

*Please remember to sign the Visitor's Register – Thank you.*

**Finance Committee Meeting Agenda**

**Monday, May 28, 2019**

**7:00 P.M. – TEAO, Room 200**

**PAGE NUMBER**

- 1. Approval of Minutes – Meeting on May 13, 2019..... 1**
- 2. 2019-2020 Budget Development ..... 3**
- 3. Public Comment**
- 4. Future Meetings**  
**TBD**

**Committee Goals**

1. Assist in the formulation and review of the District budget. Identify and review budget impact items.
2. Maintain the budget projection model using financial strategies and assumptions approved by the Committee.
3. Review fund balance commitment strategies and analyze the impact for budget development.
4. Identify the District's finance and budget related information to be communicated to our community residents and work with the District's communication contact to compose and distribute the information.
5. Support advocacy strategy to promote legislation related to improving the District's financial and budget situation.
6. Work in conjunction with the Facilities Committee to maintain funding of the capital improvement plan.

Draft  
**Finance Committee Meeting Minutes**

**May 13, 2019  
TEAO Room 200  
7:00 P.M.**

**Attending all or part of the meeting:**

<b>Board Committee Members:</b>	<b>Todd Kantorczyk, Chair, Kate Murphy, Heather Ward, Michele Burger</b>
<b>Other Board Members:</b>	<b>Dr. Roberta Hotinski, Edward Sweeney, Rev. Scott Dorsey, Kyle Boyer, Tina Whitlow</b>
<b>T/E School District Representatives:</b>	<b>Dr. Rich Gusick, Chris Groppe, Jeanne Pocalyko, Art McDonnell, David Francella, Dr. Mike Szymendera, Dr. Wendy Towle, Mark Cataldi, Dr. Oscar Torres</b>
<b>Other:</b>	<b>None</b>
<b>Community Members:</b>	<b>Stacy Stone, Laura Sullivan, Julie Ludwig, Christine Wright, Carol Clarke, Ray Clarke, Pattye Benson, Travis Hartley, Neal Colligan, Mike Heaberg, Karen Vadner, Doug Anestad</b>

**Approval of Minutes:**

- The Committee approved the minutes of the April 8, 2019 meeting.

**Monthly/Year to Date Financial Report – April 2019:**

- The Committee reviewed the Treasurer's report for April 2019. Mr. Francella reported that local revenue is slightly higher compared with the prior year, with delinquent taxes and investment income responsible for that higher trend. State revenue is slightly higher compared to the prior year due to receiving State retirement subsidy payments earlier. Spending is slightly below last year, primarily due to the timing of the monthly expenditures.

**Tax Appeals Update:**

- Mr. Francella gave an update on property tax appeals initiated by commercial and residential property owners. He reported that all the owner-initiated appeals have settled and resulted in the District's loss of property tax revenue from 154 residential appeals of \$255, 276 and \$124,125 from 11 commercial appeals, for a total property tax revenue loss of \$379,401 each year, beginning with the 2019-20 fiscal year. The 9 District-initiated appeals are still in settlement phase and could have a potential property tax revenue gain of \$150,181.

**2019-20 Budget Development:**

- Mr. McDonnell reviewed the 2019-20 Proposed Final Budget that was approved by the Board on April 22, 2019, which included the maximum authorized property tax rate increase of 5.964%. He explained the updated budget due to additional transportation expense of \$610,000 due to the school start time change approved by the Board at the same meeting.
- The Committee and Board members discussed the 2019-20 budget as presented in the agenda materials and approved the three additional budget impact strategies recommended by the

Draft  
**Finance Committee Meeting Minutes**

Administration. The Administration was directed to include the following budget impact strategies in the next iteration of the 2019-20 budget: further reduction in the department and building level budgets of \$100,000, eliminate two new budgeted Middle School security positions at \$106,200 and delay the CHS teacher laptop replacement at \$123,500.

