



MEMORANDUM

TO: BOARD OF SCHOOL DIRECTORS

FROM: STACY M. GOBER, BOARD SECRETARY

SUBJECT: REGULAR MONTHLY MEETING

The Regular Monthly Meeting of the Board of School Directors of the Bethlehem Area School District will be held on *Monday, January 26, 2015, at 7:00 p.m. in the Auditorium of East Hills Middle School, 2005 Chester Avenue, Bethlehem, PA 18020.* The agenda is attached.

Due to inclement winter weather, the Regular Monthly Meeting was rescheduled to Wednesday, January 28, 2015 at 7:00 p.m.

SMG:bac
Attachments
pc: Dr. Roy

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

MISSION STATEMENT

The Bethlehem Area School District, in partnership with the home and community, is committed to providing a safe and supportive environment in which each student will attain the knowledge, skills, and attitudes necessary to become a productive citizen and lifelong learner in our technologically demanding and culturally diverse society.

A G E N D A
REGULAR MEETING – January 28, 2015

1. Roll Call
2. Pledge of Allegiance
3. Silent Meditation
4. Recognition
5. Courtesy of the Floor to Visitors (30 minutes allowed)
6. Reports of Student Representatives
7. Approval of Minutes
December 15, 2014 – Regular Board Meeting
8. Approval of Committee Minutes
October 13, 2014 – Board Human Resources Committee Meeting
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January 12, 2015 – Board Facilities Committee Meeting
9. Financial Report/Payment of Bills
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10. President's Communication/Special Meetings
11. Superintendent's Report/Federal Program Update
12. Unfinished Business
13. Recommendations of the Administration
14. Reports of Committees
15. New and Miscellaneous Business
16. Courtesy of the Floor to Visitors (30 minutes allowed)
17. Open Forum
18. Adjournment

BETHLEHEM AREA SCHOOL DISTRICT
BOARD OF SCHOOL DIRECTORS
REGULAR BOARD MEETING

The Regular Meeting of the Board of School Directors of the Bethlehem Area School District (BASD) was held on Wednesday, January 28, 2015, at 7:02 p.m. in the Auditorium of East Hills Middle School, 2005 Chester Road, Bethlehem, PA 18017. ***This meeting was rescheduled from Monday, January 26, 2015 due to inclement winter weather.***

President Faccinetto asked for the Roll Call by the Board Secretary:

ROLL CALL

Members present: Director Basilio Bonilla, Director Michele Cann, Director Eugene McKeon, Director Craig Neiman, Director Rogelio Ortiz, Director Shannon Patrick, Director Angela Sinkler, Director Sudantha Vidanage and President Michael Faccinetto – 9

Member absent: None

Others present: Dr. Joseph Roy, Superintendent of Schools; Stacy Gober, Board Secretary; Attorney Donald Spry, Solicitor; Administrators, members of the press and other interested citizens and staff members.

The Pledge of Allegiance was recited by all those present.

PLEDGE OF
ALLEGIANCE

President Faccinetto requested a moment of Silent Meditation.

MOMENT OF
SILENT MEDITATION

Dr. Roy stated that January is designated as School Board Recognition Month by the PA School Boards Association (PSBA). Dr. Silva continued with the recognition while Dr. Roy handed out certificates to the Board members.

RECOGNITION

Dr. Silva stated that PSBA's theme for 2015 is "*Stronger school boards. Stronger schools. Stronger PA.*" There are 4,500 school directors that serve PA's 500 public school districts with all Boards having nine (9) members. Board members are elected to four-year terms, and they serve as volunteers without pay. PSBA has provided a certificate for each Board member, and our Student Board Representatives. But first, Joseph RaHS, Principal at Northeast Middle School, would like to say a few words.

Mr. RaHS stated that as President of the BASD administrators he wanted to thank the Board members this evening as the District recognizes the Board's efforts on behalf of the students. Even though we make this effort in January to thank you for the work that you do, we do recognize that the Board's contributions reflect a year round effort amounting to hundreds of hours of unpaid volunteerism. As a Board, you are placed in a position of directing the future of the community one child at a time. The demands placed on each Board member require an extraordinary amount of time, dedication and knowledge. This group is a very dedicated and is committed to improving the student achievement and fighting for what is best for all of the students. Just over a week ago, the Board began to problem solve the enormous task of how to maintain the District's significant list of assets while doing so in a fiscally responsible manner. These assets include the District's neighborhood schools, diverse curriculum offerings, and well maintained school building infrastructure in the valley. However, having the great vision that the Board has, you do not look to only maintain these assets, but you continue to look ahead in order to add to the District's assets which include looking into the District's wireless infrastructure so

that we can move into the 21st century with better online and blended learning opportunities. Another is to increase all of the kindergarten settings for full day settings, and that is investing in the future of the District. None of the responsibilities that the Board takes on is easy when we face so many challenges that are beyond our local control. Yet when faced with all of these challenges, the Board remains committed to the vision and holds tight to the commitment that guarantees the District's diverse community receives the highest quality of education afforded to public school students in a fiscally responsive manner for the taxpayers. The Board focuses its attention on the District's continuous improvement by questioning and examining, revising, refining and revisiting issues related to student achievement and sound fiscal management. We know and understand that it is that commitment which you show as a Board that propels the District towards excellence and truly thank you for that. We thank you for your support and salute you for your service.

Dr. Silva thanked Mr. Rahe and continued with the recognition.

Mr. Basilio Bonilla was elected to the Board in November 2011 for a four-year term.

Mrs. Michele Cann was appointed to the Board in June 2007 to fill Mrs. Margaret William's term and was reelected in November 2007 and 2011 for four-year terms. She was elected Board President in December 2010 to 2011, and Vice President from December 2011 to 2013.

Mr. Michael Faccineto was elected to the Board in November 2009 for a four-year term and was re-elected in November 2013 for another four-year term. He was elected Board President in December 2011 and continues to serve as Board President.

Mr. Eugene McKeon was elected to the Board in November 2007 for a four-year term and was re-elected in November 2011 for another four-year term. He currently occupies the Region 3 seat.

Mr. Craig Neiman was appointed by the Board in December 2013 to fill the Region 2 vacancy that occurred after the November elections.

Mr. Rogelio Ortiz was elected to the Board in November 2013 for a four-year term and occupies the Region 1 seat.

Mrs. Shannon Patrick was appointed by the Board in December 2011 to fill the Region 2 vacancy that occurred after the November elections. She was re-elected for a four-year term in November 2013 for the At-Large seat. She was elected Vice President in December 2013 and continues to serve as Board Vice President.

Mrs. Angela Sinkler was elected to the Board in November 2013 for a four-year term.

Mr. Sudantha Vidanage was elected to the Board in November 2011 for a four-year term.

In addition, the Student Board Representatives for this school year are Caitlin McCadden and Scott Rader from Freedom High School and Natalie Hart and Wyatt Evans Gartley from Liberty High School.

President Faccineto offered Courtesy of the Floor to visitors. Speakers are asked to come to the podium, stating their name and address. The first Courtesy of the Floor will pertain to matters on the Board agenda. The second Courtesy of the Floor will

COURTESY
OF THE FLOOR
TO VISITORS

deal with matters pertaining to school district business. Speakers are limited to five (5) minutes each unless extended at the discretion of the Board President. As per school board policy, generally, speakers are limited to taxpayers, residents, or employees of this school district. It is asked that speakers observe proper decorum, without personal attacks towards a specific individual or individuals. It is not the custom for the Board to enter into a dialogue at these meetings about concerns. However, the Board does listen with care to issues raised. Speakers will receive responses, in some form, by the Administration.

David Lewis – President, United Way of the LV – Mr. Lewis wanted to offer his support to the District to bring full-day Kindergarten to all of the elementary schools. United Way is very focused on increasing the number of third graders in the Lehigh Valley who can read by 50%. United Way invests 80% of their undesignated dollars which is about \$3.2 million annually to support education in the Lehigh Valley. United Way provides community support and programs services within five (5) schools in the District and services to the additional schools as well. Universal all-day kindergarten is a vital part of United Way's strategy to increase third grade reading. Published research shows there are many advantages for children in full-day kindergarten, and he read some of the results. Children learn more in reading and math and receive 40% to 50% more instruction than children in half-day programs. Children receive increased learning activities and strategies such as group reading and peer tutoring etc. Children spend 40% more time on reading and literacy instruction, and 46% more time in math. Children exhibit more independent learning, classroom involvement, productivity and work with peers. Parents of full-day kindergarten children report higher levels of satisfaction. The benefits of full-day kindergarten are even greater for at risk and low income children with higher achievement for disadvantaged and low income children, access to nutritional breakfasts and lunches, and greater progress in social skills. Given the large amount of research about the positive effects of full-day kindergarten and its complete alignment with United Way's priorities to increase third grade reading, the United Way fully supports this initiative being proposed by the District. This measure is a visionary investment in the children and will save the District money by insuring that children stay on track throughout their development so that they do not need costly intervention services in the future.

Dr. Brett Godbout – Coordinated Health – Dr. Godbout stated that he is currently the team physician for Liberty High School and the senior physician for the District. He has been a District resident for 25 years. His entire career has been with Coordinated Health and it was for two (2) reasons. The District has a real passion for their sport teams at all levels, and Coordinated Health has a unique commitment to the way they care for student athletes. Unlike other practices, Coordinated Health requires orthopedic sports medicine surgeons to serve as team doctors and to be present in the training rooms, on the field, and in the hospital. Coordinated Health does not use physicians in training. As a result of Coordinated Health's unrivalled dedication to the student athletes, he is proud to say that Coordinated Health is the leader with 16 fellowship trained sports medicine physicians, 50+ athletic trainers, and more than 100 physical therapists who serve Lehigh University, Lafayette College, Moravian College, 30 high schools, and the BASD. This unbreakable bond is forged by 750,000 student athlete visits, 100,000 sporting events covered, and thousands of dollars in athletic scholarships. Coordinated Health's belief has always been that student athletes and their families have a choice when it comes to healthcare provider and healthcare networks. However, these student athletes, the coaches, the faculty and staff are just not faceless patients; they are Coordinated Health's family. While contracts come and go and politics can sometimes appear confusing, Coordinated

Health will continue to proudly serve this community. The commitment to the City of Bethlehem never has and will never waiver. Coordinated Health believes that families will continue to choose them for sports needs. Choice is at the heart of competition. While it is unclear of how the final decision was made, he wants to personally thank Dr. Turpestra, Freedom's team physician, and their excellent athletic trainers, therapists and staff for all they have contributed through the years with countless hours of dedication and unmatched patient care. He also thanked the students, families, coaches and faculty.

Rich Coppock – 2607 Madison Avenue, Bethlehem – Mr. Coppock stated that he has been a teacher in the District for 24 years and is currently at Liberty High School. The new teachers' contract states that he is now going to have money taken from his paycheck against his will to financially support the teachers' union through fair share. Even though he is going to be forced to pay into the union, he will not be allowed to go to union meetings and will have no say whatsoever of what the union does with his money because he will not officially be a member, but he will be expected to pay hundreds of dollars to them anyway and how is that fair. He was told that he has to pay this money because the union works for him, negotiates his contract, and he owes them for all their hard work. He has to pay approximately \$1,500 over the duration of this contract, and he is to believe that all of this money is needed to pay for collective bargaining on his behalf. He will be happy to sit down with Dr. Roy once every three (3) years to discuss his pay and benefits. There are approximately 1,000 teachers in this District and that would equate to \$1.5 million that the union wants us to believe that they need to collect to bargain on our behalf. He was told that his money would not be spent on political causes, but how does he know that. What they might consider non-political, he might consider political. So, his financial share contributions could end up being given to a political group that he does not support or that does not align with his beliefs. He brought with him some applications for the PA Republican Party, for the conservative party of PA, and for the Lehigh County Tea Party Patriots to see if anyone would like an application. How would you like to be told by your employer that you have to give them money in order to keep your job. That is what the District is doing to those teachers who are not part of the union and force them to pay union dues and this cannot be right under the provisions of the First Amendment. He loves teaching and cares about all of his students. His performance has nothing to do with whether or not he is in the union, and he asks that the Board take that fair share provision out of the contract before voting on it this evening.

Attorney Spry responded that a member of the bargaining unit if there is a religious objection to the payment can pay that money if approved to a charity as opposed to the union itself and that is in the law.

Jason Roeder – 610 Barclay Drive, Bethlehem – Mr. Roeder stated that he is a teacher and football coach at Freedom High School. In the football program, we use the word "family". The team talks about loyalty and the concept of being all in. When he informed the team that they would be losing their trainer, Adam, and team doctor, Dr. Turpestra, the players were devastated. They are not viewed as workers from an outside agency. They are viewed as part of the team and Freedom athletics. The students immediately had questions and what they could do. He responded that this is a grownup issue and decision and the only thing we can do is to say thank you to Coordinated Health. Three minutes is not enough time to thank them for all they have done for Freedom athletics being there 24/7 365 days a year. He thanked them for their constant professionalism in dealing with the students and parents. They went above and beyond whether it was coming to the school to see a student, an

office visit, or whether coming to an away game when they were not on the clock to make sure the students are okay. Thanks for taking care of the less fortunate students who cannot find a ride or get to appointment or have insurance. They have outstanding credentials. They are genuinely invested in the students and the programs, and they will be sorely missed.

Carla Young – 3970 Wellington Drive, Bethlehem – Mrs. Young wanted to thank the Coordinated Health team. She is a mother of three (3) student athletes in the District and have had a whole host of injuries. Coordinated Health does go above and beyond. Dr. Turpestra drove to New York to pick up a specific set of medical equipment so that he would have it for her son's surgery and not wait a month and a half to have the surgery and be put behind a football season in his senior year. That she cannot put a price on. He even came to the school to do physical therapy with his son. He always has his cell phone on and responds to us no matter how late it is. She does not know what the details are, but what parents are hearing is that they are concerned with the process. Parents have heard that Coordinated Health's proposal has not even been reviewed. Parents are also concerned about the continuity of care. Coordinated Health is a magnificent team and has been with the District for many years. They are the best medical team that know the children inside and out and that cannot be replicated. She requests that the bids be shared publicly as a number of parents believe that is only fair and are we comparing apples to oranges. She is one of those struggling families who is a single widow who works full time. So, when and if a switch is made, the parents would like to know and be reassured as consumers and as parents that the care will continue. A second concern is that the bidding process was in some way circumvented and would like an answer to that. The third concern is what in fact the bids were and how different were they and what services are offered in each package. Lastly, the parents ask that the Board protect and preserve the very high quality of medical services that the students have been receiving through Coordinated Health and that is the priority.

Mark Sigmon – 3476 Mountainview Circle, Bethlehem – Mr. Sigmon stated that he is an attorney, but he is not here representing Coordinated Health or anyone that works for them. He has been the girls' tennis coach at Freedom High School for the last seven (7) years. He has also heard concerns from parents, and the most important thing is that he hopes what he has heard is not true in terms of how the bid process was actually accomplished, what went on, what the bids were, etc. As a coach and parent, he had two (2) children who were in the athletic program, and the care that they received was unparalleled. He hopes that St. Luke's will carry on in that same type of care that was shown by Coordinated Health. However, he is concerned that after 25 years of service, he has never heard one (1) complaint from any parent, student, teacher or staff member about Coordinated Health. He does not know what the reason was for the change to St. Luke's. If it was money and it was significant, then he understands, but unfortunately because of how this was done and was not made public was a problem. Perception is 99% of reality. What the trainers and doctors did for the tennis team was outstanding including being available on the weekends. He hopes that this type of care is not going to be reduced. If the public can be reassured of that, they would be most grateful.

Stephen Antalics – 737 Ridge Street, Bethlehem – Mr. Antalics stated that it is with great pleasure to see that there is a recommendation for full-day Kindergarten. He can now take that off his agenda. He will now put his energy into pre-kindergarten. This Board's performance and objectivity and lack of subjectivity, he would give an A+. He is concerned about the comments he is hearing about the sports medicine agreement. He has received orthopedic services, and he was dramatically impressed

of how he was treated when he was introduced to Coordinated Health. Based upon what was said this evening, he is very concerned about the comments because he can personally support Coordinated Health. He suggests that the Board does not tarnish their A+ that was given to them this evening. Questions were raised this evening that deserve answers. He strongly urges the Board to table the sports medicine agreement and not vote on it tonight and provide answers as requested. The Board has nothing to lose.

Camryn Spina – 2420 4th Street, Bethlehem – Ms. Spina stated that she is a sophomore at Freedom High School and plays volleyball, softball, and is a cheerleader. She had ACL reconstructive surgery two weeks ago. She wanted to thank Coordinated Health for the amazing job they have done with her. They are a top program, and she is extremely lucky to have received the excellent medical care. She is devastated that Coordinated Health will not be in the District. She is going to be a stronger athlete because of them.

Hakeem Strickland – 3865 Tamarind Drive, Bethlehem – Mr. Strickland stated that he is a student at Freedom High School and is on the football team. The team was devastated to hear that Coordinated Health would no longer be in the District. They are extremely committed and devoted to the athletes. He has had a few concussions, and he was able to get back on the field in a timely matter. He thanked Coordinated Health for all that they have done for the athletes at Freedom.

Alex Pantaleo – 4030 Sutton Road, Easton – Mr. Pantaleo stated that Coordinated Health is part of the Freedom family. They interact with the student athletes and it is amazing. Losing people like that, you can never recover from that. Coordinated Health has been in the District for 25 years, and when someone is in a job that long, they are usually secure in their job. He believes that Coordinated Health's record should be taken into consideration when the decision is made. He thanked Coordinated Health for their service to the District.

Jacob Young – 3970 Wellington Drive, Bethlehem – Mr. Young stated that the staff from Coordinated Health is family to him. He feels bad for the upcoming athletes at Freedom as they will not get the same care as Coordinated Health provided even though he does not know that much about St. Luke's. He had two (2) surgeries on his shoulder and Dr. Turpestra saved his career. He would like to wrestle and/or play football in college. The athletic trainer at Liberty also looked out for him when he was at Liberty for a match or practice. He thanked the Coordinated Health team for all they have done for him.

Mezen Abdalla – 4720 Conway Court, Easton – Mr. Abdalla stated that the trainer can make you do anything you want. He helped him through his junior year when he almost tore his hamstring and quad. With the trainer's help, he saved him and gave him one of his best years. He thanked the trainer for making him a stronger athlete.

Steven Riad – 3635 Trythall Street, Bethlehem – Mr. Riad stated that his three (3) years at Freedom High has not come easy. He has torn both of his ACLs, tore his quad, and broke his hip. He is here tonight standing and doing well because of Coordinated Health and the trainer. The trainer stays late until rehab is done and done correctly. There is no better care than Coordinated Health. They have done so much for the student athletes.

Jonah Gundrum – 3327 Abbey Court, Bethlehem – Mr. Gundrum thanked the Coordinated Health team for the excellent treatment he received over the past three (3) years. Earlier this season he had some knee issues and when he spoke to the

trainer, he was able to get him in the next day to see Dr. Turpestra and after an MRI and reviewing the results was able to return to practice later that day. He has heard some things about St. Luke's in regards of waiting a week for an appointment. Going into his senior year, he does not want to wait that long to receive the medical attention that can be obtained within one (1) day at Coordinated Health.

Victor Gonzalez – 1808 Barrett Drive, Bethlehem – Mr. Gonzalez thanked the trainer. He is currently a senior and the trainer knew his older brother before he came to Freedom. In his junior year while playing soccer, he injured his ankle and within a week he was fully recovered to return to soccer. It is a shame to see the underclassmen not receive the medical care that they have been receiving from Coordinated Health and the trainer.

Joe Young - 3970 Wellington Drive, Bethlehem – Mr. Young is a student at Freedom High School and is part of the football and wrestling teams. The trainer is amazing. He is currently going through rehabilitation for a broken hip. The Coordinated Health team has helped him tremendously as this is a long process. The trainer is always checking in with him daily and on weekends.

Robert Martin – Senior Vice President at St. Luke's Hospital – Mr. Martin stated that he did not want to say anything that would take away from the kind remarks that have been made on behalf of Coordinated Health. He knows some of the physicians and has respect for them. For the students to come out this evening and express their thanks and appreciation, he is hoping that in five (5) years that they will be out on this floor doing the same thing for St. Luke's. Words were used such as "family." St. Luke's would like to be part of the BASD family as we have been since 1995. Dr. Bonnie Coyle has been the medical director for the District. When St. Luke's looks at the athletes, they are preparing them for success in the athletic area, and they are preparing them for success in life. Part of St. Luke's approach and proposal was to try to go beyond sports and to get other students engaged in sports activities for a healthier life style. St. Luke's has a standard that has been set by Coordinated Health, and he would like to set the record straight that St. Luke's is not here to achieve that standard, but we are here to go beyond that. In the proposal, St. Luke's has teamed orthopedic surgeons with family practice sports medicine specialists together to treat the athlete as a whole. St. Luke's has also increased the number of athletic trainers to eight (8) to increase the coverage at the middle schools. St. Luke's is not charging for any physicals as there was a concern brought up if they were going to be charged. St. Luke's is a non-profit organization and treats all patients without regard to ability to pay. Mainly, without going through the details, there have been some questions in the process that the District went through in getting proposals. He has been doing this for 40 years, and the District's approach to this was absolutely stellar, detailed, fair and consistent. Everyone was treated fairly and had ample opportunity to put their best foot forward. He stated to the audience that St. Luke's hears you, respects you, and there is certainly nothing that would require any student that is being actively cared for by a physician to change that and has the free will to see who they want to see. In closing, he stated that after hearing all those amazing comment's about the trainer at Freedom he is a rock star, and St. Luke's would welcome him to stay here with the District and would welcome him to the St. Luke's team.

Jack Toy – 621 Main Street, Bethlehem – Mr. Toy stated that he was a principal, coach and referee. He loves students. He is between a rock and a hard place in this conversation as he has a great respect for this Board and their decision making. He would not go to any other hospital other than St. Luke's. He has also seen Dr. Godbout as the orthopedic surgeon. His two (2) sons graduated from Freedom before

Coordinated Health came, and unfortunately his one (1) son suffered an injury in physical education with his knee and his coach decided he was able to play the next day. When they showed up at the tennis match, his son was lying on the court in pain, and now 30 years later he still has knee problems and at the age of 51 will be having a knee replacement because he did not have the kind of care that Coordinated Health provided. His other son got injured playing ice hockey, and the family group at St. Luke's did not do as well as he had expected even though he is a strong advocate of St. Luke's. Coordinated Health is good at what they do. Sports medicine is extremely important. If it ain't broken don't fix it.

Dr. Roy thanked everyone especially the students for coming out to speak to issues they care about. He wanted to review the process and is unaware of where these concerns came from. It was one of the most extensive processes to determine athletic trainer and sport medicine services. This began in October/November, and the District invited three (3) vendors which included St. Luke's, Lehigh Valley Health Network, and Coordinated Health to do presentations to educate a core group of Administrators about what they offer. We used some of that information and experience and contacted other districts to draft a very detailed Request for Proposal (RFP) that laid out the bottom standard of what the District needed and expected in sport medicine services. The RFPs were sent to those three (3) providers, and they all sent proposals back. There was a team of athletic directors, director of student services, and the chief financial officer who reviewed the proposals. Proposals for professional services are different than the bid process. When you are bidding for professional services, there can be different things offered, different ways things are offered and it is harder to compare apples to apples. The first team took the three (3) proposals and devised an organizational chart so that the District could compare how they met the specs, how do the proposals compare to each other, strengths and areas where there are questions and concerns. This presentation was then reviewed with executive Cabinet members which are the top Administrators of the District. The proposals were reviewed and came up with a recommendation, and ultimately the Superintendent makes the recommendation to the Board. This process was as in depth, a fair and detailed process selection for the athletic training and sports medicine services that any school has done anywhere.

Scott Rader (Freedom High School Alternate) – Mr. Rader stated that Freedom has started 2015 strong. Many students have gotten back into the swing of full days as they have been preparing for Keystone exams and final exams. The wrestling team is currently undefeated. The girls' swimming team is also doing well and is undefeated. Student council members have been planning and creating signup sheet for the winter special Olympics to be held in February. Mini-THON is moving quickly to get everything done for the dance marathon scheduled in April. The theater company is working on their spring production of *Hairspray* to be held in March. Students are eager to start the second semester with great motivation.

REPORTS OF THE STUDENT REPRESENTATIVES

Wyatt Evans (Liberty High School Alternate) – Mr. Evans stated that on December 22 the staff holiday luncheon was held. In the month of January, Keystone exams and final exams were administered successful although there were several weather related delays. Fifteen students attended the multi-cultural conference held at Lehigh University. The color guard and bagpipers participated in a ceremony celebrating Martin Luther King, Jr. The robotics team will be participating in the state qualifier on January 31. On February 4, Liberty will host an AP night. On February 5, Abbey Lewis will represent Liberty at the poetry competition. Students are looking forward to the pep rally on February 6. The winter formal dance will be held on February 7. Liberty will be hosting orientation for the incoming freshman parents on February

11. Teen variety explosion will hold its annual talent show on February 27. Both swim teams have members who have qualified for Districts. Both basketball teams have had fantastic wins over Freedom. The wrestling team dropped a tough match to Freedom by just three (3) points. Liberty is leading the bell count. Five (5) students from the Grenadier band traveled to District Band, and three (3) will continue on to Region Band. Two (2) members will also be representing Liberty in the District Orchestra concert. The middle school auditions and high school reauditions have been completed for the Grenadier band with 100+ orchestra members rostered for the 2015-16 school year along with 300+ band members. The theater department is working hard on their production of *Aida* which will be held in April.

President Faccinnetto asked for a motion to approve the minutes for the December 15, 2014 Regular Board Meeting.

APPROVAL OF
MINUTES

Director McKeon made a motion and seconded by Director Patrick to approve the Board meeting minutes.

MOTION TO ACCEPT
MINUTES

President Faccinnetto asked if there was any discussion regarding the minutes. Seeing none, he called for a voice vote to approve the minutes. Motion passed unanimously by voice vote.

VOICE VOTE TO
ACCEPT MINUTES

President Faccinnetto asked for a motion to approve the minutes for October 13, 2014 Board Human Resources Committee Meeting; November 10, 2014 Board Human Resources Committee Meeting; and January 12, 2015 Board Facilities Committee Meeting.

APPROVAL OF
COMMITTEE MINUTES

Director Bonilla made a motion and seconded by Director Ortiz to approve the Committee meeting minutes.

MOTION TO ACCEPT
COMMITTEE MINUTES

President Faccinnetto asked if there was any discussion regarding the minutes. Seeing none, he called for a voice vote to approve the Committee minutes. Motion passed unanimously by voice vote.

VOICE VOTE TO
ACCEPT MINUTES

President Faccinnetto asked Director McKeon for a motion to approve the Financial Reports/Payment of Bills as follows: Budgetary Transfers (Page 32); Treasurer's Reports (Page 33); Monthly Bills (Page 34); and Budget Information (Page 35).

FINANCIAL REPORTS/
PAYMENT OF BILLS

Director McKeon made a motion and seconded by Director Neiman to approve the Financial Reports/Payment of Bills.

MOTION TO ACCEPT
FINANCIAL
REPORT/PAYMENT OF
BILLS

President Faccinnetto asked if there was any discussion. Seeing none, he called for a roll call vote on the Financial Reports/Payment of Bills.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinnetto

ROLL CALL VOTE

Motion passes 9-0 for the Financial Report/Payment of Bills

President Faccinnetto stated that the Board had Executive Session prior to this evening's meeting regarding negotiations, litigation, and personnel. He wanted to thank the Nitschmann Nation for the water bottle and pen set for School Board Recognition Month.

PRESIDENT'S
COMMUNICATIONS

Dr. Roy stated that this will be Nancy Mautino's last Board meeting as Board Treasurer and Assistant Business Manager, and he thanked her for her service to the District.

SUPERINTENDENT'S
REPORT

JANUARY 28, 2015

President Faccinetto asked if anyone had Unfinished Business. Seeing none, he moved to the Recommendations of the Administration.

UNFINISHED BUSINESS

Facilities Items

President Faccinetto asked Director Cann for a motion to approve Facilities Agenda Items 1, 2 and 3.

RECOMMENDATIONS
OF THE
ADMINISTRATION

Director Cann made a motion seconded by Director Patrick to approve Facilities Agenda Items 1, 2 and 3.

MOTION TO APPROVE
FACILITIES ITEMS 1, 2
AND 3

President Faccinetto asked if there was any discussion regarding these items. Seeing none, he called for a roll call vote of the Facilities Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinetto

ROLL CALL VOTE
ITEM 1, 2 AND 3

Motion passes 9-0 for Facilities Agenda Items 1, 2 and 3

Curriculum Items

President Faccinetto asked Director Sinkler for a motion to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

Director Sinkler made a motion seconded by Director Patrick to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

MOTION TO APPROVE
CURRICULUM ITEMS 4,
5, 6, 7, 8, 9 AND 10

President Faccinetto asked if there was any discussion regarding these items.

Director Bonilla stated that two (2) weeks ago he raised concerns about full-day Kindergarten, but all is put to rest. He puts full faith in Dr. Roy and the Administration to make this work with minimal impact to the taxpayers. Early education is the foundation for which the children grow upon. It will also close the achievement gap and will benefit all students regardless of race or economic status.

President Faccinetto called for a roll call vote of the Curriculum Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinetto

ROLL CALL VOTE
ITEM 4, 5, 6, 7, 8, 9 AND
10

Motion passes 9-0 for Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10

President Faccinetto stated that the District has universal full-day Kindergarten. He thanked the Board for the support and the Administration for the hard work that has happened and has yet to come.

Finance Items

President Faccinetto asked for a motion to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

Director Patrick made a motion and seconded by Director Neiman to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

MOTION TO APPROVE
FINANCE ITEMS 11, 12,
13, 14, 15, 16, 17 AND 18

President Faccinetto asked if there was any discussion regarding these items.

Director Bonilla asked to pull Agenda Item 17, Sports Medicine Services Agreement, as he feels the Board is not prepared to vote at this time. He hasn't seen the Coordinated Health proposal, and after hearing concerns from the public, he

believes it was not fair to all parties. He made a motion to table Agenda Item 17.

President Faccinnetto stated that there was a motion to table Agenda Item 17 and is there a second? Director Vidanage seconded the motion to table Agenda Item 17. President Faccinnetto called for a roll call vote to table Agenda Item 17.

MOTION TO TABLE
ITEM 17

Director Bonilla – Yes; Director Cann – No; Director McKeon – No; Director Neiman – No; Director Ortiz – No; Director Patrick – No; Director Sinkler – No; Director Vidanage – Yes; and President Faccinnetto – No

ROLL CALL VOTE TO
TABLE ITEM 17

Motion fails 2-7 to table Agenda Item 17

President Faccinnetto asked if there was any other discussion. Seeing none, he called for a roll call vote for the Finance Agenda Items.

Director Bonilla – Yes to Agenda Items 11, 12, 13, 14, 15, 16 and 18, and No to Agenda Item 17; Director Cann – Yes; Director McKeon – Yes; Director Neiman – Yes; Director Ortiz – Yes; Director Patrick – Yes; Director Sinkler – Yes; Director Vidanage – No to Agenda Item 17 and Yes to remaining Finance Agenda Items; and President Faccinnetto – Yes

ROLL CALL VOTE
ITEMS 11, 12, 13, 14, 15,
16, 17 AND 18

Motion passes 9-0 for Finance Agenda Items 11, 12, 13, 14, 15, 16 and 18
Motion passes 7-2 for Finance Agenda Item 17

Human Resources Items

President Faccinnetto asked Director Ortiz for a motion to approve Human Resources Agenda Items 19, 20, 21, 22 and 23.

Director Ortiz made a motion and seconded by Director Bonilla to approve Human Resources Agenda Items 19, 20, 21, 22 and 23.

MOTION TO APPROVE
HUMAN RESOURCES
ITEMS 19, 20, 21, 22 AND
23

President Faccinnetto asked if there was any discussion regarding these items. Seeing none, he called for a roll call vote for the Human Resources Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinnetto

ROLL CALL VOTE
ITEMS 19, 20, 21, 22 AND
23

Motion passes 9-0 for Human Resources Agenda Items 19, 20, 21, 22 and 23

President Faccinnetto stated that the Board has approved a new three (3) year agreement with the Bethlehem Education Association teachers. He highlighted some of the key points of the contract and there is a press release for the media. Beginning in the 2015-16 school year, there will be an additional 15 minutes of instruction time which is 45 hours or six (6) additional school days over the course of the year. Health care savings totaling over \$1.7 million starting in the 2015-16 school year. The teachers agreed to a salary freeze for the current year, and then increases of 3.1% and 2.9% the final two years for a total average increase with the healthcare savings of 1.1% over each year of the contract. The starting salary was increased to attract top quality candidates, and there are lower costs and step increments through the salary schedule to reduce disparities and raises as teachers move through the steps. He thanked the BEA and the negotiating team for working tirelessly and in good faith during the negotiation process. This was uncharted territory for both sides as past agreements have been early birds and full negotiations have not occurred for a number of years. The new agreement gives the contract a much needed update and recognizes the ever changing needs of not only the teachers and students as well. This process began over a year ago, and we focused on what matters to both sides,

the sides of the teachers and the students, and as a Board it is fair to say that we respect our teachers and thank them for the work they do. It was never negotiated in public. The agreement provides for the teachers, but recognizes the external pressures from Harrisburg from the pension system, PSERS, the Affordable Care Act and Cadillac tax coming forward. In closing, he thanked Ms. Vitalos, President of the BEA, who has brought a culture of respect between the Administration and teachers.

BETHLEHEM AREA VOCATIONAL-TECHNICAL SCHOOL COMMITTEE – Director Patrick stated that the Board met on January 6 and discussed contracts and staffing. The next meeting is February 3.

COMMITTEE REPORTS

COLONIAL INTERMEDIATE UNIT 20 – Director McKeon stated that the Board is meeting this evening.

BASD FOUNDATION - President Faccinetto stated the Foundation met on December 16 and will meet next Tuesday. Some of the highlights included a report on the first annual Alumni Spirit Day at Hotel Bethlehem which was a success; pursuing more EITC opportunities; a new newsletter was available at this evening's meeting for the Board and public; and there were two (2) \$1,000 grant award winners for music to Freemansburg Elementary School for a new digital piano and Freedom High School for new tension drums.

PSBA – President Faccinetto stated that as there is a new Governor there is a new Education Secretary, Pedro Rivera, and he was a past superintendent at the Lancaster School District, spent 13 years in Philadelphia Public Schools, and was President of the PA League of Urban Schools (PLUS). The House Education and Senate Education Committee have new leadership. The House will be chaired by Stan Saylor, and the Senate will be chaired by Senator Lloyd Smucker. They have added financial data and employee salaries to the school performance profiles site that is modeled from legislation known as "School Watch."

SUPERINTENDENT'S DIVERSITY COMMITTEE – Director Bonilla stated that the committee met on January 16 and discussed the Delaware Valley Consortium where staff and students attended to learn about different diversity issues. Dr. Roy also spoke about creating a Lehigh Valley Consortium with Lehigh Valley school districts that give our students and staff more opportunity to visit than driving to Philadelphia. They also discussed the RTII and how suspension and expulsion numbers in the District have been decreasing. The next meeting is March 13.

President Faccinetto asked if there was any New or Miscellaneous Business.

NEW OR MISCELLANEOUS BUSINESS

Director McKeon thanked the BEA for being highly professional and did not get ugly. Four (4) years ago with the early bird, he did not support contract as he felt it needed an overhaul.

Director Vidanage stated that at the Board Finance Meeting it was discussed what kind of services the District can get for \$1 million. One of the issues that caught his attention was replacing computers and he assumes Apple computers. He spoke to others who gave hints to buy three (3) PCs for each Mac. East Penn School District is going to institute bring your own device (BYOD) to resolve issues with Aruba software for BYOD. So the District has a choice. Why have Macs when students go to college and they will have PCs? He feels the District should get one-third of the money and replace them with PCs and work with Aruba to see how we can institute BYOD. President Faccinetto responded that Mr. Takacs can address his concerns at a future committee meeting and/or during the budget meetings.

President Faccinnetto asked if there was anyone who would like to speak at Courtesy of the Floor.

COURTESY OF THE FLOOR

Mrs. Young – 3970 Wellington Drive, Bethlehem – Mrs. Young would like to thank Coordinated Health for 25 years of exemplary service. St. Luke's has big shoes to fill. She would have loved for the level of care and quality to have continued for those students coming to the high school. She wanted to thank Director Bonilla for having the courage to table the agenda item so that it can be explored further. She is very curious as to why it would have to remain secret and be held behind closed doors. If it is tax dollars that is paying for that contract, then why wouldn't those bids be revealed to the taxpayers? She is very disappointed that the Board did not take into consideration the comments from the students this evening. She never waited more than five (5) minutes in the waiting room for Dr. Turpestra, and he has an incredible level of care that cannot be matched. If it could not be done in Bethlehem, then Coordinated Health got us in another facility the next day. It was wonderful to have a surgeon on the sideline to care for the athletes the moment an injury occurred. We will not get the care that Coordinated Health has provided. She cannot understand why it could not be tabled till next month and what those numbers are.

Stephen Antalics – 737 Ridge Street, Bethlehem – Mr. Antalics stated that he forgot to make a comment earlier regarding full day Kindergarten. Since the vote was 9-0, he is pleased that he does not have to state that comment.

Dr. Dan Turpestra – Coordinated Health – Dr. Turpestra stated that he was not going to speak tonight, but with the outpouring of support from both the teachers, coaches, parents, and students it is not one-sided. He feels the same way about them as they felt about him, and like any family, he is not abandoning them. He wanted to thank everyone for the opportunity for the work with the District for the last seven (7) years. Most of his days are spent in the classroom, in the office, and in the operating room. His most enjoyable time is out on the field with the athletes. He is not retiring, and he will still give the same amount of dedicated care and keep time slots open for the students if they so wish.

Jolene Vitalos – BEA President – Ms. Vitalos stated that she started teaching 24 years ago, and this evening she is wearing a pin that was a gift from her parents 24 years ago to represent how challenging her day was going to be going into a classroom. She has been President of the BEA for the last six (6) years. Her parents always said to keep your head on straight and do not take your ball and go home as there is always a way to figure out something when you are facing a problem. The passage of the teachers' agreement was no easy task. There was one (1) point that both sides could agree on that the BEA professionals are committed to delivering quality public education in the public schools. During the former Governor's term, members paid close attention to the politics playing havoc with public school education funding across PA, and the members realized that there are laws on the books that force local school boards to spend a disproportionate amount of revenue on a very small percentage of students, and this unfair funding has caused Districts to face an attempt to privatize their local schools to an out of state company. BEA members sees their colleagues in Districts across the region struggling to find solutions for their own local and complex issues, and at the federal level the Affordable Health Care Act forces institutions like BASD existing on public taxes to pay a tax on healthcare benefits for its employees. There is shared sacrifice among the bargaining unit members that comes with this contract. A 0% increase for this school year, a small increase in salary dollars for the entire bargaining unit averaging

just over 2% for three (3) years, and the additional cost savings with the healthcare. BEA members will be paying significantly more for access to doctors and prescriptions, and the BEA wanted to be part of a solution locally to help control costs because we understand that there is not an unlimited pot of gold to fully fund the District. The professionals have been using their own salary dollars more in recent years for school supplies and to provide for students basic needs. In addition, many of the professionals live in the District and pay taxes. Because we know that the students are going to continue to have access to quality programming, class sizes that offer each student the attention they deserve, blended learning options at the high schools, the expansion of full-day kindergarten, and attention to their development as good citizens as they grow up to be young adults in this community, the District has developed many programs with community partners such as Dr. Coyle, United Way, Communities in Schools, the Foundation, Lehigh University, Moravian College, Just Born, the secret Santa's across the District, and the local unnamed individuals that help the District, and so on. The District truly believes in investment in the schools. She wanted to thank her members for voting for this collaborative agreement, the negotiating team, the Board, and the Administration for a true collaboration on this Agreement. There was no simple solution, but it was understood from the beginning that the vast majority of the BEA membership realized that we needed to work together to keep our members working and the students learning.

President Faccinnetto asked if there were any items for Open Forum.

OPEN FORUM

Director Sinkler stated that she wanted to echo what Director McKeon and President Faccinnetto said as well as Ms. Vitalos. She is very grateful for the work and collaboration between the BEA, Board and Administration for this contract. As a Board member for just over one (1) year, she can assure the public that no decision that she has made or vote that she has cast has been taken lightly. As a nurse, she can completely understand the importance of the patient healthcare and the relationship. She can personally say that she would not cast a vote for a program in any area without full information or for a program she did not believe would be a benefit and a great fit for the students and families of the District. While she appreciates the passion for sports medicine, she is going to speak to her passion which is education. As the chair of the curriculum committee, she is proud and excited to be involved in the planning and implementation process of the full-day kindergarten program which will benefit all of the students into the future.

Director Vidanage stated that California has moved to a universal Pre-K and it is coming soon. Previously, he circulated a report that gave the benefits of Pre-K, and according to the estimates, \$1 we spend today on Pre-K will save the community \$65 by the time they are 30 years old. He does not know what area of finance that can get a better return on your money because we are not here for short term solutions. We need to look at the wide totality of the City. When Bethlehem Steel had issues in the 80's, the District never cut any of their school programs. In 1985 to 1987, a lot more companies moved into the valley because they found out that the valley has a good pool of educated folks who are willing to stay there and do a job and saved our property value and could have saved a lot of money in social costs. He would like the District to think about Pre-K because it is not a rich and poor situation. The reports states that 65% of the students that attended Pre-K came from very high family income.

Director Patrick stated she wants to go right up to the roof and scream that the District has full-day Kindergarten. She is so proud of the District and this

Administration and this is huge. In regard to the other issue raised by the students and parents, she takes offense that the Administration is taking slack that they are not being forthcoming. Every issue that is spoken about in this meeting is vetted out and talked about numerous times in committee meetings before it is voted upon. This was not a new topic. She has the upmost confidence in the Administration that they made their decision based on all of the information, and that they made the right decision for the District. She is excited to see what will happen with St. Luke's and the continued partnership, and she has the upmost confidence that the student athletes will not receive care any less than what they have been experiencing in the past.

Director Bonilla asked Attorney Spry a question about how much information that the Board knows regarding the whole process for the trainer RFP do we have to keep in Executive Session regarding the process and how it was played out? Attorney Spry stated that the process is not Executive Session material. Director Bonilla stated that he is concerned with one part of the process the fact that the proposals came in and one was lower than other and the Administration decided they liked the other proposal better and went behind the back to negotiate a lower price and add these things in, and not go to the other two (2) and give them that chance also. As a Board, we need to say that if we have this process that this is fair across the board for everyone. There is a policy that requires the District to take the lowest bidder. He is concerned that the process did not play out fair and openly. Dr. Roy responded that this was not bids; it was request for proposals which is entirely different. We were not even required to do proposals for professional services. There is a difference between bids and proposals and that is the range you can get on professional services. President Faccinnetto also responded that this is no different than last year when the District hired an architect for the Nitschmann Middle School project. The Board did not choose the cheapest architect by any means, and we did not choose the most expensive, but we chose the one that the Board felt best met the needs of the District at the time. As Director Patrick stated this was discussed in committee, information was presented to the Board in executive session. No Board member at any time last week asked for more information prior to placing the agenda item on this evening. It is a professional service. The District is not required to take bids, and we are not required to take the lowest bid. We take the best bid that fits the needs of the District and that is what the majority of the Board did this evening by siding with the Administration and their proposal.

President Faccinnetto stated that the Board was scheduled to have Executive Session following this meeting, but it will be postponed until next week due to the interest of time.

President Faccinnetto asked for a motion for Adjournment. Director Patrick made a motion and seconded by Director McKeon. The meeting adjourned at 9:00 p.m.

ADJOURNMENT

Attest,

Stacy M. Gober
Board Secretary

SMG:dln

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1. *PlanCon Part D and E Approvals for the Nitschmann Middle School Construction Project*

INFORMATION:

At the November 17, 2014, Regular Board Meeting, the Board of School Directors approved PlanCon submittal labeled Part D, Project Accounting Based on Estimates, and Part E, Design Development. These submittals were subsequently sent to the Pennsylvania Department of Education (PDE) for approval.

PDE recently informed the District that PlanCon D and E submittals have received approval and the documents and appended materials are to be entered into the minutes of the next Board Meeting.

This information was reviewed with the Board at the January 12, 2015, Board Facilities Committee Meeting.

RECOMMENDATION:

That the Board of School Directors accepts PlanCon Part D, Project Accounting Based on Estimates, and Part E, Design Development, as approved and amended by the Pennsylvania Department of Education for the Nitschmann Middle School Construction Project, PDE Project Number 3787.

Facilities Items

President Faccinnetto asked Director Cann for a motion to approve Facilities Agenda Items 1, 2 and 3.

Director Cann made a motion seconded by Director Patrick to approve Facilities Agenda Items 1, 2 and 3.

President Faccinnetto asked if there was any discussion regarding these items. Seeing none, he called for a roll call vote of the Facilities Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinnetto

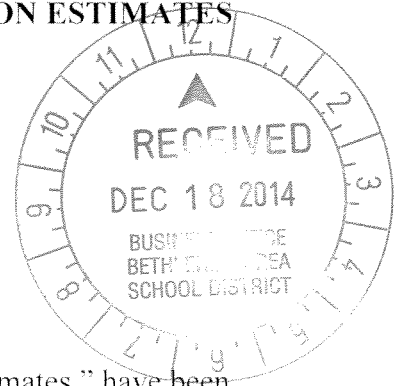
Motion passes 9-0 for Facilities Agenda Items 1, 2 and 3

December 17, 2014

Mrs. Stacy Gober, Board Secretary
Bethlehem Area School District
1516 Sycamore Street
Bethlehem, PA 18017-6099

RE: PLANCON PART D: PROJECT ACCOUNTING BASED ON ESTIMATES

PROJECT NO.: 3787
PROJECT BUILDING NAME: Nitschmann Middle School
TYPE WORK: New Construction
COUNTY: Northampton
BOARD ACTION: November 17, 2014



Dear Mrs. Gober:

The materials for PlanCon Part D, "Project Accounting Based on Estimates," have been reviewed and approved. This approval is based on a limited review of the documents submitted. If information reviewed subsequent to this approval violates law, policy or procedure, the department reserves the right to rescind any and all approvals materially affected.

Please note the corrections to Pages D14 (3) – cash added, D16, D16-Additional Issues, D17 and D18.

Based on the information submitted, this project is in compliance with the requirements of Act 34 of 1973.

Act 34 of 1973 requires a second public hearing if the Maximum Building Construction Cost based on bids equals or exceeds by eight percent the amount approved by the Department of Education based on estimates. For this project, the Act 34 Maximum Building Construction Cost, as reported on Page D20, Line C, is \$38,936,813. The Act 34 Maximum Building Construction Cost based on estimates plus eight percent is \$42,051,758.

If at any time the Maximum Building Construction Cost exceeds the Aggregate Building Expenditure Standard, this project will require a referendum. The Aggregate Building Expenditure Standard, as reported on Page D23, Line E, for this project is \$40,441,502, based on the current Act 34 Per Pupil Cost Limits.

The Local Government Unit Debt Act permits school districts to exclude subsidized debt from non-electoral and lease rental debt for the purpose of establishing net outstanding debt. For subsidized debt to be excluded, a copy of the Commonwealth's preliminary approval for the project and the related bonds or notes for reimbursement must be filed with the Department of Community and Economic Development. A copy of Page D14, Estimated Temporary Reimbursable Percent for Each Bond Issue, for each of the bond issues financing this project is attached solely for this purpose.

The "Prime Contractor Certification" (Page G08) will be required from each prime contractor as part of the PlanCon Part G, "Project Accounting Based on Bids," submission for this project. Specifications should require that such information be provided by the successful bidders. Suggested language to be included in the bid specifications is included in the instructions for PlanCon Part F, "Construction Documents."

Section 731 of the Public School Code of 1949 states that no public school building shall be contracted for, constructed, or reconstructed, in any school district of the second, third, or fourth class until plans and specifications have been approved by the Department of Education. Departmental approval of final plans and specifications only occurs upon the issuance of written approval of PlanCon Part F, "Construction Documents." For the Philadelphia City and Pittsburgh School Districts, PlanCon Part F must be approved by the department prior to entering into contracts for a school construction project to qualify for state reimbursement. Failure to comply with the applicable statutory or departmental requirement will result in denial of reimbursement for this project.

The school district should be aware that departmental approval of PlanCon Part F for this project does not guarantee reimbursement for this project. This project will be deemed eligible for reimbursement only upon written approval of PlanCon Part G, "Project Accounting Based on Bids." Calculation of the temporary reimbursable percent for the project's financing occurs at PlanCon Part H, "Project Financing." The permanent reimbursable percent is calculated at PlanCon Part J, "Project Accounting Based on Final Costs."

This document and any appended materials should be entered into the minutes of the next school board meeting. If you have any questions, please contact Cheryl Harmon at 717.787.5993.

Sincerely,



Jeannine J. Weiser, Chief
Division of Budget and School Facilities

JJW/cmh

Attachments

cc: Breslin Ridyard Fadero Architects
Project File – 3787
Architectural Consultant
Log

ESTIMATED TEMPORARY REIMBURSABLE PERCENT FOR EACH BOND ISSUE

DISTRICT/CTC: Bethlehem Area

FINANCING METHOD: CASH

TOTAL BOND ISSUE: \$4,879,271

PDE PROJECT NUMBER	#:	3787	#:	#:	#:	#:	#:	TOTAL
A. AMOUNT FINANCED BY THE ABOVE ISSUE OR NOTE FOR THIS PROJECT (D03, Line J)		4,879,271						4,879,271
B. TOTAL AMOUNT FINANCED FOR THIS PROJECT - ALL ISSUES, NOTES AND CASH PAYMENTS (D03, Line J-TOTAL)		55,379,271						X X X X X X
C. AMOUNT FINANCED FACTOR (A divided by B)		0.0881 (ROUND TO 4 DEC PL)	(ROUND TO 4 DEC PL)	(ROUND TO 4 DEC PL)	(ROUND TO 4 DEC PL)	(ROUND TO 4 DEC PL)	(ROUND TO 4 DEC PL)	X X X X X X
D. MAXIMUM REIMBURSABLE PROJECT AMOUNT (D09, line I, for non-vocational; D13, line M for vocational)		7,555,742						X X X X X X
E. REIMBURSEMENT FOR THIS ISSUE, NOTE OR CASH PAYMENT (C times D)		665,661						665,661
F. TOTAL PROJECT COSTS (D03, line I)		55,177,271						X X X X X X
G. PROJECT COSTS ASSIGNABLE TO THIS BOND ISSUE (C times F)		4,861,118						4,861,118
H. TOTAL BOND ISSUE	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	4,879,271
I. AMOUNT FINANCED DIVIDED BY TOTAL BOND ISSUE (A divided by H)	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	1.0000 (ROUND TO 4 DEC PL)
J. PRORATED REIMBURSEMENT DIVIDED BY ASSIGNED PROJECT COSTS (E divided by G)	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	0.1369 (ROUND TO 4 DEC PL)
K. REIMBURSABLE FRACTION (I times J)	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	0.1369 (ROUND TO 4 DEC PL)
L. REIMBURSABLE PERCENT (K times 100)	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	13.69% (ROUND TO 2 DEC PL)
M. REDUCTION FOR TEMPORARY PERCENT	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	0.50% (ROUND TO 2 DEC PL)
N. TEMPORARY REIMBURSABLE PERCENT (L minus M)	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	13.19% (ROUND TO 2 DEC PL)
O. APPLICABLE AID RATIO *	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	0.4222 (ROUND TO 4 DEC PL)
P. ESTIMATED SUBSIDY PERCENT (N times O)	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	X X X X X X X	5.57% (ROUND TO 2 DEC PL)

* - Market Value Aid Ratio (MVAR), Capital Account Reimbursement Fraction (CARF) or Density, whichever is greater. For vocational projects, current Market Value Aid Ratio or .5000, whichever is greater. Please refer to Attachment C in the Part D instructions for payable 2010-2011 aid ratios.

DBSE - Calendar 2014

PROJECTED DEBT SERVICE/LEASE RENTAL REQUIREMENTS FOR FY 2012-2013						
District/CTC: Bethlehem Area School District	Project Name: Nitschmann Middle School				Project #: 3787	
	#1 2015 # : G.O. Bonds	#2 2011A # : G.O. Notes	#3 2011 # : G.O. Notes	#4 2010 # : G.O. Notes	#5 2012 # : G.O. Bonds	#6 TOTAL
REIMBURSABLE ISSUE/NOTE - YEAR OF ISSUE OR PDE LEASE NUMBER						
A. Gross Debt Service/Lease Rental * (2013-2014)	✓	1,428,819 R VR	1,807,130 R JR	1,471,053 1,503,875	606,538 601,537 R	X X X X X X
B. Reimbursable Fraction **	0.1319 (ROUND TO 4 DEC PL)	0.1730 (ROUND TO 4 DEC PL)	0.1503 ✓ (ROUND TO 4 DEC PL)	0.3046 ✓ (ROUND TO 4 DEC PL)	0.1461 ✓ (ROUND TO 4 DEC PL)	X X X X X X
C. Aid Ratio *** (H222)	.4214 (ROUND TO 4 DEC PL)	.4214 (ROUND TO 4 DEC PL)	.4214 (ROUND TO 4 DEC PL)	.4214 (ROUND TO 4 DEC PL)	.4214 (ROUND TO 4 DEC PL)	X X X X X X
D. State Subsidy (A times B times C)		104,164 104,362	114,457 114,674	188,822 193,402	37,342 37,105	X X X X X X
E. Annual Debt Service/Lease Rental - Local Share (A minus D)		1,324,655 1,324,457	1,692,673 1,692,456	1,282,231 1,310,473	569,196 564,432	4,868,755 4,891,818
E-1. Annual Debt Service/Lease Rental for Other Reimbursable Issues (D16-Additional Issues, Line E-Subtotal)	START 2009					14,852,782 14,853,041
F. Annual Debt Service/Lease Rental for Non-Reimbursable Capital Issues						837,075
G. Total Annual Debt Service/Lease Rental - Local Share (E-TOTAL + E-1 + F)						20,558,612 20,581,934

* - A column should be completed for each reimbursable issue or note with scheduled payments in FY 2012-2013 used to finance other PlanCon projects as well as any issue or note funding this project or other proposed PlanCon projects.

** - Temporary or Permanent Reimbursable Percent divided by 100 (ex. 50.0% divided by 100 equals .5000). For this project, use the Temporary Reimbursable Percent calculated on page D14.

*** - Market Value Aid Ratio (MVAR), Capital Account Reimbursement Fraction (CARF) or Density, whichever is greater. For vocational projects, current Market Value Aid Ratio or .5000, whichever is greater. Please refer to Attachment C in the Part D instructions for payable 2010-2011 aid ratios.

DBSF - Calendar 2014

PROJECTED DEBT SERVICE/LEASE RENTAL REQUIREMENTS FOR FY 2012-2013						
District/CTC: Bethlehem Area School District	Project Name: Nitschmann Middle School				Project #: 3787	
	#1	#2	#3	#4	#5	#6
REIMBURSABLE ISSUE/NOTE - YEAR OF ISSUE OR PDE LEASE NUMBER	2011 #: G.O. Bonds	2010 #: G.O. Bonds	2009AA #: G.O. Bonds	2009A #: G.O. Bonds	2007A #: G.O. Bonds	TOTAL
A. Gross Debt Service/Lease Rental * (2013-2014)	1,292,531 1292476	1,398,860 1398860	580,400 ✓	4,185,519 4187106	8,814,625 8817876	X X X X X X
B. Reimbursable Fraction **	0.1340 ✓ (ROUND TO 4 DEC PL)	✓ 0.2689 (ROUND TO 4 DEC PL)	0.1528 (ROUND TO 4 DEC PL)	0.1520 (ROUND TO 4 DEC PL)	✓ 0.2375 (ROUND TO 4 DEC PL)	X X X X X X
C. Aid Ratio ***	.4214 (ROUND TO 4 DEC PL)	.4214 (ROUND TO 4 DEC PL)	.4214 (ROUND TO 4 DEC PL)	.4214 (ROUND TO 4 DEC PL)	.4214 (ROUND TO 4 DEC PL)	X X X X X X
D. State Subsidy (A times B times C)	72,986 73122	158,511 158788	37,372 37247	268,094 270119	882,190 884190	X X X X X X
E. Annual Debt Service/Lease Rental - Local Share (A minus D)	1,219,545 1219354	1,240,349 1239862	543,028 543153	3,917,425 3916987	7,932,435 7933685	14,852,782 14853041

* - A column should be completed for each reimbursable issue or note with scheduled payments in FY 2012-2013 used to finance other PlanCon projects as well as any issue or note funding this project or other proposed PlanCon projects.

** - Temporary or Permanent Reimbursable Percent divided by 100 (ex. 50.0% divided by 100 equals .5000). For this project, use the Temporary Reimbursable Percent calculated on page D14.

*** - Market Value Aid Ratio (MVAR), Capital Account Reimbursement Fraction (CARF) or Density, whichever is greater. For vocational projects, current Market Value Aid Ratio or .5000, whichever is greater. Please refer to Attachment C in the Part D instructions for payable 2010-2011 aid ratios.

25% DEBT SERVICE/LEASE RENTAL LIMIT

District/CTC:

Project Name:

Project #:

Bethlehem Area School District

Nitschmann Middle School

3787

A. FY 2012-2013 Total Annual Debt Service/Lease Rental -
Local Share (D16, line G, column #6)

\$ 2,466,124
20,558,612

B. FY 2012-2013 Estimated Total Local Revenues
(General Fund Budget, Account Code 6000)

\$ 189,725,158
217,950,895

Briefly describe the assumptions used in projecting
total local revenues for FY 2012-2013:

2012-13 Actual Total Local Revenues

based on DBSR - date to occupy 2017 Standard based on available data

C. Debt Service/Lease Rental to Local Taxation Ratio
(A divided by B times 100)

11.3%
9.4%
(ROUND TO 1 DEC PL)

Cost Standards in the regulations of the State Board of Education require the Department of Education to approve a reimbursable building project only if the local share of a district's annual debt service and lease rentals, including that for the proposed project, does not exceed 25% of total local revenue for the fiscal year in which the building will be occupied, unless an exception is properly requested, justified and approved. If the Debt Service/Lease Rental to Local Taxation Ratio (line C) is greater than 25%, please provide information justifying an exception from this regulatory requirement.

See SD provided graph of
increased fund balance to 2012-2013

POTENTIAL FOR DISTRESSED STATUS

	FY 2007-2008 <u>2010-2011</u>	FY 2008-2009 <u>2011-2012</u>	FY 2009-2010 <u>2012-2013</u>
D. Beginning Unreserved General Fund Balance	1,795,953	-3,169,965	-1,119,232
E. Taxable Assessed Value	2,719,664,250	2,750,043,350	2,783,032,100
F. General Fund Deficit as a Percent of Taxable Assessed Value (D divided by E times 100)	<u>2012-2013</u> 0.07 % (ROUND TO 2 DEC PL)	<u>2013-2014</u> -0.12 % (ROUND TO 2 DEC PL)	<u>2014-2015</u> -0.04 % (ROUND TO 2 DEC PL)

Cost Standards in the regulations of the State Board of Education require the Department of Education to disapprove a reimbursable building project if the most recent financial report submitted by the applicant school district shows evidence of possible fiscal distress. If the General Fund Deficit as a Percent of Assessed Value exceeds negative two percent (-2.0%) for any of the above fiscal years, please provide information justifying an exception from this regulatory requirement.

LOCAL EFFORT LIMIT

District/CTC:

Bethlehem Area School District

Project Name:

Nitschmann Middle School

Project #:

3787

A. Local Effort Limit

2014-2015 update

1. Payable 2010-2011 Market Value Aid Ratio
(Attachment D, Part D Instructions)

.4590
(ROUND TO 4 DEC PL)

4222
(2014-15)
1.5778

2. 2.000 minus Market Value Aid Ratio

1.5410
(ROUND TO 4 DEC PL)

3. 2010-2011 Statewide Average Equalized Mills

18.4 MMV

29.0

4. Local Effort Limit (A-2 times A-3)

28.4

MMV

(ROUND TO 1 DEC PL)

B. Budgeted Local Effort

1. FY 2012-2013 Annual Debt Service/Lease Rental -
Local Share for New Reimbursable Issues with
Payments Starting in FY 2009-2010 or later (D16,
line E, for applicable issues and notes only)

\$ _____

2. FY 2008-2009 Total Taxes Collected
(Attachment C, Part D Instructions)

\$ 123,200,506

(2012) 15,982,888
15,982,888

3. Budgeted Local Effort
(B-1 plus B-2)

\$ 123,200,506

4. 2008 S.T.E.B. Market Value
(Attachment C, Part D Instructions)

\$ 6,790,009,800

(2012) 8,231,966,466

5. Budgeted Local Efforts in Mills
(B-3 divided by B-4 times 1,000)

18.5

MMV

(ROUND TO 1 DEC PL)

Cost standards in the regulations of the State Board of Education require the Department of Education to approve a reimbursable building project only if the Budgeted Local Effort does not exceed the Local Effort Limit unless an exception is properly requested, justified and approved. If the Budgeted Local Effort (B-5) for this building project is greater than the Local Effort Limit (A-4), please check one or more of the following reasons, if applicable to the district, to justify a request for an exception from this regulatory requirement.

