

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
January 13, 2020
High School North - Library
5:30 P.M.
Minutes**

- I. **The Chairman**, Rebecca Bear, called the Finance Committee meeting to order at 5:33 p.m. and led those present in the Pledge of Allegiance. Secretary, Patricia Rosado called the roll.
- II. **Board Committee members Present:** George Andrews, Rebecca Bear, Larry Dymond and Rich Schlameuss (arrived at 5:36 p.m.).
- III. **School Personnel Present:** Brian D. Baddick, Brian J. Borosh, Tom McIntyre, Fred P. Mill, Daryle Miller, William Riker, Patricia Rosado and Renee Stevens.

Community Members Present: John Petrizzo

Other: Jeff Weiss, Zelenkofske Axelrod LLC

IV. **APPROVAL OF AGENDA AND MINUTES**

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to approve the agenda for January 13, 2020 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 and the minutes of the December 9, 2019 meeting. Motion was seconded by Larry Dymond and carried unanimously, 4-0.

V. **ITEMS FOR DISCUSSION:**

- a. **FY 2019 Audit – Mr. Weiss, Zelenkofske Axelrod LLC**
Mr. Weiss, new Auditor, presented the FY 2019 Audit. He said his audit went very smoothly since he had assistance from the district staff. His report was completed in the middle of December. Pages 1-3 contain the Independent Auditor’s Report. He said his job was to check that there were no non truths. Pages 4-11 include the Management’s Discussion and Analysis. They reviewed the Governmental-Wide Financial Statements, Statement of Net Position (page 12) and Statement of Activities (page 13). They indicated the total revenues for 2019 were \$163,652,649 total expenses were \$153,793,923. Page 14 has Balance Sheet – Governmental Funds, which include the Assets, Liabilities, Deferred Inflows or Resources and Fund Balance. Three million dollars is unassigned, which dropped by \$760,000 in year. Page 18-20 are the Statements of Net Position-Proprietary Fund, Revenues, Expenses and Changes in Net Position-Proprietary Fund, Cash Flows – Proprietary Funds, Net Position – Fiduciary Funds and Changes in Net Position – Fiduciary Funds. The deficit are due to OBED, liabilities and pension. Page 22 indicates the Fiduciary Funds, which are the Gifts, contributions, investment income, scholarships and fees paid. A new standard will be coming up from GASB. Pages 23-53 include the Footnotes to the Financial Statements which tie up the Financial Statements. Pages 33-38 indicate the Long-Term Debts. Pages 39-43 include the pension Liabilities, OBED, and PSERS. Page 53 includes the breakdown of the fund balances. Pages 61-68 include the

Financial Audit for Grant Programs. There were no non-compliant findings. Mr. Andrews asked if the Fund Balance totaled \$67,000,000. Mr. McIntyre said some of the funds are committed funds and capital funds. Mr. Schlameuss said that on page 36, it indicates that during 2025-2029 the payments from the long-term debt will increase substantially. Mr. Weiss said that is correct because it goes from 13.8 million dollars to 72.8 million dollars. Mr. Schlameuss suggested assigning some fund balance money to avoid having to raise taxes. Ms. Bear suggested setting aside 1 million dollars for the five years that will be affected. She asked if this action requires Board approval. Mr. Weiss said he is not sure who assigns funds from the fund balance. Mr. McIntyre said the Board assigns the funds. Mr. Weiss said then the Board will need to take action to commit these funds for that purpose. Mr. McIntyre said the Board can assign funds for the debt similar to what they did for the capital projects. Mr. Schlameuss suggested assigning the money starting this coming year for this purpose. Mr. McIntyre asked how they are looking to label these funds. Mr. Schlameuss said they can take from the capital reserves. Mr. McIntyre said he will reassign the funds within. Mr. Schlameuss said the committee can make this recommendation to the Board. Mr. Dymond said they are just robbing Paul to pay Mary. Ms. Bear said they are just moving the unassigned money around. Mr. McIntyre said they just need to assign a name for this purpose. Mr. Schlameuss said on page 55 expenditures exceed the appropriations in Athletics, Transportation, and Community Service. Why did this occur? Mr. McIntyre said that money will come in from Title grants to cover the cost. Mr. Weiss said that on page 54 indicates that the district received 2.7 million dollars in State revenue. Mr. Schlameuss asked if there is extra money each year. Mr. McIntyre said there is no more extra funds. Mr. Andrews asked if the transportation expenses has to do with student athletics. Mr. McIntyre said that the district budgets in-house but sometimes transportation has to be paid. If it cannot be covered in-house, the Athletics Department will get a bill. Ms. Bear asked if parents are charged for student activities. Mr. McIntyre said they are. Mr. Dymond questioned the increase in expenses that are detailed on page 4. Mr. Weiss said there was a decrease from 2018. Mr. Dymond had a question on the Note 2 Cash and Cash Investments on page 30. He asked where is the carry over amount of \$44,531,112 reflected. Is it on page 54 or 56? Mr. Weiss said that the fund balance and cash balance are not the same thing. Mr. Dymond asked where is the carried over cash reflected. Mr. Weiss said on page 12 under Current Assets. Mr. Schlameuss said this is similar to what Tom McIntyre provides to the Board in the Board books. Mr. Dymond asked about Note F on page 66. Mr. Weiss said they are required to disclose that the district has not elected to use the 10 percent de Minimis indirect cost rate allowed under the Uniform Guidance. Mr. Schlameuss asked if the district has ARRA funds. Mr. Weiss said the district has Federal Grants. Mr. Dymond asked if our district has the medical assistance program as indicated on Note D - ACCESS Program. Mr. Weiss said the district does. The ARRA Programs are the bonds.

