

## FINANCE COMMITTEE

### MINUTES

June 30, 2014

WARREN COUNTY CAREER CENTER, LARGE CONFERENCE ROOM

#### **COMMITTEE MEMBERS PRESENT:**

Ms. Donna Zariczny

#### **COMMITTEE MEMBERS ABSENT:**

Ms. Mary Anne Paris, Chairperson

Ms. Patricia Rosenstein

#### **OTHERS PRESENT:**

Mr. Arthur Stewart

Mr. Tom Knapp

Mr. Jack Werner

Ms. Marcy Morgan

Mr. Mike Zamborik

Mr. Paul Mangione

Ms. Donna Zariczny

Dr. Bill Clark

Ms. Ruth Nelson

Ms. Amy Stewart

Dr. Norbert Kennerknecht

Mr. Jim Grosch

Mr. Gary Weber

Ms. Sue Turner

Mr. Mike Kiehl

Mr. Brian Collopy

Mr. Matt Jones

Ms. Misty Weber

Ms. Rhonda Decker

Ms. Ruth Huck

Ms. Melissa McLean

Mr. Josh Cotton (Times Observer)

Approximately 10 others

## **1. Opening Activities**

### **1.1 Call to Order**

Meeting was called to order at 8:50 p.m. by Ms. Donna Zariczny, Acting Chairperson. Mr. Mike Zamborik and Mr. Jack Werner agreed to fill in for absent committee members.

### **1.2 Public Comment**

None

## **2. New Business**

### **2.1 GRANT: Direct Certification Technology Upgrade Incentive**

#### **Discussion:**

Mr. Matt Jones presented information on the incentive opportunity, indicating that this is similar to a previously awarded grant. Monetary incentives can be used to purchase computers, software, internet service or other devices that lead to improved direct certification processes. It was noted that the submission date has passed.

#### **Action:**

This will be forwarded to the Board for approval at the Special Board Meeting (June 30).

#### **Motion:**

That the Board of School Directors instructs the administration to submit an application to the Center for Schools and Communities for Direct Certification Technology Upgrade Incentive funds related to the Direct Certification process.

## 2.2 Budget Discussion

Discussion: There was much discussion on the 2014-15 budget with highlights of the discussion noted below.

- Budget Discussion
  - o Overall the budget has not changed much on the expenditure side. There have been reclassifications across expenses and \$150,000 was added to unresolved staffing. As staffing is reviewed at the beginning of the school year, it will then be determined if these funds will be expended.
  - o Budget is being passed in Harrisburg tonight as we speak
  - o The word on the PA State budget is that we are not going to get the entire \$816,000 that is budgeted at this time for the Ready to Learn Block Grant. It is anticipated that we are going to lose approximately \$475,000 of this revenue.
    - Our current net budget deficit is \$655,777 (w/ a 2 mil increase) if you go to 1 mil you add \$400,000 to that deficit
- Fund Balance
  - o Estimated to come in at \$3,200,000 or \$1,400,000 higher than the previous estimate
  - o Jim prepared an analysis of the fund balance if the estimate is to come in at \$3,200,000 from the most previous estimate of \$1,800,000. These commitments would be to cover the WCCC Health Program equipment, technology, set aside for PSERS, set aside for Capital (WAHS/Debt) and set aside for Tech (server farm)
  - o Donna – Should we increase the textbook spending as well?
    - Donna – we’re getting \$200,000 back and not spending it on textbooks
    - Gary – we’re going to do quite a bit of curriculum writing this year (usually takes 3 years); the \$600,000 should cover that
  - o One of the factors for contributing to fund balance is deductible days. If employees that have them take advantage of deductible days it could equate up to \$800,000 of surplus if substitutes are not used.
  - o Bill – Fund balance has almost become a contingency for the District – giving to the Directors for a specific project
    - Idea is to do a report on where we are on fund balance and how we’re drawing it down; possibly report quarterly on fund balance draw down.
- Budget Discussion
  - o Kelly Services is budgeted very tightly and it is going to take a very diligent effort to make sure that their service is utilized cost efficiently.
  - o Arthur – We are looking at differences between preliminary budget we passed 30 days ago and today.
    - We have more money than we did 30 days ago, but you’ve added things that the Board hasn’t talked about
    - We need to talk about the increases this evening to compare apples to apples
  - o Tom – We could cover everything we lack in the budget by not increasing taxes and using 1.4 million in the fund balance; we’re not overspending, we are just spending what we have leftover
  - o Bill – You can only tax once and then the gap widens; not taxing this year and setting some things aside could hurt you in the future.

