DATE: June 5, 2017

COMMITTEE: Budget & Finance/Property Committee

CHAIRMAN: Timothy W. Stayer

ASSIGNED MEMBERS: Glenn Martin and Chris Weber

BOARD MEMBERS IN ATTENDANCE: Judy Beiler, Richard Gehman, Ted Kachel, Glenn Martin, Jenny Miller, Robert Miller, Tim Stauffer, Timothy W. Stayer and Chris Weber

OTHERS IN ATTENDANCE: Brian Troop, Superintendent; Rick Hornberger and Jacy Hess, Assistant Superintendents; Kristee Reichard, Business Manager/Board Treasurer; Kay Kurtz and Robert Weaver

ACTION ITEMS

**Budget & Finance**

I. **Exoneration**

   After review and discussion the Committee endorsed the Administrative recommendation to approve the following tax exoneration:

   **Per Capita**
   
   - Akron Borough 2016-2017 $110.00
   - Clay Township 2016-2017 $140.00
   - Ephrata Borough 2016-2017 $450.00
   - Ephrata Township 2016-2017 $260.00

   **Total** $960.00

   **Real Estate**
   
   - Ephrata Township 2016-2017 $20.45

II. **General Fund Budgetary Transfers**

   After review and discussion the Committee endorsed the Administrative recommendation to approve the following 2016-2017 General Fund Budgetary transfers

<table>
<thead>
<tr>
<th>TRANSFER FROM</th>
<th>TRANSFER TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account</td>
<td>Description</td>
</tr>
<tr>
<td>110640I</td>
<td>Books</td>
</tr>
<tr>
<td>2271580I</td>
<td>EIS Teacher Staff Development</td>
</tr>
<tr>
<td>110610I</td>
<td>General Supplies</td>
</tr>
<tr>
<td>212330H</td>
<td>HS Guidance Naviance</td>
</tr>
</tbody>
</table>

   **TOTAL** $10,569.00 **TOTAL** $10,569.00

III. **Student Activity Club Accounts**

   A. After review and discussion the Committee endorsed the Administrative recommendation to approve the request of the graduating Class of 2017 to commit remaining funds to the Class of 2018

   B. After review and discussion the Committee endorsed the Administrative recommendation to close the following Activity Fund Club as of June 30, 2017 at the written request of the High School Principal and Activity Fund Custodian: Class of 2017

   C. After review and discussion the Committee endorsed the Administrative recommendation to establish the following Activity Fund Club as of July 1, 2017 at the written request of the High School Principal and Activity Fund Custodian: Class of 2021
IV. **Fund Balance Resolution (GASB 54)**

After review and discussion the Committee endorsed the Administrative recommendation to approve the following Fund Balance Resolution as per GASB 54 guidelines:

**EPHRATA AREA SCHOOL DISTRICT**

**Fund Balance Resolution**

**RESOLVED**, by the Board of School Directors of Ephrata Area School District, as follows:

*Whereas*, this resolution recognizes and approves commitments of the general fund for future retirement costs, healthcare costs, future other post employments benefit costs (OPEB), unfunded retirement costs (GASB 57), technology costs, and capital projects.

V. **2017-2018 General Fund Budget**

A. Adoption of “Final” Budget for 2017-2018 General Fund Budget – June 19, 2017

After review and discussion the Committee endorsed the Administrative recommendation to approve the following Final Budget for General Fund Resolution:

**EPHRATA AREA SCHOOL DISTRICT**

**Final Budget for General Fund Approval Resolution**

**RESOLVED**, by the Board of School Directors of Ephrata Area School District, as follows:

The proposed Final Budget of the School District for the 2017-2018 fiscal year on form PDE-2028 as presented to the School Board is adopted as a Final Budget for the School District General Fund.

B. Real Estate Tax Levy for 2017-2018

1. After review and discussion the Committee recommends the millage rate for the 2017-2018 General “Final Budget” be considered at a 2.5% increase and the administration was instructed to prepare models at a 2.0% and 2.75% increase. The final 2017-2018 General Fund Budget will be determined at the June 19, 2017 board meeting.

2. After review and discussion the Committee recommended the Business Manager/Board Treasurer to print the 2017-2018 tax bills after board approval on Monday, June 19, 2017.

