance of the District's books and records (a "clean" audit) as well as no internal control issues identified by the auditor.

On behalf of the Board, Finance Committee Chairwoman, Mrs. Scheuren said she was pleased with the audit report. It was agreed to move forward for acceptance on January 27, 2022.

1.2 Approve 2020-2021 Budget Transfers

Mr. Taylor noted that this is a standard request to transfer funds from one budget account to another to correspond with actual spending.

The Committee agreed to move forward for Board Action.

1.3 2022-2023 Preliminary Budget

Mr. Taylor reviewed a Budget Overview presentation which was projected on the screen. He noted that this is a first-look and the preliminary budget assumes a 3.4% tax increase per Act 1, but is simply the starting point. This budget will continue to be refined over the next few months, prior to its approval in June.

Mr. Taylor reviewed a slide that reflected the Act 1 Index for the previous ten years and the tax rate history of the Souderton Area School District.

A slide was presented that showed the impact of a millage rate increase. The current Act One Index of 3.4% would generate approximately \$3.19M toward the current deficit. Other percentage equations were also reviewed.

Mr. Taylor reviewed Local Revenues, noting the following items:

- Real Estate Taxes - a 3.4% increase and a current 97% collection rate.
- Interim Real Estate Taxes and Earned Income Taxes - a five year trend of increase
- Delinquent Real Estate Taxes - lower than historical due to more current collection
- Per Capita Taxes - remains consistent
- Real Estate Transfer Taxes - increased based on current trends
- Earnings on Investments - remains consistent

Mr. Taylor reviewed a slide of state and federal revenues, noting that funding for basic and special education is flat funded as is Title and Access revenue. He did note that allocations could change based on state budget and gambling revenues. He also noted that the Governors budget address is scheduled for February and that the Homestead/Farmstead amount will be certified in May.

A review of the Functional Budgets Summary spoke to the budget drivers of personnel, special education and technology. Mr. Taylor noted that while contractual increases are expected, there will also be staff retirements. He also noted potential increases for special education services provided from outside sources. An anticipated increase in educational software licensing and device purchases was also noted. Mr. Taylor narrowed down the items that would also impact the budget process; including additional staffing related to COVID and Full-Day Kindergarten. Other considerations included capital projects costs, charter school enrollments, technology needs and collective bargaining agreement negotiations.

Mr. Taylor reviewed a slide showing the PSERS pension rate and the employer contribution rate history and forecast. He stated that while the increase is slowing, the rate has not dropped. Mr. Taylor also reviewed a slide showing charter school tuition expenses and a history of special education expenses. Mr. Taylor commented that while special education growth is challenging, it is reasonable. He noted that the district has done reasonably well in comparison with others.

A review of fund balances and individual categories within reflected a total of \$13.7M. Mr. Taylor reviewed future revenue and expenditure considerations noting that the February Finance Committee Meeting will have five year forecast and projections. Mr. Taylor reviewed the budget timeline and stated the date of the February meeting as February 9, 2022.

Mrs. Scheuren thanked Mr. Taylor for his presentation and acknowledged the many items impacting the budget process. Mrs. Scheuren also stated that the Board and administration will continue to advocate for the reform of impactful budget items. Mrs. Scheuren also commented on the timing of the Governors announcement of the budget and the time constraints of school districts to approve before June 30th each year.

Mr. Nelson thanked Mr. Taylor for presentation and asked for additional detail on the earned income tax assumptions. Mr. Nelson also expressed concern on the PSERS contribution and also asked for a breakdown of medical trending costs. Mr. Taylor responded that the earned income tax assumptions were actuals from the month of December.

Mr. Kwiatkowski praised the summary and questioned what appears to be a repeated drop in the vocational education budget. A discussion occurred surrounding the enrollment versus interest of the various programs offered at NMTCC. Mr. Brong indicated that the NMTCC has eagerly been pursuing grants and the award of those grants, may have led to the reduction in actual expenditures to our budget. Mr. Brong indicated that several programs at the school are full and actually have waiting lists. Mr. Kwiatkowski asked for an update to the Board on NMTCC program offerings and enrollment.

