

Finance Committee Meeting Notes MD

April 12, 2022

The Finance Committee met on Tuesday, April 12, 2022, at the District Office Conference Room. In attendance were committee members Clinton Jackson, *Committee Chair*, Gabrielle Deardorff, Erica Hermans, and Colleen Zasowski; administrators Robert Rizzo, *Superintendent*, James Fink, CPA, *Chief Financial Officer*, Mary Davidheiser, *Controller*, Robert Hunter, *Director of Planning, Operations and Facilities* and Shawn Ryan, *Supervisor of Operations/Facilities*; Board Members Wendy Earle (via zoom) and Dr. Margaret Wright; and community members Will Cromley, Rhiannon Zimmerman (Zoom), Stacy Sollazzo (Zoom), and Mary Jo McNamara (arrived late). Mr. Jackson called the meeting to order at 6:32 p.m.

- Public to be heard on agenda items only: None.
- Review and acceptance of minutes for March 8, 2022: Accepted.
- Executive Reports – 2021/2022 reports through March 31, 2022, reviewed by Mr. Fink
 - Liquidity:
 - \$85.7MM - Ahead of plan due to EIT and Transfer taxes.
 - Revenues:
 - Ahead of budget expectations primarily due to EIT and Transfer Tax revenues.
 - Expenditures:
 - Overall pacing with budget expectations.
 - Professional Services over expectations \$250k is related to ESSER spend for student supports as previously approved.
 - Property Services under budget primarily due to contracted cleaning service labor shortages which are now currently close to full strength.
 - Property/Capital Purchases is over budget and approx. \$455k is student tech equipment due from ESSER grants as previously approved.
 - Assessments:
 - Picked up \$8.4MM over the last 2 months, but growth has slowed.
 - Average monthly gain is \$3.7MM since January, but was \$6MM/mo. for the first half of the year.
 - Target assessments of \$4.208 billion is \$28MM away with 2 months to go until 22/23 tax file is produced.
 - R/E Transfer Taxes Revenue:
 - YTD revenue is \$4.04MM vs \$1.8MM budgeted = \$2.2MM over budget this is exceptional and not repeatable.
 - Providence Town Center was sold generating \$600k+ in transfer tax revenue in March.
 - Five year trend is 2.2MM.
 - Earned Income Taxes:
 - \$530k above prior year.
 - On pace to do approx. \$12-12.5MM.
 - Average growth is approximately 4.25% for the previous 5 years with one down-year. This growth has been included in the coming budget.
 - Self-Funded Health Insurance:
 - Currently in a slight over-budget position.
 - There are currently 2 large claims, and another approaching the stop loss ceiling
 - Food Service:

- Served 620k meals vs 420k last year.
 - Costs of food and supplies continues to increase as percentage of sales.
 - February's cost of goods sold was 29.24% vs. 26.28% in February 2020.
 - Pricing/costing analysis is underway more to come in May.
 - Erica changing of menus and lunch changes, all struggling
 - Colleen what is Aramark doing to get ahead of path supply chain.
 - Aramark is using other suppliers
- COVID Grant Activity
 - Approx. \$3.35MM has been received.
 - Approx. \$2.7MM left to spend and all of this is allocated for already.
- 2020/2021 Results and Projected 2021/2022 Financial Results
 - Mr. Fink reviewed the audited results of 2020/2021, which netted a surplus of \$418k. This is within 0.24% of budget.
 - Projected results for 2021/2022 is a surplus of approximately \$1.3MM which is within 0.75% of the budget.
- 2022-2023 Proposed Final Budget Review:
 - Mr. Fink reviewed the current state of the 2022/2023 budget including:
 - Revenues –
 - Local – Real estate tax organic growth about 1.8%; EIT and Transfer taxes are over performing this year by about \$3MM. Some growth is expected for 2022/2023, but not what we've seen in 2021/2022.
 - State – nominal growth is expected based on historic trends.
 - Federal – expecting a decrease due to federal grants declining.
 - Expenditures –
 - Wages increase by \$2.7MM in accordance with contracts and benefit plans, and addition of wages due to growth and needs.
 - Benefits increase by \$1.32MM due to wage growth, and 2% increase in medical benefits.
 - Non-personnel costs increase \$1.46MM due to Special Education needs, WTC increase in tuition, and inflation.
 - Budget Gap is currently \$4.455MM resulting in a 3.80% tax change – this is within index plus referendum exceptions.
 - \$550k is needed to reach index of 3.40%
 - Discussion ensued on how to proceed from here as the administration will need direction from the Board.
 - Next steps are to adopt the proposed final budget on 4/19/2022 and continue working on it.
 - Mr. Jackson stated that the decision of the budget comes from the Board, and Finance committee will make the recommendation but there is still work to be done.
- Other Committee Business:
 - Mr. Fink discussed the need to do an agreement with Limerick Township for their summer camp whose participants are 90+% Spring-Ford families outside of policy 707 as is done with the YMCA for childcare. Fees through policy 707 would total \$30k per year which would not be sustainable. The recommendation is for \$7,500 for 2022 and \$15,000 each for years 2023 through 2026. The committee agreed to move this forward to the full board.
- Board Comment: None

- Public Comment: Ms. McNamara stated she hopes the board does not approve a 3.8% tax increase. There are ways to cut expenses as is done in the company she works for.
- Meeting adjourned at 7:51 pm