

**Finance Committee Minutes**  
**November 8, 2017**  
**Main Office Large Conference Room**  
**4:30 pm**

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

Other attendee: Mr. Paul Farrell, CPA

An agenda was distributed to members prior to the meeting.

MBIT Independent Audit Report: Mr. Paul Farrell, CPA and partner of the Dreslin and Company, Inc. Certified Public Accountants delivered the Auditors report for fiscal year ended June 30, 2017. Their opinion of the financial statements as presented is Unmodified. Mr. Farrell reviewed the entire document going from their opinion, to Management's Discussion & Analysis, to the Entity Wide financial statements, the Governmental Fund statements, the reconciliations thereof, to the Propriety and Agency fund statements. He reviewed the Notes to Financial statements highlighting Note 6 Due to Member Districts, the capital items and pension liabilities. Discussion occurred and at end questions regarding internal accounting management were answered. Mr. Farrell was complementary of MBIT's Business Office. This is the last report from Dreslin & Company, Inc. as the engagement contract ended with the fiscal year ended June 30, 2017. Mr. Kleinschmidt thanked Mr. Farrell for the years of service and professionalism demonstrated.

2018/2019 Budget Presentation: The Business Manager presented a summary of the preliminary proposed General Fund budget for 2018/2019. He reviewed the format of the summary which included actual results for budget years 2015/2016 and 2016/2017 as well as approved budgets for 2016/2017 and 2017/2018. The summary includes the operating budget that is shared based on ADM from member School Districts and the Lease Rental (debt service) that is shared based on market value certified by DCED STEB. The Preliminary Proposed 2018/2019 budget has total member contributions of \$9,523,512, a \$203,841 increase or 2.19%. The total proposed expenditures are \$11,329,712, an increase of \$264,741 or 2.39%. The Business Manager reviewed how the budget was developed with inputs from teachers and instructional support, facilities, operations, vendors and contracts. He discussed the development of salaries and wages – teacher placement on salary matrix and use of 2% increase for all other salaries and wages. The health insurance projection is based on input from the BMCS consultant – Lockton who advised that trend for medical coverage is 8% and for pharmacy is 11%. Based on known utilization and applying trend the projected cost increase is 7.66% or \$62,743. Dental costs have been lowering year over year and this budget includes reduction of \$10,648. For PSERS employer contribution the rate in this proposal is 34.50%. The PSERS CAFR report issued for June 30, 2016 projects the rate at 34.18%; past experience is their projection is low. PSERS did announce that their investment return for year ended June 30, 2017 was 10.14% adding \$5 billion to the fund. Most every object code after Salaries and Benefits is a reduction or is even with the current budget.

HealthCare Insurance Discussion: The Business Manager reported that the BMCS Trustees approved adding a fourth plan to be offered to members of the Consortium. The new plan introduces a deductible that members will have to pay along with co-pays and out-of-pocket maximums. The only element not in the plans now is coinsurance at less than 100%. This new plan's premium is to be approximately 10% less than lowest plan cost. The conversation turned to pooling and stop loss insurance. The Business Manager offered explanation of pooling effort in 2016/2017, the rebate from pool to individual school entities and his concern regarding not being pooled. MBIT will be looking at DVHIT as prudent in completing the 2018/2019 budget.

Updates: The Business Manager shared the year-to-date October 2017 and October 2016 reports for Li'l Bucks Preschool and Adult Education. Li'l Bucks is slower out of the gate this year compared to last. Adult Education registration is healthy for fall 2017; costs are where expected. This is also the year that PennDOT emissions recertification occurs, which usually results in increased enrollment.

The meeting adjourned at 5:45 PM.