

**EAST STROUDSBURG AREA SCHOOL DISTRICT
BOARD OF EDUCATION
FINANCE COMMITTEE MEETING
April 9, 2024
East Stroudsburg Area School District Admin Building 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 (via Zoom from 5:30 p.m. to 6:24 p.m. and in person beginning at 6:24 p.m.)

Board Non-Committee Member Present: Keith Karkut

- III. School Personnel Present In Person:** Peter Bard, Shoukry Fauntleroy and Patricia Rosado

School Personnel via Zoom: Brian Borosh

- IV. Community Members In Person:** Larry Dymond

Community Members via Zoom: Mason Hemphill, Brightbill Body Works.

- V. Approval of Agenda and Minutes**

RECOMMENDATION BY THE COMMITTEE:
Motion was made by George Andrews to approve the agenda for April 9, 2024, 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 passed 3-0.

RECOMMENDATION BY THE COMMITTEE:
Motion was made by George Andrews to approve the minutes of the March 11, 2024, Finance Committee meeting. Motion was seconded by Wayne Rohner and passed 3-0.

- VI. Items for Approval:**
 - a. Approve Chromebook, HP and Apple Computer RFQ Results listed in items i through iii (GF)
 - i. Lenovo Chromebooks - SHI - \$681,315.00 (Co-Stars)
Maxcases for Chromebooks - SHI - \$46,278.00 (Co-Stars)
Mr. Borosh said we received four quotes for the Chromebooks with SHI being the lowest. They provided us a Co-Star price. This will not be paid out of the district funds. It is being paid 100% through the Emergency Connectivity Fund (ECF) which we applied for a year ago. These are for

Kindergarten, 5th and 9th grade students, which we do every year. Kindergarten students keep them until 5th grade and 5th graders keep them until 9th grade. Ninth grade keeps them for the remainder of the high school years. The other item we have here is the protective cases for the Chromebooks. The quote is from SHI.

- ii. HP Computers - IntegraOne - \$137,595.88 (Co-Stars)

Mr. Borosh said the same thing occurred with the HP devices. We received six quotes and IntegraOne was the lowest. This will be paid through the Emergency Connectivity Fund. This is Co-Star pricing as well. The HP equipment and Mac Devices are for the intermediate schools. It is for all of the staff, teacher devices and the two labs (one at each building).

- iii. Apple Computers - \$457,805.65 (CCIU Apple Contract #4925)

Mr. Borosh Apple is a sole source provider. Some of it will be paid through ECF. The remaining 15% will be paid through the Technology Services lease initiative budget for this year. This is for staff computers and the Labs at J. T. Lambert Intermediate and Lehman Intermediate.

Mrs. Bear asked if the Apple computers include the CAD Classes at the high schools or are they not being replaced yet. Mr. Borosh said it does not because we did the high schools two years ago. Everything is on a four-year replacement cycle. Every year we do Kindergarten, 5th and 9th grade Chromebooks. We do high schools every four years. This past year we did the Administration Center as well as our servers and sans, which we approved at a subsequent meeting. Next year we will do the elementary schools.

- b. Approve moving forward with the purchase/lease of Thirty (30) Seventy-Two (72) School Buses and Ten (10) Special Education School Buses (30+3) from Brightbill Body Works at a total cost not to exceed \$5,824,000.00 (results of the bid opening on April 5, 2024, at 2:00PM)

Mr. Bard said this is the result of the bid opening on April 5, 2024. This is for 30 72 passenger school buses and 10 Special Ed School Buses that are the 30+3 from Brightbill Body Works at a total cost not to exceed \$5,824,000. This does not include any trade-in or resale value of the buses that we will be trading in. This includes that 36 vehicles that will be traded in and 4 new special education vehicles due to increased enrollment. I spoke about purchasing and leasing. The delivery of these vehicles will be between September and November. The plan would be to solicit leasing loans and potential purchasing out of our capital funds. My goal is to lease them. The reason I want to lease them is because they have a five-year warranty. You would then, at the end of the five years, complete the lease. You can then refresh them and get new 40 buses. You can start the cycle over gain. This would also give you a set number in your budget so that you would not drain the capital reserve. The reason why I have not put those numbers

