

**BOARD FINANCE COMMITTEE MEETING MINUTES
MONDAY, JULY 20, 2009**

Members of the Board Finance Committee met on Monday, July 20, 2009, in the Dining Room of the Education Center, at 1516 Sycamore Street, Bethlehem, PA. Mr. McKeon, Chairperson, called the meeting to order at 10:22 p.m. The following school board members were present: Mrs. Michele Cann, Mrs. Irene Follweiler, Dr. Craig Haytmanek, Mrs. Charlene Koch, Mrs. Loretta Leeson and Mr. Benjamin Tenaglia. Also in attendance were Dr. Joseph A. Lewis, superintendent of schools; Mr. Stanley J. Majewski, Jr., assistant to the superintendent for finance and administration; Mr. Thomas Washington, assistant superintendent for human resources; Mrs. Anne Morton, assistant director of business affairs; members of the press and other interested citizens.

COURTESY OF THE FLOOR

None

CONCESSION STAND PROPOSAL

Dr. Donaher stated that in the past we brought to you a proposal for the two booster clubs for Liberty and Freedom High Schools, who together would like to run the concession stands located inside the BASD stadium during the Fall and continue through the entire school year for any events that may be held there. This would include the football games, the field hockey games, and the soccer games in the fall; and moving into the spring season, the track meets and any other events that may be held there. You have the concession stand management proposal before you. There were some changes, from the previous draft that were made based on suggestions from board members, Dr. Lewis, and cabinet members. At last month's meeting there was a request for a financial history of the last few years, and that is provided tonight. The financial report includes a projection of revenue and expenditures for the 2009-2010 school year.

Mrs. Leeson indicated that her only concern is in the first bullet on the second page. Her concern involves the authority to sign checks. I understand that the one booster club is better organized to conduct business but I am not sure if both schools are equally prepared. I'm in favor of having either the athletic director or the principal sign as well. Not that the decisions would necessarily be made by them.

Dr. Donaher asked are you referring to their 501(C)3 status?

Mrs. Leeson stated that she is not referring to their status necessarily but more the level of organization at this point. That could reverse very quickly because these are volunteer groups. It's their money but I would like to see the check signing authority include either a principal or the athletic director of the school and a booster club officer.

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Mr. McKeon stated that he had a personal problem with that request. I think you need that line of separation. That recommendation should be coming from the athletic director or the club. I'll use Freedom as an example. If Mr. Harris makes a request, and the general population of that booster club agrees to it then they'll proceed with the disbursement. When I was treasurer it required just one signature. Putting two on there should not be a problem. Perhaps the treasurer and the president or vice president could be added to the signature card.

Mrs. Leeson stated that the issue is that the operation is working really well right now at Freedom but there has been a big change at Liberty with the booster club. I don't think that they are quite set up yet to do the same and you could have a change in Freedom two or three years from now. I believe that for the long-term protection of the concession stand operation, we should have two signatures.

Mr. McKeon stated that Mrs. Leeson's comment initially was that it was their money. To me that is the driving point. Perhaps we can make a requirement that they be bonded.

Mrs. Leeson asked who is making the decisions?

Mr. McKeon stated that would be done by their board.

Mrs. Leeson asked is there a board of both?

Mr. McKeon responded that his understanding is that Liberty High School does not have a 501(c)3 yet. I understand that we have to create this procedure for both of them. If you want to say to me that we require an administrator signature until they obtain the 501(C)3 status, and then take this requirement of the administrator signature off, then I do not have a problem with that.

Mrs. Leeson stated that she would like to see it change until they become a 501(C)3.

Dr. Donaher stated that the other thing that we can do is to run it by the solicitor and ask them that question. What happens if we have one of our administrators or one of our athletic directors signatures on a check. Does that make us liable in any way?

Mrs. Leeson stated that with a 501(C)3 we don't have authority. But if one of our groups is and one is not, then I think we need to have language in here.

Dr. Donaher affirmed that the language should be in the mean time until obtaining such status.

Mr. McKeon stated that if they are not and they are working towards obtaining the status then we have to include that language.

Mrs. Leeson affirmed that she was in agreement.

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Mrs. Follweiler asked what does being 501(C)3 have to do with having officers? It says checks require two signatures one officer from each booster club. What we are saying is that one of the booster clubs does not have a president, vice president, treasurer, or secretary.