- Arthur – Administration would like us to look at putting more money in the restricted funds; if that argument is clear to us, then a tax increase is necessary
- Bill – Recommendation is to put money back into PSERS and Debt Service; especially now where we see where we are with the fund balance; maybe we are at a 1 mill increase.
- Arthur – On the revenue side the change is \$400,000 and we have no control; on the expenditure side all we are seeing are changes to the restricted and unrestricted funds.
  - Any other changes?
  - Bill - \$150,000 for staffing
- Recommended Committed Fund Balance discussion
  - PSERS – originally at \$420,000 but we were still coming up short and that's with a 0% change in salary
  - Capital – One thing with QZAB, etc. that we need to look at buildings we are not renovating. We have had some success in renovating buildings, but we are coming full circle – warranties at Youngsville, etc. are starting to come due. We need to maintain what we have. Asphalt parking lots have taken a beating this winter with the freeze/thaw cycle and we need to maintain them.
  - Server Farm – increased to get closer to the anticipated cost of 1 million dollars to replace the Server Farm; Server Farm is not failing right now, but we cannot go too long; stuff that we have is old – We have made staff a priority over stuff and we are going to start paying for it.

Action:

Note – Additional discussion and action will occur at the board meeting. A 1 mill and a 2 mill increase budget was moved for the Board meeting.

Motion:

Note – Further discussion is necessary at the Board meeting. A motion will be made at that time.

## **2.3 Budget Transfers in Preparation of 2013-2014 Audit**

Discussion:

This is a routine request to allow transfers to be made as a clean-up of accounts for preparation of the audit, providing a better accounting history.

Action:

This will be forwarded to the Board for approval at the Special Board Meeting (June 30).

Motion:

That the Board of School Directors directs and authorizes the Director of Business Services, after June 30, 2014 to make budget transfers applicable to the 2013-2014 fiscal year, as necessary, in preparation of the 2013-2014 annual audit, with the understanding that all such transfers shall be presented to the Board for approval/ratification at a subsequent meeting.

## **2.4 Budget Transfer**

### Discussion:

Mr. Grosch presented the transfer requested by Dr. Jaskolka for repair and maintenance costs of a current Diagnostic Machine in Auto Technology

### Action:

This will be forwarded to the Board for approval at the Special Board Meeting (June 30).

### Motion:

That the Board of School Directors approve the Resolution and Budget Transfer in the amount of \$4,020.00.

## **2.5 Insurance Renewals**

### Discussion:

The total insurance increase is \$25,622, or 6.2%. The premium for Errors and Omissions, our professional liability insurance, is increasing approximately 25%. This is driven by the overall claim environment, not by the WCSD claim history. The Commercial Package, in total, is increasing by 4.5%. This increase is a result of the Youngsville High vandalism claim. It was noted that Liberty Mutual is the fifth largest casualty company in the world, and the YHS claim is the largest vandalism school claim in the country for them. The deductible will increase from \$5k to \$10k. We will have a new Workmen's Compensation vendor that will save approximately \$181k. Unless noted, coverage on all policies remains the same.

### Action:

This will be forwarded to the Board for approval at the Special Board Meeting (June 30).

### Motion:

That the Board of School Directors approves the attached insurance renewal coverage types, coverage limits, and premium amounts to be provided by Calvert Pearson Insurance Group, Inc. (Keystone Insurers Group) and Sundahl & Co., Inc., and authorizes the Board President, the Board Secretary, and the administration to execute the associated policies and any other documentation required to implement the policies.

## **3. Old Business**

## **4. Informational Items**

### **4.1 Financial Reports**

Contact Mr. Grosch if there are any questions or concerns with any of the reports.

## **5. Other**

## **6. Closing Activities**

**6.1 Next Meeting Date** – Monday, July 28, 2014 following PACCA

**6.2 Executive Session** - None

**6.3 Adjournment**

Meeting adjourned at 10:06 p.m.