

**EAST STROUDSBURG AREA SCHOOL DISTRICT  
BOARD OF EDUCATION  
FINANCE COMMITTEE MEETING  
December 12, 2023  
Administration Center Board Room and Via Zoom  
5:30 PM  
MINUTES**

- I. The Chairperson,** Rebecca Bear, 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:** George Andrews, Rebecca Bear, Wayne Rohner and Richard Schlameuss.
  
- III. School Personnel Present In Person:** Brian Baddick, Peter Bard, Edwin Malave, Patricia Rosado, William Vitulli and Steve Zall.  
  
**School Personnel via Zoom:** None
  
- IV. Community Members In Person:** None  
  
**Community Members via Zoom:** None
  
- V. Approval of Agenda and Minutes**

**RECOMMENDATION BY THE COMMITTEE:**

Motion was made by George Andrews to approve the agenda for December 12, 2023, 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 Wayne Rohner and carried unanimously, 4-0.

**RECOMMENDATION BY THE COMMITTEE:**

Motion was made by George Andrews to approve the minutes of the November 13, 2023, Finance Committee meeting. Motion was seconded by Wayne Rohner and carried unanimously, 4-0.

**VI. Presentation of the 2022-2023 Annual Financial Report**

Mr. Bard said what I am going to present to you is in your packet that you received prior to the meeting. I am going to present to you the 2022-2023 General Fund Financial Results. I will also be presenting this at the Regular School Board meeting on December 18, 2023.

Slide 2 – 2022-2023 Highlights Excluding ESSERS

Although it says it excludes ESSERS that is a mistake, because it does include ESSER funds as well.

Revenues 0.002% under Budget  
 Actual - \$179,219,707  
 Budget - \$179,500,592

Expenditures 4.6% less than Budget  
 Actual - \$177,113,659  
 Budget - \$185,776,981

The average is between 3% to 5%; therefore, we were within the average range for the variance for the audit. There were no issues here.

Slide 3 – Revenue Summary

	<b>2022-2023 Budget</b>	<b>2022-23 Actual</b>	<b>Variance \$</b>	<b>Variance %</b>
<b>Local</b>	<b>\$108,656,038</b>	<b>\$114,151,816</b>	<b>\$5,495,808</b>	<b>4.8%</b>
<b>State</b>	<b>55,542,690</b>	<b>55,670,607</b>	<b>\$127,917</b>	<b>0.02%</b>
<b>Federal</b>	<b>13,302,548</b>	<b>7,425,262</b>	<b>-5,877,286</b>	<b>-44.2%</b>
<b>Other</b>	<b>1,999,316</b>	<b>1,972,022</b>	<b>-27,294</b>	<b>-0.01%</b>
<b>Total Revenue</b>	<b>\$179,500,592</b>	<b>\$179,219,707</b>	<b>\$-280,585</b>	<b>-0.002%</b>

With reference to the Local revenue a lot of this had to do with stronger than average interests earnings and real estate transfer taxes, but real estate taxes came in as projected. Federal dollars are budgeted to what we actually spend. There is no leftover because we get them in and spend them. We should not concern ourselves with this. I would be more concerned if it were the Local Revenues that were down. ESSERS money is all budgeted and accounted for and will be spent by September 2024. The OTHER category is the new category for the GASBY 87 and 96 piece. The is the main reason the AFR took longer to be completed. This is where the computer leasing and extended leasing are. The sale of assets were \$30,000 but we budgeted \$50,000 and that is why the variance exist.

#### Slide 4 – Revenue Summary (continued)

- Revenue - 0.002% less than Budget
  - Local RE taxes were collected as expected – around a 90% collection rate in Monroe and 93% collection rate in Pike County.
  - Real Estate transfer taxes outpaced the budget by 14% in both counties combined – Budgeted \$1.2 million and collected \$1.72 million.
  - Interest income was budgeted at \$250,000 and we collected \$2.7 million on interest.
  - Federal Income was less than budgeted due to ESSER projects that we pushed into 2023-2024.

The interest income is the equivalent to approximately 23-25 teachers positions that we saved just in interest revenue. We are doing well with our fund balance so that we do not have to raise taxes. Mrs. Bear said this is due to the treasury income and all that we are investing in. The current rate is 5.5% but we should not expect this rate next year. Mr. Bard said it will fluctuate as the Feds change their rate. What we are doing is taking 6 to 7 month treasury notes at their highest rate of 5.5% and keep reinvesting all the interest revenue that we earn. Mrs. Bear asked do you not ladder the treasury notes. Mr. Bard said they are interchanged together so that we keep reinvesting them. We cannot invest Federal revenue because they cannot earn more than \$500 and that is why it comes in and then spent immediately. Mr. Andrews said so we are making money on inflation. Mr. Bard said this is a catch 22. If we have to borrow money we pay more due to higher interest rate, but we make more in investing our money. Mrs. Bear said we are very lucky that we do not have to borrow money at this time. Mr. Bard said we will talk more about this when we speak about the fund balance.

#### Slide 5 – Expenditure Summary

- Expenditures 4.6% less than Budget
  - Salaries & Benefits \$3.2 million less than Budget primarily due to open positions related to the competitive job market (35 open Bus Drivers positions)
  - Contracted Services \$1.5 million less than Budget (CIU20 & Non Charter Tuition) as service partners were unable to fulfill commitments due to staffing shortages.
  - Unspent Budget Reserve of \$1.0 million
  - Charter School Costs – budgeted \$9.0 million dollars, arrived at 7.8 million dollars - \$1.2 million dollars below budget. We actually saved about \$2.8 million in cyber charter school tuition due to bringing back our students to our brick and mortar schools and ESACA. Mrs. Bear asked do you think the billboard adds helped? Mr. Vitulli said he cannot comment on this. Mr. Bard asked Mr. Zall if he believes that the billboards helped bring students back to the district. Mr. Zall said with respect to getting the word out, yes. I have incorporated this question when doing the staff interviews. Some have told me about it. Mrs. Bear asked I wonder when they register students if they ask them the same questions.