Mr. McKeon responded that they may not.

Mrs. Follweiler stated that this is a question for the solicitor. Do they need to be a 501(C)3 to be involved? I see a conflict if the athletic director or the principal must sign a check. If the booster clubs are running and maintaining responsibility then it should be their responsibility. I don't understand how any organization cannot at least have a chairman. I have one other comment to make and this relates to the blogs on some articles. Someone wrote that the board was sabotaging the concession stand. I have no idea where that came from. It has come out more than once. I just wanted to make clear that this is going to be operated by the booster clubs.

Dr. Donaher stated that it is actually a great opportunity to see two booster clubs for Freedom High School come together and have a firm goal in line and working together to achieve that goal.

Mr. Tenaglia asked why can't we just have the concession managers by the two schools and do the bullets one, two, and three? Why do we then have to set up a whole separate cash management disbursement in the assumption that the booster clubs will somehow know what a modified accrued accounting system is? Why can't they at the end of the day, the proceeds are received no different than the gate proceeds by the athletic director and deposited into the district? The request for disbursements come to the district just like any other disbursement come from any other department to the district. The district cuts a check and we will have a concession fund account that this can all run through. Why do we need the cash going to the booster clubs? Why can't the cash come to the district?

Mr. McKeon stated that you have multiple concession stands.

Mr. Tenaglia stated that we have multiple gates.

Mr. McKeon stated that you have one at the stadium and the booster clubs also have concession stands at each of the high schools.

Mr. Tenaglia stated then let's talk about the Frank Banko Field concession stand then. Why do we have to let the cash go to the booster club initially as opposed to having it go the district? We have an accounting system in place to take in the receipt and take care of the disbursements and track the expenditures.

Dr. Donaher stated that this is the way that it has occurred. We have a district employee that does all the managing of that and the ordering of supplies and stocking.

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Mr. Tenaglia stated that the booster club concession manager could do the ordering of supplies and for the first three items. I am not concerned about that aspect of the concession stand. I am looking at the cash control and the cash disbursement aspect.

Mr. McKeon stated that the cash disbursement as he understood it, two things, it is run as you suggested right now and at the end of this season, generally this spring, Mr. Majewski generates a report and then they take the proceeds and disburse them.

Mr. Tenaglia stated that it is a separate conversation. Let's just stick to the mechanics of the concession stand. Why do we have to go to a separate cash accounting system? Checking accounts maintained by two separate booster clubs. The cash should stay with the district and at the end of the year the district makes its allocation in whatever fashion.

Mr. McKeon stated that right now it is split 40% for the district, 30% for one school, and 30% for the other school.

Mr. Tenaglia stated that he keeps asking the question and does not receive an answer from the board or the administration as to why the concession manager has to be the one writing checks, making deposits and maintaining accounting records. We have the power to do all this.

Dr. Donaher stated that it comes down to giving the concession folks the feeling that it is their responsibility. That is part of the reason they want to take it over. They see the opportunity for them to run their program.

Mr. Tenaglia affirmed that they could run the program. We are not taking any of that. I'm just looking at the accounting and the cash transactions.

Dr. Donaher stated that this is what they would like to see. They do all the work and we will take the money from them. They would like to control by a little bit. That way we can feel like we have worked for something and then we will give the money out. We are giving the district \$9,000 and the rest of the money we will split between the two booster clubs.

Mr. Tenaglia stated that he was not changing that. I have been asking since the June finance committee meeting for an explanation of the concession fund statement of revenue expenditures for the year ending June 30, 2008. I understand that from the three-year history, that the column listed as 2007 is actually the 2007-2008 school year. That should line up with the audited report. We see that the revenue does \$78,391. When we get to the expenditure side, this report shows a profit of \$21,000 and the audited statement says we have a \$4,300 loss. You do not have to answer me right now. I'll be glad to wait another week for a reconciliation of the two numbers. I don't understand how it is varied in these reports.

Mrs. Leeson asked would we get an answer on this particular issue by next week or when will we get it?

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Mr. Majewski responded that he would work together with Dr. Donaher and come back to you with that answer.

Mrs. Leeson stated that she thought the booster club wanted to have the opportunity to have control of the finances. I think we did have a discussion as to whether it should go through the district or not and I believe they felt strongly that they wanted to be able to manage it themselves.

