

The June 30, 2015, meeting of the Moon Area Board of Education was held in the High School Board Room 4:30 p.m., for general purposes. The meeting was CALLED TO ORDER by Vice President Denny Harbaugh. The following directors were present:

Mrs. Tatone	Mr. Tranter	Mr. Harbaugh	Mr. Hauser
Mrs. Schisler	Mr. Bussard	Mr. LaRue	Mr. Testa

Also seated at the Board table: Mr. Baker

Administrators present: Mrs. Johns, Mrs. Lindsey, Mr. Addy, Mrs. Prevost and Mr. English

There were approximately 11 people in the audience during the evening, including administrators.

Audience Recognition (Agenda items only)

Mark Scappe, 111 Forest Green Drive, Moon Township, commented on item 4.03, fund balance commitment and assignment mentioning that last year, the board had another motion to not defer the money to the MTA and it was under different circumstances because of a technicality that the district was able to recoup that fund. Since then that has been cured. The \$534,000 is needed for the use of the Thorn Run project and all of the operating costs for the MTA moving forward. The LERTA has been signed and in place since 1985. The deferment of funds has been done for over 25 years. He would have liked to have asked the solicitor to advise in this because it's clearly an illegal action to take the \$534,000 and defer that to the school district's funds and not allocate that to the MTA as required by agreement. Stressed that with that agreement in place, this would be an illegal action and would like to see the board table this motion until clarification can be received from the solicitor.

Mr. Testa requested that the following motion be added to the agenda:

IT WAS MOVED by Mr. Testa, SECONDED by, Mr. Hauser, "that the Board of Education approve to have all five (5) elementary schools remain open as K-4 neighborhood elementary schools for the 2015-2016 school year."

All directors voted in disfavor on a roll call vote with the exception of Mr. Hauser and Mr. Testa who voted in favor. Motion fails.

Mr. Olszewski arrived at 4:45 p.m.

Final Budget Approval

IT WAS MOVED by Mr. Bussard, SECONDED by Mr. LaRue, "that the Board of Education approve the final 2015-2016 General Fund Budget in accordance with the attached form PDE-2028 and the requirements of Special Session Act 1 of 2006. The following is a summary of the budget:

PROPOSED FINAL BUDGET SUMMARY

Fiscal Year 2015-16

Estimated Assigned and Unassigned Fund Balance 07/01/15

Committed Fund Balance:	601,830	
Assigned Fund Balance:	2,282,124	
Unassigned Fund Balance:	5,079,612	7,963,566

ESTIMATED REVENUE

6000 - Local Sources		48,485,390 *
7000 - State Sources		15,000,348
8000 - Federal Sources		1,433,566
9000 - Other Sources		<u>5,000</u>
	Total Funds Available	72,887,870

APPROPRIATIONS

1100 - Regular Instruction		27,148,897
1200 - Special Instruction		7,941,556
1300 - Vocational Instruction		1,855,876
1400 - Other Instruction		300,205
1500 - Nonpublic Programs		6,810
1600 - Adult Education		-
1800 - Pre-Kindergarten		10,000
2100 - Pupil Personnel Service		1,666,322
2200 - Instructional Staff Services		1,870,998
2300 - Administrative Services		4,031,532
2400 - Pupil Health Services		696,342
2500 - Business Services		787,679
2600 - Operation/Maintenance of Plant		5,713,031
2700 - Student Transportation Services		3,037,244
2800 - Central Services		283,981
2900 - Other Support Services		70,000
3200 - Student Activities		1,294,271
3300 - Community Services		360,743
5100 - Debt Services		650,604
5200 - Fund Transfers		10,132,683
5900 - Budgetary Reserve		<u>400,000</u>
	Total Appropriations	\$68,258,774

Assigned Fund Balance:	\$ 2,374,312
Unassigned Fund Balance:	\$ 2,254,784

Total Estimated Ending Committed, Assigned
and Unassigned Fund Balance 6/30/2016

\$4,629,096 .”

*Mr. Baker noted that there will be no diversions of tax revenues to Moon Transportation Authority in 2015-2016.

Discussion was held regarding the budget. Mr. Testa addressed some of the figures in the budget with Mrs. Lindsey commenting that we can't keep having expenses exceeding revenue as we would be out of fund balance by the end of next year. He would like to know that the plan is to address this other than drawing down the fund balance. Mrs. Lindsey responded that we will continue with cost containment as we have this past year. Mr. Testa commented that at the last meeting, Mr. Baker stated that expenses were cut by \$3.1 million. He would like an exact detail regarding what was cut, how it was cut, when it was cut, just a general idea. Mrs. Lindsey commented that those figures were approximate as of that point in time and we haven't finished the current fiscal 2015 yet, so she cannot give exact details at this time. However, she would be happy to provide that information to all of the board members. Mr. Testa would like to see line item detail on the budget as well as it's very concerning to vote on expense cuts when we don't know what is being cut.

Mr. Baker commented that the presentation indicated that we have \$3.1 million worth of costs this year and we are anticipating \$282,000 in reduced expenditures around the refunding of the 2005 note. In both of those instances, it was indicated that it is our expectation that we would achieve both of those numbers again this upcoming year. It would be imprudent to budget them because a) one year of cost savings and cannot necessarily promise that that this is reputable or not, that was a system-wide reduction that came from improved controls; b) the bond hasn't been sold; if interest rates move, the savings could go to zero between now and the time that that occurs. Consequently it's not budgeted, but if take those two numbers together, which we do anticipate will take place, the result is that we expect no movement in the fund balance. Mr. Testa commented that the bond refinancing has nothing to do with expenses that were cut last year. He said that he asked last week for details on the alleged expense cuts – no answer then and no answer now. Would like to know what the plan is. Mr. Baker commented that we will continue with cost containment mechanisms that worked and were successful this year. Expectations through many, many small changes as opposed to one great big one, which is the way cost containment works. The expectation is that will continue into next year. It is not a promise and is not being put into the budget per se because we don't have enough operating history to say whether it will replicate. But, we have every reason to believe it will and we have reason to believe that we will see \$282,000 associated with refunding the bonds.