Slide 6 – Revenue over Expenditures

	2022-2023 Budget	2022-2023 Actual	Variance \$	Variance %
Revenue	\$179,500,592	\$179,219,707	\$-280,885	-0.002%
Expenditures	\$185,776,981	\$177,113,659	8,663,322	4.6%
Revenue over Expenditures	-\$6,276,389	\$2,106,048	\$8,382,437	*

The \$8 million would need to be allocated to different areas of the fund balance. Due to actual revenues exceeding budget and actual expenditures being less than budgeted, the District realized a surplus rather than the budgeted deficit. This is good management by the district that has been going on for many years. I believe that this district is one of the more financially sound district in the entire Commonwealth. This is a testament to the Administration and Boards of past years.

Slide 7 – Financial & Bank Statement Impact of the \$5 million transfer

	General Fund Balance	Capital Reserve
Balance as of June 30, 2023 <i>Prior to Transfer</i>	\$56,267,628	\$25,249,185
Fund transfer	-\$5,000,000	\$5,000,000
Balance as of June 30, 2023 <i>After Transfer</i>	\$51,267,628	\$30,249,185

- The Administration and Board will have to decide what to do with this surplus. The balance as of June 30, 2023 is \$56,267,628, which was the final number from the Audit. This includes the 2023/24 budget deficit of \$8.4 million. The deficit will probably still be lower due to open positions. I will ask for the Board at the December 18<sup>th</sup> meeting to transfer \$5 million into the Capital Reserve Fund. That would bring the Capital Reserve as of June 30<sup>th</sup> from \$25,249,185 to \$30,249,185 and the General Fund balance down to \$51,267,628.
- Accounting entry will be back dated to be effective as of June 30, 2023 (Financial Statement impact) You will see this information when the auditors present in January.
- Bank posting will be effective based on date it occurs after Board vote (Cash/Bank Statement impact). You will see the \$5 million transfer on your financial statement. Mr. Andrews asked why would we do this. Mrs. Bear said we have done this for the last two years. Mr. Bard said when the audit is completed it is done at the end of the fiscal year so it would have been as of June 30, 2023. I do not have authority to transfer any money without a School Board vote. When the Board votes on this I can then transfer the money. The accounting aspect of it will be June 30, 2023. Mr. Andrews asked why would we back date it. Mr. Bard said because it is an accounting entry for the auditors to set the fund balances for all the different funds. When I say to them that we are going to put \$5,000,000 on December 18<sup>th</sup> that is in a fiscal year 2023-2024 and not 2022-2023, that means we have less money on the books for 2022-2023. Mr. Andrews asked why with the fund balance. Mr. Bard said we are only allowed to have 8% or less in the fund balance so we have to reassign some funds, per the Auditor General's guideline. Mr. Andrews asked what is 8%. Mr. Bard said I would have to figure that out. Mr. Schlameuss said the other important piece to this is that it allows us on June 30<sup>th</sup> and July 1<sup>st</sup> to know what is and what is not in the Capital Reserve. It is a legal thing to do under the Accounting Principles. It lets us know what we have on June 30<sup>th</sup> and July 1<sup>st</sup>. Mrs. Bear said we do not know what we have until the Auditors makes their final report. Mr. Andrews asked with negotiations coming up, why would we want to transfer it to the Capital Reserve instead of keeping it there. Mr. Bard said I have money that we will talk about in the next slide. Money that we can move around for things that we need to do. Mr. Andrews said we have the teachers' negotiations. Mr. Bard said I understand that. Mr. Schlameuss said this is not an issue with this much money. We are still going to have funds. Mr. Rohner said what Mr. Andrews is alluding to is that we can transfer money into the Capital Reserve at any time. With respect to the Auditor General's report that was received in January of 2023, Mr. Schlameuss is right about the accounting method of committing and assigning millions of dollars and in putting them into an expired fiscal year, is legal. However, they frown on that method of accounting. In essence, we are hiding tax dollars because we are using that reduced General Funds to tax our community. Mrs. Bear said we have not raised taxes. Mr. Rohner said we have not, but we have had Administrators supporting a tax increase in the last eight years. And that is why we are having this discussion. Mr. Bard said the Auditor General Report was aimed at those districts that were moving money around and raising taxes. Moving money into the Capital Reserve is for capital needs. Dr. Riker and Administration have worked up a plan that will exhaust most of this \$30 million within the next 5-7 years without borrowing or increasing the district's debt, which will have a negative impact on the tax levy of the district if we have to increase debt.