Mr. Tenaglia stated that he felt strongly that the district should not relinquish control of the cash.

Mrs. Leeson responded that she understood his point, but she also believed that going through a 501(C)3 would mean that it is a structured parent run organization that requires certain officers and I am not sure that this is required under just a booster club. I believe that under the booster clubs we have had decisions made by one or two individuals. Where as with a 501(C)3 you have a frame mark that you must meet.

Mr. McKeon added that if you are not a non-profit then you are subject to taxes. If you just have a booster club and the IRS stumbles across something in another school district, they may say we need to look at all the school districts. Maybe we need that delineation between what is a school district function and what is a booster club.

Mrs. Follweiler asked if the booster clubs don't already handle money? They donate for different things and have expenses for different things. I know that we are asking for two separate signatures so it is a separate account but the other thing I am looking at is that there is a cost to the district to manage that money. By the booster clubs taking over the management of that money that's a less of a cost to the district.

Dr. Donaher stated that they do that in the winter and in the spring. Especially with Basketball and Wrestling. They run those concession stands at Freedom High School and at Liberty High School separately under their own auspices.

Mr. Tenaglia stated that we do not get anything back from that. That is solely their operation. We allow them to run that within their particular building. What we are talking about here is a much different source of revenue. This is allowing the booster clubs to come in and lease the school district's property for the concession stand and also maintain the cash.

Mr. McKeon stated that he assumes that they are being charged a fee to allow them to sell french fries and funnel cake.

Mr. Tenaglia stated that they keep the proceeds and give a percentage back to the district. One is a for-profit business and the other is a volunteer organization. It's up to \$80,000. The district should take the \$80,000 and make the allocations but maintain control of the cash.

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Mr. McKeon affirmed that this is what they are doing now.

Mr. Tenaglia replied that they are not doing that now.

Mr. McKeon stated that yes they are.

Mr. Tenaglia asked the district is doing that now? Then explain to me why we lost \$4,300?

Dr. Donaher stated that what Mr. Tenaglia is asking is to continue to do what we are doing now which is to have the booster clubs front it all.

Some discussion followed

Mrs. Cann asked if this was a discussion for tonight?

Dr. Donaher replied that it was to get direction from you on the agreement so that we could get it on the agenda for July 27, 2009.

Mrs. Cann stated that we have not voted on this yet.

Dr. Donaher replied no.

Dr. Lewis stated that you do need to take some action.

Mrs. Cann stated that Mr. McKeon should take a consensus.

Dr. Lewis stated that you are down to one issue. Either the district handles the funds like Mr. Tenaglia suggested or the organization handles the funds. If they are 501(C)3; I am not certain if we can create a nexus like that Mr. Majewski. I think we may need to run this by the solicitor.

Mr. Majewski responded that if they have a 501(C)3 status and we are maintaining the cash; it is considered school district funds. They have no say over it. The school district can turn around and say we are not going to distribute any of it because it is now property of the school directors. In spite of what might be pledged, it's possible, as elections change, the promises one board made does not have to be kept by the other. That may be the concern of the booster club.

Mr. Tenaglia stated that we could enter into a contract with them.

Mr. Majewski stated that we could. I am not sure what was explored with them on micro managing the cash. Once we have the cash the booster clubs have no control over the funds.

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Mr. Tenaglia stated that if they have the funds then we have no control of it.

Mr. Majewski responded that's correct. That's the point of contention. I guess they are looking for control. We are not looking to give up the control of it. Somewhere in between there needs to be a type of negotiated difference between the two. My guess is that if the booster clubs are told we have absolute control of the funds they'll say fine then you manage the funds. If we are in a position to do that, we don't have people in place to be able to provide that type of service. Dr. Donaher needs to go back to the booster clubs and inquire as to how they feel about the school district maintaining the accounting system and the cash recording of their receipts with the understanding that once we have the money they cannot request any funds or checks to be cut. That is mostly their problem

Dr. Donaher stated that he did not want to speak for them but we have had this discussion. That is the whole reason we are doing this. They feel that under their auspices they can maximize the amount of money that can be generated through the booster clubs and not involve the school district to the extent that we have. They feel they can maximize their return to the booster clubs at a greater rate than they have in the past.

Dr. Lewis stated that most school districts stay out of their booster clubs' business. Most school districts do not run concession stands they are run by the boosters. They manage it and they handle it.

