

**Lehigh Area School District
Lehigh, Pennsylvania
Finance Committee Meeting
Monday June 3, 2019 at 5:45 PM**

Budget Finance Committee Agenda

Present

Ms. Joy Beers, Member	☒	☐
Mr. Richard R. Beltz, Member	☒	☐
Mr. David F. Bradley, Sr., Member	☒	☐
Mr. Stephen Holland, Member	☒	☐
Mrs. Gail Maholick, Member	☒	☐
Mrs. Rita Spinelli, Member	☒	☐
Mr. Wayne Wentz, Vice President	☒	☐
Mr. Andrew Yenser, Treasurer	☒	☐
Mr. Larry Stern, President	☒	☐
Mrs. Tina Champ, Assistant Business Administrator	☒	☐
Ms. Patricia Denicola, Business Administrator	☒	☐
Mr. Jonathan Cleaver, Superintendent	☒	☐
Miss Meghan Christman, Recording Secretary	☒	☐

2019-2020 Budget

- Introduction to the meeting from Mr. Cleaver
- Review of Page 1 of PowerPoint presentation (Current 2018-19 Budget Status- By Function)
 - Mr. Bradley stated our current year is over budget by \$1.8 mil and asked how the district didn't stick to the budget
 - Ms. Denicola stated she cannot speak for the first 8 months of the fiscal year, however, she could explain where the district is now
 - Ms. Denicola stated if she could get through the presentation, there is some information that might answer some questions
 - Mr. Bradley questioned if the board is the only one that can authorize the spending of money
 - Ms. Denicola confirmed Mr. Bradley's statement

Brief interruption due to technical difficulties

- Ms. Denicola stated the presentation would be available on the district website the next morning
- Review of Page 2 of PowerPoint presentation (Current 2018-19 Budget Status- By Object)
 - 100 Salaries costs- Ms. Denicola explained that there is only one month left in the fiscal year, however, some teachers are paid over the summer so the salaries for those months would also be charged to this fiscal year
 - 200 Benefits costs include FICA, health, dental, PSERS, etc. (all carrying costs of having an employee)
 - 300 Purchased Professional Services includes IU Services
 - 500 Other Purchased Services include charter school costs, transportation costs, etc.
 - 600 Supplies includes general supplies, books, textbooks, etc.
 - 800 Other Objects includes debt service, fees, insurance, etc.
 - 900 Other Uses of Funds includes principle payments

- Ms. Beers asked if Ms. Denicola could review the 400 Purchased Property Services and why the district is over budget
 - Ms. Denicola said she would have to look at the detail but she can get that answer
- Review of Page 3 of PowerPoint presentation (Comparison of 2019-2020 Budget: January Presentation versus June Presentation)
 - In January 2019 during the finance committee meeting, the board was given a preliminary budget
 - Comparison of YTD 2018-2019, the January 2019-2020 Budget Presentation and the June 2019-2020 Proposed Budget Presentation
 - June Budget Presentation is more in line with YTD actuals
 - Ms. Denicola explained shortly after she started, she realized that medical claims that have been paid throughout the year (approximately \$3.5 mil) should have been shown as expense on the books from July through March and was not listed as an expense on the books
 - Has since been adjusted and properly recorded as an expenditure
 - For a large part of the year, the board had a major expenditure in health benefits that was not being shown as an expenditure
 - Ms. Beers asked if the health benefits are under 5000 Other Expenditures
 - Ms. Denicola explained that is where it is as of right now because it is an allocation by employee
 - In order to immediately give the board correct information, it was put in the 5000s (in suspense) and can be adjusted in bulk at year end
 - Mr. Bradley asked if this practice was done in previous years as well
 - Ms. Denicola explained that she as a Business Administrator would never do that because the expense should be shown every month but she can't speak as to what has been done at this district from years' prior
 - Mr. Bradley questioned if she knows what has been done
 - Ms. Denicola said she does not know, she is trying to look at the most recent years and work forward
 - Mr. Bradley stated normally when creating a budget, you look at the last five years and questioned if that has been done
 - Ms. Denicola said she has not looked at all of the years but she would be happy to do so
- Review of Page 4 of PowerPoint presentation (Comparison of 2019-2020 Budget: January Presentation versus June Presentation)
 - Ms. Beers asked if the amount budgeted for salaries is going to be accurate since there is about \$3 mil left
 - Ms. Denicola said she can't confirm that it will exactly match what was budgeted for, however, it should be similar because of overtime, extra pay, etc.
 - Mr. Bradley asked who authorizes overtime
 - Ms. Denicola stated the individual who is signing off on the time sheet
 - Mr. Bradley questioned if that individual would be management within the administration rather than the board
 - Mr. Cleaver stated that is correct
- Review of Page 5 of PowerPoint presentation (Significant Expenditure Increases)
 - Over budget for Charter School Costs
 - 2019-2020 budgeting for the same amount of students and an increase in tuition rate
 - Over budget on supplies
 - Ms. Denicola believes that the district can save money and lower the amount of money spent on supplies by putting stronger controls on purchasing
 - Mr. Bradley asked if there was a detail on the purchasing of supplies
 - Ms. Denicola said if the board would like a detail, it can be provided