Slide 8 – 2022-2023 Fund Balance Assignments & Capital Reserve Transfer

- Recommended December 18<sup>th</sup>, 2023 Board Motions: Recommend the Board transfer \$5,000,000 from the General Fund to the Capital Reserve fund for capital improvements across the District.
- Recommend the Board set the following General Fund Balances as of June 30<sup>th</sup>, 2023. It will also be to set the fund balances which the Board would have access to. The only money that the Board would not have access to is the \$783,115, which is the nonspendable and prepaid expenditures that exist with the health insurance trust. The Committed funds are for PSERS and future healthcare reserves. The assigned, as you can see, is to balance the 2023-2024 budget. There is a \$9 million increase in expenditures to satisfy Mr. Andrews' request and the \$6 million is for Curriculum. Mr. Andrews said we budget this, but it can be used elsewhere. Mr. Bard said I would ask the Board to unassign it from the \$52,267,628 fund balance. The unassigned amount of \$2,985,911 is for anything you want. The 8% equals to \$14.9 million. We are a financially healthy school district. Mr. Andrews said wasn't \$5 million budgeted for Curriculum last year. Mr. Bard said, no. I kept it the same amount of \$6 million as it was last year. Mrs. Bear said we are at about the half point in the school year. Where do you see us ending this year. Mr. Bard said I estimate that the actual budget will end up in approximately a \$2 to \$3 million deficit. We eliminated about 13 or 14 open bus driver positions. For the next school year, I am going to eliminate what we have historically had, positions that were not being filled, in order to give you an actual portrayal of what the actual budget would look like without having open positions. Mr. Schlameuss said these positions were causing us to have these surpluses. Mr. Bard said if I am sitting back as a Board member or member of the community, and say your deficit is about \$8.5 million, I would say what Mr. Karkut said, you have budget deficits but if the positions are not being filled, why even budget them. We are going to look at these positions from a historic perspective and if they are not filled within a year, we won't fill them. If we get an influx of people, we will need to add the positions. We can then come to the Board and ask for those positions. This way you can see a better financial picture of where the district is from a financial perspective. Mr. Andrews asked what about the teacher positions. Mr. Bard asked Mr. Zall how many teacher positions are opened. Mr. Zall said right now about six. Mr. Bard said we have three Psychology positions opened that are desperately needed so these positions are budgeted which equal about \$330,000. Mrs. Bear said I have been encouraging the North students to place their studies in this field.

Fund Balances General Fund				
	Nonspendable, Prepaid Expenditures			783,115
	Restricted			-
	Committed			24,000,000
	Assigned			
	Balance the 2023-2024 Budget			8,498,602
	Future Budget Expenditures			9,000,000
	Future Educational Programs			6,000,000
	Unassigned			2,985,911
	Total Fund Balances			51,267,628

\*\*\* Future budgetary expenses in an increase of \$3,000,000 from the previous Fiscal Year.\*\*

Slide 9 – 2024-2025 Budget Timeline

- December 18<sup>th</sup>, 2023- School Board meeting; 2022-2023 Fund balance motions and Capital Reserve transfer to close out the fiscal year.
- The Board will vote to approve the Act 1 index Resolution to not exceed the Adjusted index for ESASD (7.6%). The highest since it has been established.
- January Finance Committee Meeting/Board Meeting – Auditors will present the audit report. Mrs. Bear said usually the auditors come to both.
- March Finance Committee and Board Meetings – Will present First Look at the 2024-2025 Budget

Mr. Andrews asked when do we get the auditors’ report. Mr. Bard said the auditor is waiting for the Board to approve the transfer motion to finalize the Financial Statement. Mr. Andrews said the only reason I question the transfer is because it looks bad for the district. Mrs. Bear said remember that we have to get school buses and other things. Mr. Andrews said we can move the money later. Mr. Rohner said, yes, we can. Mr. Schlameuss said but this make us look worst because what we are doing is having a General Fund balance of \$56 million vs. \$51 million. The reality is this, when you meet in negotiations with teachers, they will see both sides of the ledger. It does not matter what you will do because when you negotiate it will be based on the teachers’ needs and the districts. My point is, we can move the money to use it. We do not have to raise taxes at all. We are not moving money to hide it but to budget it for capital expense within the next three to five years. We are talking about buses and building repairs. Mr. Bard said we are scheduling the auditors to come in January, and we will also be talking about the buses. I will ask the auditors to come to the Finance Committee and Regular School Board meeting. Mrs. Bear said they come to both in person or join virtually. Mr. Schlameuss said June 30<sup>th</sup> is an important date because it is the end of the fiscal year. When Mr. Rohner asks how much is in our Capital Reserve, we are always going to go back to the end of the fiscal year to do the math. That is why putting that money into the end of the fiscal year, on that date is important. This way on July 1<sup>st</sup>, you know that you have that amount in that account. Anything you spend off that is based on the new fiscal year. Mr. Andrews said we have to have that amount in the funds. It is confusing, that you have one amount in one and another amount in another. Either way we have the total

amount. Mr. Bard said there is a lot of things that can be paid out of the Capital Reserve. Mrs. Bear said other people move around to hide money, but we are doing it to keep the records within the same fiscal year. Mr. Rohner said there are a lot of different philosophies. Mr. Andrews said when we talk about the General Fund, they think we don't have money, but we do. Mr. Bard said there is a long list of needs that we have with reference to roof replacements and other things of that nature. Other districts have to go to get bonds and notes, and we do not have to. Mr. Andrews said when we talk at the Regular Board meetings, why don't we just talk about the total amount and not just the separate areas. Mr. Bard said we can, but I like to let people know how it is broken down. For example, the Keystone Fire & Security item that is on tonight's agenda will be paid out of the Capital Reserve. Mr. Andrews said I am not arguing that but there is some confusion. Mr. Rohner said, right now, we are in the revenue season so if you add up accounts, I have a question. I am seeing a loss of \$16 million. The revenues should increase then decrease from January to June. This is the first time I have witnessed a decrease during this year. Mr. Bard asked are you speaking about the revenue side of things. Mr. Rohner said it is in the General Fund and that is why I question it. When you spend \$79 million in a 30-day period, it does not make sense. Mr. Bard said I did not see anywhere that we spent \$79 million in a month. If we did that amount in a 30-day period that would be \$700,000,000 in a year. Mr. Rohner said that is what the bank statement said. Mr. Schlameuss said you can see the revenue and expenses within each banks. Mr. Bard asked Mr. Rohner do you have the statements with you. Mr. Rohner said, no. Mr. Bard asked which bank statement are you referencing. Mr. Rohner said it was the October ending balance in the ESSA Account. Mr. Bard said we can take a look at it. There is nothing in my mind that I can think of why that would occur. I would have to cash in a lot of the savings in order to spend \$79 million dollars. I will take a look at it, and we can discuss it further. Mr. Rohner asked was the financial report that we was emailed last week, submitted to PDE. Mr. Bard said yes it was. Mr. Rohner said the report I received did not have William Riker's signature on it so to me that is not a valid financial report. Mr. Bard said I will send you the signed one which was submitted to PDE. Mr. Andrews said I think when you present the general information, you should see the aggregate amount of \$81 million and can explain what it is broken down into so that people know what the money is for. Mrs. Bear said it can be explained a little bit clearer. Mr. Rohner said when I looked at last year, it was \$84 million plus. Mr. Andrews said the amount this year is about right during this time of the year. Mrs. Bear said it is more in the words that we chose to use than what has been done. Such as, we present the total, what we have in this area and what amount we have do what needs to be done. The final information should be how much we have left in the Fund Balance so that we do not have to raise taxes. Mr. Bard said I can add all this information for when I present it to the entire Board at the next Regular School Board meeting.