in here yet is for a couple of reasons. Number 1, we got the bid opening late. I sent it to our Financial Advisor; PFM and they are working on the numbers now for us. They will also include all the costs. I am also soliciting other places. As you remember, we did the leasing for the servers. They came in very low like 2% or 3%. The interest that we are earning on our money that is sitting in the Capital Reserve is around 5% to 5.25%. If the lease rate comes back somewhere between 2% and 3%, then you should go with the lease instead because we are earning more money on the funds that are in the Capital Reserve. The market can be drastically different for borrowing in two months than it is right now. Mason Hemp is with us online if you have any questions about the vehicles. Brightbill reserved 40 slots for us. If we take action and agree to purchase the vehicles by April 25th, this will guarantee our delivery date between September and November. I am asking the Board to agree to purchase these vehicles and then we will figure out the financing as we get closer to the date. Luckily for us, we are in a good position to have the money in the Capital Reserve. We will be able to borrow the money to either lease or buy the buses. I am a big proponent of leasing, so I am asking the Board to agree to award the bid to Brightbill. As we get closer and Brightbill says they can deliver the vehicles in September. I will come back to the Board at that meeting and say here are the options. You can then take action on whatever recommendation comes forward. There are two other things I would like to bring up as a side note. At next month's meeting, I would like to bring forth the camera system that Mr. Forsyth brought up at a previous meeting. We need new camera systems on our vehicles because they are degrading and falling apart. I would like the Board to take action on that proposal. They work well with Brightbill. Brightbill will install them for us. I also put out a bid recently for Transportation. Mr. Karkut brought up a very interesting and good point at the last Board meeting when noticing that there were 72 passenger buses traveling to Erie for a competition taking just a few kids. We are trying to get a quote for the cost of buying 9 passenger or 10 passenger vans so that anyone can drive them. You do not need a special license to drive them. We can place two vans at South and two at North. Mrs. Bear said I thought we bought some already. Mr. Bard said the vans that were purchased were for ACCESS, which are for Special Ed students. The ones we want to get would be used by any department for band trips, competitions, etc. A parent, coach or one of the vehicle drivers can drive the van. It does not matter who as long as they have a license and their clearances, and the Administration approves them to drive. They would be very versatile to use. I believe it would save us money by sending a van instead of a 72 passenger bus. Mrs. Bear said the vans would be gas so it would help with longer trips. Mr. Bard said the specs also included that the model could be from year 2023 through 2025. By the way, the buses that we would like to get are 2025 model, so they are brand new. That increases our reimbursable rate when it comes to the transportation formulas. Mr. Rohner asked are the special education buses that we have now gas. Mr. Bard said they are propane. Mr. Rohner said we purchased gas vans. Mr. Bard said from what I understand we do not have any. Mr. Bard said I am thinking about the vans not buses. Mrs. Bear said we have vans. Mr. Rohner said we definitely got them

before you got here. Mr. Bard said I will clarify this with Ms. Robins, the Transportation Director, because when I asked her, she said no. Mr. Bard said if we bought them, we might have used ACCESS funds for them. Mrs. Bear said I thought we bought them so that the School Vehicle Drivers can drive them since they do not have their CDL. Mr. Bard said I know we definitely have vehicles that are non CDL. I do not know if they were purchased with ACCESS Funds. If they were, they can only be used for Special Education needs. That could be the restriction because I asked if we could use them on trips for all students. Ms. Robins answer was no. Mr. Bard said I will confirm before we buy any more vans. That request will come before you next month. The item that I am asking for approval for tonight will cost about \$5.8 million that is in the Capital Reserve. My goal will be to go with the leasing option. I will bring you those numbers as soon as I have them. If I have them in May, I can bring them to you for discussion and not approval because the market will change a little bit. Mrs. Bear said the Feds can drop the rate. Mr. Bard said if they do, it will be a different discussion. Also, we will be looking to discuss the resale value. The problem with the resale value of our propane buses is East Stroudsburg was one of the first school districts, not only in the State, but in the country that went to full propane. We were kind of a pioneer in that market. Mr. Hemphill will tell, since he is a very popular salesman at the Ford Manufacturing Plant, in Dearborn where they make these places, they know East Stroudsburg by name because of the buses that we purchased here with propane. It is one of those things that the market has not developed quite yet. Instead of getting the diesel vehicles that are worth about \$30,000 or \$40,000 at resale, ours are not worth as much because the mom and pop contractors that make up the network of transportation vehicles across the Untied States are still hung up on the Diesel market. We have some leads on reselling them. We have a quote on GOV Sale, Municibid, etc. We are going to try to sale them on there and see what we can get. Mr. Hemphill promised that he will do his best to help us resell them. That is why I said not to exceed \$5.8 million because there will be some credits that we will get back when it comes to reselling the vehicles that we are going to trade in. Mrs. Bear asked how will we determine which bus lot gets each bus. Mr. Bard said we are going to trade in the buses that have the most mileage and body wear on them. Mrs. Bear said then we will distribute the buses equally between North and South. Mr. Bard said, correct. Mrs. Bear said I don't want to see just one lot get all new buses. Mr. Bard said it would not be that way. Mr. Rohner said we got a grant for those propane buses. Mr. Bard said the money right now is focused on electric buses. I already shot that down and Mr. Hemphill said they are not ready for electric. In a cold climate the drive train is not the problem but rather the body of the car because of the rock salt and decay. Mr. Andrews asked if the buses could work with the cameras. Mr. Bard said once we buy the cameras, Brightbill will install them for us. When we trade them in, the cameras will go with them, which will increase our trade-in value. It's a turnkey product that we do not have to worry about in the future. I am trying to set it up in the most effective way for the district and that is why I think leasing is the best option.

