

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING**

January 14, 2019

Carl T. Secor Administration Building – Board Conference Room

5:30 P.M.

Minutes

- I. **The Chairman**, Rich Schlameuss, called the Finance Committee meeting to order at 5:31 p.m. and led those present in the Pledge of Allegiance. Secretary, Patricia Rosado called the roll.
- II. **Board Committee members Present:** George Andrews, Larry Dymond, Jason Gullstrand and Rich Schlameuss.

Board Non-Committee members Present: Keith Karkut and Wayne Rohner
- III. **School Personnel Present:** Brian Borosh, Tom McIntyre, Fred Mill, Ryan Moran, William Riker and Patricia Rosado.
- IV. **Other:** Dale Umbenhauer – Maillie LLP
- V. **APPROVAL OF AGENDA AND MINUTES**

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to approve the agenda for January 14, 2019 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 Larry Dymond and carried unanimously, 4-0.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to approve the minutes, with revisions, of the December 11, 2018 meeting. Motion was seconded by Jason Gullstrand and carried unanimously, 4-0.

Dr. Riker said that the minutes stated that he and Larry held a conversation about Lyman and Ash's expenses and that they agreed on an amount of \$20,000. Dr. Riker said he never agreed on any amount. Mr. Schlameuss said that the minutes should be corrected by removing the word Chairman to his name because he was not the chairman at the beginning of the meeting.

VI. ITEMS FOR DISCUSSION:

a. **FY 2018 Audit**

Mr. Umbenhauer, Maillie LLP, said that the 2018 audit contains 14 more pages than last year due to the State mandates that were included. He spoke about the handout that everyone received. His explanation included:

Page 3 – Independent Auditors' Report

Page 6 – Management Discussion and Analysis (unaudited)

Page 13 – Statement of Net Position

Page 14 – Statement of Activities

Page 15 – Balance Sheet – Governmental Funds

Mr. Andrews asked if the amount of the funds are the same or have they increased. Mr. McIntyre said they increased by about 2 million dollars from the previous year. \$24 million dollars has been earmarked for projects over five years.

Page 16 – Reconciliation of Total Governmental Funds Balances to Net Position of Governmental Activities

Page 17 – Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

Page 18 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

Page 19 – Statement of Net Position Proprietary Fund

Page 20 – Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Fund

Mr. McIntyre said the district broke even. Mr. Dymond asked does the district have the total for all funds that came in. Mr. Umbenhauer said that this information can be found on pages 13 and 14. The grand total is on page 14.

Page 21 – Statement of Cash Flows - Proprietary Fund

Page 22 – Statement of Fiduciary Net Position – Fiduciary Funds

Page 23 – Statement of Changes in Fiduciary Net Position – Fiduciary Funds

Pages 24-63 – Notes to the Basic Financial Statements

Page 32 includes the cash and investments

Pages 34-36 includes the Long Term debt which are the bonds

Pages 43-44 include the payments being made

Mr. Dymond asked what the total amount is for the bonds. Mr. Umbenhauer said it equals about \$152 million

Pages 45-51 includes the new GASB 75 information

Pages 51-56 includes 9.5 million dollars of liability

Pages 57-59 includes the Single Employment Plan

Pages 60-61 includes that 29 million dollars of liability

Mr. Karkut asked if \$40 million dollars is budgeted for future expenses. Mr.

Schlameuss said yes. Mr. Karkut asked if this amount is in the fund balance. Mr.

Umbenhauer said he is correct. Mr. Andrews asked how the district can make the public aware that they do not have 71 million dollars because the funds are committed for specific expenses. Mr. Schlameuss said the public can be informed that money is assigned for capital projects, PSERS, healthcare, etc.

Mr. Umbenhauer said that pages 71-72 include Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Pages 73-74 include the Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance and Report in Accordance with the Uniform Guidance.

Pages 75-76 include the Schedule of Expenditures of Federal Awards

Page 77 includes Notes to the Schedule of Expenditures of Federal Awards

Page 78 include the Schedule of Findings and Questioned Costs

b. Blackboard Website and Mass Notification Renewal - \$32,452.50

Mr. Borosh said that in 2011 the school district migrated its website and content management system software with web hosting to Schoolwires along with upgrading the district website. Currently the district has several individuals updating the website. The district's current agreement with Blackboard will expire on June 30, 2019. They asked a

committee consisting of teachers, technology coaches, information technologists, principals and central office administrators reviewed three website solutions: Blackboard, Edlio and Schoolpointe. In addition they asked 24 intermediate school students and 32 high school students to review the websites. The majority of the students picked Blackboard. The criteria used for reviewing each solution is as follows:

1. Simple, consistent page layout throughout the site
2. Searchability
3. Translation
4. Backend use friendly
5. Tiered editing permissions
6. Ease of integration with SIS (Student Information System)
7. Customer service/training resources
8. ADA/OCR compliance