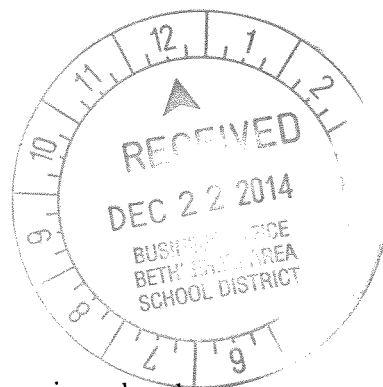
- _____ Reduction in personnel, operating and/or maintenance costs
- _____ Reduction in debt service following final payment on one or more issues
- _____ Sufficient fund balance available
- _____ Sufficient debt limit capacity available
- _____ Other - provide information justifying an exception:

December 17, 2014

Mrs. Stacy Gober
Board Secretary
Bethlehem Area School District
1516 Sycamore Street
Bethlehem, PA 18017-6099

RE: PLANCON PART E: DESIGN DEVELOPMENT

PROJECT NO.: 3787
PROJECT BUILDING NAME: Nitschmann Middle School
TYPE WORK: New Construction
COUNTY: Northampton
BOARD ACTION: November 17, 2014



Dear Mrs. Gober:

The materials for PlanCon Part E, "Design Development," have been reviewed and appear to meet the requirements of the school laws of Pennsylvania and the policies and regulations of the State Board of Education. The Design Development is generally approved. This approval is based on a limited review of the documents submitted. If information reviewed subsequent to this approval violates law, policy or procedure, the department reserves the right to rescind any and all approvals materially affected.

Please note that the Requirements listed on PlanCon Part F, Page F-17, must be written in the Construction Specifications. You are further advised that in all school buildings erected after May 1, 1925, or buildings leased or used for school purposes, all entrance and exit doors, as well as all doors leading to or from all regular, special, or general rooms, shall open outward, in accordance with 24 P.S. § 7-739.

The PlanCon Part F, "Construction Documents," may now be prepared and submitted upon their completion at the final review conference, according to PlanCon Pages F01 and F02. The district's architect should call me at 717.787.5993 to schedule the review conference. Any substantial changes in the design must be discussed with me at your earliest convenience.

Section 731 of the Public School Code of 1949 states that no public school building shall be contracted for, constructed, or reconstructed, in any school district of the second, third, or fourth class until plans and specifications have been approved by the Department of Education. Departmental approval of final plans and specifications only occurs upon the issuance of written approval of PlanCon Part F, "Construction Documents." For the Philadelphia City and Pittsburgh School Districts, PlanCon Part F must be approved by the department prior to entering into contracts for a school construction project to qualify for state reimbursement. Failure to comply with the applicable statutory or departmental requirement will result in denial of reimbursement for this project.

Mrs. Gober
Page 2
December 17, 2014

The district should be aware that departmental approval of PlanCon Part F for this project does not guarantee reimbursement for this project. This project will be deemed eligible for reimbursement only upon written approval of PlanCon Part G, "Project Accounting Based on Bids." Calculation of the temporary reimbursable percent for the project's financing occurs at PlanCon Part H, "Project Financing." The permanent reimbursable percent is calculated at PlanCon Part J, "Project Accounting Based on Final Costs."

This document should be entered into the minutes of the next board meeting.

Sincerely,

A handwritten signature in dark ink, appearing to read "James E. Vogel". The signature is fluid and cursive, with the first name "James" and last name "Vogel" clearly distinguishable.

James E. Vogel, R.A., NCARB
Architectural Consultant
Division of Budget & School Facilities
Bureau of Budget and Fiscal Management

cc: Breslin Ridyard Fadero Architects
Project File - 3787
Architectural File
Log

2. *Additional Fiber Infrastructure Relocations - Nitschmann Middle School Construction Project*

INFORMATION:

In September 2014 and October 2014, the Board approved costs associated with relocating utility poles and overhead utility services on Genoa Street for PPL, Verizon, Service Electric, and RCN. These infrastructure relocations were necessary to maintain utility services to the existing Nitschmann Middle School and adjacent neighbors during the construction project.

There is an RCN wide area network (WAN) fiber hub located at Nitschmann Middle School. A new fiber connection must be installed in the new Nitschmann building to maintain fiber continuity of the WAN for Nitschmann and other schools downstream from the hub. The cost to perform this fiber infrastructure relocation is included within the existing project budget.

This information was reviewed with the Board at the January 12, 2015, Facilities Committee Meeting.

RECOMMENDATION:

That the Board of School Directors approves the fiber infrastructure relocation by RCN at a cost not to exceed \$20,000.

Account Code and Name: Capital Reserve 4600-450 Construction Services
Account Balance: \$4,357,599.10

Facilities Items

President Faccinnetto asked Director Cann for a motion to approve Facilities Agenda Items 1, 2 and 3.

Director Cann made a motion seconded by Director Patrick to approve Facilities Agenda Items 1, 2 and 3.

President Faccinnetto asked if there was any discussion regarding these items. Seeing none, he called for a roll call vote of the Facilities Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinnetto

Motion passes 9-0 for Facilities Agenda Items 1, 2 and 3

3. *Deductive Change Order – Asa Packer Generator Replacement*

INFORMATION:

The Board authorized a 2014 summer project to replace the Asa Packer emergency power generator. Now that the Asa Packer Generator Replacement project is now complete, the contractor, Albarell Electric, Inc., has agreed to issue a credit for a total deduct in the amount of (\$80.00).

This information was reviewed with the Board at the January 12, 2015, Board Facilities Committee Meeting.

RECOMMENDATION:

That the Board of School Directors approve a change order deduct to Albarell Electric, Inc. in the amount of (\$80.00).

Account Code and Account Title: Capital Reserve 4600-450 Construction Services
Account Balance: Monies to be Returned

Facilities Items

President Faccinnetto asked Director Cann for a motion to approve Facilities Agenda Items 1, 2 and 3.

Director Cann made a motion seconded by Director Patrick to approve Facilities Agenda Items 1, 2 and 3.

President Faccinnetto asked if there was any discussion regarding these items. Seeing none, he called for a roll call vote of the Facilities Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinnetto

Motion passes 9-0 for Facilities Agenda Items 1, 2 and 3

4. *Full Day Kindergarten Programs - Program Alteration Petition*

INFORMATION:

In accordance with the laws and regulations of 22 PA Code 4.41(c), the Bethlehem Area School District is required to notify the PA Department of Education of any alterations in school configuration. Typically, this requirement applies when districts are changing the grade levels that attend a school, closing a school, or opening a new school. However, the requirement also applies when a district adds full day kindergarten classes to a school. In order to clarify our current building grade configurations with the PA Department of Education, the Board is asked to take formal action. Also, to meet its legal obligation, found in 24 PS 11-1124(2), to seek approval from the Pennsylvania Department of Education (PDE) for the alteration of the educational program resulting in changes to the professional staff, the BASD petitions for a change to its educational program. The change has been made to improve the District's academic program.

Program Change: Make all BASD Kindergarten classes a full day in length starting in the 2015-2016 school year while eliminating all half day Kindergarten classes at all schools in the District.

This item was discussed with the Board at the January 12, 2015, Board Curriculum Committee Meeting.

RECOMMENDATION:

That the Board of School Directors approves the Program Alteration Petition for full day Kindergarten classes at all elementary schools in the Bethlehem Area School District and eliminate half day Kindergarten classes at all of the schools in the District. The Bethlehem Area School District elementary schools are listed below.

Asa Packer Elementary School
Calypso Elementary School
Clearview Elementary School
Donegan Elementary School
Farmersville Elementary School
Fountain Hill Elementary School
Freemansburg Elementary School
Governor Wolf Elementary School

Hanover Elementary School
James Buchanan Elementary School
Lincoln Elementary School
Marvine Elementary School
Miller Heights Elementary School
Spring Garden Elementary School
Thomas Jefferson Elementary School
William Penn Elementary School

Curriculum Items

President Faccinetto asked Director Sinkler for a motion to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

Director Sinkler made a motion seconded by Director Patrick to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

President Faccinetto asked if there was any discussion regarding these items.

Director Bonilla stated that two (2) weeks ago he raised concerns about full-day Kindergarten, but all is put to rest. He puts full faith in Dr. Roy and the Administration to make this work with minimal impact to the taxpayers. Early education is the foundation for which the children grow upon. It will also close the achievement gap and will benefit all students regardless of race or economic status.

President Faccinetto called for a roll call vote of the Curriculum Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinetto

Motion passes 9-0 for Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10

President Faccinetto stated that the District has universal full-day Kindergarten. He thanked the Board for the support and the Administration for the hard work that has happened and has yet to come.

5. *Impact Aid, Section 8003*

INFORMATION:

The Bethlehem Area School District annually receives federal funds allocated under Impact Aid, Section 8003. These funds are used to assist local school districts with the cost of providing educational programs for children from federally supported housing and/or who have a parent on active duty in the uniformed services of the United States. This includes Army, Navy, Marine Corp, Air Force, Coast Guard, National Oceanic and Atmospheric Administration, and U.S. Public Health Service personnel. An annual survey is conducted to determine student eligibility.

This information was reviewed with the Board at the January 12, 2015, Board Curriculum Meeting.

RECOMMENDATION:

That the administration be authorized to develop and submit an application reporting the necessary data for the 2014-2015 school year in order to access the 2016 Impact Aid funds under Impact Aid, Section 8003.

Curriculum Items

President Faccinnetto asked Director Sinkler for a motion to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

Director Sinkler made a motion seconded by Director Patrick to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

President Faccinnetto asked if there was any discussion regarding these items. There was discussion regarding Agenda Item 4. President Faccinnetto called for a roll call vote of the Curriculum Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinnetto

Motion passes 9-0 for Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10

6. *Community Service Agencies*

INFORMATION:

A very important component of the Bethlehem Area School District's Community Service Program is the involvement of agencies and organizations to serve as hosts for students participating in the program. These organizations must not discriminate against any race, religion, or sex, and must provide assurances that the approved experience is free from religious doctrinal motivation. In addition, each agency must commit to provide our students with opportunities to benefit others.

As part of the Community Service Program, the Board of School Directors must approve each community service sponsor prior to students participating with the agency. This information was reviewed at the January 12, 2015, Board Curriculum Committee Meeting.

RECOMMENDATION:

That the community service sponsors below be approved to participate in the Bethlehem Area School District's Community Service Program and be included in the Community Service Directory of Participating Organizations and Agencies.

Community Bike Works
Nobel Angels
T. Holmes Foundation
The Salvation Army – Children's Services
Trinity UCC Food Pantry
YMCA of Easton, Phillipsburg, and vicinity

Curriculum Items

President Faccinetto asked Director Sinkler for a motion to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

Director Sinkler made a motion seconded by Director Patrick to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

President Faccinetto asked if there was any discussion regarding these items. There was discussion regarding Agenda Item 4. President Faccinetto called for a roll call vote of the Curriculum Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinetto

Motion passes 9-0 for Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10

7. *Student Discipline*

INFORMATION:

The Board of School Directors of the Bethlehem Area School District has received and reviewed student discipline information presented to them.

RECOMMENDATION:

That the Board of School Directors adopts the following:

- A. Waivers relating to Student Numbers 0968544, 1001625, and 1006869 be approved.

Curriculum Items

President Faccinetto asked Director Sinkler for a motion to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

Director Sinkler made a motion seconded by Director Patrick to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

President Faccinetto asked if there was any discussion regarding these items. There was discussion regarding Agenda Item 4. President Faccinetto called for a roll call vote of the Curriculum Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinetto

Motion passes 9-0 for Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10

8. *Special Education Settlement Agreement*

INFORMATION:

The parent of Student Number 0972699 of the Bethlehem Area School District, who is eligible for special education under the Individual Disabilities Education Act (IDEA), along with the Bethlehem Area School District, met to discuss issues surrounding the Free Appropriate Public Education (FAPE) of the student. The parties met in an attempt to achieve an amicable resolution to the disputes in an effort to avoid complex time-consuming due process litigation and to move forward in the best interest of the child.

Information on Student Number 0972699 was reviewed with the Board during Executive Session on January 20, 2015.

RECOMMENDATION:

That the Board of School Directors approves the Settlement Agreement and releases all disputes between the Bethlehem Area School District and the parents on behalf of Student Number 0972699.

Curriculum Items

President Faccinnetto asked Director Sinkler for a motion to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

Director Sinkler made a motion seconded by Director Patrick to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

President Faccinnetto asked if there was any discussion regarding these items. There was discussion regarding Agenda Item 4. President Faccinnetto called for a roll call vote of the Curriculum Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinnetto

Motion passes 9-0 for Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10

9. *Staff Conferences*

RECOMMENDATION:

1. Yaritza Rodriguez January 26-30, 2015
 Parents as Teachers Foundational and Model
 Implementation Training
 Camp Hill, Pennsylvania

Marvine Family Center Grant – Staff Dev Noninst Non Certified Reg - 2836-324 = \$975.00
 Marvine Family Center Grant – Staff Dev Non Certified Conf/Travel Expense - 2836-581 = \$805.93
\$1,780.93

	Amount	Balance
Estimated Expenses:		
Registration		
Marvine Family Center Grant – Staff Dev Noninst Non Certified Reg 2836-324	\$975.00	\$20,493.34
Registration Cost = \$975		
Lodging, Meals, Transportation		
Marvine Family Center Grant – Staff Dev Non Certified Conf/Travel Expense 2836-581	\$805.93	\$13,070.17
Lodging = 5/nights @ \$99.19/night = \$495.95		
Meals = 5/days @ \$40/day = \$200.00		
Transportation = 196.4/miles @ \$.56/mile = \$109.98		
*This is a mandatory conference and paperwork from the State was received only a few days prior to the conference.		

9. *Staff Conferences*

2. Peter Mayes February 22-23, 2015
 Pennsylvania Association for Middle
 Level Education
 State College, Pennsylvania
 Staff Dev, Non Inst Cert - Reg - 2834-324 = \$275.00
 Staff Dev, Non Inst Cert – Travel - 2834-581 = \$279.40
 \$554.40

	Amount	Balance
Estimated Expenses:		
Registration Staff Dev, Non Inst Cert – Reg - 2834-324 Registration Cost = \$275	\$275.00	\$41,673
Lodging, Meals, Transportation Staff Dev, Non Inst Cert - 2834-581 Lodging = 1/night @ \$89/night = \$89.00 Transportation = 340/miles @ \$.56/mile = \$190.40	\$279.40	\$36,510.63

3. Audie Torres February 25-27, 2015
 Attendance/Child Accounting Professional
 Association Spring Conference
 Hershey, Pennsylvania
 Prof Ed Svs - 2836-324 = \$255.00
 Travel/Conference - 2836-581 = \$602.16

	Amount	Balance
Estimated Expenses:		
Registration Prof Ed Svs 2836-324 Registration Cost = \$255	\$255.00	\$555.00
Lodging, Meals, Transportation Travel/Conference 2836-581 Lodging = 2/nights @ \$256/night = \$512.00 Transportation = 161/miles @ \$.56/mile = \$90.16	\$602.16	\$718.16

Curriculum Items

President Faccinetto asked Director Sinkler for a motion to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

Director Sinkler made a motion seconded by Director Patrick to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

President Faccinetto asked if there was any discussion regarding these items. There was discussion regarding Agenda Item 4. President Faccinetto called for a roll call vote of the Curriculum Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinetto

Motion passes 9-0 for Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10

RECOMMENDATION:

1. Mike Moran
January 7-10, 2015
(3 Freedom High School Students)
PMEA District 10 Band Festival
Reading, Pennsylvania
School Student Activities – Student Fees - 3210-894 = \$285.00

	Amount	Balance
Estimated Expenses:		
Registration		
School Student Activities – Student Fees - 3210-894	\$285.00	\$5,628.00
\$95.00 x 3/students = \$285.00		

2. Jennifer Volpato January 22-24, 2015
(1 Freedom High School Student)
PMEA District 10 Chorus
Laureldale, Pennsylvania
School Student Activities - Student Fees - 3210-894 = \$95.00
School Student Activities - Student Fees - 3210-582 = \$309.40
Substitute Cost = \$224.00
\$628.40

	Amount	Balance
Estimated Expenses:		
Registration		
School Student Activities – Student Fees - 3210-894	\$95.00	\$5,628.00
\$95.00		
(Meals included with registration for student)		
Lodging/Meals/Transportation		
School Student Activities - Student Fees – 3210-582	\$309.40	\$1,500.00
Lodging = 2/nights @ \$92.13 = \$184.26		
Meals = 2/days x 1/employee x \$40/day = \$80.00		
Transportation = 80.6/miles @ \$.56 = \$45.14		
Substitute Cost = \$112/day x 2/days = \$224.00	\$224.00	

RECOMMENDATION:

3. Lynn Spina	January 23-24, 2015
Robi Hanley	(19 Freedom High School Students)
Lidiette Latimer	(15 Liberty High School Students)
Zori Latimer	PIAA Competitive Spirit Cheer Championship
Megan Maxwell	Hershey, Pennsylvania
Erin Michaels	Athletics Travel - 3250-582 = \$3,214.28

	Amount	Balance
Estimated Expenses:		
Lodging/Transportation/Meals		
Athletics Travel - 3250-582 Lodging = \$137.65/night x 1/night x 11/rooms = \$1,514.15 Transportation = 178.8 @ \$.56/mile = \$100.13 Meals = 2/days x \$20/day x 40/students/employees = \$1,600.00	\$3,214.28	\$6,705.70

4. Mike Moran February 4-7, 2015
(4 Freedom High School Students)
PMEA District 10 Orchestra Festival
Schuylkill Haven, Pennsylvania
School Student Activities – Student Fees - 3210-894 = \$460.00

	Amount	Balance
Estimated Expenses:		
Registration		
School Student Activities – Student Fees - 3210-894	\$460.00	\$5,628.00
\$115.00 x 4/students = \$460.00		

RECOMMENDATION:

5. Mike Moran February 11-14, 2015
(2 Freedom High School Students)
PMEA Region V Band Festival
East Stroudsburg, Pennsylvania
School Student Activities – Student Fees - 3210-894 = \$170.00

	Amount	Balance
Estimated Expenses:		
Registration		
School Student Activities – Student Fees - 3210-894	\$170.00	\$5,628.00
\$85.00 x 2/students = \$170.00		

- | | |
|-----------------|--|
| 6. Breanna Hahn | April 12-15, 2015 |
| Geoffrey Laird | (6 Freedom High School Students) |
| | Future Business Leaders of America |
| | State Leadership Conference |
| | Hershey, Pennsylvania |
| | School Student Activities – Student Fees - 3210-894 = \$600.00 |
| | School Student Activities - Student Fees - 3210-582 = \$3,512.16 |
| | Substitute Cost = <u>\$768.00</u> |
| | \$4,880.16 |

	Amount	Balance
Estimated Expenses:		
Registration		
School Student Activities – Student Fees - 3210-894	\$600.00	\$5,628.00
\$75.00 x 8/students/employees = \$600.00		
Lodging		
School Student Activities - Student Fees – 3210-582	\$3,512.16	\$3,512.16
\$146.34/night x 3/nights x 8/students/employees		
= \$3,512.16		

Curriculum Items

President Faccinetto asked Director Sinkler for a motion to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

Director Sinkler made a motion seconded by Director Patrick to approve Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10.

President Faccinetto asked if there was any discussion regarding these items. There was discussion regarding Agenda Item 4. President Faccinetto called for a roll call vote of the Curriculum Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinetto

Motion passes 9-0 for Curriculum Agenda Items 4, 5, 6, 7, 8, 9 and 10

11. 2013-2014 Local Audit Report

INFORMATION:

The District received the 2013-2014 Audit Report from the local auditors, Gorman & Associates. The report shows all financial statements, auditor's opinion and management's response to all recommendations and findings related to the review of the District's financial data for the given year.

Mr. Gorman reviewed the report with the Audit Committee on January 7, 2015, and with the Board at the January 20, 2015, Board Finance Committee Meeting.

RECOMMENDATION:

That the Board of School Directors accepts the 2013-2014 Audit Report as prepared by the District's local auditors, Gorman & Associates.

Finance Items

President Faccinnetto asked for a motion to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

Director Patrick made a motion and seconded by Director Neiman to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

President Faccinnetto asked if there was any discussion regarding these items. There was discussion regarding Agenda Item 17. President Faccinnetto asked if there was any other discussion. Seeing none, he called for a roll call vote for the Finance Agenda Items.

Director Bonilla – Yes to Agenda Items 11, 12, 13, 14, 15, 16 and 18, and No to Agenda Item 17; Director Cann – Yes; Director McKeon – Yes; Director Neiman – Yes; Director Ortiz – Yes; Director Patrick – Yes; Director Sinkler – Yes; Director Vidanage – No to Agenda Item 17 and Yes to remaining Finance Agenda Items; and President Faccinnetto – Yes

Motion passes 9-0 for Finance Agenda Items 11, 12, 13, 14, 15, 16 and 18

Motion passes 7-2 for Finance Agenda Item 17

**REPORT ON
BETHLEHEM AREA SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2014**

BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2014

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BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2014

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BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2014

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INTRODUCTORY SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Members of the Board
Bethlehem Area School District
1516 Sycamore Street
Bethlehem, PA 18017

We have performed the Single Audit of the Bethlehem Area School District for the fiscal year ended June 30, 2014, and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of OMB Circular A-133, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards, and our report thereon; and,
4. An opinion on compliance with requirements that could have a direct and material effect on each major program and a review of internal control over compliance in accordance with OMB Circular A-133, and our report thereon.

As part of our report, we have enclosed our governance/management letter.

Respectfully submitted,

Gorman & Associates, P.C.

December 5, 2014



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Board of School Directors
Dr. Joseph J. Roy, Superintendent
Bethlehem Area School District
1516 Sycamore Street
Bethlehem, PA 18017-6099

We have audited the financial statements of the governmental activities; business-type activities, each major fund, and the aggregate remaining fund information of the Bethlehem Area School District for the year ended June 30, 2014, and have issued our report thereon dated December 5, 2014.

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether your financial statements are fairly presented, in all material respects, in conformity with the U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities, including having compensating controls in place to ensure our preparation of your financial statements and note disclosures are not materially misstated.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matter on June 17, 2014.

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Bethlehem Area School District are described in the notes to the financial statements. No new accounting policies were adopted during this past year and the existing policies were properly applied. We did not discover any transactions entered into by the District that lacked authoritative guidance or consensus. In addition, there are no significant transactions affecting the financial statements that have been recognized incorrectly in the wrong year, except for the items discussed in this letter.

Accounting estimates, which are part of the significant accounting policies, are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events may differ significantly from those expected. The most sensitive estimates affecting the financial statements were depreciation taken on capital assets based upon the estimated useful life of each asset and calculated on the straight-line basis of depreciation, and the actuarial assumptions associated with Other Post Employment Benefits. We have evaluated the factors and assumptions used to develop these estimates and have determined the estimates to be reasonable in relation to the financial statements taken as a whole.

We wish to inform you that the disclosures in your financial statements are neutral, consistent, and clear. From time to time, certain disclosures are more sensitive than others due to their significance to financial statement users. The most sensitive disclosures involve capital assets, long-term debt, and other post employment benefits.

We have requested certain representations from management that are included in the management representation letter provided to us on December 5, 2014. We advise the governing body to request this letter from management for their review. In conjunction with their representations, we wish to inform you we did not encounter any significant difficulties in dealing with management and had no disagreements with your management. To our knowledge, management did not find a need to converse with any other independent accountant on any related accounting or auditing issue.

In addition, the representation letter provided to us, by management, confirmed there were no uncorrected misstatements that materially affect the financial statements. Management has recorded all of our adjusting journal entries, and has agreed to the conversion entries necessary to convert governmental funds and proprietary funds to governmental activities and business-type activities, respectively.

In accordance with auditing standards, generally accepted in the United States of America, we have acquired a sufficient understanding of the District and its environment, including its internal control, to assess the risk of material misstatements of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures that were necessary to express an opinion on the 2013-14 basic financial statements.

Our consideration of the District's internal control components was not designed for the purpose of making detailed recommendations and would not necessarily disclose all significant deficiencies within the components. Our audit procedures have been appropriately adjusted to compensate for any observed significant deficiencies. The following three paragraphs define the three different types of deficiencies that can occur:

A control deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

As the primary purpose of our audit is to form an opinion on the basic financial statements, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against errors and fraud which audit procedures may not disclose. The objective of internal control over financial reporting is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and that financial records are reliable for preparing financial statements in accordance with generally accepted accounting principles and for maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the related benefits; to operationalize this concept, management is required to formulate estimates and judgments of the cost/benefit ratios of alternative controls.

There are inherent limitations that should be recognized in considering the potential effectiveness of internal control over financial reporting. Errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, fatigue, and other personnel factors. Control procedures whose effectiveness depends upon the segregation of duties can be circumvented by collusion or by management. What's more, any projection of internal control evaluations to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or due to the deterioration of the degree of compliance with control procedures.

As an adjunct to our audit, we remained alert throughout for opportunities to enhance internal controls and operating efficiency. The remainder of this letter will explain any internal control deficiencies discovered during the audit, other auditor recommendations, and other information pertinent to the District.

A control deficiency is determined to be considered a material weakness or significant deficiency based upon the magnitude of the problem as it pertains to a particular opinion unit. In other words, what is considered a significant deficiency in one fund may only be a control deficiency in another fund of greater size.

The following section in this governance/management letter is separated by categories based on importance, with any material weaknesses or significant deficiencies listed in the beginning:

CONTROL DEFICIENCIES

General Fund – State and Federal Grants

During our review of state and federal (expenditure driven) grants, we discovered a number of grants that had more expenditures charged to the individual grant than the actual award amount the District was entitled to receive. Normally, when this occurs, management appropriately removes the excess costs charged in the system to non-grant expenditure categories. Unfortunately, this was not done during the course of the year.

However, management did correct this problem once we explained discovered the issue. In the future, we wish to remind management to remove any excess costs charged to any expenditure-driven grant at the time of submitting the final completion report for said grant.

Minority Scholarship Account

During our review of these scholarships, we discovered that District personnel assigns random names for the name of certain awards, yet the recipient name is correct. We do not understand the rationale to assign a random name to the award given, but we would like to suggest that all minority awards go into one account and appropriately assign the award recipients and submit their check from this one account. If the District wishes to recognize the achievements of past exemplary Americans, we recommend the award be titled "in memory of" or "in recognition of" the individual selected for remembrance.

Activity Fund Issues

During our testing of disbursements from the various student club accounts, we discovered several sport activity accounts were used to purchase equipment for use in the sport. Student activity clubs may include sports related clubs; however, these clubs must purchase items unaffiliated in the participation of the sport itself. In other words, any equipment or supplies used for the purpose of the sport, must be paid by the General Fund, and is not allowed to be paid by any Student Club.

In addition, all student clubs must have student officers and minutes of meetings to be constituted as a legitimate student club. This requirement also applies to Student Sport Clubs.

While testing disbursements in student activity accounts, we discovered checks written to various charities from money gathered during faculty dress down "Denim Days". While we understand the good intentions of this type of activity, the money generated and donated from this event does not involve students. As such, this money cannot be deposited or spent in any student activity account. In addition, since the government is not entitled to make charitable donations, the money raised for this type of event cannot be deposited or paid from any governmental account.

During our testing of disbursements in the Class of 2014 club, we discovered \$5,000 was transferred to the Class of 2015 club. According to Student Activity regulations, this transfer is not allowed and the money should be returned to the Student Council Account, since the 2014 class has graduated. To reiterate the requirements of Class clubs, all funds must be expended for the benefit of the students of that specific class. You are not allowed to transfer excess funds from the graduating class, except to the General Fund or the Student Council Club.

OTHER RECOMMENDATIONS

Activity Fund

During our testing of East Hills disbursements in the student activity clubs, we discovered physical education clothing was purchased for students. If it is the District's policy that all students must wear specific uniforms for Physical Education classes, then it is the responsibility of the General Fund or parents to purchase the uniforms. The student club cannot be used to purchase the uniforms.

Scholarship Awards

During our testing of scholarship awards, we discovered there were several scholarship awards being returned due to students not enrolling in the college that they specified. This problem continues to exist each year when the students do not enroll in the college that was sent the award amount. Historically, after the District informs the student of an award, the student informs the District what post-secondary school they will be attending, and the District sends the award amount to that school. There is no provision set up to determine whether or not the student actually attended the school.

To eliminate this problem, we are suggesting the District revise their procedures, by withholding the award until the student submits confirmation of enrollment in the post-secondary institution.

Food Service Operations

During the past few audit seasons, we have noticed some clients are having problems associated with security in the handling of food purchases and maintenance of inventory in the food service departments. While these issues are not necessarily occurring within your District, we felt compelled to suggest certain criteria that should be evaluated by the Superintendent and business office.

In many Schools, the food service director or third party provider has unlimited access to delivery doors. There have been instances of theft occurring at various schools over the years with this access. We wish to recommend, if not already implemented, that access to any door within the facility should be limited to custodial use only after school hours. We also suggest management consider the consequences that can occur when hiring food service personnel that may own or manage outside food establishments. In some instances, with unfettered access, food inventory may be stolen to accommodate another food establishment.

We also wish to advise the District that PDE has recently announced there can be no bad debt expense in the food service fund. The reason for their determination is because the federal national school lunch program and donated commodity program regulations prohibit bad debt expense in a federal program. As such, any students owing money to the School District's food service fund, that remains uncollectible, should not be written off. The Food Service Fund should be reimbursed by the General Fund for any uncollectible amounts owed by students.

OTHER INFORMATION

We would be remised if we didn't keep the management and the Board of School Directors informed of changes in accounting principles that will affect the District next year and future years. The Government Accounting Standards Board (GASB) has issued Statement Nos. 67, 68, 69, and 71, which will come into effect in years to come. The statements that could affect the District next year and future years are as follows:

GASB Statement No. 68

This statement and its component statement no. 67 will have a massive impact on all governments' entity-wide financial statements. It will affect every government in the Commonwealth of PA and every other government located in all 50 states, including state governments.

It will require all governments to report the entire amount of the unfunded actuarial liability for any pension plans associated with each respective government onto their government-wide financial statements that are used by bond rating agencies to establish your debt ratings. Presently, governments only report approximately one-thirtieth of this liability on their financial statements assuming they have a stand-alone pension plan.

Those governments, like this School District, that don't report any pension obligation because they and you belong to a pension trust (PSERS), will soon have to report your proportionate share of the pension trust's unfunded actuarial pension liability. Your proportionate share of this significant liability will be based upon the percentage of your contributions into the plan compared to the total contributions submitted by all participating governments in the pension trust.

This standard will have a devastating effect for larger governments, whom are already in dire straits as a result of the poor economy. This standard becomes effective for your 2014-2015 fiscal year.

GASB Statement No. 69

This new accounting standard explains the proper accounting treatment of government mergers, acquisitions, transfer of operations, and disposals of government operations. In the current economic climate, there is much discussion on merging governments or transferring operations from one government entity to another. As a result, the Standards Board deliberated the proper financial recognition of assets, liabilities, deferred outflows or inflows of resources, and net position affected by such transactions. This standard takes effect in the 2014-15 fiscal year.

GASB Statement No. 71

This new accounting standard, which takes effect in the 2014-15 fiscal year, corrects a misinterpretation of paragraph 137 of Statement 68. In essence, any pension contributions made after the measurement date should be charged to deferred outflows of resources.

This letter is required by our standards and has been combined with, what we previously referred to as the management letter. The intent of this letter is to communicate with those charged with governance on matters pertaining to the audit and includes information that we believe can help you correct or improve operating efficiency, under the limitations of staff availability, within the School District.

Respectively submitted,



December 5, 2014

REPORT DISTRIBUTION LIST

The Bethlehem Area School District has distributed copies of the Single Audit Act Package to the following:

ONE COPY TO: (Electronically Submitted)	BUREAU OF THE CENSUS DATA PREPARATION DIVISION
ONE COPY TO: (Electronically Submitted)	COMMONWEALTH OF PENNSYLVANIA OFFICE OF THE BUDGET/BUREAU OF AUDITS
ONE COPY TO:	U.S. DEPARTMENT OF EDUCATION 400 MARYLAND AVENUE, SW WASHINGTON, D.C. 20202
ONE COPY TO:	COLONIAL INTERMEDIATE UNIT 6 DANFORTH DRIVE EASTON, PA 18045
THREE COPIES TO:	DEPARTMENT OF PUBLIC WELFARE BUREAU OF FINANCIAL OPERATIONS DIVISION OF FINANCIAL POLICY AND OPERATIONS AUDIT RESOLUTION SECTION 3 RD FLOOR, BERTOLINO BUILDING P.O. BOX 2675 HARRISBURG, PENNSYLVANIA 17602-2675

FINANCIAL SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Bethlehem Area School District
1516 Sycamore Street
Bethlehem, PA 18017-6099

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the general fund budgetary comparison statement of the Bethlehem Area School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the general fund budgetary comparison statement of the Bethlehem Area School District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 11-22, and the Schedule of Funding Progress, on page 84, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

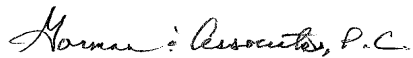
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bethlehem Area School District's basic financial statements. The *combining and individual fund statements and schedules, and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual fund financial statements, schedules, and the schedule of expenditures of federal awards* are the responsibility of management and were derived from and related to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, *the combining and individual fund financial statements, schedules, and the schedule of expenditures of federal awards* are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014, on our consideration of the Bethlehem Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bethlehem Area School District's internal control over financial reporting and compliance.

Respectfully submitted,



December 5, 2014

**Bethlehem Area School District
Management's Discussion and Analysis**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
(UNAUDITED)
For the Year Ended June 30, 2014**

The discussion and analysis of the Bethlehem Area School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, issued in June 1999.

SCHOOL DISTRICT HIGHLIGHTS

Bethlehem Area School District is a School District of the Second Class, organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"). The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors.

The Bethlehem Area School District is located in portions of Northampton and Lehigh Counties, Pennsylvania in an area known as the Lehigh Valley. It is comprised of five municipal subdivisions including the City of Bethlehem, Fountain Hill and Freemansburg Boroughs, and Bethlehem and Hanover Townships covering an area of approximately 43.1 square miles. The School District had an enrollment of 13,826 students in 2013-14.

The Bethlehem Area School District consists of 16 elementary schools for students in kindergarten through 5th grade, four middle schools for grades 6-8, and two high schools for grades 9 through 12.

FINANCIAL HIGHLIGHTS

The School District's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The School District uses site-based budgeting, and the budgeting system is designed to tightly control total site budgets but provide flexibility for site management.

Analysis of our actual revenues shows lower than budgeted interim and delinquent real estate taxes as well as mercantile and delinquent taxes of \$856,975 offset by increased real estate transfer taxes of \$423,911 and charitable contributions from various local grants and support of Parent Teacher groups. Federal Title I allocations were also \$397,753 lower than anticipated. Overall operating revenues were \$220,240,722 for the 2013-14 school year, \$1,895,834 under budget.

Operating expenditures for the 2013-14 school year of \$221,160,803 were under budget by \$1,345,211. Transfers to other funds in the amount of \$925,811 resulted in total expenditures of \$222,086,614. While charter school tuition exceeded budget projections by \$2,029,975 due to increased enrollment monitored spending for savings in all other areas including salaries, healthcare, professional services and utilities offset this increased tuition.

**Bethlehem Area School District
Management's Discussion and Analysis**

These events yielded a net General Fund surplus of \$1,845,892 for the year ended June 30, 2014. Together with the beginning fund balance of \$26,581,322, the BASD ended the fiscal year with a total general fund balance of \$24,735,430. This fund balance is reduced by a \$984,661 in unspendable and restricted assets, \$2,000,000 committed to the capital reserve fund for future capital improvements, \$1,000,000 assigned to the BASD Self Insurance Trust Fund for recommended reserves to fund future employee benefit claims, \$1,000,000 assigned to mitigate upcoming increases in the state pension rates for school employees, \$2,517,670 allocated toward one time expenditures in the 2014-15 operating budget and \$77,334 for the pending Alternative Education subsidy deduct for 2007 and 2008 on appeal to PDE. The resulting undesignated fund balance on June 30, 2014 will be \$17,155,765 or 7.72% of expenditures.

USING THE ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Bethlehem Area School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

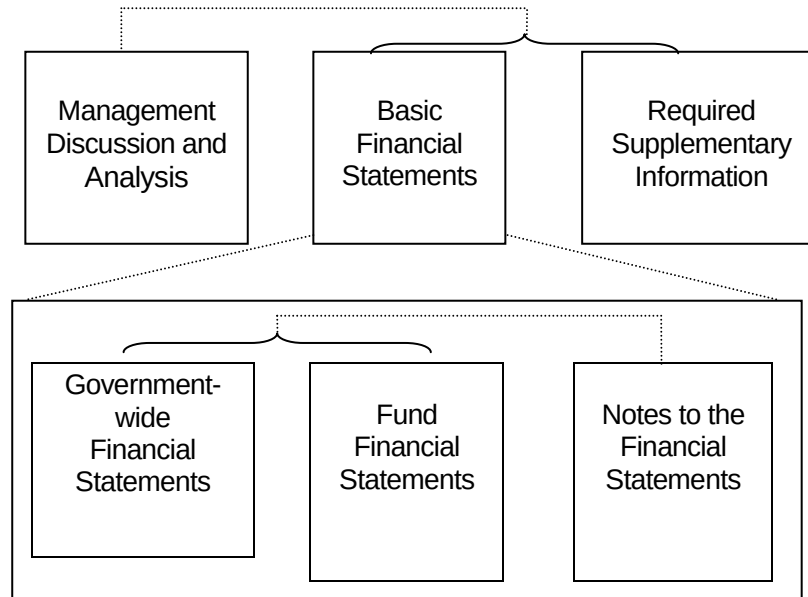
The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities that the District operates like a business. For this District this is our Food Service Fund and Child Care Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

Figure A-1
Required components of Bethlehem Area School District's Financial Report



**Bethlehem Area School District
Management's Discussion and Analysis**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2
Major Features of Bethlehem Area School District's
Government-wide and Fund Financial Statements**

	Government- wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business - Food Services	Instances in which the District is the trustee or agent to someone else's resources - Scholarship Funds
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net Position, the difference between the District's assets, deferred inflows of resources, liabilities, and deferred outflows of resources, are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, you need to consider additional factors, such as the increasing property tax base, outlook for future growth, strength of financial policies and planning, and student performance and achievement.

The government-wide financial statements of the District are divided into two categories:

- **Governmental activities** - All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business type activities** - The District operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation. In addition, child care services are provided to staff and students.

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds - Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary funds - These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - these services are generally reported in proprietary funds. The District's proprietary funds are the Food Service Fund and the Child Care Fund which are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

**Bethlehem Area School District
Management's Discussion and Analysis**

Fiduciary funds - The District is the trustee, or fiduciary, for some scholarship funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements, because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was (\$24,039,318) at June 30, 2014. This is an decrease in net position of \$1,567,739 from the net position for the previous fiscal year.

**Table A-1
Fiscal Year ended June 30, 2014
Net Position (In Millions)**

	<u>2014</u>			<u>2013</u>		
	Govern- mental Activities	Business- Type Activities	Total Primary Government	Govern- mental Activities	Business- Type Activities	Total Primary Government
Current assets	\$ 57.7	\$ 1.6	\$ 59.3	\$ 56.2	\$ 1.2	\$ 57.4
Non-Current assets	227.9	0.1	228.0	233.8	0.1	233.9
Deferred Outflow of Resources	34.6	-	34.6	34.8	-	34.8
Total Assets & Deferred Outflow of Resources	\$ 320.2	\$ 1.7	\$ 321.9	\$ 324.8	\$ 1.3	\$ 326.1
Current and other liabilities	\$ 37.8	\$ 0.3	\$ 38.1	\$ 32.4	\$ 0.3	\$ 32.7
Long-term liabilities	300.9	0.3	301.2	309.0	0.2	309.2
Deferred Inflow of Resources	6.6	-	6.6	6.7	-	6.7
Total Liabilities & Deferred Inflow of Resources	345.3	0.6	345.9	348.1	0.5	348.6
Net Position						
Net Investment in Capital Assets	\$ -	\$ 0.1	\$ 0.1	\$ -	\$ 0.1	\$ 0.1
Retirement of Long-Term Debt	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Other Restrictions	-	-	-	-	-	-
Unrestricted	(25.1)	1.0	(24.1)	(23.3)	0.7	(22.6)
Total Net Position	\$ (25.1)	\$ 1.1	\$ (24.0)	\$ (23.3)	\$ 0.8	\$ (22.5)
Total Liabilities, Deferred Inflow of Resources, & Net Position	\$ 320.2	\$ 1.7	\$ 321.9	\$ 324.8	\$ 1.3	\$ 326.1

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is designated or set-aside to fund future capital projects as planned by the district. The overall negative net asset valuation is due to the level of outstanding debt and derivative liabilities as well as the Other Post Employment Benefit (OPEB) obligation reflected in the statements which are funded on an annual cash basis.

**Bethlehem Area School District
Management's Discussion and Analysis**

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

Table A-2 takes the information from that Statement and rearranges it slightly, so that you can see our total revenues for the year.

**Table A-2
Fiscal Year ended June 30, 2014
Changes in Net Position (In Thousands)**

	<u>2014</u>			<u>2013</u>		
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>
<u>REVENUES</u>						
<i>Program revenues</i>						
Charges for services	\$ 443	\$ 4,900	\$ 5,343	\$ 567	\$ 4,800	\$ 5,367
Operating grants and contributions	29,264	4,683	33,947	27,297	4,651	31,948
Capital grants and contributions	2,801	-	2,801	1,698	-	1,698
<i>General revenues</i>						
Property taxes	134,038	-	134,038	132,000	-	132,000
Other taxes	18,865	-	18,865	19,882	-	19,882
Grants, subsidies and contributions, unrestricted	32,550	-	32,550	31,814	-	31,814
Transfers In (Out)	(326)	326	-	-	-	-
Other	<u>1,531</u>	<u>26</u>	<u>1,557</u>	<u>42</u>	<u>45</u>	<u>87</u>
TOTAL REVENUES	\$ 219,166	\$ 9,935	\$ 229,101	\$ 213,300	\$ 9,496	\$ 222,796
<u>EXPENSES</u>						
Instruction	\$ 139,002	\$ -	\$ 139,002	\$ 130,824	\$ -	\$ 130,824
Instructional student support	16,891	-	16,891	15,546	-	15,546
Administrative and financial support	17,317	-	17,317	14,506	-	14,506
Operation and maintenance of plant	17,408	-	17,408	16,870	-	16,870
Pupil transportation	7,203	-	7,203	6,891	-	6,891
Student activities	2,499	-	2,499	2,155	-	2,155
Community services	247	2,537	2,784	276	2,452	2,728
Scholarships and Awards	-	-	-	-	-	-
Interest on long-term debt	12,938	-	12,938	13,237	-	13,237
Unallocated depreciation expense	7,458	-	7,458	8,064	-	8,064
Food Services	-	7,169	7,169	-	7,038	7,038
TOTAL EXPENSES	220,963	9,706	230,669	208,369	9,490	217,859
Increase (decrease) in net position	\$ (1,797)	\$ 229	\$ (1,568)	\$ 4,931	\$ 6	\$ 4,937

**Bethlehem Area School District
Management's Discussion and Analysis**

The tables below present the expenses of both the Governmental Activities and the Business-type Activities of the District.

Table A-3 shows the District's eight largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, food service as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**Table A-3
Fiscal Year ended June 30, 2014
Governmental Activities (In Thousands)**

Functions/Programs	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 139,002	\$ 117,344	\$ 130,824	\$ 110,237
Instructional student support	16,891	13,901	15,546	12,811
Administrative	17,317	16,203	14,506	13,585
Operation and maintenance	17,408	16,524	16,870	16,197
Pupil transportation	7,203	4,545	6,891	4,308
Student activities	2,499	2,117	2,155	1,814
Community services	247	227	276	251
	-	-	-	-
Interest on long-term debt	12,938	10,137	13,237	11,539
Unallocated depreciation expense	7,458	7,458	8,064	8,064
Total governmental activities	\$ 220,963	\$ 188,456	\$ 208,369	\$ 178,806
Less:				
Unrestricted grants, subsidies		32,550		31,814
Total needs from local taxes and other revenues		\$ (155,906)		\$ (146,992)

Table A-4 reflects the activities of the Food Service and Child Care programs, the Business-type activities of the District.

**Table A-4
Fiscal Year ended June 30, 2014
Business –Type Activities**

Functions/Programs	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Food Services	\$ 7,169,076	\$ (429,390)	\$ 7,038,406	\$ (300,252)
Child Care	2,537,486	306,407	2,451,555	261,182
Less:				
Investment earnings & other misc.		351,828		44,902
Total business-type activities		\$ 228,845		\$ 5,832

**Bethlehem Area School District
Management's Discussion and Analysis**

DISTRICT FUNDS

At June 30, 2014, the District governmental funds reported a combined fund balance of \$28,663,670, a decrease of \$3,587,401 from the previous year

General fund operating expenditures exceeded revenues by 1,845,892, which included the transfer of \$325,811 to supplement the food service fund operating expenses which resulted in the final General Fund net ending fund balance of \$24,735,430.

The Capital Projects Fund had a decrease in its fund balance of \$1,741,512 due to the General Fund transfer noted above and the completion of various capital projects including roof repairs, masonry repairs, boiler replacements, storm water improvements at several school buildings, parking lot reconstruction at the main administration building as well as architectural and engineering fees for the proposed Nitschmann Middle School resulting in a Capital Project fund balance of \$3,928,086 on June 30, 2014.

General Fund Budget

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is permitted by state law. A statement showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the Annual Financial Report.

Analysis of our actual revenues shows lower than budgeted interim and delinquent real estate taxes as well as mercantile and delinquent taxes of \$856,975 offset by increased real estate transfer taxes of \$423,911 and charitable contributions from various local grants and support of Parent Teacher groups. Federal Title I allocations were also \$397,753 lower than anticipated. Overall operating revenues were \$220,240,722 for the 2013-14 school year, \$1,895,834 under budget.

Charter school tuition for the 13-14 school year exceeded budgeted projections by \$2,029,975 due to increased enrollment. Salaries and benefits, which make up the largest portion of expenditures, were 1.5% lower than originally budgeted, driving the total expenditures (excluding fund transfers and budgetary reserve) to be \$1,345,211 lower than originally budgeted. Utility and maintenance costs were also \$292,682 lower than originally budgeted due to increased facility efficiencies and general utility savings along with ongoing conservative spending even though the district incurred several unanticipated repair projects at the onset of the school year. Further, positive economic conditions resulted in \$213,477 lower debt costs. The Board is committed to protecting the integrity of the fund balance in all funds for a strong financial foundation.

Transfers between specific categories of expenditures/financing uses occur during the year. The most significant transfers occur due to use of grant funds, whose amounts are not known at the time that the budget must be approved.

**Bethlehem Area School District
Management's Discussion and Analysis**

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2014, the District had \$226,982,431 invested in a broad range of capital assets, including land, buildings and furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$5,441,020, or 2.34% from last year.

**Table A-5
Governmental Activities
Fiscal Year Ended June 30, 2014
Capital assets - net of depreciation**

	2014	2013
Land	\$ 75,410	\$ 75,410
Site Improvements	9,158,634	9,086,934
Buildings	321,703,732	320,726,956
Furniture & Equipment	62,945,987	62,602,346
Construction in Progress	1,429,336	214,579
Total Capital Assets	\$ 395,313,099	\$ 392,706,225
Less Accumulated Depreciation	(168,330,668)	(160,282,774)
Total Capital Assets Net of Accumulated Depreciation	<u>\$ 226,982,431</u>	<u>\$ 232,423,451</u>

The District did not have any significant additions in capital assets other than construction in progress.

DEBT ADMINISTRATION

As of July 1, 2013, the District had total outstanding debt of \$279,430,000. During the year, the District issued no additional debt, but retired and repaid \$10,075,000 resulting in ending outstanding debt as of June 30, 2014, of \$269,355,000:

**Table A-6
Outstanding Debt**

	2014	2013
General Obligation Notes/Bonds:		
- Bonds, Series of 2012	\$ 3,975,000	\$ 4,475,000
- Bonds, Revenue Series A of 2011	29,985,000	29,990,000
- Bonds, Series of 2011	33,320,000	33,325,000
- Bonds, Revenue Series of 2011	40,455,000	40,460,000
- Bonds, Revenue Series of 2010	29,980,000	29,985,000
- Bonds, Series of 2010	28,815,000	28,825,000
- Bonds, Series B of 2009	8,915,000	9,365,000
- Bonds, Series AA of 2009	14,410,000	14,410,000
- Bonds, Series A of 2009	61,775,000	63,135,000
- Bonds, Series A of 2007	17,725,000	25,460,000
TOTAL	<u>\$ 269,355,000</u>	<u>\$ 279,430,000</u>

**Bethlehem Area School District
Management's Discussion and Analysis**

Other obligations include accrued vacation pay and sick leave for specific employees of the District as well as the OPEB obligation under GASB 45. More detailed information about our long-term liabilities is included in the notes to the financial statements.

FUTURE ECONOMIC FACTORS

Capital Improvement Plan

Since 1991, the school district has renovated or replaced the majority of its 23 schools and other properties. Nitschmann Middle School has been authorized by the Board of School Directors to proceed with a newly constructed school costing approximately \$53.7 million. Construction is expected to commence in 2015 with completion in 2017. In summer 2014, the emergency generator was replaced at Asa Packer Elementary, roof repairs were made to Spring Garden Elementary, the Spark Early Learning Center and Liberty High School, parking lot reconstruction was completed at the main administration building and preliminary engineering, design and testing for the proposed Nitschmann Middle School was ongoing. The school district continues to annually fund and complete capital improvement projects that are designed to maintain all existing structures.

Variable Rate Debt and SWAP Concerns

The amount of variable rate debt within the school district's debt portfolio continues to be a focus of the school board and administration with the percentage of variable rate to total debt 38%. The school directors continue to restructure its debt and swap portfolio by reducing the swap interests and improving the quality of outstanding debt. The school district also continues to monitor opportunities to refinance any existing debt as economic conditions warrant. Two floating Rate Notes were remarketed (refunded) in April 2014 with Wells Fargo Bank at reduced spreads. On December 1, 2014, the floating rate note related to the 2010 BASD Authority Bonds was refunded with a new publicly offered 2014 Floating Rate Note with a reduced spread of 43 bps from 88 bps or a 51% reduction. The District currently has a 3 FRN Fixed Payer swaps outstanding, with a total notional amount of \$100,045,000; Series of 2010, Series of 2011 and Series A of 2011 which are all based on a uniform LIBOR index with the same maturity date as the related bonds. The financial position of the district on June 30, 2014 makes these refunding opportunities much more positive due to the improved financial position, large tax base, and stable outlook for our financial future.

Future Budgets

The annual operating budget for the 2014-2015 year of \$236,515,173 is supported by a 2.63 mil increase for Northampton County and a 0.36 mil increase for Lehigh County, or 4.99% real estate tax rate increase. With the passing of Act 1, the District was required to adopt a preliminary budget in January and get approval for increasing taxes above an allowed index or adopt a resolution stating that we would not exceed the index. For the 2014-2015 budget, this index was 2.6%, and the District was approved for exceptions to exceed that amount for state mandated retirement contributions, and special education expenditures. The focus continues to be balancing the educational needs with the financial and economic realities. We continue to work to responsibly restore much needed academic programs with the focus of sustainability and improved outcomes. The final budget represents a less than 0.25% overall increase in expenditures excluding PSERS and charter school tuition costs. The only new educational initiative included in this budget is the Project Lead the Way pre-engineering and bio-engineering programs at our two high schools. This program is critical to meeting the needs of our students and also responds to the need for a larger STEM educated workforce in the Lehigh Valley. While 2014-15 took several steps backward by postponing the school bus replacement cycle, computer replacement cycle, IT infrastructure improvements and eliminated the middle school after-school program due to financial pressures, we continue to seek ways to address long-term needs in areas such as transportation, facilities and technology in future operating budgets and long term planning while understanding the need to balance a sustainable budget.

**Bethlehem Area School District
Management's Discussion and Analysis**

The comparison of original budgeted revenue and expenditure categories is as follow:

**Table A-7
BUDGETED REVENUES**

	2014-2015	2013-2014
Local	70.3%	69.4%
State	26.3%	26.5%
Federal/Other	3.4%	4.1%

BUDGETED EXPENDITURES

	2014-2015	2013-2014
Instruction	62.3%	61.7%
Support Services	25.1%	25.2%
Non-Instruction/Community	1.3%	1.3%
Fund Transfers/Debt	11.4%	11.8%

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide citizens, taxpayers, students, investors and creditors, and other interested parties with a general overview of the School Board's finances and to illustrate the School Board's accountability for the funds it receives. Questions concerning this report or a request for additional information should be addressed to the Chief Financial Officer, Bethlehem Area School District, 1516 Sycamore Street, Bethlehem, PA 18017, telephone number (610) 861-0500 ext. 60201.

BASIC FINANCIAL STATEMENTS

Bethlehem Area School District
Statement of Net Position
As of June 30, 2014

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 15,610,999	\$ 868,352	\$ 16,479,351
Investments	30,000,000	-	30,000,000
Receivables, net	5,733,735	-	5,733,735
Internal Balances	-	136,895	- (1)
Due From Other Governments	5,230,351	150,350	5,380,701
Other Receivables, net	137,030	337,068	474,098
Inventories	774,010	84,946	858,956
Prepaid Expenses	182,796	-	182,796
Other Current Assets	19,515	-	19,515
Total Current Assets	57,688,436	1,577,611	59,129,152
Non-Current Assets:			
Restricted Cash and Cash Equivalents	-	-	-
Land	75,410	-	75,410
Site Improvements (net of depreciation)	1,929,835	-	1,929,835
Building and Bldg. Improvements (net of depreciation)	218,932,526	-	218,932,526
Furniture and Equipment (net of depreciation)	4,615,324	93,055	4,708,379
Construction in Progress	1,429,336	-	1,429,336
Derivative Instrument Asset	945,376	-	945,376
Total Non-Current Assets	227,927,807	93,055	228,020,862
TOTAL ASSETS	\$ 285,616,243	\$ 1,670,666	\$ 287,150,014
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow of Resources - Derivatives	6,597,752	-	6,597,752
Deferred Charges on Bond Refundings, net	17,452,647	-	17,452,647
Deferred Cost on Refundings - Derivatives	10,551,434	-	10,551,434
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 320,218,076	\$ 1,670,666	\$ 321,751,847
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 136,895	\$ -	\$ - (1)
Due to other governments	849,018	-	849,018
Accounts Payable	5,801,936	187,562	5,989,498
Current Portion of Long-Term Obligations	11,993,737	-	11,993,737
Accrued Salaries and Benefits	9,715,244	16,472	9,731,716
Payroll Deductions and Withholdings	6,452,946	36,226	6,489,172
Prepayments	-	83,095	83,095
Other Current Liabilities	2,898,195	3,826	2,902,021
Total Current Liabilities	37,847,971	327,181	38,038,257
Non-Current Liabilities:			
Bonds and Notes Payable	260,218,828	-	260,218,828
Derivative Financial Instrument Liability	23,726,238	-	23,726,238
Lease Purchase Obligations	1,669,251	-	1,669,251
Long-Term Portion of Compensated Absences	5,974,907	193,600	6,168,507
Net OPEB and Pension Obligation	9,295,599	98,729	9,394,328
TOTAL LIABILITIES	338,732,794	619,510	339,215,409
DEFERRED INFLOWS OF RESOURCES			
Deferred Gain on Refundings	6,556,274	-	6,556,274
Unearned Revenue	19,482	-	19,482
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	345,308,550	619,510	345,791,165
NET POSITION			
Net Investment in Capital Assets	-	93,055	93,055
Restricted For:			
Retirement of Long-Term Debt	-	-	-
Capital Projects	-	-	-
Other Restrictions	-	-	-
Unrestricted (deficit)	(25,090,474)	958,101	(24,132,373)
TOTAL NET POSITION	(25,090,474)	1,051,156	(24,039,318)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 320,218,076	\$ 1,670,666	\$ 321,751,847

The Accompanying Notes are an integral part of these financial statements.

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

Bethlehem Area School District
Statement of Activities
For the Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 139,002,271	\$ 199,927	\$ 21,458,743	\$ -	\$ (117,343,601)	\$ -	\$ (117,343,601)
Instructional Student Support	16,890,082	-	2,989,101	-	(13,900,981)	-	(13,900,981)
Admin. & Fin'l Support Services	17,317,428	-	1,114,560	-	(16,202,868)	-	(16,202,868)
Oper. & Maint. of Plant Svcs.	17,408,051	-	884,425	-	(16,523,626)	-	(16,523,626)
Pupil Transportation	7,202,898	-	2,657,961	-	(4,544,937)	-	(4,544,937)
Student activities	2,499,458	239,024	143,078	-	(2,117,356)	-	(2,117,356)
Community Services	246,858	3,800	16,058	-	(227,000)	-	(227,000)
Scholarships and Awards	299	-	-	-	(299)	-	(299)
Interest on Long-Term Debt	12,937,689	-	-	2,800,864	(10,136,825)	-	(10,136,825)
Unallocated Depreciation Expense	<u>7,457,609</u>	-	-	-	<u>(7,457,609)</u>	-	<u>(7,457,609)</u>
TOTAL GOVERNMENTAL ACTIVITIES	220,962,643	442,751	29,263,926	2,800,864	(188,455,102)	-	(188,455,102)
BUSINESS-TYPE ACTIVITIES:							
Food Services	7,169,076	2,307,987	4,431,699	-	-	(429,390)	(429,390)
Day Care	<u>2,537,486</u>	<u>2,592,182</u>	<u>251,711</u>	-	-	<u>306,407</u>	<u>306,407</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 230,669,205</u>	<u>\$ 5,342,920</u>	<u>\$ 33,947,336</u>	<u>\$ 2,800,864</u>	<u>\$ (188,455,102)</u>	<u>\$ (122,983)</u>	<u>\$ (188,578,085)</u>
GENERAL REVENUES:							
Property taxes. Levied for general purposes, net					\$ 134,038,404	\$ -	\$ 134,038,404
Taxes levied for specific purposes					18,864,524	-	18,864,524
Grants, subsidies, & contributions not restricted					32,550,116	-	32,550,116
Investment Earnings					85,994	90	86,084
Miscellaneous Income					1,412,780	1,153	1,413,933
Special item - Gain (Loss) on sale of capital assets					32,511	24,774	57,285
Extraordinary Items					-	-	-
Transfers					<u>(325,811)</u>	<u>325,811</u>	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					<u>186,658,518</u>	<u>351,828</u>	<u>187,010,346</u>
CHANGES IN NET POSITION					(1,796,584)	228,845	(1,567,739)
NET POSITION - BEGINNING					<u>(23,293,890)</u>	<u>822,311</u>	<u>(22,471,579)</u>
NET POSITION - ENDING					<u>\$ (25,090,474)</u>	<u>\$ 1,051,156</u>	<u>\$ (24,039,318)</u>

The Accompanying Notes are an integral part of these financial statements.

