

Finance Committee Meeting Minutes

May 3, 2016
TEAO – Room 200
7:00 P.M.

Attending all or part of the meeting:

Board Committee Members: Virginia Lastner, Chair, Kevin Buraks, Todd Kantorczyk, Roberta Hotinski

Other Board Members: Douglas Carlson, Rev. Scott Dorsey, Edward Sweeney, Kate Murphy, Michele Burger

T/E School District Representatives: Dr. Rich Gusick, Jeanne Pocalyko, Art McDonnell, David Francella, Mark Cataldi, Dr. Mike Szymendera

Other: None

Community Members: Patrick McHugh, Peg Layden, Wendy DeMarco, Jack Tanner, Giulia Ghibellini, Sam Elsen, Lilliane Min, Nicole Brigham, Jerry Henige, Kathleen Keohane, Ray Clarke, Jamie Lynch, Jean Cook, Jane Rawlings, Cheryl Lowery, Wendy Brooks

Approval of Minutes:

- The Committee approved the minutes of the April 12, 2016 meeting.

Property Tax Appeals:

- Mr. Francella gave an update on commercial and residential property tax assessment appeals. He reported that all the appeals have proceeded through the courts and the resulting loss of property tax revenue from 25 residential appeals is \$115,014 and \$161,196 from 15 commercial appeals, for a total loss of property taxes of \$276,210 beginning in the 2016-17 fiscal year and going forward. District-initiated commercial property tax appeals resulted in gross additional property taxes of \$50,846.

2016-17 Budget Development:

- Mr. McDonnell reviewed the 2016-17 Proposed Final Budget that was approved by the Board on April 25, 2016 which included a tax rate increase of 3.875% including the Act 1 index and a portion of the PDE approved referendum exceptions.
- At the request of the Committee, Mr. McDonnell presented a detailed revenue analysis revisiting the variances and budget assumptions discussed at the January Finance meeting, including multi-year actual and variance data broken down by category. The Committee discussed the budget assumptions used in the development of the 2016-17 budget and determined that no changes were necessary at this time.
- The Committee and all Board members discussed reducing the tax rate increase in the final budget to a rate somewhere between the approved proposed final of 3.875% and 3.65%. The Committee asked the Administration to bring some analysis to the next Committee meeting with the impact on the proposed final budget of a reduction in the tax rate increase to 3.65%.

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- Several education programs and special education services were discussed in response to public comments. It was determined these issues should be discussed in the Education Committee in the fall before they are referred to the Finance Committee to discuss if they can be funded appropriately.

Moody's 2016 Issuer Comment Report:

- Mr. McDonnell reviewed the Moody's 2016 Issuer Comment Report for the District. The report was an overview of several areas of the financial operation of the District including tax base, debt, pensions, and management. The overall conclusions were that the District has an extremely strong credit position surpassing its Aaa rating with large tax base, superior economic profile, very healthy financial position, negligible debt burden, and mid-ranged pension liability.
- Some items of note in the report were that the District has property assessed materially above the US median, the full value per capita is much stronger than the US median, and the family income is a robust 221.4% of the US level. In addition, the fund balance as a percent of operating revenues (27.4%) is only slightly higher than the US median and the cash balance fell materially between 2012 and 2015. The District's net direct debt to full value is materially below the US median and the adjusted net pension liability to operating revenues rose modestly between 2012 and 2015 but is slightly under the US median. The report stated the ability to generate positive operating margins, which are basically year-end contributions to fund balance, are a component of strong financial management.

Fund Balance:

- Mr. McDonnell reviewed Fund Balance Management Policy and Regulation 3185. He reported that in the past the District has consistently funded its Capital plan through transfer of funds from the General Fund in an amount of approximately 25% of capital needs. The Committee discussed reviewing both policy and regulation in the fall while looking at capital fund transfers. Tax abatement was also brought up and the Administration will look into this for the fall discussion.

Public Comment:

- Ray Clarke commented on local revenue and tax growth.
- Pat McHugh commented on restoring educational programs abandoned in prior year budget strategies.
- Paul Eisenberg commented on restoring educational programs abandoned in prior year budget strategies.
- Sam Elsen commented on restoring educational programs abandoned in prior year budget strategies.
- Giulia Ghibellini commented on restoring educational programs abandoned in prior year budget strategies.

Adjournment:

- The meeting adjourned at approximately 9:42 P.M.

Next Meeting:

The next meeting is Wednesday, June 8, 2016 at 7:00 P.M.