- Review of Page 6 of PowerPoint presentation (Historical # of Employees)
 - Mr. Bradley asked where the data of the number of employees came from
 - Ms. Denicola stated it came from the district's payroll department
 - Mr. Bradley stated if you go to the district website and look up staff, there is a difference in numbers compared to the data provided by the payroll department
 - Mr. Cleaver said it is possible that employees were not taken off the website
 - Mr. Bradley asked if the district files a report with the PA Department of Education for staff members
 - Ms. Denicola stated that there are a number of different staffing reports that are filed
 - Mr. Bradley asked how those reports would differ from the information given by the payroll department
 - Mr. Cleaver stated the difference could be in the snapshots that take place throughout the school year
 - Mr. Bradley asked if the difference could be 5-10% or 15% from what the state report says
 - Mr. Cleaver asked if Mr. Bradley is considering professional and support the same
 - Mr. Bradley says he is reading right off the state report and wants to know why it differs
 - Mr. Cleaver said he does not know what report Mr. Bradley is referring to
 - Ms. Denicola stated if Mr. Bradley could identify what report he is looking at, she would be happy to look at it
 - Mr. Bradley said he didn't know the name of the report; report says Pennsylvania Public School Support Staff Personnel and it includes professional, support and administration
 - Mr. Bradley stated the district must give a report that states how many staff members we have and questioned what report that would be
 - Mr. Cleaver said there are several reports and he would have to look
 - Mr. Bradley asked how many reports there are
 - Mrs. Cleaver said he didn't know off the top of his head
 - Mr. Bradley asked Mr. Stern if he knew how many there were
 - Mr. Stern said he did not
 - Mr. Bradley asked if the treasurer knew how many there were
 - Mrs. Spinelli asked Mr. Bradley what year is the report he is speaking about
 - Mr. Bradley said that it is from 2003-2018
 - Mr. Cleaver asked what the name of the report is
 - Mr. Bradley said the report number is 1211355
 - Mr. Cleaver interrupted and stated that is the AUN number
 - Mr. Bradley stated it is on the PDE website
 - Ms. Beers asked what the report says for 2018
 - Mr. Bradley stated 354 employees
 - Ms. Denicola said the district will need to look at what was reported to PDE and compare differences
 - Mr. Bradley stated the board is supposed to oversee the district, know the information in order to make sure staff has the information needed to run the school
 - If the board is not receiving information and there are discrepancies, and no one is able to clarify the discrepancies, the board is not doing their job
 - Mr. Bradley said when he tries to find information and there is a great discrepancy, it creates a conspiracy
 - It is the job of the board to create a budget that is not off by millions of dollars
 - A normal board has information prior to making decisions
 - Mr. Bradley divided the number of employees by the salary and benefits budget and the district pays approximately \$91,622 per staff member on average for employee

- Stated that was the first time anyone ever did the math and reported it to the board
- Mr. Bradley asked Mr. Wentz if he could tell the board how much an average staff member costs the district since he is on the personnel committee
 - Mr. Wentz said that he is active in contract negotiations
 - Mr. Bradley interrupted and stated he understands and questioned if Mr. Wentz knows the average
 - Mr. Wentz stated it changes every year
 - Mr. Bradley asked if he knows what it was last year
 - Mr. Wentz said no
 - Mr. Bradley asked if he knows what it was five years ago
 - Mr. Wentz said no
 - Mr. Bradley asked if he knows what it was any of the past years
 - Mr. Wentz said no and he doesn't know who won the World Series five years ago
 - Mr. Bradley stated he doesn't need to know because he can look it up; the problem in this district is you can't look things up because people are not recording the information
 - Mr. Wentz asked who Mr. Bradley is accusing
 - Mr. Bradley stated he is accusing the board of being irresponsible
- Mr. Stern said Mr. Bradley made his point and asked if they could continue with the budget presentation
- Mr. Bradley stated it is not only personnel that the district has this issue with
 - Mr. Stern stated that they could only make decisions with the information that is provided to them
 - Mr. Bradley agreed
- Mr. Stern questioned if the board doesn't get the information, such as a \$3 mil expenditure on monthly reports, in a timely manner to make a decision, what kind of decision is going to be made
 - Mr. Bradley answered a horrible one
 - Mr. Stern stated that is because they don't have the information to make the decision
- Mr. Bradley stated the staff works for the board, and the staffs' job is to give the board information that is needed
 - It is the board's job to ask for the information/demand it
 - Mr. Bradley stated if the district continues on this path, it will end up like other districts
 - Erie SD furloughing
 - Penn Hills SD under state control
 - Scranton SD wasting money on things without oversight
 - Mr. Stern asked why Mr. Bradley is continuing to discuss other districts when the board is present to talk about Lehighton's issues
- Mr. Bradley said the best way to solve this problem is to collect accurate information and use the experience of the auditor general report to learn to recognize where the expenses are going and trending
- Mr. Bradley informed the board that in 2010 Lehighton had approximately the same amount of students and a \$32 mil budget; in 2019 the district budget is up 30%
 - Mr. Cleaver and Ms. Denicola informed Mr. Bradley that there are many other districts that are dealing with the same scenario
- Mr. Stern told Mr. Bradley that the budget numbers mean "bologna" compared to the actuals and that is what the board needs to be asking for
 - Mr. Stern stated the actuals are what the board has finally received and explained that is why the district is in this situation