**Bethlehem Area School District
Balance Sheet
Governmental Funds
As of June 30, 2014**

	GENERAL	CAPITAL PROJECTS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 14,561,718	\$ 63,010	\$ 986,271	\$ 15,610,999
Investments	26,000,000	4,000,000	-	30,000,000
Taxes Receivable, net	5,733,735	-	-	5,733,735
Due from other funds	30,615	-	-	30,615
Due from Primary Government	-	-	-	-
Due from Other Governments	5,230,351	-	-	5,230,351
Due from Component Unit	-	-	-	-
Other Receivables	125,352	-	-	125,352
Inventories	774,010	-	-	774,010
Prepaid Expenditures	182,796	-	-	182,796
Other Current Assets	19,515	-	-	19,515
TOTAL ASSETS	\$ 52,658,092	\$ 4,063,010	\$ 986,271	\$ 57,707,373
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charges on Refundings, net	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 52,658,092	\$ 4,063,010	\$ 986,271	\$ 57,707,373
<u>LIABILITIES</u>				
Due to Other Funds	\$ 4,309,497	\$ -	\$ -	\$ 4,309,497
Due to Other Governments	849,018	-	-	849,018
Due to Primary Government	-	-	-	-
Due to Component Unit	-	-	-	-
Accounts Payable	1,513,792	134,924	-	1,648,716
Current Portion of Long-Term Debt	453,867	-	5,000	458,867
Accrued Salaries and Benefits	9,715,244	-	-	9,715,244
Payroll Deductions and Withholdings	6,452,946	-	-	6,452,946
Prepayments	-	-	-	-
Other Current Liabilities	10,590	-	981,117	991,707
TOTAL LIABILITIES	23,304,954	134,924	986,117	24,425,995
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned/Unavailable Property Taxes and Grants	4,617,708	-	-	4,617,708
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	27,922,662	134,924	986,117	29,043,703
<u>FUND BALANCES:</u>				
Nonspendable Fund Balance	956,806	-	-	956,806
Restricted Fund Balance	27,855	3,928,086	-	3,955,941
Committed Fund Balance	2,000,000	-	-	2,000,000
Assigned Fund Balance	4,595,004	-	154	4,595,158
Unassigned Fund Balance	17,155,765	-	-	17,155,765
TOTAL FUND BALANCES	24,735,430	3,928,086	154	28,663,670
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 52,658,092	\$ 4,063,010	\$ 986,271	\$ 57,707,373

The Accompanying Notes are an integral part of these financial statements.

**Bethlehem Area School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of June 30, 2014**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 28,663,670

**Amounts reported for governmental activities in the statement
of net position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$395,313,099 and the accumulated depreciation is \$168,330,668. 226,982,431

Additional receivables established that do not meet the availability criteria reflected in the fund financial statements. This amount represents the difference between the prior year receivables and the current year receivables established under the accrual basis of accounting. 444

This amount represents the deferred outflows, net of deferred inflows, created from derivative hedging transactions, including derivative instrument assets, deferred gains on derivative refundings, and deferred costs on refundings. 11,538,288

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 4,598,226

This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues. This amount was previously reported as a contra to Bonds Payable under long-term debt; however GASB Statement No. 65 changed the classification of this item to deferred outflows of resources. 17,452,647

The governmental funds follow the purchase method of inventory; therefore no inventory is reflected on the balance sheet. However, the statement of net position uses the consumption method of inventory. -

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds payable	\$ (270,758,828)	
Accrued interest on the bonds	(1,906,487)	
Intergovernmental Payable	-	
Compensated absences	(5,974,907)	
Derivative Instrument Liability	(23,726,238)	
Net OPEB Obligation	(9,295,599)	
Lease Purchase Obligations	(2,664,121)	(314,326,180)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (25,090,474)

The Accompanying Notes are an integral part of these financial statements.

Bethlehem Area School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 156,344,168	\$ 7,797	\$ 4,468,657	\$ 160,820,622
State Sources	57,697,682	-	-	57,697,682
Federal Sources	5,189,071	-	-	5,189,071
TOTAL REVENUES	<u>219,230,921</u>	<u>7,797</u>	<u>4,468,657</u>	<u>223,707,375</u>
EXPENDITURES				
Instruction	137,304,440	-	-	137,304,440
Support Services	57,796,656	2,768	500	57,799,924
Operation of Non-Instructional Services	2,618,871	-	-	2,618,871
Capital Outlay	8,998	1,746,541	-	1,755,539
Debt Service	23,431,838	-	4,468,154	27,899,992
TOTAL EXPENDITURES	<u>221,160,803</u>	<u>1,749,309</u>	<u>4,468,654</u>	<u>227,378,766</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,929,882)</u>	<u>(1,741,512)</u>	<u>3</u>	<u>(3,671,391)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Bond Issues	-	-	-	-
Proceeds from Refunded Bond Issues	-	-	-	-
Proceeds from Extended Term Financing	972,906	-	-	972,906
Bond Premiums	-	-	-	-
Refund of Prior Year Expenditures	-	-	-	-
Interfund Transfers In	-	-	-	-
Sale/Compensation for Fixed Assets	36,895	-	-	36,895
Payment to bond refunding escrow agent	-	-	-	-
Swap Termination Fee	-	-	-	-
Bond Discounts	-	-	-	-
Operating Transfers Out	(925,811)	-	-	(925,811)
TOTAL OTHER FINANCING SOURCES (USES)	<u>83,990</u>	<u>-</u>	<u>-</u>	<u>83,990</u>
SPECIAL/EXTRAORDINARY ITEMS				
Special Items	-	-	-	-
Extraordinary Items	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>(1,845,892)</u>	<u>(1,741,512)</u>	<u>3</u>	<u>(3,587,401)</u>
FUND BALANCES - BEGINNING	<u>26,581,322</u>	<u>5,669,598</u>	<u>151</u>	<u>32,251,071</u>
FUND BALANCES - ENDING	<u>\$ 24,735,430</u>	<u>\$ 3,928,086</u>	<u>\$ 154</u>	<u>\$ 28,663,670</u>

The Accompanying Notes are an integral part of these financial statements.

**Bethlehem Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes In Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2014**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (3,587,401)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation expense	\$ 9,354,250	
less - capital outlays	<u>3,378,056</u>	(5,976,194)

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of fixed assets sold. 535,175

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year. 150,019

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 11,066,653

In the statement of activities, certain operating expenses--compensated absences (vacations) and special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. (2,505,160)

In the statement of activities, certain operating revenues are recognized when earned versus the revenues using the modified accrual basis of accounting in the fund statements that are recognized when the funds are available. As such, the amount shown here represents the difference between earned revenues and revenues that are earned, but not available. 65,735

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING **(251,173)**

**Bethlehem Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes In Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2014**

**SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING
(cont'd)**

\$ (251,173)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the statement of activities over the amount due is shown here.

(572,505)

Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Refunding bond issues becomes a use of current financial resources in governmental funds, but refundings represent payments of long-term debt in the statement of net position. This figure represents the difference between bond and lease proceeds and refunding payments made to paying agents.

(972,906)

The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference.

-

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (1,796,584)

The Accompanying Notes are an integral part of these financial statements.

Bethlehem Area School District
Statement of Fund Net Position - Proprietary Funds
As of June 30, 2014

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 3,929	\$ 864,423	\$ 868,352
Investments	-	-	-
Due from other funds	1,002	156,277	157,279
Due From Other Governments	150,350	-	150,350
Other Receivables (net)	264,482	71,584	336,066
Inventories	84,946	-	84,946
Prepaid expenses	-	-	-
Other Current Assets	-	-	-
TOTAL CURRENT ASSETS	504,709	1,092,284	1,596,993
NON-CURRENT ASSETS:			
Building & Bldg. Improvements (net)	-	-	-
Machinery & Equipment (net)	93,055	-	93,055
Other Long-Term Receivables	-	-	-
TOTAL NON-CURRENT ASSETS	93,055	-	93,055
TOTAL ASSETS	\$ 597,764	\$ 1,092,284	\$ 1,690,048
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charges on Refundings, net	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 597,764	\$ 1,092,284	\$ 1,690,048
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Due to Other Funds	\$ 82,775	\$ 55,931	\$ 138,706
Due to Other Governments	-	-	-
Accounts Payable	67,278	960	68,238
Compensated Absences	-	-	-
Accrued Salaries and Benefits	16,472	-	16,472
Payroll Deductions and Withholdings	-	36,226	36,226
Other Current Liabilities	3,826	-	3,826
Prepayments	52,249	30,846	83,095
TOTAL CURRENT LIABILITIES	222,600	123,963	346,563
NON-CURRENT LIABILITIES:			
Long-Term Portion of Compensated Absences	184,672	8,928	193,600
Net OPEB Obligation	57,448	41,281	98,729
TOTAL NON-CURRENT LIABILITIES	242,120	50,209	292,329
TOTAL LIABILITIES	464,720	174,172	638,892
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	464,720	174,172	638,892
<u>FUND NET POSITION</u>			
Net Investment in Capital Assets	93,055	-	93,055
Restricted for Legal Purposes	-	-	-
Unrestricted	39,989	918,112	958,101
TOTAL FUND NET POSITION	133,044	918,112	1,051,156
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND NET POSITION	\$ 597,764	\$ 1,092,284	\$ 1,690,048

The Accompanying Notes are an integral part of these financial statements.

Bethlehem Area School District
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2014

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
OPERATING REVENUES:			
Food Service Revenue	\$ 2,307,200	\$ -	\$ 2,307,200
Charges for Services	-	1,949,243	1,949,243
Other Operating Revenues	<u>890</u>	<u>643,989</u>	<u>644,879</u>
TOTAL OPERATING REVENUES	<u>2,308,090</u>	<u>2,593,232</u>	<u>4,901,322</u>
	-----	-----	-----
OPERATING EXPENSES:			
Salaries	2,020,662	1,327,783	3,348,445
Employee Benefits	1,262,421	1,043,677	2,306,098
Purchased Professional and Technical Services	221	3,388	3,609
Purchased Property Service	101,993	-	101,993
Other Purchased Services	3,422,637	16,383	3,439,020
Supplies	291,586	111,789	403,375
Depreciation	12,477	-	12,477
Dues and Fees	5,192	16,168	21,360
Claims and Judgments	-	-	-
Other Operating Expenses	<u>51,887</u>	<u>18,298</u>	<u>70,185</u>
TOTAL OPERATING EXPENSES	<u>7,169,076</u>	<u>2,537,486</u>	<u>9,706,562</u>
OPERATING INCOME (LOSS)	<u>(4,860,986)</u>	<u>55,746</u>	<u>(4,805,240)</u>
	-----	-----	-----
NON-OPERATING REVENUES (EXPENSES)			
Earnings on investments	20	70	90
Contributions and Donations	-	-	-
Gain/Loss on Sale of Fixed Assets	24,774	-	24,774
State Sources	432,607	251,711	684,318
Federal Sources	<u>3,999,092</u>	<u>-</u>	<u>3,999,092</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>4,456,493</u>	<u>251,781</u>	<u>4,708,274</u>
	-----	-----	-----
INCOME (LOSS) BEFORE CONTRIBUTIONS	(404,493)	307,527	(96,966)
Capital Contributions	-	-	-
Transfers in (out)	<u>325,811</u>	<u>-</u>	<u>325,811</u>
CHANGES IN FUND NET POSITION	<u>(78,682)</u>	<u>307,527</u>	<u>228,845</u>
	-----	-----	-----
FUND NET POSITION - BEGINNING	<u>211,726</u>	<u>610,585</u>	<u>822,311</u>
	-----	-----	-----
FUND NET POSITION - ENDING	<u>\$ 133,044</u>	<u>\$ 918,112</u>	<u>\$ 1,051,156</u>

The Accompanying Notes are an integral part of these financial statements.

Bethlehem Area School District
Statement of Cash Flows - Proprietary Funds
As of June 30, 2014

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 2,368,057	\$ 1,914,045	\$ 4,282,102
Cash Received from Assessments made to Other Funds	-	-	-
Cash Received from Earnings on Investments	-	-	-
Cash Received from Other Operating Revenue	890	643,989	644,879
Cash Payments to Employees for Services	(3,217,169)	(2,369,568)	(5,586,737)
Cash Payments for Insurance Claims	-	-	-
Cash Payments to Suppliers for Goods and Services	(3,498,269)	(130,612)	(3,628,881)
Cash Payments to Other Operating Expenses	(56,571)	(18,441)	(75,012)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(4,403,062)	39,413	(4,363,649)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Local Sources	-	-	-
State Sources	430,618	251,711	682,329
Federal Sources	3,673,875	-	3,673,875
Notes and Loans Received	-	-	-
Contributions and Donations	-	-	-
Operating Transfers In (Out)	325,811	-	325,811
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	4,430,304	251,711	4,682,015
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Equipment	(72,000)	-	(72,000)
Gain/Loss on Sale of Fixed Assets (Proceeds)	46,198	-	46,198
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(25,802)	-	(25,802)
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	20	70	90
Purchase of Investment Securities/Deposits to Investment Pools	-	-	-
Withdrawals from Investment Pools	-	-	-
Proceeds from Sale and Maturity of Investment Securities	-	-	-
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	20	70	90
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,460	291,194	292,654
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,469	573,229	575,698
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,929	\$ 864,423	\$ 868,352

Bethlehem Area School District
Statement of Cash Flows - Proprietary Funds
As of June 30, 2014

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
OPERATING INCOME (LOSS)	\$ (4,860,986)	\$ 55,746	(4,805,240)
	-----	-----	-----
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Depreciation and Net Amortization	12,477	-	12,477
Provision for Uncollectible Accounts	-	-	-
Donated Commodities Used	274,826	-	274,826
CHANGE IN ASSETS AND LIABILITIES:			
(Increase) Decrease in Accounts Receivable	61,377	(35,198)	26,179
(Increase) Decrease in Advances to Other Funds	(520)	-	(520)
(Increase) Decrease in Inventories	62,194	-	62,194
(Increase) Decrease in Prepaid Expenses	-	-	-
(Increase) Decrease in Other Current Assets	-	-	-
Increase (Decrease) in Accounts Payable	(16,526)	(1,329)	(17,855)
Increase (Decrease) in Accrued Salaries and Benefits	65,914	1,892	67,806
Increase (Decrease) in Advances from Other Funds	3,782	54,000	57,782
Increase (Decrease) in Other Current Liabilities	(5,600)	(35,698)	(41,298)
TOTAL ADJUSTMENTS	<u>457,924</u>	<u>(16,333)</u>	<u>441,591</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ (4,403,062)</u></u>	<u><u>\$ 39,413</u></u>	<u><u>\$ (4,363,649)</u></u>

The Accompanying Notes are an integral part of these financial statements.

Bethlehem Area School District
Statement of Net Position - Fiduciary Funds
As of June 30, 2014

	PRIVATE PURPOSE TRUST	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	AGENCY FUNDS
ASSETS			
Cash and cash equivalents	\$ 268,568	\$ 5,863,973	\$ 642,484
Restricted Cash	-	-	-
Investments	1,897	4,500,000	-
Due from Other Funds	-	4,272,543	-
Other Receivables	500	45,955	13,883
Prepaid Expenses	-	-	-
Other Current Assets	-	-	-
TOTAL ASSETS	\$ 270,965	\$ 14,682,471	\$ 656,367
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings, net	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 270,965	\$ 14,682,471	\$ 656,367
LIABILITIES			
Accounts Payable	\$ 19,730	\$ 1,974,722	\$ 21,982
Due to Other Funds	-	1,582	10,652
Due to Student Clubs	-	-	623,733
Other Current Liabilities	-	76,770	-
TOTAL LIABILITIES	19,730	2,053,074	656,367
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	19,730	2,053,074	656,367
NET POSITION			
Restricted	-	-	-
Unrestricted	251,235	12,629,397	-
TOTAL NET POSITION	\$ 251,235	\$ 12,629,397	\$ -

The Accompanying Notes are an integral part of these financial statements.

Bethlehem Area School District
Statement of Changes in Net Position - Fiduciary Funds
For the Year Ended June 30, 2014

	PRIVATE-PURPOSE TRUST FUND	PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
ADDITIONS		
Contributions	\$ 24,087	\$ 31,684,253
Transfers from other funds	-	600,000
Rebates		128,192
INVESTMENT EARNINGS:		
Interest and Dividends	30	10,276
Net increase (decrease) in fair value of investments	-	-
Less investment expense	-	-
TOTAL ADDITIONS	<u>24,117</u>	<u>32,422,721</u>
	-----	-----
DEDUCTIONS		
Transfers to other funds	-	-
PA Trust - Stop Loss Ins.		380,462
Medical and Dental Claims		28,229,346
Unemployment Costs		34,838
Workers Compensation Costs		115,148
Administrative charges	-	20,947
Scholarships	<u>35,255</u>	<u>-</u>
TOTAL DEDUCTIONS	<u>35,255</u>	<u>28,780,741</u>
	-----	-----
CHANGES IN NET POSITION	(11,138)	3,641,980
NET POSITION - BEGINNING OF YEAR	<u>262,373</u>	<u>8,987,417</u>
	-----	-----
NET POSITION - END OF YEAR	<u>\$ 251,235</u>	<u>\$ 12,629,397</u>
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The Accompanying Notes are an integral part of these financial statements.

Bethlehem Area School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -
General Fund
For the Year Ended June 30, 2014

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH	BUDGET TO	ACTUAL
	ORIGINAL	FINAL	(BUDGETARY BASIS)	FINAL BUDGET POSITIVE (NEGATIVE)	GAAP DIFFERENCE	AMOUNTS GAAP BASIS
REVENUES						
Local Sources	\$ 157,413,092	\$ 157,413,092	\$ 156,344,168	\$ (1,068,924)	\$ -	\$ 156,344,168
State Sources	58,772,434	58,772,434	57,697,682	(1,074,752)	-	57,697,682
Federal Sources	5,921,030	5,921,030	5,189,071	(731,959)	-	5,189,071
TOTAL REVENUES	<u>222,106,556</u>	<u>222,106,556</u>	<u>219,230,921</u>	<u>(2,875,635)</u>	<u>-</u>	<u>219,230,921</u>
EXPENDITURES						
Regular Instruction	97,913,795	95,084,750	95,055,209	29,541	-	95,055,209
Special Programs	25,224,255	28,068,742	28,058,771	9,971	-	28,058,771
Vocational Programs	10,382,749	9,964,235	9,952,176	12,059	-	9,952,176
Other Instructional Programs	2,342,296	1,313,358	1,307,404	5,954	-	1,307,404
Nonpublic School Programs	25,199	26,845	26,517	328	-	26,517
Adult Education Programs	7,364	557	556	1	-	556
Community/Junior College Ed. Programs	2,213,907	2,213,907	2,212,907	1,000	-	2,212,907
Pre-Kindergarten	793,271	704,547	690,900	13,647	-	690,900
Pupil Personnel Services	8,346,351	8,782,624	8,717,775	64,849	-	8,717,775
Instructional Staff Services	6,213,118	5,945,421	5,821,559	123,862	-	5,821,559
Administrative Services	10,355,221	10,476,514	10,421,080	55,434	-	10,421,080
Pupil Health	2,064,992	2,151,377	2,128,148	23,229	-	2,128,148
Business Services	1,899,357	1,655,407	1,644,809	10,598	-	1,644,809
Operation & Maintenance of Plant Services	17,753,522	18,069,657	17,460,840	608,817	-	17,460,840
Student Transportation Services	6,474,909	7,328,322	7,317,530	10,792	-	7,317,530
Central Support Services	3,582,443	4,310,003	4,182,374	127,629	-	4,182,374
Other Support Services	102,003	102,541	102,541	-	-	102,541
Student Activities	2,353,416	2,446,983	2,371,893	75,090	-	2,371,893
Community Services	496,518	384,239	246,679	137,560	-	246,679
Scholarships and Awards	-	299	299	-	-	299
Facilities, Acquisition and Construction	-	8,998	8,998	-	-	8,998
Debt Service	23,645,315	23,466,688	23,431,838	34,850	-	23,431,838
TOTAL EXPENDITURES	<u>222,190,001</u>	<u>222,506,014</u>	<u>221,160,803</u>	<u>1,345,211</u>	<u>-</u>	<u>221,160,803</u>
Excess (deficiency) of revenues over expenditures	<u>(83,445)</u>	<u>(399,458)</u>	<u>(1,929,882)</u>	<u>(1,530,424)</u>	<u>-</u>	<u>(1,929,882)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds From Extended Term Financing	-	-	972,906	972,906	-	972,906
Interfund Transfers In	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-
Sale/Compensation for Fixed Assets	30,000	30,000	36,895	6,895	-	36,895
Fund Transfers Out	(84,000)	(926,000)	(925,811)	189	-	(925,811)
Budgetary Reserve	(3,000,000)	(1,841,987)	-	1,841,987	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,054,000)</u>	<u>(2,737,987)</u>	<u>83,990</u>	<u>2,821,977</u>	<u>-</u>	<u>83,990</u>
Special Items	-	-	-	-	-	-
Extraordinary Items	10,000	10,000	-	(10,000)	-	-
NET CHANGE IN FUND BALANCES	<u>(3,127,445)</u>	<u>(3,127,445)</u>	<u>(1,845,892)</u>	<u>1,281,553</u>	<u>-</u>	<u>(1,845,892)</u>
FUND BALANCE - JULY 1, 2013	<u>23,756,597</u>	<u>\$ 23,756,597</u>	<u>\$ 26,581,322</u>	<u>\$ 2,824,725</u>	<u>\$ -</u>	<u>\$ 26,581,322</u>
FUND BALANCE - JUNE 30, 2014	<u>\$ 20,629,152</u>	<u>\$ 20,629,152</u>	<u>\$ 24,735,430</u>	<u>\$ 4,106,278</u>	<u>\$ -</u>	<u>\$ 24,735,430</u>

The Accompanying Notes are an integral part of these financial statements.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

Note 1 - Description of the School District and Reporting Entity

School District

The Bethlehem Area School District (BASD), located 50 miles north of Philadelphia in eastern Pennsylvania, serves five communities in Bethlehem with demographics ranging from small suburban schools to severely distressed urban schools. It is the sixth largest school district in the state, with an approximate enrollment of 13,500 students. BASD facilities include two high schools, four middle schools, 16 elementary schools, and a school building which houses the District's preschool program.

The Bethlehem Area School District is a unit established, organized, and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation to public education, as established by the constitution of the Commonwealth and by the School Law Code of the same (Article II; Act 150, July 8, 1968).

As specified under the School Law Code of the Commonwealth of Pennsylvania, this and all other school districts of the state "shall be and hereby are vested as, bodies corporate, with all necessary powers to carry out the provisions of this act." (Article II, Section 211).

Board of School Directors

The public school system of the Commonwealth shall be administered by a board of school directors, to be elected or appointed, as hereinafter provided. At each election of school directors, each qualified voter shall be entitled to cast one vote for each school director to be elected.

The Bethlehem Area School District is governed by a board of nine School Directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term.

The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of six and twenty-one years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any schools herein provided, or to pay any school indebtedness which the school district is required to pay, or to pay any indebtedness that may at any time hereafter be created by the school district, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual State appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

Administration

The Superintendent of Schools shall be the executive officer of the Board of School Directors and, in that capacity shall administer the School District in conformity with Board policies and the School Laws of Pennsylvania. The Superintendent shall be directly responsible to, and therefore appointed by, the Board of School Directors. The Superintendent shall be responsible for the overall administration, supervision, and operation of the School District.

The Chief Financial Officer recommended by the Superintendent and appointed by the Board of School Directors, shall supervise and coordinate all business aspects of the School District. In this capacity, he or she shall be responsible to insure that all work accomplished by him/her, or by persons under his/her supervision, is in the best interests of the Bethlehem Area School District. The Chief Financial Officer is directly responsible to the Superintendent.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Bethlehem Area School District, this includes general operations, food service, and student related activities of the School District.

Bethlehem Area School District is a municipal Corporation governed by an elected nine-member board. As required by generally accepted accounting principles, these financial statements are to present Bethlehem Area School District (the primary government) and organizations for which the primary government is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School District in that the School District approved the budget, the issuance of debt, or the levying of taxes. The Bethlehem Area School District has two component units that are blended into its financial statements.

Component Units

Bethlehem Area School District Authority

The Bethlehem Area School District Authority is created under the Pennsylvania Municipality Authorities Act of 1945, as amended, by the School Districts, and is empowered under the Act to acquire, hold, construct, improve, maintain, operate, and lease school buildings and other school projects acquired, constructed or improved for public school purposes. The Authority, at the request of the Bethlehem Area School District, has undertaken reconstruction, modifying, and improving the financing of school buildings and facilities. As such, this component unit's transactions during the 2013-14 fiscal year are blended into the School District's basic financial statements.

Bethlehem Area School District Employee Benefit Trust

During the 2011-12 fiscal year, the District took its Self-Insurance Internal Service Fund, and created an IRC 501 (c) (9) tax exempt trust for their employees self-funded health, prescription, dental, and related benefits. As such, the Bethlehem Area School District Employee Benefit Trust is now a separate legal entity, and is considered a component unit. The Bethlehem Area School District Employee Trust's transactions have been blended into the School District's basic financial statements as a Fiduciary Fund.

Joint Ventures

Bethlehem Area Vocational Technical School

The School District is a participating member of the Bethlehem Area Vocational Technical School (BAVTS). The BAVTS is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the BAVTS's annual operating budget. Each participating district pays a pro-rata share of the BAVTS's operating costs based on the number of students attending the BAVTS for each District. The District's share of the BAVTS's operating costs for 2013-14 was \$5,824,677.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

On dissolution of the Bethlehem Area Vocational Technical School, the net position of BAVTS will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in BAVTS as defined by GASB Statement No. 14, except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the BAVTS obtained from the BAVTS's administrative office at 3300 Chester Avenue, Bethlehem, PA 18020.

Northampton Community College

The District is a participating member of the Northampton Community College (NCC). The NCC is run by a Board of Trustees elected by the participating member districts' boards of directors. No participating district appoints a majority of the Board of Trustees. A vote of two-thirds of all member districts shall be required for approval of the NCC's annual operating budget. The amount of the annual operating costs of the NCC shall be apportioned among the member districts on the basis of the number of full-time equivalent students enrolled in NCC and residing in the respective geographical areas of each of the member districts. The District's share of NCC's operating costs for 2013-14 was \$2,212,907.

On dissolution of the Northampton Community College, the net position of NCC will be shared on a pro-rata basis of each member district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in NCC as defined by GASB Statement No. 14, except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for NCC can be obtained from the NCC's Administrative office at 3835 Green Pond Road, Bethlehem, PA 18020.

Jointly Governed Organizations

Colonial Intermediate Unit

The School District is a participating member of the Colonial Intermediate Unit (CIU). The CIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the CIU's annual operating budget. The CIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest or financial responsibility in the CIU. The CIU contracts with participating districts to supply special education services, computer services, and acts as a conduit for certain federal programs.

Note 2 - Summary of significant accounting policies

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction. The most significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements. The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program, or function of the School District's governmental activities and for two business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred outflows of resources is recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred inflows of resources is recorded in a particular governmental fund that has received resources for a future period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund

The General Fund should be used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds

Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The restricted or committed proceeds of specific revenue sources should be expected to continue to compromise a substantial portion of the inflows reported in the fund. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Under this definition, the District does not have any special revenue funds. However, its blended component unit's (BASD Authority) general fund is brought into these basic financial statements as a non-major special revenue fund.

Capital Project Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The District has the following Capital Project Funds:

a) Capital Project Fund

During the 2008-09 fiscal year this fund received the proceeds from the \$11,100,000 General Obligation Bonds – Series B of 2009. The purpose of this issue is to finance the capital costs of designing, constructing, renovating, improving, and furnishing & equipping school facilities, including the Broughal Middle School and Northeast Middle School projects.

b) Capital Reserve Fund

This fund was created in accordance with Section 1432 of the Municipal Code. The Municipal Code restricts how the resources are spent within this fund.

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

Fiduciary Funds Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has private purpose trust funds, and a Self-Insured Employee Benefit Trust (Component Unit). Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

E. Budgetary Process

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

In accordance with Act 1 of 2006, the Board shall annually, but not later than the first business meeting of January, decide the budget option to be used for the following fiscal year. The Board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

Accelerated Budget Process Option

Under this option, a preliminary budget must be prepared 150 days prior to the primary election. Under this Option, the preliminary budget must be available for public inspection at least 110 days prior to the primary election. The Board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption. The adoption must occur at least 90 days prior to the primary election.

If the preliminary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction or PDE and made available for public inspection. The Board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The Board shall annually adopt the final budget by a majority vote of all members of the Board prior to June 30.

Board Resolution Option

Under the Board Resolution Option, the Board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the Board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The Board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The Board shall annually adopt the final budget by a majority vote of all members of the Board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the School Board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the Board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2013-14 budget transfers.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014**

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Investments

In accordance with GASB Statement 31, investments are stated at fair value, except:

- a) Non-participating interest earning investment contracts are recorded at amortized cost;
- b) Money market investments and participating interest earning investment contracts that mature within one year of acquisition are recorded at amortized cost; and,
- c) Investments held in 2a7-like pools (Pennsylvania Local Government Investment Trust, Money Market Funds, Pennsylvania Treasurer's Invest Program, and PA School District Liquid Asset Fund) are recorded at the pool's share price.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property Tax Levy

Property taxes, which were levied during the fiscal year ended June 30, 2014, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

Property taxes that were levied during the current fiscal year, which are not estimated to be received within sixty (60) days after the fiscal year-end, are recorded as receivable and deferred inflows of resources in the fund financial statements.

In the government-wide financial statements, all property taxes levied during the fiscal year are recognized as revenue, net of estimated uncollectible amount.

Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. As of June 30, 2014, the inventory shown in the governmental activities column of the government-wide statement of net position is \$774,010 and \$84,946, is shown as inventory in the business-type activities column of the government-wide statement of net position.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

Inventory type items in governmental funds utilize the consumption method, that is, they are charged to expenditures when purchased. There was a physical inventory of \$774,010, taken as of June 30, 2014; therefore, there is a nonspendable fund balance in the General Fund.

Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The only Proprietary Fund of the District that has inventory is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at U.S.D.A.'s approximate costs. Inventories on hand at June 30, 2014, consist of:

Purchased Food	\$	44,300
Donated Commodities		16,490
Purchased Supplies		<u>24,156</u>
Total	\$	<u>84,946</u>

Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand (\$2,000) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

All reported capital assets except land, certain land improvements, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	15 - 40 years	15 - 40 years
Furniture and Equipment	5 - 20 years	5 -12 years
Vehicles	8 years	8 years

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, and deferred amounts on refundings are deferred and amortized over the life of the bonds using modification of the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any deferred amount on refundings are reported as deferred outflows of resources and amortized over the life of the bond issue. Bond issuance costs are expensed in the year they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts and premiums on debt issuances are reported as other financing uses and other financing sources, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as support service expenditures.

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2014, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Investment in Capital Assets component of Net Position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall Net Investment in Capital Assets. The restricted component of Net Position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of Net Position is unrestricted.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014**

The School District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

Fund Balance Categories

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 7 to the financial statements:

Nonspendable Fund Balance

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other government laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

Committed Fund Balance

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action.

This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

Assigned Fund Balance

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories. In the general fund, this category represents the District's intent to use resources for a specific purpose, which does not require formal action by the governing body. The District's policy dictates the Superintendent or his/her designee is responsible to make these assignments.

Unassigned Fund Balance

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

The District's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The District's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during this fiscal year.

Note 3 - Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$314,326,180 differences are:

Bonds payable	\$ 269,350,000
Less: Issuance discount (to be amortized as interest expense)	(653,611)
Add: Issuance premium (to be amortized as a contra to interest expense)	2,062,439
Derivative Instrument Liability	23,726,238
Lease Purchase Obligations	2,664,121
Accrued interest payable	1,906,487
Net OPEB Obligation	9,295,599
Compensated absences	<u>5,974,907</u>
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net assets - governmental activities"	<u>\$ 314,326,180</u>

B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.
- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
REVENUES AND OTHER SOURCES					
LOCAL SOURCES:					
Property Taxes	\$ 133,943,047	\$ 95,357	\$ -	\$ -	\$ 134,038,404
Taxes levied for specific purposes	18,809,861	54,663	-	-	18,864,524
Interest and investment earnings	4,554,394	(246)	-	(4,468,154)	85,994
Miscellaneous	995,034	65,979	-	-	1,061,013
Contributions and Donations	351,767	-	-	-	351,767
Charges for Services	442,751	-	-	-	442,751
Grants, subsidies & contributions not restricted	32,550,116	-	-	-	32,550,116
INTERMEDIATE SOURCES:					
Charges for Services	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
STATE SOURCES:					
Operating & Capital grants and contributions	25,147,566	-	-	-	25,147,566
FEDERAL SOURCES:					
Operating & Capital grants and contributions	6,917,224	-	-	-	6,917,224
SPECIAL AND EXTRAORDINARY SOURCES:					
Proceeds from Bond Issues	-	-	-	-	-
Bond Premiums	-	-	-	-	-
Proceeds from Extended Term Financing	972,906	-	-	(972,906)	-
Extraordinary Item - Insurance Recoveries	-	-	-	-	-
Gain or (Loss) on disposal of assets	32,511	-	-	-	32,511
TOTAL REVENUES	224,717,177	215,753	-	(5,441,060)	219,491,870
EXPENDITURES/EXPENSES					
Instruction	137,696,671	1,188,451	117,149	-	139,002,271
Instructional Student Support	16,729,796	150,789	9,497	-	16,890,082
Admin. & Fin'l Support Services	16,413,650	952,217	(48,439)	-	17,317,428
Oper. & Maint. Of Plant Svcs.	17,562,037	153,567	(307,553)	-	17,408,051
Pupil Transportation	7,346,228	41,275	(184,605)	-	7,202,898
Student activities	2,373,418	18,859	107,181	-	2,499,458
Community Services	246,679	-	179	-	246,858
Scholarships & Awards	299	-	-	-	299
Capital Outlay	1,709,999	-	(1,709,999)	-	-
Debt Service	27,899,990	-	-	(14,962,301)	12,937,689
Transfers Out	325,811	-	-	-	325,811
Depreciation - unallocated	-	-	7,457,609	-	7,457,609
Special Item - Derivative Termination Fee	-	-	-	-	-
TOTAL EXPENDITURES/EXPENSES	228,304,578	2,505,158	5,441,019	(14,962,301)	221,288,454
NET CHANGE FOR THE YEAR	\$ (3,587,401)	\$ (2,289,405)	\$ (5,441,019)	\$ 9,521,241	\$ (1,796,584)

Note 4 - Stewardship, Compliance, and Accountability

A. Compliance with finance related legal and contractual provisions

The District has no material violations of finance related legal and contractual provisions.

B. Deficit fund balance or net position of individual funds

No individual fund contains a deficit fund balance or net position at June 30, 2014, except the governmental activities has a \$25,090,474 in deficit net position.

C. Excess of expenditures over appropriations in individual funds

No individual fund which had a legally adopted budget had an excess of expenditures over appropriations.

D. Budgetary compliance

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2014.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

Note 5 - Detailed notes on all funds and account groups

Assets

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2014, \$34,881,243 of the District's bank balance of \$35,633,821 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the District's name	34,881,243
TOTAL	<u>\$ 34,881,243</u>

Reconciliation to Financial Statements

Uncollateralized Amount above	\$ 34,881,243
Plus: Insured Amount	752,578
Less: Outstanding Checks	<u>(569)</u>
Carrying Amount - Cash Balances	35,633,252
Plus: Petty Cash	2,366
Deposit in Pooled Investments Considered Cash Equivalents	22,120,655
Less: Certificates of Deposit considered Investments by School Code	<u>(34,501,897)</u>
TOTAL CASH PER FINANCIAL STATEMENTS	<u>\$ 23,254,376</u>

Investments

As of June 30, 2014, the District had the following investments:

<i>Investment</i>	<i>Maturities</i>	<i>Fair Value</i>
PSDLAF/PSDMAX		\$ 18,042,566
PA Treasurer's Invest Program		2,208,937
PLGIT Class		1,869,152
Lafayette Ambassador Bank -CD		600
KNBT -CD's		1,297
PSDLAF -CD's		34,500,000
TOTAL		<u>\$ 56,622,552</u>

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014**

Interest Rate Risk

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2014, the District's investment in PLGIT and PSDLAF were rated AAA by Standard & Poor's. The District's investment in the PA Treasurer's Invest Program was rated AAA by Standard & Poor's and Moodys.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The General Fund has 64.14% of investments in Certificates of Deposits with PSDLAF. As for the Governmental Activities, the District has 64.10% of investments in Certificates of Deposits with PSDLAF. Of the investments held entity wide, 54.07% are held in Certificates of Deposit with PSDLAF.

Reconciliation to Financial Statements

Total Investments Above	\$ 56,622,552
Less: Deposits in Investment Pool Considered Cash Equivalents	(22,120,655)
Total Investments Per Financial Statements	<u>\$ 34,501,897</u>

Property Taxes

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$4,099,821,700. In accordance with Act I of 2006, the District receives \$4,773,948 in property tax reduction funds for the 2013-14 fiscal year. The tax rate for the Northampton and Lehigh Counties was \$4.836 and \$1.541, respectively per \$100 of assessed valuation or 48.36 mills and 15.41, respectively.

The property tax calendar is:

- | | | |
|--------------------------|---|---|
| July 1 | - | Full year tax assessed for current year. |
| July 1 - August 31 | - | Discount period during which a 2% discount is allowed. |
| September 1 - October 31 | - | Face amount of tax is due |
| November 1 - January 15 | - | A 10% penalty is added to all payments. |
| January 15 - | - | All unpaid taxes become delinquent and are turned over to the County Tax Claim Bureau for Collection. |

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes was determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the financial statements.

Receivables

Receivables, as of year end for the government's individual major funds and non-major and fiduciary funds, in the aggregate, including the applicable allowances for uncollectible accounts, are:

	GENERAL FUND	CAPITAL PROJECT FUNDS	FOOD SERVICE FUND	NON- MAJOR FUNDS	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:						
Interest	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 500
Taxes	5,733,735	-	-	-	-	5,733,735
Accounts	125,352	-	264,482	96,945	59,838	546,617
Intergovernmental	<u>5,230,351</u>	<u>-</u>	<u>150,350</u>	<u>-</u>	<u>-</u>	<u>5,380,701</u>
GROSS RECEIVABLES	11,089,438	-	414,832	96,945	60,338	11,661,553
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,361)</u>	<u>-</u>	<u>(25,361)</u>
NET RECEIVABLES	<u>\$ 11,089,438</u>	<u>\$ -</u>	<u>\$ 414,832</u>	<u>\$ 71,584</u>	<u>\$ 60,338</u>	<u>\$ 11,636,192</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were:

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Delinquent Property Taxes - General Fund	\$ 4,598,226	\$ -
Grants drawdowns prior to meeting eligibility requirements	<u>-</u>	<u>19,482</u>
TOTAL	<u>\$ 4,598,226</u>	<u>\$ 19,482</u>

Capital Assets

Capital asset balances and activity for the year ending June 30, 2014, were:

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	\$ 75,410	\$ -	\$ -	\$ 75,410
Construction in Progress	214,579	2,389,644	(1,174,887)	1,429,336
Total Capital Assets not being depreciated	289,989	2,389,644	(1,174,887)	1,504,746
Capital Assets being depreciated:				-
Site Improvements	9,086,934	71,700	-	9,158,634
Buildings and Improvements	320,726,956	976,776	-	321,703,732
Furniture and Equipment	62,602,346	1,114,822	(771,181)	62,945,987
TOTAL CAPITAL ASSETS BEING DEPRECIATED	392,416,236	2,163,298	(771,181)	393,808,353
Less accumulated depreciation for:				
Site Improvements	(6,913,384)	(343,067)	27,652	(7,228,799)
Buildings and Improvements	(94,765,492)	(8,005,714)	-	(102,771,206)
Furniture and Equipment	(58,603,898)	(1,005,469)	1,278,704	(58,330,663)
TOTAL ACCUMULATED DEPRECIATION	(160,282,774)	(9,354,250)	1,306,356	(168,330,668)
TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION	232,133,462	(7,190,952)	535,175	225,477,685
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	\$ 232,423,451	\$ (4,801,308)	\$ (639,712)	\$ 226,982,431
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 1,866,045	\$ 72,000	\$ (37,502)	\$ 1,900,543
Less accumulated depreciation	(1,811,089)	(12,477)	16,078	(1,807,488)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	\$ 54,956	\$ 59,523	\$ (21,424)	\$ 93,055

*** DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Regular Instruction	\$ 109,958
Special Instruction	1,726
Vocational Instruction	3,424
Other Instruction	1,933
Adult Instruction	-
Community College Instruction	-
Pre-Kindergarten	108
Pupil Services	-
Instructional Staff Svcs.	9,103
Administrative Services	1,669
Health Services	394
Business Services	4,353
Operation & Maintenance of Plant Svcs.	560,196
Pupil Transportation	535,275
Central Services	25,967
Other Support Services	-
Student Activities	107,181
Community Services	179
Depreciation - unallocated	7,992,784
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	\$ 9,354,250

The governmental activities disposed of \$771,181 in fully depreciated capital assets during the year, showing a gain of disposition of \$32,511. The business-type activities disposed of \$37,502, with accumulated depreciation of \$16,078, reflecting a \$24,774 gain on disposition.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014**

Commitments

Encumbrances

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the District's legally adopted budget.

Long-term construction commitments

The District has the following construction commitments in the Capital Project Funds:

	CONTRACT AMOUNT	EXPENDED TO 6/30/14	OUTSTANDING COMMITMENTS
<u>Nitschmann Middle School</u>			
D'Huy Engineering, Inc	\$ 1,680,000	\$ 210,000	\$ 1,470,000
B.R.F. Architects	2,250,000	860,192	1,389,808
SUB-TOTAL	3,930,000	1,070,192	2,859,808
<u>Roof Repairs - Spark, Spring Garden, & Liberty</u>			
D'Huy Engineering, Inc	14,957	12,713	2,244
Procom Roofing	230,100	193,895	36,205
SUB-TOTAL	245,057	206,608	38,449
<u>Asa Packer Emergency Generator Replacement</u>			
D'Huy Engineering, Inc	5,323	4,525	798
Albarell Electric	81,899	-	81,899
SUB-TOTAL	87,222	4,525	82,697
<u>Masonry Repairs - Donegan and East Hills</u>			
Spotts Brothers	141,168	27,755	113,413
<u>Security Cameras Upgrade - Liberty HS</u>			
D'Huy Engineering, Inc	13,000	3,960	9,040
Albarell Electric	70,688	-	70,688
Communication Systems	146,440	-	146,440
SUB-TOTAL	230,128	3,960	226,168
<u>Parking Lot Reconstruction - Education Center</u>			
D'Huy Engineering, Inc	13,828	8,998	4,830
Barker & Barker	212,734	-	212,734
SUB-TOTAL	226,562	8,998	217,564
GRAND TOTAL	\$ 4,860,137	\$ 1,322,038	\$ 3,538,099

Short-term debt

Interfund receivables and payables

The following interfund receivables and payables were in existence on June 30, 2014:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 30,615	\$ 4,309,497
Enterprise (Food Service) Fund	1,002	82,775
Enterprise (Day Care) Fund	156,277	55,931
Self - Insurance Trust Fund (Blended Component Unit)	4,272,543	1,582
Agency (Activity) Fund	-	10,652
TOTAL	\$ 4,460,437	\$ 4,460,437

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

The District also made the following interfund transfers during the fiscal year ended June 30, 2014:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ -	\$ 925,811
Capital Projects (Capital Reserve) Fund	-	-
Self - Insurance Trust Fund (Blended Component Unit)	600,000	-
Enterprise (Food Service) Fund	325,811	-
TOTAL	\$ 925,811	\$ 925,811

Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2014, were:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
<u>GOVERNMENTAL ACTIVITIES</u>					
General Obligation Debt:					
<i>Bonds and notes payable:</i>					
Capital Projects	\$ 281,065,273	\$ 109,905	\$ 10,411,350	\$ 270,763,828	\$ 10,545,000
Capital Leases	2,682,869	972,905	991,653	2,664,121	994,870
Total general obligation debt	283,748,142	1,082,810	11,403,003	273,427,949	11,539,870
<i>Other liabilities:</i>					
Vested employee benefits:					
Vacation pay	1,398,755	163,981	-	1,562,736	290,054
Sick pay	3,910,949	955,089	-	4,866,038	163,813
Net Pension Obligation	293,666	53,739	-	347,405	-
Net OPEB Obligation	7,588,852	1,359,342	-	8,948,194	-
Derivative Financial Instruments	23,255,008	471,230	-	23,726,238	-
Total other liabilities	36,447,230	3,003,381	-	39,450,611	453,867
TOTAL GOVERNMENTAL ACTIVITY					
LONG-TERM LIABILITIES	\$ 320,195,372	\$ 4,086,191	\$ 11,403,003	\$ 312,878,560	\$ 11,993,737
 <u>BUSINESS TYPE ACTIVITIES</u>					
<i>Other liabilities:</i>					
Vested employee benefits:					
Vacation pay	2,495	826	-	3,321	-
Sick pay	135,278	55,001	-	190,279	-
Net OPEB Obligation	87,023	11,706	-	98,729	-
TOTAL BUSINESS-TYPE ACTIVITY					
LONG-TERM LIABILITIES	\$ 224,796	\$ 67,533	\$ -	\$ 292,329	\$ -

Payments on bonds and notes are made by the general fund. Vested employee benefits will be liquidated by governmental and proprietary funds. The School District currently does not have any bonds or notes payable in business-type activities.

Total Interest paid and accrued during the year:

GOVERNMENTAL ACTIVITIES:	<u>EXPENSE</u>	<u>PAID</u>
General obligation debt	\$ 12,864,000	\$ 12,321,496
Lease debt	73,689	73,689
Short-term borrowings	-	-
TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES	\$ 12,937,689	\$ 12,395,185

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014**

General Obligation Bonds – Series A of 2007

On June 1, 2007, the District issued \$61,630,000 of General Obligation Bonds – Series A of 2007. The proceeds will be used: (1) to currently refund the outstanding General Obligation Bonds – Series of 1997, and (2) to pay the costs of the issue. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from September 1, 2007 to September 1, 2016. The bonds shall bear interest at 5.0% with total indebtedness of \$14,608,625.

The outstanding debt service requirements at June 30, 2014, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 8,135,000	\$ 682,875
2015-16	8,555,000	265,625
2016-17	1,035,000	25,875
SUB-TOTAL	17,725,000	\$ 974,375
Unamortized Discount	(6,151)	
TOTAL OUTSTANDING	\$ 17,718,849	

General Obligation Bonds – Series A of 2009

On May 1, 2009, the District issued \$69,710,000 of General Obligation Bonds – Series A of 2009. The proceeds will be used: (1) to currently refund, in conjunction with General Obligation Bonds – Series AA of 2009, the variable rate outstanding debt of the Series of 2003 bonds; (2) pay the termination fee on the related interest rate swaps, and; (3) paying the costs of issuance. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from October 15, 2009 to October 15, 2023. Interest rates range from 1.15% to 4.625%, with total interest indebtedness of \$29,207,397. The outstanding debt service requirements at June 30, 2014, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 1,410,000	\$ 2,777,106
2015-16	1,465,000	2,724,932
2016-17	8,985,000	2,510,331
2017-18	10,415,000	2,087,456
2018-19	7,905,000	1,657,581
2019-24	31,595,000	2,913,227
SUB-TOTAL	61,775,000	\$ 14,670,633
Unamortized Discount	(291,674)	
Unamortized Premium	1,359,586	
TOTAL OUTSTANDING	\$ 62,842,912	

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

General Obligation Bonds – Series AA of 2009

On May 1, 2009, the District issued \$14,410,000 of General Obligation Bonds – Series AA of 2009. The proceeds will be used: (1) to currently refund, in conjunction with General Obligation Bonds – Series A of 2009, the variable rate outstanding debt of the Series of 2003 bonds; (2) pay the termination fee on the related interest rate swaps, and; (3) paying the costs of issuance. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from October 15, 2018 to October 15, 2020. Interest rates range from 3.80% to 4.20%, with total interest indebtedness of \$6,164,404. The outstanding debt service requirements at June 30, 2014, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ -	\$ 580,400
2015-16	-	580,400
2016-17	-	580,400
2017-18	-	580,400
2018-19		523,400
2019-21	14,410,000	443,200
SUB-TOTAL	14,410,000	\$ 3,288,200
Unamortized Discount	(157,166)	
TOTAL OUTSTANDING	\$ 14,252,834	

General Obligation Bonds – Series B of 2009

On May 1, 2009, the District issued \$11,100,000 of General Obligation Bonds – Series B of 2009. The proceeds will be used: (1) finance a portion of the costs to construct improvements to school buildings and facilities, including the Broughal Middle School and the Northeast Middle School, and; (2) paying the costs of issuance. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from October 15, 2009 to October 15, 2028. Interest rates range from 2.00% to 5.125%, with total interest indebtedness of \$16,473,525. The outstanding debt service requirements at June 30, 2014, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 465,000	\$ 375,338
2015-16	475,000	361,819
2016-17	495,000	346,526
2017-18	510,000	329,434
2018-19	530,000	310,438
2019-24	2,985,000	1,198,113
2024-29	3,455,000	444,441
SUB-TOTAL	8,915,000	\$ 3,366,109
Unamortized Premium	3,863	
Unamortized Discount	(85,661)	
TOTAL OUTSTANDING	\$ 8,833,202	

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014**

General Obligation Bonds – Series of 2010

On January 5, 2010, the District issued \$28,850,000 of General Obligation Bonds – Series of 2010. The proceeds will be used: (1) to currently refund and partially redeem \$25,345,000 outstanding principal amount of the School District's General Obligation Bonds, Series of 2005, (2) make a payment to partially terminate (\$25,350,000 notional amount) of an interest rate swap agreement (fixed interest rate payments by the District) associated with the 2005 Bonds, and (3) pay the costs and expenses allocable to the issuance of the Bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from January 15, 2011 to January 15, 2026. Interest rates range from 1.25% to 5.25%, with total interest indebtedness of \$20,568,353. The outstanding debt service requirements at June 30, 2014, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 10,000	\$ 1,388,650
2015-16	15,000	1,388,400
2016-17	5,000	1,387,987
2017-18	5,000	1,387,837
2018-19	5,000	1,387,672
2019-24	12,035,000	6,702,228
2024-26	16,740,000	1,330,612
SUB-TOTAL	28,815,000	\$ 14,973,386
Unamortized Discount	-	
Unamortized Premium	585,098	
TOTAL OUTSTANDING	\$ 29,400,098	

General Obligation Notes – Series of 2010

On January 5, 2010, the District issued \$30,000,000 of General Obligation Notes – Series of 2010. The proceeds will be used: (1) to currently refund a portion of General Obligation Bonds – Series of 2005 by transferring the liability to the BASD Authority and, (2) paying the costs of the issue. These Notes are issued to the BASD Authority to guarantee their issuance of the Series of 2010 revenue bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The notes mature from January 1, 2011 to January 1, 2030. Interest rates are variable using a weekly index. All principal and interest payments, which includes all amounts required to be paid by the Issuer to the Counterparty under the fixed payor swap. The maximum rate of interest payable shall be 15%, per annum, unless the bonds become bank bonds then the maximum interest rate is 25%, per annum.

Since this note is between the School District and its component unit (Bethlehem Area School District Authority), it is not shown on the government-wide Statement of Net Position as obligated debt because the Authority is blended into the financial statements; therefore its long-term receivable equal to the principal outstanding balance of this Note are eliminated for financial reporting purposes. **We are reporting the following outstanding debt service requirements at June 30, 2014, for informational purposes only, using 0.94% interest rate in effect at June 30, 2014:**

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014**

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 5,000	\$ 281,789
2015-16	5,000	281,742
2016-17	5,000	281,695
2017-18	5,000	281,648
2018-19	5,000	281,601
2019-24	25,000	1,407,300
2024-29	21,485,000	1,112,139
2029-30	8,445,000	39,692
TOTAL	\$ 29,980,000	\$ 3,967,606

General Obligation Notes – Series of 2011

On April 29, 2011, the District issued \$40,470,000 of General Obligation Notes – Series of 2011. The proceeds will be used: (1) to provide funds for refunding the variable rate General Obligation Notes – Series of 2009; and (2) paying the costs of this issue. These Notes are issued to the BASD Authority to guarantee their issuance of the Series of 2011 revenue bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The notes mature from July 1, 2011 to July 1, 2031. Interest rates are variable using the SIFMA index. The maximum rate of interest payable shall be 25%, per annum.

Since this Note is between the School District and its component unit (Bethlehem Area School District Authority), it is not shown on the government-wide Statement of Net Position as obligated debt because the Authority is blended into the financial statements; therefore, its long-term receivable equal to the principal outstanding balance of this Note are eliminated for financial reporting purposes. **We are reporting the following outstanding debt service requirements at June 30, 2014, for informational purposes only, using 0.6527% interest rate in effect at June 30, 2014:**

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 5,000	\$ 264,012
2015-16	5,000	263,979
2016-17	5,000	263,947
2017-18	5,000	263,914
2018-19	5,000	263,881
2019-24	2,690,000	1,294,455
2024-29	18,905,000	933,987
2029-32	18,835,000	137,648
TOTAL	\$ 40,455,000	\$ 3,685,823

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014**

General Obligation Bonds – Series of 2011

On November 1, 2011, the District issued \$33,330,000 of General Obligation Bonds – Series of 2011. The proceeds will be used: (1) to currently refund a portion (\$25,150,000) of the General Obligation Bonds – Series of 2007; (2) to make a payment to terminate a portion (\$7,470,000) of a related swap agreement; and; (3) to pay the costs and expenses of issuing the bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from November 15, 2012 to November 15, 2029. Interest rates range from 1.0% to 4.125%, with total interest indebtedness of \$18,872,955. The outstanding debt service obligations, at June 30, 2014, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 5,000	\$ 1,287,476
2015-16	5,000	1,287,413
2016-17	5,000	1,287,336
2017-18	5,000	1,287,244
2018-19	5,000	1,287,137
2019-24	7,965,000	6,182,381
2024-29	22,445,000	2,925,475
2029-30	2,885,000	59,503
Sub-Total	\$ 33,320,000	\$ 15,603,965
Unamortized Bond Discount	(112,959)	
Total Outstanding	\$ 33,207,041	

General Obligation Notes – Series A of 2011

On November 1, 2011, the District issued \$30,000,000 of General Obligation Bonds – Series A of 2011. The proceeds will be used: (1) to provide funds for refunding a portion of the General Obligation Bonds – Series of 2007 by transferring the liability, including the fixed payor swap, to the BASD Authority; and (2) paying the cost of this issue. The Note is issued to the BASD Authority to guarantee their issuance of the Series A of 2011 revenue bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The Notes mature from January 1, 2012 to January 1, 2032, with interest at a variable weekly rate of 68% of 1 month LIBOR, plus 75 basis points.

Since this Note is between the School District and its component unit (Bethlehem Area School District Authority), it will not be shown on the government-wide Statement of Net Position as obligated debt because the Authority is blended into the financial statements; therefore its long-term receivable equal to the principal outstanding balance of the Note are eliminated for financial reporting purposes. **We are reporting the following outstanding debt service obligations at June 30, 2014, for informational purposes only, using 0.6527% interest rate in effect at June 30, 2014.**

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014**

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 5,000	\$ 195,693
2015-16	5,000	195,660
2016-17	5,000	195,627
2017-18	5,000	195,595
2018-19	5,000	195,562
2019-24	25,000	977,320
2024-29	25,000	976,505
2029-32	29,910,000	387,741
Sub-Total	\$ 29,985,000	\$ 3,319,703

General Obligation Bonds – Series of 2012

In December 2011, the District issued \$5,070,000 in General Obligation Bonds- Series of 2012. The purposes of this issue are (1) to currently refund the outstanding Series A of 2001 General Obligation Bonds; and (2) to pay the costs of issuance. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from March 15, 2012 to March 15, 2019. Interest rates range from 1.0% to 3.0%, with total interest indebtedness of \$539,257. The outstanding debt service obligations at June 30, 2014, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 505,000	\$ 96,538
2015-16	520,000	81,387
2016-17	930,000	65,787
2017-18	1,005,000	37,888
2018-19	1,015,000	20,300
SUB-TOTAL	\$ 3,975,000	\$ 301,900
Unamortized Bond Premium	56,031	
TOTAL OUTSTANDING	\$ 4,031,031	

Component Unit Debt

Guaranteed Lease Revenue Bonds – Series of 2010

On January 5, 2010, the Bethlehem Area School District Authority issued \$30,000,000 of Guaranteed Lease Revenue Bonds – Series of 2010. The purpose of this issue are (1) to currently refund a portion of the Bethlehem Area School District's General Obligation Bonds, Series of 2005, and (2) to pay the costs and expenses allocable to the issuance of the Bonds. The bonds are being issued under the Municipal Authorities Act of 1945, as amended, and pursuant to the provisions of a Trust Indenture, dated May 1, 2009.

Interest Rate Swap

On January 5, 2010, the Bethlehem Area School District refunded its General Obligation Bonds – Series of 2005 in two issues – General Obligation Bonds – Series of 2010, and the General Obligation Note – Series of 2010, which the notes were issued to the Bethlehem Area School District Authority. The Authority funded this refunding with the Guaranteed Lease Revenue Bonds – Series of 2010. The related interest rate swap that was attached to the School District's General Obligation

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

Bonds – Series of 2005 was transferred to the Authority's Guaranteed Lease Revenue Bonds – Series of 2010.

Objective of the interest rate swap. As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in July 1, 2005, the Bethlehem Area School District entered into a forward starting interest rate swap in connection with its \$55,000,000, Series of 2005 variable-rate General Obligation Bonds. The intention of the swap was to effectively change the School District's variable interest rate on the bonds to a synthetic fixed rate.

Terms. The bonds and the related swap agreement mature on January 1, 2030, and the swap's original notional amount was \$55,000,000. The swap was entered into on December 8, 2003. Subsequently, \$25,350,000 of the original notional amount was terminated leaving a remaining notional amount of \$29,650,000. Under the swap, the School District receives the lesser of 60% of LIBOR (monthly rate) plus 0.345% from the Counterparty (JP Morgan Chase Bank) in exchange for a fixed rate of 3.90%. The variable rate paid on the Authority's Guaranteed Revenue Bonds – Series of 2010 approximates the SIFMA index. Therefore, if SIFMA exceeds 60% of LIBOR plus 0.345%, the District pays a net effective interest rate approximately equal to the fixed rate.

Fair Value. The swap has a negative fair value of \$6,599,623 as of June 30, 2014. The swap negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated by PFM an Independent financial advisor.

Credit Risk. As of June 30, 2014, the Authority was exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Authority would not be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa2 by Moody's, AA-by Standard & Poor's and AA by Fitch.

Basis Risk. The swap exposes the government to basis risk should the relationship between LIBOR and SIFMA converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2014. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. As of June 30, 2014, the SIFMA rate was 0.94%, whereas 60% of LIBOR was 0.4356%.

Termination Risk. The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the Authority, if the counterparty's short-term debt credit rating is withdrawn or reduced to a rating below P-1 for Moody's and the rating by S&P is withdrawn or reduced to a rating that is below A-1. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt. Using rates as of June 30, 2014, debt service requirements of the variable –rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

The outstanding debt requirements at June 30, 2014, using the variable interest rate in effect at year end are:

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

FISCAL YEAR	PRINCIPAL	INTEREST	Interest Rate Swaps, Net	TOTAL
2014-15	\$ 5,000	\$ 281,789	\$ 1,026,502	\$ 1,313,291
2015-16	5,000	281,742	1,026,502	1,313,244
2016-17	5,000	281,695	1,026,502	1,313,197
2017-18	5,000	281,648	1,026,502	1,313,150
2018-19	5,000	281,601	1,026,502	1,313,103
2019-24	25,000	1,407,300	5,132,510	6,564,810
2024-29	21,485,000	1,112,139	4,038,539	26,635,678
2029-30	8,445,000	39,692	138,143	8,622,835
SUB-TOTAL	29,980,000	\$ 3,967,606	\$ 14,441,702	\$ 48,389,308
Unamortized Premium	57,861			
TOTAL OUTSTANDING	\$ 30,037,861			

Guaranteed Lease Revenue Bonds – Series of 2011

On April 29, 2011, the Bethlehem Area School District Authority issued \$40,470,000 of Guaranteed Revenue Bonds – Series of 2011. The purposes of this issue are to: (1) refund the Authority's Series of 2009 Guaranteed Revenue Bonds, and (2) pay the costs of issuance. These bonds are secured by a pledge and assignment of lease rentals by the Bethlehem Area School District, and a guarantee by the School District, under the terms of a General Obligation Note issued by the School District for \$40,700,000, on April 29, 2011. The Authority Bonds were purchased by Wells Fargo Bank and mature between July 1, 2011 and July 1, 2031, at a variable interest rate of interest. The related swaps for the Series of 2009 revenue bonds have been transferred to this issue.

Interest Rate Swap

Objective of the interest rate swap. As a means to lower its borrowing costs, when compared against fixed-rate notes at the time of issuance in September 1, 2007, the School District entered into an forward starting interest rate swap in connection with its \$40,000,000, Series of 2007 variable-rate general obligation notes. In addition, the School District entered into a constant maturity swap. The intention of the swaps was to effectively change the School District's variable interest rate on the notes to a synthetic fixed rate.