3. After review and discussion the Committee endorsed the Administrative recommendation to consider the 2017 Annual Tax Levy Resolution as follows:

**EPHRATA AREA SCHOOL DISTRICT**

**2017 Annual Tax Levy Resolution**

**RESOLVED**, by the Board of School Directors of Ephrata Area School District, that taxes are levied for school purposes for the school year beginning July 1, 2017, subject to the provisions of the Local Tax Collection Law, as follows:
1. **Real estate tax.** Real estate tax of 20.96 mills (or $2.096 per $100 of assessment) on the assessed value of all real property taxable for school purposes in this School District. (Levied under School Code §§ 672 and 673.)

2. **Interim real estate tax.** Interim real estate tax of 20.96 mills (or $2.096 per $100 of assessment) on the assessed value of taxable real property, as stated in interim real estate assessment constitutes construction of a building, an improvement to a building, or other improvement to real property, not otherwise exempt from taxation. The interim real estate tax is part of the real estate tax levy, and applies to the assessed value of taxable real property not included in the initial tax duplicate used in issuing initial real estate tax notices for the school year. Tax assessors are directed to inspect and assess all taxable real property in the School District to which any improvement has been made, and to give notice of change in assessed value as required by law. The interim real estate tax applies for that proportionate part of the School District fiscal year remaining after the property was improved. (Levied under School Code § 677.1.)

3. **Per capita tax.** Per capita tax of five dollars ($5.00) on each individual over the age of eighteen (18) years who is a resident of this School District. The per capita tax applies to any individual who resides within the School District at any time during the school year starting July 1 and who is over the age of eighteen (18) at the time of such residence within the School District. (Levied under School Code §§ 672 and 679.)

4. **Utility realty used to generate electricity.** The real estate tax and the interim real estate tax apply to all real property taxable for school purposes, including all property listed in the definition of “utility realty” under § 8101-A(3) of the Public Utility Realty Tax Act, that was classified in such definition as “utility realty” prior to January 1, 2000, and that was removed from such definition effective January 1, 2000, because used in generating electricity. The tax applies to such property to the maximum extent permissible under the Pennsylvania Constitution and the Public Utility Realty Tax Act.

5. **Tax due date/delinquent status.**
   a. The real estate tax is due and payable on July 1, 2017, and this will be the date of the tax notice issued to the owner for real estate tax other than interim real estate tax. Unless installment payment has been elected under the Ephrata Area School District Real Estate Tax Installment Payment Plan, the real estate tax is delinquent if not paid in full within four (4) months after the date of the tax notice issued to the owner – by October 31, 2017, for tax other than interim real estate tax.
   b. The interim real estate tax is due and payable on the first day of the month after the month in which any improvement or addition to real property has been made. The interim real estate tax is delinquent if not paid in full within four (4) months after the date of the tax notice issued to the owner.
   c. The per capita tax is due and payable on January 1, 2018, and this will be the date of the tax notice issued to an individual subject to the per capita tax on July 1. For such individuals, the per capita tax is delinquent if not paid in full within four (4) months after the date of the tax notice issued to the taxpayer – by April 30, 2018. If a resident individual attains age eighteen (18) after July 1 or an individual over age eighteen (18) becomes a resident after July 1, the per capita tax is due and payable on the date when the individual becomes subject to the tax. For such individuals, the per capita tax is delinquent if not paid in full within four (4) months after the date of the tax notice issued to the taxpayer.

6. **Discount and penalty.**
   All taxpayers are entitled to a discount of two percent (2%) from the amount of the real estate tax or interim real estate tax by making payment of the entire tax amount within two (2) months after the date of the tax notice – by August 31, 2017, for tax other than interim real estate tax or per capita tax that becomes due after July 1. Unless installment payment has been elected under the Ephrata Area School District Real Estate Tax Installment Payment Plan, a taxpayer will be charged a
penalty of ten percent (10%) of the tax, which penalty will be added to the tax, if the tax is not paid in full within four (4) months after the date of the tax notice – by October 31, 2017, for tax other than interim real estate tax. (Discount and penalty rules established under Local Tax Collection Law, 72 P.S. § 5511.10.)

7. **Severability.** The provisions of this resolution are severable and, if any section, clause, sentence, part or provision is determined to be illegal, invalid or unconstitutional, such determination will not affect or impair any of the remaining sections, clauses, sentences, parts or provisions of this resolution. It is declared to be the intent of this school district that this resolution would have been adopted even if any such illegal, invalid or unconstitutional section, clause, sentence, part or provision had not been included in this resolution.