Mr. Tenaglia stated that most school districts don't have an \$80,000 concession stand.

Dr. Lewis stated that you would find the same thing at Allentown, Reading, Pocono Mountain, East Stroudsburg, and Parkland. I don't know that districts want to be involved in that anymore. We are charging them for utilities and replacement costs for equipment in there. It's your call as a board.

Mr. McKeon asked if he could obtain a consensus on whether they would like to keep it as it is or go with the proposed modification.

Mr. McKeon asked what would be the major hang up if we require utilizing cash verses the accrual system?

Mr. Majewski responded that he has a concern with the cash system because you can play with it. Modified accrual, the only thing of concern is depending on whether they have an order in or not they may be at an obligation that is rather significant. If you adjust it based on cash it could create somewhat of a missed statement as to what the true position is. Modified accrual systems is not a full accrual system, it just recognizes certain obligations. If they are required to have an audit, they will have to adjust it to a modified accrual system. We don't know how fast these organizations how quickly they are processing the checks and what the obligations are. If you don't have an audit that is as

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good as you are going to get. If you are expecting to have an audit: no auditor is going to do this based on the cash systems.

Mr. McKeon returned to Mrs. Leeson with regard to the consensus as to whether we stick with the current concession stand operation or the proposed.

Mrs. Leeson stated that she would go with the proposed with the adjustments about the 501(C)3

CAPITAL RESERVE UPDATE

Mr. Majewski stated that you have the report before you. Does anyone have any questions?

BANKING COSTS SAVING PROPOSAL UPDATE

Mr. Majewski stated that at least one bank already has some information from Wachovia as well as the Pennsylvania Liquid Asset Fund. Contact was made with the individual bank that was brought to our attention. A meeting is scheduled for this week. With the August meeting we should have an update as to the information that would have been obtained from all three organizations.

Mr. McKeon asked if that was the email that some of us received.

Mr. Majewski responded yes.

Agenda Items for July 27, 2009, Regular Board Meeting

F. Termination of Computer Loan Program

Mr. Majewski stated that we had discussed through the budgeting process the elimination of the employee computer loan program. This resolution that you are looking at was written in order to be able to moralize that. If you agree with the way it was worded we will have it placed on the agenda. If you would like to see some changes; we can modify it.

Mr. McKeon asked how much money is currently owed?

Mr. Majewski replied that he did not know the exact amount but it is something like half of the \$100,000 that was put in. When it became clear that we would be terminating the program; we stopped giving out the loans.

Mr. McKeon asked how long has this program been in effect.

Mr. Majewski responded that it probably goes back to 1990. I was here in 1994 and it was already in place.

Mr. McKeon asked if we have had any defaults?

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Mr. Majewski responded that it is handled through payroll deductions. You can have an employee that leaves prior to paying off the loan. Usually on the last paycheck we will deduct what is due to us. We do not currently have any unpaid balances.

Mr. Tenaglia asked if this is the \$100,000 that is shown in the technology fund?

Mr. Majewski replied yes.

Mr. Tenaglia asked why isn't that reduced by the amount that is outstanding?

Mr. Majewski responded that what you are looking at is a combination of cash and notes receivable. It will always total \$100,000. The amount that is in cap we will then show as a transfer to the general fund as people continue to pay down the receivable and turn it into cash.

Mr. Tenaglia asked if the loans were showing up as receivables on the general fund?

Mr. Majewski responded no. The loans are showing up in what is now the technology fund.

Mr. Tenaglia stated that so there is not a \$100,000 balance in there?

Mr. Majewski stated that there is a \$100,000 balance there in culmination of cash and receivables. I can get you an exact balance of the cash balance but if I had to guess I would say it is some where in the area of \$40,000.

Mr. Tenaglia asked are you going to transfer the \$100,000 of start up capital?

Mr. Majewski responded no. I can't do that because that will end up creating a negative fund balance. What I can do is transfer the caps that have already been paid to the general fund and as additional cash is paid off on the receivables, transfer that as well into the general fund. We'll maintain the receivables there and as they are being paid off we will be transferring the money into the account. It's going to be a self-balancing account that will eventually within two years have all the loans paid off and we'll have all the money transferred.