- Month by month the board has looked at YTD reports
- In January 2019 the district was only expected to use \$300,000 of the fund balance in 2019-2020 compared to the numbers that are now being given and it is an extreme difference
 - Mr. Bradley asked if Mr. Stern is alluding to the fact that administration lied to the board
 - Mr. Stern said he is not saying anyone lied and he doesn't put words in other people's mouths like Mr. Bradley does; he is saying that the numbers were not provided to the board in a way that the board could determine what the runway is
 - Mr. Bradley asked Mr. Stern who provided those numbers
 - Mr. Stern asked Mr. Bradley to answer that question
 - Mr. Bradley said the administration provided the numbers
 - Mr. Stern said he would not agree with that
- Mr. Stern asked to move forward with the budget presentation
 - Mr. Bradley said no, he was not done asking his questions
 - Mr. Cleaver said there would be time at the end and some of the answers might be presented
- Review of Page 7 of PowerPoint presentation (Real Estate Tax Rate History)
 - The last time there was a real estate tax increase was 2014-2015
- Review of Page 8 of PowerPoint presentation (Real Estate Tax Increase Impact)
 - Shows the impact of an average homeowner if there would be a 1.00 mill tax increase
 - No tax increase built into the 2019-2020 proposed budget
 - Annual Impact of 1.00 mil increase
 - East Penn Township- \$38.81
 - Franklin Township- \$43.21
 - Lehigh Township- \$39.80
 - Mahoning Township- \$47.83
 - Parryville- \$37.12
 - Weissport- \$31.03
 - Mr. Bradley asked what the total assessed value is for the district
 - Ms. Denicola stated that she did not provide a total, rather broke it down by municipality
 - Mr. Bradley added all of the assessments and calculated about \$390 mil
 - Ms. Denicola confirmed that is about the total assessed value for the district
 - Mr. Bradley asked if previous bond documents would have accurate assessment numbers
 - Ms. Denicola said those forms would have been filed by the previous Business Administrator
 - Mr. Bradley stated that the bond he was looking at was signed by Gloria Bowman, Hal Resh, Brian Feick, Bill Hill, Stephen Holland, Lori Nothstein, Larry Stern, Wayne Wentz, Andrew Yenser and Rocky Ahner
 - At the time the assessed value was \$391 mil, up from \$344 mil in years past and decreased to \$390 mil currently
 - Mr. Bradley asked if the decrease is because of less assessed value or people are lowering their assessment
 - Ms. Denicola said it could be a combination of factors: tax assessment appeals, home burns down and no home is rebuilt, etc.
 - Mr. Bradley asked what 1.00 mill is equal to
 - Ms. Denicola stated 1.00 mill is equal to about \$390,000 at 100% collection
 - Ms. Beers asked Mr. Bradley what year the assessment peaked
 - Mr. Bradley stated that the history needs to be looked at; Mr. Stern and Mr. Wentz have been on the board a long time
 - Mr. Wentz stated that he doesn't live in the past, he plans for the future
 - Mr. Bradley stated that those who do not study the history are doomed to repeat it

- According to Mr. Bradley, the history of the district has been to create a fund balance of \$13 mil and consume it in a little over three years to be in financial debt and has a 5% bond document
- Mr. Bradley stated the board hires staff to do a job and the board's job is to help the staff do their job; check and balance instead of kicking the can down the road
 - Mr. Bradley said that Mr. David Krause and Mrs. Gloria Bowman kicked the can down the road, they had the same short sight that Mr. Wentz now has
 - Mr. Bradley stated the district is talking about a \$3.8 mil shortfall which is equal to 10.00 mills which means that the figures given would be multiplied by 10
 - Ms. Denicola said this is correct, however the district can also look at raising revenue and controlling expenditures
 - Mr. Bradley said that has not been done by this board in 15 years
 - Mr. Cleaver stated there are expenditures such as PSERS, charter schools, etc. that the district is responsible for paying for
 - Mr. Bradley questioned if the board has no control over expenditures
 - Ms. Denicola said the board has no control over certain mandated expenditures
 - The district used to receive reimbursements from the state for charter school costs; the state no longer helps support the charter school costs
 - The number of Special Ed students are increasing, however, the state funding is not following suit
 - Mr. Bradley said he looked at Special Education funding and saw that the district spent \$9,000 x 2 on attorneys to fight the benefits of an individual student that was less than the cost of the attorneys
 - Questioned why the district doesn't provide for the Special Ed students instead of churning a machine that consumes money without any oversight
 - Said that the board does not demand information from the administration
 - Stated the district is in "deep doo doo" because of the short sight of not looking at the past
 - Mrs. Spinelli stated that Mr. Bradley has been on the board a month longer than she has and it is to her recollection that Mr. Bradley spent the most time in the business office reviewing invoices
 - Mrs. Spinelli said that Mr. Bradley didn't notice how bad the differences were or he noticed and chose not to say anything
 - Mr. Bradley stated he did say something and he will continue to because the district overspends and doesn't respect the money
 - Mrs. Spinelli said that all Mr. Bradley said to the board was that the district was going to be broke in 3-4 years, he was overseeing for the same amount of time she has been on the board and he didn't say that the expenditures were over budget for this year
 - Mrs. Spinelli asked why Mr. Bradley didn't say that and immediately answered by saying he couldn't see it because the person who put those numbers in gives the information to everyone
 - Mrs. Spinelli stated Mr. Bradley said nothing for the last year
 - Mr. Bradley said not only did he say something, but he has been saying for 10 years that the district has been overconsuming on a regular basis and they budget for an overconsumption
 - Mrs. Spinelli said that Mr. Bradley owns this the same way as everyone else does at the table and she doesn't to hear anymore
 - Mr. Bradley stated that "I don't want to hear it" is the same problem that she has had and the board has had that when a "Rubber Stamping Rita" was appointed; they don't get the job done
 - Mr. Bradley stated the numbers don't lie; the bond that was signed with 5% interest is going to crush the district