Mr. Braccio thanked Mr. Taylor for the presentation and inquired if there was any new information on the Fair Funding Formula? Mr. Taylor acknowledged that conversation on the topic has been rather quiet. He stated that everyone remains hopeful for new information in the Governors proposed budget.

Mr. Keith commented that while the overall budget numbers seem challenging, he remains optimistic on the work that remains to be done to create a balance and fair budget.

A public comment asked about student opportunities for career planning. Dr. Hey responded that introduction to career exploration begins in 4th grade and results in recordable action in the high school Career Pathway program. Dr. Hey briefly outlined the program which allows students to align their courses of study with their career interests.

Another member of the public inquired about the waiting list at NMTCC and if more funding could be allocated to support the program, allowing more students to attend. Mr. Brong stated that there are several opportunities for students to learn and visit NMTCC. He noted the NMTCC website and open house dates. Most students who wish to attend, are granted an opportunity.

Mrs. Scheuren adjourned the Finance Committee Meeting at 7:34 P.M.

2. Operations Committee

2.1 Approve the Proposed 2022-2023 School Year Calendar

Mr. Brong called the meeting to order at 7:37 P.M.

Dr. Hey discussed the proposed 2022 - 2023 school calendar and shared the draft version. He noted the similarities to the past years, school starting before Labor Day with 177 days of instruction and 3 Act 80 Days. He also noted that two Election days are Teacher In Service days as some of the schools are used as polling places. He also noted three dates which could be used as inclement weather make-up days if needed.

The Committee agreed to move forward for Board Action on January 27.

2.2 Tentative Schedules for Pricing & Bidding for Franconia

Mr. Brong reminded the Board of the pending projects at Franconia Elementary and Indian Valley Middle School and stated that the tentative schedules were being presented this evening as a way to keep the Board informed on the progress of the proposed projects.

Mr. Taylor reviewed the individual line item timelines, offering explanations on each. Mr. Taylor elaborated on the responsible party (architect, construction manager and SASD) for each item. Mr. Taylor also noted that the school district financial management firm PFM, would be joining a meeting in April with a presentation outlining the funding for these projects.

A brief discussion occurred about the projects and the timelines. Mr. Braccio questioned the non-mandatory pre-bid meeting and Mr. Taylor said that we proposed that option with the desire to cast a wide a net as possible, in an effort to receive numerous bids. Mr. Keith asked about the timing of the PFM Finance Meeting and Mr. Taylor said if it becomes necessary because of an interest rate change, the meeting could be moved. Mrs. Flisak also expressed concern about a market rate change. Mr. Taylor also noted that it is to our benefit to wait until bids are in before borrowing is initiated.

Mr. Kwiatkowski asked about the start time of the projects and Mr. Brong confirmed that a proposed start would be in the Summer of 2022.

Mr. Kwiatkowski expressed concern about the additional time to complete Franconia while school is in session. Supervisor of Operations, Mr. Frank Ball said that a phasing plan of construction exists for the Franconia Elementary project, which will allow the district to continue to provide instruction while construction is completed.

A brief discussion occurred about the contingency costs of the project in the event of material increases. Mr. Taylor noted that utilizing the GESA options actually allows some safety in the event of cost increases.

Mr. Nelson spoke to the confidence of area contractors and our ability to secure responsible bids.

Mr. Brong inquired about the completion of the roof project at Indian Crest Middle School. Mr. Ball spoke about the progress and stated that approximately 20% of roofing material is in stock. Dr. Hey asked for an updated summary of the project be made to the Board.

Mr. Brong adjourned the Operations Committee Meeting at 8:11 P.M.

Respectfully Submitted,



Michael Taylor, C.P.A.
Board Secretary/Director of Business Affairs