- c. Approve adding American Funds to the district approved 403b vendor list. We had a request from an employee to add another vendor to our 403B list. Mrs. Bear asked which ones do we have right now. I can look up the list. I did not print it out for the Board. This district has Ameriprise Financial, Corebridge Financial, Equitable, Invesco Oppenheimer Funds, Kades-Margolis Corp., Lincoln Investment Planning, LLC, Metropolitan Life Insurance Co. and Putnam Funds. Mrs. Bear asked do we have Vanguard or anything like that. Mr. Bard said, no. Normally, I don't like to do it for just one person but since we have one other individual interested too, I thought I would add it. Mrs. Bear asked which American Funds is it. Is it all American Funds or is it targeted funds? Mr. Bard said I am not sure which ones the employee requested. Mrs. Bear asked what kind of internal fees are there or in general are these funds charging the provider to do a 403 B. Mr. Bard said we use TSACG as our vendor. What happens is when the Board approves a vendor, I let TASCAG know. This employee just asked to have American Funds added to the list. Mrs. Bear said American Funds is very broad. Mr. Bard said I am aware because I looked it up to make sure it wasn't some fly by night company. Mrs. Bear said they are a good firm. They have good funds. They have ETA, mutual funds and all that. It is kind of like a Vanguard or Ameritimes. There are thousands of them to choose from. We don't want to put all of them on the platform. My question is which ones are we going to put on. Would there be mor targeted funds? For example, If I say I'm retiring in 15 years, I am going to do a 2035s. Mr. Bard said I understand what you are saying. What happens is the employee can choose. If they want to put \$10,000 over the course of the year or whatever. Mrs. Bear said what they usually do is they will pick 5 or 6 and you get to choose from those. If you go online, there are thousands of American Funds. Usually, they do not what to give that many choices in a 401k or 403B because at the end of the day we are considered fiduciaries and so is the vendor that administers it. We don't want to give them too many because then they will say that Peter Bard in the Business Office said it is okay for me to do this. Mr. Bard said I do not provide financial advice. Mrs. Bear said neither do I. I want to know which American Funds that they are going to approve to go into the vendor list because no 401k or 403b provider is going to give access to all of them. Mr. Bard said I think this particular individual went to its Financial Advisor and asked to use this vendor, but we do not have this vendor as an option. The same as the other vendor, Vanguard had 1,000 or more. I believe American Fund is the parent company and with the other funds you can be as aggressive as you want to be. Mrs. Bear said that is not the case with a 401K or 403b because what happens is that they do not give you full choice for everything because the vendors cannot support all of them on their platform. Normally they say these are the only American Funds that we are going to offer you. Sometime there would be a target fund or a large cap growth fund or something like that. Mr. Bard said I will ask for more information. It may not be what his advisor wants him to have. He may want him to have an international American Fund but we may not offer that. Mr. Andrews asked can the district employees go with whatever fund they want or do they have to go with what the

district wants. Mrs. Bear said my company has certain 403b funds that we can use. Mr. Andrews said what about the school district employees. Mrs. Bear said the district has a non-profit version of the 401k. Mr. Andrews asked so what do we have. Mr. Bard said the district has an administrator to house it. Mr. Andrews asked do we have one company. Mrs. Bear said you have one company that administers it. Mr. Andrews said we use Equitable. Mrs. Bear said you would call the company that administers it. Mr. Bard said if you want to make a withdrawal from it, you would call TSACG. There is a form on the website that an employee can go on and say they want to start putting money into a 403B in addition to their retirement. Mr. Bard said we can table this and bring it back. It is not urgent. Mr. Andrews said you cleared up some information for me because I had them reversed. Mrs. Bear said basically what that company does is that they are our clearing house and our administrator of our 403B. Mr. Bard said they also maintain our plan design document. They ensure that we are in compliant with IRS Rules and Regulations. Mrs. Bear said they communicate with our payroll clearing so that they make sure what percentages go where. Mr. Andrews said they also make recommendations. Mrs. Bear said they shouldn't. Mr. Bard said Equitable could but not the parent company. Mr. Andrews said but they do, too. Mr. Bard said what happens is if you picked Equitable to be your 403B provider, they can make recommendations to you. The Clearing House that Rebecca is talking about does not do that.

VII. 2024-2025 Budget Presentation

Mr. Bard presented the 2024-2025 Budget as follows:

Slide 2 – “The Budget is not just a collection of numbers, but an expression of our values and aspirations” – Jack Lew – Former US Treasury Secretary.

Slide 3 - The Role of the School Board and the Budget

- A school district budget, no matter how large or small, is a delicate balance of policy choices.
- Adopting a budget is one of the most important functions of the School Board. I must admit that this School Board is one of the most disciplined School Board that I have worked for. I think your surpluses and the fund balance you guys have built over the last 10 to 15 years has shown that.
- Budgets provide School Boards with the opportunity to directly influence the educational environment of the district. The district is a very positive and driven district. The decisions you guys have made is really a directive of that.
- Adoption of the budget provides the Administrative Staff with direction and guidance to act.
- Almost every major decision made by the School Board is or needs to be incorporated into the budget. This is referenced by the Understanding School Finance – A Basic Guide for Pennsylvania School and Directors – Published by the Pennsylvania School Boards Association.

Slide 4 - Multi-County School District Tax Rate Rebalancing

This is the Achilles Heel of 89 School Districts in the Commonwealth of Pennsylvania. There are 500 Public Schools in Pennsylvania, 89 of those School Districts educate students in more than one county.

- 78 are in 2 counties
- 10 are in 3 counties
- 1 is in 4 **counties**

What that means is as assessment values and market values change across the counties, it requires districts to rebalance their millage rates across. I'll get into what the means in East Stroudsburg because we are actually a case study for PASBO, my professional organization, due to the fact of the assessment values that we have lost over the last four years.

Slide 5 – Market Values and Assessments

County	2023 Assessment	2024 Assessment	Change From Prior Year
Monroe	\$2,608,545,206 93.06%	\$2,591,104,602 93.06%	(\$17,440, 604) (-0.6%)
Pike	\$194,696,490 6.94%	\$194,704,270 6.94%	\$7,780 0.00%

Slide 6 – Market Value Impact on Millage

County	2023-24 Rebalanced Millage	2024-25 Rebalanced Millage (Proposed)	Change From Prior Year
Monroe	30.79	30.96	0.05%
Pike	128.52	125.68	-2.2%

The 2022-23 STEB rebalanced millage is the new base millage for 2024-2025 budget discussions and decisions. These may change slightly as we continue to get assessment values in.