- Mrs. Spinelli stated that Mr. Bradley is on a single minded mission
- Mr. Bradley stated that his single minded mission is to protect the taxpayers from a rubber stamping, overspending board and everyone will benefit because the district can be maintained with sustainability in its' finances and continued to say let him finish his sentence
- Mrs. Spinelli stated that Mr. Bradley gets one more sentence
- Mr. Bradley stated he gets as many as he wants because he is an elected official
- Mr. Bradley stated the reality is the district has been spending more money than it has been taking in for years to pay down the fund balance
 - Fund balance according to the bond documents, was an excess of \$15 mil
 - Instead of giving the money back to the tax payers, the district said "kiss my ass" and spent it
 - If the problem isn't taken care of, the state is going to come in, furlough people and take over expenses
 - When Mr. Feick was here, he put in a control that staff needs to enter a code prior to making copies and by that one accountable effort, he reduced the amount of copies, toner and expenses significantly
- Ms. Denicola explained that same individual opened the door for supplies purchasing to be easier for employees
- Mr. Bradley stated he agreed because the board did not do their job
- Mr. Cleaver said Mr. Bradley is unfortunately incorrect in many of his statements
 - Special Ed is one of the biggest reasons that the district is in this situation
- Ms. Denicola stated if Special Ed has not been budgeted for correctly, the district was always going to overspend; the budget she built more accurately budgets for this based on actuals of previous years
- Mr. Bradley stated this board has not done their job for over a decade and it is time to fix it; the community didn't the board accountable and the board didn't hold the district accountable
- Mr. Bradley stated the town needs to recognize that they need to protect the students and teachers from a financial inevitability of becoming another Penn Hills or Erie where they are furloughing...
- Mr. Stern asked if they could move on to try to solve the problem
- Mrs. Spinelli said they are trying to solve the problem but Mr. Bradley is stopping that procedure
- Mr. Bradley speaks about collecting data to make decisions
- Mr. Cleaver explained he knows it's hard to wrap his head around but the borrowing is not what put the district in this financial situation
 - The district budgeted for the bond payments
 - What was not budgeted for was the increase in expenditures
 - 2016-2017 the district paid \$797,000 in Special Ed but only \$680,000 was budgeted for 2019-2020, now projected to spend over \$1 mil
- Mr. Bradley said that is only \$300,000 (1/10 of the problem)
- Mr. Cleaver asked Mr. Bradley to be quiet and let others talk
- Mr. Bradley said Mr. Cleaver doesn't decide that, he does and he would like the respect to be able to respond
- Mr. Stern asked Mr. Bradley to have respect for other since he had the floor for 15 minutes
- Mr. Bradley stated that Mr. Cleaver is making a statement that is false; the example he gave was only 10%, the interest is 50% of the district shortfall
- Mr. Cleaver asked if Mr. Bradley was referring to the interest from the borrowing
- Mr. Bradley asked what the district pays in interest in a year
- Mr. Cleaver said Mr. Bradley made the statement so he should know

- Mr. Bradley said Mr. Cleaver doesn't believe the numbers and he doesn't know what they are, he is questioning how the board advocates the responsibility to people like him who don't pay attention to what is going on in the district
- Mr. Cleaver stated that the borrowing is not part of the issue, the issue is that money has been budgeted with inaccurate amounts; difference in charter school, Special Ed, transportation and supplies in addition to legal fees that Mr. Bradley has contributed to
- Mr. Bradley said the legal fees are because of the right to know, the information that the Sunshine Act allows the people speak and for "him" to defend that when it was proven that "he" did not need to... he just needed to apologize, apologies are free
- Mr. Stern disagreed with this statement and said it was incorrect
- Mr. Bradley said an apology is free
- Mr. Stern said he did nothing wrong and there was nothing for him to apologize for
- Mr. Stern asked to move forward
- Mr. Bradley said if he doesn't admit that he was wrong he was going to spend more money...

Mr. Stern slams gavel

- Mr. Bradley stated that he is going to spend more money again on lawyer fees until he admits that the people have a right to speak
- Mr. Stern said he never said they didn't
- Mr. Bradley said immunity
- Mr. Stern said there is no immunity
- Mr. Bradley asked why he filed it
- Mr. Stern said he didn't
- Mr. Cleaver asked if there was anyone else who would like to ask questions or speak
- Mr. Bradley yelled "Pandemonium! There's your circus, Rita."
- Mr. Stern and Mr. Cleaver told Mr. Bradley that is what he creates
- Mr. Bradley told them these are documents they should look at and read
 - Said he was in a meeting where Mr. Krause and asked if anyone could read the bond document
 - On Page 11, the district was not only over budget for years but also had \$2.798 mil of excess taxes collected
 - Didn't fix the schools, didn't do the job
 - The next year the district took in \$3.7 mil more than needed
- Mr. Bradley addressed Mrs. Spinelli and said when the district takes in an excess, people lose their homes
- Mrs. Spinelli informed Mr. Bradley that she was not here during that time, she has been on the board a month less than he has
- Mr. Cleaver stated that in 2012-2013 this district and surrounding area had the lowest tax increase percentage wise
- Discussion about bonds
 - Mr. Bradley said he heard Mrs. Bowman speaking in the audience and asked if there was anything she would like to share about the bonds
 - Mrs. Bowman said she brought some of her own paper work
 - Mr. Bradley said Series A of the 2015 bond shows that in 2023 the district interest rate escalates from 2.5% to 5%
 - Mr. Bradley asked why there would be such a rush to not shop around for better rates
 - Legacy of debt