G. Quotation for Code Compliant Drainage Grates for Freedom and Liberty High Schools Pools

Dr. Lewis stated that these are the required rate adjustments on the pools; the floor drains. They are by law and by code now. I would like your permission to execute this and give it to you for approval next Monday because we need them installed.

Mrs. Cann asked if this had come up in the past. Is this the same?

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Dr. Lewis responded that it was the same but you had authorized us to go out and get the bids.

Mr. Tenaglia stated that he thought they looked at a much higher number initially.

Dr. Lewis stated that he thought we got a pretty good price.

Mr. McKeon asked what if this is not passed on Monday? Would this keep our students from having physical education classes in swimming?

Dr. Lewis responded not yet, but in due time they will. They are giving all public pools a grace period to comply.

Mr. Majewski stated that he wanted to bring to the board's attention an item that had come up that was not on the agenda. There has been communication from the PSBA indicating that the selection for the voting delegate for the PSBA legislative council meeting needs to be identified. They are asking that by July 31, 2009 that our board identify the voting delegates to PSBA.

Mrs. Koch asked is it two or three?

Mr. Majewski replied that I believe we would have three.

Mrs. Koch stated that she'd be there.

Mrs. Leeson asked do we have to pay for those people to be at the conference?

Mr. Majewski responded that is correct.

Mrs. Leeson stated that it is not an insignificant cost to our district to have voting delegates there.

Mrs. Koch stated that they have people just go for the day.

Mrs. Leeson stated that there is a cost associated with doing it.

Mrs. Cann stated she does a recall a charge.

Mrs. Leeson stated yes and it is not an insignificant charge.

Mrs. Cann stated then we wouldn't go. What happens if we don't go?

Mr. Majewski responded that you would not have delegates.

Mrs. Leeson stated that it might be good to have those that have been there discuss whether it is worth it to us to spend that money to have voting delegates there.

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Mrs. Koch asked that the PSBA has asked her if and when she leaves will there be a liaison from our school district? They ask for a liaison from every school district to keep in touch with things. We are going to need somebody that will hopefully attend some meetings and know what is going on in this state. You will need to decide who that is going to be.

COURTESY OF THE FLOOR

None

OPEN FORUM

Mr. Tenaglia stated that he had asked the superintendent to explain the discrepancy between the amount posted on the June agenda on the website for the unreserved fund balance of a negative \$4.9 million verses what came in our packets that showed \$4,013,000.

Mr. Majewski replied that he believed there is a timing difference between when the two reports were generated. I cannot provide the exact details right now but I know there was an update of one that came later. It may have been what was posted prior.

Mr. Tenaglia stated would you post on the website the same document that comes to the board in this packet?

Mr. Majewski replied yes, we should.

Mr. Tenaglia asked then why do you have \$100,000 difference?

Mr. Majewski stated that perhaps someone chose the wrong document.

Mr. Tenaglia stated that all the other numbers seemed correct. He added that he also asked Dr. Lewis for two invoices for payments out of the concession stand fund for this meeting.

Dr. Lewis replied that he sent those out by email to you.

Mr. Tenaglia stated that he was looking for the invoices for the booster supplies and athletic equipment. Why are we paying for those out of the concession stand fund?

Dr. Lewis responded that you should have received those from Anne Morton by email.

Mr. Tenaglia stated that his computer does not work.

Mr. Majewski stated that he thought that Mr. Tenaglia was asking, has it been a practice where the athletic dept has purchased athletic equipment or supplies out of the concession stand account? The answer is yes. They have over the years. It has not been just for

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concession stand use. I believe what your point is that it should not be done. If they are going to be athletic purchases it should be out of the athletic department not out of the concession fund.

Mr. Tenaglia stated that is number one but number two is the fund goes to the booster club how are you going to continue to have that practice.

Dr. Lewis responded that you should request that the booster club sponsor some supplies. They make the check out to the supplier.

Mr. Tenaglia stated that you have a bond fund but you make your disbursements out of the general fund and periodically there is a reimbursement, which is fine. But here you are ready to take it out of the concession fund.

Mr. Majewski stated that they are looking at buying an Ultra 10 lane timer and accessories. It looks like a total of \$605.00 plus \$20 shipping. The high school discus cage with brown sleeves was \$3,305.00 and clearly is athletic equipment. Not related to the concession stand but they are using funds of the concession stand to buy athletic equipment.

Dr. Lewis asked Mr. Tenaglia to help him understand his concern.