They were able to leverage our Blackboard Connect-Ed mass notification system into the bundle with our website content management with web hosting bundle, as well as adding the Ally product which insures our website is ADA/OCR compliant. The current cost for both products is \$31,969.28. The renewal cost for both products, plus the ADA/OCR Ally software is \$32,452.50. This is an annual renewal cost increase of \$483.22. This will also help those with visual impairment and is a three-year contract.

c. Property & Facilities Items

i. PA System Upgrades Bushkill – CSI Proposal - \$24,853.60

ii. PA System Upgrades Middle Smithfield – CSI Proposal - \$22,964.25

Mr. Borosh said CSI will provide a Rauland TCU IP based solution for Bushkill and Middle Smithfield Elementary schools that will allow for the programming of: speaker zone announcements, school wide announcements and future district wide announcements. The solution will utilize the same software that is currently in place at H.S. North and J. T. Lambert Intermediate School. This proposal is through a PEPPM Contract, with a savings of about \$14,000-\$15,000 per building. Mr. Schlameuss asked if there are phones in the classrooms. Mr. Borosh said there are. Dr. Riker said that the funds for this project is included in the five-year capital plan; therefore, included in the cost that was allocated. Mr. Karkut asked why it costs less to upgrade Middle Smithfield's system. Mr. Borosh said because more items are needed at Bushkill Elementary. Most specifically, it requires an atomic clock option.

iii. Security Camera Upgrade – TLC & South Bus Garage – IntegraOne Proposal - \$24,787.00

Mr. Borosh said that they would like to upgrade the cameras for the same price as the ones purchased for the North and South campuses. Eight cameras at the South Bus Garage and 11 cameras at TLC will be purchased and installed. Mr. Schlameuss asked if there are any cameras at the bus lot. Mr. Borosh said they currently have Honeywell cameras at the bus lot. Mr. Rohner asked if the purchase of the cameras are a budgeted item. Mr. Borosh said yes. Mr. Andrews asked who will install the cameras. Mr. Borosh said the district's employees will install the cameras. Mr. Schlameuss asked where they can find this item in the budget. Mr. McIntyre said it is in the General Fund. Mr. Borosh said it will come out of the Technology Initiative Account.

iv. Indoor Air Quality Testing – Hillman Consulting Proposal - \$16,250.00
Mr. Rohner said several proposals were brought to the Property/Facilities Committee meeting two months ago and more information was requested from Mr. Ihle. The Committee has asked for the owner's name. Now the Property/Facilities picked the lowest quote for the bi-annual air quality testing, which will hopefully help with any further issues. Mr. Schlameuss asked what account this payment will come from. Mr. McIntyre said it will be part of the general fund 300 account – monitoring services.

d. CBI Healthcare Education – Contract Proposal - \$9,000.00

Mr. Moran said that the Center for Business & Industry's Healthcare Education Department at Northampton Community College (NCC) proposes to provide Emergency Medical Responder training to the district's H.S. North and South students. Currently the district has 18 South and 12 North students who are interested. The cost of the contracts are \$9,000 for each schools, which include resources, materials and instructor. The instructor comes into the school during the school day. This course will begin in the spring. Mr. Schlameuss asked where this item would be found in the budget. Would it be under curriculum initiatives? Dr. Riker said that the Board committed four million dollars from the Fund Balance for new programs. Mr. Dymond asked if there are any grants that can be obtained for this program. Mr. Moran said that Senator Scavello is looking for the possibility of obtaining any grants. Mr. Rohner commended Mr. Moran for his work in getting this program started at the district. Mr. Rohner said that he had help from the staff at H.S. South, Amy Polmounter and H.S. North, Josh Fuller. Mr. Karkut asked how long will the classes be. Mr. Moran said they will run a full block of 90 minutes and will be considered dual enrollment. Mr. Karkut asked what certification the students will get once they complete the program. They will have the opportunity to earn certification as an Emergency Medical Responder.

e. Budget Review – 7000 Function

Mr. McIntyre presented the 7000 Function of the budget.

7000 is the Revenue from State Source. The revenue originating from Commonwealth of PA appropriations and directly disbursed to the recipient. Funding source information is provided for those who use this to accumulate expenditures by source of funds for reporting requirements. Examples are Basic Ed Subsidies, Transportation, and Property Tax Reduction Allocation. The 7000 function series is broken down into several sub categories as directed by the Pennsylvania Department of Education.

7100 – Basic Instruction and Operating Subsidies –

- Subsidy from the Commonwealth designated for Basic Education is recorded here.

7200 – Revenue for Specific Educational Programs

- Revenue received from Commonwealth for specific educational programs.
- Driver Education and Special Education subsidies are coded to this function.

