

Finance Committee Meeting Minutes

March 8, 2022

The Finance Committee met on Tuesday, March 8, 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* (arrived 6:37 pm) and Shawn Ryan, *Supervisor of Operations/Facilities*; Board Members Wendy Earle (via zoom) and Dr. Margaret Wright; and community member Denis Rees. Mr. Jackson called the meeting to order at 6:31 p.m.

- Public to be heard on agenda items only: None.
- Review and acceptance of minutes for February 8, 2022: Accepted.
- Executive Reports – 2021/2022 reports through February 28, 2022, reviewed by Mr. Fink
 - Liquidity:
 - \$101MM - Ahead of plan due to EIT and Transfer taxes.
 - Revenues:
 - Ahead of budget expectations primarily due to EIT and Transfer Tax revenues.
 - Expenditures:
 - 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.
 - Overall expenditures are under budget expectations by \$420k YTD.
 - Assessments:
 - Reports from the County are still 1 month behind.
 - Picked up \$2MM from last report.
 - R/E Transfer Taxes Revenue:
 - Almost \$1MM over budget.
 - This is exceptional and way off trend.
 - Earned Income Taxes:
 - \$450k above prior year.
 - On pace to do approx. \$12-12.5MM.
 - Self-Funded Health Insurance:
 - \$1MM credit discussed last month was reversed as expected in February.
 - Currently trending lower than expected by approximately \$300k.
 - Food Service:
 - Served 506k meals vs 340k 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.
 - COVID Grant Activity
 - Approx. \$200k spent since last meeting.
 - Approx. \$3MM has been received.
 - Approx. \$2.1MM left to spend and all of this is allocated for already.

- 2022-2023 Budget Review:
 - 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.
 - Mr. Fink reviewed budget model for the members to better understand how it is compiled and how calculations are done within the model/tool in determining budget gaps and their potential impact to tax rates.
 - Budget books are back except for special education.
 - Currently there is a \$5.1MM gap down from \$6.4MM gap in the preliminary budget. This calculates to a tax impact of 4.36% for 22/23 with more work to do (index is 3.4%).
 - Ms. Deardorff asked what the next steps, and Mr. Fink replied finalize staffing changes, special education, transportation based on agreement and fuel changes and a charter school review.
 - Mr. Fink spoke about the difference between property tax vs. income tax. While state income tax rates have not increased, the state recognizes revenue growth each year due to increases of taxpayers' gross pay. So while the rate does not increase, the base amount does. Property tax is the opposite as real estate assessments (the base) do not change year/year. So therefore the rate must increase as expenses increase.
 - 1% of a tax change equates to approximately \$1.1MM
 - Ms. Deardorff would like to see examples of the impact of millage changes the individual taxpayer can easily understand. Mr. Fink said that the District has included that in the past.
 - Ms. Earle would like to review budget and Mr. Fink suggested to set up a time to come in, or he could zoom with her.
- Other Committee Business:
 - Food Service Administrative Review – desk phase is taking place now, and onsite review will take place in late April which will include 3 schools.
 - Tax Rebate Program will need an annual Board approval, Mr. Fink requests adding this to the March agenda.
 - Status 150 rebates this year totaling approximately \$30k for our senior citizen residents.
 - Committee agreed to add to March agenda.
 - Frontline Forecast 5 (forecasting model) add to March agenda
 - Mr. Fink has vetted the budgeting/forecasting software for schools through demonstrations and reference checks with Montco schools districts currently using it.
 - Cost on average of \$30k per year for a 5-year agreement/license, and we tied this with the HR Suite Package renewal.
 - Mr. Jackson stated this is a good move for functionality and succession.
 - Committee agreed to add to March agenda
- Board Comment:
 - Ms. Deardorff asked for an explanation of the budget process that took place last year with the remaining High School Expansion. Mr. Fink explained the thought process regarding the return of funds to the Capital Reserve from the high school expansion project.
 - Mr. Jackson stating that the budget process is simple math, making good decisions, and balance which is to only spend what you have.
- Public Comment: None
- Meeting adjourned at 7:17 pm