Terms. The notes were refunded by the Bethlehem Area School District's Authority Guaranteed Revenue Bonds Series of 2009 during 2009-10 fiscal year backed by the issuance of the District's \$41,000,000 General Obligation Note to the Authority. These Series of 2009 revenue bonds and related District's Notes have been refunded with the Series of 2011 revenue bonds and related Series of 2011 general obligation bonds of the District that guarantee the Authority's revenue bonds. The related swap agreement matures on July 1, 2031, and the swap's notional amount is \$40,000,000. The swap was entered into on November 22, 2005. Starting on July 1, 2008, the notional value of the swap and the principal amount of the associated debt begin to decline. Under the swap, the Authority receives the lesser of 68% of LIBOR (monthly rate) from the Counterparty (JP Morgan Chase Bank) in exchange for a fixed rate of 3.774%. The variable rate paid on the Authority's Guaranteed Revenue Bonds – Series of 2011 approximates the SIFMA index. Therefore, if SIFMA exceeds 68% of LIBOR, the District pays a net effective interest rate in excess of 3.774%, and if SIFMA is less than 68% of LIBOR, the District pays a net effective interest rate approximately equal to the fixed rate.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014**

Fair Value. The interest rate swap has a negative fair value of \$8,885,369 as of June 30, 2014. The swap negative fair value may be countered by a reduction in total interest payments required under the variable-rate notes, creating a lower synthetic interest rate. Because the coupons on the government's variable-rate notes adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated by PFM, and independent financial advisor.

Credit Risk. As of June 30, 2014, the Authority was exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Authority would not be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa2 by Moody's, AA- by Standard & Poor's and AA by Fitch.

Basis Risk. The swap exposes the government to basis risk should the relationship between LIBOR and SIFMA converge, changing the synthetic rate on the notes. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2014. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. As of June 30, 2014, the SIFMA rate was 0.6527%, whereas 68% of LIBOR was 0.1027%.

Termination Risk. The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the Authority, if the counterparty's short-term debt credit rating is withdrawn or reduced to a rating below P-1 for Moody's and the rating by S&P is withdrawn or reduced to a rating that is below A-1. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a net negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt. Using rates as of June 30, 2014, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

The outstanding debt service requirements at June 30, 2014, using the variable rate in effect at year end are:

FISCAL YEAR	PRINCIPAL	INTEREST	Interest Rate Swaps, Net	TOTAL
2014-15	\$ 5,000	\$ 264,012	\$ 1,467,337	\$ 1,736,349
2015-16	5,000	263,979	1,467,154	1,736,133
2016-17	5,000	263,947	1,466,970	1,735,917
2017-18	5,000	263,914	1,466,786	1,735,700
2018-19	5,000	263,881	1,466,603	1,735,484
2019-24	2,690,000	1,294,455	7,086,269	11,070,724
2024-29	18,905,000	933,987	4,354,729	24,193,716
2029-32	18,835,000	137,648	768,822	19,741,470
SUB-TOTAL	40,455,000	\$ 3,685,823	\$ 19,544,670	\$ 63,685,493
Unamortized Premium	-			
TOTAL OUTSTANDING	\$ 40,455,000			

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014**

Component Unit Debt – Guaranteed Lease Revenue Bonds – Series A of 2011

On November 1, 2011, the Bethlehem Area School District Authority issued \$30,000,000 of Guaranteed Revenue Bonds – Series A of 2011. The purposes of this issue are to: (1) refund a portion of the School District's Series of 2007 variable rate general obligation bonds; (2) pay related costs and issuance of this issue; and (3) enter into a new ISDA Confirmation with JP Morgan Chase Bank (counterparty) assuming the remaining Series of 2007 fixed payor swap. These bonds are secured by a pledge and assignment of lease rentals by the Bethlehem Area School District, and a guarantee by the School District, under the terms of General Obligation Notes – Series A of 2011 issued by the School District for \$30,000,000, on November 1, 2011. The Authority bonds mature from January 1, 2012 to January 1, 2032, with interest at a variable weekly rate of 68% of 1 month LIBOR, plus 75 basis points.

Interest Rate Swap

Objective of the interest rate swap. As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in January 1, 2007, the School District entered into an forward starting interest rate swap in connection with its \$55,000,000, Series of 2007 variable-rate general obligation bonds. The intention of the swap was to effectively change the School District's variable interest rate on the bonds to a synthetic fixed rate. The 2007 bonds were refunded by the Bethlehem Area School District Authority's Guaranteed Revenue Bonds.

Terms. The bonds and the related swap agreement mature on January 1, 2032, and the swap's notional amount is \$55,000,000. The swap was entered into on December 8, 2003. Starting on January 1, 2008, the notional value of the swap and the principal amount of the associated debt begin to decline. Under the swap, the Authority receives the lesser of 60% of LIBOR (monthly rate) plus 0.346% from the JP Morgan Chase Bank in exchange for a fixed rate of 4.145%. The variable rate paid on Revenue Bonds – Series A of 2011 Authority's approximates the SIFMA index. Therefore, if SIFMA exceeds 60% of LIBOR plus 0.346%, the District pays a net effective interest rate in excess of 4.145%, and if SIFMA is less than 60% of LIBOR, plus 0.346%, the District pays a net effective interest rate approximately equal to the fixed rate.

Fair Value. The interest rate swap has a negative fair value of \$8,241,246 as of June 30, 2014. The swap negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated by PFM, and independent financial advisor.

Credit Risk. As of June 30, 2014, the Authority was exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Authority would not be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa2 by Moody's, AA- by Standard & Poor's and AA by Fitch.

Basis Risk. The swap exposes the government to basis risk should the relationship between LIBOR and SIFMA converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2013. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. As of June 30, 2014, the SIFMA rate was 0.6527%, whereas 60% of LIBOR plus .346 was 0.4366%.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014**

Termination Risk. The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the Authority if the counterparty's short-term debt credit rating is withdrawn or reduced to a rating below P-1 for Moody's and the rating by S&P is withdrawn or reduced to a rating that is below A-1. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt. Using rates as of June 30, 2014, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary:

FISCAL YEAR	PRINCIPAL	INTEREST	Interest Rate Swaps, Net	TOTAL
2014-15	\$ 5,000	\$ 195,693	\$ 1,106,216	\$ 1,306,909
2015-16	5,000	195,660	1,106,216	1,306,876
2016-17	5,000	195,627	1,106,216	1,306,843
2017-18	5,000	195,595	1,106,216	1,306,811
2018-19	5,000	195,562	1,106,216	1,306,778
2019-24	25,000	977,320	5,531,080	6,533,400
2024-29	25,000	976,505	5,531,080	6,532,585
2029-32	29,910,000	387,741	2,110,110	32,407,851
SUB-TOTAL	29,985,000	\$ 3,319,703	\$ 18,703,350	\$ 52,008,053
Unamortized Premium	-			
TOTAL OUTSTANDING	\$ 29,985,000			

Lease Rental Debt

Guaranteed Lease Revenue Bonds – Series of 2009

On June 1, 2009, the Bethlehem Area Vocational-Technical School Authority issued \$9,160,000 of Guaranteed Lease Revenue Bonds – Series of 2009. The purposes of this issue are (1) to currently refund the outstanding Guaranteed Lease Revenue Bonds – Series of 2001 Refunding and Improvement Series, and (2) to pay the costs of the issuance. The bonds are being issued under the Municipalities Authorities Act of 1945, as amended, and pursuant to the provisions of a Trust indenture, dated June 1, 2009 (Second Supplemental Indenture).

The Second Supplemental Indenture provides that the bonds shall be secured by a pledge and assignment of the lease rentals payable by the Bethlehem Area School District, the Northampton Area School District, and the Saucon Valley School District, and guaranteed by said school districts, under the terms of a Second Supplementary Lease agreement dated June 1, 2009.

Bethlehem Area Vocational-Technical School was created and operates under the Articles of Agreement by and among the three participating school districts located in Northampton County and a portion of Lehigh County, Pennsylvania.

Under the Articles of Agreement dated June 20, 1995, the annual operating expenses of the Vocational-Technical School are allocated to and paid by the participating school districts. The bonds mature between September 1, 2009 and September 1, 2021. Interest rates range from 2.00% to 4.00% with total interest indebtedness of \$2,097,444. This debt is reflected on Bethlehem Area Vocational-Technical School's financial statements. Since market values fluctuate year to year, the District's future share of the lease rental debt, as shown below, is an estimate using current market values.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014**

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL RENTAL PAYMENT
2014-15	\$ 508,445	\$ 134,111	\$ 642,556
2015-16	521,399	119,935	641,333
2016-17	540,830	103,596	644,425
2017-18	560,261	85,833	646,094
2018-19	579,692	66,299	645,991
2019-22	1,437,894	69,976	1,507,870
TOTAL OUTSTANDING	\$ 4,148,519	\$ 579,750	\$ 4,728,269

Extended Term Financing Agreements

During prior fiscal years, the District has entered into various capital leases with Daimler Financial, Sovereign Leasing, Apple Computer to purchase buses and computers for the District. During this past fiscal year, the District entered into a lease-purchase arrangement with Santander Leasing Co. to purchase six (72) passenger buses in the amount of \$480,606, with total interest indebtedness of \$39,379, with an effective interest rate of 2.1%. The District also entered into a lease-purchase arrangement with Daimler Truck Financial to purchase four (30) passenger buses at \$235,300, with an effective interest rate of 2.514% and total interest indebtedness of \$12,380. Finally, on July 2, 2013, the District entered into a lease-purchase arrangement with Apple Computer Co. to purchase 271 Macbook Air Laptop computers at \$257,000, with an effective interest rate of 2.79% with total interest indebtedness of \$10,703. The outstanding debt service requirements on these capital leases at June 30, 2014, are:

Daimier Lease - \$495,696

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 96,790	\$ 7,046
2015-16	99,085	4,752
2016-17	101,430	2,408
TOTAL OUTSTANDING	\$ 297,305	\$ 14,206

Sovereign Leasing - \$933,960

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 182,848	\$ 12,056
2015-16	186,781	8,123
2016-17	190,799	4,105
TOTAL OUTSTANDING	\$ 560,428	\$ 24,284

Apple Restructured Lease - \$2,279,986

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 516,600	\$ 33,383
2015-16	533,030	16,953
TOTAL OUTSTANDING	\$ 1,049,630	\$ 50,336

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2014

Santander Bus Leasing - \$480,608

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 92,263	\$ 7,997
2015-16	94,200	6,060
2016-17	96,179	4,081
2017-18	<u>98,174</u>	<u>2,062</u>
TOTAL OUTSTANDING	<u>\$ 380,816</u>	<u>\$ 20,200</u>

Daimier Truck Financial - \$235,300

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 44,746	\$ 4,686
2015-16	45,874	3,558
2016-17	47,031	2,401
2017-18	<u>48,217</u>	<u>1,216</u>
TOTAL OUTSTANDING	<u>\$ 185,868</u>	<u>\$ 11,861</u>

Additional Apple Lease – Laptops \$257,000

FISCAL YEAR	PRINCIPAL	INTEREST
2014-15	\$ 61,623	\$ 5,303
2015-16	63,342	3,584
2016-17	<u>65,109</u>	<u>1,817</u>
TOTAL OUTSTANDING	<u>\$ 190,074</u>	<u>\$ 10,704</u>

Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014

Combined Long-Term Debt

The combined general long-term debt obligations for subsequent years, except for compensated absences, retirement benefits and extended term financing are:

SUMMARY OF PRINCIPAL REQUIREMENTS

FISCAL YEAR	G.O.B. SERIES A OF 2007	G.O.B. SERIES A OF 2009	G.O.B. SERIES AA OF 2009	G.O.B. SERIES B OF 2009	G.O.B. SERIES OF 2010	G.R.B. SERIES OF 2010	G.R.B. SERIES OF 2011	G.O.B. SERIES OF 2011	G.R.B. SERIES A OF 2011	G.O.B. SERIES OF 2012	TOTAL PRINCIPAL PAYMENTS
2014-15	\$ 8,135,000	\$ 1,410,000	\$ -	\$ 465,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 505,000	\$ 10,545,000
2015-16	8,555,000	1,465,000	-	475,000	15,000	5,000	5,000	5,000	5,000	520,000	11,050,000
2016-17	1,035,000	8,985,000	-	495,000	5,000	5,000	5,000	5,000	5,000	930,000	11,470,000
2017-18	-	10,415,000	-	510,000	5,000	5,000	5,000	5,000	5,000	1,005,000	11,955,000
2018-19	-	7,905,000	3,000,000	530,000	5,000	5,000	5,000	5,000	5,000	1,015,000	12,475,000
2019-24	-	31,595,000	11,410,000	2,985,000	12,035,000	25,000	2,690,000	7,965,000	25,000	-	68,730,000
2024-29	-	-	-	3,455,000	16,740,000	21,485,000	18,905,000	22,445,000	25,000	-	83,055,000
2029-34	-	-	-	-	-	8,445,000	18,835,000	2,885,000	29,910,000	-	60,075,000
2034-35	-	-	-	-	-	-	-	-	-	-	-
TOTAL	17,725,000	61,775,000	14,410,000	8,915,000	28,815,000	29,980,000	40,455,000	33,320,000	29,985,000	3,975,000	269,355,000
LESS PAYABLE WITHIN ONE YEAR	<u>8,135,000</u>	<u>1,410,000</u>	<u>-</u>	<u>465,000</u>	<u>10,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>505,000</u>	<u>10,545,000</u>
LONG-TERM PRINCIPAL DUE AFTER ONE YEAR	\$ 9,590,000	\$ 60,365,000	\$ 14,410,000	\$ 8,450,000	\$ 28,805,000	\$ 29,975,000	\$ 40,450,000	\$ 33,315,000	\$ 29,980,000	\$ 3,470,000	\$ 258,810,000

SUMMARY OF PRINCIPAL AND INTEREST REQUIREMENTS

FISCAL YEAR	G.O.B. SERIES A OF 2007	G.O.B. SERIES A OF 2009	G.O.B. SERIES AA OF 2009	G.O.B. SERIES B OF 2009	G.O.B. SERIES OF 2010	G.R.B. SERIES OF 2010	G.R.B. SERIES OF 2011	G.O.B. SERIES OF 2011	G.R.B. SERIES A OF 2011	G.O.B. SERIES OF 2012	TOTAL DEBT SVC. PAYMENTS
2014-15	\$ 8,817,875	\$ 4,187,106	\$ 580,400	\$ 840,338	\$ 1,398,650	\$ 286,789	\$ 269,012	\$ 1,292,476	\$ 200,693	\$ 601,538	\$ 18,474,877
2015-16	8,820,625	4,189,932	580,400	836,819	1,403,400	286,742	268,979	1,292,413	200,660	601,387	18,481,357
2016-17	1,060,875	11,495,331	580,400	841,526	1,392,987	286,695	268,947	1,292,336	200,627	995,787	18,415,511
2017-18	-	12,502,456	580,400	839,434	1,392,837	286,648	268,914	1,292,244	200,595	1,042,888	18,406,416
2018-19	-	9,562,581	3,523,400	840,438	1,392,672	286,601	268,881	1,292,137	200,562	1,035,300	18,402,572
2019-24	-	34,508,227	11,853,200	4,183,113	18,737,228	1,432,300	3,984,455	14,147,381	1,002,320	-	89,848,224
2024-29	-	-	-	3,899,441	18,070,612	22,597,139	19,838,987	25,370,475	1,001,505	-	90,778,159
2029-34	-	-	-	-	-	8,484,692	18,972,648	2,944,503	30,297,741	-	60,699,584
2034-35	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 18,699,375	\$ 76,445,633	\$ 17,698,200	\$ 12,281,109	\$ 43,788,386	\$ 33,947,606	\$ 44,140,823	\$ 48,923,965	\$ 33,304,703	\$ 4,276,900	\$ 333,506,700

**Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014**

Derivative Financial Instruments

Component Unit

In accordance with Governmental Accounting Standards Board Statement No. 53, any derivative financial instruments must be recorded on the government-wide financial statements at fair value for periods beginning on or after June 15, 2009. The Bethlehem Area School District Authority (component unit) has three derivative financial instruments; one associated with its Guaranteed Lease Revenue Bonds – Series of 2010, one associated with its Guaranteed Lease Revenue Bonds – Series of 2011, and one associated with its Guaranteed Lease Revenue Bonds – Series A of 2011.

The swap associated with the Authority's Guaranteed Lease Revenue Bonds – Series of 2010 originated from the School District's (primary government) General Obligation Bonds – Series of 2005. The swap associated with the Authority's Guaranteed Lease Revenue Bonds – Series of 2011 originated from the School District's (primary government) General Obligation Notes – Series of 2007. The swap associated with the Authority's Guaranteed Lease Revenue Bonds – Series A of 2011 originated from the School District's (primary government) General Obligation Notes – Series of 2007.

The fixed payor swap on the Series of 2010 Revenue Bonds is designed to create a synthetic fixed rate on the variable rate bond issue by paying the counterparty a fixed rate of 3.90% and receiving 60% of one month LIBOR, plus 0.345%. The value of this derivative instrument embedded into the swap is a negative \$6,599,623, at June 30, 2014.

The fixed payor swap on the Series of 2011 Revenue Bonds is designed to create a synthetic fixed rate on the variable rate bond issue by paying the counterparty a fixed rate of 3.774% and receiving 68% of one month LIBOR. The value of this derivative instrument embedded into the swap is a negative \$8,885,369, at June 30, 2014.

The fixed payor swap on the Series A of 2011 Revenue Bonds is designed to create a synthetic fixed rate on the variable rate bond issue by paying the counterparty a fixed rate of 4.145% and receiving 60% of one month LIBOR, plus 0.34%. The value of this derivative instrument embedded into the swap is a negative \$8,241,246, at June 30, 2014.

GASB Statement No. 53 requires the use of hedge accounting, in which the net change in fair value represents a deferred inflow or outflow of the hedging derivative financial instrument reported on the government-wide Statement of Net Position. To be considered a hedging derivative financial instrument, the derivative financial instrument must pass an effectiveness test using one of the available methods (consistent critical terms, synthetic instrument, dollar-offset, and regression analysis). If none of the available methods result in the derivative financial instrument being effective, then the net change in fair value should flow to the government-wide Statement of Activities, and the instrument is considered an investment derivative.

Based upon the tests of effectiveness conducted by the District's financial advisor for this fiscal year, the above-mentioned interest rate swaps associated with the Series of 2010, 2011, and 2011A Revenue Bonds are hedging derivative financial instruments. As such, its fair values of \$6,599,623, \$8,885,369, and \$8,241,246, respectively are shown on the Statement of Net Position as deferred outflows of resources offset by the long-term liability. The portion of these swaps fair value that is "at the market" is (\$2,972,864), (\$3,624,888), and \$945,376 respectively, and is recorded as deferred outflows of resources on the negative values. The positive "at the market" amount on the Series A of 2011 issue is

**Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014**

shown as a Derivative Instrument Asset. The portion of the fair value \$6,556,274, has been recorded to deferred gains on refunding because of the termination of hedge accounting caused by the refunding of the original issues. In addition, \$10,551,434 is shown as deferred costs of refunding, and \$17,452,647, in deferred charges on refundings.

Compensated Absences

Sick-Pay

Under the District's various bargaining agreements and plans, (see below), professional and eligible support personnel accumulate unused sick days from year to year based on their classification. These *accumulated sick days are non-vesting during the employee's tenure.*

Clerical/Secretarial Employees – Employees who retire will receive unused sick leave credit not to exceed 90 days at \$55 per day. Conversion of unused sick leave to health benefits have the following options: (1) if less than the allowed unused sick days have been accrued, payment in cash for the unused sick days will be used; (2) if more than the allowed unused sick days have been accrued, payment will be made for the allowed number, (90), plus all days in excess may be used to receive health care benefits for a period of time equal to a balance of funds credited for unused days multiplied by \$55 per day; (3) if more than the allowed unused sick days have been accrued, all unused sick days may be converted to credit toward health care coverage, as outlined in option 2.

Custodial and Maintenance Employees – Employees who retire will receive unused sick leave credit not to exceed 100 days at \$60 per day. Conversions of unused sick leave to health benefits have the following options. Option 1 is the same as above. Option 2 is the same, except the allowed number is 100 days, and the excess is multiplied by \$60. **Option 3 has a requirement that they are only entitled if they have at least 30 years of credited service in PSERS** and who have more than 100 unused sick days, then health benefits will be calculated at a rate of 55 sick days for one year of health coverage benefits to a maximum of 7 yrs of health coverage or until Medicare eligibility is attained, whichever comes first. In addition, if after calculating the number of years of health care coverage, there are sick days not used, two additional months of health care can be secured for every 9 sick days.

Food Service Employees – Employees who retire will receive unused sick leave credit at a rate of \$30 per day for a maximum of 85 days for full-time employees and \$25 per day for a maximum of 85 days for part-time employees. Conversion for only full-time employees to health benefits has the following three options: Option 1: If less than the maximum 85 days is accumulated, payment in cash will ensue. Option 2: If more than the allowed unused sick days have been accrued, payment will be made up to the 85 days, excess will be converted to health benefits for a period of time equal to a balance of funds credited for unused sick days multiplied by \$30 for full-time employees and \$25 for part-time employees. Option 3: If more than the allowed unused sick days have been accrued, they can cover all their unused sick days to the health benefit coverage.

Teacher Aide Employees – Sick days are cumulative from year to year without limit. Full Time teacher assistants/health assistants who retire will receive unused sick leave credit not to exceed days at \$40 per sick day. To be eligible for unused sick leave credit a teacher assistant/health assistant shall meet the following criteria, (total combination of age years of BASD service as follows: year 1 Age + Yrs.=70 w/min 11 yrs. BASD Service, year 2 Age + Yrs.=71 w/min 12 yrs. BASD Service, year 3 Age 72 yrs. w/min 13 yrs. BASD Service, year 4 Age + Yrs.=72 w/min 14 yrs. BASD Service, year 5 Age + Yrs. = w/min 15 yrs. BASD Service). Payment will be made for the allowed benefits as a non-elective employer contribution to the employee's 403 (b) Plan.

**Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014**

Teachers – Upon retirement, members of the bargaining unit shall receive unused sick leave credit up to 90 days at the rate of \$45 per day. **To be eligible for this severance payment they must have 10 yrs. of service at the district and be at least 52 yrs. of age, or have 10 yrs. of service and have accrued a minimum of 30 yrs. of credited service in the PSERS system**

Note – Employees in the bargaining unit who have at least 30 years of credited service in PSERS, and who have more than 90 days of unused sick days at the time of retirement shall be provided with health benefits computed at the rate of 30 sick days for one year of health care coverage to a maximum of 10 years of benefits or until Medicare kicks in, whichever occurs first. If after calculating the number of years of coverage, there are sick days not used, two additional months of health care coverage can be secured for every 5 sick days, up to a maximum of 25 days equal 10 months of additional coverage. Bargaining members may exchange all of their unused sick days for the benefits of health coverage only if they exceed the minimum of 90 days accumulated.

The District maintains records of each employee's accumulated sick days that are vested with employees who are able to retire. In accordance with GASB statement No. 16, \$184,671 and \$5,608 respectively including FICA tax (net of reimbursement), has been recorded in the Food Service (Enterprise) Fund and Day Care (Enterprise) Fund, respectively for sick leave termination benefits earned by Cafeteria and Day Care employees at June 30, 2014. This amount is also included as a long-term liability in the business type activity column of the government-wide statements of net position. The amount recorded in the General Fund for governmental employees, which will use currently available financial resources, is \$163,813, including FICA tax (net of reimbursement). This amount is reflected as a current liability in the governmental activities column of the government-wide statement of net position. The remaining sick leave termination benefit of \$4,702,225, including FICA tax (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

Vacation Leave

Unused vacation leave is paid upon an employee's termination. The District maintains records of each employee's accumulated vacation days. In accordance with GASB Statement No. 16, the portion of vacation pay earned at June 30, 2014, that will use currently available financial resources is \$290,054, including fica tax and retirement contributions (net of reimbursement), which has been recorded in the General Fund. This amount is also shown as a current liability in the governmental activities column of the government-wide statement of net position (The Day Care) Fund and (Food Service Fund) has recorded \$3,321, and \$0, respectively, including fica tax and retirement contributions (net of reimbursement), which is also reflected as a long-term liability in the business-type activity column of the government-wide statement of net position. The remaining vacation pay earned at June 30, 2014, of \$1,272,682, including FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

Pension Plan Disclosure Information

The Government Accounting Standards Board (GASB) requires that state and local governmental employers disclose in their notes to financial statements, certain information about the public employee retirement systems to which they contribute. PSERS is providing the following information in accordance with GASB requirements to assist the employers in the preparation of their annual financial statements.

**Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014**

Plan Description

Name of plan: The Public School Employees' Retirement System (the System).

Type of Plan: Governmental cost sharing multiple-employer defined benefit plan.

Benefits: Retirement and disability legislatively mandated ad hoc cost-of-living adjustments, healthcare insurance premium assistance to qualifying annuitants.

Authority: The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 PA C.S. 8101-8535).

Annual Financial Report: The System issues a *Comprehensive Annual Financial Report* (CAFR) that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Beth Girman, Office of Financial Management, Public School Employees' Retirement System, 5 N. 5th Street, Harrisburg, PA 17101-1905 or by emailing Beth at bgirman@pa.gov. The report is also available in the publications section of the PSERS website at www.psers.state.pa.us.

Funding Policy

Authority: The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth.

Contribution Rates

Member Contributions:

Active members, who joined the System prior to July 22, 1983, contributed at 5.25 percent (Membership Class T-C) or at 6.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class T-C) or at 7.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001, contribute at 7.50 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership contributes at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

**Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014**

Employer Contributions:

Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2014, the rate of employer contribution was 16.93 percent of covered payroll. The 16.93 percent rate is comprised of a pension contribution rate of 16.00 percent for pension benefits and 0.93 for healthcare

The employer's current year covered payroll was \$97,251,048 and total payroll was \$98,867,726.

The total employee and employer contributions for this current year were \$7,281,166 and \$16,658,678, respectively.

Other Employee Benefits

Hospitalization/Medical/Dental/Prescription Drug Benefits

The School District is self-insured for its hospitalization, medical and dental payments and prescription drug benefits. The monthly premium is revised annually in April for the upcoming fiscal year beginning July 1 and is based upon actual cost plus basis per third party administrator.

Other Post Employment Benefits

Plan Description. Bethlehem Area School District has two single-employer defined benefit plans. The second plan is considered a pension plan in accordance with GASB Statement No. 27, but is shown under Other Post Employment Benefits:

1. In accordance with the PA School Code of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until age 65. This benefit has an implicit rate subsidy based upon GASB Statement No. 45, since the retiree pays the premium at the insurance carrier's global rate charged to the School District versus an age-adjusted rate, as defined in the GASB Statement. The following table on the next two pages reflects the Plan provisions by group:

**Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014**

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION										
I. ADMINISTRATORS	Age 52 with 8 years of service with the district or ACT 110/43.	- Coverage: Medical, Prescription Drug, and Dental. - Premium Sharing: If the member reaches 52 years with 8 years of service with the district, district contributions are based on the member's PSERS service at retirement. If the member reaches age 35 years of PSERS service, the district will pay the full premium for medical, prescription drug, and dental coverage for the member and spouse. If the member does not reach 35 years of PSERS service, the member may trade unused sick days at a rate of 30 days per year of medical, prescription drug, and dental benefits for the member and spouse for up to 10 years. - If the accrued district subsidy period is exhausted, or if the member does not meet the requirements for receiving a subsidy but requirements are met for the ACT 110/43 benefit, the member and spouse may continue the benefit by paying the full premium as determined for the purpose of COBRA. - Dependents: Spouses included.	Until the member reaches Medicare eligibility. If the spouse reaches Medicare eligibility prior to the member, spousal coverage will cease. *The duration is longer for one retiree with a special contract.										
II. TEACHERS	ACT 110/43	- Coverage: Medical, Prescription Drug, and Dental - Premium Sharing: If the member reaches 30 years of PSERS service, the member may trade unused sick days at a rate according to the following table per year of medical, prescription drug, and dental benefits for the member and spouse for up to 10 years, depending on the year of retirement. Beginning with the 2013-2014 school year, the member must also reach 20 years of service with the district to be eligible for the subsidy. Members who reach 25 years of PSERS service by the end of the 2013-2014 school year and retire before the 2019-2020 school year will be exempt from this requirement. <table><tr><th><u>School Year of Retirement</u></th><th><u>Sick Days Per Year of Coverage</u></th></tr><tr><td>Before 2011-2012</td><td>30</td></tr><tr><td>2011-2012</td><td>33</td></tr><tr><td>2012-2013</td><td>35</td></tr><tr><td>After 2012-2013</td><td>40</td></tr></table>	<u>School Year of Retirement</u>	<u>Sick Days Per Year of Coverage</u>	Before 2011-2012	30	2011-2012	33	2012-2013	35	After 2012-2013	40	Same as I
<u>School Year of Retirement</u>	<u>Sick Days Per Year of Coverage</u>												
Before 2011-2012	30												
2011-2012	33												
2012-2013	35												
After 2012-2013	40												

**Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014**

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
II. TEACHERS (CONT'D)		- If the accrued district subsidy period is exhausted, or if the member does not meet the requirements for receiving a subsidy but requirements are met for the ACT 110/43 benefit, the member and spouse may continue the benefit by paying the full premium as determined for the purpose of COBRA. - Dependents: Spouses included.	
III. CUSTODIAL MANITENANCE	25 years of service with the district and superannuation retirement or ACT 110/43	- Coverage: Medical, Prescription Drug, and Dental - Premium Sharing: If the member reaches 25 years of service, the district and superannuation retirement, the member may trade unused sick days at a rate of 60 days per year of medical, prescription drug, and dental benefits for the member and spouse for up to 7 years. If the accrued district subsidy period is exhausted the member may continue the benefit by paying the full premium as determined for the purpose of COBRA. Spouses may elect medical, prescription drug, and dental coverage by paying the full premium as determined for the purpose of COBRA - If the member does not meet the requirements for receiving a subsidy but requirements are met for the ACT 110/43 benefit, the member and spouse may continue coverage by paying the full premium as determined for the purpose of COBRA. - Dependents: Spouses included	Same as I
IV. FOOD SERVICE	10 years of service with the district with age plus service greater than 65 or ACT 110/43.	ACT 110/43	Same as I

**Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014**

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
V. TEACHER ASSISTANTS AND AIDES	11 years of service with the district with age plus service greater than 70, or ACT 110/43.	• ACT 110/43	Same as I
VI. ALL OTHER SUPPORT STAFF	Age 52 with 10 years of service with the district or ACT 110/43.	• ACT110/43	Same as I

Notes: Act 110/43 Benefit: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

PSERS Superannuation Retirement:

- 1) For individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement; upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age.
- 2) For individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service.

Coordination with Medicare benefits: Medicare pays primary. Medicare pays secondary for retiree with special contract referred to in Section I.

Benefits not Included in the Calculation: Benefits that include conversion of sick leave to dollar value that can be used towards the payment of postretirement medical, prescription drug, and dental benefits are not valued under GASB 45. It is assumed that these benefits are reported under the provisions of GASB 16.

GASB 27 Disclosures: Administrators are eligible for service time incentive benefits upon attainment of age 52 with 8 years of service with the district. The amount payable is equal to \$1,000 times the administrator's service. The benefits are accounted for under GASB 27 and are contained in the Appendix.

Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014

Funding Policy and Annual OPEB Cost. The first benefit is state mandated via the School Code statute. The second benefit is determined by contractual agreement between the Board of School Directors and each eligible class of employees. The District's annual other post-employment benefit (OPEB) cost (expense) for each plan is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost, each year, and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's annual OPEB cost for the current year and the related information is as follows:

Contribution Rates:		
	OPEB Benefit Actuarially Determined	Years of Service Actuarially Determined
Interest Rate	4.5%	4.5%
Plan Members	1,760	61
Annual Required Contribution	\$ 4,239,603	\$ 53,739
Interest on net OPEB obligation	345,414	-
Adjustment to annual required contribution	(471,234)	-
Annual OPEB cost	4,113,783	53,739
Contributions made	(2,742,735)	-
Increase in net OPEB obligation	1,371,048	53,739
Net OPEB obligation - beginning of year	7,675,875	293,666
Net OPEB obligation - end of year	\$ 9,046,923	\$ 347,405

The following table shows the two plans segregated by fund:

Actuarial Valuation by Fund					
	Other Post Employment Benefit Plan				Years of Service Plan
	General Fund	Fd. Service Fd.	Daycare Fund	Total	General Fund
Demographic Information:					
Active Participants	\$ 1,509	44	41	1,594	61
Retired Participants	166	-	-	166	-
Total	<u>\$ 1,675</u>	<u>\$ 44</u>	<u>\$ 41</u>	<u>\$ 1,760</u>	<u>\$ 61</u>
Annual Payroll of Active Participants	\$ 87,282,700	\$ 734,115	\$ 964,568	\$ 88,981,383	\$ 6,087,311
Annual Required Contributions	\$ 4,226,470	6,762	6,371	4,239,603	53,739
Interest on Net OPEB Obligation	341,498	1,579	2,337	345,414	-
Adjustment to Annual Required Contribution	(465,891)	(2,155)	(3,188)	(471,234)	-
Annual OPEB Cost	4,102,077	6,186	5,520	4,113,783	53,739
Contributions made	(2,742,735)	-	-	(2,742,735)	-
Increase in Net OPEB Obligation	1,359,342	6,186	5,520	1,371,048	53,739
Net OPEB Obligation - beginning of year	7,588,852	35,095	51,928	7,675,875	293,666
Net OPEB Obligation - end of year	\$ 8,948,194	\$ 41,281	\$ 57,448	\$ 9,046,923	\$ 347,405

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation of the five fiscal years ending June 30th, for the benefits were as follows:

Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014

<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 4,113,783	66.7%	\$ 9,046,923
6/30/2013	4,358,319	72.0%	7,675,875
6/30/2012	4,382,170	66.8%	6,457,554
6/30/2011	3,674,488	82.2%	5,002,474
6/30/2010	3,695,260	65.7%	4,349,893

Funded Status and Funding Process. The funded status of the benefits as of June 30, 2014, was as follows:

	<u>State-mandated Healthcare Benefit</u>	<u>Years of Service Increment Benefit</u>
Actuarial accrued liability (a)	\$ 41,107,681	\$ 505,275
Actuarial value of plan assets (b)	-	-
Unfunded actuarial accrued liability (a) - (b)	<u>\$ 41,107,681</u>	<u>\$ 505,275</u>
Funded Ratio (b) / (a)	0.0%	0.0%
Covered payroll	\$ 88,981,383	\$ 6,087,311
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll.	46.2%	8.3%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the benefits and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the district and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

**Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014**

	State-mandated Healthcare Benefit	Years of Service Increment Benefit
Actuarial Valuation Date	7/1/2013	7/1/2013
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level dollar method over a 30 year period	Level dollar method over a 30 year period
Remaining amortization period	16.2889 years	16.2889 years
Asset Valuation Method	pay as you go basis	pay as you go basis
Actuarial Assumptions:		
Investment rate of return	4.5%	4.5%
Projected salary increases	3.75% to 6.25%	3.75% to 6.25%
Healthcare inflation rate		
2014	6.5%	N/A
2015	6.0%	N/A
2016	5.5%	N/A
2017-2089	5.3% to 4.2%	N/A

Note 6 - Risk Management

The District is subject to risk of loss from employee acts, property damage, personal injury auto accidents, theft, etc. The District covers those risks through the purchase of commercial insurance. The District's Workmen's compensation policy is a retrospectively rated policy; the final total premium is based on the actual payroll for the policy year and is determined by the insurance company. Any settlements received by the District or its employees did not exceed insurance coverage in any of the last three years.

Note 7 – Fund Balance Allocations

Nonspendable Fund Balance

The General Fund had \$956,806, in nonspendable fund balance at June 30, 2014, comprised of \$774,010, of inventories on hand at year-end and \$182,796, of prepaid expenditures.

Restricted Fund Balance

The two Capital Project Funds have restrictions on the use of the resources at year end. The Capital Reserve Fund's \$3,902,595 fund balance at year end is restricted because of enabling legislation under the Municipal Code in Pennsylvania. Section 1432 of this Code restricts the use of resources for limited purposes.

In addition, the debt covenant on the bond issues restricts the proceeds shown in the Construction Fund for the purposes outlined in the bond resolution. As such, the \$25,491, in fund balance at year end within this fund is considered restricted.

**Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014**

The General Fund's \$27,855, in fund balance, is restricted as a result of outside contributions that have not been spent for specific purposes designated by the donor at year end.

Committed Fund Balance

The School Board has committed \$2,000,000 in the General Fund for future transfers to the Capital Project (Capital Reserve) Fund to be used for specific projects.

Assigned Fund Balance

Management has assigned \$4,595,004 of the General Fund's fund balance for balancing the 2014-15 budget (\$2,517,670) for future retirement rate increases in their retirement contributions (\$1,000,000), and (\$1,000,000) for contributions to the Self-Insurance Employee Benefit Trust, and (\$77,334) for Alternative Education Funds owed to PA.

The fund balance of \$154, in the Non-Major Funds is assigned for the purpose of the Non-Major funds.

Note 8 - Net Position Restrictions

The net position for governmental activities, shown on the government-wide statement of net position has an overall deficit of \$25,090,474. The business-type activities column reflects \$93,055 invested in capital assets with no related debt.

Note 9 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2014.

Litigation

In accordance with management, there are no legal matters that could materially affect the financial position of the District as of June 30, 2014.

Note 10 – Subsequent Events

Sale of Monocacy School Building

On November 17, 2014, the School Board approved the sale of the Monocacy School Building, located at 1816 Main Street, Bethlehem, Pennsylvania for \$395,000.

Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2014

General Obligation Notes – Series of 2014

On December 1, 2014, the District issued \$30,250,000 of General Obligation Notes – Series of 2014. The proceeds will be used: (1) to currently refund a portion General Obligation Notes – Series of 2010 by transferring the liability to the BASD Authority; and (2) paying the costs of the issue. These Notes are issued to the BASD Authority to guarantee their issuance of the Series of 2010 revenue bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The notes mature from January 1, 2015 to January 1, 2030. Interest rates are variable using the SIFMA Index. All principal and interest payments, which includes all amounts required to be paid by the Issuer to the Counterparty under the fixed payor swap. The maximum rate of interest payable shall be 15%, per annum, unless the bonds become bank bonds then the maximum interest rate is 25%, per annum. Since this Note is between the School District and its component unit (Bethlehem Area School District Authority), it is not shown on the government-wide Statement of Net Position as obligated debt because the Authority is blended into the financial statements; therefore its long-term receivable equal to the principal outstanding balance of this Note are eliminated for financial reporting purposes. We are reporting the following future debt service requirements at June 30, 2014, for informational purposes only using 1.05% interest rate in effect at December 1, 2014.

FISCAL YEAR	PRINCIPAL	INTEREST	INTEREST RATE	TOTAL
			SWAPS, NET	
2014-15	\$ 5,000	\$ 185,763	\$ 481,182	\$ 666,945
2015-16	35,000	317,389	\$ 1,016,339	1,333,728
2016-17	35,000	317,021	\$ 1,016,340	1,333,361
2017-18	40,000	316,628	\$ 1,016,345	1,332,972
2018-19	40,000	316,208	\$ 1,016,345	1,332,552
2019-24	200,000	1,574,738	\$ 5,081,723	6,656,460
2024-29	21,530,000	1,237,215	\$ 4,079,173	5,316,388
2029-30	<u>8,365,000</u>	<u>43,916</u>	<u>\$ 166,886</u>	<u>210,802</u>
TOTAL	<u>\$ 30,250,000</u>	<u>\$ 4,308,876</u>	<u>\$ 13,874,332</u>	<u>\$ 18,183,208</u>

**REQUIRED
SUPPLEMENTAL INFORMATION**

**Bethlehem Area School District
Schedule of Funding Progress
Fiscal Year Ended June 30, 2014**

State mandated healthcare benefit

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Unit Credit (b)	Unfunded AAL (UALL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2013	-	\$ 41,107,681	\$ 41,107,681	0.0%	\$ 88,981,383	46.20%
7/1/2011	\$ -	43,367,781	43,367,781	0.0%	86,721,609	50.01%
7/1/2009	-	35,034,503	35,034,503	0.0%	90,052,004	38.90%

Years of Service Increment

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Unit Credit (b)	Unfunded AAL (UALL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2013	-	\$ 505,275	\$ 505,275	0.0%	\$ 6,087,311	8.30%
7/1/2011	\$ -	430,559	430,559	0.0%	5,505,283	7.82%
7/1/2009	-	500,139	500,139	0.0%	5,211,518	9.60%

S U P P L E M E N T A L I N F O R M A T I O N
S E C T I O N

**Bethlehem Area School District
Combining Balance Sheet
All Capital Project Funds
As of June 30, 2014**

	CAPITAL RESERVE FUND	CAPITAL PROJECT FUND	TOTAL CAPITAL PROJECT FUNDS
<u>ASSETS</u>			
Cash and cash equivalents	\$ 37,519	\$ 25,491	\$ 63,010
Investments	4,000,000	-	4,000,000
Other Receivables	-	-	-
Due from other funds	-	-	-
Due from Primary Government	-	-	-
Receivables from other governments	-	-	-
Other Recoverable Disbursements	-	-	-
Prepaid Expenditures	-	-	-
Inventories	-	-	-
TOTAL ASSETS	\$ 4,037,519	\$ 25,491	\$ 4,063,010
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charges on Refundings, net	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 4,037,519	\$ 25,491	\$ 4,063,010
<u>LIABILITIES</u>			
Accounts Payable	\$ 134,924	\$ -	\$ 134,924
Due to other funds	-	-	-
Due to Primary Government	-	-	-
Interest Payable	-	-	-
Current Portion of Long-Term Debt	-	-	-
Accrued Salaries and Benefits	-	-	-
Payable to other governments	-	-	-
Prepayments	-	-	-
Compensated Absences	-	-	-
TOTAL LIABILITIES	134,924	-	134,924
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned/Unavailable Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	134,924	-	134,924
<u>FUND BALANCES:</u>			
Nonspendable Fund Balance	-	-	-
Restricted Fund Balance	3,902,595	25,491	3,928,086
Committed Fund Balance	-	-	-
Assigned Fund Balance	-	-	-
TOTAL FUND BALANCES	3,902,595	25,491	3,928,086
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,037,519	\$ 25,491	\$ 4,063,010

Bethlehem Area School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Capital Project Funds
For the Year Ended June 30, 2014

	CAPITAL RESERVE FUND	CAPITAL PROJECT FUND	TOTAL CAPITAL PROJECT FUNDS
REVENUES			
Local Sources	\$ 7,792	\$ 5	\$ 7,797
State Sources	-	-	-
Federal Sources	-	-	-
TOTAL REVENUES	<u>7,792</u>	<u>5</u>	<u>7,797</u>
	-----	-----	-----
EXPENDITURES			
Instruction	-	-	-
Support Services	2,768	-	2,768
Operation of Non-Instructional Services	-	-	-
Capital Outlay	1,706,641	39,900	1,746,541
Debt Service	-	-	-
TOTAL EXPENDITURES	<u>1,709,409</u>	<u>39,900</u>	<u>1,749,309</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,701,617)</u>	<u>(39,895)</u>	<u>(1,741,512)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Bond Issues	-	-	-
Bond Premium	-	-	-
Transfer from Primary Government	-	-	-
Payment to bond refunding escrow agent	-	-	-
Bond Discount	-	-	-
Swap Termination Fee	-	-	-
Sale/Compensation for Fixed Assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,701,617)	(39,895)	(1,741,512)
FUND BALANCES - BEGINNING	<u>5,604,212</u>	<u>65,386</u>	<u>5,669,598</u>
FUND BALANCES - ENDING	<u>\$ 3,902,595</u>	<u>\$ 25,491</u>	<u>\$ 3,928,086</u>

Bethlehem Area School District
Combining Statement of Changes In Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2014

SCHOLARSHIP/AWARD	7/1/13 NET POSITION	CONTRIBUTIONS	INTEREST	AWARDS	6/30/14 NET POSITION
180 Degree Class of 2011	\$ 6,995	\$ -	\$ 1	\$ 750	\$ 6,246
ABW Pediatrics-Ramon Emerterio Betances	501	-	-	-	501
Al Senevitis	7,385	-	1	500	6,886
Alfonso Schomburg	-	-	-	300	(300)
Angela Sanchez Memorial Award	551	-	-	200	351
Ann Goldberg/Maunz School 2 Work Scholarship	1,627	1,050	-	800	1,877
Antonio Pantoja Award	-	-	-	500	(500)
Awards - Freedom	100	-	-	-	100
B. Schmidt	501	-	-	-	501
Bethlehem Partnership for a Healthy Community	601	300	-	300	601
Betty Williams Memorial Scholarship	221	410	-	230	401
Billie Holiday Award	-	-	-	300	(300)
C. Weaver/D. Snider Music Award	100	300	-	300	100
Captain Donald Kilpatrick Memorial	647	-	-	100	547
Celia Cruz Azucar Award	150	-	-	200	(50)
Charles Dubbs Scholarship	349	-	-	100	249
Charles Klein Memorial	6,739	500	1	750	6,490
Charlotte Jay Award	-	500	-	500	-
Chi Upsilon Sigma	-	200	-	250	(50)
Class Scholarship	902	350	-	-	1,252
Class of 1941	-	-	-	-	-
Corazones Unidos	-	-	-	200	(200)
Crisitna Navarro Textbook Award	150	150	-	300	-
CSSOLV - Hispanic Center Scholarship	1,879	1,500	1	1,250	2,130
D. Tomanio Memorial	-	500	-	500	-
David Arnold Scholarship	-	-	-	-	-
Donegan Shining Stars Scholarship	4,546	1,400	1	1,400	4,547
Donley Awards for Excellence	(500)	1,000	-	1,000	(500)
Drs. Garcia, Powers, & McGowan	-	150	-	-	150
Elizabeth Bette Ann Rinker Scholarship	1,794	-	-	100	1,694
Elizabeth Shine Scholarship	161	-	-	150	11
Ella Springs Memorial	1,378	2,000	-	2,000	1,378
Elly Vazquez	-	707	-	150	557
Ethel Mae Bunny Scholarship	514	-	-	50	464
F. Bast Award	-	-	-	-	-
Fluck Award	-	25	-	25	-
Fowler Family Scholarship	-	-	-	1,400	(1,400)
Frances Grabish Memorial	150	150	-	-	300
General Bilingual Awards	2,742	10	1	150	2,603
General Scholarship Account	8,086	-	1	-	8,087
Ginnie Rohn Memorial Fund	2,205	1,010	-	-	3,215
Gloria Lopez	-	200	-	200	-
Harold & Dorothy Kram Memorial Award	150	-	-	150	-
Holiday Scholarship Award	1,313	-	-	-	1,313
Interest	5	-	-	-	5
Iris Cintron	(700)	500	-	-	(200)
James Delgrosso Scholarship	11,119	-	1	1,000	10,120
James Diefenderfer Scholarship	664	-	-	500	164
James Krasley Scholarship	1,420	-	-	600	820
Janet Mack Scholarship	1	-	-	-	1
Jesus "Berto" Rivera Scholarship	75	125	-	200	-
John Priestas Scholarship	343	2,000	-	1,000	1,343
Julia De Burgos and Fowler Scholarship	6,112	4,000	1	3,000	7,113
Just Born Minority Scholarship	-	500	-	500	-
Kathryn & Perdro Bonne Textbook Award	1,052	-	-	-	1,052
Kraig Yurchak Memorial	847	-	-	75	772
La Patria Award	-	-	-	500	(500)
L.A.C.E.O. Achievement Award	604	500	-	500	604
Langston Hughes Award	-	-	-	500	(500)
Latino Youth Leadership	-	-	-	-	-
Lee Mae Segal	43,683	-	5	1,000	42,688
Mabel Keichner Memorial	16,549	-	2	1,000	15,551
Marion Goodman Scholarship	988	-	-	-	988
Martha Schaedler Schabhuetti Scholarship	115,977	-	13	4,000	111,990
Mary Ann Orlando Memorial Award	(100)	100	-	-	-
Mary Catherine Anthony Award	(100)	100	-	100	(100)
Michelle Cintron Award	251	-	-	-	251
Mr. & Mrs. Richard Montz Award	200	200	-	400	-
SUB-TOTAL	\$ 250,927	\$ 20,437	\$ 29	\$ 29,980	\$ 241,413

Bethlehem Area School District
Combining Statement of Changes In Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2014

SCHOLARSHIP/AWARD	7/1/13 NET POSITION	CONTRIBUTIONS	INTEREST	AWARDS	6/30/14 NET POSITION
SUB-TOTAL (CARRIED FORWARD)	\$ 250,927	\$ 20,437	\$ 29	\$ 29,980	\$ 241,413
MSS	1,293	-	-	-	1,293
Mucaro Textbook Award	150	-	-	-	150
Natalie Merkin Scholarship	601	-	-	-	601
Pedro Albizio Campos Award	(150)	-	-	450	(600)
PNC Bank Latino Scholarship	-	-	-	-	-
Puerto Rican Beneficial Scholarship	902	-	-	-	902
PR Cultural Coalition Scholarship	852	-	-	-	852
R. Sherry Award	-	250	-	250	-
R. Whirl Award	-	600	-	600	-
Ralph Lopez Scholarship	1,102	2,000	-	1,250	1,852
Ramon Emeterio Betances	(500)	500	-	-	-
Raul Julia Award	(150)	-	-	-	(150)
Ray Salabsky Award	(100)	100	-	100	(100)
Rev. Dario Cruz Memorial Scholarship	902	-	-	-	902
Rev. Martin Luther King Memorial	(150)	-	-	400	(550)
Rev. Torres Memorial Scholarship	301	-	-	-	301
Richard Strafford Award	-	-	-	-	-
Rita Moreno Award	(250)	-	-	550	(800)
Roberto Clemente Scholarship	952	-	-	200	752
RRS Award	201	-	-	-	201
Ruth L. Metzger	-	100	-	100	-
Scholastic Achievement, Service & Leadership	501	-	-	-	501
Scientific Learning	401	-	-	-	401
Teen Summit	251	-	-	-	251
Teresa Rodriguez Memorial	120	-	-	-	120
Trevor Van Akeren Scholarship	2,231	-	1	600	1,632
W. Calloway Award	-	100	-	100	-
W.E.B. Dubois Award	-	-	-	400	(400)
Walter Batt, Jr. Memorial	1,482	-	-	250	1,232
Webster Koehler Math Fund	504	-	-	25	479
William Faust Scholarship	-	-	-	-	-
TOTAL	\$ 262,373	\$ 24,087	\$ 30	\$ 35,255	\$ 251,235

**Bethlehem Area School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2014**

	Bethlehem Township	Freemansburg	Fountain Hill	Hanover Township	City of Bethlehem Lehigh	Northampton	Total
<u>Current Real Estate Taxes</u>							
Assessed Value	\$ 812,587,100	\$ 43,991,100	\$ 236,232,500	\$ 504,918,100	\$ 1,394,706,200	\$ 1,107,386,700	\$ 4,099,821,700
Millage Rate	0.04836	0.04836	0.01541	0.04836	0.01541	0.04836	Avg.
Total Tax to be Collected	39,296,719	2,127,410	3,640,344	24,417,843	21,492,423	53,553,231	144,527,970
Less: Act 1 Deduction	1,286,030	107,904	193,457	625,839	785,716	1,734,758	4,733,704
Total Taxable Duplicate	38,010,689	2,019,506	3,446,886	23,792,004	20,706,707	51,818,473	139,794,265
Plus:							
Additions	219,613	-	-	-	-	-	219,613
Overpayments	-	549	225	1,835	5,410	13,143	21,162
Penalties	60,941	4,492	6,120	31,983	40,655	135,223	279,414
Total Taxes to be Collected	38,291,243	2,024,547	3,453,231	23,825,822	20,752,772	51,966,839	140,314,454
Less -							
Discounts	604,093	31,341	53,765	391,365	326,949	789,813	2,197,326
Reductions	329,339	-	5,300	7,209	16,367	14,306	372,521
Refunds	181,834	549	640	43,233	27,928	26,472	280,656
TIFF Payments	-	-	-	-	-	4,471,623	4,471,623
Taxes Held in Escrow	-	-	-	-	-	-	-
Returned to County	891,565	68,059	189,974	254,106	598,422	1,975,955	3,978,081
Outstanding	-	-	-	-	-	-	-
Net Current Real Estate Taxes Collected	\$ 36,284,412	\$ 1,924,598	\$ 3,203,552	\$ 23,129,909	\$ 19,783,106	\$ 44,688,670	\$ 129,014,247
<u>Current Interim Real Estate Taxes Collected</u>	\$ 83,182	\$ 515	\$ 2,586	\$ 188,900	\$ 44,209	\$ 172,107	\$ 491,499
<u>Current Per Capita Taxes</u>							
						<u>Combined</u>	
No. of Persons Assessed	17,264	1,110	3,087	8,516	-	27,383	57,360
Tax Rate	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Taxable Valuation	\$ 172,640	\$ 11,100	\$ 30,870	\$ 85,160	\$ -	\$ 273,830	\$ 573,600
Plus -							
Additions	950	60	20	480	-	1,900	3,410
Adjustments	212	19	34	105	-	440	810
Penalties	485	52	132	233	-	796	1,698
Collections made by the District	152	-	-	-	-	-	152
Taxes to be Collected	174,439	11,231	31,056	85,978	-	276,966	579,670
Less -							
Discounts	2,239	121	183	1,168	-	3,533	7,244
Exonerations	7,960	530	2,160	4,670	-	9,350	24,670
Refunds	105	-	120	1	-	20	246
Returned to Delinquent Tax Collector	37,060	3,310	11,760	14,320	-	60,020	126,470
Outstanding	-	-	-	-	-	-	-
Reductions	-	-	-	10	-	2,250	2,260
Net Current Per Capita Taxes Collected	\$ 127,075	\$ 7,270	\$ 16,833	\$ 65,809	\$ -	\$ 201,793	\$ 418,780

Bethlehem Area School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2014

REVENUES

LOCAL SOURCES:

Current Real Estate Taxes	\$ 129,014,247	
Interim Real Estate Taxes	491,499	
Public Utility	179,776	
Payment in Lieu of Taxes	247,821	
Current Per Capita Taxes - 511	209,390	
Current Per Capita Taxes - 679	209,390	
Local Services Tax	307,248	
Earned Income Tax	12,206,200	
Real Estate Transfer Tax	2,182,911	
Act 511 Mercantile Taxes	2,843,711	
Delinquent Real Estate Taxes	4,437,301	
Delinquent Per Capita Taxes	76,401	
Delinquent Mercantile Taxes	347,013	
Interest	77,940	
Special Functions	-	
Admissions	128,279	
Other Student Activity Income	1,650	
Fees	109,095	
Revenue from Local Governmental Units	25,000	
State Revenue from Other Sources	-	
Federal Revenue from Local Sources	1,728,153	
Federal ARRA Revenue from Local Sources	-	
Rentals	292,111	
Contributions	351,767	
Regular Day School Tuition	-	
Summer School	54,627	
Adult Education Tuition	180	
Receipts from Other LEA's - Education	120,120	
Other Tuition From Patrons	-	
Services provided to Other Funds	-	
All Other Services Provided Other Governments	-	
Revenue from Community Services	3,800	
Miscellaneous	164,293	
Energy Efficient Revenues	17,295	
Refunds of Prior Yr. Expenditures	516,950	
TOTAL LOCAL SOURCE REVENUE	\$ 156,344,168	

STATE SOURCES:

Basic Subsidy - ESBE	27,816,168
Read to Succeed	-
Charter Schools	-
Nonpublic Transfers	-
Orphan Tuition	223,987
SUB-TOTAL	28,040,155

Bethlehem Area School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2014

REVENUE (CONT'D)

SUB-TOTAL (CARRIED FORWARD)	\$ 28,040,155	
School Improvement	-	
Vocational Education	-	
Driver Education	-	
Special Education	6,584,843	
Additional Educational Program	-	
Pre-K Counts	597,360	
Other Program Revenues	-	
Transportation	2,302,440	
Rentals	2,800,864	
Health Services	357,663	
State Property Tax Reduction Allocation	4,733,948	
Safe Schools	25,000	
Migratory Children	1,196	
Accountability Grants	665,439	
Dual Enrollment	-	
Project 720 - High School Reform	-	
FICA Revenue	3,456,767	
Retirement Revenue	8,014,553	
Classrooms for the Future	-	
Other State Grants	<u>117,454</u>	
TOTAL STATE SOURCE REVENUE		\$ 57,697,682

FEDERAL SOURCES:

Payments for Federally Impacted Areas	34,267	
Title I	3,297,447	
Title I - ARRA	-	
Title I - Improvement - ARRA	-	
Title IIA, IID	794,991	
Title III	252,763	
Title IV	480,809	
Education Jobs Fund	-	
Child Care Grants	164,581	
Unrestricted Grants-In-Aid from the Federal Government	-	
Medical Assistance	164,213	
Medical Access	<u>-</u>	
TOTAL FEDERAL SOURCE REVENUE		<u>5,189,071</u>
TOTAL REVENUE		219,230,921

EXPENDITURES

Regular Programs - Elem./Secondary	91,444,653
Federally Funded Regular Programs	<u>3,610,556</u>
SUB-TOTAL	95,055,209

Bethlehem Area School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2014

SUB-TOTAL (CARRIED FORWARD)	\$ 95,055,209
Life Skills Support	-
Life Skills Support - Public	2,011,821
Life Skills Support - PRRI	-
Deaf or Hearing Impaired Support	332,090
Blind or Visually Impaired Support	64,781
Speech & Language Impaired	1,542,418
Emotional Support	3,088,827
Autistic Support	1,604,467
Learning Support - Public	12,771,104
Gifted Support	821,522
Other Support	-
Physical Support	781,300
Multi-Handicapped Support	611,621
Development Delay Support	-
Early Intervention Support	59,516
Other Support	4,369,304
Home Economics	964,264
Consumer and Homemaking Education	-
Industrial Arts Education	935,267
Business Education	2,227,968
Other Vocational Education Programs	5,824,677
Drivers' Education	-
Summer School	248,999
Homebound Instruction	183,519
Adjudicated/Court Placed Programs	385,434
Alternative Education Program	87,893
Instructional Programs Outside Established Schools	401,559
Additional Other Instructional Program	-
Nonpublic School Programs	26,517
Other Adult Education Programs	556
Community College Programs	2,212,907
Pre-Kindergarten	690,900
Supervision of Pupil Personnel Services	370,860
Guidance Services	5,557,999
Placement Services	-
Attendance Services	296,910
Psychological Services	1,370,689
Speech Pathology Services	-
Social Work Services	565,132
Student Accounting Services	258,134
Other Pupil Personnel Services	298,051
Support Services - Instructional Staff	-
SUB-TOTAL	146,022,215

Bethlehem Area School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2014

SUB-TOTAL (CARRIED FORWARD)	\$ 146,022,215
Technology Support Services	925,759
Computer Assisted Instruction Services	1,043,210
School Library Services	1,701,669
Instructional & Curriculum Dev. Service	1,777,623
Instructional Staff Development Services	248,462
Nonpublic Support Services	124,836
Board Services	167,740
Tax Assessment & Collection Service	689,840
Staff Relations	20,236
Legal Services	451,829
Office of the Superintendent Services	429,577
Community Relations Services	60,374
Office of the Principal Services	8,450,601
Other Administration Services	150,883
Medical Services	4,406
Dental Services	7,851
Nursing Services	1,882,240
Non-Public Health Services	233,651
Support Services - Business	1,644,809
Operation and Maintenance of Plant Services	16,000,095
Supervision of Operation and Maintenance of Plant	587,066
Care and Upkeep of Equipment Services	-
Vehicle Operation and Maint. Services	-
Security Services	873,679
Student Transportation Services	-
Supervision of Student Transportation Services	482,028
Vehicle Operation Services	5,644,676
Monitoring Services	181,818
Vehicle Servicing and Maintenance Services	1,009,008
Nonpublic Transportation	-
System Wide Technology Services	491,908
Information Services	20,199
Staff Services	1,782,516
Staff Development Services	33,442
Staff Development-Non-Instruction	56,511
Data Processing Services	1,491,978
State and Federal Agency Liaison Services	305,820
Management Services	-
Other Support Services	102,541
Pass-Thru Funds	-
School Sponsored Student Activities	464,252
School Sponsored Athletics	1,907,641
Community Services	246,679
SUB-TOTAL	<u>197,719,668</u>