The Board is not raising or cutting taxes. That is one thing that I want to be very clear about. Neither the School Board or the Administration is proposing a tax increase or decrease. This is simply based on the adjustments of the State Tax Equalization Board (STEB) and the increase and decrease of the assessment values in the district. I've also sent these numbers to PASBO because I have some questions about the direct impact of the mill of the assessment values that we've been impacted with over the last four years. If you look at the impact since 2020, which is the completion of the reassessment in Monroe County, the district has lost close to \$42 million in assessment values and that continues to be the trend. So, we have lost probably from \$91 million to close to \$98 million in taxable revenue. I will get to that in the next slide.

Slide 7 – 2024-2025 Revenue Summary

	2023-24 Budget	2024-25 Budget	Variance \$	Variance %
Local	\$108,722,094	\$108,134,383	\$(587,711)	(0.5%)
State	\$60,526,274	\$68,052,827	\$7,526,553	11.0%
Federal	\$9,987,030	\$9,972,091	\$(14,939)	(0.01)%
Other	\$50,000	\$50,000	\$0	0.0%
Total Revenue	\$179,285,398	\$186,029,301	\$6,743,903	3.63%

The Governor’s 2024-25 Budget has an increase of 39% for East Stroudsburg Area School District as is. I did not budget the entire amount. I budgeted half of that into this budget, which is about a \$4 million increase. The rest of the budget was based on half of the budget that was increased last. We did get a little bit more than half of that; therefore, I put that budget in there as well. Also here is an increase of the social security impact in revenue that we get from the increase in salaries. There is also an increase from PSERS reimbursement because of our salaries that have gone up, which will be reflected on the expense side. We will get to that on another slide. The \$7 million offsets the increase. Also, the Federal dollars went down by \$14,009.39. That is the remnants of what is left of the ESSER money. The Federal dollars are inflated by \$5 million due to the ESSER money. The ESSER money will pay for the Trane Project that is still on our books. The Board approved the Trane project in 2023-24 but the project sits on our General Fund books right now. It will be taken out of our General Funds books once the project has been completed and paid for. There is a \$5 million dollar expense on the expense side to offset the funds on the revenue side. This is the end of the ESSER money. There is no more staffing. There is very little programming in here. Once that is gone the ESSER money is completely taken off the ESASD budget. Some district had a significant influx of the ESSER funds and are having a hard time getting off the cliff. East Stroudsburg, thanks to the Administration work, has come off that cliff and not falling off. We are easing our way off it.

Slide 8 – 2024-25 Revenue Highlights

Local

- Property Tax rates reflect rebalancing and a \$2 million decrease in collection due to \$25 million dollar loss of assessment value
- Added \$1.50 million increase revenue offset due to investment income due to interest environment for at least the ½ of the year. Our Auditors have shown and there’s budget reports that are in your monthly budget books and at your seats today that show we have budgeted \$750,000. We are already at almost \$2 million in investment earnings for this year. Our auditors suggested that we increase this number substantially to reflect a better proposition to the local tax share to show it’s better. Therefore, I added \$1.5 million to the revenue.
- RE transfer tax leveled off, as did Local Income Tax. It has leveled off at a high number. There are people still buying property in Monroe and Pike County. Local tax is still strong at \$3.4 million.

State

- Includes July 2023 BEF and SEF increases
- Included an additional \$4 million from proposed 24-25 state budget. I am confident that we will get that \$4 million or we may get more. This is 50% of what we may receive. My budgeting philosophy is to always budget very conservatively, which means budget low on revenue and come in higher than expected. You then budget very aggressively on expenses and then don't spend much money so that we can continue to build our fund balance.

Federal

- Phase out complete in September 2024. Has \$5 million for Trane projects (Expenses has \$5 million offset for HVAC projects). Federal money will not be completely phased out. Just the ESSER funds will be phased out in September 2024. There is still that \$5.1 million for the Trane projects. This has a \$5 million offset on the expenses so there is nothing to worry about.

Other

- Any sale of fixed assets not used for trade ins (For example – Chromebooks)

Mrs. Bear said I did the math on the increase for my home. It is going up about \$28, which is the 5% increase. That is not so bad. Mr. Bard said he spoke to Dr. Timothy Schram of PASBO, who is using the ESASD as a case study for a few other counties across the State that are doing their reassessments and it is kind of exactly what it is at ESASD. Mrs. Bear said it is affecting the homes in Monroe County and not Pike County and that is the issue. Mr. Bard said there are other districts in the State that have Multi-counties, too. I reached out to him to make sure that I am calculating it correctly for East Stroudsburg and that the rebalancing is correct. In May, we will have updated numbers as well.

Slide 9 – 2024-2025 Budget Comparison to Prior Year

	2023-24 Budget	2024-25 Budget	Variance \$	Variance %
Revenue	\$179,285,398	\$186,029,301	\$6,743,903	3.6%
Expenditures	\$187,784,000	\$200,514,497	\$12,730,497	6.3%
Revenue over Expenditures	\$(8,498,602)	\$(14,485,196)		