8. **Continuation of other taxes.** The Board has previously imposed other taxes that do not require an annual levy. Without modifying or amending such taxes in any manner, the Board ratifies continuation of the following previously imposed taxes that do not require an annual levy:

   a. **Real estate transfer tax.** Real estate transfer tax of 1.0%. (School District receives 0.5%, and municipalities receive 0.5%. Levied under the Pennsylvania Real Estate Transfer Tax Act and the Local Tax Enabling Act, Act 511.)

   b. **Earned income and net profits tax.** Earned income and net profits tax of 1.0%. (School District receives 0.5%, and municipalities receive 0.5%. School District tax levied under Act 1 for real estate tax reduction.)

   c. **LTEA per capita tax.** Per capita tax of $5. This $5 per capita tax levied under Act 511 is in addition to the $5.00 per capita tax levied under the School Code. (Levied under the Local Tax Enabling Act, Act 511.)

C. After review and discussion the Committee endorsed the Administrative recommendation to consider the Homestead and Farmstead Exclusion Resolution as follows:

**EPHRATA AREA SCHOOL DISTRICT**

**2017 Homestead and Farmstead Exclusion Resolution**

**RESOLVED,** by the Board of School Directors of Ephrata Area School District, that homestead and farmstead exclusion real estate tax assessment reductions are authorized for the school year beginning July 1, 2017, under the provisions of the Homestead Property Exclusion Program Act (part of Act 50 of 1998) and the Taxpayer Relief Act (Act 1 of 2006), as follows:

1. **Aggregate amount available for homestead and farmstead real estate tax reduction.** The following amounts are available for homestead and farmstead real estate tax reduction for the school year beginning July 1, 2017:

   a. **Gambling tax funds.** The Pennsylvania Department of Education (PDE) has notified the School District that PDE will pay to the School District during the school year pursuant to Act 1, 53 P.S. § 6926.505(b), as a property tax reduction allocation funded by gambling tax funds, the amount of **$1,011,137.50**.

   b. **Philadelphia tax credit reimbursement funds.** PDE has notified the School District that PDE will pay to the School District during the school year pursuant to Act 1, 53 P.S. § 6926.324(3), as reimbursement for Philadelphia tax credits claimed against the School District earned income tax by School District resident taxpayers, the amount of **$13,946.99**.
c. **Aggregate amount available.** Adding these amounts, the aggregate amount available during the school year for real estate tax reduction is $1,025,084.49.

2. **Homestead/farmstead numbers.** Pursuant to Act 50, 54 Pa. C.S. § 8584(i), and Act 1, 53 P.S. § 6926.341(g)(3), the County has provided the School District with a certified report listing approved homesteads and approved farmsteads as follows:

   a. **Homestead property number.** The number of approved homesteads within the School District is ______.

   b. **Farmstead property number.** The number of approved farmsteads within the School District is ______.

   c. **Homestead/farmstead combined number.** Adding these numbers, the aggregate number of approved homesteads and approved farmsteads is ______.

3. **Real estate tax reduction calculation.** The school board has decided that the homestead exclusion amount and the farmstead exclusion amount shall be equal. Dividing the paragraph 1(c) aggregate amount available during the school year for real estate tax reduction of $_____ by the paragraph 2(c) aggregate number of approved homesteads and approved farmsteads of _____, the maximum real estate tax reduction amount applicable to each approved homestead and to each approved farmstead is $______.

4. **Homestead exclusion calculation.** Dividing the paragraph 3 maximum real estate tax reduction amount of $____ by the School District real estate tax rate of _____ mills (.0__), the maximum real estate assessed value reduction to be reflected on tax notices as a homestead exclusion for each approved homestead is $_______, and the maximum real estate assessed value reduction to be reflected on tax notices as a farmstead exclusion for each approved farmstead is $_______.

5. **Homestead/farmstead exclusion authorization – July 1 tax bills.** The tax notice issued to the owner of each approved homestead within the School District shall reflect a home-stead exclusion real estate assessed value reduction equal to the lesser of: (a) the County-established assessed value of the homestead, or (b) the paragraph 4 maximum real estate assessed value reduction of $_______. The tax notice issued to the owner of each approved farmstead within the School District shall reflect an additional farmstead exclusion real estate assessed value reduction equal to the lesser of: (a) the County-established assessed value of the farmstead, or (b) the paragraph 4 maximum real estate assessed value reduction of $_______. For purposes of this Resolution, “approved homestead” and “approved farmstead” shall mean homesteads and farmsteads listed in the report referred to in paragraph 2 above and received by the School District from the County Assessment Office on or before May 1 pursuant to Act 1, 53 P.S. §6926.341(g)(3), based on homestead/ farmstead applications filed with the County Assessment Office on or before March 1. This paragraph 5 will apply to tax notices issued based on the initial tax duplicate used in issuing initial real estate tax notices for the school year, which will be issued on or promptly after July 1, and will not apply to interim real estate tax bills.