Public Participation

Mr. John Petrizzo asked if machinery are inventoried during a standard audit. Mr. Weiss said samples are selected and he found no issues. Mr. Petrizzo asked what machines were checked. Mr. Weiss said they are checked randomly.

b. 2018-19 Annual Financial Report (AFR) – Discussion

Mr. McIntyre said he provided to the Committee members the June 30, 2019 Annual Financial Report which was filed on December 31, 2019. No changes needed to be done. All numbers match up pretty close due to rounding.

- c. Colonial IU#20 R-WAN/District Internet - \$9,367.92
Mr. Borosh presented the agreement with the IU 20 to provide internet services. R-Wan will be used with all IU 20 districts. The current five-year agreement ends this June. The Board indicated that they would like the district to be part of a bid. The IU 20 issued an RFP and e-Rate Form 470 to solicit bids. The proposed ten-year agreement would be a savings of \$10,930.80, which is about \$11,000 less than the current agreement. The 2020-2021 Monthly R-Wan Estimate is \$2,040.28 minus the monthly expected E-rate Credit is \$1,259.62 equals a total of \$780.66, which is due monthly. This is a savings of \$300.95. Mr. Schlameuss asked if there is fiber directed to all schools. Mr. Borosh said the district has fiber with the connection that the district has with the IU instead of buying it through PenTeleData at a higher cost. Ms. Bear asked if the connection is secure. Mr. Borosh said it is. Ms. Bear asked if the district ever goes over the MP limit because the over the limit fees are high. Mr. Borosh said we have redundancy and the IU 20 has no maximum. This fee applies to the primary and secondary internet from different sources. Mr. Schlameuss asked if there are two fibers and two firms. Mr. Borosh said he is correct. Mr. Andrews asked if we go down, will other schools be affected. Mr. Borosh said all except Easton and a private charter school. Mr. Andrews asked if we are the hub. Mr. Borosh is we are a hub.
- d. PenTeleData ESASD WAN/Backup Internet - \$36,912.00
Mr. Borosh said the PenTeleData agreement is to provide wide area network connectivity to each school as well as backup internet for Administration and H.S. South. The district is requesting to extend their previous five-year WAN contract and backup Internet. The district filed a federal eRate Form 470 to request bids for its wide area network. They received one bid from PenTeleData. Mr. Schlameuss asked if it is fiber. Mr. Borosh said yes. The district had to use it once or twice due to an accident that occurred. Mr. Schlameuss asked if the telephone is part of this network. Mr. Borosh said it is and there is backup available. Ms. Bear asked if the district will go beyond what is allotted or will they incur fees. Mr. Borosh said a cap will be placed on it internally in order not to pay any fees. The district pays 20% of the cost and eRate provides 80%.
- e. Wayfinder Navigation Proposal - \$6,300.00 Yr. 1 - \$2,800.00 Yr. 2
Mr. Daryle Miller said the Transportation Department would like to purchase a GPA-type Navigation system for routes to assist substitute drivers on their runs for the day. The system can be placed on the phone or tablet. Ms. Bear asked if drivers can be tracked. Mr. Miller said they can be tracked. Ms. Bear asked if the system has to be turned on in order for it to track. Mr. McIntyre said the system is always on. They will be able to punch in the bus # and the route will appear. It has real-time tracking. Ms. Bear asked if drivers will be able to retrieve information on where to get propane for the buses especially when they travel out of the State. Mr. Miller said he is not sure but will ask. Mr. Schlameuss asked if the drivers have Ipads. Mr. Miller said they do not. Mr. McIntyre said they may need to be purchased or used the ones that are being recycled through the district. Ms. Bear said if drivers will need to use their phones, whose data they will use. Mr. McIntyre said he believes their own. Mr. Miller said Ipads would work better. Mr. Dymond said when a sub driver gets a print out of the run, there are always mistakes on them. Mr. McIntyre said with this system there is no room for human error because it will record the route as it is done. Mr. Dymond said how will they use the Ipads if they have to drive. Dr. Riker said it will be voice activated. Mr. Andrews said if the drivers do not know the stops, how will the system tell them. Mr. Miller said from what they understand, the program will tell them where to stop. Mr. McIntyre said the expense for the first year is \$7,000. Year two's cost is \$2,800. Mr. Andrews said what happens if problems occur. How will they be corrected?