I expect this \$8 million deficit to come in around \$2.5 million or plus or minus \$1 million. We have spent about \$126 million as of March 31st. We have three months left this year. Plus, we have the teachers' salaries which will get booked in August back to the 2023-24 budget. I cannot see us spending another \$60 million in that realm; therefore, I don't see us, once again, due to the Administration's commitment, spending every dollar that was budgeted. I do not see it coming in around that level. Once again this has a revenue of \$186,029,301 and the expenditures of \$200,514,497, with a deficit of \$14,485,196. The revenue went up 3.6% over the year and the expenditures went up 6.3% over the year. Mr. Andrews asked are the teachers' contract is included in that amount. Mr. Bard said that is correct. Mrs. Bear asked are we looking at the

employment. For example, let's say in the past we had 120 drivers and now we have 70; therefore, we still need 95 drivers. Mr. Bard said I reduced this amount by 13 historically opened positions. Mr. Karkut has made this suggestion in the past and I believe it was a very prudent suggestion. We looked at positions that were never formally filled over the past 3, 4, 5 or 6 years. I have also said to the bus driving team that if somehow they come up with a large class of bus drivers and you need them, I'll come to the Board and say these positions are not necessarily in the budget, but we have flexibility in the fund balance. I will ask can we add them. We can add them at the Board's discretion. Yes, we recognize the fact that we do need more bus drivers. Mr. Rohner asked, do we recognize that fact that we need more bus drivers. Mr. Bard said yes, Ms. Robins is phenomenal at recruiting and training. She is training six new drivers right now but she had five retirees so that is only one extra driver. Even with the increased in pay and things of that nature that we have done to recruit drivers, we are still in the same position. This budget reflects a more accurate portrayal of where we stand. Mrs. Bear said the paraprofessionals are to the bone. Mr. Bard said yes. The teacher staff is what we need, and our enrollment is stable. What we have experienced is an increase of students that require special education needs and services. We can only have 7 autistic students in a classroom. We need to hire more special education teachers and they are hard to get. Mr. Andrews said so we are stable on teachers. Mr. Bard said yes, and the support staff is stable. If we need more staff the Administration will come to the Board at that point. There are some positions that we left in the budget because we know that we absolutely need those positions. We are actively recruiting for these positions. They are not ones that we were historically left open for years. Mr. Andrews said the anticipation would be someone that is not in the budget. Mr. Bard said correct.

Slide 10 – Budget Cost Drivers

	2024-2025 Budget	Increase/(Decrease) over 2023-2024\$	Increase/(Decrease) over 2023-24%
Salaries	\$85,180,720	\$8,898,360	11.0%
Benefits	\$59,209,028	\$5,366,699	9.1%
Charter Schools	\$8,750,000	\$(250,000)	(2.9)%
Utilities	\$3,239,236	\$58,928	1.8%
Debt Service	\$16,400,977	\$512,967	3.1%
ESSER	\$5,150,000	\$(586,877)	(11.4)%
Everything Else	\$22,584,536	\$(1,158,167)	(7.0)%
Total Expenditures	\$200,514,497	\$12,730,497	6.3%

The salaries include all of the updated contracts that were approved by the Board in the past year. The benefits are an increase of a couple of things. It is the increase of PSERS, the social security increase and a 3% increase of the health insurance trust. The 3% increase may be able to be rolled back slightly so there may be a decrease a little bit. I have a meeting coming up this week so this number may decrease slightly. I may be able to roll back that 3% increase in healthcare. We had a couple of good years, but this year was a little rough in the beginning. I have to talk to the health insurance trust about it with reference to our individual cost that is coming up in April.

That is why I am saying these numbers are a little more influx; therefore, these numbers may decrease, or they may go up a bit. That is what the benefits are inclusive of.

Charter School also took a decrease of \$250,000. That is a decrease of little under 3%. The reason being is because our charter school costs are trending under \$8.5 million. I believe this number is stable for right now. That is a trademark of the work that we've done by attracting students into our ESACA Program and also getting our students back into our brick and mortar. If you remember during COVID, that number Skyrocketed to over \$10 million. They have done excellent work in bringing that number back down. I also wanted to mention if Charter School Reform passes, we would save about \$4 million, if they would come up with a flat cost. I brought this up with Senator Brown's office.

Utilities is the combination of water, sewer, electric, propane for our school buses and natural gas to heat our buildings. That increase of \$58,928 is an increase in the market and our increase of our heat spending in all buildings. We have also looked at savings through Mr. Miller's department. When there is burnt out light bulb, they replace it with an LED bulb. It's cheaper than replacing them with canadensis blubs.

Our debt service is inclusive of our leases and things of that nature because our auditors are making us do that. Our bond service hasn't gone up. It's the increase of other stuff that is gone in there as well over the years of reclassifying data.

The ESSER expense is that \$5 million that I spoke of. It's gone down \$586,000 because we are slowly weaning off the funds. The money that we got from the Federal Government will completely go away in next year's budget.

Everything Else is discretionary spending that the district has. These are things in the budget that we would like to have but we do not need to have. It is things that we need and could purchase but don't purchase. Mrs. Bear asked did you budget that item before or threw it in there now. Mr. Bard said we have always had the Everything Else category every year. It is things that we've decided that we can do without but budget new stuff for it. We in turn chose to repair instead of buy new. Our students never do without and have what they need. If they don't, we'll find ways to get them what they need. We have cut that back 7%. Our Administration is always trying to cut things back to make our district more efficient and to better manage the money. It is also negotiating with our vendors. It is also in part the work from our Board members like Mr. Karkut who helped saved us about \$100,000 on our TV Studio Project. Mr. Andrews said sometimes when we cut back teachers end up paying out of their pockets. Mr. Bard said we do not want that to happen. Mr. Andrews said but it does happen. Mr. Bard said I do not want that to happen so they hear my voice now saying it should not be happening.

Slide 11 – General Fund balance as of June 30, 2023

- **Nonspendable:** \$783,115 **Total: \$51,267,628**
 - Prepaid expenses
- **Committed:** \$24,000,000
 - PSERS and Future Healthcare Expenses

- **Assigned:** \$23,498,602
 - Future Educational Programs - \$6,000,000
 - Future Budget Expenditures - \$9,000,000
 - Balance the 2023-24 Budget - \$8,498,602
- **Unassigned:** \$2,985,911; 1.5% of expenditures

The fund balance is where the district will balance the budget. I do not believe the district needs to raise taxes this year.

