

Finance Committee Minutes
November 5, 2014
Main Office Large Conference Room
6:00 pm

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

An agenda was distributed to members prior to the meeting.

Automotive Equipment Bids: Bids were opened on October 30 for a tire changer, wheel balancer and 2-post lift. The specifications were based on Hunter and Rotary equipment or equivalents. For the tire changer and wheel balancer three bids were received, one to specification and two bidding machines as equivalents to the Hunter equipment at lower cost. A thorough evaluation is being made to determine if the items bid are indeed equivalents. Two bids for the 2-post lifts as specified were received. A final recommendation regarding the bids will be presented at the November Executive Council meeting.

HVAC Maintenance Service Contract: The Business Manager reviewed the proposed service contract from Burns Mechanical covering 57 units with 4 inspections per year, filter changes on 45, 75 and 180 day schedules, with specific actions for start-up of AC and heating cycles. Contract term will be five years with proposed cost in years 14-15 \$44,750, 15-16 \$44,750, 16-17 \$46,092.50, 17-18 \$46,092.50 and 18-19 \$47,475.28. A 60 day cancellation policy is included in the contract. Our Facilities Manager is very pleased with service provided by Burns and contracting fixes our cost for five years. A motion to enter into the maintenance agreement will be in the agenda for November 10.

Electricity: The Business Manager shared a projection of cost of electricity through June 30, 2018 prepared by Provident Energy, who acts as consultant for MBIT. Currently, MBIT has been in a contract purchasing the non-regulated electricity that ends June/July 2015. Provident Energy is bundling their approximately 100 educational client's electricity information to request pricing from 10 PA UC licensed Electric Generation Suppliers. This effort is going to occur in November with pricing due at beginning of December and firm commitments from clients in early December. The projection is an indication of what the expected outcome will be. The Business Manager is requesting the ability to execute agreements in December if in the best interest of MBIT. A motion granting the Business Manager authority will be in the agenda for November 10.

MBIT Audit Reports: The Business Manager reviewed the audit report for fiscal year ended June 30, 2014 as prepared by local auditors, Dreslin & Company, Inc. Certified Public Accountants. Their opinion was unmodified. The Business Manager reviewed the contents of the report including highlighting the MD&A, the entity wide and governmental fund financial statements, and notes to financial statements. He reviewed note #6 Due to Members which is the reconciliation of the net secondary operating expenses for 2013-14 versus the funding budget allocated according to actual member ADM. For 2013-14, net secondary operating costs were

\$430,352 lower than originally budgeted. Those dollars will be refunded to members in the 2015-16 school year.

Extension of Auditor's Engagement: The Business Manager shared a letter from Dreslin & Company, Inc. proposing to extend their audit agreement for three more years with cost of \$9,750 for years 2015 and 2016 and \$9,950 for 2017. The committee questioned if there was any requirement to bid and there is not for professional services. The committee asked if there were any issues with the Auditors and the Director noted there were none. A motion to extend the audit engagement will be in the November 10 agenda.

GASB 45 Actuarial Valuation Report as of September 1, 2014: The Business Manager provided a brief overview of what GASB 45 is accounting for and the information used by the actuaries to prepare the report. The committee reviewed the report as prepared by Conrad Siegel. The Business Manager referenced the entries in the audit report reviewed earlier in the meeting. A motion to receive and file the GASB 45 report will be in the November 10 agenda.

Preliminary 2015-16 General Fund Budget: The Business Manager distributed a summary of preliminary budget and reviewed it with the committee. He reviewed the assumptions and recommendation from outside consultants regarding cost trends: starting new Sports Management and Exercise Science education program, medical plans 8%, pharmacy 10%, PSERS 25.84%, teacher contract salary increases based on known factors and use of 2% for administrative and support staff. Based on the compilation of the data, the expenditures budget increase is \$608,055 or 7.02% above 2014/2015 approved budget. To mitigate the increase, use of a portion of the \$145,000 committed fund balance and portions of the unassigned Adult Ed \$229,260 and Production Control \$338,625 fund balances was proposed. The rationale to use fund balance is pay for the new program and to reduce the member district contributions. The summary showed member contributions increasing \$229,513 or 2.63% over the 2014/2015 budget. This is the preliminary presentation and there is expectation of reducing benefit and other costs in later presentations. The first presentation of the proposed General fund budget will be made at the November Executive Council meeting.

Updates: The Business Manager reviewed results of operation of Li'l Bucks and Adult Ed as of October 31, 2014 with those present. Some issues with cost were explained as having to do with timing differences in pay dates and utilization of sick leave due to non-work related injury.

The meeting adjourned at 7:05 PM.