Ms. Bear asked if someone is going to drive all runs to be placed on the system. Mr. Dymond said they had pagers and buttons for every stop. They are not correct and nothing has improved. Mr. Miller said the routes are on Transfinder and changes can be made. Mr. Dymond suggested that the representative from Transfinder come in to explain how the program works. Mr. Schlameuss said he would like to see the whole dispatch side of it. Mr. Dymond said a lot of areas have no service. Mr. Schlameuss said the system can record it on satellite and then it will update the system. Ms. Bear said we need to make sure to use the correct server. Mr. Andrews asked who will be responsible to update. Mr. Schlameuss said no data will be lost. Ms. Bear asked how this system will collaborate with students swiping on the bus. How will you be able to determine who's on the right bus or not. Dr. Riker said no student will be denied a bus ride home. Mr. Miller will contact Transfinder in order for them to provide a presentation of the Wayfinder Navigation System to the Committee members.

f. Dump Truck – Ray Price Ford - \$39,245.00

Dr. Riker said that about two months ago, Mr. Sutjak came before the Committee requesting to buy a vehicle that was originally budgeted for. They are now requesting to buy two vehicles instead of the one at a lower cost to what was budgeted. Ms. Bear asked how many miles does the dump truck have. Mr. Daryle Miller said it has \$140,000 miles. It is part of CoStars and is the lowest price compared to the other two trucks they looked at. Two trucks are Ford and the third one is GMC. Mr. Dymond said the picture shows a single axle truck. Mr. Miller said they are dual axle trucks. Mr. Dymond said one quote offers a stainless steel body. Dr. Riker asked what color is it. Mr. Dymond said the document says it's white. Do the trucks run on gas? Mr. Miller said they do. Mr. Dymond recommended calling Ray Price to ask about the cost for a stainless steel body. Mr. Miller said he would contact them. Mr. Petrizzo asked what will the dump truck be used for. Mr. Miller said it will be used by the Grounds Department to haul items. Ms. Bear asked if the trucks are coated. Mr. Miller said this is done in the district by district personnel. Mr. Schlameuss said that Mr. Miller should contact Ray Price to see if they will offer the same price of \$1,400 to \$1,500 more of the original price for the stainless steel body. Mr. McIntyre asked what if they say they cannot add it for that price. Mr. Miller said they may not have it at the dealership. Mr. Dymond said all dealers send them out of the dealership. Dr. Riker said both prizes can be placed on the agenda in order for the Board to make the final decision.

g. Box Truck – Bergeys Truck Sales - \$44,500.00

Mr. Miller said the truck they would like to purchase will replace the box truck that they currently have. Ms. Bear asked if it is a brand new car. Mr. Miller said it is a 2017 truck that was never sold. The truck that that cost \$48,000 is a 2017 and the truck that cost \$46,100 is a 2019. They are all new. The truck has the original warranty. It is 14 feet, gas motor and lift gate. Mr. Schlameuss asked do we want diesel or gasoline trucks. Mr. McIntyre said the district purchased 1,000 gallons of diesel. Ms. Bear asked what is preferred. Mr. Miller said the district has access to both. Mr. Andrews asked if we can get a better deal buying both trucks with Ray Price. Mr. Miller said he does not believe so since they are CoStars prices. Mr. Schlameuss said Bergeys Truck cost \$59,000. Mr. McIntyre said the cost with the CoStars discount is \$45,000. He asked if the Committee would prefer to buy the 2017 diesel car or the 2019 gas car. The cost is about a \$700 difference. Mr. Schlameuss asked if a CDL license is required to drive the truck. Mr. Miller said a CDL license is not required. Mr. Dymond said he would prefer diesel. Dr. Riker asked what color is the truck. Mr. Miller said it is white.