- Mr. Cleaver asked if any other board members had any other questions or comments
- Mrs. Maholick stated that when the district starts to charge too much debt to the taxpayers, they have less money to spend on other things and will spiral the community
 - Over half the students in the district are on free or reduced lunch
 - Asked where the money comes from in a community that is half poor
 - Senior citizens also struggle; asked who is going to take them in and where they are going to go when they can't pay taxes
- Mr. Bradley stated it is time for the district to downsize
- Mr. Cleaver addressed Mrs. Maholicks' comments by saying the district has raised taxes 1.17% in 8 years
- Mrs. Maholick asked what we are going to do now
- Mr. Stern said that is what they are trying to figure out
- Mr. Bradley said the district had a fund balance of \$13 mil and he hoped the district wouldn't raise taxes; Raised taxes when the district had a surplus budget and a surplus fund balance
- Mr. Bradley asked why an insightful board that does not rubber stamp and advocate their responsibilities burden the community by raising taxes
- Mr. Bradley asked why the board voted for the increase; stated when you add that burden to the taxpayer, some people can't make it
 - When you raise taxes, you chance losing a good community member
 - Open the possibility to bring in an average income household with children (ex. 4)
 - Senior citizen would've taken care of part of the grandchildren's education expense vs. costing the district approximately \$60,000 to educate those students
 - Gentrified the district
- Mr. Bradley said it is possible that the increase in charter schools is due to the fact that the district closed the four small elementary buildings
 - Mr. Cleaver stated that the number of students attending charter schools has gone down because the district started an in house cyber program (LAVA)
 - Mr. Bradley said that the choice was taken from individuals and now Mr. Cleaver is bragging it has gone down
 - Mr. Cleaver stated that is not what he is saying
 - Mr. Bradley asked if the district enrollment increased
 - Mr. Cleaver said a little
 - Mr. Bradley asked how much
 - Mr. Cleaver said he didn't know off the top of his head
- Mr. Bradley wanted clarification if the capacity of the schools is consistent with enrollment
 - Mr. Cleaver stated that the trend has been consistent over the last 10 years
 - Mr. Bradley questioned if there was or was not a capacity issue associated with the closing of the individual schools
 - Mr. Stern said there was capacity issues at some of the elementary schools, specifically Franklin
 - Mr. Cleaver added that there were capacity issues at the middle school; the district had to get a variance because the capacity was so high
 - Mr. Bradley said that was a self-inflicted issue and it was refurbished
 - Mr. Bradley stated when looking at the elementary center, the numbers showed an \$850,000 savings for staff through attrition; missed opportunity because of an excess interest that was not calculated or given
- Mr. Bradley explained that any business person would look 5 years back; look at actuals and the budget and would verify their employees
- Mr. Cleaver explained that is exactly what is happening
- Mrs. Maholick asked what will be done about health care costs
 - She listened to the presentations and she got the idea that teachers have no cost for their healthcare

- Mr. Cleaver said that is incorrect teachers do pay a portion for their healthcare; as per the contract they pay 2% of their salary
- Ms. Denicola said there are things that are being looked at to bring the budget shortfall down; when looking at healthcare, possibly saving in prescriptions
- Mr. Bradley asked if the benefit loaded rate of an employee is 40% of the salary
- Ms. Denicola said it would be more because FICA is 7.65% PSERS is 34%
- Mr. Bradley asked what is the benefits cost in addition to salaries
- Ms. Denicola said she could provide a line by line by employee number
- Mr. Bradley said he think in addition to the list, it is necessary to review what the employees do and where they add a service in connection to a student
 - By identifying a staff member with a student, he thinks it would be the best opportunity to review where changes need to be made
 - If the staff is contributing 2% and receiving a 40% benefit package
- Mr. Bradley asked Mr. Stern if he has ever received loaded rates
- Mr. Stern stated he has received loaded rates in the past
- Mr. Bradley asked when they were given to the board; he said he is the board president and wanted to know if he shared them with the board
- Mr. Stern told Mr. Bradley that the board president has no more rights than he does
- Mr. Bradley argues that the board president does have more rights
- Mr. Stern said the only rights he has that Mr. Bradley doesn't is that he is not sanctioned from going in any buildings
- Mr. Bradley asked Mr. Stern if he would like to hear the extra rights he accepted when he became a board member and president
 - Mr. Cleaver interrupted to say that the meeting is to discuss the budget
 - Mr. Bradley stated the budget is predicated on the president's ability to get information to the board
- Mr. Stern asked Mr. Bradley to turn the light off on his phone
 - Mr. Bradley asked if the light of transparency is blinding him
- Mr. Cleaver asked if there are any more questions from other board members
- Mr. Bradley asked Mr. Stern if when he received this information he was able to give it to the board
 - Mr. Stern said there was nothing that restricted anyone from looking at loaded rates of individuals and that is what happens during negotiations
- Mr. Bradley asked who negotiated the last contract
 - Mr. Stern asked which one
 - Mr. Bradley said the most recent
 - Mr. Stern asked which one of the most recent
 - Mr. Stern asked if he was talking about support, professional or Act 93
 - Mr. Bradley asked who negotiated all three
 - Mr. Stern said he negotiated two of them; did not negotiate support
 - Mr. Bradley asked if Mr. Stern didn't negotiate the support contract because his wife is in that contract
 - Mr. Stern asked Mr. Bradley not to go there
- Mr. Bradley addressed Mr. Stern about his political campaign
 - Mr. Stern said he doesn't have a political campaign
- Mr. Bradley started to speak about the Hometown Team's political campaign
 - Mr. Yenser and Mr. Stern interrupted and asked why political campaigns are being brought up
 - Mr. Bradley stated it is a function of oversight
 - Mr. Bradley said the Hometown Team was supported by a group called REACH; REACH accepted money from the PA School Association
- Mr. Stern interrupted and stated that Mr. Bradley accepted money from his mother