Bethlehem Area School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2014

SUB-TOTAL (CARRIED FORWARD)	\$ 197,719,668	
Scholarships and Awards	299	
Existing Site Improvement Services	-	
Architecture and Engineering Services	8,998	
Existing Building Improvement Services	-	
Debt Service	23,249,044	
Short-Term Borrowing Costs	-	
Refund of Prior Yr. Receipts	<u>182,794</u>	
TOTAL EXPENDITURES		<u>221,160,803</u>
 EXCESS (DEFICIENCY) OF REVENUES		
OVER EXPENDITURES (CARRIED FORWARD)		\$ (1,929,882)
 OTHER FINANCING SOURCES (USES)		
Proceeds from Extended Term Financing	972,906	
Sale of or Compensation for Loss of Fixed Assets	36,895	
Bond Premium	-	
Capital Projects Funds Transfers Out	-	
Transfers to Component Unit (Self Insurance Fund)	(600,000)	
Food Service Fund Transfers Out	(325,811)	
Activity Fund Transfers Out	<u>-</u>	
TOTAL OTHER FINANCING SOURCES (USES)	83,990	
 Special Items	-	
Extraordinary Items	<u>-</u>	<u>83,990</u>
 NET CHANGE IN FUND BALANCE		(1,845,892)
 FUND BALANCE - JULY 1, 2013		<u>26,581,322</u>
 FUND BALANCE - JUNE 30, 2014		<u>\$ 24,735,430</u>

**Bethlehem Area School District
Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2014**

FUND BALANCE - JULY 1, 2013 \$ 5,604,212

REVENUES AND OTHER FINANCING SOURCES

Interest	\$ 7,792	
Transfer from General Fund	-	7,792
TOTAL FUNDS AVAILABLE		5,612,004

EXPENDITURES

INSTRUCTIONAL SERVICES:

Equipment	-	
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SUPPORT SERVICES:

Professional Services	2,578	
Repairs and Maintenance	-	
Advertising	190	
Admin. Software and Fees	-	
Dues and Fees	-	
Equipment	-	

CAPITAL OUTLAY:

Professional Services	1,120,619	
Printing and Binding	2,217	
Construction Services	577,655	
Rentals	5,640	
Dues and Fees	510	

Other Financing Uses:

Transfer to General Fund	-	1,709,409
		1,709,409

FUND BALANCE - JUNE 30, 2014 **\$ 3,902,595**

**Bethlehem Area School District
Special Revenue (Authority General Fund) Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2014**

FUND BALANCE - JULY 1, 2013	\$	151
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REVENUES AND OTHER FINANCING SOURCES

Proceeds from Refunding Bond Issues	\$ -	
Transfer from General Fund	-	
Interest Earnings	4,468,657	4,468,657
TOTAL FUNDS AVAILABLE		4,468,808

EXPENDITURES AND OTHER FINANCING USES

SUPPORT SERVICES:

Professional Services	500	
Advertising	-	
Printing	-	
Dues and Fees	-	

NON-INSTRUCTIONAL SERVICES:

Equipment	-	
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DEBT SERVICE:

Bond Principal	15,000	
Bond Interest	4,453,154	

OTHER FINANCING USES:

Payment to Refunding Bond Issue Escrow Agent	-	4,468,654
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FUND BALANCE - JUNE 30, 2014	\$	<u>154</u>
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**Bethlehem Area School District
Capital Project Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2014**

FUND BALANCE - JULY 1, 2013		\$ 65,386
<u>REVENUES AND OTHER FINANCING SOURCES</u>		
Proceeds from Bond Issues	\$ -	
Gain (Loss) on Sale of Investments	-	
Refund of Prior Year Expenditures	-	
Interest Earnings	5	5
TOTAL FUNDS AVAILABLE		65,391
<u>EXPENDITURES AND OTHER FINANCING USES</u>		
INSTRUCTIONAL:		
Supplies	-	
Equipment	-	
SUPPORT SERVICES:		
Salaries	-	
Benefits	-	
Professional Services	-	
Repairs and Maintenance	-	
Advertising	-	
Printing	-	
Property and Liability Insurance	-	
Disposal Services	-	
Utilities	-	
Telecommunication Services	-	
Supplies	-	
Technology Infrastructure	-	
Equipment	-	
Dues and Fees	-	
NON-INSTRUCTIONAL SERVICES:		
Equipment	-	
CAPITAL OUTLAY:		
Professional Services	-	
Existing Site Improvements	-	
Construction Services	39,900	
Rentals	-	
Equipment	-	
Other Purchased Services	-	
Dues and Fees	-	
Technology Infrastructure	-	
DEBT SERVICE:		
Bond Discount	-	
Transfer to General Fund	-	39,900
FUND BALANCE - JUNE 30, 2014		<u>\$ 25,491</u>

Bethlehem Area School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2014

REVENUES

Sales	\$ 1,610,185	
Donated Commodities	270,295	
Special Events	697,015	
ARRA - NSLP Equipment grant	-	
State Subsidies	432,607	
Federal Subsidies	3,728,797	
Gain (Loss) on Sale of Fixed Assets	24,774	
Interest earnings	20	
Rentals	787	
Transfers from General Fund	325,811	
Miscellaneous	103	
Contributions	-	
TOTAL REVENUES	<u> </u>	\$ 7,090,394

COST OF COMMODITIES

Beginning Inventory	151,670	
Food Service Management - Food	2,301,759	
Donated Commodities	270,296	
Ending Inventory	<u>(84,946)</u>	
TOTAL COST OF COMMODITIES SOLD		<u>2,638,779</u>
GROSS PROFIT		<u>4,451,615</u> -----

OPERATING EXPENSES

Salaries	2,020,662	
Self-Insured Medical Benefits	518,378	
Self-Insured Dental Benefits	44,927	
Self-Insured Prescriptions	196,525	
Fica Tax	151,626	
Retirement Contributions	327,229	
Other Benefits	23,736	
Tech & Other Services	221	
Refuse	54,561	
Repairs and Maintenance	43,317	
Rentals	4,115	
Advertising	-	
Communications	639	
Food Service Management Costs	1,055,842	
Travel	2,203	
Supplies	16,760	
Small Tools	51,887	
Depreciation	12,477	
Miscellaneous	-	
Dues and Fees	<u>5,192</u>	<u>4,530,297</u>
TOTAL EXPENSES		<u>4,530,297</u>
CHANGES IN FUND NET POSITION		(78,682)
FUND NET POSITION - JULY 1, 2013		<u>211,726</u>
FUND NET POSITION - JUNE 30, 2014		<u>\$ 133,044</u>

Bethlehem Area School District
Day Care Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2014

REVENUES

Regular Day School Tuition	\$ 1,949,243	
Revenue from Community Service Activities	642,939	
State Revenue	89,363	
Fica Revenue	50,177	
Retirement Revenue	112,171	
Rentals	-	
Child Care and Development grant	-	
Miscellaneous	1,050	
Earnings on Investments	70	
TOTAL REVENUES		\$ 2,845,013

OPERATING EXPENSES

Salaries	1,327,783	
Self-ins. Medical Benefits	473,178	
Self-ins. Dental Benefits	42,001	
Self-ins. Prescriptions	182,492	
Fica Tax	100,253	
Retirement Contributions	224,452	
Workers Compensation	9,754	
Other Benefits	11,547	
Professional Services	3,388	
Small Equipment	16,585	
Communications	13,694	
Travel	2,689	
Field Trips	-	
Repairs and Maintenance	-	
Supplies	40,610	
Meals/Refreshments	71,179	
Depreciation	-	
Miscellaneous	1,713	
Dues and Fees	16,168	
Bad Debt Expense	-	
TOTAL EXPENSES		<u>2,537,486</u>
CHANGES IN FUND NET POSITION		307,527
FUND NET POSITION - JULY 1, 2013		<u>610,585</u>
FUND NET POSITION - JUNE 30, 2014		<u>\$ 918,112</u>

**Bethlehem Area School District
Self-Insurance Fund (Component Unit)
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2014**

ADDITIONS

Contributions from Other Funds	\$ 30,174,386	
Cobra and Co-Pay Payments	1,377,685	
Caremark Rebates	128,192	
Transfers from General Fund (Primary Government)	600,000	
Interest Earnings	10,276	
Other Misc. Revenue	<u>132,182</u>	
TOTAL REVENUES		\$ 32,422,721

DEDUCTIONS

Health Benefit Costs	19,565,653	
Dental Costs	1,568,342	
Drug Costs	7,095,351	
Unemployment	34,838	
PA Trust - Stop Loss Insurance	380,462	
Workers Compensation	115,148	
Other Expenses	<u>20,947</u>	
TOTAL EXPENSES		<u>28,780,741</u>

CHANGES IN NET POSITION 3,641,980

NET POSITION - JULY 1, 2013 8,987,417

NET POSITION - JUNE 30, 2014 **\$ 12,629,397**

Bethlehem Area School District
Schedule on General Obligation Bonds - Series A of 2007
For the Year Ended June 30, 2014

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2014-15	\$ 682,875	\$ 8,135,000
2015-16	265,625	8,555,000
2016-17	25,875	1,035,000
TOTAL OUTSTANDING	\$ 974,375	\$ 17,725,000

Schedule on General Obligation Bonds - Series A of 2009
For the Year Ended June 30, 2014

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2014-15	\$ 2,777,106	\$ 1,410,000
2015-16	2,724,932	1,465,000
2016-17	2,510,331	8,985,000
2017-18	2,087,456	10,415,000
2018-19	1,657,581	7,905,000
2019-20	1,309,956	6,000,000
2020-21	960,081	7,995,000
2021-22	471,525	13,585,000
2022-23	131,544	2,280,000
2023-24	40,121	1,735,000
TOTAL OUTSTANDING	\$ 14,670,633	\$ 61,775,000

Schedule on General Obligation Bonds - Series AA of 2009
For the Year Ended June 30, 2014

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2014-15	\$ 580,400	\$ -
2015-16	580,400	-
2016-17	580,400	-
2017-18	580,400	-
2018-19	523,400	3,000,000
2019-20	338,200	6,410,000
2020-21	105,000	5,000,000
TOTAL OUTSTANDING	\$ 3,288,200	\$ 14,410,000

Bethlehem Area School District
Schedule on General Obligation Bonds - Series B of 2009
For the Year Ended June 30, 2014

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2014-15	\$ 375,338	\$ 465,000
2015-16	361,819	475,000
2016-17	346,526	495,000
2017-18	329,434	510,000
2018-19	310,438	530,000
2019-20	289,369	550,000
2020-21	266,294	575,000
2021-22	241,575	595,000
2022-23	214,869	625,000
2023-24	186,006	640,000
2024-25	155,769	650,000
2025-26	124,000	670,000
2026-27	90,419	690,000
2027-28	55,419	710,000
2028-29	18,834	735,000
TOTAL OUTSTANDING	\$ 3,366,109	\$ 8,915,000

Schedule on General Obligation Bonds - Series of 2010
For the Year Ended June 30, 2014

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2014-15	\$ 1,388,650	\$ 10,000
2015-16	1,388,400	15,000
2016-17	1,387,987	5,000
2017-18	1,387,837	5,000
2018-19	1,387,672	5,000
2019-20	1,387,498	5,000
2020-21	1,387,297	5,000
2021-22	1,387,098	20,000
2022-23	1,386,297	5,530,000
2023-24	1,154,038	6,475,000
2024-25	878,850	8,135,000
2025-26	451,762	8,605,000
TOTAL OUTSTANDING	\$ 14,973,386	\$ 28,815,000

Bethlehem Area School District
Schedule on Guaranteed Revenue Bonds - Series of 2010
For the Year Ended June 30, 2014

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2014-15	\$ 281,789	\$ 5,000
2015-16	281,742	5,000
2016-17	281,695	5,000
2017-18	281,648	5,000
2018-19	281,601	5,000
2019-20	281,554	5,000
2020-21	281,507	5,000
2021-22	281,460	5,000
2022-23	281,413	5,000
2023-24	281,366	5,000
2024-25	281,319	5,000
2025-26	281,272	5,000
2026-27	249,735	6,705,000
2027-28	184,616	7,150,000
2028-29	115,197	7,620,000
2029-30	39,692	8,445,000
TOTAL OUTSTANDING	\$ 3,967,606	\$ 29,980,000

Schedule on Guaranteed Revenue Bonds - Series of 2011
For the Year Ended June 30, 2014

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2014-15	\$ 264,012	\$ 5,000
2015-16	263,979	5,000
2016-17	263,947	5,000
2017-18	263,914	5,000
2018-19	263,881	5,000
2019-20	263,849	5,000
2020-21	263,816	5,000
2021-22	263,783	5,000
2022-23	255,943	1,310,000
2023-24	247,064	1,365,000
2024-25	234,804	1,925,000
2025-26	221,732	2,010,000
2026-27	192,070	4,775,000
2027-28	159,618	4,990,000
2028-29	125,763	5,205,000
2029-30	87,334	5,950,000
2030-31	46,705	6,250,000
2031-32	3,609	6,635,000
TOTAL OUTSTANDING	\$ 3,685,823	\$ 40,455,000

Bethlehem Area School District
Schedule on General Obligation Bonds - Series of 2011
For the Year Ended June 30, 2014

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2014-15	\$ 1,287,476	\$ 5,000
2015-16	1,287,413	5,000
2016-17	1,287,336	5,000
2017-18	1,287,244	5,000
2018-19	1,287,137	5,000
2019-20	1,287,019	5,000
2020-21	1,286,887	5,000
2021-22	1,286,744	5,000
2022-23	1,225,497	3,915,000
2023-24	1,096,234	4,035,000
2024-25	954,819	4,190,000
2025-26	772,744	4,350,000
2026-27	579,900	4,485,000
2027-28	403,206	4,630,000
2028-29	214,806	4,790,000
2029-30	59,503	2,885,000
TOTAL OUTSTANDING	\$ 15,603,965	\$ 33,320,000

Schedule on Guaranteed Revenue Bonds - Series A of 2011
For the Year Ended June 30, 2014

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2014-15	\$ 195,693	\$ 5,000
2015-16	195,660	5,000
2016-17	195,627	5,000
2017-18	195,595	5,000
2018-19	195,562	5,000
2019-20	195,529	5,000
2020-21	195,497	5,000
2021-22	195,464	5,000
2022-23	195,431	5,000
2023-24	195,399	5,000
2024-25	195,366	5,000
2025-26	195,334	5,000
2026-27	195,301	5,000
2027-28	195,268	5,000
2028-29	195,236	5,000
2029-30	189,424	2,130,000
2030-31	144,329	13,600,000
2031-32	53,988	14,180,000
TOTAL OUTSTANDING	\$ 3,319,703	\$ 29,985,000

Schedule on General Obligation Bonds - Series of 2012
For the Year Ended June 30, 2014

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2014-15	\$ 96,538	\$ 505,000
2015-16	81,387	520,000
2016-17	65,787	930,000
2017-18	37,888	1,005,000
2018-19	20,300	1,015,000
TOTAL OUTSTANDING	\$ 301,900	\$ 3,975,000

S I N G L E A U D I T S E C T I O N

**BETHLEHEM AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR/ PROJECT TITLE	SOURCE CODE	CFDA NUMBER	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/13	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/14	FOOTNOTES
<u>U. S. DEPARTMENT OF EDUCATION</u>											
IMPACT AID PUBLIC LAW 81-874	D	84.041	N/A	7/1/13-6/30/14	\$ 34,267	\$ 33,776	\$ -	\$ 34,267	\$ 34,267	\$ 491	
TOTAL IMPACT AID CLUSTER						33,776	-	34,267	34,267	491	
<u>PASSED THROUGH THE PDE</u>											
TITLE I IMPROVING BASIC PROGRAMS	I	84.010	013-130034	7/1/12-9/30/13	\$ 3,492,244	896,206	434,782	461,424	461,424	-	2
TITLE I IMPROVING BASIC PROGRAMS	I	84.010	013-140034	7/1/13-9/30/14	\$ 3,181,292	2,128,052	-	2,759,486	2,759,486	631,434	
TITLE I SCHOOL IMPROVEMENT SET ASIDE - BASE	I	84.010	042-120034	7/1/11-9/30/12	\$ 115,308	38,436	16,933	21,503	21,503	-	
TITLE I SCHOOL IMPROVEMENT SET ASIDE - BASE	I	84.010	042-130034	7/1/12-9/30/13	\$ 191,612	74,516	-	55,034	55,034	(19,482)	
TOTAL TITLE I CLUSTER						3,137,210	451,715	3,297,447	3,297,447	611,952	
<u>PASSED THROUGH THE PDE</u>											
TITLE II A IMPROVING TEACHER QUALITY	I	84.367	020-130034	7/1/12-9/30/13	\$ 717,440	142,612	18,149	124,463	124,463	-	2
TITLE II A IMPROVING TEACHER QUALITY	I	84.367	020-140034	7/1/13-9/30/14	\$ 685,110	514,804	-	670,528	670,528	155,724	
TOTAL TITLE II PROGRAM						657,416	18,149	794,991	794,991	155,724	
<u>PASSED THROUGH THE PDE</u>											
TITLE III LEP / IMMIGRANT STUDENTS	I	84.365	010-130034	7/1/12-9/30/13	\$ 260,179	17,345	15,820	1,525	1,525	-	2
TITLE III LEP / IMMIGRANT STUDENTS	I	84.365	010-140034	7/1/13-9/30/14	\$ 251,238	251,238	-	251,238	251,238	-	
TOTAL TITLE III PROGRAM						268,583	15,820	252,763	252,763	-	
<u>PASSED THROUGH THE PDE</u>											
21st CENTURY COMMUNITY LEARNING CENTERS	I	84.287	4100052381	7/1/12-9/30/13	\$ 500,000	169,886	169,886	-	-	-	2
21st CENTURY COMMUNITY LEARNING CENTERS	I	84.287	4100052381	7/1/13-9/30/14	\$ 500,000	-	-	-	-	-	
21st CENTURY COMMUNITY LEARNING CENTERS	I	84.287	4100058678	7/1/12-9/30/13	\$ 500,000	246,221	122,970	123,251	123,251	-	
21st CENTURY COMMUNITY LEARNING CENTERS	I	84.287	4100058678	7/1/13-9/30/14	\$ 500,000	200,532	-	357,558	357,558	157,026	
TOTAL TITLE IV CLUSTER						616,639	292,856	480,809	480,809	157,026	
<u>PASSED THROUGH THE COLONIAL LU, #20</u>											
IDEA	I	84.027	N/A	7/1/12-6/30/13	\$ 1,880,195	524,190	524,190	-	-	-	2
IDEA	I	84.027	N/A	7/1/13-6/30/14	\$ 1,718,650	1,323,017	-	1,718,650	1,718,650	395,633	1
IDEA - SECTION 619A	I	84.173	N/A	7/1/13-6/30/14	\$ 9,503	9,503	-	9,503	9,503	-	1
TOTAL IDEA CLUSTER						1,856,710	524,190	1,728,153	1,728,153	395,633	
TOTAL U.S. DEPARTMENT OF EDUCATION						\$ 6,570,334	\$ 1,302,730	\$ 6,588,430	\$ 6,588,430	\$ 1,320,826	

**BETHLEHEM AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2014**

U.S. DEPT. OF HEALTH AND HUMAN SERVICES

**PASSED THROUGH THE PA DEPARTMENT OF
PUBLIC WELFARE**

CHILD CARE MANDATORY/MATCH FUNDS	I	93.556	SAP 4100044212	7/1/12-6/30/13	\$	154,337	13,972	13,972	-	-	-	2
CHILD CARE MANDATORY/MATCH FUNDS	I	93.556	SAP 4100057287	7/1/13-6/30/14	\$	162,152	34,664	-	162,152	162,152	127,488	
CHILD CARE MANDATORY/MATCH FUNDS	I	93.590	SAP 4100044212	7/1/12-6/30/13	\$	15,953	-	-	-	-	-	
CHILD CARE MANDATORY/MATCH FUNDS	I	93.590	SAP 4100057287	7/1/13-6/30/14	\$	2,429	2,429	-	2,429	2,429	-	
TOTAL CHILD CARE CLUSTER						<u>51,065</u>	<u>13,972</u>	<u>164,581</u>	<u>164,581</u>	<u>127,488</u>		

ESEA - TITLE 19 MEDICAID REIMBURSEMENT	I	93.778	N/A	7/1/13-6/30/14	N/A	<u>153,059</u>	<u>26,170</u>	<u>164,213</u>	<u>164,213</u>	<u>37,324</u>		
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**FEDERAL EMERGENCY MANAGEMENT AGENCY
PASSED THROUGH THE PA.**

EMERGENCY MANAGEMENT AGENCY

PUBLIC ASSISTANCE GRANT	I	97.036	N/A	7/1/12-6/30/13	N/A	<u>49,383</u>	<u>49,383</u>	-	-	-	2
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						<u>\$ 253,507</u>	<u>\$ 89,525</u>	<u>\$ 328,794</u>	<u>\$ 328,794</u>	<u>\$ 164,812</u>	

**U. S. DEPT. OF AGRICULTURE
PASSED THROUGH THE PA.**

DEPT OF EDUCATION

NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/12 - 6/30/13	N/A	22,165	22,165	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/13 - 6/30/14	N/A	2,811,465	-	2,863,321	2,863,321	51,856	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/12 - 6/30/13	N/A	158	158	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/13 - 6/30/14	N/A	3,590	-	3,723	3,723	133	
SEVERE NEED BREAKFAST	I	10.553	N/A	7/1/12 - 6/30/13	N/A	6,682	6,682	-	-	-	
SEVERE NEED BREAKFAST	I	10.553	N/A	7/1/13 - 6/30/14	N/A	513,641	-	526,255	526,255	12,614	
AFTER SCHOOL SNACK	I	10.555	N/A	7/1/12 - 6/30/13	N/A	-	-	-	-	-	
AFTER SCHOOL SNACK	I	10.555	N/A	7/1/13 - 6/30/14	N/A	32,248	-	32,248	32,248	-	
SPECIAL MILK	I	10.556	N/A	7/1/12 - 6/30/13	N/A	-	-	-	-	-	
SPECIAL MILK	I	10.556	N/A	7/1/13 - 6/30/14	N/A	1,848	-	1,848	1,848	-	
SUMMER FOOD	I	10.559	N/A	7/1/12 - 6/30/13	N/A	44,498	44,498	-	-	-	
SUMMER FOOD	I	10.559	N/A	7/1/13 - 6/30/14	N/A	81,025	-	132,711	132,711	51,686	
FRESH FRUIT AND VEGETABLE PROGRAM	I	10.582	N/A	7/1/13 - 6/30/14	N/A	168,691	-	168,691	168,691	-	

**PASSED THROUGH THE PA
DEPARTMENT OF AGRICULTURE**

USDA COMMODITIES	I	10.555	N/A	7/1/13 - 6/30/14	N/A	<u>270,295</u>	<u>(21,020)</u>	<u>274,826</u>	<u>274,826</u>	<u>(16,489)</u>	2
TOTAL CHILD NUTRITION CLUSTER						<u>3,956,306</u>	<u>52,483</u>	<u>4,003,623</u>	<u>4,003,623</u>	<u>99,800</u>	3,4

TOTAL U.S. DEPARTMENT OF AGRICULTURE						<u>3,956,306</u>	<u>52,483</u>	<u>4,003,623</u>	<u>4,003,623</u>	<u>99,800</u>	
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TOTAL FEDERAL AWARDS						<u>\$ 10,780,147</u>	<u>\$ 1,444,738</u>	<u>\$ 10,920,847</u>	<u>\$ 10,920,847</u>	<u>\$ 1,585,438</u>	
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SOURCE: D-DIRECT; I- INDIRECT

**Bethlehem Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Note 1 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by generally accepted accounting principles.

Note 2- Organization and Scope

The District recognized 3.2% of its total general fund revenue in federal awards, and 40.3% of its total enterprise fund revenue.

Note 3 - Program Disclosure – Footnotes

1. The federal awards passed through the Colonial I.U. under the U.S. Department of Education heading, are part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenues.
2. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	\$ 10,894,423	\$ 8,554,807
PA Department of Public Welfare	334,871	328,794
Colonial I.U. #20	3,608,348	1,728,153
PA Emergency Management Agency	N/A	-
PA Department of Agriculture	N/A	274,826
Totals	\$ 14,837,642	\$ 10,886,580

3. The District received non-monetary assistance of \$270,295 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2013-14 fiscal year, the District used \$274,826 in commodities and established a year-end inventory of \$16,489 at June 30, 2014.
4. The amount recognized as revenue in the Schedule of Expenditures of Federal Awards, under the U.S. Department of Agriculture heading, represents the commodities used, versus the commodities received, which are recognized as revenue in the basic financial statements.

<u>FINANCIAL STATEMENT RECONCILIATION</u>	
General Fund Federal Source Revenues	\$ 5,189,071
Federal Grants in Local Sources	1,728,153
Food Service Fund Federal Revenue	<u>3,999,092</u>
Total Federal Revenue, per financial statements	\$ 10,916,316
Less - Medical Access	-
Plus: Change in Donated Commodities	<u>4,531</u>
Total Federal Revenue Reported on SEFA	<u>\$ 10,920,847</u>



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
UNDER GOVERNMENT AUDITING STANDARDS**

Board of School Directors
Bethlehem Area School District
1516 Sycamore Street
Bethlehem, PA 18017-6099

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Bethlehem Area School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Bethlehem Area School District's basic financial statements, and have issued our report thereon dated December 5, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bethlehem Area School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bethlehem Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bethlehem Area School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bethlehem Area School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Norman & Associates, P.C.

December 5, 2014



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
UNDER OMB CIRCULAR A-133**

Board of School Directors
Bethlehem Area School District
1516 Sycamore Street
Bethlehem, PA 18017-6099

Report on Compliance for Each Major Federal Program

We have audited Bethlehem Area School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Bethlehem Area School District's major federal programs for the year ended June 30, 2014*. Bethlehem Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bethlehem Area School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bethlehem Area School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bethlehem Area School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Bethlehem Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Bethlehem Area School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bethlehem Area School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bethlehem Area School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



December 5, 2014

**Bethlehem Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified? ☐ yes ☒ no
- Significant Deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) Identified? ☐ yes ☒ no
- Significant Deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of **OMB** Circular A-133? ☐ yes ☒ no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.556, 10.559, 10.582	Child Nutrition Cluster
84.027,84.173	IDEA Cluster

Percentage of programs tested to total awards 52.5%

Dollar threshold used to distinguish between type A and type B program: \$327,625

Auditee qualified as low-risk auditee? ☐ yes ☒ no

**Bethlehem Area School District
Schedule of Prior Year Findings
For the Year Ended June 30, 2014**

Section II – Financial Statement Findings

There were no findings discovered, relating to the financial statements, which are required to be reported in accordance with generally accepted government

Section III – Findings and Questioned Costs for Federal Awards

There were no findings discovered, relating to the federal awards, which are required to be reported in accordance with OMB Circular A-133, Section 510.

Audit Follow-Up Procedures

We did not perform any follow-up procedures on prior year findings, since no prior year findings existed.

12. *PlanCon K Submittal for the Series of 2014 Note***INFORMATION:**

In October 2014, the Board and BASD Authority approved refunding the existing Series of 2010 Note with the final closing on December 1, 2014. The Series of 2010 Note was approved by the Pennsylvania Department of Education (PDE) with a temporary reimbursement rate of 30.46% for the bond issue. Since the Series of 2010 Note has been refunded to the Series of 2014 Note, the attached PlanCon Part K: Project Refinancing must be submitted to PDE for recalculation of the PE rate using the new financing rates.

This information was reviewed with the Board at the January 20, 2015, Board Finance Committee Meeting.

RECOMMENDATION:

The Board of School Directors authorizes the submission of PlanCon Part K: Project Refinancing for the Series of 2014 Note to the Pennsylvania Department of Education.

Finance Items

President Faccinnetto asked for a motion to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

Director Patrick made a motion and seconded by Director Neiman to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

President Faccinnetto asked if there was any discussion regarding these items. There was discussion regarding Agenda Item 17. President Faccinnetto asked if there was any other discussion. Seeing none, he called for a roll call vote for the Finance Agenda Items.

Director Bonilla – Yes to Agenda Items 11, 12, 13, 14, 15, 16 and 18, and No to Agenda Item 17; Director Cann – Yes; Director McKeon – Yes; Director Neiman – Yes; Director Ortiz – Yes; Director Patrick – Yes; Director Sinkler – Yes; Director Vidanage – No to Agenda Item 17 and Yes to remaining Finance Agenda Items; and President Faccinnetto – Yes

Motion passes 9-0 for Finance Agenda Items 11, 12, 13, 14, 15, 16 and 18

Motion passes 7-2 for Finance Agenda Item 17

**PART K: PROJECT REFINANCING
BOARD TRANSMITTAL**

DISTRICT/CTC: Bethlehem Area School District

COUNTY: Northampton & Lehigh

FINANCING NAME: School Revenue Bonds (Bethlehem Area School District Refunding Project) Series of 2014

<u>ALL REF</u>	<u>PAGE #</u>	
<u>X</u>	K02	Refinancing Transaction Explanation
<u>X</u>	K03	Summary of Sources and Uses of Funds
<u>X</u>		Signed Board Resolution Authorizing Financing Transaction (including the form of the Bond/Note)
<u>X</u>		Signed Bond/Note Purchase Contract <u>or</u> Completed and Signed Bid Form from Successful Bidder
<u>X</u>		Signed Lease Agreement <u>or</u> Loan Agreement
<u>X</u>		Signed Swap Transaction Confirmation, if applicable
<u>NA</u>		Unallocated Funds
<u>X</u>		Signed Verification Report for Advance Refunding/ Certification for Current Refunding from Paying Agent/Trustee
<u>NA</u>		Cash Flow Statement for Current Refunding Call Requirement (if call requirement <u>not</u> gross funded at settlement)
<u>X</u>		Payment Schedule for New Issue/Note
<u>X</u>		Payment Schedule for Original Issue/Note Refinanced
<u>NA</u>		Payment Schedule for Issue/Note Not Refinanced

The financial consultant for this refinancing is: Public Financial Management, Inc.

Name of Firm/Company

The person to be contacted if there are any questions about Series of 2014 is:

Jamie L. Doyle, Managing Director

Financial Consultant's Name and Position

(717) 232-2723

Phone Number

(717) 232-8610

Fax Number

The financial consultant's address is: 1 Keystone Plaza, Suite 300, N. Front & Market, Harrisburg, PA 17101

The financial consultant's e-mail address is: doylej@pfm.com

The school administrator to be contacted if there are any questions about Part K is:

Stacy Gober, Chief Financial Officer

District/CTC Administrator's Name and Position

610-861-0500 ext. 60201

Phone Number

610-861-8107

Fax Number

The school administrator's e-mail address is: sgober@basdschools.org

This certifies that the attached materials were approved for submission to the Pennsylvania Department of Education by board action.

BOARD ACTION DATE: Jan. 28, 2015

VOTING:

AYE 9

NAY 0

ABSTENTIONS 0

ABSENT 0



Signature, Board Secretary

Stacy Gober

Board Secretary's Name Printed or Typed

1516 Sycamore St, Bethlehem PA 18017-6099

1/28/15

Date

REFINANCING TRANSACTION EXPLANATION

District/CTC: Bethlehem Area School District				Financing Name: School Revenue Bonds (Bethlehem Area School District Refunding Project) Series of 2014		
Complete a separate information block for each bond series included in this PlanCon Part K submission. Enter "Not Applicable" or "N/A" if the information doesn't apply.						
Refunding Issues/Notes/Loans (ex. GOB, Refunding Series of 2005)	Issues/Notes Refunded, Refinanced or Restructured (ex. GOB, Series A of 2000)	PDE Lease Number	Partial or Full Refunding	Current or Advance Refunding	New Money ≥ \$10,000 (Indicate Yes or No)	PDE Project Number and Building Name Funded by New Money
School Revenue Bonds Series of 2014	School Rev Bonds, Series of 2010	104090	Full	Current	No	N/A
	NOTES:					
	NOTES:					

SUMMARY OF SOURCES AND USES OF FUNDS		
District/CTC: Bethlehem Area School District	Financing Name: School Revenue Bonds (Bethlehem Area School District)	Closing Date: 12/1/14
REPORT TO THE PENNY - DO NOT ROUND		
	SERIES <u>2014</u>	SERIES _____
SOURCES:		
Bond Issue (Par)	\$30,250,000.00	
Original Issue Discount/Premium		
Accrued Interest		
Cash Contribution by District		
Unallocated Funds from Bond Issues Being Refunded		
Other Sources of Funds (Specify)		
1. _____		
2. _____		
3. _____		
4. _____		
TOTAL - Sources of Available Funds	\$30,250,000.00	
USES:		
Purchase of Investments/Escrow		
Cash for Current Refunding	29,980,000.00	
Issuance Costs:		
1. Underwriter Fees	113,437.50	
2. Bond Insurance		
3. Bond Counsel	35,865.15	
4. School Solicitor	17,000.00	
5. Financial Advisor	35,959.31	
5. Paying Agent/Trustee Fees and Expenses	6,500.00	
7. Printing	8,599.00	
8. Rating Fee	19,975.00	
9. Special Counsel	4,000.00	
10. Underwriters Counsel	15,000.00	
11. CUSIP	167.00	
12. Swap Advisor	10,000.00	
13. Escrow Agent		
14. _____		
15. _____		
Total - Issuance Costs	\$266,502.96	
Accrued Interest		
Capitalized Interest		
Surplus Monies or Cash to School District		
Other Uses of Funds (Specify)		
1. Sinking Fund Deposit	3,497.04	
2. _____		
TOTAL - USES OF AVAILABLE FUNDS	\$30,250,000.00	

13. Colonial Intermediate Unit 20 Contract for Service Agreement**INFORMATION:**

The District currently has various educational contracts with Colonial Intermediate Unit (CIU) 20 that provides services to Bethlehem Area School District. The CIU 20 Board of School Directors approved a contract at their December Board Meeting. It is recommended that this Agreement be approved as the most effective solution for the educational needs of students.

This information was reviewed with the Board at the January 20, 2015, Board Finance Committee Meeting.

RECOMMENDATION:

That the Board of School Directors approves the following Contract for Service Agreement with Colonial Intermediate Unit 20:

<u>Service</u>	<u>Date</u>	<u>Estimated Cost</u>
Leadership Literacy Training and Consulting Staff at Lincoln ES	January 3 thru May 22, 2015	\$900 per day for up to 10 days per month Not to exceed \$36,000

Account Code and Account Title: School Intervention Grant (Lincoln ES)

Account Balance: \$43,699

Finance Items

President Faccinnetto asked for a motion to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

Director Patrick made a motion and seconded by Director Neiman to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

President Faccinnetto asked if there was any discussion regarding these items. There was discussion regarding Agenda Item 17. President Faccinnetto asked if there was any other discussion. Seeing none, he called for a roll call vote for the Finance Agenda Items.

Director Bonilla – Yes to Agenda Items 11, 12, 13, 14, 15, 16 and 18, and No to Agenda Item 17; Director Cann – Yes; Director McKeon – Yes; Director Neiman – Yes; Director Ortiz – Yes; Director Patrick – Yes; Director Sinkler – Yes; Director Vidanage – No to Agenda Item 17 and Yes to remaining Finance Agenda Items; and President Faccinnetto – Yes

Motion passes 9-0 for Finance Agenda Items 11, 12, 13, 14, 15, 16 and 18

Motion passes 7-2 for Finance Agenda Item 17

COLONIAL INTERMEDIATE UNIT 20
A Regional Service Agency
6 Danforth Drive
Easton, Pennsylvania 18045-7899

CONTRACT FOR SERVICE
(REVENUE GENERATING)

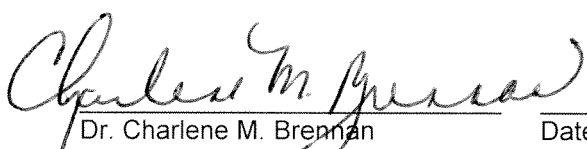
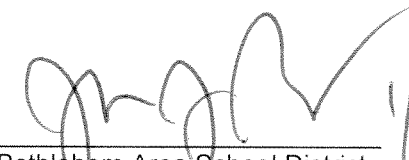
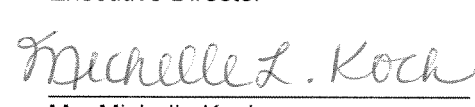
This contract is entered into by Colonial Intermediate Unit 20, 6 Danforth Drive, Easton, Pennsylvania 18045-7899 and Bethlehem Area School District, 1516 Sycamore Street, Bethlehem, PA 18017-6099, (610) 861-0500.

Colonial Intermediate Unit 20 Training and Consulting Staff will provide Leadership Literacy Training at Lincoln Elementary School in the Bethlehem Area School District.

The cost for said services is \$900.00 per day, for up to 10 days per month. This contract shall not exceed \$36,000.00 and will be in effect from January 3, 2015 through May 22, 2015.

Bethlehem Area School District will be billed for services rendered by Colonial Intermediate Unit 20.

The signed contract must be returned to Mr. Jon Wallitsch, Assistant Director of Business Services, at the Intermediate Unit Office.

 Dr. Charlene M. Brennan Executive Director	<u>12/10/14</u> Date	 Bethlehem Area School District Superintendent	<u>1/29/15</u> Date
 Ms. Michelle Koch Acting Secretary to the Board	<u>12/15/14</u> Date	<u>24-0862592</u> Federal ID Number	

To comply with Federal laws, State laws, and State Department of Education regulations concerning equal rights and opportunities and to assure these within our Intermediate Unit, the Colonial Intermediate Unit 20 declares itself to be an equal rights and opportunities agency. As an equal rights and opportunities agency, it does not discriminate against individuals or groups because of race, color, national origin, religion, age, sex and disabilities as defined by law. The Intermediate Unit's commitment to non-discrimination extends to students, employees, prospective employees, and the community.

Successful performance and affirmative action program efforts will provide positive benefits to the Intermediate Unit through fuller utilization and development of previously underutilized human resources. Coordinator of Title IX, Section 504 and ADA is The Director of Human Resources and Research Services, Colonial Intermediate Unit 20, 6 Danforth Drive, Easton, PA 18045, (610) 515-6405, TDD/TTY Hearing Impaired (610) 252-3786.

14. *Dental Contract***INFORMATION:**

All school districts alone or jointly with other districts or joint school boards shall employ school physicians and school dentists but only with the approval of the Secretary of Health, and shall compensate them on a basis agreed upon by the school physician or school dentist and the employing district or joint school board.

Dr. David Kneal, Jr. is being added for the current school year in addition to the four dentists and the St. Luke's Dental Van that were approved earlier this school year.

This information was reviewed with the Board at the January 20, 2015, Board Finance Committee Meeting.

RECOMMENDATION:

That the Board of School Directors approves the dental contract with David Kneal Jr., DMD for the 2014-2015 school year at the rate of \$4 per mandated dental screenings.

Account Code and Account Title: General Fund 2400-330 Medical Professional Services
Account Balances: \$17,000

Finance Items

President Faccinnetto asked for a motion to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

Director Patrick made a motion and seconded by Director Neiman to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

President Faccinnetto asked if there was any discussion regarding these items. There was discussion regarding Agenda Item 17. President Faccinnetto asked if there was any other discussion. Seeing none, he called for a roll call vote for the Finance Agenda Items.

Director Bonilla – Yes to Agenda Items 11, 12, 13, 14, 15, 16 and 18, and No to Agenda Item 17; Director Cann – Yes; Director McKeon – Yes; Director Neiman – Yes; Director Ortiz – Yes; Director Patrick – Yes; Director Sinkler – Yes; Director Vidanage – No to Agenda Item 17 and Yes to remaining Finance Agenda Items; and President Faccinnetto – Yes

Motion passes 9-0 for Finance Agenda Items 11, 12, 13, 14, 15, 16 and 18

Motion passes 7-2 for Finance Agenda Item 17

15. *Polling Places – May 19, 2015, General Primary Election and November 3, 2015, General Election*

INFORMATION:

The Northampton County Election Office has notified the District that eleven (11) District buildings are scheduled to be used as polling places for the May 19, 2015, General Primary Election, and the November 3, 2015, General Election.

This information was reviewed with the Board at the January 20, 2015, Board Finance Committee Meeting.

RECOMMENDATION:

That the Board of School Directors approves the following District buildings to be used as polling places for the May 19, 2015, General Primary Election and the November 3, 2015, General Election:

Asa Packer Elementary School	Hanover Elementary School
Broughal Middle School	Marvine Elementary School
East Hills Middle School	Miller Heights Elementary School
Education Center	Northeast Middle School
Farmersville Elementary School	Spring Garden Elementary School
Governor Wolf Elementary School	

Finance Items

President Faccinnetto asked for a motion to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

Director Patrick made a motion and seconded by Director Neiman to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

President Faccinnetto asked if there was any discussion regarding these items. There was discussion regarding Agenda Item 17. President Faccinnetto asked if there was any other discussion. Seeing none, he called for a roll call vote for the Finance Agenda Items.

Director Bonilla – Yes to Agenda Items 11, 12, 13, 14, 15, 16 and 18, and No to Agenda Item 17; Director Cann – Yes; Director McKeon – Yes; Director Neiman – Yes; Director Ortiz – Yes; Director Patrick – Yes; Director Sinkler – Yes; Director Vidanage – No to Agenda Item 17 and Yes to remaining Finance Agenda Items; and President Faccinnetto – Yes

Motion passes 9-0 for Finance Agenda Items 11, 12, 13, 14, 15, 16 and 18

Motion passes 7-2 for Finance Agenda Item 17

16. Real Estate Tax Exonerations**INFORMATION:**

This fall the District was notified by Northampton County that they were conducting a full review of all tax exempt parcels. Following attendance at a hearing with the Board of Assessment, it was determined on November 7, 2014, that two vacant BASD parcels located on Freemansburg Avenue would be changed back to taxable properties. These adjacent parcels are vacant land that has been leased to the Koehler family for many years for farming. Since there is revenue generated by the farm lease and the use is not solely for a governmental purpose, the parcels are now taxable.

This information was reviewed with the Board at the January 20, 2015, Board Finance Committee Meeting.

RECOMMENDATION:

The Board of School Directors approves the following real estate tax exonerations:

			<u>Tax Amount</u>	<u>Reason</u>
N7-4-4C	Bethlehem Area School District	2014	\$1,453.22	Tax exempt entity
N7-4-1	Bethlehem Area School District	2014	\$2,529.10	Tax exempt entity

Finance Items

President Faccinnetto asked for a motion to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

Director Patrick made a motion and seconded by Director Neiman to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

President Faccinnetto asked if there was any discussion regarding these items. There was discussion regarding Agenda Item 17. President Faccinnetto asked if there was any other discussion. Seeing none, he called for a roll call vote for the Finance Agenda Items.

Director Bonilla – Yes to Agenda Items 11, 12, 13, 14, 15, 16 and 18, and No to Agenda Item 17; Director Cann – Yes; Director McKeon – Yes; Director Neiman – Yes; Director Ortiz – Yes; Director Patrick – Yes; Director Sinkler – Yes; Director Vidanage – No to Agenda Item 17 and Yes to remaining Finance Agenda Items; and President Faccinnetto – Yes

Motion passes 9-0 for Finance Agenda Items 11, 12, 13, 14, 15, 16 and 18

Motion passes 7-2 for Finance Agenda Item 17

17. *Sports Medicine Services Agreement*

INFORMATION:

The Bethlehem Area School District's current sports medicine service agreement expires on June 1, 2015. Requests for Proposals were sent to three providers who all submitted proposals. Upon Administrative review of the proposals received, one proposal was brought to the Board with a presentation by the vendor at the January 20, 2015, Board Finance Committee Meeting.

The Administration recommends a three-year contract with St. Luke's University Hospital and St. Luke's Physician Group, Inc., Bethlehem, PA, from June 2, 2015, through June 30, 2018, with an additional two-year contract option July 1, 2018, through June 30, 2020, by mutual agreement at the end of the 2017-2018 school year to provide sports medicine services for the District's interscholastic sports programs.

This information was reviewed with the Board at the January 20, 2015, Board Finance Committee Meeting.

RECOMMENDATION:

That the Board of School Directors approves the agreement with St. Luke's University Hospital and St. Luke's Physician Group, Inc., Bethlehem, PA, upon solicitor review, for sports medicine services for the District's interscholastic sports programs from June 2, 2015, through June 30, 2018, with an additional two-year contract option July 1, 2018, through June 30, 2020, by mutual agreement at the end of the 2017-2018 school year at a cost not to exceed \$25,000 per year.

Account Code and Account Title: General Fund 3250-330 School Athletics, Other Prof. Services
Account Balance: 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 Budgets

Finance Items

President Faccinnetto asked for a motion to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

Director Patrick made a motion and seconded by Director Neiman to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

President Faccinnetto asked if there was any discussion regarding these items.

Director Bonilla asked to pull Agenda Item 17, Sports Medicine Services Agreement, as he feels the Board is not prepared to vote at this time. He hasn't seen the Coordinated Health proposal, and after hearing concerns from the public, he believes it was not fair to all parties. He made a motion to table Agenda Item 17.

President Faccinetto stated that there was a motion to table Agenda Item 17 and is there a second?
Director Vidanage seconded the motion to table Agenda Item 17. President Faccinetto called for a roll call vote to table Agenda Item 17.

Director Bonilla – Yes; Director Cann – No; Director McKeon – No; Director Neiman – No; Director Ortiz – No; Director Patrick – No; Director Sinkler – No; Director Vidanage – Yes; and President Faccinetto – No

Motion fails 2-7 to table Agenda Item 17

President Faccinetto asked if there was any other discussion. Seeing none, he called for a roll call vote for the Finance Agenda Items.

Director Bonilla – Yes to Agenda Items 11, 12, 13, 14, 15, 16 and 18, and No to Agenda Item 17; Director Cann – Yes; Director McKeon – Yes; Director Neiman – Yes; Director Ortiz – Yes; Director Patrick – Yes; Director Sinkler – Yes; Director Vidanage – No to Agenda Item 17 and Yes to remaining Finance Agenda Items; and President Faccinetto – Yes

Motion passes 9-0 for Finance Agenda Items 11, 12, 13, 14, 15, 16 and 18

Motion passes 7-2 for Finance Agenda Item 17

SPORTS MEDICINE SERVICES AGREEMENT

This Sports Medicine Services Agreement (the "Agreement") is entered into as of January 28, 2015, by and among the Bethlehem Area School District ("BASD"), Saint Luke's Hospital of Bethlehem, Pennsylvania d/b/a St. Luke's University Hospital ("SLB") and St. Luke's Physician Group, Inc. ("SLPG" and, together with SLB, "St. Luke's").

Background

A. BASD desires to have St. Luke's provide from time to time one or more physicians, together with one or more athletic trainers, to provide certain sports medicine and/or athletic training services on behalf of BASD, and St. Luke's desires to provide such physicians and athletic trainers to offer such assistance, pursuant to the terms set forth herein.

B. BASD also desires to designate St. Luke's as its exclusive provider of sports medicine services, and St. Luke's desires to be so designated, pursuant to the terms set forth herein.

Terms

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration set forth herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Services. In consideration of the mutual terms and conditions set forth in this Agreement, St. Luke's agrees to provide one or more physicians (each a "Physician") and one or more athletic trainers (each an "Athletic Trainer") to perform the services set forth on Exhibit A attached hereto (the "Services") during the Term (as defined below). At all times during the term of this Agreement, each Physician providing Services hereunder shall maintain a current and valid license to practice medicine in the Commonwealth of Pennsylvania, and each Athletic Trainer providing Services hereunder shall maintain a current and valid license to act as an athletic trainer in the Commonwealth of Pennsylvania.

2. Fees.

(a) Annual Fee. In exchange for the Services, BASD shall pay St. Luke's an annual fee of \$25,000 during each contract year of the Term (the "Annual Fee"). The Annual Fee shall be payable in ten (10) equal monthly installments of \$2,500, with the first installment paid each contract year on or before July 31st and thereafter on or before the last day of each successive month until the Annual Fee is paid in full for each contract year of the Term.

(b) Additional Fees. Except as otherwise set forth herein, St. Luke's shall perform all BASD student-athletes' pre-season sports physicals conducted at BASD facilities at no cost. Student-athletes who are unable to attend regularly scheduled physical dates can receive a make-up physical at designated St. Luke's facilities, and St. Luke's may directly charge the student-athletes and/or their parents or guardians \$20.00 for such services.

(c) Third Party Insurance Coverage; Co-Payments; Deductibles. Except as specifically set forth in Exhibit A, St. Luke's may bill and collect for its Services provided to any athlete hereunder, including from applicable insurance carriers and may collect co-payments and deductibles from student-athletes and/or their parents or guardians, whether such Services are provided by a Physician in his/her office or elsewhere.

3. Term and Termination.

(a) Initial Term. The term of this Agreement shall commence as of June 1, 2015 (the "Effective Date") and continue until June 30, 2018 (the "Initial Term"), unless earlier terminated in accordance with the provisions of this Agreement. Upon completion of the Initial Term, this Agreement shall automatically renew for an additional two (2) year period (the "Renewal Term" and, together with the Initial Term, the "Term"), unless sooner terminated in accordance with the provisions of this Agreement.

(b) Termination for Cause. If either party breaches a material term, condition, covenant, warranty or representation set forth herein, the non-breaching party shall give the other party written notice of such breach. If the breach is not cured within thirty (30) days of the breaching party's receipt of such notice, the non-breaching party may immediately terminate this Agreement.

(c) Termination Without Cause. BASD may terminate this Agreement without cause for any reason following completion of the Initial Term by providing St. Luke's with at least one hundred eighty (180) days' written notice prior to the completion of the Initial Term.

(d) Survival. Notwithstanding anything to the contrary set forth in this Agreement, Sections 7, 8 and 12 shall survive termination of this Agreement. Termination of this Agreement shall not affect the rights and obligations of the Parties which have accrued hereunder prior to termination.

4. Responsibilities of BASD.

(a) Exclusive Relationship. Except as otherwise specifically set forth herein, BASD grants St. Luke's the right to be the "Official Sports Medicine Provider" for BASD during the Term. In accordance therewith, during the Term, St. Luke's shall be the exclusive health care provider endorsed or promoted by BASD and shall be the exclusive partner of BASD with respect to its athletic programs, except as otherwise specifically set forth herein. BASD shall not offer services or engage another party to offer services similar to those offered by St. Luke's hereunder during the Term; provided, however, that BASD shall not be prohibited from offering services or engaging another party to offer such similar services during the Eastern Pennsylvania Conference ("EPC") Championship Series. In addition, BASD shall not permit any endorsement or promotion of any other Health Care Organization (as defined below) in connection with BASD's athletic teams or athletic events; provided, however, that BASD shall not be prohibited from permitting any endorsement or promotion of any other Health Care Organization (as defined below) in any BASD gymnasium during the EPC Championship Series. As used herein, the term "Health Care Organization" means any health system, hospital, hospital system, physician group, medical or health care provider or similar entity, or any entity which otherwise owns, acquires, controls or manages them, or any entity which is under common ownership, control or management with them.

(b) Promotions. Except as otherwise specifically set forth herein, during the Term, BASD shall promote St. Luke's, and, specifically, St. Luke's Orthopaedic Specialists and the St. Luke's Primary Care Sports Medicine Program, in the manner as described below and for all sports' seasons for men and women.

(i) BASD shall promote St. Luke's at each BASD home game, at no additional charge, as follows:

(A) BASD shall place and install signage provided by St. Luke's in BASD's four (4) middle school gymnasiums and two (2) high school gymnasiums, subject to the reasonable, prior approval of content, materials, design, color and size by BASD. BASD agrees that it shall not allow any signage promoting another Health Care Organization in connection with any BASD athletic facilities or events; provided, however, that BASD shall be permitted to allow signage promoting another Health Care Organization in the BASD stadium and at the EPC Championship Series.

(B) BASD shall provide public address announcements recognizing St. Luke's as the "Official Sports Medicine Provider" and/or recognizing its representatives present at BASD events, with a minimum of two announcements per football and basketball games, and one announcement at all other athletic events where such announcements are made; provided, however, that BASD shall not be required to provide any such announcements during the EPC Championship Series. Each announcement shall not exceed twenty (20) seconds. St. Luke's shall provide a script for such announcements, subject to the prior review and approval of BASD, which approval will not be unreasonably withheld.

(ii) BASD shall prepare and distribute a mutually acceptable media release announcing St. Luke's as the "Official Sports Medicine Provider" of BASD. In addition to background information on BASD and St. Luke's, the release will include quotes from representatives of St. Luke's and BASD. BASD shall also arrange a press conference at a mutually acceptable location and with mutually acceptable participants to announce the relationship described herein.

(iii) BASD hereby grants St. Luke's the right to advertise, publicize and promote its sponsorship and services of BASD as described above and to feature its sponsorship status in its advertising and promotion within selected BASD publications selected by St. Luke's, in each case without charge to St. Luke's. The text and copy of all advertisements, commercials and materials using BASD's name or logo shall be subject to prior review and approval by BASD, which review will be made promptly and which approval will not be unreasonably withheld.

(iv) BASD shall display St. Luke's logo as provided by St. Luke's on BASD's website, along with links to any material reasonably requested by St. Luke's.

Notwithstanding the foregoing, BASD shall not be required to promote St. Luke's, St. Luke's Orthopaedic Specialists, and/or the St. Luke's Primary Care Sports Medicine Program during the EPC Championship Series or within the BASD stadium.

5. Compliance with Laws.

(a) Each party agrees to comply with applicable federal and state laws governing the confidentiality of patient and consumer information. BASD further agrees to comply with the Family Educational Rights and Privacy Act, as codified at 20 U.S.C. Section 1232g, and the rules and regulations implemented thereunder. St. Luke's further agrees to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. Section 1320d through d-8, and the rules and regulations implemented thereunder.

(b) The parties recognize that this Agreement is subject to, and agree to comply with, applicable federal, state and local statutes, rules and regulations. Any provisions of applicable statutes, rules and regulations that invalidate any term of this Agreement, or would cause a party to be in violation

of the law, shall be deemed to have superseded such term of this Agreement; provided, however, that all other terms of this Agreement shall continue in full force and effect and without modification and the parties hereto shall use their best efforts to accommodate the terms and intent of this Agreement to the greatest extent possible.

6. Consent Forms. BASD shall obtain the PIAA CIPPE Pre-Participation Evaluation Form Consent from any athlete (and/or his/her parent or guardian) for whom St. Luke's provides Services in connection herewith.

7. Indemnification; Insurance.

(a) Except as otherwise set forth herein, each party agrees to indemnify, defend and hold harmless the other party hereto and its officers, directors, agents and employees from and against any and all third party claims, damages, actions, costs (including reasonable attorney's fees) and/or liabilities arising solely and directly from the gross negligence or willful misconduct of such party, including its officers, directors, employees, representatives, assigns and agents. Such obligation shall not be construed to negate, abridge or reduce other rights or obligations of indemnity which would otherwise exist. In no event will either party be required to indemnify or hold harmless the other for the other's negligence, gross negligence or willful misconduct. Notwithstanding the foregoing, (i) each party shall advise the other party in writing of any claims, notices or other information received by it or of which it becomes aware for which such party will seek indemnification hereunder, in such time and manner as not to impair or prejudice the ability of the indemnifying party to defend such claims or investigate such notice, (ii) each party shall provide the indemnifying party with the cooperation and assistance necessary to defend such claim requested by the indemnifying party, and (iii) neither party shall settle or compromise any claim admitting the fault, liability or negligence of the other party without the other party's prior written consent, which shall not be unreasonably withheld or delayed. However, in no event shall BASD's liability either directly or for indemnity be greater than it could be under the Pennsylvania Political Subdivision Tort Act. The protections and immunities of the Political Subdivision Tort Act are expressly not waived by BASD.

(b) St. Luke's shall maintain during the Term, on behalf of each Physician and each Athletic Trainer, professional liability malpractice insurance coverage in a form and in amounts not less than amounts required by laws of the Commonwealth of Pennsylvania, as may be amended from time to time.

(c) BASD shall maintain on its own behalf Commercial General Liability Insurance (including bodily injury, personal injury, products liability, contractual liability, completed operations, and property damage) of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate.

(d) Each party shall provide the other with a certificate(s) of insurance evidencing the insurance coverage required by such party under this Agreement and applicable law within ten (10) days of the execution of this Agreement and upon coverage renewal thereafter during the term of this Agreement. Each party shall notify the other within thirty (30) days of any change in the amount of coverage and notification within one (1) business day of termination of coverage.

8. Non-Solicitation. During the Term and for two (2) years thereafter, BASD hereby agrees not to solicit for employment, employ, engage or contract with, directly or indirectly, any employee or contractor of St. Luke's, as an employee, consultant or otherwise, if such employee or contractor provides or has provided Services to BASD hereunder at any time during the Term.

9. Independent Contractors. St. Luke's and its employees and agents are acting hereunder as independent contractors of BASD and under no circumstances shall any of the employees of St. Luke's be deemed the employees of BASD hereunder for any purpose. As such, St. Luke's and its employees, agents, or representatives are not entitled to the benefits provided by BASD to its employees, including, but not limited to, group insurance, pension plan enrollment, vacation, leaves of absence, workers' compensation insurance or unemployment compensation insurance.

10. Background Checks/Child Abuse Clearances. Within thirty (30) days of the commencement of this Agreement, St. Luke's shall provide BASD with copies of Pennsylvania state and FBI fingerprint criminal history record information and child abuse clearances, pursuant to Act 34 and Act 151/33, as amended, said record to be no more than one (1) year old, for each of St. Luke's then-current employees and 1099 independent contractors providing services to BASD hereunder. Upon the hiring of any new employee or contracting of any new 1099 independent contractors during the Term of the Agreement, St. Luke's shall provide BASD with a copy of said employee's or 1099 independent contractor's recent criminal history record information and/or child abuse clearances. BASD retains the right to reasonably request updated Pennsylvania state and FBI fingerprint criminal history record information and/or child abuse clearances for St. Luke's employees and 1099 independent contractors at any time during the term of this Agreement. For purposes of this paragraph, "recent criminal history record information and/or child abuse clearances" or "updated criminal history record information and/or child abuse clearances" shall mean a criminal history record information and/or child abuse clearance that is dated within two (2) weeks of BASD's receipt of the results of the Pennsylvania state and FBI fingerprint criminal history record information and/or child abuse clearance to BASD. St. Luke's further agrees that it shall notify BASD immediately upon becoming aware that any of its employees or contractor's employees, for whom St. Luke's previously provided recent criminal history record information and/or child abuse clearances, are subsequently arrested or convicted of any crime under state or federal law. St. Luke's shall notify BASD of such an arrest or conviction within seventy-two (72) hours of St. Luke's knowledge of such arrest or conviction. Notwithstanding the foregoing, in no event shall any independent contractor and/or employee of St. Luke's have direct contact with BASD student(s) without BASD's prior receipt of required Pennsylvania state and FBI fingerprint criminal history record information and child abuse clearances pursuant to this Paragraph 10.

11. Relationships. Nothing contained in this Agreement shall be construed as establishing a partnership or joint venture between St. Luke's and BASD. The parties understand and agree that nothing contained in this Agreement shall in any way require or suggest that BASD shall be required to refer patients to St. Luke's, any Physician, or any affiliate of St. Luke's at any time whatsoever. BASD shall be free to refer patients to any hospital, health care facility, provider, or physician, and nothing contained herein is intended to require and nothing herein shall be construed to require BASD to make or influence referrals to, or otherwise generate business for, St. Luke's, any Physician, or any affiliate of St. Luke's.

12. Governing Law; Dispute Resolution. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania in effect as of the date of this Agreement, without regard to the choice of law provisions thereto. The parties shall first discuss and negotiate any disputes that arise under this Agreement with a view toward settlement and disposition thereof. Contractual disputes that cannot be resolved by the parties shall be submitted to non-binding mediation under the Commercial Arbitration Rules of the American Arbitration Association then pertaining, before one neutral mediator, with the laws of the Commonwealth of Pennsylvania being applied. The mediation proceedings, together with all discovery made pursuant thereto and statements or documents exchanged by the parties in connection therewith, shall be kept confidential and shall only be used by such parties in connection with the mediation proceedings. THE MEDIATOR SHALL NOT AWARD ANY PARTY PUNITIVE OR EXEMPLARY DAMAGES, AND EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT TO SEEK SUCH DAMAGES. All costs of mediation shall be

evenly divided between the parties, exclusive of each party's legal fees, each of which shall be borne by the party that incurs them. In the event that non-binding mediation is unsuccessful, the parties hereby agree to submit to the exclusive jurisdiction of the Northampton County Court of Common Pleas for any action in law or equity to interpret, enforce, or defend a breach thereof or action seeking a declaratory judgment or injunction.

