

Finance Committee Minutes
October 7, 2014
Main Office Large Conference Room
6:00 pm

Present: Mrs. Susan Atkinson, Dr. Bill Foster, Mr. Charles Kleinschmidt, Mrs. Kelly Unger, Mr. Robert Vining, and Mrs. Kathryn Strouse

An agenda was distributed to members prior to the meeting.

Tour of Automotive Labs: Prior to the meeting, members toured the renovated automotive labs.

Financing New Vans: The Business Manager shared the quotations received from two different finance companies and explained the rationale for leasing versus a cash payment for the new vans. The committee reviewed the analysis and concurred with the recommendation to lease vans using Ally Finance for the 60 month \$1 buy-out lease with quarterly payments of \$2,784.66.

2015-16 Budget Preparation: The Business Manager reviewed the budget building process that includes gathering of data internally, assumptions and recommendation from outside consultants regarding cost trends. Medical plans 8%, Pharmacy 10%, PSERS 25.84%, contract salary increases 3% and all others using 3%. The General Fund has a committed fund balance of \$145,000 for use to mitigate the increasing cost of retirement. The Production Fund has a fund balance of \$338,625 and Adult Education Fund has a fund balance of \$229,261. The first presentation of the proposed General Fund budget will be made at the November Executive Council meeting.

Disposing of Excess, Surplus and Obsolete Equipment: The Business Manager presented a brief presentation showing a sampling of the obsolete or surplus items currently stored on school grounds and discussed means of disposing of excess, surplus and obsolete equipment. The committee questioned the regulations for disposal and the Business Manager responded that regulations exist for disposing of real estate but is virtually non-existent for equipment, except when federal money was used for original acquisition. The Director stated that Executive Council Policy # 706.1 – Disposal of Surplus Furniture, Supplies, Books and Equipment says the Business Manager shall be responsible for the proper disposition for all such items. The plans for disposing of items include using on-line auction, advertising via Craigslist, sales via industry affiliations, on-site auction, and sales for scrap value. The Business Manager will keep the committee informed.

Student-Built Modular House – Sealed Drawings: The Business Manager presented a brief presentation showing the recently completed Student-Built Modular House (SBMH) that was recently relocated to its permanent location in Doylestown. The photos included pictures of the kitchen, living/dining room, floors, base board heaters, first floor powder room, and windows. The history of the project, the involvement of DCED Modular Housing Division with inspections, manufacturing code, approval of MBIT as manufacturer, age of drawings, and need to improve documentation of SBMH project were discussed with the committee. The Business Manager recommended hiring a structural engineer to work with our students and instructors to

create the sealed drawings documenting the SBMH. The funds to pay for the professionals will come from the SBMH project, which has contributed significantly to the Production Fund balance over the years. A motion to hire a structural engineer will be included on a future Executive Committee meeting agenda.

Updates: The Business Manager reviewed results of operation of Li'l Bucks and Adult Education as of September 30, 2014 with the committee.

Treasurer's Report of Cash Balances: The Business Manager advised the committee members that the reporting of the \$9,061,785.72 restricted bond proceeds (from Series of 2014 bond transaction) was restated and removed from the report. According to the local auditors and other authoritative guidance, once the proceeds were placed in escrow and all provisions in the debt instruments satisfied, an in-substance defeasance of the Series of 2006 bonds occurred for accounting and financial reporting purposes.

The meeting adjourned at 7:10 PM.