- Mr. Bradley said yes he did and she was very supportive of his understanding of transparency
- Mr. Bradley continued by saying the teacher's union that the district is negotiating contracts with funded the campaigns of the individuals
- Mr. Bradley asked Mr. Wentz if this information was correct
- Mr. Bradley asked Mr. Tkach in the audience

Various people yelling

- Mr. Beltz said he doesn't know if this was an oversight or if Mr. Feick was instructed to do this
 - Mr. Cleaver said he can't speak for that individual; when it was brought to light, it was listed on the balance sheet instead of the expenditures so it was not listed on the board summary every month
 - Mr. Beltz asked who instructed Mr. Feick to do that
 - Mr. Cleaver said no one instructed him to do this
 - Mr. Beltz asked if he did this on his own
 - Mr. Bradley said he couldn't do anything on his own, only the board can authorize him to do anything
 - Mr. Cleaver said that the reports the board sees every month did not have this expenditure listed
 - Mr. Beltz stated that the board can't take anything at face value even if they think it is someone they can trust
 - The board needs to verify
 - He trusted Mr. Feick and still thinks he did a good job with the budgets
 - Sat on the Finance Committee and Mr. Feick seemed to be in tune with grants, getting benefits, etc.
 - Doesn't understand why this happened and is upset by it
 - Mr. Cleaver stated that the bond/borrowing is not the issue
 - Mr. Beltz disagreed; the money was spent on things that were wanted not needed
 - Mr. Cleaver stated that there are many things that have not been budgeted for
 - Mr. Bradley said they are very minor things and asked if Mr. Feick had any authority over the board
 - When the board does not oversee the process, they are doomed for failure
 - Board accepted a budget that was spending more than they took in for years
 - Taxpayer money was not treated with respect
 - Mr. Cleaver said he wanted to continue to have each board member speak
 - Mr. Holland said Mr. Feick isn't here to explain himself
 - The mouth of the board discussed several things that had nothing to do with the budget; his prerogative but not tonight
 - The stadium was outdated and were basically told it would be millions of dollars to address the problem
 - Had people come to him and ask why the district was building the stadium because they were against it
 - The same people came up to him after it was built and were thankful that the district did something right
 - Mr. Bradley interrupted and said the feasibility study indicated it would cost the district \$848,000 to fix the stadium
 - Ms. Beers stated she thinks they need to look at the facts and numbers, find out exactly where the district is, and take a conservative approach to solve the problem as a whole board
 - Mr. Stern said he agreed with Ms. Beers statement
 - Did not get to this point in a day, will not get out in a day
 - Have to take steps toward building the balance

- Getting things properly allocated according to the accounting structure
- Think that the overruns have been going on for several years and unfortunately the board did not have the information to see what was going on
- Will need to make difficult decisions as a whole board
- Coming up with the least impactful student method
- Mr. Wentz addressed the stadium and Title IX requirements
 - Also have Franklin and Shull David to sell
- Mr. Cleaver added that there is an offer on Shull David that will be discussed in the Buildings & Grounds Meeting; also another interest in Franklin
- Mr. Bradley asked if Mr. Wentz had anything else to say since Mr. Cleaver cut him off
 - Mr. Wentz stated Mr. Cleaver did not cut him off and he had nothing more to say
 - Mr. Bradley said he respected Mr. Wentz's time and opinion
 - Mr. Wentz stated that Mr. Bradley doesn't respect anyone but himself
 - Mr. Bradley added he also respects the taxpayers
 - Mr. Wentz said that's why Mr. Bradley charged all the legal fees