- Other ideas for budget impact strategies were discussed by the Committee and Board members, which will be researched by the Administration which included a potential reduction in the budget impact of the new school safety coordinator position and phasing in the new reading program.
- The Committee and Board members discussed the 2019-20 tax rate and the analysis of extrapolating the special education expenditure over a three-year period. Several Board members expressed the property tax rate increase that they would support going forward with the budget. The Committee directed the Administration to obtain the solicitor's opinion on the legality of the PDE approved special education exception amount.

**Public Comment:**

- Ray Clarke commented on the Financial Reports and the 2019-20 Budget Development
- Neal Colligan commented on the Tax Appeals and the 2019-20 Budget Development
- Carol Clarke commented on the 2019-20 Budget Development
- Pattye Benson commented on the 2019-20 Budget Development
- Doug Anestad commented on the Tax Appeals and the 2019-20 Budget Development
- Mike Heaberg commented on the 2019-20 Budget Development

**Adjournment:**

- The meeting adjourned at approximately 10:09 P.M.

**Next Meeting:**

The next meeting is Tuesday May 28, 2019 at TEAO.

# Tredyffrin/Easttown School District

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## **FY 2019 - 20 Budget Development**

**Finance Committee**  
**May 28, 2019**

# FY 2019-20 Proposed Final Budget

Draft

(Act 1 Index of 2.3% and Referendum Exceptions of 3.664%)

1	Budgeted Anticipated Revenue	\$143,058,670
2	Budgeted Anticipated Expenditures	\$153,898,293
3	Projected Budget Deficit	(\$10,839,623)
	Estimated Property Tax Revenue from:	
4	Act 1 Index of 2.3%	\$2,581,592
5	*ERC Referendum Exception of .022%	\$24,574
6	*Special Education Referendum Exception of 3.642%	\$4,088,232
7	Projected Budget Deficit	(\$4,145,225)
8	Capital Fund Transfer Moved to Contingency	\$1,200,000
9	Budget Strategies Implemented	\$3,199,252
10	Projected Budget Balance	\$254,027

\*Total Referendum Exceptions Approved by PDE for 2019-20  
 Employer Retirement Contributions of \$24,574 (or .022%)  
 Special Education Expenditures of \$4,088,232 (or 3.642%)

# FY 2019-20 Budget Impact Strategies

## □ Included in the Development of FY19-20 Budget

1. Shift Capital Fund transfer from operating to contingency – \$1.2M
2. Reduce Departmental and Building-level budgets – \$1.3M
3. Maintain the FY18-19 core class size of 1 add'l student K-8 – \$922,000
4. Maintain current HS regular ed staffing – \$230,000
5. Healthcare Projections – \$400,000
6. Healthcare Plan Agreement Rx Discounts – \$175,000
7. Implement printing controls – \$30,000
8. Eliminate new CHS Secretary – \$70,450
9. Reduce Teacher FTE's by .5 – \$48,000
10. Reduce Supervisory/Confidential FTE by .5 - \$23,802
11. Change in school start times – \$610,000 add'l transportation costs
12. Transportation Opt-in – not projected to reduce transportation costs
13. Further Reduce Departmental and Building level budgets – \$100,000
14. Eliminate new budgeted non-mandated positions:
  - Middle School Security (2) – \$106,200
15. Delay CHS teacher laptop replacement – \$123,500

□ **Some of the items included in the reduction of Departmental and Building-level Budgets**

1. Classroom furniture
2. Musical instruments
3. Maintenance equipment and services
4. Repair parts for 1:1 laptops
5. Network services and equipment
6. CHS TV studio camera
7. School supplies and equipment
8. Departmental supplies and equipment
9. Educational software
10. Field trips
11. Staff conferences and travel
12. Athletic security
13. Athletic uniforms

# FY 2019-20 Budget Development

Draft

(Act 1 Index of 2.3% and Referendum Exceptions of 3.664%)

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8	Capital Fund Transfer Moved to Contingency	\$1,200,000
9	Budget Strategies Implemented	\$3,528,952
10	Projected Budget Balance	\$153,727

