

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
October 12, 2015**

**Carl T. Secor Administration Building – Board Room
5:30 P.M.**

Minutes

I. The Chairman, Robert Gress, called the Finance Committee meeting to order at 5:30 p.m. and led those present in the Pledge of Allegiance. Secretary, Patricia Rosado called the roll.

II. Board Committee members present were: Ronald Bradley, Robert Gress and Gary Summers.

School Personnel Present: Jeff Bader, Sharon Laverdure, Fred Mill, Kathy Parrish and Patricia Rosado.

Community Member Present: Judy Summers

III. **APPROVAL OF AGENDA AND MINUTES**

Motion was made by Gary Summers to approve the agenda for October 12, 2015 and with members of the Committee reserving the right to add to the agenda and take further action in the best interest of the District. Motion was seconded by Ronald Bradley and carried unanimously, 3-0.

Motion was made by Gary Summers to approve the minutes of the September 8, 2015 meeting. Motion was seconded by Ronald Bradley and carried unanimously, 3-0.

IV. **ITEMS FOR DISCUSSION:**

a. 2014-15 Year End

Mr. Bader presented the 2014-15 Year End Reconciliation. At this point, it looks like there is a 2.5 million dollar surplus. He presented the breakdown of what makes up that number – budget to actual. Under Expenditures, the district is about 6.9 million dollars under what was anticipated. Under Revenues, over all, there are about 4 million dollars more than what was anticipated. Mr. Bradley asked if Maillie is the audit company that is preparing the audit report. Mr. Bader said that Maillie is still working on it. Mrs. Laverdure said that Mr. Bader put this worksheet together. Mr. Bader said that the total amount of revenues that was budgeted was \$142,987,324 but the actual amount came to \$147,064,942. Actual revenue will appear as \$179,860,735 in the financial statements because we have to reflect the proceeds from the bonds sold as part of the District's refunding last year. On the expenditure side there will be an offsetting amount reflecting the payment into the escrow account. Local real estate tax revenues were about 1.8% higher than the district anticipated. The district is beginning the 2016-17 budget with 2014-15 figures as the most recent actuals. Because school districts must budget so early, it is difficult to affect budgetary changes quickly. There was a slight increase in the collection rate. The EIT and real estate transfer taxes were higher than budgeted. Mr. Summers asked if delinquent taxes were higher a couple of years ago. Mr. Bader said that delinquent taxes have been very variable, in part because the County is sometimes slow in getting disbursements out. Mr. Summers asked if the sale of fixed assets came from the computers. Mr. Bader said that it was from when they returned

the buses. There was also 7 positions unfilled and 28 positions were eliminated. Some positions were placed in the grant. The district also budgeted for replacements for those on leaves but found the salary savings covered the leave replacements. Some sub positions were not filled. Also substitute pays was about \$400,000 less. Mr. Bradley asked what do the medical claims consist of. Mr. Bader said dental, medical, etc. Mr. Bradley asked what was the amount of the claims the year before. Mr. Bader said he would have to look for that since this is actual to budget. Mr. Bradley asked what is the rate for our debt service. Mr. Bader said it varies. Last year the senior citizens rebate were less but it will hit in this year's budget due to the change in timeline to submit the applications. There will be more adjustments coming forward.