Mr. Tenaglia replied that you have the bond fund. You have disbursements related to the construction project. You don't disburse them from the bond fund, you disburse them from the general fund and you make a transfer over. We now have a concession stand fund that you are making disbursements for non-concession stand items because it's related to athletic department. Is that part of the district's portion of the profit and is the district's portion of the profit only allocated to athletics?

Dr. Donaher stated that in past history the amount of 30 percent went to each school and the 40 percent that remained was to cover either a broken hot dog maker, a refrigerator or if there was something needed for the stadium. They would come to Anthony Villani or they would come to me and say, here is what we need. Can we afford this item through concession stand money? We would pull it out of Freedom or Liberty or split it in half, if it was to the benefit of both schools. The question now is do we need to write the check from the concession stand to the athletic fund and pay the bill from the athletic fund. That is what Mr. Tenaglia is asking we do.

Mr. Tenaglia stated that it is a legitimate athletic expense. How do you know when you pay the \$3,300.00 that you are not going to need a \$5,000 or \$10,000 expenditure for something else that is directly related to the concession stand.

Dr. Donaher replied that we do take a look at that and we get the information from the people who run the concession stand. We currently still have a balance on that account.

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Mrs. Follweiler stated that on the June 22, 2009 meeting we had a citizen who came to the microphone and gave us a four-page letter. I pulled my copy today because I thought they had asked for some answers. We really have not had an opportunity as a board to discuss it. It was from a group called concerned citizens of Bethlehem. It was a letter primarily on the issues of finance. Towards the end of the letter it says if we have any questions could we please contact them prior to the July 27, 2009 meeting. What I am suggesting is having a financial advisory volunteer group. Perhaps the gentleman that presented this letter would be interested in that group. I'm just throwing it out there for conversation. They did present this letter to all of us and they did say to contact them with any questions. I think they are looking for feedback on some of their suggestions.

Mrs. Leeson stated that she thought they had raised that issue at another meeting and I am in support of having a finance task force. To look at the finances and see if they can find ways to help us with savings and gather a better understanding of exactly what our finances are. I think I have even suggested that Mr. Tenaglia would be willing to be our liaison for the board. Would you be willing to do that Mr. Tenaglia?

Mr. Tenaglia replied yes.

Mrs. Koch said if they are that interest in finances why don't they come and stay with us until midnight? Two articles that have appeared in the paper and one of them had to do with reassessments. Some people in different counties are claiming that their property values have gone down so their properties should be reassessed.

Mr. Majewski stated that kind of ratio problem has been haunting us for the last several years. Not as much with residential properties but commercial properties. We haven't been able to successfully defend against that issue for some time. You have a large commercial property that at one point was assessed at the common level ratio of fifty percent. Since we have not had a countywide reassessment since 1991 and the market values have gone up significantly. What you see is the common level ratio starting to go down. Those companies that have properties assessed that now are looking to say my property has an assessment value of this and the market value is that and I am unfairly being taxed on my assessment because the common level ration for the average taxpayer is much higher than mine. I expect my assessment to drop just because of the inequities. They have been doing that now for the last several years. That will continue until the county has a countywide reassessment. That has been a problem.

Mrs. Koch asked if that cuts down on the amount of tax money we are able to take in?

Mr. Majewski stated that most of the individual properties are not going to be lining up to do the reassessments. It does not affect them in the same way. The amount of money they may spend on the reassessment verses what the company is going to save, could be significantly different and they may not see it is worthwhile.

Mrs. Koch stated that the other article had to do with charter schools amassing special education catch. Do we have anything like that going on here?

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Mr. Majewski replied that he does not know about the amassing special education catch but they have been amassing cash. When we take a look at their year-end records some of their fund balances are equal to one third of the revenues. They are lawfully allowed to accumulate a fund balance without any type of limit.

Mrs. Koch stated that years ago with special education the state government doled out the special education money according to a formula. Are they still doing that?

Mr. Majewski responded yes, there is still somewhat of a formula but it is not really related to actual costs. This goes back to the early 1990's.

Mrs. Koch stated that some districts were getting extra money with this formula and they were able to buy or build new buildings.

Mr. Majewski stated that it disappeared in the early 1990's. Now they have a program based upon your ADM's that makes certain assumptions about how many students are going to be eligible for normal, special education funds, and a higher need group. It is not really related to our population. They have normalized it for everybody.