\*Total Referendum Exceptions Approved by PDE for 2019-20  
 Employer Retirement Contributions of \$24,574 (or .022%)  
 Special Education Expenditures of \$4,088,232 (or 3.642%)



# Projection Model

**(Act 1 Index and Referendum Exceptions of 3.664% Tax Increases)**

		A	B	C	D	E
		Proposed	Projected	Projected	Projected	Projected
	Revenues	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
1	Total Revenue from Local Sources	\$126,233,408	\$125,994,041	\$125,926,810	\$125,871,492	\$125,391,079
2	Revenue from State Sources	\$12,521,522	\$12,345,688	\$12,403,374	\$12,465,006	\$12,465,006
3	PSERS Subsidy from State	\$10,312,796	\$10,337,416	\$10,384,109	\$10,594,734	\$10,731,633
4	Total Revenue from Federal Sources	\$690,449	\$690,449	\$690,449	\$690,449	\$690,449
5	<b>Total Revenues</b>	<b>\$149,758,174</b>	<b>\$149,367,594</b>	<b>\$149,404,742</b>	<b>\$149,621,681</b>	<b>\$149,278,167</b>
	Expenditures					
6	Salaries	\$61,829,929	\$62,918,482	\$62,918,482	\$62,918,482	\$62,918,482
7	Benefits	\$17,653,422	\$19,166,169	\$19,474,934	\$20,858,420	\$22,267,084
8	PSERS Expenditures	\$20,625,591	\$20,674,831	\$20,768,218	\$21,189,469	\$21,463,267
9	Other Expenditures	\$49,495,505	\$52,558,329	\$54,443,646	\$56,094,014	\$57,603,390
10	<b>Total Expenditures</b>	<b>\$149,604,447</b>	<b>\$155,317,812</b>	<b>\$157,605,279</b>	<b>\$161,060,385</b>	<b>\$164,252,223</b>
11	<b>Budget Imbalance</b>	<b>\$153,727</b>	<b>(\$5,950,218)</b>	<b>(\$8,200,538)</b>	<b>(\$11,438,703)</b>	<b>(\$14,974,056)</b>
12	Beginning General Fund Fund Balance	\$28,064,278	\$28,218,005	\$22,267,787	\$14,067,249	\$2,628,546
13	Change/Use of Fund Balance	\$153,727	(\$5,950,218)	(\$8,200,538)	(\$11,438,703)	(\$14,974,056)
14	<b>Ending General Fund Fund Balance</b>	<b>\$28,218,005</b>	<b>\$22,267,787</b>	<b>\$14,067,249</b>	<b>\$2,628,546</b>	<b>(\$12,345,509)</b>

▪ **Act 1 Index of 2.3% and Referendum Exceptions of 3.664% Tax Revenue Included for FY 2019-20**

# FY 2019-20 Budget Impact Strategies

- Presented for Consideration in the Development of FY19-20 Budget
- Grouped by Relative Preference

1. Increase student parking fees at CHS – \$54,000
2. Increase student activity fee to \$75 – \$80,000
3. Discontinue support for CHS club sports – \$60,000
4. Eliminate ERB's – \$85,000
5. Increase CHS 1:1 cost sharing fee to \$75 - \$37,500
6. Increase MS 1:1 cost sharing fee to \$75 - \$25,000

***Total of Top Section:  
\$341,500***

7. Maintain current wages for District aides/paras - \$14,100
8. Eliminate transportation for reading camp – \$32,000
9. Charge for in-school music lessons and sectionals – \$160,000
10. Eliminate new budgeted non-mandated positions:
  - School Safety Coordinator - \$184,400
  - Elementary Mental Health Specialist - \$96,000
11. Delay new reading program - \$300,000
12. Eliminate Summer Reading Camp - \$131,200

***Total of Bottom Section:  
\$917,700***

***Total of Both Sections: \$1,259,200***

# FY 2019-20 Budget Impact Strategies

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## □ Other Items to Consider

