

# UPPER PERKIOMEN SCHOOL DISTRICT

**VIRTUAL MEETING – 7:00PM**

**2229 E. Buck Road, Pennsburg, PA**

**Finance Committee Meeting**

June 14, 2021

Join Zoom Meeting

<https://zoom.us/j/95797024852>

**CHAIRPERSON:** Melanie Cunningham

**MEMBERS:**

Judy Maginnis

Keith McCarrick

Business Manager: Sandra Kassel

Assistant Business Manager: Dan Direso

Superintendent: Dr. Allyn Roche

## AGENDA

1. Approval of Meeting Minutes
  - a. May 3, 2021 (Attachment A)
  - b. May 17, 2021 (Attachment B)
2. Discussion
  - a. 21-22 adjusted Budget

### **Mission Statement**

The Finance Committee is an advisory committee who are devoting the extra time and effort to understand the finances of the district in order to assist and guide the Board on financial decisions which affect the short and long term financial health of the district.

**UPPER PERKIOMEN SCHOOL DISTRICT**

**FINANCE COMMITTEE**

**May 3, 2021**

The Finance Committee Meeting was held virtually with the following committee members attending: Melanie Cunningham (chairperson), Keith McCarrick, and Judy Maginnis. Others in attendance were: Dana Hipszer, Peg Pennepacker, Sandy Kassel, Dan Direso, Allyn Roche, Andrea Farina, and Kim Bast.

Motion by Judy Maginnis, seconded by Keith McCarrick, to approve the **April 19, 2021 Finance Committee Meeting minutes**. Motion carried.

**DISCUSSION –**

Timeline for the budget approval was listed.

**Fund Balance** – A review of the fund balance for the last five years was presented. A portion of last year’s fund balance was transferred to support the turf fields and to support district needs.

**Capital Funds** – A review of the Capital funds and commitments was presented. The purpose of capital funds is for one time expenditures that are not budgeted in the general fund or if budgeted frees up funds in the general fund for other purposes. The capital balance was provided along with a list of committed or necessary projects showing the available balance that will be available for future needs. Most of the items listed as critical capital needs were addressed and we are waiting for NORESKO to provide us with the cost to correct HVAC issues at the Education Center. This is outside the GESA project and not listed as committed although listed on last year’s critical list. One other major item listed on the list but yet to be decided is the installation of gates to secure the parking lot adjacent to the playground at the 4<sup>th</sup> and 5<sup>th</sup> grade center when in use during recess.

**COVID-19 Grants**

A review of the various grants was provided listing the awards and the expenditures. The grants are as follows:

ESSER I	-	\$ 238,934.00
PCCD Grant (Part 1)	-	\$ 243,883.00
(Part 2)	-	\$ 102,998.00
Montgomery County Cares Funding	-	\$ 394,625.98
Sp. Ed. COVID-19 Impact Mitigation	-	\$ 15,937.00
ESSER II	-	\$1,183,014.00
ESSER III	-	<u>\$2,425,110.00</u>
Total COVID Funds		\$4,604,502.98
Expended or Committed	-	<u>\$1,673,945.83</u>
Balance		\$2,930,557.15

\$485,022 of the ESSER III fund is to be used for learning loss. The presentation included a breakdown of the expenditures that have occurred.

### **2021-2022 Budget –**

Expenditure summary of the new staffing additions to the budget and the contracted services that are new expenditures were presented. Almost all of these costs are on going additional costs that will need to be funded moving forward. The total in the budget is \$1,826,651 for these items.

#### **Full-day Kindergarten**

The latest cost updates on this new program were provided.

#### **Expenditure Budget Summary**

The breakdown of expenditures by major function was discussed followed by the new staff needs costs which included full day kindergarten, autistic support, instruction coach, and technology support.

#### **Revenue**

The revenue was presented at the major levels of local, state, and federal. The information provided showed a need to utilize fund balance in a range of \$4,550,919 for a zero millage increase to \$3,100,300 at the maximum index of 3.7% millage increase.

A listing of added or decreased revenues were shown to explain the difference of local revenue for 2021-22.

#### **Overall Budget Increases**

A listing of the major object increases was presented with salaries, benefits, and transportation being the largest increases.

#### **Millage Calculations**

A chart was provided showing the effect of millage changes ranging from 0% to 3.7% (the maximum index) and the affect they would have on median and average assessments for homeowners with the estimated fund balance needed.

The committee was reminded that the Board has another ability to adjust the millage in June but must pass a preliminary budget in May.

The committee also discussed the transportation challenges that the district will face in planning for next year.

The committee was informed that not raising the millage is a loss of revenue for the future since the district must comply with Act 1.

The committee was also reminded that the capital fund, which they have transferred money into, has been valuable in allowing us to move forward with capital projects. That fund with the commitments will be down to \$3.7 million.