13. Assignment. Neither St. Luke's nor BASD may assign or delegate any of its rights or obligations hereunder without the prior written consent of the other party. All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by each of the parties hereto, their respective legal representatives and their permitted successors and assigns.

14. Notices. Any notice or communication required or permitted to be given under this Agreement shall be in writing and served personally (deemed given upon receipt), sent by United States certified mail, postage prepaid with return receipt requested (deemed given three (3) business days after deposit with the U.S. Postal Service), or delivered by nationally recognized overnight courier (deemed given one (1) business day after deposit with the courier), addressed to the other party as follows:

To BASD: Bethlehem Area School District
 1516 Sycamore Street
 Bethlehem, PA 18017
 Attn: Superintendent of Schools

To St. Luke's: St. Luke's University Hospital
 801 Ostrum Street
 Bethlehem, Pennsylvania 18015
 Attn: Senior Vice President, Business Development

and

St. Luke's Physician Group, Inc.
801 Ostrum Street
Bethlehem, Pennsylvania 18015
Attn: President

With a copy to: St. Luke's University Health Network
 801 Ostrum Street
 Bethlehem, Pennsylvania 18017
 Attn: General Counsel

and/or to such other persons or places as the party to whom notice shall be sent may hereafter designate in writing.

15. Restriction on Engagement of Prior Coordinated Health Employees. St. Luke's agrees that, for a period of two (2) years following the commencement of this Agreement, St. Luke's will not permit any independent contractor or employee of St. Luke's to provide Services to BASD hereunder if such independent contractor or employee is or was previously employed by or contracted with Coordinated Health, and/or any subsidiary or affiliate thereof, unless such independent contractor or employee obtains a signed waiver from Coordinated Health and prior written approval from BASD

16. Amendments. All provisions of this Agreement shall remain in effect throughout the Term hereof unless the parties agree, in a written document signed by both parties, to amend, add or delete any provision. This Agreement may not be modified other than by an agreement in writing signed by the parties hereto.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

18. Miscellaneous.

(a) This Agreement sets forth the entire agreement and understanding between the parties and supersedes any prior agreement or understanding, written or oral, relating to the subject matter of this Agreement.

(b) The parties have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

(c) If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of the Agreement shall be valid and enforceable to the fullest extent permitted by law.

(d) No waiver of any term, provision, or condition of this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further and continuing waiver of any such term, provision or condition of this Agreement.

(e) The parties executing this Agreement represent and warrant to each other that they have the full right, power, capacity and authority to execute and deliver this Agreement, and that they have duly and properly performed all acts required to authorize them to carry out this Agreement and the transactions contemplated by it.

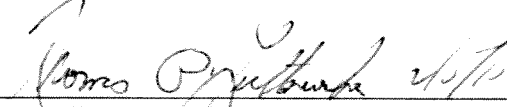
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

BETHLEHEM AREA SCHOOL DISTRICT

By: 
Name: Michael E. Faccinnetto
Title: Board President

**SAINT LUKE'S HOSPITAL OF BETHLEHEM,
PENNSYLVANIA**

By: 
Name: Thomas P. Lichtenwalner
Title: Senior Vice President, Finance

ST. LUKE'S PHYSICIAN GROUP, INC.

By:  2/10/15
Name: Dean W. Evans
Title: President

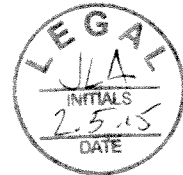


EXHIBIT A

DESCRIPTION OF SERVICES

General Description

The sports medicine Services described herein shall be provided by a Physician and an Athletic Trainer and shall include the following: (1) preventive injury and illness training and education for athletes and coaches and other BASD staff members as determined by the mutual agreement of the parties; (2) care and treatment for injuries and illnesses suffered by BASD athletes during BASD athletic events (home and away) and during BASD practices; and (3) rehabilitation for BASD athletes who have suffered injuries or illnesses during BASD athletic events (home or away) and during BASD practices. Notwithstanding the foregoing, all Services shall be scheduled at times mutually acceptable to the parties and in accordance with the Agreement.

Except as specifically set forth below, St. Luke's may bill any athlete and/or his/her parent or guardian and/or his/her/their insurer, if any, for Services provided by St. Luke's hereunder.

Notwithstanding anything in this Exhibit "A" to the contrary, the Services shall not include Physician and Athletic training services during the Eastern Pennsylvania Conference Championship Series.

Duties and Responsibilities

In connection with the foregoing:

1. St. Luke's shall provide access to two (2) team Physician(s) for each of the two (2) high schools in the BASD district (Freedom and Liberty). Each high school will be assigned one (1) Primary Care Sports Medicine Physician and one (1) Sports Fellowship Trained Orthopaedic Surgeon. BASD's four (4) middle schools will also be assigned one of the aforementioned team physicians to ensure continuity of care.
2. St. Luke's shall provide six (6) Athletic Trainers and two (2) graduate assistant or resident athletic trainers to BASD. The athletic trainers shall provide services to the two high schools and the four (4) middle schools. The athletic trainer(s) will work a schedule that is mutually agreeable to BASD and the Senior Director of Sports Medicine Relationships for St. Luke's. This schedule will span the BASD academic year and include pre-season and post-season events. Of the athletic trainers provided pursuant to this Agreement, St. Luke's shall use reasonable efforts to provide at least two (2) bilingual athletic trainers, fluent in both Spanish and English.
3. St. Luke's shall provide a dedicated athletic trainer to act as the "Athletic Trainer Navigator" to facilitate treatment and support BASD student-athletes, parents and coaches.
4. St. Luke's shall provide consultation on sports and sports medicine-related projects and fields through its Senior Director of Sports Medicine Relationships.
5. St. Luke's shall provide a Director of Sports Physical Therapy for BASD. BASD student-athletes will have preferred access to this resource. Injury Prevention Screenings for student-athletes will be coordinated by the Head Athletic Trainer at each high school and the Director of Sports Physical Therapy.
6. The Athletic Trainers shall provide Services at all team interscholastic sports played by boys and girls (the "Covered Sports") attending the BASD middle schools and the BASD high schools.

7. The Services provided by the Athletic Trainers and Physicians shall begin with the first practice for a Covered Sport in the Fall and shall end with the last Covered Sport event in the Spring, as defined by the Pennsylvania Interscholastic Athletic Association, Inc. (PIAA) for each year of the Agreement.
8. The Athletic Trainers shall provide Services at all practices and home games for all Covered Sports. An Athletic Trainer shall cover varsity football away games.
9. The Athletic Trainers shall provide Services at all Covered Sports for tournament events, league events, District 11 events and State events at home and away games.
10. Athletic Trainers shall arrive ½ hour prior to the start time for the scheduled Covered Sport practice. Athletic Trainers shall arrive two (2) hours prior to the start time for a scheduled Covered Sport home game. Athletic Trainers shall arrive ½ hour prior to the time of departure for the team transportation to Covered Sports away games.
11. Sports Medicine Services shall be performed at the locations assigned by BASD for scheduled Covered Sport practices and home games for the middle school and high school athletes. Sports Medicine Services shall be performed at the departure location for away games or at the game if a Physician attends and shall end upon return to BASD or, in the case of a Physician, at the end of the away game.
12. The Athletic Trainers shall be assigned to BASD during the school year. There will not be an hourly rate for additional services if the Services are associated with PIAA participation and/or competition. In collaboration with BASD's Athletic Trainers, St. Luke's Sports Medicine will address additional services through timely communication and mutual agreement.
13. The Athletic Trainers shall render first aid treatment for BASD athletes who sustain injury during a Covered Sport practice or Covered Sport game. For injuries that require the services of a physician, as determined by the Athletic Trainer, the injured athlete shall be seen by the Physician either on site or at another location, unless other medical care is required as determined by the Physician or Athletic Trainer.
14. Athletic Trainers shall render appropriate interim treatment until such time that the injured athlete is seen by a Physician or by a qualified medical provider recommended by the Physician or Athletic Trainer.
15. If the athlete is transported to a hospital by a qualified paramedic, the Athletic Trainer need not accompany the injured athlete; if the transportation is provided by others, the Athletic Trainer or school personnel shall accompany the injured athlete until seen by a qualified staff member of a hospital or by a Physician.
16. Athletic Trainers assigned to BASD shall have direct access and communication with the St. Luke's Sports Medicine Team Physicians, Director of Sports Rehabilitation and other specialists. Injured BASD athletes will be seen by a Physician in his/her office as injuries arise or at mutually agreed upon training room visits. St. Luke's will facilitate orthopaedic, primary care, physical therapy, diagnostic and other appointments for BASD athletes through BASD's Athletic Training Navigator.
17. The Head Athletic Trainer for each high school shall arrange with the team Physicians a mutually agreeable time/day for weekly clinic visits in the Athletic Training Room. Clinic

visits will be held as deemed necessary by the Head Athletic Trainer. There shall be no fee for this service.

18. BASD's Athletic Directors shall evaluate St. Luke's Athletic Trainers' performance on an annual basis and, if an Athletic Director reasonably determines that the performance is inadequate, the Athletic Director shall notify St. Luke's in writing. St. Luke's shall use its reasonable efforts to replace the Athletic Trainer with fifteen (15) days of its receipt of the written complaint.
19. A Physician will be accessible via cell phone for questions from the athletic training staff and will communicate via formal written notes and telephone conversations about each athlete's care.
20. Team Physician(s) from St. Luke's shall conduct preseason physicals at mutually agreed upon dates and times. Staffing shall be determined by St. Luke's based upon the number of athletes receiving physicals. The BASD Athletic Trainer Navigator and High School Athletic Trainers will coordinate staffing and logistics in accordance with the criteria set forth by BASD (8 Physicians – Fall/Spring and 6 Physicians – Winter). All BASD Athletic Trainers will be present for sports physicals.
21. Preseason physicals shall include Baseline Concussion Testing (ImPACT) and Balance Assessment. St. Luke's shall not bill for costs associated with the ImPACT assessments.
22. St. Luke's shall provide mutually selected Baseline Sports Performance Tests for District Athletes coordinated through St. Luke's Senior Director of Sports and Human Performance and Athletic Directors at BASD.
23. Team Physician(s) from St. Luke's shall provide, where appropriate, treatment and rehabilitation protocols to be followed by St. Luke's Athletic Trainers.
24. Team Physician(s) will cover home and away football games at BASD and be available for consultation for injuries sustained at other Covered Sport practices and games. Conference and District football playoff games will also be covered by the Team Physician(s).
25. A Physician and members of the St. Luke's Sports Medicine Program will provide educational sessions (concussions, sudden cardiac death, prevention of injury and illness, rehabilitation, etc.) on mutually agreeable topics and at mutually agreeable dates and times for athletes, coaches and other BASD staff members selected by BASD.
26. St. Luke's and BASD shall make reasonable efforts to expand opportunities for students and staff to shadow health care professionals and attend selected activities sponsored by St. Luke's Sports Medicine and the emerging Center for Sports Medicine.
27. St. Luke's and BASD will initiate a "Pilot Employee Wellness Research Project." Specific goals and outcomes to be developed by a joint St. Luke's/BASD Wellness Team.
28. St. Luke's Sports Medicine personnel and BASD Medical Director (Dr. Bonnie Coyle), in conjunction with the Bethlehem Partnership and the Hispanic Center Lehigh Valley, will make reasonable efforts to establish a framework and the specific programming necessary to increase the involvement of underrepresented children from BASD in selected sports and modes of physical activity.

29. Students enrolled in formal course of study at an accredited college or university, may, with the approval of St. Luke's, complete clinical hours under the supervision of the licensed athletic trainers. A formal approval and affiliation agreement must exist with BASD and St. Luke's prior to the commencement of any clinical hours. Furthermore, all students must complete the necessary clearances and paperwork for internships with St. Luke's. Selection and discipline issues for these interns shall be shared by the Head Athletic Trainer and the Athletic Director.
30. The Athletic Trainer(s) shall be responsible for the selection, training, and supervision of high school aides. Student aides may assist with game set-up, hydration and general athletic training room duties. High School Aides shall not perform athletic training services. Selection and discipline issues for these aides shall be shared by the Head Athletic Trainer and the Athletic Director.

In the event of a conflict between the terms of this Exhibit and the terms of the Agreement, the terms of the Agreement shall control.

18. E-Rate Bid Award – Internal Wireless Upgrade**INFORMATION:**

Bids were solicited and received from vendors on January 9, 2015, for the total re-architecture of the BASD WiFi (Wireless LAN) network. BASD requested each vendor to submit a comprehensive bid that includes all three components and a single point-of-contact throughout the project's duration. Successful bidders must be willing to participate with the District in the federally-sponsored e-Rate program and agree to invoice the District at the e-Rate discounted amount. The contract awarded is contingent upon the District receiving e-Rate discounts for the respective components (Wireless Access Points, Network Switches, and Data Cabling) with notification expected from USAC in May 2015. The final award is contingent upon the District's success with its e-Rate application, and the District reserves the right to accept or reject any or all bids or parts of bids.

The following bids were received:

Bid Tabulations – Wireless Re-Architecture (Access Points, Switching, Cabling)

Vendor	Pre-Discount Cost	Discount	Net Cost to District	Rank
Advance 2000, Inc.	\$1,875,000.00	\$1,482,177.60	\$392,822.40	1
Diefenderfer	\$2,144,000.00	\$1,697,378.00	\$446,622.00	2
MTG	\$2,347,989.76	\$1,878,391.81	\$469,597.95	3
Pagoda Electric	\$2,438,743.00	\$1,950,994.40	\$487,748.60	4
ATT*	\$4,262,224.80	Bid Rejected		

* Rejected – vendor did not provide bids for all 3 components.

This information was reviewed with the Board at the January 20, 2015, Board Finance Committee Meeting.

RECOMMENDATION:

That the Board of School Directors award the bid for wireless system upgrades and redesign (including wireless access points, network switch gear, and cabling installation services) to Advance 2000, Inc., 1140 Wehrle Drive, Williamsville, New York, following solicitor review, at a cost not to exceed \$1,875,000, subject to approved e-Rate funding commitment, and to submit the cost for these purchases and services for e-Rate reimbursement.

Account Code and Account Title: General Fund 2818-788 Networking Infrastructure Equipment
Account Balance: 2015-16 Budget

Finance Items

President Faccinnetto asked for a motion to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

Director Patrick made a motion and seconded by Director Neiman to approve Finance Agenda Items 11, 12, 13, 14, 15, 16, 17 and 18.

President Faccinnetto asked if there was any discussion regarding these items. There was discussion regarding Agenda Item 17. President Faccinnetto asked if there was any other discussion. Seeing none, he called for a roll call vote for the Finance Agenda Items.

Director Bonilla – Yes to Agenda Items 11, 12, 13, 14, 15, 16 and 18, and No to Agenda Item 17; Director Cann – Yes; Director McKeon – Yes; Director Neiman – Yes; Director Ortiz – Yes; Director Patrick – Yes; Director Sinkler – Yes; Director Vidanage – No to Agenda Item 17 and Yes to remaining Finance Agenda Items; and President Faccinnetto – Yes

Motion passes 9-0 for Finance Agenda Items 11, 12, 13, 14, 15, 16 and 18

Motion passes 7-2 for Finance Agenda Item 17

19. *Approval of Agreement Between the Board of School Directors and the Bethlehem Education Association*

INFORMATION:

Pursuant to the various discussions during executive session, the negotiating team is recommending approval of the Collective Bargaining Agreement between the Board of School Directors and the Bethlehem Education Association.

RECOMMENDATION:

That the Board of School Directors approves the Collective Bargaining Agreement between the Board of School Directors and Bethlehem Education Association effective September 1, 2014, through June 30, 2017.

Human Resources Items

President Faccinnetto asked Director Ortiz for a motion to approve Human Resources Agenda Items 19, 20, 21, 22 and 23.

Director Ortiz made a motion and seconded by Director Bonilla to approve Human Resources Agenda Items 19, 20, 21, 22 and 23.

President Faccinnetto asked if there was any discussion regarding these items. Seeing none, he called for a roll call vote for the Human Resources Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinnetto

Motion passes 9-0 for Human Resources Agenda Items 19, 20, 21, 22 and 23

President Faccinnetto stated that the Board has approved a new three (3) year agreement with the Bethlehem Education Association teachers. He highlighted some of the key points of the contract and there is a press release for the media. Beginning in the 2015-16 school year, there will be an additional 15 minutes of instruction time which is 45 hours or six (6) additional school days over the course of the year. Health care savings totaling over \$1.7 million starting in the 2015-16 school year. The teachers agreed to a salary freeze for the current year, and then increases of 3.1% and 2.9% the final two years for a total average increase with the healthcare savings of 1.1% over each year of the contract. The starting salary was increased to attract top quality candidates, and there are lower costs and step increments through the salary schedule to reduce disparities and raises as teachers move through the steps. He thanked the BEA and the negotiating team for working tirelessly and in good faith during the negotiation process. This was uncharted territory for both sides as past agreements have been early birds and full negotiations have not occurred for a number of years. The new agreement gives the contract a much needed update and recognizes the ever changing needs of not only the teachers and students as well. This process began over a year ago, and we focused on what matters to both sides, the sides of the teachers and the students, and as a Board it is fair to say that we respect our teachers and thank them for the work they do. It was never negotiated in public. The agreement provides for the teachers, but recognizes the external pressures from Harrisburg from the pension system, PSERS, the Affordable Care Act and Cadillac tax coming forward. In closing, he thanked Ms. Vitalos, President of the BEA, who has brought a culture of respect between the Administration and teachers.

BETHLEHEM AREA SCHOOL DISTRICT
Bethlehem, Pennsylvania

COLLECTIVE BARGAINING AGREEMENT

BETWEEN

BOARD OF SCHOOL DIRECTORS

AND

BETHLEHEM EDUCATION ASSOCIATION

EFFECTIVE

September 1, 2014 through June 30, 2017

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AGREEMENT BETWEEN BOARD AND BEA

PREAMBLE

THIS AGREEMENT is made effective the 1st day of September 2014, by and between the Board of School Directors of the Bethlehem Area School District, hereinafter called the "Board," and the Bethlehem Education Association of the Bethlehem Area School District, hereinafter called the "Association."

WHEREAS, the Board and the Association believe in the importance of schools as an agency for the preservation and extension of our democracy; and

WHEREAS, the parties to this Agreement have a common goal in providing the best possible education for all children; and

WHEREAS, the Board and the Association are mutually committed to the human rights and dignities of all and to policies and programs necessary to good education, good management, and good government; and

WHEREAS, the parties to this Agreement are mutually committed to the necessity of equal education opportunity for all pupils of the Bethlehem Area School District with no exclusion from any program on the basis of race, religion, creed, sexual orientation, social or economic status; and

WHEREAS, it is the mutual responsibility of all members of the school district to ensure that good order and discipline are maintained throughout the district and that the classroom teacher is fully supported in all reasonable measures taken by him/her to maintain and effectuate good order and discipline in his/her classroom; and

WHEREAS, the success of the educational program is dependent upon the knowledge, skill and creative ability of teachers; and

WHEREAS, the Association recognizes that the basic responsibility of each teacher is to use his/her skills and expertise in the most effective manner to improve the quality of education offered by the Bethlehem Area School District; and

WHEREAS, to obtain this goal it is imperative that there be understanding and cooperation between the teachers in the classroom and the Board, which is responsible for the operation of the school system; and

WHEREAS, the parties to this Agreement believe that the best interests of public education will be served by established procedures for bargaining with teachers represented as on matters of common concern and for providing orderly channels for appeals should any differences not be resolved; and

WHEREAS, the Association has been duly elected by a majority of teachers as the exclusive representative of the teachers for the purpose of dealing with the Board on matters of teacher concern; and

WHEREAS, the laws of the Commonwealth of Pennsylvania authorize collective bargaining for public employees and authorize public employers to enter into collective bargaining with representatives of the employees under Public Law 195; and

WHEREAS, the parties desire to incorporate their Agreement and certain other matters into a formal contract, and believe that such action is in the best interest of the community, children, school system and teachers; and

WHEREAS, it is recognized that the primary duty and responsibility of the teachers is to teach, and that the organization of the school and the school day should be directed at insuring that the energy of the teacher is primarily utilized to this end; and

THEREFORE, the parties agree as follows:

ARTICLE I RECOGNITION

The Board hereby recognizes the Association as the exclusive and sole representative for collective bargaining for all employees included in the bargaining unit as certified and determined by the Pennsylvania Labor Relations Board.

ARTICLE II TERM

This Agreement, effective September 1, 2014, succeeds all prior agreements, and will continue in full force and effect until 12:01 a.m. on June 30, 2017.

ARTICLE III STATUTORY SAVINGS CLAUSE

This Agreement is subject in all respects to the laws of the Commonwealth of Pennsylvania with respect to the powers, rights, duties, and obligations of the Board, the Association, and employees of the bargaining unit, and in the event that any provisions of this Agreement will at any time be held to be contrary to law by a court of competent jurisdiction from whose final judgment or decree no appeal has been taken within the time provided for doing so, such provision will be void and inoperative; however, all other provisions of this Agreement will continue in effect. This contract will be subject to all federal laws and federal administrative rules and decisions.

ARTICLE IV STRIKE PROHIBITION

The Association will not engage in or encourage strike action of any type during the life of this Agreement.

ARTICLE V EMPLOYEE WORK SCHEDULE

1. Work Day

a. Clock Hours

All professional employees will work seven and one-half hours daily, which will include a lunch period.

b. Lunch Periods

All members of the bargaining unit will have a daily duty-free thirty-minute lunch period.

c. Elementary Collaboration Time

The 40-minute staff collaboration period is available each morning between the hours of 8:15 and 8:55. This time is not to include activities that require contact between students and teachers, e.g., detention and or clubs. Tutoring may be included at teachers' discretion. The following activities may occur during this time and will include all or a portion of the staff:

- (1) Subject meetings
- (2) Grade level meetings
- (3) Meetings between Special Education, regular education, and/or specialists to coordinate programs
- (4) Reading/math program conferences with principal and/or reading specialist
- (5) Inservice
- (6) Peer coaching
- (7) Child study meetings
- (8) Multidisciplinary team meetings
- (9) Individual Educational Plan meetings
- (10) Clinical pre and post conferences
- (11) Parent conferences/contacts
- (12) Preparation of report cards

Other activities may be included as a result of building needs. Principals attend as many meetings as possible to facilitate outcomes that benefit children.

- d. Teachers will use the school day for:
 - Planning and preparing their classes.
 - Teaching their pupils.
 - Evaluating pupil progress and discussing with their colleagues the effectiveness of their own planning and the limitations of their plans.
 - Reporting their evaluation of pupil progress to the school administration and to the parents of the children whom they teach at appropriate times during the work year.
 - Assuming other responsibilities for the education, health, safety and welfare of their pupils.
 - Providing professional services to the school and community for the purpose of assisting in the development and implementation of quality education in the Bethlehem Area School District.
 - Utilizing and implementing available district technology where and when appropriate.
- e. Guidance counselors will use the school day for:
 - Counseling with students on matters of student self-understanding, decision-making and planning.
 - Consulting with teachers, administrators, and parents about student achievement and adjustment.
 - Providing occupational and educational information to students and parents.
 - Acting as a consultant to the professional staff in the areas of child development and individual and group student-centered problems.
 - Orienting new students and counseling them in the areas of course selection and/or placement.
 - Participating in pupil personnel service team meetings, which concern students who have school achievement and/or adjustment difficulties.
 - Referring students to the child study center and community agencies and providing appropriate follow up.
 - Participating in school and district-wide curriculum planning and development.
 - Supervising the administration of standardized tests and interpreting the results to students, parents, and teachers.
 - Providing continual evaluation of the district's guidance program.

- Maintaining liaison with personnel from other schools, educational institutions outside the district, and community agencies.
 - Assuming other responsibilities for the education, health, safety and welfare of their pupils.
 - Providing professional services to the school and community for the purpose of assisting in the development and implementation of quality education in the Bethlehem Area School District.
- f. Teachers will have continuous minutes each day scheduled for personal planning time:
- Preschool teachers' 45-minute planning period may be scheduled when students are not in the building.
 - In addition each bargaining unit member assigned to the elementary level (Preschool, ADK and Grades 1-5 regular classroom teachers) will be provided with a minimum of five preparation periods each week, preferably no more than one each day, and one unassigned period each week. The duration of the five preparation periods will be no less than 45 minutes. The unassigned period will be no less than 40 minutes per week. This 40-minute period may be scheduled in the following ways:
 - (1) One 40-minute period
 - (2) Two 20-minute periods attached to a preparation or lunch period
 - (3) Two 20-minute periods unattached to a preparation or lunch period
 - (4) A combination of (2) and (3) above
 - Exception to the above preparation periods, each elementary instructional specialist will be provided with either: 1) a minimum of four preparation periods and one unassigned 20-minute period each week in the manner as described above, or 2) in blocks of 36 minutes each day with either two additional unassigned periods of 10 minutes each or one unassigned 20-minute period (the intent of this sentence is to provide instructional specialists with 180 minutes of preparation time each week and 20 minutes of unassigned time each week). Each half-day kindergarten teacher will be provided weekly with four 30-minute preparation periods for each AM and PM sections assigned.
 - Two of the above elementary level bargaining unit member preparation periods each marking period (quarter) may be utilized by a principal at his/her discretion for such activities as conducting pre and post observation conferences, reviewing evaluation reports, meeting with parents, or other professional activities.
 - Secondary teachers will have the equivalent of one traditional class period (e.g. 45 or 50 minutes) or one half of a block period (e.g. 88 minutes divided in half) for personal planning.
- g. Special Education Teachers
- Effective for the 2007-08 work year, the following will dictate how preparation time, unassigned time, and as assigned time are addressed:
 - (1) Elementary
 - (a) All but five 8:15-8:55 time segments per 45-day marking period will be devoted to Individual Education Plan (IEP) activities. The building administrator will determine the five days to be used for other activities.
 - (b) All preparation period time and unassigned time will be preserved as current contract language as outlined above in Section f.
 - (c) Ancillary duties will not be assigned.

- (d) Five or more IEP reports/activities (e.g. parent meeting, progress monitoring) due within a 30-day calendar period will qualify the teacher for a temporary duty assignment (TDA), upon request as verified by the building administration. The TDA will be solely dedicated to the preparation of said reports.

(2) Middle Schools

- (a) Activity period coverage will not be assigned.
- (b) All but five 3:00-3:25 segments per 45-day marking period will be devoted to Individual Education Plan (IEP) activities. The building administrator will determine the five days to be used for other activities.
- (c) Five or more IEP reports/activities (e.g. parent meeting, progress monitoring) due within a 30-day calendar period will qualify the teacher for a temporary duty assignment (TDA), upon request as verified by the building administration. The TDA will be solely dedicated to the preparation of said reports.

(3) High Schools

- (a) Teachers will use the as assigned time of the block period for Individual Education Plan (IEP) activities. No more than two as assigned periods within a 40 school day period may be otherwise assigned by the administration.
- (b) As assigned time also includes 2:20-2:50 daily.

2. Work Year

- a. Members of the bargaining unit will work the equivalent of 190 days each contract period. During each contract period, one day will be designated as a preparation day, 184 days will be devoted to the teaching of pupils in attendance, the equivalent of four days will be designated as staff development days in a manner as indicated below, one day will be designated as a record day for middle and high schools, and one and one-half (1½) days will be designated as record days for elementary schools (the additional one-half record day for elementary schools will be counted as a part of the 184 days devoted to the teaching of pupils in attendance).
- b. In the 2008-09 work year, three of the 184 student days as outlined in Section 2a were converted to inservice days (Act 80 days) for a total of seven professional development days.
- c. Professional employees will not be required to work on those days on which schools are closed because of emergency or weather conditions. Employees will be notified through a ParentLink system by 7:00 a.m. This clause is not intended to preclude a decision to close schools after 7:00 a.m. if further evaluation of developing conditions warrants such a decision.

3. Staff Professional Development Days

- a. The equivalent of seven days designated as staff development days will be used in the following manner:
 - The seven professional staff development days will be scheduled by the Board as full days of professional development. On each of those days the bargaining unit member workday will begin at 8:00 a.m. and conclude at 1:30 p.m. Included within that time frame will be a thirty-minute break period.

- The first work day for bargaining unit members is scheduled in the same manner as the 2013-2014 work year. A total of seven teacher inservice days will be scheduled according to the Bethlehem Area School District calendar and in the manner of Article V, Work Year, of the current Collective Bargaining Agreement.
- The primary focus of inservice days is for professional staff development. The administration may assign curriculum writing not to exceed fifty percent of the annual inservice hours to any one bargaining unit member.
- Optional Staff Development Day Conversion:
At the superintendent's discretion, any full days devoted to the teaching of pupils in attendance, which exceed 180 days, may be converted into staff development days. Days on which bargaining unit members will not be required to work due to schools being closed because of emergency or weather conditions as provided for in Article V, Section 2, Work Year will not be included in this provision and will not be available for conversion to staff development days. Days, if any, which are available for conversion and which are converted by the superintendent to staff development days will only come from those days listed in the annual school district calendar which has been approved by the Board. The bargaining unit member workday on such days will begin at 8:00 a.m. and conclude at 1:30 p.m. with a thirty-minute break period included within that time frame.

4. Meeting Attendance

- a. Newly appointed employees will attend an orientation day, prior to or during the work year. Compensation for said work is included in the annual salary.
- b. Teachers' Meetings
 - One meeting per month will be scheduled at the end of the workday for a total of 10 meetings per year. Each meeting will last no longer than 60 minutes after the time teachers normally leave the building and compensation for said meetings is included in the annual salary.
 - Short emergency meetings, no longer than 15 minutes, may be called at the discretion of the principal. Compensation for said meetings is included in the annual salary.
 - Meetings extended beyond the time limits stated above will be compensated at the rate established for Extra Duty Work, Participants, as provided for in Article XII, Section 2, and subsequently listed each contract period in Exhibit C.

5. Open House

It is agreed that pre-school, elementary, and middle school teachers will attend one open house each work year not to exceed two hours. In lieu of parent-teacher conferences, high school teachers will attend two open houses, one each semester, not to exceed two hours each. Professionals with split building assignments, when required by their immediate supervisor, will attend no more than two open houses at their per diem rate for said attendance for the additional evening. Beginning 2015-2016 work year, parent-teacher conferences at the high schools will be replaced with a second Back to School Night at the beginning of the second semester. There will be no early dismissal on these days.

6. Parent-Teacher Conferences

- a. Preschool: Family contact time of 60 continuous minutes per workday will be available and designated family contact time.
- b. Elementary: Two conference periods with parents may be held in the elementary schools at the discretion of the superintendent. Each period will consist of two sessions. One

period will be scheduled shortly after the end of the first grading quarter and another period will be scheduled after the end of the third grading quarter.

- c. Conference periods for each school may be scheduled for two evening sessions or one afternoon session and one evening session. The decision to schedule two evening sessions or a combination of one afternoon and one evening session each conference period will be made by the superintendent after each elementary school faculty has made a recommendation to its principal and after each individual school principal has made a recommendation to the superintendent. The principal will communicate his/her recommendation and the faculty's recommendation to the superintendent. The superintendent's decision will be made on a school-by-school basis. Schools will close at 12:00 noon or as close thereto as practical on conference days.
 - d. Middle: Three evenings may be scheduled in the middle schools at the discretion of the superintendent. Two conferences will be scheduled at the end of the first grading period and a third conference will be scheduled at the end of the third grading period. Schools will close at 12:00 noon or as close thereto as practical on conference days.
 - e. High: Two evenings may be scheduled in the high schools at the discretion of the superintendent. Schools will close at 12:00 noon or as close thereto as practical on the conference days. All other employees will work the normal school day. Beginning 2015-2016 work year, parent-teacher conferences at the high schools will be replaced with a second Back to School Night at the beginning of the second semester. There will be no early dismissal on these days.
 - f. Release Time: Professional employees who are assigned by the principal to attend the evening conferences will be released at 12:00 noon or as close thereto as practical on the conference days. All other employees will work the normal school day.
7. Leaving the Building

Any professional employee must have permission of his/her principal or immediate supervisor to leave the building during the working hours except during lunch period.

ARTICLE VI EMPLOYEE JOB ASSIGNMENTS

1. Notification of Assignments
 - a. Each teacher will receive a tentative notification by June 10 of a current year as to the next year's teaching assignment. This notification will include:
 - Subjects to be taught
 - Grades to be taught
 - Any unusual classes that the teacher will be required to teach
 - If possible, the building assignment of the individual teacher, including the periods and rooms where his/her assignment occurs.
 - b. Final Notification of Assignments

Will be given by August 1; any change made following August 1, notification will be made in consultation with the teacher concerned.
 - c. It is recognized that relocation of staff personnel may become necessary for the good of the school district. This decision rests with the superintendent or his/her designated representative who may transfer a staff member or change their assignments whenever he or she considers such action necessary or desirable.

2. Transfers

Procedures for transfers, both by employee request and by administrative decision, are detailed below. The stated dates are desirable, although circumstances such as late registration, etc., may make them impossible to meet in every situation.

a. Transfer by request of professional employee:

- A request form for change of assignment will be submitted to the principal on or before May 15.
- The request will be reviewed by the respective principal, and a recommendation submitted to the superintendent.
- All the assignments will be made by June 10, and the employee will be notified in writing.

b. Transfer by administrative decision:

- Notice of transferring reason will be given to and discussed with the affected employee by the principal by June 10.
- Transfer will be made with the best interests of the district in mind.
- If the employee is not satisfied, the employee may request a conference with the principal and superintendent. Such conference must be held by June 17.
- Notification of the final decision will be given to the employee in writing by the superintendent within one week after the conference.
- The employee must acknowledge, in writing, the acceptance of the decision by June 24.

3. Emergency Assignments

- a. In the event a teacher is absent from his/her instructional class(es) for a half-day or more, a substitute will be called.
- b. If this emergency occurs prior to the noon hour, the principal will call a substitute for the remainder of the day.
- c. If a substitute cannot be obtained, the middle school or high school teacher(s) assigned to the additional class(es) will be reimbursed at the rate established in Exhibit "C" for such work.
- d. In an elementary school, a principal will be required to obtain a substitute if an instructional specialist is absent from work for sick leave, emergency day, personal day, or on a Board approved convention for half-day or more. If a substitute cannot be obtained for academic integration specialist, art, library, physical education or vocal music classes, the elementary teacher(s) assigned to those students will be reimbursed at the rate consistent with the rate established in this Agreement for such work (Leadership Rate).

4. Temporary Assignments

To insure that pupils are taught by teachers who are working within their area of certification, whenever possible, teachers will not be assigned, except temporarily (no longer than one year) and for good cause, outside the scope of their teaching certificates or their major or minor field of study.

5. Job Posting and Bidding

- a. The Board agrees to post all vacancies occurring within the bargaining unit at least seven calendar days prior to the beginning of interviews. Reasonable effort will be made by the Board to comply with this provision; however, interviews may begin prior to the end of

the posting period when necessary to fill a position on a timely basis, but in no instance will the Board officially appoint an individual to a position prior to the close of the posting period.

- b. No teacher will be prevented from applying for or working in any field of coaching or extra-curricular activity by virtue of the area of education in which he or she is employed or because of any building in which he or she may teach; however, existing schedules of elementary, middle, and high schools will not be altered or reconstructed to accommodate said applicants.

6. Distance Learning

- a. Distance learning is defined as the use of technology for the instruction of students separated by location from their instructor. "Separated by location" is defined as any instance where the students receiving instruction and their instructor are not assigned to the same classroom.
- b. Distance learning will not be used as an alternative to regular classroom instruction except where it is used to provide advanced offerings otherwise unavailable, and where there is insufficient enrollment, i.e., fewer than nine students, unless there is no certified staff member to instruct the class as a traditional course. Distance learning will not be used to consolidate or reduce offerings or reduce staff. Distance learning will not be used to provide instruction during a legal strike or lockout.
- c. The professional employee will be provided with the technology and instructional materials necessary for appropriate distance learning instruction.
- d. The professional employee will not be assigned to provide distance-learning instruction to an unsupervised class at the receiving end.
- e. Distance learning programming may be recorded for tutorial purposes within the district only for students taking the course. At the conclusion of the course, the tapes will be erased.
- f. Certified professional employees will be used in all aspects of the development of the materials used in distance learning projects. The District will apply the same criteria to evaluate professional employees participating in distance learning as used to evaluate professional employees in traditional classroom settings.
- g. If the distance-learning course requires preparation beyond the normal preparation time, the professional employee will be compensated at a rate established in this Agreement (Leadership Rate) or provided with the appropriate preparation time. Bargaining unit members assigned work associated with out-of-district originated distance learning or in-district distance learning taught by a non-bargaining unit member will be compensated for such work at the Leadership Rate. (Excluded from this compensated work are bargaining unit members assigned during their as-assigned time to monitor students during the presentation of distance learning.)
- h. Additional standards and policies regarding distance learning not already contained herein will be bargained with the Association.

ARTICLE VII PERFORMANCE EXPECTATIONS

1. Evaluation of Students

- a. The teacher will maintain the exclusive right and responsibility to determine the grade of the student. No grade will be changed without the approval of the teacher with the

understanding that the administration does not forfeit any of its authority under the Pennsylvania School Code.

2. Professional Standards

- a. Professional employees will be required to adhere to the following dress regulations contained within the Guidelines for Employee Dress:
 - Clothing that is too revealing is unacceptable.
 - When classes are in session, blue jeans, casual shorts, T-shirts, sweatshirts, sweatpants, and spandex-type garments are not permitted. Exceptions: Physical education staff is permitted to wear physical education attire, including shorts and T-shirts. Spandex-type garments are permissible. On special occasions, alternate dress is permissible.
 - The dress regulations listed above will have no adverse effect or consequence on the employment status of any bargaining unit member except in instances of willful and persistent violation of the regulations.

3. Identification/Building Security Cards

- a. Identification/building security cards (ID/BSC) will be issued at no cost to bargaining unit members. Card will serve as employee identification and a secure means for entrance to assigned buildings.
- b. Bargaining unit members will only be required to wear ID/BSC when present in any district building while performing district directed responsibilities. ID/BSC will indicate the first initial and last name and employee photo.
- c. Bargaining unit members are expected to be responsible for the security of their issued ID/BSC.
- d. The procedure will have no adverse effect or consequence on the employment status of any bargaining unit member except in instances of willful and persistent violation of this Article.
- e. If damage, vandalism or loss occurs, the employee will incur a \$10.00 replacement fee.
- f. Under unique and extraordinary circumstances, the bargaining unit member's responsibility to cover the fee may be waived after review of the circumstances by the Human Resources Department and a representative of the employee. The Chief Human Resources Officer will have final authority to eliminate financial responsibility.

4. Use of Technology

- a. All teachers will utilize the student information system for attendance and grades once implemented by the district. This will include daily attendance in each class period in the middle schools and high schools, and by homeroom, taken daily, in the elementary schools, as well as the utilization of the district's approved electronic grade book.
- b. All teachers will utilize their e-mail accounts as an official means of notification in addition to the conventional methods, such as memorandums and oral relaying of information.
- c. All teachers will attend training respective to the above items. Such training will be provided during the contractual day. In addition if training is offered beyond the contractual day, bargaining unit members who attend will be compensated at the rate established in Exhibit "C" of the Collective Bargaining Agreement or will be permitted to use the flex option if available.

ARTICLE VIII PROFESSIONAL DEVELOPMENT

The parties agree to promote a variety of professional staff development opportunities for the teachers of the Bethlehem Area School District. The district approved inservices, IU 20 and IU 21 flex inservices, which are held outside the contractual day, are considered district-approved inservices.

1. Inservice/B-Flex

- a. All sessions applied to the Flex Inservice Program will be held outside of the contractual day, i.e., before or after school, weekends, or during the summer beginning after the last regularly scheduled school day.
- b. To participate in the Flex Inservice Program, full-time teachers are required to complete the entire 6 hours of district approved inservices for one flex day credit, and 12 hours of district approved inservices for two flex days of credit. Partial completion of the 6 hours and/or partial completion of 12 hours will not qualify for the flex inservice day(s) credit. Part-time teachers will need to complete the percent of the flex inservice hours equal to their part-time teaching assignment. For example, a half-time teacher will need to complete 3 hours to qualify for one flex day of credit and 6 hours to qualify for two flex days of credit.

Flex Conversion hours for Teachers

<u>1 Flex Day</u>	<u>2 Flex Days</u>
.1 = 1 hour	.1 = 1 hour
.2 = 1 hour	.2 = 2 hours
.3 = 2 hours	.3 = 4 hours
.4 = 2 hours	.4 = 5 hours
.5 = 3 hours	.5 = 6 hours
.6 = 4 hours	.6 = 7 hours
.7 = 4 hours	.7 = 8 hours
.8 = 5 hours	.8 = 10 hours
.9 = 5 hours	.9 = 11 hours
1.0 = 6 hours	1.0 = 12 hours

- c. District approved inservices will be in increments of 1 hour, 1.5 hours, 2 hours, 2.5 hours, 3 hours, and continue in this manner up to 12 hours. Completion of the entire inservice is required to receive flex inservice credit. For the purpose of clarification, attendance at only a portion of any stand alone, posted inservice, will not qualify for flex inservice credit. Any exception to this procedure must be granted through the appeals process.
- d. District approved inservices may be held over several sessions, such as, CPR Training. In this instance, full completion of all sessions is required to receive flex credit. District approved inservices that require full attendance at all of the sessions must be posted as such on CPETracker. Any exception to this procedure must be granted through the appeals process. All district-approved inservices, which are attended throughout the summer beginning after the last regularly scheduled workday, will apply to the next work year. Accrued flex hours cannot be carried over from year to year. All district-approved inservices will be posted regularly on CPETracker.
- e. Teachers may replace the designated inservice day(s) under the following conditions: Completion of 6 hours of district approved inservices in increments of 1 hour, 1.5 hours, 2 hours, 2.5 hours, and to continue in this manner up to 12 hours.

- f. Teachers who present a district approved flex inservice will receive two hours of preparation credit for a new inservice, and one hour of preparation credit for a previously delivered inservice.
 - g. Teachers who serve as presenters may also replace the designated inservice day(s) through presentations and preparation totaling 6 hours for one flex day, or 12 hours for two flex days, and/or a combination of presentations, preparation, and attendance at district approved inservices totaling 6 hours for one flex day, or 12 hours for two flex days
2. Act 48

All district approved inservice hours will count for Act 48 credit.

ARTICLE IX LEAVES OF ABSENCE

1. Sick, Emergency, and Personal Days
 - a. Sick Leave

On opening day of the work year, each employee will be credited with an 11-day sick leave allowance. The unused portion of such allowance will be accumulated from year to year without limitation. Each employee must use his/her accumulated sick leave prior to the onset of the disability insurance plan. Only for work year 2014-15, an additional sick day will be credited to all bargaining unit members for a total of 12 sick days.
 - b. Personal Day

Members of the bargaining unit will be granted two personal days in the 2014-15 work year. Beginning with the 2015-16 work year, members of the bargaining unit will be granted three personal days per work year without a reduction from employee sick leave balance.

Upon the ratification of this contract, in 2014-15 work year, bargaining unit members who have already utilized their second personal day will have an additional sick day returned to their sick leave allowance.

 - Unused personal days will be credited to an employee's sick leave balance on an annual basis.
 - Requests for personal days will be made on the approved form to the building principal or other appropriate representative of the Superintendent of Schools at least 24 hours in advance. No reason for the absence need be cited. Employees will utilize the district-approved request for time off procedures to secure a substitute. Total bargaining unit members absent on personal days on a given date may not exceed five percent of the faculty assigned to a school. Buildings with fewer than 30 full-time assigned faculty members may have up to three people utilizing personal days on any given date.
 - c. Emergency Day

Professional employees will be granted two emergency days per year deductible from sick leave. Any portion of a day that is taken as an emergency absence day will count as a full day. The following procedure will apply:

 - Requests will be submitted on the approved form to the building principal or other immediate supervisor at least 24 hours in advance unless the nature of the emergency makes advance notification impossible.

- Requests for emergency absence days for reasons listed in Group 1 and 2 below will automatically be approved by the building principal or other appropriate representative of the Superintendent of Schools, except Item 9, Group 2, which will be approved by the superintendent:

Group 1: Emergencies

- (1) Non-local doctor appointments
- (2) Court appearance other than subpoena or jury duty
- (3) Birth of a child
- (4) Illness in immediate family (for definition of immediate family refer to “Death in Family” below)
- (5) Home or property damage resulting from fire, flood, lightning, collision, etc.

Group 2: Personal Responsibilities

- (1) Change of residence
- (2) Closing purchase of family residence
- (3) Graduation from college of immediate family member
- (4) Marriage (the day of the marriage and the day prior to or following the marriage)
- (5) Election Day (for election officials only)
- (6) Transaction of legal business
- (7) Obligatory religious observances
- (8) Selective service pre-induction and induction requirements
- (9) Any legitimate request not listed above approved by the superintendent or his/her designee

2. Bereavement

Death in Family

- a. Absence on account of death in the immediate family or household, from the date of death until and including one day after the funeral will be recompensed at full salary. Immediate family will be defined as father, mother, brother, sister, son, daughter, husband, wife, stepson, stepdaughter, parent-in-law, stepmother, stepfather, grandson, granddaughter, son-in-law, daughter-in-law, or near relative who resides in the same household, or any person with whom employee has made his/her home at the time of death.
- b. One day of absence on account of the funeral of a near relative will be recompensed at full salary. Near relative will be defined as first cousin, grandfather, grandmother, aunt, uncle, niece, nephew, stepbrother, stepsister, brother-in-law and sister-in-law. For clarification, this does not include uncle-in-law, aunt-in-law, nephew-in-law, and a niece-in-law.

3. Jury Duty

Employees who are absent for jury duty will receive full pay for the day or days absent, less any compensation paid for such jury services. To accomplish this, the employee will be paid his/her regular salary and will endorse to the Board any warrant or voucher received for jury duty.

4. Professional Leave

- a. A professional employee who does not qualify for a sabbatical leave, but qualifies otherwise for any grant for further study, will, upon request and the approval of the superintendent and the Board, receive a salary while on leave the same as provided in the Public School Code; and provided that his/her salary allowance and stipend or fellowship do not exceed the total salary for the work year.

- b. A tenured teacher, upon request, will be granted leave of absence without pay to campaign for public office provided such campaign activities interfere with his/her assigned teaching duties. The teacher will make the request for the leave of absence at least 30 days prior to the date of such leave. If elected and upon assuming public office, the leave of absence will terminate.
- c. Leave will be granted to employees who serve in the Peace Corps or VISTA. Other programs will be subject to the approval of the Board on an individual basis, and if granted, will be with a leave of absence.
- d. Leave of absence without pay will be granted to any employee elected to the presidency of the PSEA or NEA.

5. Sabbatical Leave

- a. Professional employees are eligible for sabbatical leave if they have five years of consecutive service in the Bethlehem Area School District and ten years of service in the Commonwealth of Pennsylvania. An application will be filed with the Superintendent of Schools within a reasonable time before the semester to which the sabbatical leave will apply. An application will be for one-half or one full year and may overlap in two work years. All sabbatical leave regulations will comply with the Public School Code.
 - Sabbatical Leave for Study: An employee will take a minimum of nine credit hours each semester.
 - Sabbatical Leave for Restoration of Health: An employee will have a doctor inform the district in writing that said employee should not perform his/her regularly assigned duties. The doctor's note will indicate the period of time the employee should not work and the medical condition, which precludes the employee from working.
 - Sabbatical Leave for Travel: Effective September 1, 1999, sabbatical leaves for travel will no longer be permitted.
- b. Applications for sabbatical leave will be made on forms provided by the district for this purpose and said forms will contain the following:
 - Specific requests for the leave and the period for which it is desired.
 - Statement of the purpose for which the leave is required.
 - Assurance that the employee will return and teach at least one full year after such leave of absence.
- c. The professional employee granted a sabbatical leave under these rules, except for recovery of health, will furnish to the district an acceptable indemnity bond on forms to be furnished by the district and in an amount to approximate the employee's pay during such leave, guaranteeing that the said professional employee will return and teach one full year with the district after the expiration of such leave. In the event said employee is unable or unwilling to furnish such bond, no payment of sabbatical leave salary will be made but such salary will accumulate to said employee's credit and will be put together with such employee's regular salary proportionately during the work year such employee returns to duty.

All other matters pertaining to sabbatical leave will be governed by the Pennsylvania School Laws pertaining to sabbatical leave.

6. Child Bearing, Child Rearing, Adoption

- a. The school district will grant a leave of absence without pay or benefits to an employee for the purpose of child bearing, child rearing, or adoption. Such leave will be for a maximum of 1 year from the conclusion of the postpartum period/date of adoption

commencing with the start of the upcoming marking period as outlined on the annual district calendar.

- b. The employee must request leave to be used beyond the postpartum/date of adoption time:
 - Said leave of an additional semester or more must be requested by the last working day of the current work year for the following fall semester.
 - Said leave of an additional semester or more must be requested by the scheduled Thanksgiving holiday break for the following spring semester.
- c. The employee may return at any time during the leave of absence provided he/she notifies the superintendent, in writing, at least 30 working days prior to the date he/she wishes to return.
- d. If the employee fails to notify the superintendent within 30 working days prior to the expiration of such leave or provides notice and fails to return upon the original agreed return date, the employee will be deemed to have resigned and the obligation of the school district to provide a position for the employee will cease.
- e. Upon returning, the employee will be placed in the same position that the employee held at the time said leave commenced, if available; if not, to an equivalent position for which the employee is qualified.
- f. Any employee taking a child bearing/child rearing leave may be required to pass a medical examination by a physician before returning to duty.
- g. Employee must work for one semester prior to being eligible for another child rearing leave.

7. Family and Medical Leave Act (FMLA)

Eligible members of the bargaining unit are entitled to the provisions of FMLA of 1993 and its related regulations.

- a. The leave year will be consistent with the 12 months following the first contractual work day of the school year. The length of the leave will be the option of the employee and will not exceed the maximum allowed by FMLA (12 work weeks).
- b. An employee will notify the district of his/her intent to take a FMLA leave at least 30 days, except in emergency situations, prior to the intended start of the leave period. In an emergency, notification will be at least 24 hours in advance unless the nature of the emergency makes advanced notification impossible. Notification will not constitute the sole reason for denying a request for leave.
- c. Employees must provide medical certification for the need to take FMLA leave for health reasons. If the district has just cause to doubt the validity of the certification, it may require a second opinion (at expense of the district) regarding the need for FMLA leave. If the first and second opinions differ, a third opinion may be obtained (at the expense of the district) and will be binding on both parties.
- d. Use of any paid or other unpaid leave, for which the employee is eligible for FMLA qualifying purposes, will be at the option of the employee.
- e. The employee will continue to contribute towards his/her health benefits as required by Article 13, Section 1, of this agreement.
- f. Upon returning, the employee will be placed in the same position that he/she held at the time said leave commenced, if available; if not, to an equivalent position for which qualified.

ARTICLE X

EMPLOYEE EVALUATION

1. Observation and Evaluation Process

a. Evaluation Plan

- The District will comply with the provisions of Pennsylvania's Act 82, the application of which is outlined in the district's publication, *Act 82 Educators Effectiveness Guidelines*, introduced at the beginning of 2013-14 work year. Said publication will be reviewed annually between the Association and the District no later than September 1 of the new work year. The District will also implement the evaluation plan as set forth in Exhibit "D."
- Any challenge through the grievance procedure of the collective bargaining agreement to the issuance of a rating pursuant to the terms of the evaluation plan will be made only to an overall unsatisfactory rating on the employee rating form, PDE 82-1 or 82-3, and such challenge, when made, will be to only the substantive validity of the unsatisfactory rating; however, the Association reserves the right to challenge the validity of the overall unsatisfactory rating with respect to procedural defects as required by the evaluation plan as set forth in Exhibit "D".
- Except as provided in this section, these paragraphs are not intended to make grievable that which is not currently grievable under the terms of the current Collective Bargaining Agreement.

b. Monitoring or Observing Work Employees

- All monitoring or observation of the work performance of the teacher will be done openly and with full knowledge of the teacher.
- Incidental observation by appropriate supervisory personnel will be permitted provided the observations are not done secretly or clandestinely.
- All classroom observation reports that have been marked either "NI" or "U" will be dated as to the day of the observation and returned to the professional employee within 10 working days of the observation.

2. Professional Improvement Plan (PIP)

- a. When a teacher receives an overall rating of unsatisfactory on the employee rating form, PDE 82-1 or 82-3, the Association reserves the right through the arbitration procedure to challenge the reasonableness of any improvement plan as required by the evaluation. No improvement plan may be issued or implemented for punitive purposes.
- b. Any employee rated unsatisfactory on the approved rating form for either semester of a work year will forfeit a pay increase in the following year and will not move on the salary schedule during the year the increase is forfeited. The employee will remain on that salary step until his/her anniversary date in the work year succeeding receipt of a satisfactory rating. At that time, the employee will move to the step that said employee would have been on had he/she not been required to forfeit pay and salary schedule step movement.
- c. Any employee who wishes to challenge an unsatisfactory rating which results in the forfeiture of salary step movement may do so according to the following procedure:
 - The employee must notify the chief human resources officer in writing within 15 working days of receipt of the rating if he/she wishes to challenge it.
 - Upon receipt of the notification, a conference will be held as soon as practical between the teacher and a panel composed of the president of the Association or his/her designee, one administrator from the same level (elementary, middle, high)

chosen by the chief human resources officer, and the chief human resources him/herself.

- That panel will review the unsatisfactory rating and will, within 15 working days of the conference, decide if the unsatisfactory rating is justified. The employee will be notified in writing of the panel's decision.
- If the employee disagrees with the panel's decision, the employee may file a grievance within 15 working days, beginning with Step 4 – Superintendent's Level of the grievance procedure.

3. Just Cause

- a. No bargaining unit member will be discharged without just cause. Any such action asserted by the Board or any administrative agent or representative thereof will be subject to the Grievance Procedure set forth in this Agreement.
- b. All information used in forming the basis for such action above will be made available to bargaining unit members and to the Association.
- c. The arbitrator will have exclusive jurisdiction to determine whether just cause exists and, if so, the appropriate penalty.

4. Personnel Files

- a. Personnel records are confidential and are carefully guarded in the interest of the individual employee. Although they are primarily for administrative and supervisory use, they are accessible, with certain exceptions, to the individual employee concerned. The individual employee may examine his/her own record with the superintendent or his/her designee. The exceptions include reports from the following sources: committees acting in the selection or promotion process, placement bureaus, and former employers.
- b. No official report, which incorporates any derogatory statement about a teacher, will be filed by an administrator or supervisor unless the teacher is sent a dated copy at the same time. The teacher will have the right to submit a response to the report or statement. Such a response will be attached to and filed with the report or statement in the teacher's official personnel file. Derogatory reports or statements kept by administrators at the school are nevertheless subject to the same provisions as official personnel files.

ARTICLE XI SENIORITY

1. Seniority will be computed from the professional employee's first day worked for compensation since his/her last date of hire.
2. Approved leaves of absence will not constitute a break in service for purposes of computing seniority. Seniority will continue to accrue during suspension as a result of reduction in force and all approved leaves of absence, including sick leave.
3. In the event two or more employees began work on the same date, their seniority rank will be determined by lottery. The employee who chooses the lowest number will have the most seniority, and the employee who chooses the highest number will have the least seniority.
4. In the event of a reduction in force, employees will be suspended (laid off) in reverse order of seniority. The school district will realign its professional staff so as to insure that more senior employees are provided with the opportunity to fill positions for which they are certificated and which are being filled by less senior employees.

5. Copies of a composite seniority list which includes name of employee, number of years of seniority including current year, number of prior service years, total number of years employed by district, status, starting date of employment, and areas of certification will be provided to the Association no later than June 1 of each work year. Enough copies will be provided to the Association so that there is one for each elementary school, three for each middle school, five for each high school, and five for general Association use.

ARTICLE XII COMPENSATION

1. Salary Schedules

- a. Beginning with the 2012-13 school year, the District will agree to place newly hired employees on the current salary schedule on the step equivalent to the employee's years of public school service. (For clarification, a person with 5 years at a parochial school and 2 years at a public school would be placed at Step 3; a person with 10 years of public school service will be placed on Step 11.)

The Association agrees that the prior long standing past practice and subsequent arbitration ruling of January 7, 2004, requiring the district to cap newly hired bargaining unit members with 10 years of public school service from being placed beyond Step 10 will now cease to exist. Beginning with the 2012-13 school year, newly hired bargaining unit members entering the district with more than 10 years of service will be placed on the salary schedule at a minimum of Step 11 with a maximum step placement decision made at the district's discretion.

The Association agrees to refrain from seeking affirmative relief for employees hired prior to the beginning of the 2012-13 school year.

- b. As of September 1, 1999, experience step increases were no longer given on the anniversary date of employment, but were instead given at the beginning of each work year (September 1) with the first pay of the year. Prior to the start of the 2015-16 work year, each bargaining unit member in active service was advanced one step on the salary schedule each September 1 provided that the bargaining unit member spent a minimum of 15 days in active service in the preceding work year or was on an approved paid leave of absence. Commencing July 1, 2015, each bargaining unit member in active service will be advanced one step on the salary schedule each July 1 provided that the bargaining unit member spent a minimum of 15 days in active service in the preceding work year or was on an approved paid leave of absence. Active service includes all days worked for compensation and sick leave, military leave, and paid sabbatical days. Excluded from active service time are absences granted under the Family Medical Leave Act, Income Protection Insurance, and any other unpaid leaves of absence. Bargaining unit members who were not in active service for a minimum of 15 days or on an approved paid leave of absence during the previous work year will not advance on the salary schedule the following July 1.
- c. Any professional employee who, during the term of his/her employment, will reach Bachelor's +15, earn a Master's degree or its equivalent, reach Master's +15, Master's +30, Master's +45, or earn a Doctorate's degree, will, commencing with the next succeeding school term, be entitled to the compensation as prescribed in the salary schedule (Exhibit A). For any employee hired after September 1, 1991, no advancement to a classification on the salary schedule beyond B+15 is permitted without a Master's Degree. For clarification purposes, credits earned prior to a Master's Degree being conferred, cannot be used towards column movement beyond Masters.

d. The accompanying salary schedules reflect overall salary increases as follows:

2014-2015	0% but column movement for qualified employees
2015-2016	3.13%
2016-2017	2.99%

2. Stipends, Extra Duty Pay, Longevity Pay

a. Professional Compensation

- Salary scales and payroll policies for all employees in the bargaining unit will be set forth in Exhibit “A” which is attached hereto and is incorporated into this Agreement.
- The schedule for the additional compensation payable to the various positions of coaches and others will be as set forth in Exhibit “B” which is attached hereto and is incorporated into this Agreement.
- The schedule for the additional compensation payable to senior psychologist, school treasurers, and extra-curricular positions and others will be as set forth in Exhibit “C” which is attached hereto and is incorporated into this Agreement.
- Prior to the 2015-16 work year, the Association and the District agree to collaborate on potential adjustments to stipends set forth in Exhibits B and C not to exceed \$40,000.00.
- Increase in compensation for Interscholastic Athletics, Extra-Curricular Activities, extra duties, and any hourly stipend established in this Agreement will be calculated as follows:
 - (1) The percent increase in compensation for each salary year will be equal to the percent increase in the Consumer Price Index but not to exceed 9.5 percent.
 - (2) All adjustments will be based on changes in the Consumer Price Index for Philadelphia-Wilmington-Trenton, CPI-W as issued by the Department of Labor, Bureau of Labor Statistics for June.
 - (3) If the CPI-W in its present form is discontinued, altered or otherwise becomes unavailable; the parties will meet for the purpose of discussing any mutually agreeable amendments to the cost of living provisions of this Article.
 - (4) The percent increase in compensation will be calculated based upon the average CPI-W over the prior 12 month period of April/June to April/June in accordance with the following formula:
 - (a) Current April/June average index minus base period index (same month, year before) equals point change.
 - (b) Point Change divided by Base Period Index equals Percent Change
 - (c) Compensation for the Interscholastic Athletics will be computed by multiplying the percent change times the high school head football coach position. For all other covered activities current compensation multiplied by the percent change will equal the new compensation.
 - (d) The new compensation will be submitted to the Association by no later than August 15 of each year.

