

Finance Committee Minutes
May 5, 2015
Main Office Large Conference Room
4:30 pm

Present: Mr. Charles Kleinschmidt, Mr. Robert Vining, and Mrs. Kathryn Strouse

An agenda was distributed to members prior to the meeting.

Insurance renewal & reappointment of broker: The Business Manager reviewed the premium quotation for July 1, 2015 for the school's property and liability from Willis of Pennsylvania. The overall cost is \$82,328 compared to the expiring premium cost of \$79,997. The budget amount for 2015/2016 is \$84,776. The property limits were increased and coverage is broader. The Business Manager was pleased with the contract costs and recommends accepting the renewal and re-appointing Willis of Pennsylvania.

Computer lease: The Business Manager shared a summary of equipment to be leased and lease quotations received. The equipment consists of 25 Apple iMac and 77 LAM PC systems. Lease quotes were in hand from First American Education Finance and LEAF. A quote from Apple is anticipated.

Asset inventory: The Business Manager shared the summary of the physical inventory completed by Asset Control Solutions in the fall. The report will be for fiscal year ending June 30, 2015. Equipment and other capital additions that occurred in 2014/2015 will be added to complete the report. The Business Manager advised that there will be adjustment for assets under the capitalization threshold, changes in depreciation and identification of items.

GASB 67 & 68: These accounting pronouncements require the recognition of liability for employee pension cost in the financial statements and take effect with the fiscal year ended June 30, 2015. PSERS is a cost-sharing multi-employer pension plan. The guidance for estimation of the net pension liability is to use three times the eligible payroll for PSERS. An illustration of the impact was shared. For 2013/2014, eligible payroll was \$4,295,278, the Total Net Position was \$3,736,981 and applying the formula would change the net position to -\$9,148,853 deficit. According to the Auditor General: The intent of GASB 67 & 69 is to improve accountability and transparency of financial reporting; to improve usefulness of information for users of the financial report, including interested taxpayers in knowing the true liability of obligations owed by the school; to separate *accounting and reporting* from funding. Further, in the Auditor General informational briefing, GASB 67 & 68 may make it more difficult for public schools to borrow money, obtain good interest rates, float bonds, and/or carry out capital projects.

Bucks & Montgomery County Schools Health Care Consortium (BMCSHCC): The Business Manager, as representative for MBIT, shared information regarding the current year operation of the BMCSHCC. MBIT is doing very well as is the BMCSHCC as a whole. The Business Manager shared how the Benefits Committee has been learning about pharmacy, imaging, use of emergency room costs and drivers of those cost is occurring. Consensus about subtle changes that will result in lower claims dollars have occurred. Examples are the change of emergency room co-pay from \$35/\$40 to \$100 with education about using (when appropriate) urgent care

centers with co-pays of \$24/\$28 may result in over a million dollar reduction in claims cost. Other changes to increase out-of-network deductible and out of pocket maximums may result in lower out of network claims cost. These changes will be effective July 1, 2015. The importance of the agreement at consortium level to make changes is truly an important step demonstrating fiscal concern for cost of health care.

The Business Manager shared the monthly and year-to-date results for Li'l Bucks Preschool and Adult Education.

The meeting adjourned at 5:20 PM.