## **VII. Items for Approval:**

- a. Approve the 2024-2025 not to exceed the Act 1 Index Resolution budget resolution. Mrs. Bear said we have to pass this resolution so that we do not raise taxes above the index. It is important to explain that we will not be raising taxes this year.



- b. Recommendation to set the Fund Balances as of June 30, 2023 (see below).  
 Mrs. Bear said we spoke about this item when we spoke about the budget.  
 Mr. Bard said the breakdown is explained on the attached document that you received.

Fund Balances General Fund		
Nonspendable, Prepaid Expenditures		\$ 783,115
Restricted		
Committed		\$24,000,000
Assigned		
Balance the 2023-2024 Budget		\$ 8,498,602
Future Budget Expenditures		\$ 9,000,000
Future Educational Programs		\$ 6,000,000
Unassigned		\$ 2,985,911
	Total Fund Balances	\$56,267,628
Transfer to Capital Reserve	\$5,000,000	

- c. Approve the proposals from Keystone Fire and Security for replacement of the POTS lines throughout ESASD for a cost of \$41,592.40.  
 Mrs. Bear said I do not know what POTS is. Mr. Schlameuss said POTS stands for Plain Old Telephone Lines. Mr. Bard said it spells out Plain Old Telephone Services. We received a letter from Frontier on November 20, 2023 that said that they plan on discontinuing our line service to the schools on March 1, 2024. I am in possession of this letter and that is why this is coming before the Board in such short notice. Mrs. Bear said you received this letter just before Thanksgiving. Mr. Bard said we had to get quotes. The amount is \$41,592.40, which is the sum of all the quotes that are in your packet to replace the copper wires in all of the schools that monitor all of the burglar alarm systems and fire alarms that communicate with the 911 Center. It is an important thing that needs to be done. Mr. Andrews asked what are they replacing it with. Mr. Bard said they are replacing the copper wire with cell lines and other communication signals or voice over IPS. Mr. Schlameuss said they have a cellular device that they stick outside of the building next to the security alarm system and there is another connection that goes through the internet. Mr. Bard said there are two different connections in case one goes out. It will connect with the 911 Center in the event of an emergency. Mr. Andrews said why are we seeing some quotes from back in September Mr. Bard said our plan was to do this in phases and to present it at the next Property & Facilities Committee meeting in order to do the work over the summer of 2024. Now that we received the letter, it forces our hand to do it right away. Mrs. Bear asked was this budgeted for. Mr. Bard said some of these things were budgeted. We are going to use the Capital Reserve for this project. Mr. Rohner said you understand that this should have been brought to Property & Facilities Committee but for whatever reason it wasn't. We have proposals from September and October in our packet. Mr. Bard said the reason we were doing this, was because we

were going to proceed in phases over time, but the November 20, 2023 letter put a stop to this plan. Mr. Andrews said the proposals from September should have been brought to the October Property & Facilities Committee meeting. Mr. Bard said not necessarily because we were just gathering the costs for these because we were trying to figure out what the cost would be in order to put it as part of the Capital Plan as a summer project. Mrs. Bear said they were planning to do the project in the summer and not now. Mr. Baard said we did not want to do the project until we had all the phases of the proposals. Mr. Rohner asked are these proposals invalid. Mr. Bard said we are getting updated proposals because we have old dates and signatures. Mr. Rohner said we need to put this item at the next Property & Facilities Committee meeting. Mr. Bard said the issue with this is the short time window being that the service will be discontinued on March 1<sup>st</sup>. We do not want to wait until the January Property & Facilities Committee meeting. Mr. Andrews said the Property & Facilities Committee always meets the week before the Finance Committee. Mr. Bard said since the service will be discontinued on March 1<sup>st</sup>, we need to let Keystone know to start ordering the equipment and supplies as quickly as possible. We were planning on doing this before we received the letter. The problem that we are trying to head out to pass is that they are going to discontinue our service. Mr. Andrews said I understand that, but this should go to the Property & Facilities Committee and then to the Finance Committee. Mr. Rohner said we have a Service Agreement here that was signed a month or so ago. Mr. Bard said I agree with what you are saying. It should have been brought to the Property & Facilities Committee meeting. If we did not get this letter it would have been at the next Property & Facilities Committee meeting. We would have been doing this at a different time. Since the March 1, 2024 date is three months away, we do not want to be without service in case something happens. Mr. Andrews said it is a moot point now. Mr. Rohner asked what service did we agree to a month ago with Keystone. Mr. Bard said I would need to get an answer to your question because I am not sure what was signed. Mr. Rohner said he will speak to the Facilities Department for the January meeting. I just want you to understand that when I go to all of these National School Board conferences and Pennsylvania School Board Conferences, I understand why there is no reason why we are always in an emergency situation. If we can improve in communication, we should not be in this situation. If we are privy to the letters of correspondence that you receive, we can address these issues at the Property & Facilities Committee meetings. This is what Mr. Andrews, and I are saying with our comments. Mr. Schlameuss said there has not been any Property & Facilities Committee meetings since November 20<sup>th</sup> until now. Mr. Rohner said some of these proposals are from September. Mr. Schlameuss said the letter was from November 20<sup>th</sup>. Some of these proposals are dated November, too. They were working on putting the proposals together in order to bring it to your committee. Now they got this letter telling them they now have to hurry up on this because there is an urgent matter now. I get the urgency. Mrs. Bear said they did not anticipate the letter from Frontier. Mr. Schlameuss said that is the point that I am getting at here. Mrs. Bear said the goal that I am hearing from Mr. Bard tonight is that it was supposed to be a summer project. Usually, they present summer projects to us in January. Mr. Schlameuss said there was no urgency until the letter arrived. Mrs. Bear said we could not have anticipated