Various people mumbling

- Mrs. Maholick addressed the issue with healthcare costs
 - Former coworker makes under \$40,000; copay is \$1,650
 - Did the math; teacher making \$45,000; paying \$900/year
 - If the former coworker can pay, the teachers need to contribute more; 2% contribution needs to go
 - Her daughter and husband both work; pay \$700/month for healthcare
 - Something wrong with the picture
 - Teachers need to give more
 - Need to put more in line with what the community pays for healthcare
 - Retired person is paying \$300 in addition to \$200 for Medicare, over \$500 a month
 - Asked "why the hell" can't teachers' pay \$500/month instead of \$900/year
- Mrs. Spinelli said she agreed with Ms. Beers statement
 - Can point fingers and go back in history but what matters is what is done next
 - What happens next should be an intelligent reasonable collaboration of the board to fix the problem
- Mrs. Maholick commented "5 to 4"
- Mr. Bradley stated even if they work as a team to accept a budget of more than what you have is immoral
- Mr. Yenser stated that it's a shame they have to listen to that
 - Like Mr. Beltz, he trusted Mr. Feick with the numbers
 - Wants to believe there was nothing purposeful done, however, when looking at the shortcomings and how things were budgeted vs. actuals, it is disappointing
 - No one wants their hometown to be in this position
 - Should look back on what created the problem because it is a healthy way to make sure it doesn't happen again
 - Time for the board to roll up their sleeves with the administration to take care of the problem
 - Listen to the administration who sees the numbers day in and day out; listen to what is being focused on
 - Will get this back on track because they need to as a board
 - Stop making a mockery of the meeting so that they can listen to how to fix this problem and move forward
 - Looking from a perspective to not harm the education of students
 - 5-year projection plan looked healthy until the fund balance was down which would've been five years from now, not next year

- Completely different perspective from what was presented in January
- Mr. Bradley accused the board of being blind
- Mr. Yenser said the board was not blind, questions were asked
- Mr. Bradley said wants them to understand and admit where the mistake is from a moral standpoint
 - The community elected a board to oversee with moral standards
 - If there is no check and balance in the system, the system is broken
 - Transparency is not there
- Mr. Yenser asked Mr. Bradley to sit down and listen even though he knows it's hard
- Mr. Bradley discussed three principles
 - It's not yours to give
 - Do not spend more than you take
 - Should go to the students
- Mrs. Spinelli said they would like to hear from the public
- Mr. Bradley stated if they do not learn from the moral mistake that took place, they will be condemned to repeat it
- Mr. Cleaver invited the public to speak
- Mrs. Gloria Bowman
 - Stated that Ms. Denicola mentioned Special Ed money was less even though the district still has the same number of students; questioned if that was coming from the budget from the state or there was incorrect reporting
 - Ms. Denicola confirmed that there was incorrect reporting with Special Ed numbers; have worked with PDE and they have opened a correction window to have those numbers updated; included in the budget is the original Special Ed allocation that was issued by PDE in February because she believes the district will get the full allocation now that the correction window has been opened
 - Mrs. Bowman asked if the district will begin taking line items for supplies to get that cost down
 - Ms. Denicola said yes
 - Mrs. Bowman stated there are several bonds and the average interest rate is 2.65%, there are minimums and maximums with those bonds and as Mr. Cleaver said, the district is not in this position because of the debt payment but because of other issues
 - Mrs. Bowman addressed Mrs. Maholick's statement by saying this is a teacher contractual issue and would need to be addressed during negotiations
 - In 2015-2016, the estimates for renovations where there would have been no PlanCon reimbursements or consolidated savings: East Penn- \$7.9 mil, Mahoning- \$9.22 mil, Franklin- \$10.4, Shull David- \$9.8 mil totaling \$36.8 mil
 - When the district started to renovate the schools there were more issues than originally thought
 - With a new center, money is being saved by consolidating and getting money from PlanCon reimbursements
 - Encourage the board to stay on top of those reimbursements
 - Hopefully new businesses will come in
 - Mr. Bradley asked where those estimates came from, asked if they were ever published and if they were part of the feasibility study
 - Mrs. Bowman stated that they were from a workshop meeting, possibly in 2014-2015
 - Mr. Bradley asked if they were published to the community and reviewed
 - Mrs. Bowman said it was given in a workshop meeting so it may be in the minutes
 - Mr. Bradley asked if the feasibility study was done for those estimates because the feasibility study that was done shows that the repairs to the schools was about 1/3 of what she mentioned

- Mrs. Bowman stated it was for renovations, not repairs
- Mr. Bradley asked why the safety concerns weren't fixed for years
- Mrs. Bowman stated she believes several of them were fixed, and she doesn't believe the feasibility study was updated when some of the safety items were done
- Mr. Bradley asked if it was republished without checking it
- Mr. Cleaver added that if the district would've waited, PlanCon reimbursements would not have been given
 - 1/3 of the costs of all three projects is being reimbursed through PlanCon
- Mr. Bradley asked what that would be within \$5 mil
 - Mr. Cleaver said he didn't know off the top of his head
 - Mr. Bradley asked if it was around \$10-12 mil
 - Mr. Cleaver said it depends because it is based bond rates and payments
 - Mr. Bradley asked if he had any idea what that amount would be; more than or less than \$27 mil
 - Mr. Cleaver said not to hold him to it but it is 1/3 of \$55 mil projects
 - Approximately \$20 mil reimbursed over years
- Mr. Bradley asked if the district is getting back \$20 mil from making an investment and it is going to cost \$27 mil to make the investment, what is the net loss
 - Mrs. Bowman there is a net loss because the district students have equity in the center
 - Mr. Bradley said they have a negative equity because they are going to be paying the debt forever