b. Fund Balance Designations

Mr. Bader presented a Fund Balance Analysis. The beginning balance was \$46,154,866 dollars and the ending balance is \$48,727,189; therefore, the change is \$2,572,322. The fund balance consist of the following categories: Non-Spendable, Committed, Assigned and Unassigned. The Non-spendable items are for prepaid items such as insurance. The Committed items include PSERS and Healthcare. The Assigned items include anticipated budget deficits, encumbrances and athletics. The Unassigned items are not specified. The district's unassigned fund balance equals 9.6% of the budget. Mr. Summers asked what should the percentage be. Mr. Bader said it should be below 8%. We need to have Board direction and approval on what to do with the unassigned funds. The Property/Facilities Committee met and discussed their five-year plan which totaled 11.3 million dollars. There is 6.9 million dollars in the capital reserve fund; therefore, they would need about 4.4 million dollars. Mr. Summers clarified that balancing out the unassigned funds with the capital reserve budget. Mr. Bradley asked if the Board needs to approve the Property/Facilities Committee ten-million dollar budget. Mr. Bader said that the Board will need to approve the budget for the projects and jobs will be prioritized. Mr. Bradley asked what blue prints and schematics do they have for the different buildings. Mr. Bader said that Mr. Eppley was working on an inventory of the building plans. Mr. Gress asked if transferring 3 million dollars out of the budget will reduce the unassigned funds to 8%. Mr. Bader said that 2.5 million dollars will reduce it to under 8%. Mr. Summers asked if the 4.5 million dollars will come out of this year's budget. Mr. Bader said that it would since this year's budget was already approved. Mr. Summers asked if PSERS money was set aside. Mr. Bader said that this is handled yearly and currently have 1.2 million dollars. Mr. Gress since the Capital Reserve Budget has 6.9 million dollars, they would need 4.4 million dollars for their five-year plan. Mr. Bader said that is correct but there may be other projects that may need to be added. Mr. Summers said based on Mr. Bader's recommendation of moving the 4.4 million dollars out of the fund balance, how would the 2016/17 budget look like. Mr. Bader said that the district anticipates ½ of the assigned fund balance will be reduced to cover future deficits. The rest would be for the Capital Reserve budget's needs. If we don't use the fund balance then, they would need to borrow funds for the projects. Mr. Gress said that the full Board will need to approve the allocation of the 4 million dollars or 2%. This will be for the five-year plan. Mr. Summers said that we always reassess the decision. Mr. Bader said that we can move the unassigned fund balance again. It is up to the Board to make the decision. Mr. Gress said that we need to see what needs to be done in all buildings. Mr. Bradley said that we are not looking at contingencies. Mr. Bader said that we are because nothing is etched in stone. They will review items and prioritize them to begin the work. Mrs. Laverdure said that the unassigned fund balance is there to be used for unexpected items. Mr. Bradley said that the plan may need to be reevaluated every three years. Mr. Bader said that projects were lumped and prioritized. Mr. Bradley questioned the recommendation for the roof's repairs. Mr. Bader said the infrared study indicated areas that need to be examined for repair or replacement. Mr. Bradley said based on the study, their recommendation may not be accurate. These repairs may cost us more than was estimated. Mr. Bader said there are no exact

numbers at this time. In five years, labor cost may be different. Mr. Gress said that they can have detailed discussion at the Board meeting on Monday and come up with numbers. He asked Mr. Bader for his recommendation. Mr. Bader said he is recommending to transfer 4.4 million dollars to the Capital Reserve Budget in order to do the bulk of the work over a couple of years. Mr. Gress asked if this will be reflected in next year's budget, too. Mr. Bader said, "Yes".

c. 2016-17 Budget – Mr. Bader

i. Act 1 Index

Mr. Bader said that based on our Aid ratio, the district's Act 1 Index for 2016-17 is 3.3%.

ii. Act 1 Timeline

Mr. Bader said that since it is an election year, the budget timeline has been moved up. Therefore, if the district chooses not to raise taxes above the index it will need to be approved earlier than before or will need to approve a preliminary budget. This action needs to take place in December. Mr. Summers said this will be done with the new Board members. Mr. Bader said he will prepare a budget with as much information as possible in November. Mr. Summers asked if he can submit to them an abbreviated version of the budget detailing, expenses, revenues, salaries, benefits, etc. and not individual budgets. Mr. Gress said that this is a good idea but we need to realize that new members are coming on the Board. Mr. Summers suggested to have the budget in the detailed form as they have in the past and in the abbreviated format. Mrs. Laverdure said the newly elected Board members can be invited to hear the budget presentation after the elections are final. Mr. Bader said the deadline may be tight but they are using Google Docs to get all the information from the buildings to insure they have what is needed. We are still waiting for the enrollment projections.

iii. Resolution not to raise taxes above the Index

Mr. Summer asked if the timeframe to submit a preliminary final budget is still the same. Mr. Bader said that it is but in order to not raise taxes above the index, the Board will need to take action at December Board meeting.

d. Homestead/Farmstead Mailing Proposals

Mr. Bader said that he is recommending the following two proposals for the Homestead/Farmstead Mailings. .

i. Berkheimer One Source – Monroe County

ii. Government Software Solutions – Pike County

Last year the district used Berkheimer One Source at 27.3 cents and this year they are charging 28 cents. Mr. Gress confirmed that Mr. Bader is recommending Berkheimer for One Source for Monroe County and Government Software Solutions for Pike County.

e. Financial Software Analysis

Mr. Bader said that Tenex no longer is supported by Harris. The district looked at other products and four vendors came in. A team reviewed the pros and cons of all packages. Tyler Technologies was rated as the top choice. They have much more electronic process that everyone can access anytime. They have the capabilities to store documents electronically. Mr. Summer asked what are blended rates. Mr. Bader said that this is how some overtime is calculated when different pay scale rates are involved. Mr. Gress asked where is Tyler Technologies located. Mr. Bader said they are in New Hampshire. Mr. Gress asked who else uses them. Mr. Bader said they are used in Lancaster and in the North Allegheny School District. Mr. Gress asked if he checked these references. Mr. Bader said that he did. Mr. Gress asked if there is any maintenance cost.