the news. Mr. Rohner said there was no transparency a year ago with the fire sprinkler system issue at Middle Smithfield elementary Either.

- d. Approve PLANCON J for East Stroudsburg South High School.
- e. Approve PLANCON J for Middle Smithfield Elementary School.

Mr. Bard said items d. and e. are documents for the East Stroudsburg South High School and Middle Smithfield Elementary School. They were submitted at the Board meeting in August 2006. They were rejected about three or four months later by PDE for corrections. They were never resubmitted for approval to PDE. We have received three or four letters informing us to fix them and one of those letters landed on my desk. I fixed them with the help of John Casey who has expertise in this issue. The only issue that they had was that the numbers were in the wrong spaces. They were not in the appropriate areas. These reports are now correct and ready to be transmitted back to PDE for approval. They just need to be approved by the Board of Education. We have still been receiving Plan Con reimbursements for these projects, but they are near their completion of being repaid. The renovations and projects here at East Stroudsburg South High School and Middle Smithfield Elementary are within eight years from being paid off. These Plan Con documents have been reviewed for accuracy by John Casey and are ready for the Board to approve and then sent back to PDE for review. Mrs. Bear asked were these for bonds that PFM did for us in the past. Mr. Bard said correct. Mrs. Bear said, my question is whose responsibility was it to fill out these forms in the first place. Mr. Bard said it was the responsibility of the auditing firm that the Board hired to do the independent audit for this project. There was no problem with the audit that was done on this project. Someone in the auditing firm does this paperwork to submit it to PDE. Mrs. Bear said this would occur through the Bond Issue. When the Bond Issuer does the paperwork, they hire those people. Mr. Bard said the Board hires the independent auditor and approves the documents. Mr. Rohner asked who is the person they hired. Is it John Casey? Mr. Bard said John Casey wasn't an auditor. John Casey is an Independent Preparer that was recommended by Public Financial Management to help with the Plan Con J. He has a lot of experience working with the Plan Con documents. Mrs. Bear asked did we just use him. Mr. Bard said the guy from the auditing firm that we used is no longer in practice. We could not refer to him and all of the records from these audits were destroyed because they were passed the seven-year retention requirement. There was nobody around that we could contact to get help with getting the documents done. Mrs. Bear said I have another question, How often were these letters sent by PDE? Mr. Bard said there were four letters that we found asking for these revisions. They were withholding half of a percentage point from our reimbursement. We were still getting a large chunk of our reimbursement. When we send these forms back, they can do one of three things. They can restore the half of the percentage point back to us, they can leave our reimbursement as is or they can request a portion of the reimbursement that they have given us if they felt that our reimbursement was too high. I don't know what they are going to do. They have not given me any indication from the people that I spoke with at PDE Plan Con. Mr. Andrews said this occurred in the past. Mrs. Bear said it occurred in 2012. Mr. Bard said they started reimbursing us from when we started filing the request for the project reimbursement.

Mrs. Bear said the original project was from 2006 and the project was completed in 2012. They have been sending us letter since 2012. Mr. Andrews said no one on the Board would have known about this. Mrs. Bear said we would have not known about it unless someone told us about it. Mr. Bard said we have all of the invoices from the project; therefore, we were able to trace back to make sure that all of the numbers matched. In that respect, we have all records of it including all of the bond records. Mr. Andrews said it was a matter of filling out the form. Mr. Bard said it was a matter of filling out the forms correctly and that seems to be the issue with PDE that it was not correctly filled out. They did not request another audit of the project because they felt that the audit was done correctly. They just want the form filled out correctly. Mrs. Bear said this just baffles me. Mr. Rohner said this is interesting. I have a couple of questions. The first Plan Con is for the South High School. In these documents it mentions the bond issues for Smithfield Elementary, East Stroudsburg Elementary and Middle Smithfield Elementary. They each have different project numbers, but it is all in under the project number 2859, which is the South High School. Is that normal? Mr. Bard said, yes. For this particular project it is normal and for the bonds that were issued to pay for the projects, it is normal. Mr. Rohner asked are we just doing the Plan Con amendment for South High School. Mrs. Bear said the next one is for Middle Smithfield Elementary School. Mr. Rohner said I will get to that. With the issues that we had and what people are asking, why didn't the school district go after the contractors with respect to these performance bonds, to hold them accountable. It seems like we never did. The perfect example would be the High School North roof. We just spent close to \$8 million to repair it. We were under warranty and somehow we voided that warranty. Now we became responsible, and I don't understand why we didn't jump all over the performance bond and what the relieve it provided us as taxpayers. Mr. Schlameuss asked are these performance bonds. Mr. Rohner said I'm pretty sure they are. Mr. Bard said these bonds are what they issue to pay for the projects. Performance bonds would be something that the contractors would issue to guaranty their work. Mrs. Bears said this bonds are like our loans that we took out from the taxpayers to pay for the work. This is separate from the bond that the contractors take out. Mr. Bard said when we pay our debt service back, the shareholders of the bond get a check or some kind of their interest back or some kind of investment back. If you own a piece of the project, you will get a check when we made our debt service payment in September and March. This is not the performance bond. The performance bond is released as soon as they sign over a project to us then we would get the occupancy permit. Mr. Rohner said with reference to the Middle Smithfield Elementary School Plan Con document, why is Smithfield Elementary highlighted on the Certificate of Architect when it is supposed to be Middle Smithfield Elementary School that we are amending. It does not make sense to me. I think there is a mistake here. Mr. Schlameuss said, no. Mr. Rohner said I don't know what you are basing that knowledge on because I see Smithfield Elementary, and this document is for Middle Smithfield Elementary. Mr. Schlameuss said I looked at this and asked why do they have other names of projects on this. It says this disposition of funds is not expended for this Plan Con Project. They have three other schools Smithfield Elementary, East Stroudsburg Elementary and Middle Smithfield Elementary. You then have the date of issuance of bonds. Those bonds