h. Current Projects within the District

Mr. McIntyre provided an update on the district projects. He said the North Campus camera installation is paid off. The H.S. North roof project will be wrapped up around the spring time. Resica's roof is also almost done. South camera installation is almost done. The first payment for the North Campus hot water heater replacement was made. Mr. Dymond said that the cost for the water heater is under budget. Mr. Dymond said that the heater cost \$230,850. Mr. McIntyre said \$300,000 was budgeted for this item.

i. Request to Bid –

a. Athletic, Custodial, Medical, and Tech Ed Supplies

b. Food Service Supplies

Mr. McIntyre said that he would like to give the Committee members a heads up that the district would like to send out to bids for the above mentioned items. Mr. Schlameuss asked if they would go through the IU 20. Mr. McIntyre said no the district goes out on their own.

Ms. Bear asked if the schools are getting their budgets in place for the next year. Mr. McIntyre said that he sent a notice to everyone informing them to take out any extra items that they did not have in their budgets last year. A list will be created for the Board in order for them to decide what can be placed back in their budget. Mr. Schlameuss asked if each class decides what is needed. Mr. McIntyre said the principle decides. The district used to allocate a budget by student but now each school gets a zero based budget and they can build from there. Ms. Bear asked if the Board has a saying on the per-building budget. Mr. McIntyre said he will bring more budget information to the Committee next month and the Board can decide how they would like to proceed.

VI. RECOMMENDATIONS BY THE PROPERTY & FACILITIES COMMITTEE:

a. C&D Waterproofing Application #7 for Resica Roof Replacement - \$5,175.00

b. Jottan Inc. Application #6 for HS North Roof Replacement - \$191,004.88

c. JBM Mechanical – Application #1 HS North Water Heater Replacement - \$230,850.00

d. Payment of D'Huy Engineering Invoices

1. Invoice #50474 for Resica Roof Replacement - \$2,337.01

2. Invoice #50475 for Trane Controls Oversight - \$1,312.75

3. Invoice #50473 for HS North Roof Replacement - \$9,500.06

Mr. McIntyre said the above items were discussed at the Property/Facilities Committee meeting and forwarded on the agenda in order for the Board to take action on.

VII. PUBLIC PARTICIPATION – LIMITED TO ITEMS OF DISCUSSION

A. Mr. John Petrizzo said he appreciates the efforts that the district has made with trying to recover funds from the 100 million dollar substandard construction project that was completed up North. He said he originally reported issues to Middle Smithfield Township and attorneys were involved. His current concern is with the audit. How can there be a good audit with no inventory. He asked who is doing the inventory. Mr. McIntyre said they have someone in the district doing the inventory. Mr. Petrizzo asked who is taking inventory of paper, textbooks, etc. Mr. McIntyre said he is not sure about the textbooks. Mr. Petrizzo said this causes the people in the community to have an issue with no one taking inventory.

Mr. Petrizzo said his next issue is with the tax abatement through TIF and LERTA. He said it will not help the district. There are many blighted areas and many businesses have closed such as the Performance Art School and Fernwood. He recommends that the district get rid of TIF and LERTA.

VIII. ADVISORY RECOMMENDATIONS FOR CONSIDERATION BY THE BOARD OF EDUCATION

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Rebecca Bear to recommend that the Board accept the following audits. Motion was seconded by George Andrews and carried unanimously, 4-0.

1. The independent financial audit report by Zelenkofske Axelrod LLC for the Fiscal Year ending June 30, 2019.
2. The Annual Financial Report for the Fiscal Year ending June 30, 2019 and Submitted to PDE on October 31, 2019

RECOMMENDATION BY THE COMMITTEE:

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

1. The service order as presented with Colonial Intermediate Unit #20, for Internet Bandwidth and R-WAN services at a monthly cost of \$2,156.78.
2. PenTeleData for Wide Area Network (WAN) services between school district facilities at a monthly cost of \$15,380.00.
3. PenTeleData for backup Internet service for the school district at a monthly cost of \$250.00.
4. The proposal from Ray Price Ford in the amount for the purchase of a 2020 F-350 Dump Truck, pending further information.
5. The proposal from Bergey's Truck Center in the amount of \$44,500.00 for the purchase of a 2017 Fuso Box Truck with a 16 foot Morgan Body and lift gate.
6. Seeking bids for Athletic, Custodial, Food Service, Medical, and Tech Ed supplies for the 2020-21 fiscal year.

IX. NEXT MEETING – February 10, 2020 at 5:30 pm – Administration Center – Board Room

RECOMMENDATION BY THE COMMITTEE:

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

X. ADJOURNMENT – 7:04 P.M.

Respectfully submitted,

Patricia L. Rosado
Board Secretary