

BOYERTOWN AREA SCHOOL DISTRICT
FINANCE COMMITTEE MEETING MINUTES
APRIL 3, 2012
EDUCATION CENTER
6:30 P.M.

Board Members in Attendance: Mrs. Hartford (chairperson), Mrs. Semmens, Mrs. Usavage, Mr. Elsier, Dr. Christman (left at 7:50 pm), Ms. Dierolf

Administrators in Attendance: Dr. Betts, Dr. Beerer, Mr. Scoboria, Mr. Katch, Mr. Szablowski and Dr. Weller

Member of the Public:

Mrs. Hartford called the meeting to order at 6:37 p.m.

We pledged allegiance to the flag and held a moment of silence.

There was no public comment.

Dr. Betts explained that Mr. Szablowski will be discussing how a tax increase in the next few years will have a positive impact on our budget this year and in the future. He also expressed the need to have a tax increase annually to support our programs. The reality is significant modest increases in taxes to keep the award winning district whole and keep our excellent employees.

Cyber Charter Update

Dr. Beerer gave a status report on what is happening with cyber and hybrid learning. She explained that several items will be brought to the Board during the month of April; they include an agreement to enroll students in Bridges Virtual courses, the enrollment of students in K12 Virtual Schools for students in K-6 and the Blended School Learning management system.

Technology Update – Internal Lease

Mr. Scott Major provided the committee with an update on this year's technology leases. He was able to renegotiate this year's lease to lower the price per unit and lease 540 additional computers. The unit cost is \$329 per computer with an additional \$59 for the 3 year warranty, totaling \$388. This additional lease will allow us to continue to reduce the student to computer ratio. Mr. Major also shared information about the iPod touches implementation at BES. This has been very successful and we plan to spread this implementation to the other buildings as part of our lease program.

Mr. Major also presented an idea to secure an "internal lease" from the Gilbertsville fund to promote two ideas: Network Access Control (NAC) and a Virtual Server Environment. This is in direct support of the Bring Your Own Device (BYOD) initiative. This system will help us manage what can and cannot attach to the district's network as students bring their own technology into the district. The total cost to the district is \$85,000.00. Mr. Szablowski and Mr. Major proposed the internal borrowing as a capital lease and repay the loan over a 4 year period at an interest rate less than a for-profit leasing company.

Mr. Major discussed the Virtual Server Environment. The current system has reached the manufacturer's end of life. He explained that we need to invest in this system to provide one that is scalable, reliable and secure. The total cost of this system is \$250,000.

A copy of the presentation is included with these minutes.

Mr. Szablowski explained that this internal lease will be included on the April 10th board agenda for consideration. Committee members were in unanimous agreement to move forward with the internal lease plan of \$335,000 at an interest rate of 1.5% over four years.

Advance Refunding Opportunity

Mr. Brad Remig, Public Financial Management and Ms. Lauren Eby, RBC Capital Markets gave a presentation on an advance refunding opportunity for the 2005 General Obligation Bonds that could save the District a net amount of \$400,000. Administration recommended proceeding with a process to examine the pricing and sizing of the refunding. A majority of the Committee [Mrs. Semmens, Mr. Elsier, Mrs. Usavage and Mrs. Hartford] agreed to move forward on proceeding with the process.

(We took a 5-minute break.)

Discussion Item

Three-Year Budget Forecast Review: Mr. Szablowski demonstrated with an Excel spreadsheet how we will balance the budget over the next several years with an annual tax increase and our district savings.

2012-13 Budget Update: Mr. Szablowski explained that the costs for going self-insured with our benefits is paying off. The District's budgetary deficit is currently at 2.1 million dollars with the major contributing factors to the deficit being employee benefits of healthcare (\$370,000) and retirement contribution (\$1.6 million). Special education (\$530,000) and cyber charter tuition (\$250,000) also account for a major portion of the deficit.

Tax Equalization: Committee members received a handout of the last eleven years of market value history and the tax effect in each county. The Committee discussed the pros and cons of both of the tax equalization rates. Some of the committee members expressed that they believed that the current method was the fairest way to tax.

Administrative Work Schedule: Mr. Sultanik explained that the Act 93 administrative agreement includes the number of days worked and because of the 4-day week, 10-hour schedule, there needs to be an adjustment on their agreement.

Mrs. Hartford asked if the budget that was presented tonight is the budget that will be voted on. Dr. Betts indicated that the budget, with possible expenditure revisions, will be presented for consideration on April 24th and the tax rate is what will be presented. Administration will continue to work on possible cost-saving measures. Administration explained that there will be an addendum to the Act 93 agreement relating to this change in the work week. Four board members were in agreement.

Mrs. Usavage indicated that she is still concerned that some taxpayers will be getting a 6% tax increase. She urged Administration to continue looking at all aspects of the budget to find cost savings. Dr. Betts indicated that we will list all the items where we have saved money and cut costs.

There was no public comment.

Mrs. Hartford adjourned the meeting at 9:55 p.m.