VI. **Authorization to Pay Bills and Employ Staff Members to Fill Vacancies**

   After review and discussion the Committee endorsed the Administrative recommendation to approve authorization to the Business Manager/Board Treasurer, to pay appropriate bills as submitted for June and July 2017, and authorize the Superintendent, after consultation with the chairman of the Personnel Committee, to employ necessary staff members to fill vacancies within budgetary guidelines for the beginning of the 2017-2018 fiscal year.
VII. **2016-2017 General Fund Budgetary Transfers**
After review and discussion the Committee endorsed the Administrative recommendation to approve authorization to the Business Manager/Board Treasurer to make the appropriate budgetary transfers for the 2016-2017 fiscal year as may be necessary as a result of the audit.

VIII. **Authorize Change Orders and Award Bids**
After review and discussion the Committee endorsed the Administrative recommendation to approve authorization to the Superintendent to approve change orders and award bids during June, July and August 2017 for projects that have been approved by the Board.

IX. **Agreement with Lancaster-Lebanon IU 13 - Memorandum of Understanding Title III**
After review and discussion the Committee endorsed the Administrative recommendation to approve an agreement with the Lancaster-Lebanon IU 13 to act as an agent of the Federal Government for the purpose of receiving 2017-2018 Title III funding for pass through to the district.

X. **Pearson Online & Blended Learning K-12 Agreement**
After review and discussion the Committee endorsed the Administrative recommendation to approve an agreement with Pearson Online & Blended Learning K-12 for Virtual Learning Programs for the 2017-2018 fiscal year. The cost per full-time student is $3,750.00; the district will purchase enrollment licenses bundles as needed.

XI. **Individual Reading Instruction Contract Agreement**
After review and discussion the Committee endorsed the Administrative recommendation to approve an agreement with Jean Semder, Lancaster, PA, for individual reading instruction for students who require an explicit systematic instructional approach for reading during the 2017-2018 school year. The cost to the district shall be at a rate of $60.00 per hour plus the cost of travel. Total hours shall not exceed 10 hours weekly. The district will be invoiced monthly.

XII. **Bid Awards**
After review and discussion the Committee endorsed the Administrative recommendation to approve the 2017-2018 Lancaster-Lebanon Public Schools Joint Purchasing Board Bid Awards:

<table>
<thead>
<tr>
<th>A. Custodial Supplies</th>
<th>Vendor Name</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Hillyard</td>
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</tr>
<tr>
<td>2 Pyramid School Products Inc</td>
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<tr>
<td>3 Singer Equipment Company</td>
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<tr>
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</table>

<table>
<thead>
<tr>
<th>B. Instructional Supplies - Classroom/Office</th>
<th>Vendor Name</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Art Store</td>
<td>$2,535.18</td>
<td></td>
</tr>
<tr>
<td>2 Cascade</td>
<td>$419.10</td>
<td></td>
</tr>
<tr>
<td>3 Kurtz Brothers</td>
<td>$709.30</td>
<td></td>
</tr>
<tr>
<td>4 National Art &amp; School Supply</td>
<td>$999.90</td>
<td></td>
</tr>
<tr>
<td>5 Office Basics</td>
<td>$325.30</td>
<td></td>
</tr>
<tr>
<td>6 Phillips Supply Co</td>
<td>$25.95</td>
<td></td>
</tr>
<tr>
<td>7 Pyramid School Products Inc</td>
<td>$6,474.76</td>
<td></td>
</tr>
<tr>
<td>8 School Specialty</td>
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</tr>
<tr>
<td>9 Standard Stationary Supply</td>
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<tr>
<td>10 WB Mason Co</td>
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<td>Total:</td>
<td>$20,236.37</td>
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</table>

<table>
<thead>
<tr>
<th>C. Cafeteria Paper &amp; Small Wares</th>
<th>Vendor Name</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 AGF Company</td>
<td>$354.24</td>
<td></td>
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</tbody>
</table>
XIII. **CSIU Eservice Agreement**
After review and discussion the Committee endorsed the Administrative recommendation to approve an agreement with the CSIU for financial, payroll, personnel, census, and tax computer services for the 2017-2018 fiscal year at a rate of approximately $46,249.36