This is what the Board approved the fund balance as of January 3rd. The is the formal Board approved fund balance of \$51,267,628. The Nonspendable is the \$783,115 which is the number for our health insurance trust. That number cannot be touched. The committed number of \$24 million only can be touched by a Board action. That is for PSERS and future healthcare expenses. The assigned number is \$23,498,602. You see the three categories that make up that number. As I told you before, I do not think we are going to need all that money to balance the 2023/24 budget. The unassigned in the fund balance is \$2,985,911. That can be used for anything that we desire. That is \$1.5 of the budgetary expenditures. Mrs. Bear said several times I have heard some presentations and the individual has said we are going to take this item from the Assigned Future Educational Programs funds. How do you know when that item is being depleted. I have heard that said at EPR Committee meetings many times. Mr. Bard said this is the official fund. Mrs. Bear asked how much have they draw from that committed account. Mr. Bard said if you do not hear it directly from me, it probably came out of the General Fund. I started putting things, if you noticed, on the Finance Committee meeting agenda, such as, GF (General Fund) so that the Board knows where it is coming from. If it says CF, it is Capital Fund or if it says GF it is General Fund. Mr. Bard said Mr. Borosh said his items were coming from a grant so that grant is part of the general funds. The reason I do not have a drawn down in the Future Educational Programs number is because the General Fund can absorb those Curriculum Program purchases. Mr. Rohner has asked why the General Fund numbers look a little bit overdrawn in some of the categories in the budget report. It is because I have taken those numbers from the budget from the General Fund budget because I know that we are going to come in way under budget. Therefore, I am comfortable taking it from that instead of drawing it out of the General Fund Reserve. Mr. Andrews asked can we draw money out of the assigned budgets. Mr. Bard said the Board can unassign things whenever they see fit. The only thing the Board cannot take money out of is the non-spendable. The only way that Board can put more money in non-spendable is if we would have had a catastrophic year in health insurance. I would give you that alert.

Slide 12 – Projected General Fund balance as of June 30, 2024

- **Nonspendable:** \$783,115 **Total: \$51,267,628**
 - Prepaid expenses
- **Committed:** \$15,513,406 (reduction of \$8,486,594)
 - PSERS and Future Healthcare Expenses
- **Assigned:** \$31,985,196
 - Future Educational Programs - \$6,000,000
 - Future Budget Expenditures - \$9,000,000
 - Balance the 2023-24 Budget - \$2,500,000 (projected)

- Balance the 2024-25 Budget - \$14,485,196

- **Unassigned:** \$2,985,911; 1.5% of expenditures

The reason the General Fund Balance does not decrease is because I moved money around the different buckets. I didn't decrease it. The next slide will show you what happens when I decrease it if we realize the \$14.5 million expenditure in the budget if we reach the full 2024-25 departure.

Slide 13 – Projected General Fund balance as of June 30, 2025

- **Nonspendable:** \$783,115 **Total: \$34,282,432**
 - Prepaid expenses
- **Committed:** \$15,513,406
 - PSERS and Future Healthcare Expenses
- **Assigned:** \$15,000,000
 - Future Educational Programs - \$6,000,000
 - Future Budget Expenditures - \$9,000,000
- **Unassigned:** \$2,985,911

This slide shows you what the projected fund balance may look like after the audit for 2024-25. The budget shows the fund balance depleted down to \$34,282,432. That is still a pretty healthy Fund Balance at that point, but you still have \$9 million for budget expenses. The district is not used to experiencing, and probably won't experience it in 2024-25, a budget deficit of \$14.5 million because we are very good at slicing deficits down. I will show you in May what I project the 2025-26 fund balance to be moving forward. There are a lot of different things such as flat funding from the State. I will project a Fund Balance including all of the contracts and everything else moving forward because I have those numbers. I just wanted to prepare the Board so that you know if we may need to consider a tax increase in maybe 2025-26, potentially a small one. Like I said, in the past, The Board and the Administration have done a very good job at keeping the deficit from not reaching full potential. We will continue to do everything within our power to ensure it does not happen at that point. Mr. Rohner asked what is the projected surplus in this fiscal year. Mr. Bard said I have a deficit of \$2.5 million in there, but I think we are going to end up somewhere between either a \$1 million surplus or a \$1 million deficit for 2023-24.

Mrs. Bear said I have a question on the summary expense document you gave to us. What is Nonpublic School Program where we are 199% used and Other Instructional Programs where we are at 122% used. It is on page 2 of 7 and there is another on that is 188% used. Mr. Bard said in the Nonpublic School Program we spent \$41,000 but we only budgeted \$21,000. Mrs. Bear asked what is Nonpublic School Programs. Mr. Bard said that is for students that are outside of our district such as those that attend the Catholic School or others like that. I would have to look deeper to see what the actual expenditures were. I was talking to Mr. Rohner today before the meeting. I look at primarily at the function codes and the inside the object codes to see why that comes up like that. Mr. Andrews asked is this normally in our Board book. Mr. Bard said it is but in a different format. I am looking at it per object code and not per function. Mr. Andrews said but it is not in the same format. Mr. Bard said it is a little bit different. Mrs. Bear said on page 4 of 7. There is Support Services Central that is at 115% and we are only in March. Mr. Bard said the support service is central. Mr. Andrews asked can we get a report like this every month. I has the details very nicely by the category. Mr. Bard said I can give you this