Mr. Summers asked who will use this system. Mr. Bader said that basically everyone will have access to this system such as principals for their budgets, Human Resources Department, Business Office, etc. Mr. Summers asked if this will do a better job with reconciling the budget. Mr. Bader said that it will. Mr. Summers asked if this system will generate reports. Mr. Bader said yes. Mrs. Laverdure asked who looked into this system. Mr. Bader said about 15 individuals representing different departments reviewed the systems. Mr. Summers asked for the timeframe for the implementation of this system. Mr. Bader said that the implementation cycle is longer than other companies. They will need to spend a lot of time in the district to set up workflows in order to have the system fully functional. Mr. Gress asked if this item needs to go out for bids. Mr. Bader said that it does not. The cost will be spread out over five years. Year 1 will include the OS/DBA Services of \$17,566. The total cost over five years will be about \$658,000. The annual maintenance cost will be about \$128,000. Mr. Gress said that this item should be deferred until next month since it's expensive and there are still unanswered questions. Mr. Bradley asked if it would help if we have the terms of the expenses and the corporate type companies. Mr. Bader said there is no corporate type companies because they work directly with schools. They are familiar with State reports, etc. There is no charge for upgrades and it will make us more efficient. Mr. Bradley asked if there will be any staff savings. Mr. Bader said there will be savings in overtime and there should be gains in efficiency. Mr. Bradley said this should save on paper use. Mr. Bader said it will save on paper use and hours on the phone. Mr. Summers said that it does not look like there will be too much savings. Mr. Gress said that there may be other questions that need to be answered. Mrs. Laverdure said that there is some time but Harris is going away. Mr. Gress said that this is not an item for Monday's Board meeting. Mr. Bader said he would like a decision at the November's Board meeting in order to process the paperwork. Mr. Gress asked Mr. Bader to confirm with our solicitor to see if this item needs to be bid out.

f. New Tractor for Facilities

Mr. Bader said he is recommending Marshall Machinery for the purchase of the Kubota Tractor. Mr. Gress asked if we currently use Kubota because we should have some type of consistency. Mr. Bader said that he is not sure but knows we use John Deere. Mr. Summers said he thought we just bought a new one for H.S. South. Mr. Bader said we replaced a mower. Mr. Gress confirmed that the cost for just the tractor is \$24,951.00. Mr. Bader said that is correct. Mr. Bradley asked if there will be a problem with the maintenance. Mr. Bader said there will not be any problems. Mr. Summers asked for a list of all vehicles that the district currently owns. Such as tractors, police vehicles, etc. but not buses and what they are used for and when.

g. Copier RFP

Mr. Bader said that the copier leases end June 2016; therefore, he would like to request proposals for copier leases to look for different options and terms. Mr. Borosh is tweaking the list of what we currently use. Mr. Summers asked who does the district currently use. Mr. Bader said currently we use Canon copiers through Topp Business Solutions. Mr. Bradley asked if they are the parent company. Mr. Gress said that they are a big company.

h. Property & Facilities Items – Mr. Bader

i. Lehman Dump Truck

Mr. Bader said that we are working with Lehman Township in order to obtain their Dump Truck in exchange for four sections of our visitors' bleachers at no cash value. The district feels they can take advantage of the truck plus use it as a tar vehicle. This was moved forward from the Property/Facilities Committee for the Board's consideration and approval. Mr. Summers said the Board will be approving the trade of the bleachers in exchange of the dump truck and snowplow. Mr. Bader said that is correct although we do not do the bulk of snow

plowing but it will help. Mr. Gress said that he agrees with the use of the truck for other purposes but not snow plowing. Mr. Bader said we do not have to use it to plow.

ii. Trash/Recycling Bid

Mr. Bader said that the district needs to go out to bids for the trash/recycling services. We currently have a month to month agreement for these services until we go out to bid. Mr. Bradley said we are currently using Waste Management which has saved us about 2 million dollars. Mr. Bader said we still have to go out to bid for these services.

iii. JTL HVAC/Lighting – Myco Mechanical Pay App #16

iv. HSN Turf Field – Fieldturf Pay App #4

v. Bushkill Snowguard/Gutters– C&D Waterproofing Pay App #4

i. Additional Pay Applications, etc.