7300 – Revenues for Non-Educational Programs

- Revenue received from the Commonwealth for non-educational programs.
- Rental Reimbursement is the Commonwealth's share of our interest of the bonds for building projects that went through the PlanCon Program.

7500 - Other State Revenue

- The Ready to Learn Block Grant is coded to this function. Revenue received from the Commonwealth of PA, authorized by Act 126 of 2014.

7800 – Revenue from the Commonwealth of PA

- Revenue received from the Commonwealth of PA for employee benefits.
- In the 7810 function the Commonwealth’s matching share of the employer’s contribution of the Social Security and Medicare taxes for employees not federally funded are coded here.
- In the 7820 the Commonwealth matching share of the employer’s contribution of Retirement Contributions for active members are coded here.

f. 2019-20 Budget Draft

Mr. McIntyre budget presentation included:

Revenues which equal 68.1% Local, 27.7% State, 2.7% Federal and 1.4% Other. Local Revenues come from real estate taxes. They depend on the assess values, collection rate and millage rates in Monroe County (Monroe) and Pike County (Pike). Currently the millage rates are 177.86 for Monroe and 123.66 for Pike. Next year there will be a slight decrease for Monroe and Pike will have no tax increase. Mr. McIntyre also provided an eight-year millage history. The State revenues come from the Governor’s budget, which hopefully will be announced next month. They are all derived from Basic Education Funding Formula, which is for new money only. The State currently has a large deficit. The Federal funds come from federal grants, i.e. Title I, Title II and Title III. The Other Revenue comes from proceeds from financing leases and sale of fixed assets such as the Bus Buy-back program. The current revenues total \$155,806,468 and the estimated revenues for 2019-2020 are \$159,417,071, which is a 2.26% increase.

Expenses include wages and benefits at 70% and debt service 11%. 81% of the district’s costs are fixed. 20% of the district’s cost are variable, such as supplies, books, utilities, etc. Some costs are not directly controllable by the district such as special and alternative education services. Wages and benefits are projected to increase by 7.7 million dollars. Non-wage and benefit expenses are projected to increase by \$741,226. Total expenses for this year equal \$155,797,475 and projected to be for 2019-2020 \$164,326,728, which is a 5.19% increase.

Where does the money go?

Direct Instruction of Students 55.7%

Instructional Support 8.9%

Transportation 6.8%

For every \$1 spent \$.71 goes to direct or indirect support of student learning

Only \$.05 of every \$1 spent goes to administrative activities

Debt Service \$.11 of every \$1

Maintenance and Operations = \$.11 of every \$1.

Net Budget Position

Anticipated Revenues = \$159,417,071

Anticipated Expenses = \$164,326,728

Revenues > Expenses = \$4,909,657 deficit

Mr. Schlameuss asked if the district had a deficit last year. Mr. McIntyre said next year's deficit should go down since they are still working on all the numbers. Mr. Rohner asked if the accounting information is handled through Munis. Mr. McIntyre said he gathers information from Munis to place on a spreadsheet. Mr. Schlameuss said that the Board receives this information in their packets. Mr. McIntyre said the Board received month to date information. Mr. Schlameuss said that he would like to receive information that compares last year to this year, i.e. last November of 2017 compared to November 2018. Mr. McIntyre said he is currently trying to work with Munis to get this done.

- g. Request to Bid – Mr. McIntyre
 - i. Athletic, Custodial, Medical, and Tech Ed Supplies
 - ii. Food Service Supplies

Mr. McIntyre said he would like approval from the Board to go out to bids for the Athletic, Custodial, Medical and Tech Ed Supplies. He would also like to go out for bids for the Food Service Supplies. Mr. Schlameuss asked if the prices go in effect in July. Mr. McIntyre said they do and are needed especially for the summer program. Once the sealed bids are received, they will be brought back to the Board for approval.

- h. Lyman & Ash Invoice - \$9,367.50

Mr. McIntyre said the second bill from Lyman & Ash needs Board approval in order for payment to be done. Mr. Schlameuss asked if there is any progress that has been made. Mr. Dymond said that Lyman & Ash found some items that they need except for some contracts for North. There is nothing from the general contractor. Mr. Schlameuss asked where the money is coming from to pay for this invoice. Mr. McIntyre said that last month the Committee approved for him to set up a Board Legal Account. Mr. Dymond said that the Attorney Mike Sweeney, who is working on this project, will be going on vacation next week. Attorney Sweeney is gathering all items in order to present his findings to the Board.