instead of the one that you have been receiving. Mr. Rohner said this one gives me a description. Mrs. Bear asked what is Support Services Central. Mr. Bard said it is \$145,000. Mrs. Bear said this is at 115% and it is only March. Mr. Bard said I have to look and see what that is. I like to look at the individual. For example, I look at the 2800 function and see if they went over as a whole and then I'll make transfers. Mrs. Bear said they are pretty close in general. They are at 92% use and we still have a couple of months of school. The supplies for 600 are at 84.28%. Mrs. Bear said the properties are over. Mr. Bard said think the properties are over because I believe that is where the grant money goes into. We don't budget for the grant. That is where the construction and all that stuff goes into. Mrs. Bear said in page 5 of 7, what is considered 6900. Mr. Bard said that is where revenue is. When you see a positive on the revenue side, that means we have taken in more money than was budgeted. Mrs. Bear asked is that like our interest. Mr. Bard said the interest is 6500. The negatives are what we budgeted. For example, if you look at page 5 of 7, number 6100, you see how we have a negative 2,867,500. That is only a 97.3%. That means we are 3% short of collection of our local revenue. That will still go up a little bit because we still have some local tax, real estate tax and transfer tax coming in. We are still about 2% short on collection so we would fall short on real estate collections for the year. When you look at some of the other codes like 6400, where there is not a description there, that is our delinquent tax collection for the year. We will get close to that because there are people that were late, and they will start paying when they get their income tax. Mr. Rohner asked on page 5 of 7 under the 800 what is the 5100 account. Mr. Bard said that is the suspense account. The bookkeepers will go through and that is where we keep a lot of the health insurance expenses and that will be divvied up through the health insurance counts in 1100 and through all the benefits. That is why there is not really any money budget in there. I apologize, the 5100 is debt service but it is also a suspense account. There is also some money budgeted in there for the suspense account as well. Mrs. Bear said the 800 and other objects we are already at 125%. Mr. Bard said some of that is going to come out when that suspense account money is transferred out through the bookkeeping. Mr. Bard said when you look through the revenue side, it is the negative in the parentheses. If you see a positive number, for example, the medical assistance on page 6 of 7, you look at 8800 medical assistant reimbursement, we only budgeted a 1.15 million. That is a \$309,000 increase over the money that was budgeted. That was a very good increase by Brian Baddick and Stacy Koehler, the ACCESS Program Coordinator. They have done a great job in collecting. I also don't want you to be alarmed on the revenue side of things, where it says we are very short on revenue because it looks like we are like \$30 million short on revenue. The State pays us a big subsidy very late in May, June and July such as funds for Transportation. We then put it back in the funds. If you go through any document that we went through where there is a budget summary document and you have a question, email Dr. Riker and copy me. I will get right back to you with an answer in one or two business days. That goes for any member of the public, too. It is a lot to go through and a lot of information you need to process.

Slide 14 – 2024-25 Budget Timeline

- April 15, 2024 – Full School Board Budget Presentation
- May 13, 2024 – Finance Committee – Preliminary Final Budget Presentation

- May 20, 2024 – Full School Board Preliminary Final Budget Presentation and Vote (Preliminary Final Budget is then posted and advertised for public inspection for 20 calendar days)
- June 10, 2024 – Finance Committee – Final Budget Presentation
- June 17, 2024 – Full Board – Final Budget Presentation and vote for passage.
- June 30, 2024 – Deadline by the Commonwealth for All School Districts to pass a Budget.

If the Board fails to vote on the June 17th for whatever reason, we would have to convene another meeting to pass the budget. Mr. Bard asked if there are any budget questions from the Board members or public. Mr. Rohner said Mr. Bard answered all of my questions. Mr. Bard said to Mr. Rohner we can schedule a meeting to go over the format you would like the report to be in. I can give the Board any amount of reports they want in any format. I want to make sure you get the information that you need on a monthly basis. Mr. Bard said there are also going to be budget transfers that you are accustomed to seeing. Our new system is a little more difficult than Munis used to be. You may see it say as attached instead of listed individually. It may be multiple pages to look through. That may clear up some of the things that are over budget. They are not really over. We just need to move money around.

Mr. Bard asked Mr. Schlameuss do you have any questions on the buses. Mr. Schlameuss said I don't have any questions but once you put one of the buses on Municibid or a similar site, we will know the true value. Mr. Bard said I don't know if you and Mr. Karkut were listening regarding the leasing or purchasing of the buses. The idea is to ask the Board to purchase them so that we reserve our spot in production. When they come in in September or before then, we can move forward with either leasing or purchasing them. The idea of leasing them would be for five years with a five-year warranty. It is easier not to draw down our capital reserve money by purchasing them at \$5.8 million or not to exceed \$5.8 million. It would be less than that because we will have a trade in value and get another 36 vehicles or less. It would put a steady cost in your budget at the end of the five years. If we somehow have a change in the way that we bring students in or some other options that Mr. Forsyth and Mrs. Robins are working on, you will not have to tap out your Capital Reserve. You can then use your Capital Reserve for buying police, maintenance and those types of vehicles that you would buy every 10 or 12 years. We would also need to fix roofs, boilers and things of that nature like the auditorium project at J. T. Lambert Intermediate because \$5.8 million is a lot to take out. Also, the leasing rate may be around 3% and we are earning right now 5.25%. It may be cheaper to take that money and let it earn interest instead of borrowing. I think it is better for the Board and the district overall. The district used to lease buses every three years when they were diesel. You bought 80 buses at \$90,000 each. Then you would trade them in at the end of three years. You would then get \$50,000 or 60,000 for a diesel bus because the market was robust for Diesel. East Stroudsburg was the first district, one of the pioneers in propane and we got a grant for it. Not everyone is going to propane right now. Mr. Karkut asked did we look at other companies for the propane buses. Mr. Bard said there was only one bidder. This is Blue Bird and they are the only company that makes propane buses. The government is focusing on electricity right now. I don't want to take us down that road. Mr. Schlameuss said we do not qualify for a grant since we are already using clean air. Mr. Bard said the only thing we would qualify for is if we changed to electricity run buses.