i. JTL HVAC/Lighting – Wind Gap Electric Pay App #12

ii. Northsite Concrete – Multiscape Pay App #3

iii. JTL Concrete – Northeast COR #1

iv. JTL Concrete – Northeast Pay App #6 FINAL

v. Bushkill Snowguard/Gutter - C&D Waterproofing CO #1

Mr. Gress asked if all applications were signed off by the contractor. Mr. Bader said they were. Mr. Summers said that we are close to making final payments on all of these projects. Mr. Summers would like a total amount of what was actually spent for each item compared to what the Board approved upfront. Mr. Bader said he has been keeping a detailed list of all expenses; therefore, can provide this to the Board when projects are completed.

j. Assessment Appeals

Mr. Bader said that there were two Assessment appeal hearings scheduled. He attended Monday's hearing and Mrs. Laverdure attended Tuesday's. The Appeal Board denied the district on every case, which was expected. The district will get inquiries on settlements. Mrs. Laverdure said the district received a letter from the Borough Manager, Jim Phillips, stating that they will cooperate on opposing Assessment Appeals and is willing to share the cost. Mr. Gress suggested that Tom Dirvonas give an update at Executive Session.

k. Resolution Opposing Senate Bill 877

Mr. Bader said that he and Mrs. Laverdure reached out to Senator Mario Scavello regarding opposing Bill 877 which effectively eliminates the right of Pennsylvania taxing districts to challenge the assessment of under-assessed commercial properties. Senator Brown of Bethlehem is on the Appropriations Committee who said he will oppose the Bill although may not be able to prevent it but may change the support to kill it. The district is hoping this will help. The Board will be considering the approval of the Resolution opposing Senate Bill 877.

l. County Reassessment Resolution

Mrs. Laverdure said that she went to the County Commissioners Meeting and hand delivered the Board approved Resolution asking for a countywide reassessment of properties to be performed. The Commissioners accepted the Resolution and thanked her. Channel 13 was present at the meeting and interviewed her at the end of the meeting. Mr. Gress said that the Commissioners are not in favor of a reassessment because they do not want to place an increase tax burden on the senior citizens.

V. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

None

VI. ADVISORY RECOMMENDATIONS FOR CONSIDERATION BY THE BOARD OF EDUCATION

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Gary Summers to recommend that the Board consider for approval the following items: Motion was seconded by Ronald Bradley and carried unanimously, 3-0.

1. To transfer \$4.4M of the Unassigned Fund Balance to the Assigned Fund Balance as of June 30, 2015 to be transferred to the Capital Reserve Fund for future capital projects.
2. That the District will not seek exceptions to the Act 1 Index and will not raise taxes in an amount that exceeds the Act 1 Index (3.3%).
3. To accept option B of the proposal from Berkheimer OneSource, Inc. to provide the printing and mailing services of the Homestead/Farmstead applications for Monroe County for the 2016-2017 tax year.
4. To accept the proposal from Government Software Solutions, Inc. to provide the printing and mailing services of the Homestead/Farmstead applications for Pike County for the 2016-2017 tax year.
5. To approve the purchase of a new Kubota B2650HSDC Tractor in the amount of \$27,400.00 from Marshall Machinery, Inc. per National Joint Powers Alliance Contract #NJPA 070313-KBA.
6. To approve advertising for proposals for copiers.
7. To approve the following Property & Facilities Committee Items
 - i. Lehman Dump Truck
 - ii. Trash/Recycling Bid
 - iii. JTL HVAC/Lighting – Myco Mechanical Pay App #16
 - iv. HSN Turf Field – Fieldturf Pay App #4
 - v. Bushkill Snowguard/Gutters– C&D Waterproofing Pay App #4
8. To approve the additional Pay Applications, etc.:
 - i. JTL HVAC/Lighting – Wind Gap Electric Pay App #12
 - ii. Northsite Concrete – Multiscape Pay App #3
 - iii. JTL Concrete – Northeast COR #1
 - iv. JTL Concrete – Northeast Pay App #6 FINAL
 - v. Bushkill Snowguard/Gutter - C&D Waterproofing CO #1
9. To approve the Resolution opposing the passage of Senate Bill 877.

VII. NEXT MEETING – November 9, 2015, at 5:30 p.m. in the Administration Center Board room.

VIII. ADJOURNMENT – Motion was made by Gary Summers to adjourn the meeting. Motion was seconded by Ronald Bradley and carried unanimously, 3-0. Meeting was adjourned at 6:47 p.m.

Respectfully submitted,

Patricia L. Rosado,
Board Secretary