➤ Mr. Timothy Tkach

- Asked if Mr. Bradley was elected on the board in December 2017
 - Mr. Bradley said he believes it was December 2016
 - Mr. Stern said November
 - Mr. Bradley stated that they sued Mr. Stern in 2016
 - Mr. Stern said he was sued in 2017
- Mr. Tkach stated Mr. Bradley continues to blame administration even though he was reviewing invoices with his camera at the district office and spending hours with the former business administrator; Mr. Tkach asked what he was doing because clearly he was not keeping an eye on things
 - Mr. Bradley stated that he was keeping an eye on things and he met with Mr. Feick last week
- Mr. Tkach stated that the district hired Ms. Denicola, a very competent, knowledgeable, CPA certified individual
 - No one else on the board or administration is CPA certified
- Mr. Tkach stated that Mr. Bradley has made the comment that the only person he trusted was Mr. Feick and asked to answer with yes or no if he made that statement
 - Mr. Bradley said yes trust and verify
 - Mr. Tkach asked if Mr. Bradley trusted Mr. Feick why is he deflecting the blame on everyone else and not himself because no one else spent hours in the administration office talking before board meetings
 - Mr. Tkach said Mr. Bradley was not following the budget or else he would be a smarter man
 - Mr. Tkach said as long as it's his way, Mr. Bradley is okay; needs to look in the mirror and face himself
 - Mr. Bradley was the only one that he knows of that visited with Mr. Feick in the last couple weeks
 - After Mr. Bradley takes pictures of the invoices, he gives it to citizens to review because it is their money

- Has said the district was on a path that allows the people in the district to run the district and the board has been rubber stamping and the data that
- He has been collecting and trying to collect has been blocked by the RTK requests, had to get a court order to collect solicitor invoices
- Stated lack of transparency is appalling and wrong
- Leighton is not the only district in this situation that someone waved borrowing in front of this district and they bit it
- Grandchildren up through the year 2044 are going to be paying for those mistakes
- Tried to educate the board, the town and Mr. Tkach
 - Asked if Mr. Tkach is part of the REACH Committee
 - Mr. Tkach said no
 - Mr. Bradley asked again because he wants to see if his source is accurate and he has the chance to verify if other things he was told may or may not be accurate
 - Mr. Tkach said he already answered
 - Mr. Cleaver asked why he's asking political questions
 - Mr. Bradley said it is not a political question
 - Mr. Tkach said he is not answering again

➤ Mr. David Krause

- Asked when this needs to be resolved
 - Ms. Denicola stated by June 30
- Mr. Krause asked if they are going to cast blame for the next two hours because that's what has been done or take strategic and tactical steps to fix the problem
 - Mr. Bradley stated this was an informational meeting, no action can be taken
 - Mr. Cleaver said the goal was to get the information out there and to have the board members digest it before the Finance Committee meeting on June 10
 - Mr. Krause said there has been no opportunity for questions
 - Mr. Bradley said the board has asking for things and asked Ms. Denicola if the board would receive those things requested
 - Ms. Denicola agreed
 - Mr. Bradley said the information should be posted on the internet for people to review the mistakes that have been made
- Mrs. Maholick stated that the district has been on this path to spend more money long before she was on the board
 - Thinks they need to keep working on this together but this board has always been 5-4 and asked what is the point and asked why should she even be here
 - Mrs. Spinelli stated Mrs. Maholick can make it 6-3
 - Mrs. Maholick stated no way in hell and asked Mrs. Spinelli if she said that they should trust them because they know what they are doing

➤ Mr. Cleaver asked if there were any more questions

➤ Mrs. Barbara Bowes

- Has seen this happen at many other districts and has done research
- The board was elected by the people to run the district
- Spending more than the district takes in has been going on for years
- When taxes are raised, people have less discretionary money to spend and they stop spending it in the towns
- Leighton has mostly small businesses; jobs will be lost (example NEMF), people will lose their homes
- Sees that there are more homes for sale every day and the prices are going down
 - 23 were sold and there's 163 for sale

- The more jobs we lose and the less people are making, they will be spending less and more businesses will be lost
 - Doesn't know how to fix this and glad she doesn't have to
 - Need to be careful with the taxpayers
 - Should've been seen long ago but it wasn't
 - Addressed Mr. Wentz and said he can't just look forward or he will be doomed to repeat history
 - It's a shame this occurred and discretionary spending needs to stop
- Mr. Bradley stated that normal businesses, when faced with this problem will look at three things: revenues, fixed costs, variable costs and the balance sheet
- When collected and reviewed, decisions can be made
 - The problem with the board is they do not have accurate information
 - Has been a circus to try to acquire information
 - Hidden from the public and board
 - Did trust, didn't verify
 - Stated Ms. Denicola is doing a great job by helping them verify information
 - He believes if you put on a referendum to the people to see if they agree that the board should not be spending more than they take in, the board will be given an answer whether or not they want to borrow against their children's future to be able to get to where the district needs to go
- Mr. Cleaver asked if anyone else would like to speak
- Mr. Cleaver thanked everyone for attending, announced the Finance meeting on 6/10 and concluded the meeting
- Mr. Bradley asked if the Finance Committee recommended the budget at the last meeting
- Mr. Stern said it was the proposed budget and asked Ms. Denicola if the proposed budget is something that needs to be done for the state
 - Ms. Denicola stated if you choose to not pass a preliminary budget, then you must pass a proposed

Meeting adjourned 7:45 p.m.

Next Meeting Date: Monday June 10, 2019 6:00 p.m.
PJD/mmc