Mr. Karkut said I don't like that line in the budget that says everything else. That is about 10% of the budget and it say everything else. Mr. Bard said I can list it, but everything but it would be such a long list. It is items like custodial, maintenance supplies, school supplies, office supplies, technology supplies, and things of that nature. In May, you will have that PDE form that lists all the departments' budget. We have not pushed into the CSIU System where it shows the budget actually on this type of form. It shows the individual and department budgets. We put everything else like that for the sake of brevity. It also shows that there was a decrease across that category. I understand that it is not being transparent enough, but it would be significantly a long list of things. Mr. Karkut said when I was previously on the Board, we used to get a big thick budget book.

VIII. Recommendations by the Property & Facilities Committee

- a. JTL Main Office Re-Paint - **Pocono Painting Inc** - \$6,120.00 (GF)
Mrs. Bear asked did we ever get any more information on the J. T. Lambert project. Mr. Rohner said we got a quote on the lighting system. Mr. Karkut said we are working on it. Mrs. Bear asked did we ever pay anyone to do the work. Mr. Rohner said it was approved but it did not happen. Mr. Bard said after our last meeting I had Mr. Miller get on it. Mrs. Bear asked was anything paid before on this project. Mr. Bard said nothing was paid on it not to my knowledge. Mr. Karkut said some of the painting, lighting, curtains, etc. was done. We are working on the rest of the items.
- b. Current Project List

IX. Recommendations by the Education Programs & Resources Committee

- a. Approve the purchase of Geometry Textbooks from **Savvas** at a cost of \$114,727.00. (GF)
- b. Approve the purchase of Algebra 1 textbooks from **McGraw-Hill** at a cost of \$90,968.00. (GF)
- c. Approve the purchase of Algebra 2 textbooks from **McGraw-Hill** at a cost of \$90,968.00. (GF)
- d. Approve the purchase of Precalculus Textbooks from **Cengage** at a cost of \$30,404.00. (GF)

Mr. Andrews said it looks like they are updating the Math Department. Mrs. Bear said finally. They have not bought High School books in quite some time. Mr. Rohner asked if this is all included in the proposed budget. Mr. Bard said I think they are buying it this year. Mr. Rohner asked was all of this budgeted. Mr. Bard said yes.

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

None other than what was already discussed.

XI. Advisory Recommendations for Consideration by the Board of Education

1.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to recommend that the Board consider for approval the Chromebook, HP and Apple Computer RFQ Results listed in items i through iii. Motion was seconded by George Andrews and carried unanimously, 4-0.

- i. Lenovo Chromebooks - SHI - \$681,315.00 (Co-Stars)
Maxcases for Chromebooks - SHI - \$46,278.00 (Co-Stars)
- ii. HP Computers - IntegraOne - \$137,595.88 (Co-Stars)
- iii. Apple Computers - \$457,805.65 (CCIU Apple Contract #4925)

2.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to recommend that the Board consider for approval the purchase/lease of Thirty (30) Seventy-Two (72) School Buses and Ten (10) Special Education School Buses (30+3) from Brightbill Body Works at a total cost not to exceed \$5,824,100.00 (results of the bid opening on April 5th, 2024 at 2:00PM. Motion was seconded by George Andrews and carried unanimously, 4-0.

Mr. Rohner asked are we going to add vans to this motion. Mr. Bard said I put out a bid for them. We hope to buy four of them two for North and two for South. Mr. Rohner asked are we also going to check on the vans that we have if they can be used for all students. Mr. Bard said I will check and have an answer for you at Monday's meeting. Mr. Schlameuss asked what is the lead time for the buses. Mr. Bard said if we get the motion approved by April 20th, they will hold a spot and have the 2025 models for us between September and November. Mr. Schlameuss asked will it be this year. Mr. Bard said, yes. We need to decide now in order to get them in time.

3. The board members agreed to table adding American Funds to the district approved 403b vendor list.

4.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by Wayne Rohner to recommend that the Board consider for approval Pocono Painting Inc. in the amount of \$6,120.00 (GF) for repainting of the J. T. Lambert Intermediate School main office, in accordance with the recommendation of the Property and Facilities Committee. Motion was seconded by George Andrews and carried unanimously, 4-0.

5.

RECOMMENDATION BY THE COMMITTEE:

Motion was made by George Andrews to recommend that the Board consider for approval the following items, in accordance with the recommendation of the Education Programs & Resources Committee. Motion was seconded by Wayne Rohner and carried unanimously, 4-0.

- a. Approve the purchase of Geometry Textbooks from **Savvas** at a cost of \$114,727.00. (GF)
- b. Approve the purchase of Algebra 1 textbooks from **McGraw-Hill** at a cost of \$90,968.00. (GF)
- c. Approve the purchase of Algebra 2 textbooks from **McGraw-Hill** at a cost of \$90,968.00. (GF)
- d. Approve the purchase of Precalculus Textbooks from **Cengage** at a cost of \$30,404.00. (GF)

XII. Next Meeting - May 13, 2024, at 5:30 PM at the Administration Building and Via Zoom.

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: 6:53 p.m.

Respectfully submitted,
Patricia L. Rosado
Board Secretary