XIV. **Lancaster-Lebanon Intermediate Unit 13 Special Education Services Agreement**
After review and discussion the Committee endorsed the Administrative recommendation to approve a service agreement with Lancaster Lebanon IU 13, Lancaster, PA to provide special education services for the 2017-2018 fiscal year in the total approximate amount of $869,583.79

XV. **Lancaster-Lebanon IU 13 Contracted Services Agreement**
After review and discussion the Committee endorsed the Administrative recommendation to approve the following Services Agreement with the Lancaster-Lebanon IU 13, Lancaster, PA for the fiscal year 2017-2018:

A. **Job Training Services Agreement**, district operated classes, at a rate of $363.75 a day for a total of 13 days per week for an approximate cost of $170,235.00

B. **Speech/Language Services Agreement**, at a rate of $109.50 per hour for approximately 170 hours for an approximate cost of $18,615.00

C. **Occupational/Physical Therapy Services**, at a rate of $109.50 per hour, for approximate 230 hours for an approximate cost of $25,185.00

XVI. **Lancaster-Lebanon IU 13 Supplemental Contract Services Agreement**
After review and discussion the Committee endorsed the Administrative recommendation to approve the following Supplemental Contract Services with Lancaster-Lebanon IU 13, Lancaster, PA for the 2017-2018 fiscal year:

A. **Paraprofessional Part-Time Services** at a rate of $18.50 per hour for 720 hours for an approximate cost of $13,320.00

B. **Paraprofessional Full-Time Services** at a rate of $34.50 per hour for 2,160 hours for an approximate cost of $74,520.00

XVII. **Lancaster-Lebanon IU 13 Special Education Legal Consortium Agreement**
After review and discussion the Committee endorsed the Administrative recommendation to approve an agreement for Special Education Legal Consortium. Andy Faust, Esq. of the Legal Firm of Sweet, Stevens, Katz & Williams will provide all 23 members (special education administrators across all 21 school districts, La Academia, and IU 13) with an open, unlimited email forum for posting questions/answers related to special education legal matters for the term of this agreement, July 1, 2017 through June 30, 2018. Members of the consortium will also have view-access to the special education legal questions/answers posted across Chester County and Berks County for no additional fee. The cost for the Ephrata Area School District will be $1,087.00.
XVIII. **Handi*Vangelism Ministries International**
After review and discussion the Committee endorsed the Administrative recommendation contract with Handi*Vangelism Ministries International a charitable nonprofit church corporation for making payments in lieu of taxes (PILOT) for the Westview Golf Course property in Akron Borough. Property will include the development of its corporate headquarters including 3 single family homes (the 3 single family homes will be taxable and the remainder of the new facility will be exempt from real estate taxes in accordance with this agreement).

XIX. **Pennsylvania Counseling Services (SAP) Agreement**
After review and discussion the Committee endorsed the Administrative recommendation Agreement with PA Counseling Services, Lebanon, PA for Student Assistance Program (SAP) for the 2017-2018 fiscal year. SAP services are an unfunded mandate by PDE. The costs for the services are $215.03 a day for a total of 8 days per week total cost of $61,930.00.

**Property**
None

**DISCUSSION / INFORMATION ITEMS**

**Budget & Finance**

I. **Cocalico School District Agreements**
The Committee was informed the District is drafting agreements to educate Cocalico School District students for the 2017-2018 school year. The District plans to have the final agreements on the June board agenda.

II. **Special Education Supplemental Contact with Eastern Lancaster Co. School District Contracts**
The Committee was informed the District may have agreements in time for the June board meeting for Special Education Services; provided by Eastern Lancaster County School District, New Holland.

III. **Contribution**
The Committee acknowledged the contribution of $3,000 from the organization, 4 Our Kids, for summer school scholarships.

**Property**

I. **Update on Tennis Court Project**
Tennis Court Project 20% completed
The Committee discussed the change orders that will be needed for more stone base since the current level of base is insufficient. They also discussed the water run-off in the area and the architect is currently working on a solution for the conditions that were found in excavation.

II. **Middle School Exterior Doors Project**
The Committee was informed the Middle School Exterior Door Project will begin late June and completed late in July.

III. **Clay Elementary School and Clay Township**
Clay Township has requested the District to partner with them to extend a walkway from the Clay Elementary School parking lot to the Clay Township walkway.

IV. **High School Domestic Water Boiler**
The Committee was informed the High School Domestic Water Boiler is leaking into the fire chamber. This boiler will be replaced. A claim was submitted to insurance. The system will be replaced over the summer.