1. Enrollment and staffing projections
2. State budget impact
3. 2019-20 budget assumptions
4. 2018-19 revenue and expenditure projections

# FY 2018-19 Budget and Year-end Projection

Draft

		A	B
		Budget	Projection
	Revenues	2018-2019	2018-2019
1	Total Revenue from Local Sources	\$118,068,353	\$119,100,518
2	Revenue from State Sources	\$12,315,600	\$12,423,318
3	PSERS Subsidy from State	\$9,729,438	\$9,729,438
4	Total Revenue from Federal Sources	\$729,740	\$729,740
5	<b>Total Revenues</b>	<b>\$140,843,131</b>	<b>\$141,983,014</b>
	Expenditures		
6	Salaries	\$59,887,002	\$60,109,602
7	Benefits	\$15,630,267	\$16,909,967
8	PSERS Expenditures	\$19,458,875	\$19,479,575
9	Other Expenditures	\$47,362,495	\$48,262,495
10	<b>Total Expenditures</b>	<b>\$142,338,639</b>	<b>\$144,761,639</b>
11	<b>Budget Imbalance</b>	<b>(\$1,495,508)</b>	<b>(\$2,778,625)</b>

Revised: May 20, 2019

# Final Approved Budgeted Gaps\*

Draft

\*Required to be Balanced with Existing Fund Balance

Fiscal Year

Amount

□ FY 2006-07

□ \$0

□ FY 2007-08

□ (\$1,064,909)

□ FY 2008-09

□ (\$2,622,244)

□ FY 2009-10

□ \$0

□ FY 2010-11

□ (\$1,252,306)

□ FY 2011-12

□ (\$2,103,448)

□ FY 2012-13

□ (\$1,157,588)

□ FY 2013-14

□ (\$1,744,095)

□ FY 2014-15

□ (\$1,171,891)

□ FY 2015-16

□ (\$1,654,836)

□ FY 2016-17

□ (\$ 766,651)

□ FY 2017-18

□ (\$1,571,315)

□ FY 2018-19

□ (\$1,495,509)

*Last 5 Years  
Average:*

**(\$1,332,040)**

# 2019-20 Budget Development

Draft

**FY2019-20 Operating Deficit**

**(\$11,269,623)**

**FY19-20 Budget Reductions  
and Cuts Implemented to date**

**\$4,728,952**

**Property Tax Revenue from  
FY19-20 Undecided Tax Increase**

**\$5,208,631 4.64%**

**Using Last 5 years average  
as a targeted Operating Deficit**

**(\$1,332,040)**

**Additional Tax Revenue, Budget  
Reductions/Cuts or Fund Balance  
Required to Balance the Budget**

**\$0**

# 2019-20 Budget Development

Draft

		A	B	C	D	E	F	G
		Act 1 Index	Index + PSERS					Index/Ref Excpt
	FY 2019-2020	2.3%	2.322%	3.91%	4.33%	4.64%	4.742%	5.964%
1	Operating Deficit	(\$11,269,623)	(\$11,269,623)	(\$11,269,623)	(\$11,269,623)	(\$11,269,623)	(\$11,269,623)	(\$11,269,623)
2	Budget Reductions and Cuts Taken	\$4,728,952	\$4,728,952	\$4,728,952	\$4,728,952	\$4,728,952	\$4,728,952	\$4,728,952
3	Property Tax Revenue from Tax Increase	\$2,581,592	\$2,606,166	\$4,388,042	\$4,860,329	\$5,208,631	\$5,322,006	\$6,694,398
4	Using 5-Yr Average Operating Deficit	(\$1,332,040)	(\$1,332,040)	(\$1,332,040)	(\$1,332,040)	(\$1,332,040)	(\$1,332,040)	(\$1,332,040)
5	Add'l Tax Revenue, Reductions/Cuts or Fund Balance Required to Balance Budget	(\$2,627,039)	(\$2,602,465)	(\$820,589)	(\$348,302)	\$0	\$113,375	\$1,485,767

# 2019-20 Budget Summaries

Draft

(with various Tax Rates)