(e) Compensation will be increased by a percentage, see sample below:

(i) April Current Year minus April Previous Year:

$$241.193 - 238.802 = 2.391$$

June Current Year minus June Previous Year:

$$241.707 - 238.105 = 3.602$$

(ii) April Data Percent: $2.391 \div 238.802 = 1.00$

June Data Percent: $3.602 \div 238.105 = 1.51$

(iii) $1.00 + 1.51 = 2.51$

(iv) $2.51 \div 2 = 1.26$ (rounded to 1.23%)

(v) 1.23% added to current compensation

b. Salaries and Payroll Policies

- Salaries for night school, summer school, homebound instruction, active participants in a leadership role in workshops and planning, writing and curriculum development will be at the current leadership rate for 2014-2015. Rates for subsequent years of the Agreement will be established consistent with Item 2a of this article.
- Salaries for directed room preparation, workshops, seminars, conferences, and meetings related to school and administrative advisory work will be at the current participant rate for 2014-2015. Rates for subsequent years of the Agreement will be established consistent with Section “a” of this article.
- Teachers offered the opportunity to voluntarily attend workshops, conferences, visitations or observations on a regularly scheduled work day will receive no compensation other than basic salary, except for registration fees (if so specified) and travel expenses outside the school district. Teachers offered the opportunity to voluntarily attend workshops, conferences, visitations or observations on a nonscheduled workday will receive no compensation, except for registration fees (if so specified) and travel expenses outside the school district.
- Bargaining unit members who have completed 20 or more years of active service (as defined in Section “a” above) in the bargaining unit in the Bethlehem Area School District will receive a sum of money, hereinafter referred to as longevity, added to their annual salary each July 1 and received as a part of their biweekly pay. The longevity amount is shown at the bottom of the salary schedules.

Bargaining unit members who have completed 20 through 24 years of active service will have added to their annual salary one longevity amount as shown on the salary schedule for 20 years longevity. Bargaining unit members who have completed 25 through 29 years of active service will have added to their annual salary two times the amount shown on the salary schedule for 25 years longevity. Bargaining unit members who have completed 30 or more years of active service will have added to their annual salary three times the amount shown on the salary schedule for 30 years longevity.

As September 1, 1999, longevity was added to a bargaining unit member’s annual salary on September 1 only and the practice of adding longevity in mid-year ceased. Since the effective date of adding longevity to annual salary will occur only once annually, a grace period of 2 months is incorporated into the calculation of the time necessary to receive longevity. This means that a bargaining unit member who has 20 years minus 2 months (a total of at least 198 months) of active service by September 1 will receive one longevity payment. The grace period for 25 years of active service requires at least 248 months of active service by September 1 to receive two longevity payments. The grace period for 30 years of active service requires 298

months of active service by September 1 to receive three longevity payments. For the purpose of receiving longevity active service time will be calculated as follows:

- (1) An active service year is based on 10 months of a given contractual year.
- (2) If at least one day in a month is spent in active service, the month counts as a full month of service.

For bargaining unit members who received one or more longevity amounts during the 1998-99 work year that was added to their annual salary on September 1, 1998, it is assumed that all accrued years of active service for longevity were full years (thus the total years of service for each of these bargaining unit members will be multiplied by ten to determine the number of months of accrued time toward future longevity payments). The method of accruing active service time for longevity beginning September 1, 1999, will be done in the manner described in Sections (a) and (b) above.

For employees who receive one or more longevity payments during the 1998-99 work year that was effective mid-year, it will be assumed that all accrued years of active service for longevity eligibility were full years prior to mid-year (thus the total years of service at mid-year will be multiplied by ten to determine the number of months of accrued time toward future longevity payments). Furthermore, a one-time addition of eight months to these bargaining unit members' accrued active service time as of mid-year will be made for longevity purposes. The method of accruing active service time for longevity beginning September 1, 1999, will be done in the manner described in Sections (a) and (b) above.

3. Travel Expenses

Members of the bargaining unit who are required to drive their own vehicle in the course of their employment on behalf of the school district will be compensated at the Internal Revenue Service per mile deduction rate, which is in effect on September 1 of that work year if legally permissible. If the Internal Revenue Service rate is not legally permissible, mileage compensation will be at the highest rate per mile permitted by state law.

4. Payroll Procedures

- a. Annual salaries and other forms of annual compensation which are set forth in this Agreement will be paid every other Thursday at the end of the school day provided that such a payment schedule does not provide an annual salary or annual compensation in excess of that which is set forth in this Agreement. A schedule of pay dates will be issued annually at the beginning of the work year. All teachers will be paid on a 12-month basis.
- b. Ten-month bargaining unit members who wish to receive July and August checks in advance will be eligible to receive them on the second Thursday following the last working day for members of the bargaining unit. A written request must be presented to the Payroll Department on the established form by May 15. The request should state whether the checks will be picked up in person or should be mailed. If they are to be sent to a bank, deposit slips must be enclosed.
 - In the event an employee works beyond the contracted 190 days during a contract period (2014-15 work year – September 1 through June 30; commencing 2015-16 work year – July 1 through June 30) at regular duties, said employee will be paid at 1/190 of his/her base salary per day.
 - Authorization for association membership dues deduction will continue in effect until revoked by the teacher on a form available from the association.

- (1) Revocation filed after October 1 will not be effective until the first paycheck due in the following work year.
- (2) The right to refund money to teachers under such authorization will be solely with the association.
- (3) The Association agrees to reimburse any teacher for the amount of dues deducted by the district and paid to the association, which was done in error.
- Salary Deductions
 - (1) Salary deductions are regularly and automatically made for mandatory withholdings.
 - (2) Upon authorization of the employee, for United Way, for investment in or the repayment of loans to the local Bethlehem 1st Federal Credit Union, for tax sheltered annuities, voluntary insurance plans (e.g. New York Life, Aflac), for professional dues for the local, state, and national education associations, and PACE.
 - (3) Deductions for the Public School Employees' Retirement System are made on a 12-month basis on gross earnings after absence deductions.

ARTICLE XIII BENEFITS

1. Medical/Prescription Plans

a. Medical Plan

- Traditional Blue Plan or Capital Blue PPO Plan will be fully paid by the Board for employees and their dependents including full-time college students up to 26 years of age. Effective with the first paycheck of the 2014-2015 work year, employees will contribute to their medical coverage as listed below:
 - (1) 2014-2015 Single \$38/pay, Two-party \$43/pay, and Family \$45/pay
 - (2) 2015-2016 Single \$38/pay, Family \$45/pay
 - (3) 2016-2017 Single \$38/pay, Family \$45/pay

All medical premium contributions will be automatically sheltered through the Section 125 plan by the district's on a pre-tax basis.
- Employees will be billed for group medical benefits coverage on a timely basis according to their status: 2014-15 Single, Two Person, or Family; 2015-16 and 2016-17 Single or Family.
- Effective July 1, 2015, the Traditional Blue Plan deductibles will be \$500/Single or \$1,000/Family annually. Please refer to the *Capital Blue Large Group Traditional Plan Benefit Highlights* dated 1/1/2014 v4.
Beginning July 1, 2015, the Traditional Blue Plan will no longer be available for new subscribers. Current employees enrolled in the Capital Blue Traditional Plan will be grandfathered subscribers and may choose in the future during the open enrollment period to voluntarily elect to subscribe to the Capital Blue PPO Plan coverage.
- Bargaining unit members will be enrolled in the Capital Blue PPO Plan coverage. Effective July 1, 2015, the plan deductibles will be \$500/Single or \$1,000/Family annually. Please refer to the *Capital Blue PPO 500 Plan Benefit Highlights* dated 1/1/2014 v4.
- The enrollment period will be from May 1 through May 31 each year during which bargaining unit members will notify the district, in writing, of their intent to change their medical plan on a form provided by the district. Both Capital Blue plans become

effective on the following July 1. May 2015 will be the last opportunity a bargaining unit member may voluntarily elect to enroll in the Capital Blue Traditional Plan. It is the intent of this section to provide bargaining unit members with the opportunity to voluntarily change their medical plan in the following manner: 1) Traditional subscribers may elect to change to PPO during the open enrollment period throughout the life of this contract; 2) May 2015 is the final open enrollment period for a PPO subscriber to change to the Traditional Plan; 3) All newly hired employees, will be enrolled in the Capital Blue PPO Plan.

- The District will make arrangements on an annual basis, during the enrollment window, for Capital Blue to present medical plan options to employees to allow for informed decision making.
- Both Traditional and PPO plans will provide Case and Condition Management services.

The parties acknowledge that the Patient Protection and Affordable Healthcare Act (ACA) imposes an excise tax ("Tax") on any healthcare plan for which the cost exceeds certain statutorily-defined limits. If, at any time during the term of this contract or any subsequent status quo, healthcare plan(s) provided by the to the association members ("Plan") exceed those statutorily-defined limits and a Tax is imposed on any Plan before a successor contract is reached, then at least thirty (30) days prior to the date upon which the Tax will be imposed:

- Any Plan that triggers the Tax will be modified by agreement of the parties; and
- If the District and Association are unable to agree upon a new Plan that does not exceed the statutorily-defined limits within thirty (30) days prior to the date upon which the Tax will be imposed, any Tax imposed upon any Plan and any amount by which such Plan exceeds the statutorily-defined limits will be shared equally between the parties. Such payments made by the Association will be in addition to any premium contribution the Association member is required to pay under the Collective Bargaining Agreement.

b. Prescription Plan

- Members of the bargaining unit and their dependents, including full-time college students up to 26 years of age, will be provided a prescription plan. The plan will provide generic drugs, unless specifically prohibited by the physician, and will require the employee to pay the following amounts for each prescription or refill:
 - (1) \$10 deductible for each generic drug
 - (2) \$18 deductible for each brand drug without a generic option
 - (3) \$25 deductible for each brand drug with a generic optionOral contraceptives will be covered.
- Members of the bargaining unit and their dependents, including full-time college students up to 26 years of age, will be provided with the opportunity to voluntarily participate in a mail order prescription drug option. This option is in addition to the Prescription Drug Plan. The mail order prescription optional program will provide members of the bargaining unit with the opportunity to voluntarily obtain a 90-day prescription drug supply, generic unless specifically prohibited by the physician. The employee will be required to pay the following amounts for each 90-day mail order prescription or refill:
 - (1) \$10 deductible for each 90-day mail order for generic drug
 - (2) \$18 deductible for each 90-day mail order for brand drug without a generic option
 - (3) \$25 deductible for each 90-day mail order for brand drug with a generic option

Oral contraceptives will be covered.

Participation in this mail order prescription drug program option is voluntary and does not prohibit members of the bargaining unit to changing back to the prescription drug plan as stipulated above to obtain the same prescription drug at the expiration of the 90-day mail order prescription drug supply.

- Beginning on July 1, 2015, members of the bargaining unit and their eligible dependents will be provided a prescription plan through Express Scripts. The plan will provide mandatory generic drugs, when available, and mandatory mail order for maintenance medications with the employee requirement to pay a copayment in accordance with the schedule below for each prescription or refill:
 - (1) Retail/Pharmacy (each retail/pharmacy 0-30-day supply)

Generic - \$10	Formulary - \$40	Non-Formulary - \$75
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 - (2) Mail Order Drug Benefits/Home Delivery (31-90-day maximum)

Generic - \$20	Formulary - \$80	Non-Formulary - \$150
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- The plan will provide mandatory generic drugs. Prescriptions not filled as generic when available will be charged the generic copayment plus the cost difference between the generic and brand/formulary cost. The member's physician can appeal the generic waiver to the pharmacy benefit manager at Express Script for clinical review with physician provided justification to waive the incremental cost on a case-by-case basis.
- Each retail prescription is limited to a 30-day supply. The mail order drug benefit option is required for maintenance medications (those that are taken for long periods of time, such as drugs sometimes prescribed for heart disease, high blood pressure, asthma, etc.). The copayment is applied to each covered home delivery drug charge. The copayment amount is not a covered charge under the medical plan. Each home delivery prescription is limited to a 90-day supply and will be charged at a 60-day copay (that is, two co-pays for 3-months supply). Maintenance medications will be permitted two 30-day fills at retail after which the prescription must be converted to the mail program for coverage to apply. Please refer to Exhibit E
- Clinical programs including but not limited to dosage limits, medical necessity, and prior authorization will be added to the plan as recommended and managed by the pharmacy benefit manager in accordance with industry standards.
- Contraceptives will be covered as allowable under the Affordable Health Care Act. Fertility treatments will be limited to one utilization per lifetime.

The Association and the District agree to consider, upon request by either party, alternate health insurance plans. Said consideration does not obligate the Association or the District to agree to any changes in contractual health care coverage or plan. Request(s) by the Association or the District to review the health insurance plan can be made at any time during the term of this Agreement.

2. Dental Insurance

The Board will provide and fully pay for the following dental benefits, consistent with, Section 1 above:

- a. Maximum Benefits: \$2,000 per covered individual for each calendar year.
- b. Coverage for employees and their dependents of surgical periodontics at 100% of the usual, customary, and reasonable allowance.

Periodontics (100% UCR)

- (1) Periodontal examination
 - (2) Gingival curettage
 - (3) Gingivectomy and gingivoplasty
 - (4) Osseous (bone) surgery in connection with periodontal disease, including flap entry and closure
 - (5) Mucogingivoplastic surgery
- c. Coverage for employees and their dependents of prosthetics at 50% of the usual, customary, and reasonable allowance.

Prosthetics (50% UCR)

- (1) Initial insertion of bridges (including pontics)
- (2) Initial insertion of partial or full dentures (including any adjustments during the six-month period following insertion)
- (3) Replacement of an existing partial or full denture or bridge by a new denture or by a new bridge, but only if satisfactory evidence is presented that:
 - (a) The existing denture or bridge was inserted at least five years prior to the replacement.
 - (b) The existing denture or bridge is not serviceable and cannot be made serviceable. (Note: if the existing denture or bridge can be made serviceable, payment will be made toward the cost of the services, which are necessary to render such appliance serviceable.)
 - (c) The addition of teeth to an existing partial denture or to a bridge, but only if satisfactory evidence is presented that the addition of teeth is required to replace one or more teeth extracted after the existing bridge was inserted.
 - (d) Relining or rebasing of dentures more than six months after the insertion of an initial or replacement denture, but not more than 36 consecutive months.
 - (e) Repair of broken bridges.

Exclusion and Limitations on Prosthetics

- (1) No payment will be made until all services are completed. Bridges and dentures will be considered completed on the day they are finally inserted.
- (2) No payment will be made for any denture or bridge and the fitting thereof which was prescribed while the subscriber was not covered under this program, or for which the restorative treatment was initiated or the denture or bridge being prescribed while the subscriber was covered under this program and which is finally inserted more than 30 days after termination of coverage.
- (3) No payment will be made for veneers or similar properties of bridges placed on or replacing teeth other than the 10 upper and the 10 lower anterior teeth.
- (4) If the subscriber and dentist decide on personalized prosthetics or specialized techniques as opposed to standard procedures, payments of the applicable percentage of the UCR allowance for the standard services will be made toward such treatment and the balance of the cost remains the responsibility of the subscriber.
- (5) If a cast chrome or acrylic partial denture will restore the dental arch satisfactorily, payment of the applicable percentage of the UCR allowance for such procedure will be made toward a more elaborate or precision attachment denture or bridge that the subscriber and dentist may choose to use, and the balance of the cost remains the responsibility of the subscriber.
- (6) No payment will be made for precious metal dentures. Payment of the applicable percentage of the UCR allowance for a non-precious metal denture will be made

toward the charge of the precious metal denture selected by the subscriber and dentist. The balance of the treatment charge remains the responsibility of the subscriber.

- (7) No payment will be made for any duplicate or temporary denture or bridge or any other duplicate or temporary appliance.
- (8) Any denture or bridge replacement made necessary by reason of loss or theft or subscriber alteration of a denture or bridge will not be considered a covered service.

3. Vision Plan

The Board will provide the Blue Cross Vision discount plan for all for all members of the bargaining unit and their eligible dependents. Please refer to Exhibit E for details of the plan.

- Examination with a participating Pennsylvania provider - \$38
- Examination with an out-of-state participating provider - \$50
- Examination with a non-participating provider - N/A

4. Life Insurance

The Board will provide term life insurance coverage for all members of the bargaining unit in accordance with the following formula:

- Nearest \$1,000 to 1.75 times the basic step salary with a minimum of \$10,000.

5. Income Protection/Group Long Term Disability Insurance

For 2014-2015 work year, it is agreed that the Board, upon completion of the use of the above sick leave, will pay to the employee 70% of his/her regular salary for a period of four weeks. Upon completion of this time period, the Board will then pay \$350 per week for a total of 40 weeks. This 44 week guaranteed income will be governed by the conditions and clauses incorporated in the pamphlet published by the Board relative to income protection.

Beginning July 1, 2015, it is agreed that the Board will provide group long-term disability insurance to bargaining unit members who are contracted with a status of .5 or greater. This employer sponsored policy will pay to the employee 60% of his/her regular salary up to \$5,000 per month with an elimination period of the greater of 30 consecutive calendar days or end of accumulated sick pay through Social Security retirement age. This guaranteed income will be governed by the conditions and clauses incorporated in the document presented by Hillendate Associates, Inc. dated January 2015. Please refer to Exhibit E.

6. Section 125 Plan

The District will adopt an IRS Section 125 Plan and will make available to members of the bargaining unit a Section 125 Flexible Spending Account program for medical and dependent care expenses beginning no later than January 1, 2009. The open enrollment period for participation will begin October 15 each year and end November 30 each year. The employee will determine their amount of contribution during the enrollment period and will not be allowed to change the amount or drop out of the plan during the year unless he/she experiences a verifiable change in family status. The medical maximum and the dependent care maximum will be the maximum permitted by IRS regulation. At no time will the district provide any financial support for the cost of the Section 125 Plan administration. By law, the employee will be allowed to carry over up to \$500 of unspent funds in the account at the end of the year into the next calendar year.

7. Employee Assistance Program (EAP)

The following provisions apply to the Employee Assistance Program:

- a. Bargaining unit member participation in any Employee Assistance Program service will remain confidential between the member and the service provider.
- b. Bargaining unit member participation or lack of participation in any Employee Assistance Program service will have no adverse consequence or effect on any aspect of the member's employment with the school district.

ARTICLE XIV

GRADUATE TUITION LOAN PROGRAM

1. As of January 1, 1992, a loan program was established for tuition at the Kutztown University graduate credit hour rate in effect at the commencement of the course for full-time professional and temporary professional employees who wish to improve their professional competence by taking courses at four-year degree granting universities/colleges. The District in its discretion will establish deadlines for submission of paperwork. A 100% reimbursement of the Kutztown University rate will be made upon satisfactory evidence of successful completion (B or better) for the courses in the discipline(s) in which the employee is certified and/or courses required for receipt of an additional education related degree or certification. Intermediate Unit courses are subject to preapproval to be applicable to column movement and will not be eligible for tuition reimbursement. All decisions of the superintendent or his/her designee regarding the entitlement to reimbursement will be final and not subject to the grievance procedure outlined in Article XVI.
2. Full-time and part-time employees who are not on a leave of absence will be limited to reimbursement for twelve credits per contract year. Full-time and part-time employees who are on an approved leave of absence for study will be limited to reimbursement for nine credits per spring and fall semesters. Part-time employees' reimbursement will be prorated based on their FTE status.
3. The employee will have his/her obligation reduced by 25% for each full year of service to the district after completion of the course. In the event the loan is not reduced through additional years of service, the employee will repay the unreduced portion of the loan on or before the effective date of the employee's termination.
4. Semester hours or graduate credits to be applicable for salary increases of M, M+15, M+30, M+45, and Doctorate levels must have prior approval of the superintendent or designee using forms provided for this purpose.
5. Professional employees completing graduate courses during the year or in the summer must submit transcripts of credits earned through June 30 no later than the first Friday following the opening day of the current work year for such increments to be applicable in that work year. When transcripts for the recognition of credits are held up by problems beyond the teacher's control, such as ability of the university to supply the necessary verification, a letter from a responsible official at the university will be accepted until a transcript can be secured.
6. The time limitations for courses leading to degrees will be the same as those usually imposed by the degree granting institutions, namely:
 - a. All courses leading to a Master's degree or beyond a Master's degree up to 30 semester hours must ordinarily be taken within a six-year period.
 - b. All courses leading to a Doctorate's Degree must ordinarily be taken within a ten-year period.
7. A "B" grade average is required to qualify for advancement to a classification higher than Master's degree.

ARTICLE XV RETIREMENT

1. Benefits

- a. Employees electing retirement may elect to subscribe to and pay for Traditional Blue Plan or Capital Blue PPO coverage (medical benefits) until Medicare eligibility is attained. Failure to make payments on a timely basis as required by the administration will result in discontinuation of coverage. Employees forfeiting their right to enroll at retirement may not subsequently enroll.
- b. Bargaining unit member retirees, who have a spouse employed by the Bethlehem Area School District whose employment continues subsequent to the effective retirement date of the bargaining unit member retiree, will be permitted to maintain medical benefits coverage through said spouse. Should said spouse expire while employed by the Bethlehem Area School District, the bargaining unit member retiree may elect to subscribe to and pay for continuous medical benefits coverage until Medicare eligibility is attained. Should said spouse sever employment with the Bethlehem Area School District for any reason, the bargaining unit member retiree may elect to subscribe to and pay for continuous medical benefits coverage until Medicare eligibility is attained.

2. Tax Sheltered Account Retirement Benefit

The value of all unused leave not being applied to retiree health coverage accrued at the time of termination of employment or payable after September 1, 2008, will be contributed as an employer contribution by the school district into a Section 403(b) tax sheltered account selected from the district's approved 403(b) Plan Document up to the amount permissible by law. Any amounts in excess of the shelter limit will be contributed in subsequent tax years up to the amount permissible by law, payable on the first business day of the new tax year. In no case will any unused sick leave not being applied to retiree health coverage be paid directly to the employee.

3. Severance

- a. Upon retirement, members of the bargaining unit will receive unused sick leave credit up to 90 days at the rate of \$45 per day. Said compensation will be payable by the school district as a non-elective employer contribution into the employee's Section 403(b) tax shelter account selected from the district's approved 403(b) Plan Document to the amount permissible by law. Any amounts in excess of the annual shelter limit will be paid on subsequent tax years up to the amount permissible by law, payable on the first business day of the new tax year. When an employee is to retire on June 30 of any year, said employee must notify the Superintendent of Schools of such intention by May 1 of the same year.
- b. To be eligible for this severance payment, an employee will meet at least one of the following criteria:
 - Have served 10 or more years in the Bethlehem Area School District and be at least 52 years of age.
 - Have served 10 or more years in the Bethlehem Area School District and have accrued a minimum of 30 years of credited service in the Public School Employees' Retirement System regardless of age.

4. Retiree Health Care Coverage Benefits

- a. Members of the bargaining unit and their dependents Employees who have at least 30 years of credited service in the Pennsylvania School Employees Retirement System

(PSERS) and who have more than 90 unused sick days at the time of their retirement from the district will be provided with health care coverage benefits, including the current Traditional Blue Plan or Capital Blue PPO (or other current carrier) coverage, dental insurance, and prescription drug plan benefits to be computed at the rate of:

- 2014-2015 – 40 sick days for one year of health care coverage
- 2015-2016 – 40 sick days for one year of health care coverage
- 2016-2017 – 40 sick days for one year of health care coverage

The employee will exchange all of his/her unused sick days of sick for the health care coverage benefits as described above up to the maximum allowable in that provision.

If, after exchanging the maximum amount allowed, the employee has additional sick leave days accumulated, the employee will be compensated for up to 90 additional days at the rate of \$45 per day. Said compensation will be payable by the school district as a non-elective employer contribution to the employee's Section 403(b) tax shelter account selected from the district's approved 403(b) Plan Document to the amount permissible by law. Any amounts in excess of the annual shelter limit will be paid in subsequent tax years up to the amount permissible by law, payable on the first business day of the new tax year.

- b. Maximum not to exceed 10 years of health care coverage benefits or until Medicare eligibility is attained, whichever comes first.
- c. Beginning with the 2013-2014 work year, bargaining unit members will need to have 20 years of Bethlehem Area School District service in addition to the aforementioned requirements to qualify for the Retiree Health Care Coverage Benefit. Bargaining unit members who have 25 years of PSERS service as of June 30, 2014, will be grandfathered. (For purpose of clarification, bargaining unit members will not be required to meet the 20 years of the Bethlehem Area School District service requirement to qualify for the Retiree Health Care Coverage Benefit. June 30, 2019, will be the last date that a bargaining unit member can be grandfathered under this subsection.) All other language of Article XV will remain as written.

(Note: If after calculating the number of years of health care coverage, there are sick days not used, two additional months of health care coverage can be secured for every five sick days as follows: five sick days equal two months of health care coverage, 10 sick days equal four months of coverage on up to 25 days equal 10 months of health care coverage.)

- Retiree health care coverage benefits will be the same benefits, carriers, options, terms, and conditions as active employees.
- At the conclusion of the use of unused sick day credit for health care coverage benefits, the retiree has the option of continuing health care coverage benefits at his/her expense as provided for in Article XIII, Section 1 and Article XV, Section 1a and 1b.
- Bargaining unit members may 1) exchange all of their unused sick days for the health care coverage benefits as described in this section or may 2) elect to receive unused sick leave credit up to 90 days at the rate of \$45 per day as provided for in Article XV, Section 3 – Severance, with the remainder of their unused sick days credited for the health care coverage benefits as described in this section.
- For the purpose of clarification, an employee with 90 or fewer unused sick days will only receive \$45 per day for unused sick leave and is not entitled to retiree health care benefits as provided by this section.

ARTICLE XVI ANCILLARY TOPICS

1. Board Agenda

The Board will provide to the Association's president three copies and/or email of the agenda of the monthly Board meetings at the same time said agendas are distributed to members of the Board.

2. Release of Information

The Board will make available to the Association information, statistics and records, when requested by the Association, which are relevant to: legislation, negotiations, or necessary to the proper enforcement of this Agreement, provided such release of information is not restricted by law or confidential. Material restricted by law or confidential as used in this section will mean material, which must exclusively be retained by the employer. The employer will not apply these terms arbitrarily. Denial of such requests will contain the reasons therefore and will be in writing.

3. Employee Injury Resulting from Assault, Quelling a Disturbance or Preventing Student Injury

- a. Principals will report to the superintendent, sending a copy of said report to the president of the Bethlehem Education Association, all cases of assault suffered by members of the bargaining unit in connection with their employment and which injuries have been suffered or in which there appears to have been malicious intent. Such assaults against members of the bargaining unit will be reported to the police by the principal.
- b. An employee will not lose any sick leave days or salary for a period of seven days because of injury resulting from assault by a student, quelling a disturbance involving students or preventing injury or further injury to a student provided the employee acted in a reasonable and prudent manner under the circumstances as determined by majority vote of a committee.

The committee will be composed of one member of the board as designated by the Board, one member of the Bethlehem Education Association as designated by the Association, and one member of the administration as designated by the Superintendent of Schools.

This committee will meet within 14 calendar days of the date on which the employee reported the assault to the building principal. The committee will render its decision at the close of said meeting; however, should the committee find that additional information is needed, the committee may, by majority vote, extend the date of its decision by an additional 14 days.

It is understood and agreed that the majority decision of this committee is final and binding on all parties. It is also understood and agreed that committee proceedings and committee decisions are not subject to the Grievance Procedure or to arbitration. It is also understood and agreed that the provisions of this Section 3 of Article XVI limit the employee benefit period to a period not exceeding seven days.

- c. For an employee to be eligible for benefits under Section 3 of Article XVI and for the reasons stated therein, it is necessary that all of the following conditions be met:
 - Anyone making a claim under this section will submit to a physical examination by doctors selected by the Board, as often as reasonably required, and will provide the Board with authorization to obtain medical reports. Said examinations will be at the school district's expense.

- The incidents described in Section 3 must have taken place during the school day on the school premises and during the schoolwork year.
 - The employee is required to notify the building principal whenever possible of the incidents as described in Section 3 prior to the conclusion of the school day on the day in which the incidents occurred.
 - In the case of assault, the employee is required to file criminal charges with the police against the alleged assailant(s). In the event that the employee is unable to identify the alleged assailant(s), the employee is still required to file an official police report within a period of 24 hours of the date of the alleged incidents described in Section 3. If a subsequent investigation reveals the identity of the assailant(s), the employee is required to file criminal charges against the assailant(s).
 - The employee is required to file a claim under the Workmen's Compensation Laws of Pennsylvania and fully cooperate in the pursuit of the claim.
- d. In the event the employee receives any benefits under the Workmen's Compensation Laws of the Commonwealth of Pennsylvania for the first seven days of disability, the employee will endorse to the district any warrant or voucher or moneys received through Workmen's Compensation for the first seven days of disability.
 - e. The school district may require persons making a claim under this section to take civil action through the district solicitor to preserve rights to recover damages from the allegedly liable party. The school district will be reimbursed for all moneys expended under this Article XVI from any moneys recovered by the employee by virtue of such civil action. Nothing in this section will preclude the employee from retaining an attorney of his/her choice at his/her own cost to take the above-mentioned civil action.
4. Use of School Buildings for General Meetings
 - a. The Board agrees to provide the association, for purpose of general membership meetings, a school facility to accommodate the association membership a minimum of four times a year, subject to the said meetings not conflicting with prior scheduling of the facility by the school district.
 - b. Committees of the association may meet in a school building to conduct association business by adhering to administrative procedure.
 - c. The Association will have the right to use the inter-district school mail facilities and school mail boxes as is deemed necessary with the approval of building principals or other members of the administration.

5. Association Representation

In the event the superintendent or his/her designated central office representative requests and conducts a meeting for the purpose of determining whether a disciplinary penalty will be imposed upon a member of the bargaining unit, said bargaining unit member may request that an Association representative be present. The president of the Association will be notified at least five working days prior to any such meeting.

6. Grievance Procedure

The parties to this Agreement agree that an orderly and expeditious resolution of grievances arising out of the interpretation of the terms of this Agreement will provide for a six-step process, which is described in the following paragraphs. A grievance will be an alleged misinterpretation or misapplication of any of the provisions of this Agreement.

Step 1. In the event than an employee believes that there is a basis for a grievance, he/she will first discuss the alleged grievance with the Chairperson of the Grievance Committee of the Bethlehem Education Association.

Step 2. The Chairperson of the Grievance Committee of the Bethlehem Education Association will discuss the alleged grievance with the building principal or the immediate supervisor of the alleged aggrieved party. The alleged aggrieved party will also have the right to discuss the alleged grievance with the building principal or immediate supervisor.

Step 3. Any employee initiating an alleged grievance will present the grievance, in writing and on a standard form, to his/her principal or other immediate supervisor within 20 working days after its occurrence.

The principal or other immediate supervisor will reply in writing to the grievance within five working days after initial presentation of the grievance.

Step 4. If the action in Step 3 fails to resolve the grievance to the satisfaction of the affected party, the grievant will, within five working days, submit such grievance in writing to the superintendent of schools, or his/her designee, for resolution.

The superintendent, or his/her designee, will reply in writing within five working days after initial presentation of the grievance.

Step 5. If the action in Step 4 above fails to resolve the grievance to the satisfaction of the affected party, the grievant will, within five working days, submit such grievance in writing, to the Board for resolution.

The Board will review the grievance and hold a hearing, if necessary, no later than the next regular meeting replying to the grievance in writing within 15 days thereafter.

Step 6. If the action in Step 5 above fails to resolve the grievance to the satisfaction of the affected party, the grievance will be referred to binding arbitration as provided in Section 903 of Act 195.

If the grievance fails to meet the criteria of Section 903 of Act 195, the decision of the Board of Education in Step 5 will be final.

Any expenses incurred in the process of grievance procedures will be shared equally by the Association and the Board.

The Association will be represented at any step of the grievance procedure whether requested or not by the grievant.

7. Residency

Place of residence will not be a condition of employment or advancement in the Bethlehem Area School District.

8. Association Days

Officers and official representatives of the association will be granted a collective total of 35 days during the work year to conduct association business. The Association will reimburse the district at the current minimum daily substitute rate.

9. Leave for Association President

The President of the Association will be released from professional duties for one-half of each workday to conduct association/district business, and to fulfill the original release time objectives, without loss in wages, benefits or other contractual advantages. The BEA president will be administratively assigned based on the President's skills and background. The Association must be given in writing the President's final notification of assignment on or before June 10th of the current work year.

10. Intern Psychologist

The parties are in agreement to permit an intern psychologist to complete an internship in the district and agree to the following:

- a. While performing intern duties in the district, a district psychologist will directly supervise an intern psychologist.
- b. An intern psychologist will not supplant or replace the position of any district psychologist.
- c. No district, state, federal, or other forms or reports will be issued in the name of an intern psychologist.
- d. A Bethlehem Area School District psychologist assigned an intern psychologist will be credited with 45 Act 48 hours.
- e. Each district psychologist that supervises an intern psychologist will receive a stipend from the sponsoring university. This stipend will be the same amount as the sponsoring university provides in their student teacher program.

11. Fair Share

Beginning with the 2015-16 work year, each member of the bargaining unit represented by the Association will be required to pay a fair share fee based on the Public Employee Fair Share Fee, PL 1993, June 2, PL 45, No. 15, Section 1; 43 PS 11021.1, et. Seq.

“Fair Share Fee” will mean the regular membership dues required of members of the Bethlehem Education Association covering teachers less the cost, for the previous fiscal year, of its activities or undertakings which were not reasonably employed to implement or effectuate the duties of the Bargaining Agent as exclusive representative.

EXHIBIT “A”**Step Placement Chart****2014-15, 2015-16, and 2016-17 Contract Years**

2013-14 Step	*Years to Maximum	2014-15 Step	*Years to Maximum	2015-16 Step	*Years to Maximum	2016-17 Step	*Years to Maximum
						1	14
				1	14	2	13
		1	14	1	14	2	13
1	14	1	14	1	14	2	13
2	13	2	13	1	14	2	13
3	12	3	12	1	14	2	13
4	11	4	11	1	14	2	13
5	10	5	10	2	13	3	12
6	9	6	9	3	12	4	11
7	8	7	8	4	11	5	10
8	7	8	7	5	10	6	9
9	6	9	6	6	9	7	8
				7	8	8	7
10	5	10	5	8	7	9	6
				9	6	10	5
11	4	11	4	10	5	11	4
				11	4	12	3
12	3	12	3	12	3	13	2
				13	2	14	1
13	2	13	2	14	1	15	0
14	1	14	1	**15	0	15	0
15	0	15	0	15	0	15	0

*Years to Maximum is the number of years remaining to reach maximum salary (Step 15) after the Completion of the current year.

**2014-15 Step 14 advances to 2015-16 Step 15 during the 2015-16 transition year.

EXHIBIT “A” (Continued)

2014-15 Salary Schedule

2014-15 STEP	BACHELORS	BACHELORS+15	MASTERS	MASTERS+15	MASTERS+30	MASTERS+45	DOCTORATE	2014-15 STEP
1	\$44,355	\$45,574	\$47,425	\$48,243	\$49,878	\$50,695	\$53,965	1
2	\$45,020	\$46,257	\$48,231	\$49,063	\$50,726	\$51,556	\$54,881	2
3	\$45,695	\$46,950	\$49,051	\$49,898	\$51,588	\$52,434	\$55,814	3
4	\$46,381	\$47,655	\$49,884	\$50,745	\$52,464	\$53,326	\$56,764	4
5	\$47,076	\$48,370	\$50,732	\$51,609	\$53,356	\$54,231	\$57,729	5
6	\$47,783	\$49,095	\$51,595	\$52,485	\$54,263	\$55,153	\$58,712	6
7	\$47,948	\$49,758	\$52,471	\$53,380	\$55,186	\$56,090	\$59,709	7
8	\$48,764	\$50,602	\$53,363	\$54,287	\$56,124	\$57,044	\$60,724	8
9	\$50,669	\$52,023	\$54,733	\$55,815	\$57,280	\$58,269	\$61,787	9
10	\$51,496	\$52,873	\$56,226	\$57,338	\$58,823	\$59,830	\$63,486	10
11	\$54,144	\$55,371	\$58,496	\$59,682	\$60,842	\$62,001	\$65,182	11
12	\$55,755	\$59,448	\$62,577	\$63,831	\$65,080	\$66,332	\$69,576	12
13	\$58,395	\$60,994	\$67,362	\$68,886	\$70,409	\$71,934	\$74,982	13
14	\$64,016	\$65,754	\$73,741	\$75,286	\$76,803	\$78,321	\$81,352	14
15	\$69,481	\$72,677	\$78,726	\$80,301	\$81,875	\$83,450	\$86,599	15

Longevity								Longevity
20	\$827	\$827	\$827	\$827	\$827	\$827	\$827	20
25	\$827	\$827	\$827	\$827	\$827	\$827	\$827	25
30	\$827	\$827	\$827	\$827	\$827	\$827	\$827	30

EXHIBIT “A” (Continued)

2015-16 Salary Schedule

2015-16 STEP	BACHELORS	BACHELORS+15	MASTERS	MASTERS+15	MASTERS+30	MASTERS+45	DOCTORATE	2015-16 STEP
1	\$47,076	\$48,370	\$50,732	\$51,609	\$53,356	\$54,231	\$57,729	1
2	\$47,783	\$49,095	\$51,595	\$52,485	\$54,263	\$55,153	\$58,712	2
3	\$47,948	\$49,758	\$52,471	\$53,380	\$55,186	\$56,090	\$59,709	3
4	\$48,764	\$50,602	\$53,363	\$54,287	\$56,124	\$57,044	\$60,724	4
5	\$50,669	\$52,023	\$54,733	\$55,815	\$57,280	\$58,269	\$61,787	5
6	\$51,496	\$52,873	\$56,226	\$57,338	\$58,823	\$59,830	\$63,486	6
7	\$54,144	\$55,371	\$58,496	\$59,682	\$60,842	\$62,001	\$65,182	7
8	\$54,950	\$57,410	\$60,537	\$61,757	\$62,961	\$64,167	\$67,379	8
9	\$55,755	\$59,448	\$62,577	\$63,831	\$65,080	\$66,332	\$69,576	9
10	\$57,075	\$60,221	\$64,970	\$66,359	\$67,745	\$69,133	\$72,279	10
11	\$58,395	\$60,994	\$67,362	\$68,886	\$70,409	\$71,934	\$74,982	11
12	\$61,206	\$63,374	\$70,552	\$72,086	\$73,606	\$75,128	\$78,167	12
13	\$64,016	\$65,754	\$73,741	\$75,286	\$76,803	\$78,321	\$81,352	13
14	\$66,969	\$69,447	\$76,484	\$78,049	\$79,599	\$81,151	\$84,251	14
15	\$69,922	\$73,139	\$79,226	\$80,811	\$82,395	\$83,980	\$87,149	15
Longevity								Longevity
20	\$853	\$853	\$853	\$853	\$853	\$853	\$853	20
25	\$853	\$853	\$853	\$853	\$853	\$853	\$853	25
30	\$853	\$853	\$853	\$853	\$853	\$853	\$853	30

EXHIBIT “A” (Continued)

2016-17 SALARY SCHEDULE

2016-17 STEP	BACHELORS	BACHELORS+15	MASTERS	MASTERS+15	MASTERS+30	MASTERS+45	DOCTORATE	2016-17 STEP
1	\$47,076	\$48,370	\$50,732	\$51,609	\$53,356	\$54,231	\$57,729	1
2	\$48,469	\$49,865	\$52,000	\$53,338	\$55,085	\$55,999	\$59,501	2
3	\$49,904	\$51,406	\$53,000	\$55,125	\$56,870	\$57,825	\$61,328	3
4	\$51,381	\$52,994	\$54,000	\$56,972	\$58,713	\$59,710	\$63,211	4
5	\$52,902	\$54,632	\$55,773	\$58,881	\$60,615	\$61,657	\$65,152	5
6	\$54,468	\$56,320	\$57,631	\$60,854	\$62,579	\$63,667	\$67,152	6
7	\$56,080	\$58,060	\$59,550	\$62,893	\$64,607	\$65,743	\$69,214	7
8	\$57,740	\$59,854	\$61,532	\$65,000	\$66,700	\$67,886	\$71,339	8
9	\$59,449	\$61,703	\$63,582	\$67,178	\$68,861	\$70,099	\$73,529	9
10	\$61,209	\$63,610	\$65,699	\$69,428	\$71,092	\$72,384	\$75,786	10
11	\$63,021	\$65,576	\$67,887	\$71,754	\$73,395	\$74,744	\$78,113	11
12	\$64,886	\$67,602	\$70,148	\$74,158	\$75,773	\$77,181	\$80,511	12
13	\$66,807	\$69,691	\$72,483	\$76,642	\$78,228	\$79,697	\$82,983	13
14	\$68,784	\$71,844	\$74,897	\$79,210	\$80,763	\$82,295	\$85,531	14
15	\$70,820	\$74,064	\$80,252	\$81,864	\$83,380	\$84,978	\$88,157	15
Longevity								Longevity
20	\$879	\$879	\$879	\$879	\$879	\$879	\$879	20
25	\$879	\$879	\$879	\$879	\$879	\$879	\$879	25
30	\$879	\$879	\$879	\$879	\$879	\$879	\$879	30

EXHIBIT "B"**STIPENDS AND EXTRA DUTY HOURLY RATES FOR 2013-2014****INTERSCHOLASTIC ATHLETIC PROGRAM**

NEW	CONTINUING	HIGH SCHOOL ATHLETICS	PERCENT
\$8,473	\$9,978	FOOTBALL - HEAD	100.0%
\$5,507	\$6,486	BASEBALL - HEAD	65.0%
\$6,778	\$7,982	BASKETBALL - HEAD	80.0%
\$3,898	\$4,590	CHEERLEADING - HEAD	46.0%
\$4,660	\$5,488	CROSS COUNTRY - HEAD	55.0%
\$5,507	\$6,486	FIELD HOCKEY - HEAD	65.0%
\$5,507	\$6,486	SOCCER - HEAD	65.0%
\$5,507	\$6,486	SOFTBALL - HEAD	65.0%
\$6,567	\$7,733	SWIMMING - HEAD	77.5%
\$6,567	\$7,733	TRACK - HEAD	77.5%
\$3,898	\$4,590	VOLLEYBALL - HEAD	46.0%
\$6,778	\$7,982	WRESTLING - HEAD	80.0%
\$3,898	\$4,590	GOLF - HEAD	46.0%
\$2,118	\$2,495	MATHEMATICS - HEAD	25.0%
\$3,898	\$4,590	RIFLE - HEAD	46.0%
\$2,118	\$2,495	SCHOLASTIC SCRIMMAGE - HEAD	25.0%
\$3,898	\$4,590	TENNIS - HEAD	46.0%
\$5,507	\$6,486	FOOTBALL - ASSISTANT	65.0%
\$3,580	\$4,216	BASEBALL - ASSISTANT	65.0%
\$4,406	\$5,188	BASKETBALL - ASSISTANT	65.0%
\$2,534	\$2,984	CHEERLEADING - ASSISTANT	65.0%
\$3,029	\$3,567	CROSS COUNTRY - ASSISTANT	65.0%
\$3,580	\$4,216	FIELD HOCKEY - ASSISTANT	65.0%
\$3,580	\$4,216	SOCCER - ASSISTANT	65.0%
\$3,580	\$4,216	SOFTBALL - ASSISTANT	65.0%
\$4,269	\$5,026	SWIMMING - ASSISTANT	65.0%
\$4,269	\$5,026	TRACK - ASSISTANT	65.0%
\$2,534	\$2,984	VOLLEYBALL - ASSISTANT	65.0%
\$4,406	\$5,188	WRESTLING - ASSISTANT	65.0%
NEW	CONTINUING	MIDDLE SCHOOL ATHLETICS	PERCENT
\$3,389	\$3,991	BASKETBALL - HEAD	40.0%
\$2,118	\$2,495	CHEERLEADING - HEAD	25.0%
\$2,118	\$2,495	CROSS COUNTRY - HEAD	25.0%

EXHIBIT “B” (Continued)

NEW	CONTINUING	MIDDLE SCHOOL ATHLETICS	PERCENT
\$2,118	\$2,495	FIELD HOCKEY - HEAD	25.0%
\$3,389	\$3,991	FOOTBALL - HEAD	40.0%
\$2,118	\$2,495	SOCCER - HEAD	25.0%
\$2,118	\$2,495	SOFTBALL - HEAD	25.0%
\$2,118	\$2,495	VOLLEYBALL - HEAD	25.0%
\$2,118	\$2,495	WRESTLING - HEAD	25.0%
\$2,203	\$2,594	BASKETBALL - ASSISTANT	65.0%
\$1,377	\$1,622	CHEERLEADING - ASSISTANT	65.0%
\$1,377	\$1,622	FIELD HOCKEY - ASSISTANT	65.0%
\$2,203	\$2,594	FOOTBALL - ASSISTANT	65.0%
\$1,377	\$1,622	SOCCER - ASSISTANT	65.0%
\$1,377	\$1,622	SOFTBALL - ASSISTANT	65.0%
\$1,377	\$1,622	VOLLEYBALL - ASSISTANT	65.0%

INTRAMURAL SUPERVISORS and OTHER ATHLETIC POSITIONS**SALARY**

\$3,768	INTRAMURAL SUPERVISOR - MIDDLE SCHOOL
\$1,592	INTRAMURAL SUPERVISOR - HIGH SCHOOL
\$10,312	HIGH SCHOOL ASSISTANT ATHLETIC DIRECTORS
\$49	ANNOUNCERS - VARSITY
\$59	ANNOUNCERS - VARSITY FOOTBALL
\$52	DOUBLE DUAL TRACK OFFICIAL
\$31	FOOTBALL CHAIN CREW
\$72	GAME MANAGERS - VARSITY
\$47	GAME MANAGERS - SUB VARSITY
\$42	HOME TEAM TRACK OFFICIAL
\$42	PARKING ATTENDANT
\$42	SCOREBOARD OPERATORS - VARSITY
\$36	SCOREBOARD OPERATORS - SUB VARSITY
\$31	SCOREBOARD OPERATORS - MIDDLE SCHOOL EVENT
\$78	SCOREBOARD KEEPERS - VARSITY
\$42	SECURITY/USHER
\$46	TICKET SALES - COLLECTOR
\$46	TICKET SALES - SELLERS
\$57	TIMER - SWIMMING

EXHIBIT “B” (Continued)

2013-14 HOURLY	
\$19.52	GAME HELP; MIDDLE SCHOOL COACH SCOUTING
\$28.25	GAME DIRECTOR
\$24.44	INTRAMURALS

EXHIBIT “C”**COMPENSATION FOR EXTRACURRICULAR ACTIVITIES****STUDENT ACTIVITIES (HIGH SCHOOL)**

STEP 1	STEP 2	STEP 3	
\$3,813	\$4,289	\$4,768	ASSISTANT BAND DIRECTOR
\$5,859	\$6,594	\$7,334	BAND/MAJ/COLOR GUARD
\$349	\$364	\$388	CLUB ADVISOR
\$1,221	\$1,348	\$1,469	EXTRACURRICULAR ACTIVITIES DIRECTOR
\$540	\$579	\$639	FRESHMAN CLASS ADVISOR
\$712	\$803	\$857	GIRLS SWIM TEAM
\$780	\$836	\$857	INTERNATIONAL RELATIONS CLUB
\$712	\$803	\$857	JUNIOR CLASS ADVISOR
\$1,403	\$1,655	\$1,885	JUNIOR CLASS PLAY
\$1,469	\$1,710	\$1,951	LITERARY PUBLICATIONS
\$2,691	\$2,940	\$3,173	NEWSPAPER
\$857	\$981	\$1,095	SENIOR CLASS ADVISOR
\$1,403	\$1,655	\$1,885	SENIOR CLASS PLAY
\$540	\$578	\$639	SOPHOMORE CLASS ADVISOR
\$857	\$981	\$1,095	STAGE CREW
\$857	\$981	\$1,095	STUDENT COUNCIL/GOVERNMENT
\$540	\$578	\$639	TALENT SHOW - ACTS
\$540	\$578	\$639	TALENT SHOW - MUSIC
\$540	\$578	\$639	VOCAL GROUPS/STAGE BAND
\$2,691	\$2,940	\$3,173	WEBMASTERS
\$2,691	\$2,940	\$3,173	YEARBOOK

STUDENT ACTIVITIES (MIDDLE SCHOOL)

STEP 1	STEP 2	STEP 3	
\$1,997	\$2,325	\$2,604	BAND DIRECTOR
\$290	\$349	\$388	DRAMA GROUPS
\$290	\$349	\$388	MAJORETTES
\$290	\$349	\$388	MATHCOUNTS
\$578	\$682	\$781	NEWSPAPER
\$290	\$349	\$388	STAGE CREW
\$290	\$349	\$388	VOCAL GROUPS
\$578	\$682	\$781	WEBMASTERS

STUDENT ACTIVITIES (ELEMENTARY SCHOOL)

STEP 1	STEP 2	STEP 3	
\$349	\$365	\$388	ELEMENTARY ACTIVITY ADVISORS

EXHIBIT “C” (Continued)

COMPENSATION FOR EXTRA DUTY

2013-14	
HOURLY	
\$25.29	PARTICIPANTS
\$34.85	LEADERSHIP

COMMUNITY SERVICE LIASON

\$5,301	HIGH SCHOOL
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HEAD TEACHER - ELEMENTARY SCHOOL

\$1,882	MIDDLE SCHOOL TREASURER
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INDUCTION PROGRAM SUPPORT TEACHER

\$656	SUPPORT TEACHER
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SENIOR PSYCHOLOGIST/DEPARTMENT CHAIRPERSONS

STEP 1	STEP 2	STEP 3	
\$2,449	\$2,808	\$3,173	SENIOR PSYCHOLOGIST
\$2,668	\$3,062	\$3,460	HIGH SCHOOL DEPARTMENT CHAIRPERSON
\$2,668	\$3,062	\$3,460	HEALTH SERVICES DEPARTMENT CHAIRPERSON

CONTENT AREA LEADERS - MIDDLE SCHOOL

LANGUAGE ARTS, MATH, READING, SCIENCE, AND SOCIAL STUDIES

\$748	FIVE PERSON OR LESS
\$811	SIX PERSON
\$864	SEVEN PERSON
\$925	EIGHT PERSON
\$1,021	NINE PERSON
\$1,038	TEN PERSON

TEAM LEADERS - MIDDLE SCHOOL

ACADEMIC TEAM

\$992	TWO PERSON
\$1,144	THREE PERSON
\$1,312	FOUR PERSON
\$1,46	FIVE PERSON

EXHIBIT “C” (Continued)

TEAM LEADERS - MIDDLE SCHOOL

RELATED ARTS TEAM

\$714	FIVE PERSON
\$776	SIX PERSON
\$826	SEVEN PERSON
\$883	EIGHT PERSON
\$976	NINE PERSON
\$992	TEN PERSON

TECHNOLOGY PROGRAM - ELEMENTARY SCHOOL

\$656	WEBMASTERS
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TREASURERS

\$2,070	HIGH SCHOOL TREASURER
\$1,710	MIDDLE SCHOOL TREASURER

EXHIBIT “C”

Exhibit “C” stipends and hourly rates for subsequent contract periods will be determined consistent with Article XII.

- (1) Teacher meetings that extend beyond the regular day; directed room preparation, workshops, seminars, conferences and meetings related to school and administrative advisory work.
- (2) Employees hired at the September board meeting or earlier who are required to attend up to two additional days of inservice prior to the beginning of the work year will be compensated at leadership rate. These inservice days will be scheduled as outlined in Article V, Section 4.
- (3) Middle school and high school teachers assigned to additional class during regularly scheduled preparation period; elementary teachers assigned to classes of vocal music, library, physical education, or art when an instructional specialist is absent from work for sick leave, emergency day, personal day, or on a board approved convention for half day or more and no substitute is obtained; night school, summer school, homebound instruction, active participants in a leadership role in workshops; planning, writing and curriculum development.
- (4) Team Leader will provide without additional pay 10 additional hours of work to be scheduled immediately following the close of the teacher day.

Content Area Leader will provide without additional pay no more than 10 additional hours of work to be scheduled immediately following the close of the teacher day.

(5) Head Teacher (Elementary School)

- a. The Head Teacher position exists and functions only in elementary schools which share a principal with one or more other elementary school buildings and only when the assigned principal is not present in the school building. The Head Teacher position ceases to exist and function when the principal is present in the school building. The assigned principal will notify the Head Teacher when the principal leaves the school building and when he/she returns to the building.
- b. Each Head Teacher is responsible to his/her building principal.
- c. Responsibilities of Head Teacher.
 1. The “person in charge” of a school building when the principal is not present. A Head Teacher is not responsible for day-to-day supervision of district staff. A Head Teacher has no responsibility for teacher evaluation.
 2. Be present in the school beginning 8:30 a.m. each school day.
 3. When the principal is not present in the school, perform the following duties:
 - Remain in the school at the end of the school day until all children have been dismissed and until all buses have departed.
 - Provide appropriate direction to teachers and other school staff in special and emergency situations.
 - Review with the principal, on a daily basis, events that have occurred in the principal’s absence.
 - Orient substitute teachers to the building upon their arrival in the building.
 - Provide for the supervision and care of students as needed in special situations (including the administration of prescribed medication to students in accordance with School Board Policy Number 210 “Use of Medications”) and emergency

situations (including the administration of first aid procedures according to the Head Teacher's level of competence) by making appropriate decisions and consulting with appropriate administrative personnel as needed.

(5) Induction Program Support Teacher

The State Board of Education revision of Chapter 49, Title 22, of the Pennsylvania Public School Code provides for a new section (49.16), which requires an induction plan for each school district beginning June 1, 1987. The induction plan will reflect a mentor relationship between first year teachers and induction teams. The stipend for volunteer teachers who are assigned to serve as a support teacher as part of an induction team will be \$656 for the 2013-2014 work year. Rates for subsequent years of the Agreement will be established consistent with Article XII.

EXHIBIT “D”

TEACHER EVALUATION GENERAL GUIDELINES FOR PROFESSIONAL IMPROVEMENT PLANS FOR “CONTINUING” PERFORMANCE CONCERNS

1. Prior to formalizing a Professional Improvement Plan (PIP) for a teacher, the administrator must advise the teacher of the concern(s) and give an appropriate amount of time (minimum of 6 weeks) for improvement prior to the assignment of a PIP.
2. Whenever a teacher is placed on a written PIP, a minimum of the equivalent of one semester (90 days) must be invested to improve performance before a decision is made as to whether the teacher has satisfied the PIP.
3. If a teacher has satisfied the goals of the PIP at the end of the equivalent of one semester (90 days), the teacher is given an overall rating of satisfactory on the employee rating form, PDE 82-1 or 82-3. If a teacher has not satisfied all aspects of the PIP, but in the opinion of the rater is showing progress, the equivalent of an additional semester (one time only) may be granted to allow for satisfactory completion of the PIP.

EXHIBIT “E”

BEA Prescription Definition

2014-15		2015-16, 2016-17		Type of Drug	Definition
Pick up at Pharmacy	Non-Mandatory Mail-order for 90 Day Supply	Pick up at Pharmacy	Mandatory Mail-order for 90 Day Supply		
\$10	\$10	\$10	\$20	Generic	Generic drugs are chemically identical to a brand name drug. After the patent for the brand-name drug expires, other drug companies can start selling a generic version of the drug after approval from the FDA.
\$18	\$18	\$40	\$80	Formulary	Also known as Preferred. A formulary is a list of covered drugs selected by Express Scripts in consultation with a team of health care providers, which represents the prescription therapies believed to be a necessary part of a quality treatment program. Express Scripts will generally cover the drugs listed in our formulary as long as <u>the drug is medically necessary</u> . Please Note: Brand-name drugs may move to a non-formulary status if a generic version becomes available during the year.
\$25	\$25	\$75	\$150	Non-Formulary	Also known as Non-Preferred. A medication that is not a generic or on the list of formulary medications. A non-formulary medication is generally at a higher cost.
N/A	N/A	\$10 Plus Cost for Brand	\$20 Plus Cost for Brand	Brand by Choice	If you chose a non-formulary drug at the time of purchase you will be charged a \$10 co-pay <u>plus the cost of the difference between a generic and non-formulary drug</u> . This is waived if the Physician requests the non-formulary due to a documented medical reason.



Vision Discount Plan

Bethlehem Area School District

DISCOUNTED SERVICES		
Costs associated with the services and items listed below are the responsibility of the member, but are discounted when provided by participating providers.		
	Participating Providers	Non-Participating Providers
EXAMINATION	\$38 (Pennsylvania) \$50 (all other states)	No discount
FRAMES	Wholesale frame cost, plus 50%	No discount
EYEGLASS LENSES (per pair)		
Single Vision Standard Lenses	\$31	No discount
Bifocal Standard Lenses	\$45	No discount
Trifocal Standard Lenses	\$55	No discount
Aphakic/Lenticular Standard Lenses	Retail lens price, minus 25%	No discount
CONTACT LENSES* (includes contact lens examination)	Retail contact lens price, minus 25%	No discount
LENS OPTIONS		
Solid Tint	Wholesale option cost, plus 50%	No discount
Gradient Tint	Wholesale option cost, plus 50%	No discount
Scratch Coating	Wholesale option cost, plus 50%	No discount
Ultraviolet Coating	Wholesale option cost, plus 50%	No discount
Anti-reflective Coating	Wholesale option cost, plus 50%	No discount
Photochromatic	Wholesale option cost, plus 50%	No discount
Progressive Standard Lenses	Wholesale option cost, plus 50%	No discount
Progressive Premium Lenses	Wholesale option cost, plus 50%	No discount
Specialty lenses including but not limited to: Polycarbonates and High Index	Wholesale option cost, plus 50%	No discount
All other options	Wholesale option cost, plus 50%	No discount
LASIK SURGERY		
Surgery must be through participating providers	Retail Discount	No discount

*Payment will be made for either lenses or contact lenses within a benefit period. Payment will not be made for both.

Programs are subject to change. This is not a contract. This information highlights vision benefits when you visit a participating provider and is not intended to be a complete list or complete description of available services. Contact your employer, marketing representative, or broker for additional benefit details.

Walmart stores: In order to maintain comparable value with Walmart's pricing structure, your frame allowance at Walmart stores will be 50% of the frame allowance shown above with no additional retail discount. Your contact lens allowance will be 75% of the contact lens amount shown above with no additional retail discount. Walmart stores accept BlueCross Vision for materials. Doctors affiliated with Walmart are not Walmart employees; therefore, participation for exams varies.

Deductibles, coinsurance and copayments under this program are separate from any deductibles, coinsurance and copayments described in your company's other health benefits coverage.

Paper claims may be submitted to the following address: National Vision Administrators; P.O. Box 2187; Clifton, New Jersey 07015.

On behalf of Capital BlueCross, National Vision Administrators, LLC (NVA®) provides the network and assists in the administration of network management services for the BlueCross Vision benefits program. NVA is an independent company.

Benefits are issued by Capital Advantage Assurance Company®, a subsidiary of Capital BlueCross. Independent licensee of the BlueCross BlueShield Association. Communications issued by Capital BlueCross in its capacity as administrator of programs and provider relations for all companies.

EXHIBIT “E”**GROUP LONG TERM DISABILITY INSURANCE***01 – All Eligible**Employees*

QUOTED BENEFITS	Maximum Monthly Covered Salary	\$8,333
	Maximum Monthly Benefit	\$5,000
	Guarantee Issue	\$5,000
	Benefit Percent	60%
	Minimum Monthly Benefit	\$50
	Continuation of Coverage	No
	Subrogation	Included
	Elimination Period	Greater of 30 consecutive calendar days or end of accumulated sick pay
	Maximum Benefit Period	To SSNRA, 12 month minimum
	Own Occupation Period	24 months following the end of the Elimination Period
	Definition of Disability	Zero Day
	Return to Work	First 12 months of Disability with Work Earnings
	Monthly Benefit	Direct
	Coordination With Other Income Benefits	Full Family/General Freeze
	Integration with State Plan	Yes
	Require Application for State Plan	Yes
	Mental Illness Limitation	24 months Lifetime unless hospital confined
	Substance Abuse Limitation	24 months Lifetime unless hospital confined
	Employer Contribution	See Summary Page
	Sick Leave	Direct
	Maternity Coverage	Included
	Cumulative Elimination Period	5 Working Days
	Minimum Participation	100%
	Leave of Absence Coverage	1 Year Paid
	Claim Payment Method	Monthly
	Rehabilitation	Applies
TAX REPORTING	This proposal includes a free service for LTD benefits that pays the employer's portion of FICA withholding and releases you from 941 and W-2 reporting requirements.	
COST	Contract rate guarantee for 36 months from the effective date of the program	0.175%
PROPOSAL ASSUMPTIONS	A. Number of Lives	1033
	B. Approximate annual insurable payroll	\$68,240,640
	C. Approximate annual premium	\$119,421

PROPOSAL DATE

December 17, 2014. This proposal is valid for 90 days, after which time the insurer reserves the right to revise benefits or rates.