The committee was reminded of additional capital needs in the future.

Mrs. Cunningham will let the Board members know the power point will be available and that we don't know what the recommendation will be but she would like it to be 0.

Dr. Roche informed the Board of the efforts that are being made regarding getting out a declaration at the end of May or beginning of June which will acquire information that will help in some budget decisions.

Ms. Pennepacker raised the question as to whether there is a concern regarding the latest information about Knoll. Ms. Pennepacker said we must be transparent about the district needs and what we need to pay for. If a tax hike is needed we need to inform the public.

Mr. McCarrick said we will have to raise taxes if necessary.

Mr. Hipszer asked whether there is a ratio of budget to the amount of fund balance that should be maintained. Mrs. Kassel responded with the committed assigned and unreserved fund balance. The unreserved balance should be no more than 8%. The unreserved is a portion of the entire fund balance.

Ms. Pennepacker asked what Mrs. Kassel's recommendation would be regarding a tax increase. Mrs. Kassel responded with 3.7% increase and explained why.

Mrs. Cunningham asked if there were results on the survey that was sent. Dr. Roche reported on what has been received.

Judy Maginnis seconded by Keith McCarrick adjourned the meeting at 7:00 pm.

## UPPER PERKIOMEN SCHOOL DISTRICT

### FINANCE COMMITTEE

May 17, 2021

The Finance Committee Meeting was held virtually with the following committee members attending: Melanie Cunningham (chairperson), Keith McCarrick, and Judy Maginnis. Others in attendance were: Dana Hipszer, Peg Pennepacker, Sandy Kassel, Dan Direso, Allyn Roche, Andrea Farina, Kim Bast, Doug Kenwood, George Bonekemper, Dan Maginnis, Jennifer Hartzel, and Tatiana Galota

#### DISCUSSION –

##### a. Estimate of end of 20-21 Year

The committee started with a review of the estimated revenue. Last year there was an anticipated reduction of local revenue due to COVID which did not occur. Our revenues exceeded expectations in real estate payments, interim real estate, earned income tax, and transfer tax. Reductions occurred in interest, and admissions and fees. State revenue and federal funds were also reviewed.

Estimated expenditures as of May 13<sup>th</sup> were displayed along with the major projected expenditures for the balance of the year. The committee was reminded that the expenditures also reflect the \$5,000,000 transfer to the Capital Reserve fund. A spreadsheet was shared identifying current budgeted revenues and estimates for the 20-21 year along with a detail of major estimated expenditures.

##### b. Debt Service Review

A review of the status of our debt service was provided. The purpose was to show when the change will occur regarding the reduction in debt payments to help facilitate when funds will be available for future major renovations. A significant amount of planning will need to occur once a facilities study is approved.

Moving forward decisions will need to be made on the final budget. Mrs. Kassel expressed that administration would need to know what the comfort level will be in the utilization of fund balance, and if with the tax increase the need for fund balance is greater than what the Board wants we would need to reduce the expenditures and would need time to do that.

Dr. Roche asked if there was anything the committee felt should be discussed. Should this be discussed at a workshop with the full Board? The committee should let us know if we should schedule a similar presentation if needed or helpful.

A caution was expressed reminding the committee that fund balance is one time money.

Mrs. Maginnis asked what the unreserved fund balance is estimated to be. The response was just around \$9,000,000. Mrs. Kassel suggested that the committee consider moving additional funds to capital to support an increasing number of capital needs which are considered one time expenditures. Examples of those expenditures were fencing at the 4<sup>th</sup> and 5<sup>th</sup> grade center, the panic button system, HVAC concerns at the Education Center, and the HS softball field needs.

Ms. Pennepacker expressed the importance of developing a strategic plan and the timeline for doing it, and expressed that we need to stick to it.

Dr. Roche reminded the committee to let us know what information the Board would need to help with the budget process. Mrs. Cunningham asked if we could provide a quick look of the budget at the workshop and then make updates at the next finance committee meeting.

Mrs. Kassel again expressed a concern that if the Board directs us to only use a specific amount of fund balance and the tax rate does not cover the expenditures we would need time to make expenditure reductions

Dr. Roche reported that the parent declaration would be due back the week before the Board meeting and hopefully would help us with some budget decisions.

Mrs. Cunningham asked what affects Charter enrollment would have on staff if students remained in Charter. She asked if staff could be reduced if there is a significant number attending Charter. Dr. Roche responded that the administrators are looking at the staffing.

Mrs. Maginnis asked how we are factoring in virtual learning in the budget. Dr. Roche responded.

Ms. Pennepacker asked how Mr. Somers caution last week would affect us. Dr. Roche responded.

Motion by Mrs. Maginnis seconded by Mr. McCarrick to adjourn the meeting at 6:54PM.