- i. Stereomono Headphones - quote – SHI - \$26,250.00

Mr. McIntyre said that the district would like to purchase some headphones for the elementary students. The district received three quotes and the lowest bidder was SHI in the amount of \$26,250.00. Mr. Moran said they would like to purchase the headphones for the elementary students to use from year to year. A cleaning process will be put in place for them. The headphones will help the students with online material. Mr. Andrews asked if the headphones are compatible with their Chromebooks. Mr. Moran said elementary students do not have Chromebooks but will use it with the computers in the classrooms. Mr. Gullstrand said why a quote said a quantity of 300 as oppose to the others that said 3000. Mr. Moran said because that vendor's quote included 300 packets of 10 per set which is a total 3000. The district would like to purchase 3000 headphones.

- j. Emergency Services for Mold Remediation @ Resica – Mellon Certified Restoration – Invoice #17923 - \$73,613.80

Mr. McIntyre said that the district received an invoice from Mellon regarding mold remediation at Resica Elementary School, which was done in August 2018. The invoice was not received until December. Board approval will be needed in order for payment to be done. Mr. Andrews asked if the district's insurance will cover this cost. Mr. McIntyre said it will not because it is too humid in the building. Mr. Schlameuss asked what account this payment would come from. Mr. McIntyre said that it would go under

the 32 account - 431 Construction for the cleanup. Dr. Riker said that Mellon did a better job than Serve Pro with mold remediation. Mr. Dymond asked if any equipment was used. Dr. Riker said Mellon brought about a dozen scrubbers to complete the job. Mr. Karkut said that the invoice should include the breakdown of how many hours they worked on the job and what materials they use. Mr. McIntyre said he will ask them for the breakdown. Mr. McIntyre said he tried to get FEMA funds but there wasn't enough funds for our district.

k. WhiteBoard Resurfacing – JT Lambert

Mr. McIntyre said that this item was brought to the Finance Committee last month and the committee asked that they obtain another quote. J. T. Lambert obtained three quotes but the third vendor did not include the installation. Two quotes are included here and the original quote that was obtained is the lowest, in the amount of \$13,409.00.

l. Disposal of two District Vans – Discussion

Mr. McIntyre said that the district is looking for direction on how to proceed with the disposal of two district vans. One recommendation is for the vans to be placed on a website called Surplus, which is free. Companies can go on the website to place bids on the vans. Another suggestion is to contact Harry U Pull it. The easier of the two would be to use the website. The district may stand to get more money for them. Mr. Karkut suggested that the district contact MCTI to see if the vans can be used in the appropriate classroom for students to work on. Mr. Dymond said he believes MCTI may want newer vehicles to work on. Mr. McIntyre said the frames are rusted and many repairs are needed. Mr. Karkut said that the district should contact MCTI anyway to see if they are interested. Mr. Dymond said that the Diesel and Car Shops are looking for new vehicles. Dr. Riker said he will reach out to MCTI.

VII. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

None

VIII. ADVISORY RECOMMENDATIONS FOR CONSIDERATION BY THE BOARD OF EDUCATION

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to recommend that the Board consider for approval the following items. Motion was seconded by Jason Gullstrand and carried unanimously, 4-0.

1. The proposal for a renewal of the agreement with Blackboard to provide Website and Mass Notification in the amount of \$32,452.50 annually through June 30, 2022.
2. The proposals to provide Emergency Medical Responder Training Course from CBI Healthcare Education in the amount of \$9,000.00 per section.
3. Seeking bids for Athletic, Custodial, Food Service, Medical, and Tech Ed supplies for the 2019-20 fiscal year.
4. The payment of invoice #3114 from Lyman and Ash in the amount of \$9,367.50 for Special Construction Counsel.
5. The proposal for the purchase of Stereomono Headphones from SHI in the amount of \$26,250.00 pursuant to National IPA Contract #2018011-02.
6. The payment of invoice #17923 from Mellon Certification Restoration in the amount of \$73,613.80 for mold remediation at Resica Elementary School.

7. The quote for resurfacing blackboards to whiteboards at J.T. Lambert Intermediate School from Everase Corporation in the amount of \$13,409.00 pursuant to COSTARS Contract #004-082.
8. The following Property/Facilities Committee items:
 - a. The proposal from CSI for the purchase and installation of a PA system at Bushkill Elementary School in the amount of \$24,853.60 pursuant to PEPPM pricing.
 - b. The proposal from CSI for the purchase and installation of a PA system at Middle Smithfield Elementary School in the amount of \$22,964.25 pursuant to PEPPM pricing.
 - c. The proposal from IntegraOne for the purchase of security cameras, wall mounts, and software licenses at the TLC and South Bus Garage in the amount of \$24,787.00.
 - d. the proposal from Hillman Consulting for biannual Indoor Air Quality Testing in the amount of \$16,250.00

IX. **NEXT MEETING** – February 11, 2019 at 5:30 pm

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Larry Dymond to adjourn. Motion was seconded by Jason Gullstrand and carried unanimously, 4-0.

X. **ADJOURNMENT**

Respectfully submitted,

Patricia L. Rosado
Board Secretary