PRESENTED BY

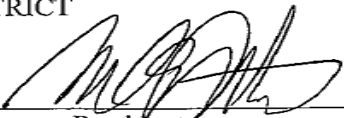
Hillendale Associates, Inc.

UNDERWRITTEN BY

Madison National Life Insurance Company, Inc.

IN WITNESS WHEREOF, the parties hereto have caused their names to be subscribed by their duly authorized officers and representatives this 28th day of January 2015.

BETHLEHEM AREA SCHOOL
DISTRICT



President

WITNESS:



BETHLEHEM EDUCATION
ASSOCIATION



President

WITNESS:



20. Resignations**RECOMMENDATION:*****A. Instructional***

	NAME	ASSIGNMENT	REASON	EFFECTIVE
1.	Rodgers, Carlton	Fountain Hill (.9) Physical Education Teacher	Retirement	January 30, 2015
2.	Salvaterra, Matthew	William Penn Grade 5 Teacher	Resignation	March 13, 2015

B. Noninstructional

	NAME	ASSIGNMENT	REASON	EFFECTIVE
1.	Ettwein, Nancy	Marvine Family Center Family Development Specialist	Resignation	January 30, 2015
2.	Marino, Robert	Nitschmann C-1 Custodian	Retirement	April 21, 2015
3.	Ortiz, Juan	Clearview Teacher Assistant Special Education	Resignation	January 5, 2015
4.	Radle, Janice	Freedom Teacher Assistant Special Education	Retirement	June 5, 2015
5.	Rancke, Martha	Freedom General Kitchen Help	Retirement	January 8, 2015 (revised date)
6.	Reybitz, Barbara	Transportation 0-3 Secretary/Clerk 12 months	Retirement	March 2, 2015
7.	Romig, Sandra	Freedom C-1 Custodian	Retirement	May 29, 2015
8.	Schnettler, Constance	Bus Driver	Resignation	December 3, 2014
9.	Vargo, John	Bus Driver	Retirement	December 22, 2014
10.	Wilson, Anna	Information Systems Specialist	Retirement	February 4, 2015

20. Resignations**RECOMMENDATION:****C. Miscellaneous**

	NAME	ASSIGNMENT	REASON	EFFECTIVE
1.	Dendrinios, Efethia	Nitschmann (.3) Yearbook Advisor	Resignation	2014-2015 school year
2.	Getz, Julie	Nitschmann (.3) Yearbook Advisor	Resignation	2014-2015 school year
3.	Myers, Cristy	William Penn (.5) Yearbook Advisor	Resignation	2014-2015 school year

21. Leaves of Absence**RECOMMENDATION:****A. Instructional**

	NAME	ASSIGNMENT	REASON	EFFECTIVE
1.	Eisenhauer, Denise	Liberty Special Education Teacher	Family Medical Leave of Absence	January 21, 2015, intermittently, until the end of the day on April 21, 2015
2.	Galganovicz, Anne	Farmersville Reading Specialist	Family Medical Leave of Absence	December 22, 2014, until the end of the day on February 17, 2015
3.	Labe, Ann	Northeast Grade 6 Teacher	Sabbatical Leave of Absence	First day of the second semester of the 2014-2015 school year, until the end of the 2014-2015 school year
4.	Patti, Nicole	East Hills Mathematics Teacher	Childrearing Leave of Absence, continuing	April 2, 2015, until the end of the 2014-2015 school year
5.	Pogue, Sara	Liberty English Teacher	Family Medical Leave of Absence	February 23, 2015, until the end of the day on May 20, 2015
6.	Stephans, Amanda	East Hills Special Education Teacher	Family Medical Leave of Absence	February 24, 2015, until the end of the day on May 21, 2015

21. *Leaves of Absence*

RECOMMENDATION:

A. Instructional (continued)

	NAME	ASSIGNMENT	REASON	EFFECTIVE
7.	VanBlargan, Connie	William Penn ESOL Teacher	Family Medical Leave of Absence, continuing	December 12, 2014, intermittently, until the end of the 2014-2015 school year
8.	Yerk, Sarah	Fountain Hill Reading Specialist	Family Medical/ Child Rearing Leave of Absence	Family Medical Leave of Absence to begin February 9, 2015, until the end of the day on May 7, 2015 Childrearing Leave of Absence to begin May 8, 2015, until the end of the 2014-2015 school year

B. Noninstructional

	NAME	ASSIGNMENT	REASON	EFFECTIVE
1.	Helmuth, Ellen	Donegan/ Fountain Hill Associate Nurse	Family Medical Leave of Absence	January 9, 2015, intermittently, until the end of the day on January 9, 2016
2.	Klotz, Daryl	Freedom Monitor	Family Medical Leave of Absence	December 22, 2014, intermittently, until the end of the day on December 22, 2015
3.	Reiser, Timothy	Liberty C-1 Custodian	Family Medical Leave of Absence	December 22, 2014, until the end of the day on January 7, 2015

22. *Nominations*

RECOMMENDATION:

Return from Furlough

The following instructional staff member is being recalled from furlough:

	NAME	ASSIGNMENT	SALARY	EFFECTIVE
1.	Frederick, Lauren	(.4) Calypso (.4) Marvine Physical Education Teacher	\$38,124, prorated Bachelor's +15, Step 4	January 29, 2015

A. Instructional

	NAME	ASSIGNMENT	SALARY	EFFECTIVE
1.	Borso, Nathan	Northeast Social Studies Teacher <i>Long-term Substitute</i>	\$44,355, prorated Bachelor's, Step 1	First day of the second semester of the 2014-2015 school year, until the end of the day on February 27, 2015, or upon the return of J. Gross, whichever occurs first (<i>continuing from first semester</i>)
2.	Frederick, Lisa	East Hills Mathematics Teacher <i>Long-term Substitute</i>	\$45,574, prorated Bachelor's +15, Step 1	First day of the second semester of the 2014-2015 school year, until the end of the 2014-2015 school year, or upon the return of N. Patti, which ever occurs first (<i>continuing from first semester</i>)

22. Nominations

RECOMMENDATION:

A. Instructional (continued)

	NAME	ASSIGNMENT	SALARY	EFFECTIVE
3.	Gerancher, Elizabeth	East Hills Grade 6 Teacher <i>Temporary Professional Employee</i>	\$44,355, prorated Bachelor's Step 1	January 27, 2015
4.	Rudy, Michael, Jr.	Liberty Mathematics Teacher <i>Temporary Professional Employee</i>	\$45,695, prorated Bachelor's, Step 3	On or after January 29, 2015
5.	Stevens, Donna	Miller Heights Grade 2 Teacher <i>Long-term Substitute</i>	\$44,355, prorated Bachelor's, Step 1	First day of the second semester of the 2014-2015 school year, until the end of the day on February 6, 2015, or upon the return of K. White, whichever occurs first (<i>continuing from first semester</i>)
6.	Stulb, Cindy	Broughal (.5) Special Education, Learning Support Teacher Clearview (.5) Special Education Learning Support Teacher <i>Long-term Substitute (K. DePoy, temporarily reassigned)</i>	\$45,020, prorated Bachelor's, Step 2	January 5, 2015, until the end of the 2014-2015 school year

22. *Nominations*

RECOMMENDATION:

B. Noninstructional

	NAME	ASSIGNMENT	SALARY	EFFECTIVE
1.	McClure, Matthew	Freedom Supplemental Custodian	\$10.00 per hour	On or after January 27, 2015
2.	Martinez, Carmen Perez, Israel Thomas, Richard	Part-time Bus Drivers	\$17.27 per hour	To be determined upon completion of training/testing

C. Miscellaneous

	NAME	ASSIGNMENT	SALARY
1.		Coaches	
		<i>Broughal</i>	
	Tosado, Joshua	Assistant Boys Basketball	\$2,203
		<i>Freedom</i>	
	Piccone, John	Head Boys Lacrosse	5,507
	Brophy, Kelso	Softball	<i>Volunteer</i>
	Thear, Robert	Assistant Track	5,026
	Putlock, Amy	(.5) Assistant Track	2,135
	Carnes, Timothy	(.5) Assistant Track and Field	2,513
	Mosser, Thomas	(.5) Assistant Track and Field	2,135
		<i>Liberty</i>	
	Blair, Ericka	Girls Basketball	<i>Volunteer</i>
	Lynn, Marci	Girls Basketball	<i>Volunteer</i>
	Lewis, Brett	Boys Lacrosse	<i>Volunteer</i>
	Hockemeier, Beverly	Assistant Girls Lacrosse	3,580
2.		Content Leader – 5 person	
	Anderko, Kevin	Northeast, (.5) Social Studies	\$496
	Labe, Ann	Northeast, (.5) Social Studies (adjustment to September 22, 2014 agenda item)	496
3.		Extracurricular Activity Advisors	
	Repscher, Emily	Fountain Hill, (.5) Safety Club	\$175
	Wawrzyniak, Taylor	William Penn, (.5) Yearbook	175

22. Nominations**RECOMMENDATION:****C. Miscellaneous**

	NAME	ASSIGNMENT	SALARY
4.	Ayre, Courtney Labe, Ann	Team Leader – 2 person Northeast, (.5) Grade 6 Northeast, (.5) Grade 6 (adjustment to September 22, 2014 agenda item)	\$374 374
5.	Exceptional student listed on confidential page	Work Experience/Job Training	\$7.25 per hour

D. Substitutes

NONINSTRUCTIONAL	
Stives, Grant	Torres, Evelmari
	Virgilio, Mitchel

23. Reassignments**RECOMMENDATION:****A. Instructional**

	NAME	FROM/TO	SALARY	EFFECTIVE
1.	Craig, Dawn	Assignment: District-wide Speech Therapist From: Long-term Substitute To: (.5) Temporary Professional Employee (.5) Long-term Substitute	\$47,425 Master's, Step 1	January 29, 2015

23. Reassignments**RECOMMENDATION:****A. Instructional (continued)**

	NAME	FROM/TO	SALARY	EFFECTIVE
2.	Repscher, Emily	From: (.4) Calypso (.4) Marvine Physical Education Teacher To: 1.0 Fountain Hill Physical Education Teacher (.2) recalled from furlough	\$47,655 Bachelor's +15, Step 4	January 30, 2015

B. Noninstructional

	NAME	FROM/TO	SALARY	EFFECTIVE
1.	Abboud, Yousra	From: Clearview General Kitchen Help 3 hours daily, lunch To: Freedom General Kitchen Help 3.5 hours daily, lunch	\$13.93 per hour	January 29, 2015
2.	Cabrera, Nereida	From: Nitschmann Cook, 7.5 hours daily To: Northeast Cook, 7.5 hours daily	\$16.82 per hour	January 29, 2015

23. Reassignments**RECOMMENDATION:*****B. Noninstructional***

	NAME	FROM/TO	SALARY	EFFECTIVE
3.	Grullon, Maria	From: Freedom General Kitchen Help 3.5 hours daily, lunch Fountain Hill General Kitchen Help 1 hour daily, breakfast To: Broughal General Kitchen Help 3.5 hours daily, lunch Fountain Hill General Kitchen Help 1 hour daily, breakfast	\$13.93 per hour	January 29, 2015
4.	Rhodes, David	From: Freedom Supplemental Custodian To: Liberty C-1 Custodian	\$15.98 per hour	On or after January 27, 2015
5.	Smith, Ann Marie	From: Liberty General Kitchen Help 3.5 hours daily, lunch To: Liberty General Kitchen Help 3.75 hours daily, lunch	\$13.93 per hour	January 29, 2015

C. Miscellaneous

	NAME	FROM/TO	SALARY	EFFECTIVE
1.	Ellis, Lara	From: Nitschmann (.3) Yearbook Advisor To: Nitschmann 1.0 Yearbook Advisor	\$781.00	2014-2015 school year

President Faccinetto asked Director Ortiz for a motion to approve Human Resources Agenda Items 19, 20, 21, 22 and 23.

Director Ortiz made a motion and seconded by Director Bonilla to approve Human Resources Agenda Items 19, 20, 21, 22 and 23.

President Faccinetto asked if there was any discussion regarding these items. Seeing none, he called for a roll call vote for the Human Resources Agenda Items.

Yes – Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinetto

Motion passes 9-0 for Human Resources Agenda Items 19, 20, 21, 22 and 23

Budgetary Transfers

RECOMMENDATION:

That the administration be authorized to make budgetary transfers in the General Fund Budget as set forth in the attachment.

President Faccinetto asked Director McKeon for a motion to approve the Financial Reports/Payment of Bills as follows: Budgetary Transfers (Page 32); Treasurer's Reports (Page 33); Monthly Bills (Page 34); and Budget Information (Page 35).

Director McKeon made a motion and seconded by Director Neiman to approve the Financial Reports/Payment of Bills.

President Faccinetto asked if there was any discussion. Seeing none, he called for a roll call vote on the Financial Reports/Payment of Bills.

Yes - Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinetto

Motion passes 9-0 for the Financial Report/Payment of Bills

January, 2015

**Bethlehem Area School District
2014-2015 BUDGET TRANSFERS**

<u>FROM ACCOUNT</u>	<u>ACCT DESCRIPTION</u>		<u>TO ACCOUNT</u>	<u>ACCT DESCRIPTION</u>		<u>AMOUNT</u>	<u>REASON/ITEM PURCHASED</u>
10-1100-432-000-10-123-000-230-0000	Instr-Equipment Repairs/Maint		10-1100-610-000-10-123-121-230-0000	Instr-Music Supplies		\$ 200.00	Music Supplies
10-2120-650-000-10-123-535-230-0000	Guidance-Tech Supplies/Fees		10-1100-650-000-10-123-535-230-0000	Instr-Tech Supplies/Fees		\$ 200.00	Headsets for Read 180
10-2240-757-000-10-119-535-190-0000	Computer Asst Instr-Equip Tech		10-1100-757-000-10-119-535-190-0000	Instr-Equip Tech Non Cap		\$ 1,600.00	Presentation Stands
10-2660-610-000-10-119-000-190-0000	Security-General Supplies		10-1100-757-000-10-119-535-190-0000	Instr-Equip Tech Non Cap		\$ 50.00	Presentation Stands
10-2271-581-000-10-119-000-190-0000	Instr-Staff Dev-Travel		10-1100-757-000-10-119-535-190-0000	Instr-Equip Tech Non Cap		\$ 150.00	Presentation Stands
10-1100-610-000-10-119-000-190-0000	Instr-General Supplies		10-1100-757-000-10-119-535-190-0000	Instr-Equip Tech Non Cap		\$ 125.00	Presentation Stands
10-1100-640-000-10-119-170-190-0000	Instr-Book/Periodicals		10-1100-757-000-10-119-535-190-0000	Instr-Equip Tech Non Cap		\$ 300.00	Presentation Stands
10-1100-610-000-10-123-000-230-0000	Instr-General Supplies		10-1100-757-000-10-123-535-230-0000	Instr-Equip Tech Non Cap		\$ 1,000.00	Projectors & Doc Cameras
10-1100-640-000-10-123-170-230-0000	Instr-Math Books/Periodicals		10-1100-757-000-10-123-535-230-0000	Instr-Equip Tech Non Cap		\$ 300.00	Projectors & Doc Cameras
10-2220-610-000-10-123-535-230-0000	Tech Sprt Svcs-Supplies		10-1100-757-000-10-123-535-230-0000	Instr-Equip Tech Non Cap		\$ 500.00	Projectors & Doc Cameras
10-2220-767-000-10-123-535-230-0000	Tech Sprt Svcs-Equip Tech Repl		10-1100-757-000-10-123-535-230-0000	Instr-Equip Tech Non Cap		\$ 3,500.00	Projectors & Doc Cameras
10-2240-757-000-10-123-535-230-0000	Computer Asst Instr-Equip Tech		10-1100-757-000-10-123-535-230-0000	Instr-Equip Tech Non Cap		\$ 420.00	Projectors & Doc Cameras
10-1100-610-000-20-242-000-420-0000	Instr-General Supplies		10-1340-610-000-20-242-000-420-0000	Home Ec- Supplies		\$ 213.80	Home Ec Food Supplies
10-1801-610-217-10-038-000-000-0000	Pre-K Instr-Supplies		10-1801-432-217-10-038-000-000-0000	Pre-K Instr-Repairs	1	\$ 423.12	Laminator Maintenance
10-2240-757-000-10-123-535-230-0000	Computer Asst Instr-Equip Tech		10-2250-640-000-10-123-000-230-0000	Instr-Equip Tech Non Cap		\$ 80.00	Library Books
10-3210-761-000-30-353-922-DT0-0000	Student Act-Non Cap Equip Repl		10-2271-324-222-00-000-000-DT0-0000	Instr Staff Dev-Registration		\$ 10,504.00	Read 180 Math Training
10-2830-540-000-00-000-000-CK0-0000	Staff Svcs-Advertising		10-2310-330-000-00-000-000-CK0-0000	Board Svcs-Other Prof Svcs		\$ 999.00	Policy Maintenance Program
10-2380-550-000-10-123-000-230-0000	Principal-Printing/Binding		10-2380-610-000-10-123-000-230-0000	Principal-General Supplies		\$ 50.00	3-Ring Binders
10-2600-610-000-10-123-000-230-0000	Facilities-General Supplies		10-2380-610-000-10-123-000-230-0000	Principal-General Supplies		\$ 500.00	Laminating Film
10-2440-432-000-00-000-000-EH0-0000	Nursing-Repairs/Maintenance		10-2440-810-000-00-000-702-EH0-0000	Nursing-Dues & Fees		\$ 925.00	Health Scales
10-1100-332-000-00-000-000-000-0000	Instr-Substitute Teachers		10-2500-330-000-00-000-000-GA0-0000	Business-Other Prof Svcs		\$ 10,000.00	Interim Business Services
10-2380-580-000-10-123-000-230-0000	Principal-Travel		10-2660-751-000-10-123-000-230-0000	Security-Equipment		\$ 168.67	Two-way Radio
10-1100-562-000-10-100-000-GF0-0000	Instr-Charter School Tuition		10-2818-348-000-00-000-535-TEN-0000	System-Wide Tech-Prof Tech Svcs		\$ 19,500.00	Aruba Care Wireless Support
10-1100-562-000-10-100-000-GF0-0000	Instr-Charter School Tuition		10-2818-438-000-00-000-535-TEN-0000	System-Wide Tech-Maint Equip Tech		\$ 49,712.46	3 Yr Aruba Care Wireless Support

January, 2015

**Bethlehem Area School District
2014-2015 BUDGET TRANSFERS**

<u>FROM ACCOUNT</u>	<u>ACCT DESCRIPTION</u>		<u>TO ACCOUNT</u>	<u>ACCT DESCRIPTION</u>		<u>AMOUNT</u>	<u>REASON/ITEM PURCHASED</u>
10-1100-562-000-10-100-000-GF0-0000	Instr-Charter School Tuition		10-2818-618-000-00-000-535-TEN-0000	System-Wide Tech-Admin Software	2	\$ 141,586.20	Clear Pass & Airwave Wireless
10-1100-562-000-10-100-000-GF0-0000	Instr-Charter School Tuition		10-2818-767-000-00-000-535-TEN-0000	System-Wide Tech-Equip Tech Repl		\$ 34,650.00	Clear Pass Endpoints Wireless-Server
10-2830-540-000-00-000-000-CK0-0000	Staff Svcs-Advertising		10-2830-810-000-00-000-000-CK0-0000	Staff Svcs-Dues & Fees		\$ 524.00	PA REAP Tech Services
10-2170-610-000-00-000-000-CD0-0000	Student Acct-General Supplies		10-2836-324-000-00-000-000-CD0-0000	Staff Dev Non Cert-Registration		\$ 555.00	A/CAPA Spring Conf & PDE Data Summit
10-1100-562-000-10-100-000-GF0-0000	Instr-Charter School Tuition		10-2840-348-000-00-000-535-TEN-0000	Data Proc-Prof Tech Svcs		\$ 150,000.00	IT Interim CIO
10-2840-438-000-00-000-535-AMG-0000	Data Proc-Tech Maintenance		10-2840-618-000-00-000-535-AMG-0000	Data Proc-Admin Software		\$ 36,975.00	Align to actual expense
10-1290-322-000-30-300-119-LF0-0000	Special Educ Prof Ed Svcs IU		10-2900-595-000-00-000-000-000-0000	Other Sprt Svcs-IU Pymt by Withholding		\$ 3,163.48	IU Operating 2014-15
10-3300-330-000-10-100-000-Dt0-0000	Community Svc-Other Prof Svcs		10-3300-894-000-10-129-230-DT0-0000	Community Svc-Student Fees		\$ 96.00	Wildlands Conservancy
10-2840-348-000-00-000-535-TEN-0000	Data Proc-Prof Tech Svcs		10-5900-840-000-00-000-000-000-0000	Budgetary Reserve-Contingency		\$ 150,000.00	Reverse Dec Transfer

Treasurer's Reports

RECOMMENDATION:

That the Board of School Directors approves the attached Treasurer's Reports.

President Faccinetto asked Director McKeon for a motion to approve the Financial Reports/Payment of Bills as follows: Budgetary Transfers (Page 32); Treasurer's Reports (Page 33); Monthly Bills (Page 34); and Budget Information (Page 35).

Director McKeon made a motion and seconded by Director Neiman to approve the Financial Reports/Payment of Bills.

President Faccinetto asked if there was any discussion. Seeing none, he called for a roll call vote on the Financial Reports/Payment of Bills.

Yes - Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinetto

Motion passes 9-0 for the Financial Report/Payment of Bills

**Bethlehem Area School District
Treasurer's Report
December 31, 2014**

Fund	Beginning Balance November 30, 2014	Receipts	Disbursements	Ending Balance December 31, 2014
10 - General	14,968,512.20	22,393,701.76	18,970,728.93	18,391,485.03
32 - Capital Reserve	120,577.62	200,223.46	161,553.50	159,247.58
30 - Bond Fund	25,494.08	0.65	-	25,494.73
50 - Food Service	147,449.81	1,229,167.38	956,763.75	419,853.44
52 - Daycare	865,958.51	226,138.39	182,181.82	909,915.08
70 - Scholarships	258,658.45	6.51	500.00	258,164.96
71 - Self Insurance	6,137,332.85	2,506,170.23	2,207,220.28	6,436,282.80
81 - Student Activity	642,757.04	73,738.68	67,952.43	648,543.29
	\$ 23,166,740.56	\$ 26,629,147.06	\$ 22,546,900.71	\$ 27,248,986.91

Summary of Receipts									
	10 - General	32 - Capital Reserve	30 - Bond Fund	50 - Food Services	52 - Day Care	70 - Scholarship	71 - Self Insurance	81 - Student Activity	Total
Federal	40,786.98	-	-	-	-	-	-	-	40,786.98
State	7,976,666.55	-	-	-	-	-	-	-	7,976,666.55
Local*	14,367,816.14	200,000.00	-	1,229,160.74	226,117.86	-	2,505,643.92	73,730.48	18,602,469.14
Interest Earned	8,432.09	223.46	0.65	6.64	20.53	6.51	526.31	8.20	9,224.39
Total	22,393,701.76	200,223.46	0.65	1,229,167.38	226,138.39	6.51	2,506,170.23	73,738.68	\$ 26,629,147.06

Summary of Disbursements									
	10 - General	32 - Capital Reserve	30 - Bond Fund	50 - Food Services	52 - Day Care	70 - Scholarship	71 - Self Insurance	81 - Student Activity	Total
Payroll/Benefits	11,634,597.26	-	-	257,296.19	180,549.69	-	-	-	12,072,443.14
Operating Expenditures**	6,435,481.70	161,553.50	-	699,467.56	1,632.13	500.00	2,207,220.28	67,952.43	9,573,807.60
Debt Service	900,649.97	-	-	-	-	-	-	-	900,649.97
Total	18,970,728.93	161,553.50	-	956,763.75	182,181.82	500.00	2,207,220.28	67,952.43	\$ 22,546,900.71

*Maturity of \$200K in CDs in Capital Reserve

*Maturity of \$8M in CDs in General Fund

Report of Depositories						
	Wells Fargo	PSDLAF	PA INVEST	PLGIT	KNBT	BTFCU
10 - General	25,517.25	13,734,494.07	2,209,491.30	2,421,982.41		
32 - Capital Reserve		159,247.58				
30 - Bond Fund		25,494.73				
50 - Food Service		419,853.44				
52 - Daycare		909,915.08				
70 - Scholarships		258,164.96				
71 - Self Insurance		6,436,282.80				
81 - Student Activity		554,367.75			94,175.54	
	25,517.25	22,497,820.41	2,209,491.30	2,421,982.41	94,175.54	-
						\$ 27,248,986.91

This report represents the monthly cash balances and transactions by fund as represented in the various bank accounts. Budgetary position is not reflected here but on the Condition of the Budget Report where fiscal year position and encumbrances are shown.

**Outstanding Investment Summary
December 31, 2014**

<u><i>Fund</i></u>	<u><i>Bank or Institution</i></u>	<u><i>Type</i></u>	<u><i>Purchase Date</i></u>	<u><i>Maturity Date</i></u>	<u><i>Investment Term</i></u>	<u><i>Principal Invested</i></u>	<u><i>Par Value</i></u>	<u><i>Interest Rate</i></u>	<u><i>Market Yield</i></u>	<u><i>Interest Receivable</i></u>
General	PSDLAF	CD PSDLAF Collateralized CD Pool Term	12/16/14	02/10/15	56	\$89,000,000.00	\$89,000,000.00	0.100%		\$13,654.79
	PSDLAF	CD PSDLAF Collateralized CD Pool Term	09/25/14	06/30/15	278	\$5,000,000.00	\$5,000,000.00	0.200%		\$7,616.44
General Fund Total						\$94,000,000.00	\$94,000,000.00			\$21,271.23
Capital Reserve	PSDLAF	CD PSDLAF Collateralized CD Pool Term	12/16/14	02/10/15	56	\$2,200,000.00	\$2,200,000.00	0.100%		\$337.53
Capital Reserve Total						\$2,200,000.00	\$2,200,000.00			\$337.53
Self-Insurance	PSDLAF	CD PSDLAF Collateralized CD Pool Term	12/16/14	02/10/15	56	\$4,500,000.00	\$4,500,000.00	0.100%		\$690.41
Self-Insurance Total						\$4,500,000.00	\$4,500,000.00			\$690.41

Monthly Bills

RECOMMENDATION:

That the bills, which have been reviewed as to correctness by the appropriate business office staff and verified by the Treasurer, be approved for payment. A copy of the bill list is available in the Business Office of the Education Center, 1516 Sycamore Street, Bethlehem, Pennsylvania, for review.

President Faccinetto asked Director McKeon for a motion to approve the Financial Reports/Payment of Bills as follows: Budgetary Transfers (Page 32); Treasurer's Reports (Page 33); Monthly Bills (Page 34); and Budget Information (Page 35).

Director McKeon made a motion and seconded by Director Neiman to approve the Financial Reports/Payment of Bills.

President Faccinetto asked if there was any discussion. Seeing none, he called for a roll call vote on the Financial Reports/Payment of Bills.

Yes - Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinetto

Motion passes 9-0 for the Financial Report/Payment of Bills

Budget Information

INFORMATION:

Presented for information is the statement of the Condition of the Budget by major accounts.

President Faccinetto asked Director McKeon for a motion to approve the Financial Reports/Payment of Bills as follows: Budgetary Transfers (Page 32); Treasurer's Reports (Page 33); Monthly Bills (Page 34); and Budget Information (Page 35).

Director McKeon made a motion and seconded by Director Neiman to approve the Financial Reports/Payment of Bills.

President Faccinetto asked if there was any discussion. Seeing none, he called for a roll call vote on the Financial Reports/Payment of Bills.

Yes - Directors Bonilla, Cann, McKeon, Neiman, Ortiz, Patrick, Sinkler, Vidanage and President Faccinetto

Motion passes 9-0 for the Financial Report/Payment of Bills

Condensed IV Board Summary Report

From 12/01/2014 To 12/31/2014

Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
1100 INSTRUCTION - REG PROG ELEM/SECONDARY						
100 SALARY	49,067,817.37	3,879,646.63	17,484,233.17	0.00	35.63	31,583,584.20
200 EMPLOYEE BENEFITS	30,988,223.31	2,371,592.04	12,783,128.54	0.00	41.25	18,205,094.77
300 PURCHASED PROF & TECH	1,665,938.00	265,951.53	862,685.45	0.00	51.78	803,252.55
400 PURCHASED PROPERTY SVC	300,258.00	21,941.83	114,031.45	12,376.25	42.09	173,850.30
500 OTHER PURCHASED SVCS	17,255,174.00	1,019,088.18	6,291,643.15	0.00	36.46	10,963,530.85
600 SUPPLIES	1,703,359.46	59,665.28	1,462,323.44	31,870.03	87.72	209,165.99
700 PROPERTY	298,182.74	91,697.64	220,791.39	56,653.28	93.04	20,738.07
800 OTHER OBJECTS	43,143.00	0.00	5,146.00	143.00	12.25	37,854.00
Total	101,322,095.88	7,709,583.13	39,223,982.59	101,042.56	38.81	61,997,070.73
1200 INSTRUCTION - SPEC PROG ELEMEN/SECOND						
100 SALARY	11,057,588.00	852,809.51	3,899,287.07	0.00	35.26	7,158,300.93
200 EMPLOYEE BENEFITS	6,885,169.00	542,741.57	2,932,075.53	0.00	42.58	3,953,093.47
300 PURCHASED PROF & TECH	7,093,753.00	301,406.51	1,857,411.51	0.00	26.18	5,236,341.49
400 PURCHASED PROPERTY SVC	15,535.00	1,294.34	6,404.31	494.77	44.40	8,635.92
500 OTHER PURCHASED SVCS	3,702,427.00	332,547.04	1,533,207.61	450.00	41.42	2,168,769.39
600 SUPPLIES	161,247.25	2,296.45	31,962.67	9,738.73	25.86	119,545.85
700 PROPERTY	16,500.00	1,056.41	7,243.16	1,574.39	53.43	7,682.45
800 OTHER OBJECTS	18,500.00	250.00	385.00	0.00	2.08	18,115.00
Total	28,950,719.25	2,034,401.83	10,267,976.86	12,257.89	35.50	18,670,484.50
1300 INSTRUCTION - VOCATIONAL EDUCATION						
100 SALARY	2,805,171.00	193,291.30	871,337.85	0.00	31.06	1,933,833.15
200 EMPLOYEE BENEFITS	1,473,773.00	106,401.98	566,465.52	0.00	38.43	907,307.48
300 PURCHASED PROF & TECH	41,296.00	5,792.00	14,122.24	0.00	34.19	27,173.76
400 PURCHASED PROPERTY SVC	16,000.45	87.97	9,844.10	0.00	61.52	6,156.35
500 OTHER PURCHASED SVCS	6,673,562.00	476,290.00	3,905,161.44	2,698,982.00	98.95	69,418.56
600 SUPPLIES	62,014.20	4,077.49	46,603.59	14,970.82	99.29	439.79
700 PROPERTY	6,423.35	131.45	4,664.99	0.00	72.62	1,758.36
Total	11,078,240.00	786,072.19	5,418,199.73	2,713,952.82	73.40	2,946,087.45

Condensed IV Board Summary Report

From 12/01/2014 To 12/31/2014

Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
1400 INSTRUCTION - OTHER INSTRUCTION PROG						
100 SALARY	362,695.00	18,252.31	249,457.95	0.00	68.77	113,237.05
200 EMPLOYEE BENEFITS	89,652.00	5,279.85	71,606.23	0.00	79.87	18,045.77
300 PURCHASED PROF & TECH	1,747,368.00	148,727.19	509,594.02	0.00	29.16	1,237,773.98
400 PURCHASED PROPERTY SVC	0.00	0.00	0.00	0.00	0.00	0.00
500 OTHER PURCHASED SVCS	521,013.85	29,571.75	58,116.77	0.00	11.15	462,897.08
600 SUPPLIES	3,011.64	0.00	2,855.44	0.00	94.81	156.20
700 PROPERTY	0.00	0.00	0.00	0.00	0.00	0.00
800 OTHER OBJECTS	4,705.00	0.00	4,705.00	0.00	100.00	0.00
Total	2,728,445.49	201,831.10	896,335.41	0.00	32.85	1,832,110.08
1500 INSTRUCTION - NONPUBLIC SCHOOL PGMS						
100 SALARY	21,950.00	1,827.95	7,709.72	0.00	35.12	14,240.28
200 EMPLOYEE BENEFITS	6,554.00	533.52	2,254.73	0.00	34.40	4,299.27
300 PURCHASED PROF & TECH	0.00	0.00	0.00	0.00	0.00	0.00
600 SUPPLIES	0.00	0.00	0.00	0.00	0.00	0.00
700 PROPERTY	0.00	0.00	0.00	0.00	0.00	0.00
Total	28,504.00	2,361.47	9,964.45	0.00	34.95	18,539.55
1600 INSTRUCTION - ADULT EDUCATION PROGRAM						
100 SALARY	0.00	0.00	0.00	0.00	0.00	0.00
200 EMPLOYEE BENEFITS	0.00	0.00	0.00	0.00	0.00	0.00
300 PURCHASED PROF & TECH	0.00	0.00	0.00	0.00	0.00	0.00
500 OTHER PURCHASED SVCS	0.00	0.00	0.00	0.00	0.00	0.00
600 SUPPLIES	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00
1700 INSTRUCTION - COMMUNITY/JR COLLEGE ED						
500 OTHER PURCHASED SVCS	2,294,708.00	186,129.41	1,177,931.46	1,116,776.54	100.00	0.00
600 SUPPLIES	1,000.00	0.00	0.00	0.00	0.00	1,000.00
Total	2,295,708.00	186,129.41	1,177,931.46	1,116,776.54	99.95	1,000.00

Condensed IV Board Summary Report

From 12/01/2014 To 12/31/2014

Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
1800 INSTRUCTION - PRE-K						
100 SALARY	405,783.00	29,970.65	136,313.92	0.00	33.59	269,469.08
200 EMPLOYEE BENEFITS	281,509.00	21,022.11	116,818.24	0.00	41.49	164,690.76
300 PURCHASED PROF & TECH	4,950.00	416.00	1,920.00	0.00	38.78	3,030.00
400 PURCHASED PROPERTY SVC	0.00	423.12	423.12	0.00	0.00	(1) -423.12
500 OTHER PURCHASED SVCS	9,873.15	71.91	381.42	0.00	3.86	9,491.73
600 SUPPLIES	25,470.57	0.00	7,003.12	1,051.64	31.62	17,415.81
700 PROPERTY	0.00	0.00	0.00	0.00	0.00	0.00
800 OTHER OBJECTS	3,192.85	0.00	1,553.85	0.00	48.66	1,639.00
Total	730,778.57	51,903.79	264,413.67	1,051.64	36.32	465,313.26

Function 1000 - INSTRUCTION						
Total Expenditure	147,134,491.19	10,972,282.92	57,258,804.17	3,945,081.45	41.59	85,930,605.57
Total Other Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00
	147,134,491.19	10,972,282.92	57,258,804.17	3,945,081.45	41.59	85,930,605.57

Condensed IV Board Summary Report

From 12/01/2014 To 12/31/2014

Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
2100 SUPPORT SERVICES - SUPPORT SVCS-STUDENTS						
100 SALARY	5,447,168.00	401,483.97	2,030,877.06	0.00	37.28	3,416,290.94
200 EMPLOYEE BENEFITS	3,011,769.00	224,860.61	1,260,231.39	0.00	41.84	1,751,537.61
300 PURCHASED PROF & TECH	279,771.00	13,283.00	33,361.83	14,500.00	17.10	231,909.17
400 PURCHASED PROPERTY SVC	16,491.00	2,625.98	7,661.90	0.00	46.46	8,829.10
500 OTHER PURCHASED SVCS	10,563.00	741.76	2,257.13	0.00	21.36	8,305.87
600 SUPPLIES	132,421.52	211.92	37,931.18	1,337.74	29.65	93,152.60
700 PROPERTY	6,600.00	0.00	1,077.00	512.00	24.07	5,011.00
800 OTHER OBJECTS	18,540.00	0.00	10,299.34	0.00	55.55	8,240.66
Total	8,923,323.52	643,207.24	3,383,696.83	16,349.74	38.10	5,523,276.95
2200 SUPPORT SERVICES - SUPPORT SERVICES-INSTRU						
100 SALARY	3,524,395.00	287,600.88	1,560,362.82	0.00	44.27	1,964,032.18
200 EMPLOYEE BENEFITS	1,963,523.00	156,332.36	887,311.61	0.00	45.18	1,076,211.39
300 PURCHASED PROF & TECH	333,706.10	4,622.20	318,030.80	0.00	95.30	15,675.30
400 PURCHASED PROPERTY SVC	16,457.00	1,470.10	8,478.00	0.00	51.51	7,979.00
500 OTHER PURCHASED SVCS	28,349.13	1,041.80	8,175.35	0.00	28.83	20,173.78
600 SUPPLIES	324,254.82	24,629.73	196,086.85	21,976.85	67.25	106,191.12
700 PROPERTY	28,509.77	3,359.32	7,374.56	0.00	25.86	21,135.21
800 OTHER OBJECTS	14,605.00	0.00	8,422.25	0.00	57.66	6,182.75
Total	6,233,799.82	479,056.39	2,994,242.24	21,976.85	48.38	3,217,580.73
2300 SUPPORT SERVICES - SUPPORT SERVICES-ADMIN						
100 SALARY	5,966,764.00	484,243.03	2,929,651.07	0.00	49.09	3,037,112.93
200 EMPLOYEE BENEFITS	3,113,020.00	256,343.12	1,505,361.75	0.00	48.35	1,607,658.25
300 PURCHASED PROF & TECH	1,364,814.00	74,605.72	362,010.89	0.00	26.52	1,002,803.11
400 PURCHASED PROPERTY SVC	153,806.00	9,667.91	49,278.50	9,144.00	37.98	95,383.50
500 OTHER PURCHASED SVCS	161,581.00	1,458.80	102,626.65	3,061.69	65.40	55,892.66
600 SUPPLIES	54,161.10	4,645.89	26,450.46	6,076.68	60.05	21,633.96
700 PROPERTY	18,174.66	0.00	2,132.77	5,775.76	43.51	10,266.13
800 OTHER OBJECTS	239,195.71	0.00	229,671.22	0.00	96.01	9,524.49

Condensed IV Board Summary Report

From 12/01/2014 To 12/31/2014

Account Description		Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
Total		11,071,516.47	830,964.47	5,207,183.31	24,058.13	47.24	5,840,275.03
2400	SUPPORT SERVICES - SUPP SVC-PUBLIC HEALTH						
100	SALARY	1,287,342.00	96,758.03	439,692.14	0.00	34.15	847,649.86
200	EMPLOYEE BENEFITS	873,618.00	67,832.85	368,301.76	0.00	42.15	505,316.24
300	PURCHASED PROF & TECH	20,872.00	432.00	972.00	0.00	4.65	19,900.00
400	PURCHASED PROPERTY SVC	4,871.00	114.19	640.95	0.00	13.15	4,230.05
500	OTHER PURCHASED SVCS	10,800.00	0.00	1,577.17	0.00	14.60	9,222.83
600	SUPPLIES	33,231.97	1,769.19	12,458.74	2,708.50	45.64	18,064.73
700	PROPERTY	10,500.00	1,686.69	664.02	1,022.67	16.06	8,813.31
800	OTHER OBJECTS	0.00	0.00	0.00	0.00	0.00	0.00
Total		2,241,234.97	168,592.95	824,306.78	3,731.17	36.94	1,413,197.02
2500	SUPPORT SERVICES - SUPP SERVICES-BUSINESS						
100	SALARY	817,532.00	61,464.84	403,544.39	0.00	49.36	413,987.61
200	EMPLOYEE BENEFITS	491,997.00	37,077.34	237,029.90	0.00	48.17	254,967.10
300	PURCHASED PROF & TECH	18,659.00	0.00	13,584.00	0.00	72.80	5,075.00
400	PURCHASED PROPERTY SVC	321,633.00	25,216.90	129,719.14	4,139.84	41.61	187,774.02
500	OTHER PURCHASED SVCS	61,200.00	486.07	36,983.60	8,346.75	74.06	15,869.65
600	SUPPLIES	25,300.00	-405.16	22,189.73	2,403.20	97.20	707.07
700	PROPERTY	28,310.00	0.00	211.88	0.00	0.74	28,098.12
800	OTHER OBJECTS	21,660.00	0.00	8,861.50	0.00	40.91	12,798.50
Total		1,786,291.00	123,839.99	852,124.14	14,889.79	48.53	919,277.07
2600	SUPPORT SERVICES - OP/MAINT PLANT SVCS						
100	SALARY	6,804,686.00	529,276.73	3,158,355.52	0.00	46.41	3,646,330.48
200	EMPLOYEE BENEFITS	4,461,081.00	345,139.28	2,086,761.32	0.00	46.77	2,374,319.68
300	PURCHASED PROF & TECH	535,300.00	13,585.00	114,691.41	26,789.00	26.43	393,819.59
400	PURCHASED PROPERTY SVC	3,466,583.64	191,556.00	1,332,287.94	183,535.74	43.72	1,950,759.96
500	OTHER PURCHASED SVCS	650,270.00	101,285.26	406,383.76	0.00	62.49	243,886.24
600	SUPPLIES	1,914,258.00	133,119.69	489,280.55	10,291.90	26.09	1,414,685.55
700	PROPERTY	413,762.04	12,233.84	213,593.49	47,816.04	63.17	152,352.51

Condensed IV Board Summary Report

From 12/01/2014 To 12/31/2014

Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
800 OTHER OBJECTS	8,000.00	796.00	3,448.25	0.00	43.10	4,551.75
Total	18,253,940.68	1,326,991.80	7,804,802.24	268,432.68	44.22	10,180,705.76
2700 SUPPORT SERVICES - STUDENT TRANSP SERVICES						
100 SALARY	2,993,773.00	251,699.25	1,180,245.00	0.00	39.42	1,813,528.00
200 EMPLOYEE BENEFITS	2,133,865.00	168,905.71	915,939.99	0.00	42.92	1,217,925.01
300 PURCHASED PROF & TECH	62,965.97	590.30	57,442.18	0.00	91.22	5,523.79
400 PURCHASED PROPERTY SVC	68,038.00	16,314.40	53,841.99	0.00	79.13	14,196.01
500 OTHER PURCHASED SVCS	913,374.00	36,669.46	111,060.83	0.00	12.15	802,313.17
600 SUPPLIES	961,980.45	65,272.57	270,646.38	15,438.71	29.73	675,895.36
700 PROPERTY	5,203.58	607.46	1,682.44	0.00	32.33	3,521.14
800 OTHER OBJECTS	400.00	0.00	0.00	0.00	0.00	400.00
Total	7,139,600.00	540,059.15	2,590,858.81	15,438.71	36.50	4,533,302.48
2800 SUPPORT SERVICES - SUPPORT SVCS-CENTRAL						
100 SALARY	1,552,245.00	108,224.03	715,329.15	0.00	46.08	836,915.85
200 EMPLOYEE BENEFITS	1,216,131.00	104,171.61	676,724.53	0.00	55.64	539,406.47
300 PURCHASED PROF & TECH	443,775.50	126,846.62	312,735.88	62,710.87	84.60	68,328.75
400 PURCHASED PROPERTY SVC	242,504.02	605.52	166,255.20	50,187.46	89.25	26,061.36
500 OTHER PURCHASED SVCS	363,843.00	9,193.78	110,790.50	0.00	30.45	253,052.50
600 SUPPLIES	101,967.98	3,017.94	95,456.64	142,387.40	233.25 (2)	-135,876.06
700 PROPERTY	334,301.62	-3,958.00	253,465.99	58,742.73	93.39	22,092.90
800 OTHER OBJECTS	1,550.00	0.00	757.91	200.00	61.80	592.09
Total	4,256,318.12	348,101.50	2,331,515.80	314,228.46	62.16	1,610,573.86
2900 SUPPORT SERVICES - OTHER SUPPORT SERVICES						
500 OTHER PURCHASED SVCS	102,548.00	105,711.48	105,711.48	0.00	103.08 (3)	-3,163.48
Total	102,548.00	105,711.48	105,711.48	0.00	103.08	-3,163.48

Condensed IV Board Summary Report

From 12/01/2014 To 12/31/2014

Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
Function 2000 - SUPPORT SERVICES						
Total Expenditure	60,008,572.58	4,566,524.97	26,094,441.63	679,105.53	44.61	33,235,025.42
Total Other Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00
	60,008,572.58	4,566,524.97	26,094,441.63	679,105.53	44.61	33,235,025.42

Condensed IV Board Summary Report

From 12/01/2014 To 12/31/2014

Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
3200 NON INSTRUCTIONAL - STUDENT ACTIVITIES						
100 SALARY	1,522,313.73	120,388.07	653,039.81	0.00	42.89	869,273.92
200 EMPLOYEE BENEFITS	471,908.56	33,627.97	197,288.18	0.00	41.80	274,620.38
300 PURCHASED PROF & TECH	181,450.00	24,781.18	88,396.83	0.00	48.71	93,053.17
400 PURCHASED PROPERTY SVC	38,956.00	487.96	11,681.94	0.00	29.98	27,274.06
500 OTHER PURCHASED SVCS	130,449.00	2,659.73	97,850.99	0.00	75.01	32,598.01
600 SUPPLIES	188,865.00	30,493.87	134,079.41	32,310.83	88.10	22,474.76
700 PROPERTY	126,735.00	119.99	2,632.65	110,196.15	89.02	13,906.20
800 OTHER OBJECTS	25,810.00	1,692.00	14,055.90	140.00	55.00	11,614.10
Total	2,686,487.29	214,250.77	1,199,025.71	142,646.98	49.94	1,344,814.60
3300 NON INSTRUCTIONAL - COMMUNITY SERVICES						
100 SALARY	5,043.95	0.00	2,873.15	0.00	56.96	2,170.80
200 EMPLOYEE BENEFITS	1,464.42	0.00	831.36	0.00	56.77	633.06
300 PURCHASED PROF & TECH	51,729.00	12,600.00	17,737.50	0.00	34.28	33,991.50
400 PURCHASED PROPERTY SVC	0.00	0.00	0.00	0.00	0.00	0.00
500 OTHER PURCHASED SVCS	238,000.00	0.00	0.00	0.00	0.00	238,000.00
600 SUPPLIES	7,790.94	493.11	3,161.18	0.00	40.57	4,629.76
800 OTHER OBJECTS	0.00	0.00	0.00	0.00	0.00	0.00
Total	304,028.31	13,093.11	24,603.19	0.00	8.09	279,425.12
3400 NON INSTRUCTIONAL - SCHOLARSHIPS AND AWARDS						
600 SUPPLIES	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00

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Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
Function 3000 - NON INSTRUCTIONAL						
Total Expenditure	2,990,515.60	227,343.88	1,223,628.90	142,646.98	45.68	1,624,239.72
Total Other Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00
	2,990,515.60	227,343.88	1,223,628.90	142,646.98	45.68	1,624,239.72

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Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
4400 FACILITY IMPROVEMENTS - ARCH & ENGINEER IMPROVE						
300 PURCHASED PROF & TECH	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00
4600 FACILITY IMPROVEMENTS - EXISTING BLDG IMPROVE						
300 PURCHASED PROF & TECH	0.00	0.00	0.00	0.00	0.00	0.00
400 PURCHASED PROPERTY SVC	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00
Function 4000 - FACILITY IMPROVEMENTS						
Total Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00

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Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
5100 DEBT SVC & TRANSFERS - DEBT SERVICE						
800 OTHER OBJECTS	12,082,854.00	1,004,631.77	5,954,522.89	12,683.30	49.38	6,115,647.81
900 OTHER USES OF FUNDS	11,565,945.00	106,790.89	10,879,774.37	137,008.98	95.25	549,161.65
Total	23,648,799.00	1,111,422.66	16,834,297.26	149,692.28	71.81	6,664,809.46
5200 DEBT SVC & TRANSFERS - INTERFUND TRANSFERS-OUT						
900 OTHER USES OF FUNDS	200,000.00	0.00	0.00	0.00	0.00	200,000.00
Total	200,000.00	0.00	0.00	0.00	0.00	200,000.00
5300 DEBT SVC & TRANSFERS - OP TRANS INVOLVING COMP						
900 OTHER USES OF FUNDS	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00
5900 DEBT SVC & TRANSFERS - BUDGETARY RESERVE						
800 OTHER OBJECTS	2,532,794.63	0.00	0.00	0.00	0.00	2,532,794.63
Total	2,532,794.63	0.00	0.00	0.00	0.00	2,532,794.63

Function 5000 - DEBT SVC & TRANSFERS						
Total Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Expenditure	26,381,593.63	1,111,422.66	16,834,297.26	149,692.28	64.37	9,397,604.09
Total Revenue	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00
	26,381,593.63	1,111,422.66	16,834,297.26	149,692.28	64.37	9,397,604.09

Condensed IV Board Summary Report

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Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
6000 LOCAL REVENUE						
6111 CURRENT REAL ESTATE TAX	-140,524,351.00	-4,492,976.09	-142,367,518.65	0.00	101.31	1,843,167.65
6112 INTERIM REAL EXTATE TAX	-1,600,000.00	-146,940.60	-490,040.08	0.00	30.62	-1,109,959.92
6113 PUBLIC UTILITY REALTY	-180,000.00	0.00	-191,076.78	0.00	106.15	11,076.78
6114 PAY IN LIEU -ST/LOCAL	-220,000.00	-176,045.00	-244,185.82	0.00	110.99	24,185.82
6120 CURRENT PER CAP 679	-200,000.00	-5,332.55	-216,734.53	0.00	108.36	16,734.53
6141 CURR ACT 511 PC FLAT	-200,000.00	-5,332.56	-216,734.51	0.00	108.36	16,734.51
6143 CURRENT 511 - LST	-310,000.00	-21,995.39	-153,113.44	0.00	49.39	-156,886.56
6151 CURRENT ACT 511 EIT	-12,900,000.00	-901,945.01	-6,120,225.28	0.00	47.44	-6,779,774.72
6153 CURR ACT 511 REAL EST	-2,000,000.00	-171,528.72	-904,712.28	0.00	45.23	-1,095,287.72
6157 CURRENT 511 MERCANTILE	-2,860,000.00	-3,517.72	-3,517.72	0.00	0.12	-2,856,482.28
6211 DISC TAKEN CURR RE TAX	4,300,000.00	-4,775.55	2,314,440.44	0.00	53.82	1,985,559.56
6212 DISC TAKEN INTERIM RE	0.00	1,997.42	5,595.47	0.00	0.00	-5,595.47
6311 PENALTIES & INT REAL ES	0.00	-69,617.41	-194,814.06	0.00	0.00	194,814.06
6312 PENALTIES & INT INTERIM	0.00	-2,420.35	-6,461.99	0.00	0.00	6,461.99
6411 DELINQUENT REAL ESTATE	-5,052,000.00	-203,171.45	-884,063.12	0.00	17.49	-4,167,936.88
6420 DELINQUENT PC SECT 679	-77,000.00	-11,180.76	-54,951.97	0.00	71.36	-22,048.03
6457 DEL ACT 511 MERC TAXES	-460,000.00	-18,125.67	-417,103.01	0.00	90.67	-42,896.99
6510 INTEREST ON INVESTMENTS	-105,000.00	-8,291.94	-30,094.11	0.00	28.66	-74,905.89
6530 GAINS OR LOSSES ON SALE	0.00	0.00	0.00	0.00	0.00	0.00
6620 DAILY SALES-NON-REIMBUR	0.00	0.00	0.00	0.00	0.00	0.00
6631 SPECIAL FUNCTIONS	0.00	0.00	0.00	0.00	0.00	0.00
6710 ADMISSIONS	0.00	-6,921.00	-110,534.70	0.00	0.00	110,534.70
6740 FEES	-105,000.00	0.00	-12,870.00	0.00	12.25	-92,130.00
6750 DISTRICT ACTIVITY-SPECI	-3,000.00	-300.00	-750.00	0.00	25.00	-2,250.00
6790 OTHER DIST ACTIVITY	0.00	0.00	0.00	0.00	0.00	0.00
6810 REV FROM LOCAL GOV	-25,000.00	-39,000.00	-39,000.00	0.00	156.00	14,000.00
6821 STATE REV RECD LEAS	-13,000.00	0.00	0.00	0.00	0.00	-13,000.00
6829 STATE REV RECD OTHER	0.00	0.00	0.00	0.00	0.00	0.00
6831 FED REV RECD OTHER	-12,000.00	0.00	0.00	0.00	0.00	-12,000.00
6832 FED PASS THRU IDEA	-1,732,088.00	0.00	0.00	0.00	0.00	-1,732,088.00
6839 FED REV RECD OTHR SRC	0.00	0.00	0.00	0.00	0.00	0.00

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Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
6910 LEASE RENTAL INCOME	-277,500.00	-15,850.58	-111,690.78	-105,939.34	78.42	-59,869.88
6920 CONTRIBUTION & DONATION	-230,440.00	-43,746.52	-147,543.48	-2,948.11	65.30	-79,948.41
6941 REGULAR SCH TUITION	-180,000.00	0.00	0.00	0.00	0.00	-180,000.00
6942 SUMMER SCHOOL TUITION	-126,000.00	0.00	-57,472.00	-1,795.00	47.03	-66,733.00
6943 ADULT EDUCATION TUITION	-2,600.00	0.00	0.00	0.00	0.00	-2,600.00
6944 RECEIPTS OTHER LEAS IN	-356,000.00	-23,175.27	-23,692.48	-18,060.72	11.72	-314,246.80
6970 SVC PROVIDED OTHER FUND	0.00	-2,128.31	-2,953.73	-1,510.41	0.00	4,464.14
6980 REV FROM COMMUNITY SERV	-5,000.00	0.00	0.00	0.00	0.00	-5,000.00
6981 Advertising	-3,400.00	0.00	-1,775.00	0.00	52.20	-1,625.00
6990 MISCELLANEOUS REVENUE	0.00	-968.00	-968.00	0.00	0.00	968.00
6991 REFUNDS OF PRIOR YR EXP	-560,000.00	-15,350.42	-29,687.09	-4.65	5.30	-530,308.26
6992 Energy Effic Incentives	-15,000.00	0.00	0.00	0.00	0.00	-15,000.00
6999 OTHER REV	-174,918.00	-22,514.42	-200,943.22	-21,865.70	127.37	47,890.92
Total	-166,209,297.00	-6,411,153.87	-150,915,191.92	-152,123.93	90.88	-15,141,981.15

Function 6000 - LOCAL REVENUE

Total Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	-166,209,297.00	-6,411,153.87	-150,915,191.92	-152,123.93	90.88	-15,141,981.15
Total Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00
	-166,209,297.00	-6,411,153.87	-150,915,191.92	-152,123.93	90.88	-15,141,981.15

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Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
7000 REVENUE STATE SOURCE						
7110 BASIC EDUCATION	-27,803,331.00	-3,996,032.00	-11,988,096.00	0.00	43.11	-15,815,235.00
7160 TUITION ORPHANS & CHILD	-275,000.00	0.00	0.00	0.00	0.00	-275,000.00
7220 VOCATIONAL EDUCATION	0.00	-643.25	-643.25	0.00	0.00	643.25
7250 MIGRATORY CHILDREN	-2,000.00	0.00	0.00	0.00	0.00	-2,000.00
7271 SPECIAL ED SCHOOL AGED	-6,584,843.00	0.00	-3,023,463.00	0.00	45.91	-3,561,380.00
7290 OTHER PROGRAM SUBSIDIES	0.00	0.00	0.00	0.00	0.00	0.00
7292 PRE-K COUNTS	-786,000.00	-50,630.00	-249,750.00	0.00	31.77	-536,250.00
7310 TRANSPORT (REG & ADDTL)	-2,326,844.00	-842,607.00	-1,266,072.00	0.00	54.41	-1,060,772.00
7320 RENT & SINK FUND PYMT	-1,867,573.00	-36,703.08	-1,178,730.67	0.00	63.11	-688,842.33
7330 HEALTH SERVICES ACT 25	-330,000.00	0.00	0.00	0.00	0.00	-330,000.00
7340 ST PROP TAX REDUCTION	-4,733,948.00	0.00	-4,743,762.72	0.00	100.20	9,814.72
7360 SAFE SCHOOLS	0.00	0.00	0.00	0.00	0.00	0.00
7501 PA ACCOUNTABILITY GRANT	0.00	0.00	0.00	0.00	0.00	0.00
7505 Ready to Learn -222 src	-2,427,263.00	-699,517.00	-1,399,034.00	0.00	57.63	-1,028,229.00
7599 OTH STATE REV	-1,150,484.00	0.00	0.00	0.00	0.00	-1,150,484.00
7810 STATE SHARE SS & MED	-3,595,536.00	-592,444.00	-2,073,554.00	0.00	57.67	-1,521,982.00
7820 STATE SHARE RETIRE CONT	-10,284,515.00	-1,758,090.22	-1,758,090.22	0.00	17.09	-8,526,424.78
Total	-62,167,337.00	-7,976,666.55	-27,681,195.86	0.00	44.52	-34,486,141.14

Function 7000 - REVENUE STATE SOURCE

Total Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	-62,167,337.00	-7,976,666.55	-27,681,195.86	0.00	44.52	-34,486,141.14
Total Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00
	-62,167,337.00	-7,976,666.55	-27,681,195.86	0.00	44.52	-34,486,141.14

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Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
8000 FEDERAL REVENUE						
8110 PAYMENTS FED IMPACTED	-53,000.00	-5,119.63	-10,275.12	0.00	19.38	-42,724.88
8200 UNRESTRICT GRANT-IN-AID	0.00	0.00	0.00	0.00	0.00	0.00
8514 NCLB - TITLE I	-3,817,038.00	0.00	-521,034.71	0.00	13.65	-3,296,003.29
8515 NCLB - TITLE II	-720,361.00	0.00	-14,581.91	0.00	2.02	-705,779.09
8516 NCLB - TITLE III	-260,179.00	0.00	0.00	0.00	0.00	-260,179.00
8517 NCLB - TITLE IV-21ST CE	0.00	-35,667.35	-139,838.50	0.00	0.00	139,838.50
8580 CHILD CARE & DEV GRANT	-170,290.00	0.00	0.00	0.00	0.00	-170,290.00
8810 SCHL BASED ACCESS PGM	-500,000.00	0.00	0.00	0.00	0.00	-500,000.00
8820 ACCESS RMTS	-70,000.00	0.00	-23,290.62	0.00	33.27	-46,709.38
Total	-5,590,868.00	-40,786.98	-709,020.86	0.00	12.68	-4,881,847.14

Function 8000 - FEDERAL REVENUE						
Total Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	-5,590,868.00	-40,786.98	-709,020.86	0.00	12.68	-4,881,847.14
Total Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00
	-5,590,868.00	-40,786.98	-709,020.86	0.00	12.68	-4,881,847.14

Condensed IV Board Summary Report

From 12/01/2014 To 12/31/2014

Account Description	Current Budget	Period To Date Exp/Rcvd	Year To Date Exp/Rcvd	Year To Date Encumbrances	% Used	Available Funds
9000 OTHER REVENUE						
9200 PROCEEDS EXT TERM FINAN	0.00	0.00	0.00	0.00	0.00	0.00
9310 GENERAL FUND TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
9400 SALE OF FIXED ASSETS	-20,000.00	0.00	0.00	0.00	0.00	-20,000.00
9910 OTH FIN SOURCES	-2,517,671.00	0.00	0.00	0.00	0.00	-2,517,671.00
9990 INSURANCE RECOVERIES	-10,000.00	0.00	0.00	0.00	0.00	-10,000.00
Total	-2,547,671.00	0.00	0.00	0.00	0.00	-2,547,671.00

Function 9000 - OTHER REVENUE						
Total Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Revenue	-2,547,671.00	0.00	0.00	0.00	0.00	-2,547,671.00
	-2,547,671.00	0.00	0.00	0.00	0.00	-2,547,671.00

Grand Totals						
Total Expenditure	210,133,579.37	15,766,151.77	84,576,874.70	4,766,833.96	42.51	120,789,870.71
Total Other Expenditure	26,381,593.63	1,111,422.66	16,834,297.26	149,692.28	64.37	9,397,604.09
Total All Expenditures	236,515,173.00	16,877,574.43	101,411,171.96	4,916,526.24	44.95	130,187,474.80
Total Revenue	-233,967,502.00	-14,428,607.40	-179,305,408.64	-152,123.93	76.70	-54,509,969.43
Total Other Revenue	-2,547,671.00	0.00	0.00	0.00	0.00	-2,547,671.00
Total All Revenues	-236,515,173.00	-14,428,607.40	-179,305,408.64	-152,123.93	75.87	-57,057,640.43
	0.00	2,448,967.03	-77,894,236.68	4,764,402.31	0.00	73,129,834.37