Mrs. Koch stated that the debate on keystone exams rages on and it's on an Internet level that people are writing to PSBA and sending messages out to other board members and it is getting nasty. That is all I have to say for now. I will keep you posted.

Mrs. Leeson stated that last week we had someone who came forward and discussed the athletic fees that we were charging at our fields. I have not seen any additional information on that.

Dr. Lewis stated that he would get that out to the board in Friday's packet. Dr. Donaher, Mr. Gilliland met with the athletic directors. They worked two solid days on answering all those questions. We will have a full report for you.

Mrs. Leeson stated that she emailed asking are we paying any overtime at the Education Center.

Mr. Majewski replied that he knew of one employee who received 10.25 hours that was on the pay of April 23, 2009. I authorized that because we were backed up getting the booklets ready for the production of the high school performance Wizard of Oz. There were a number of other production requirements at the same time. There was no other way that she would have been able to meet all of her commitments. On April 2, 2009 both Dr. Lewis and myself had authorized four and a half hours and on April 8, 2009 there were five point seven five hours for the same purpose. Totaling ten point two five.

Mrs. Leeson stated that she recalled that we were going to do the audit corrections on a quarterly basis. The quarter has now come up. When will we get a report on where we stand? How are we getting through the necessary corrections?

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Mr. Majewski stated that he would have that ready in written form for the August Finance Committee meeting.

Mrs. Leeson questioned the Intermediate Unit bills and the health insurance bills and how do we stand. Those were bills that went way over for us.

Mr. Majewski stated that he thought those were two different things.

Dr. Lewis stated that they are two different things.

Mr. Majewski stated that through June 30, 2009 we have a budget of \$6,208,000 for intermediate unit payments. We have spent \$5,490,000. We had \$718,000 that was still available. I do anticipate that the majority of that probably will be spent or close to it but not in excess of it. We should have the remaining partial hospitalization bill in the month of August. We are in good shape. I don't anticipate that we will be overspending our intermediate unit budget.

Mrs. Leeson asked about the health insurance.

Mr. Majewski responded that from everything I have seen for now and with everything we've spent it seems that we are on target with the projections.

Mrs. Follweiler stated that Mrs. Koch reminded her of something when she mentioned the charter schools article. Lately I have been hearing advertising on the radio for cyber schools. Who pays for that?

Mr. Majewski stated that ultimately it is the school district in which the student resides.

Dr. Lewis stated that they can spend their money anyway they want. There is no restriction.

Mrs. Follweiler stated that perhaps that is something for the PSBA legislative report.

Mrs. Koch stated that this is something that she has complained for years with the cyber schools because we have a certain amount that we must pay per student. Some of the cyber schools furnish computers so that students can go online. I think that is what part of the money pays for but they generally have a lot of money left. One of the school districts that is the most irritating to everybody in the state is one that is in Western Pennsylvania, which has no high school. They send their children to high school in Ohio. The money has been used to build all kinds of wonderful things. I believe there is a concert hall that they have built. That is the really horrible thing about cyber schools.

Dr. Lewis commented that Dr. Nick Trombetta former superintendent of that school district retired and is running that western cyber school operation exclusively.

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Mrs. Koch stated that the students still have no high school.

Dr. Lewis responded that is correct. They go to high school in Ohio.

Mr. McKeon stated that he spoke to Mr. Majewski the other day and City Council passed over the recommendation of the finance committee regarding the TIF.

Mrs. Cann stated that they have not. She stated that it was something else for Martin Towers. It was different funding source.

Mr. McKeon stated that we are due to get them before us, again.

Mr. Majewski stated that they have been trying to get a meeting but they have not been successful in doing so.

Mr. McKeon stated that I think we have to look at that because we may the only one that doesn't support the TIF.

Mr. Tenaglia stated that we are the only one who has not supported the TIF. It is a little disproportionate because we are the largest of the three taxing entities. The other two entities have minimal expenditures related to that project. Where if we put 600 housing units in there, it will have a significant impact on us. The impact to the school district is significantly disproportionate to the city and the county.

The meeting adjourned at 11:23 p.m.

Minutes prepared by:

Arlene Vargas
Confidential Secretary to Stanley J. Majewski, Jr., Assistant to the Superintendent for
Finance and Administration