refer back to the PDE Projects. I believe that was 6/30/12. Mr. Rohner said what you spoke about was on the first Plan Con document and not on the Middle Smithfield document. Mr. Bard said I see what you are saying. On the Certificate of Architect, the project number is different. Mr. Rohner said you are confusing me because it is supposed to be focused on Middle Smithfield Elementary, but I am certain that the Certificate of Architect is for Smithfield Elementary. Mr. Bard said let me review that. Mr. Schlameuss said I am going to give you the answer. If you look at the Certificate of Architect. The one that has the date of 2006. Mrs. Bear said on the bottom of it, it says 176. When you see the page before it, you see Smithfield Elementary, East Stroudsburg Elementary and Middle Smithfield Elementary. There are three other projects aside from High School South. Mr. Rohner said I am looking at the Middle Smithfield Elementary Plan Con paperwork. Mrs. Bear said we are looking at the High School one first. Mr. Rohner said that is not where I am at. Mr. Schlameuss said the Smithfield Elementary is dated March 3, 2005. The page before it is East Stroudsburg High School South. I may not be able to answer this question since that is not the document I was looking over. Mr. Rohner said, you cannot answer my question. Mr. Bard said I can show you what he is referring to. Mrs. Bear said Project 2900 and Project 3273 are on page 176 but then on the next page, it has the Project 2859 and that is where I am confused. Mr. Bard said the issue here is that with Plan Con documents, we did not need to get an additional signature for the Certificate of Architect, so they just used the original from the original Plan Con documents. The issue was not the Certificate of Architect page but rather the financial pieces of it. We just have to get the correct Certificate of Architect page. I will have to get that one with the project number 3348. Mr. Schlameuss said the Certificate of Architect is the wrong one. Mr. Bard said that is correct. Mr. Rohner said the reason that this bothers me is because the Certificate of Occupancy was not issued in 2009 for Middle Smithfield Elementary. Mr. Bard said that is because the project was not completed in 2010 but later. Mr. Rohner said you are doing plenty of research because you are right about that. I know more than I should. Mrs. Bear said so this is Smithfield's Certificate of Architect and not Middle Smithfield Elementary. Mr. Bard said when we put the Plan Con J documents together, the Certificate of Architect was carried over from the original Plan Con J documents. Mrs. Bear said my other question is in the Middle Smithfield Elementary Plan Con documents. You have on the page previous to that the High School South Project 2859 listed and not Middle Smithfield Elementary 3348. They are all off. If you look at the high school documents, they have Smithfield, East Stroudsburg Elementary and Middle Smithfield Elementary named in the documents. Mr. Rohner said the paperwork is hard to follow. Mr. Bard said when you look at the High School South Project 2859, that is the project number for it. Mrs. Bear said but you have it list under Smithfield. Mr. Bard said that was the disposition of funds that were applicable to Middle Smithfield Elementary around the same time. Mrs. Bear said what about the high school one when you have Smithfield, East Stroudsburg Elementary and Middle Smithfield Elementary. Middle Smithfield did not have one yet at that point and time. Mr. Rohner said Middle Smithfield Elementary was under construction in 2012. The financial report is for the period through June 30, 2012. Mrs. Bear said I don't see a project number. Mr. Rohner said it may just be omitted. Mr. Bard said the project

number was not listed on that page. Mrs. Bear asked are we done with the reimbursements for the projects that were list in the South High School document because they are no longer listed in the Middle Smithfield Elementary document? Mr. Bard asked what projects? Mrs. Bear said if you look at the High School South document, you see three projects listed, Smithfield Elementary, East Stroudsburg Elementary and Middle Smithfield Elementary. On the Middle Smithfield Elementary document, they are no longer listed. I only see the High School South listed. Does that mean that they are no longer reimbursing us for the elementary projects? Mr. Bard said we are still being reimbursed for all of these projects. Mrs. Bear asked why would they not carry over as reimbursable projects. Mr. Bard said I am not sure and that is why I had someone who was more skilled than me to prepare these forms. Mr. Schlameuss said I think this page just says these projects are also reimbursable and not related because it says it is not for this Plan Con project. Mrs. Bear said what I am asking is why would they not be listed on the Middle Smithfield Elementary documents since they were listed on the High School South documents. Was this done to keep transparency with PDE? Mr. Bard said I can ask Mr. Casey this question. Mrs. Bear said I don't want them to come back and say you are wrong again. Mr. Bard said when it comes to Plan Con J, it is not the simplest form to do. I will circle back and speak to Mr. Casey. Mrs. Bear said I don't want to submit these documents before we know that they are exactly 100% correct. Mr. Rohner said something is not right. The committee agreed to table these documents.