		A	B	C	D	E	F	G
		Act 1 Index	Index + PSERS					Index/PSERS/SpecEd
	FY 2019-2020	2.3%	2.322%	3.91%	4.33%	4.64%	4.742%	5.964%
1	Total Revenues	\$143,238,670	\$143,238,670	\$143,238,670	\$143,238,670	\$143,238,670	\$143,238,670	\$143,238,670
2	Total Expenditures	\$154,508,293	\$154,508,293	\$154,508,293	\$154,508,293	\$154,508,293	\$154,508,293	\$154,508,293
3	Projected Budget Deficit	(\$11,269,623)	(\$11,269,623)	(\$11,269,623)	(\$11,269,623)	(\$11,269,623)	(\$11,269,623)	(\$11,269,623)
4	Capital Fund Transfer to Contingency	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
5	Budget Strategies Implemented	\$3,528,952	\$3,528,952	\$3,528,952	\$3,528,952	\$3,528,952	\$3,528,952	\$3,528,952
6	Total Budget Reductions	(\$6,540,671)	(\$6,540,671)	(\$6,540,671)	(\$6,540,671)	(\$6,540,671)	(\$6,540,671)	(\$6,540,671)
7	Revenue from Tax Rate Increase	\$2,581,592	\$2,606,166	\$4,388,042	\$4,860,329	\$5,208,631	\$5,322,006	\$6,694,398
8	Budget Deficit (Satisfied with Fund Balance)	(\$3,959,079)	(\$3,934,505)	(\$2,152,629)	(\$1,680,342)	(\$1,332,040)	(\$1,218,665)	\$153,727
9	Beginning General Fund Fund Balance	\$28,064,278	\$28,064,278	\$28,064,278	\$28,064,278	\$28,064,278	\$28,064,278	\$28,064,278
10	Use of Fund Balance for Budget Deficit	(\$3,959,079)	(\$3,934,505)	(\$2,152,629)	(\$1,680,342)	(\$1,332,040)	(\$1,218,665)	\$153,727
11	Ending General Fund Fund Balance	\$24,105,199	\$24,129,773	\$25,911,649	\$26,383,936	\$26,732,238	\$26,845,613	\$28,218,005
12	Variance Between Act 1 and Tax Rate Increases Above		\$24,574	\$1,806,450	\$2,278,737	\$2,627,039	\$2,740,414	\$4,112,806



# Tax Impact from Act 1 Index and Referendum Exceptions

		A	B	C	D
					**Increase to
	<u>FY 2019-20</u>	<u>Tax Rate</u>	<u>Projected Revenue</u>	<u>Mills</u>	<u>T/E Homeowner</u>
1			(Current Rate = 22.981)		
2	Act 1 Index	2.3%	\$2,581,592	0.5285	\$134
3	Referendum Exceptions:				
4	Employer Retirement Contributions	0.022%	\$24,574	0.0050	\$1
5	Special Education Expenditures	3.642%	\$4,088,232	0.8369	\$213
6	Total	5.964%	\$6,694,398	1.3704	\$348
7			(New Rate = 24.3514)		
8	**Based on Average Assessment of a T/E home of \$254,482 with a average tax bill of \$5,848				
9		5.696%	\$6,393,233	1.3090	\$333
10		4.742%	\$5,322,006	1.0897	\$277
11		4.64%	\$5,208,631	1.0663	\$271
12		4.33%	\$4,860,329	0.995	\$253
13		3.91%	\$4,388,042	0.8985	\$229

# **2018-19 General Fund Balance Commitments**

Draft

	A		B
1	2018-19 Budget Commitment and Contingency		\$5,245,509
2	Capital Projects		\$4,006,072
3	Vested Employee Services		\$12,388,333
4	PSERS Contingency		\$4,248,676
5	Healthcare Contingency		\$4,200,000
6	Assigned to: Athletic Fund		\$254,313
7	Total		\$30,342,903

# Capital Project Funding and Expenditures

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