- f. Approve three-year agreement with Zelenkofske Axelrod LLC for Auditing Services at costs listed below: 1:09:08
- i. 2024-2025 Fiscal Year - \$24,000
  - ii. 2025-2026 Fiscal Year - \$24,750
  - iii. 2026-2027 Fiscal Year - \$25,500

Mrs. Bear said it looks like they are raising their prices each year. Mr. Schlameuss asked were there any other bidders. Mr. Bard said this is a continuation of the auditors that we had. Based on the experience that we had, we did not go out to bid since they are extremely well placed, and it is hard finding an auditing firm. I believe it is a good experience to keep them. Mr. Schlameuss said these auditors first performed their service for two years and now they are looking to do it for three years. Mr. Bard said that is correct. Mr. Bard said after the three years are up, we will go out to bid again. Mrs. Bear asked are they the same firm that audited the Plan Con J documents. Mr. Bard said no that was done by a different auditing firm. That is done by an independent auditor.

- g. Approve ServiceFinder upgrade for Transportation at a cost of \$9,500 one-time cost for upgrade.
- Mr. Bard said ServiceFinder is what the Transportation Department uses to track all the services in all of our Transportation Vehicles. A mandatory upgrade just came out for \$9,500. They are also raising their cost from \$5,000 to \$9,500. It is almost a double-price increase. This is a must have because it used by the mechanics. This is how they track all of the services, such as when an oil change needs to be done. The

expense will be paid by the Transportation Budget or the Administrative Services Department. Mr. Schlameuss said would this have solved the problem with the box truck that never was used. Mr. Bard said the Service Finder was down and this is the solution to fixing it. If it were working, it would have solved the issue. Mr. Rohner asked is this proposal still current. Mr. Bard said, yes. Mr. Rohner asked, since CJ Sohl did not sign off on this, is the price still current. Mr. Bard said the cost will not change. Mr. Sohl from Transfinder said he is willing to keep the same quote for two days beyond the 30 days. We have a good rapport with Transfinder.

- h. Approve the agreement with Frontline Education for additional support hours at a cost of \$4,500.

Mr. Bard said is this is another part of the conversion from Munis to CSIU. This is for the time and attendance piece which is the timeclocks. We need an additional \$4,500 of support for continuing the conversion from Munis to CSIU. We need to have the timeclocks communicate with CSIU. I believe this is necessary so that when our people punch in and out, they communicate with our accounting software. Right now, they are doing the work by hand. This will make it much more user friendly with our Payroll Department. This will help the programmers work together to build a more uniformed set. It will help make everything automated so that we don't have to do anything by hand. Mr. Andrews said this conversion will take 12 hours at a cost of \$4,500. Mrs. Bear said that is a lot of money. Mr. Andrews said I am not saying we should not do it, but it is a lot of money. Mr. Rohner said since we did not budget for this, what account is this being taken from. Mr. Bard said this is coming out of the Professional Service Account from the Business Office budget.

- i. Approve the agreement with OIG Compliance Now, LLC for federal programs compliance at a cost of \$10,000 (Split between ACCESS and GF).

Mr. Bard said this is a program that our vendors must go through, when federal dollars are being spent, to make sure no one has been excluded from the use of federal dollars. They must pass a compliance check. The previous company we used pulled out, so we had to look for a new vendor. This was the best company out of the three quotes that we received. This will be paid between the ACCESS Fund and the General Fund. Mr. Andrews asked what is this for. Mrs. Bear said it is a compliance software. Mr. Schlameuss said when you go do a procurement like the purchase of furniture, you would give the information to this program so that they perform a background check. Mr. Bard said from what I understand, how this is going to work is that we have a portal that we will log into. We will then enter the company's name in there and they will do a check to see if they are on a government excluded list. If they are, we won't be able to buy anything from them. We will need to go to another vendor. Mrs. Schlameuss said you can also go in to sam.gov and type in the company's name. It would give you the excluded parties. I do this regularly. It must be something more that you get from them. I am not paying \$10,000 for someone to type in something that they can type in online to get the exact information. Mr. Bard said they provide sanction screening and validation services. This is something that is required by the Federal Government. Mr. Schlameuss said you are required to do a

check that they are not on the excluded list. Generally, you just go into the [sam.gov](http://sam.gov) website to get the list. You just need to set up your login information. Mr. Andrews said we can probably keep this in-house. Mr. Schlameuss said on page 17 it has the details of what they do. When you do these checks, you have to make sure the company is reputable. There are rules that you have to follow. Mr. Bard said page 19 gives you the list of things that they are doing for us. Mr. Schlameuss said the Medicaid area is interesting. I see that the State disciplinary area is also checked. Mrs. Bear said you mentioned the SAM website and that is on this list. Mr. Schlameuss said that is just one of them. The harder ones are State disciplinary and Medicaid. Mrs. Bear said there is also health and human services provided. When you are in part of an industry, you don't have to deal with everything that the district deals with. Mr. Schlameuss said the difference is not just buying furniture. If we have to send a child to see a therapist, and we have to do the reimbursement for it, we have to confirm that the therapist accepts the Medicaid money, that they are eligible to provide those services and that they are not on an exclusion list. Mr. Andrews said who is responsible if they later get on the list. Mr. Bard said OIG Compliance provides a million-dollar coverage if they make an error. Mr. Schlameuss said if they make an error they are responsible. Mr. Andrews said OIG Compliance takes the liability away from the district. Mr. Andrews asked how is this service being done now. Mr. Bard said we had a vendor already doing this. It was the Westmoreland Intermediate Unit, but they are no longer offering this services. Mrs. Bear said is OIG Compliance charging the same amount as the IU was. Mr. Bard said no, they are more expensive. Mrs. Bear asked did the IU come with insurance as well. Mr. Bard said I doubt it. Mrs. Bear said going with OIG Compliance is much more valuable. Mr. Bard said we are also covered by our insurance.

**VIII. Recommendations by the Property & Facilities Committee (Pending Final Approval by Property & Facilities Committee)**

None

**IX. Recommendations by the Education Programs & Resources Committee**

None

**X. Public Participation - Limited to Items of Discussion or Approval**

None



**XI. Advisory Recommendations for Consideration by the Board of Education**

1.

**RECOMMENDATION BY THE COMMITTEE:**

Motion was made by Richard Schlameuss to recommend that the Board consider for approval that the District will not seek exception to the Act 1 Index and will not raise taxes in an amount that exceeds the Act 1 Index (7.6%) for the 2024-25 fiscal. Motion was seconded by George Andrews and carried unanimously, 4-0.

2.

**RECOMMENDATION BY THE COMMITTEE:**

Motion was made by George Andrews to recommend that the Board consider for approval setting the Fund Balances as of June 30, 2023 as presented. Motion was seconded by Wayne Rohner and carried unanimously, 4-0.

3.

**RECOMMENDATION BY THE COMMITTEE:**

Motion was made by Wayne Rohner to recommend for approval the proposal from Keystone Fire and Security for replacement of the POTS lines throughout ESASD in an amount of \$41,592.40. Motion was seconded by George Andrews and carried unanimously, 4-0.

4.

**RECOMMENDATION BY THE COMMITTEE:**

Motion was made by George Andrews to table the following items. Motion was seconded by Wayne Rohner and carried unanimously, 4-0.

The approval of PLANCON J for East Stroudsburg South High School.

The approval of PLANCON J for Middle Smithfield Elementary School.

5.

**RECOMMENDATION BY THE COMMITTEE:**

Motion was made by George Andrews to recommend for approval the three-year agreement with Zelenkofske Axelrod LLC for Auditing Services at the costs of \$24,000 for the 2024-2025 Fiscal Year, \$24,750, for the 2025-2026 Fiscal Year and \$25,500 for the 2026-2027 Fiscal Year. Motion was seconded by Richard Schlameuss and carried unanimously, 4-0.

6.

**RECOMMENDATION BY THE COMMITTEE:**

Motion was made by Wayne Rohner to recommend for approval the ServiceFinder upgrade Proposal for Transportation at a cost of \$9,500, a one-time cost for upgrade. Motion was seconded by George Andrews and carried unanimously, 4-0.

7.

**RECOMMENDATION BY THE COMMITTEE:**

Motion was made by Richard Schlameuss to recommend for approval the agreement with Frontline Education for additional support hours at a cost of \$4,500. Motion was seconded by George Andrews and carried unanimously, 4-0.

8.

**RECOMMENDATION BY THE COMMITTEE:**

Motion was made by George Andrews to recommend for approval the agreement with OIG Compliance Now, LLC for federal programs compliance at a cost of \$10,000 (cost will be split between ACCESS and General Fund). Motion was seconded by Wayne Rohner and carried unanimously, 4-0.

**XII. Next Meeting - January 16, 2024, at 5:30 P.M. at H. S. North-Library**

**RECOMMENDATION BY THE COMMITTEE:**

Motion was made by Richard Schlameuss to approve the following 2024 Finance Committee meeting dates, time and places. Motion was seconded by George Andrews and carried unanimously, 4-0.

Mrs. Bear said feel free to stop by at the North Girls' JV Basketball game at 4:30 p.m. on January 16<sup>th</sup>. If we are done early, we can watch the North Girl's Varsity Basketball game. This will be our first time using Zoom, so we will see if it works.

January	16,	2024	--	5:30 PM – High School North – Library & Via Zoom
February	12,	2024	--	5:30 PM – Carl T. Secor Administration Center – Board Room & Via Zoom
March	11,	2024	--	5:30 PM – Carl T. Secor Administration Center – Board Room & Via Zoom
April	09,	2024	--	5:30 PM – Carl T. Secor Administration Center – Board Room & Via Zoom
May	13,	2024	--	5:30 PM – Carl T. Secor Administration Center – Board Room & Via Zoom

June 10, 2024 -- 5:30 PM – Carl T. Secor Administration Center – Board Room & Via Zoom  
July 08, 2024 -- 5:30 PM – Carl T. Secor Administration Center – Board Room & Via Zoom  
August 12, 2024 -- 5:30 PM – Carl T. Secor Administration Center – Board Room & Via Zoom  
September 10, 2024 -- 5:30 PM – Carl T. Secor Administration Center – Board Room & Via Zoom  
October 14, 2024 -- 5:30 PM – Carl T. Secor Administration Center – Board Room & Via Zoom  
November 11, 2024 -- 5:30 PM – Carl T. Secor Administration Center – Board Room & Via Zoom

All meetings will also be streamed live on YouTube.

**RECOMMENDATION BY THE COMMITTEE:**

Motion was made by Richard Schlameuss to adjourn. Motion was seconded by George Andrews and carried unanimously, 4-0.

**XIII. Adjournment:** 6:54 p.m.

Respectfully submitted,  
Patricia L. Rosado  
Board Secretary