Mr. LaRue commented that there are two factors when you prepare a budget: 1) worst case scenario in revenue and worse case in expenses; 2) you do a forecast, actuals come in on a rolling basis. Mr. LaRue asked Mrs. Lindsey what our attrition factor is. Mrs. Lindsey commented that in staffing we had 11 professional staff retirements or resignations this year. Mr. LaRue asked if that was typical. Mrs. Lindsey responded that it's a fairly low number and is not untypical. Mr. LaRue asked Mrs. Addy if he knew the historical attrition rate. Mr. Addy did not have the information and commented that it does vary from year to year. Those cost containments are part of the budget. Mr. Baker commented that our attrition numbers are

usually between 10 and 15. A new employee will be hired at lower rate than the retiring employee, many factors that are considered.

Mr. Hauser recalls reviewing budgets over the years; and at this point in the year, we were always presented, both at the district level and at the building level, with a very detailed budget. Business managers were on hand to explain what the variances were in the budget. We should have some fairly detailed information at this point in the year that we can look at and ascertain whether or not there was a cost savings. He has not seen the details for the current year, let alone the 2015-2016 school year. We, as a board, should be privy to information. He would like to have more specifics before he casts his vote. This will be the budget for the upcoming year and we should have information on what those costs containments were in the previous year for the coming year and there is nothing to compare it to.

Mr. LaRue commented that this budget does not include those cost containments, this is a worse-case scenario. Those containments that took place are not represented in this budget.

Mr. Testa asked how we anticipate the cost containments for the coming year when we don't know what they were for the current year.

Mr. Testa asked about the rental fees for district facilities commenting that we made about \$20,000 this year and next year are budgeting to make approximately \$150,000. What groups do you anticipate charging? Mr. Baker replied that he will happy to discuss this with the board but only in executive session. Mr. Testa asked if he was planning on charging any Moon groups. Mr. Hauser commented that that is a legitimate question as our facilities were available to many Moon groups over the years.

Mr. Hauser moved that the Board of Education move into executive session so this issue can be presented by Mr. Baker and discussed by the board and presented to the public on how this plan is going to work. There was no second motion.

Mrs. Schisler commented that we have a policy that was put into place back in the beginning of 2000. It has all of these prices and it is available for the public to view. Whether or not the policy was enforced over the past 12+ years or not is another question.

IT WAS MOVED by Mr. Tranter, SECONDED by Mr. Harbaugh to CALL THE QUESTION.

All directors voted in favor on a roll call vote with the exception of Mr. Hauser and Mr. Testa who voted in disfavor.

Original motion. All directors voted in favor on a roll call vote with the exception of Mr. Hauser who voted in disfavor and Mr. Testa did not vote.

Final Tax Levy

IT WAS MOVED by Mr. LaRue, SECONDED by Mrs. Schisler, "that the Board of Education approve the final tax levy resolutions for the 2015-2016 fiscal year with no real estate tax increase and all other tax rates to remain unchanged as follows:

Real Estate Tax – It is resolved that under the authority granted by the Pennsylvania Public School Code of 1949, as amended, that the Moon Area School District imposes for general revenue purposes an annual tax of 18.8461 mills or \$1.88461 per \$100.00 of assessed valuation on all real estate situated in the Moon Township and Crescent Township, Allegheny County, Pennsylvania to be effective 12:01 a.m. on July 1, 2015, and to continue in force on a fiscal year basis without annual reenactment unless the rate of tax is subsequently changed. In the opinion of the Board of Education of the Moon Area School District, tax is necessitated by reason of the costs and expenses incident to the conduction of the activities and functions of the school district.

Other Taxes – All other tax rates are to remain unchanged and will continue to be levied at the following rates:

Realty Transfer Tax	½ of 1%
Wage & Earned Income Tax	½ of 1%
Local Services Tax	\$5.00
Parking Tax	7%
Amusement Tax	10%
Per Capita Tax	\$0.00.”

All directors voted in favor on a roll call vote with the exception of Mr. Testa who abstained.

Fund Balance Commitment and Assignment

IT WAS MOVED by Mrs. Schisler, SECONDED by Mr. LaRue, “that the Board of Education reverse all previously approved commitments and assignments of fund balance and replace them with an assignment of fund balance in the amount of \$1,748,124 to defray a portion of future cost increases of contributions to the Pennsylvania School Employees Retirement System and assignment of fund balance in the amount of \$534,000 for potential MTA diversions, effective June30, 2015. (This reversible assignment of ending fund balance is recommended in accordance with GASB 54.)

IT WAS MOVED by Mr. Testa, SECONDED by Mr. Hauser, “that the Board of Education table this motion until such time as we can receive an opinion from our solicitor on the legality of this.”

All directors voted in disfavor with the exception of Mr. Testa, Mr. Hauser and Mr. Tranter who voted in favor. Motion fails.

Mrs. Tatone commented that Mr. Scappe brought up some points and would like to know if anyone on the board can address those points.

Mr. Bussard commented that they have not been privy to be in any executive session discussions of the MTA.

Mr. Testa commented again, that he would like to table this motion until we get an opinion from our attorney. This would be the prudent thing to do.

IT WAS MOVED by Mr. Olszewski, SECONDED by Mrs. Tatone, “that the Board of Education recess at this time, 5:13 pm. “

All directors voted in favor on a voice vote.

The meeting was reconvened at 5:22 pm.

IT WAS MOVED BY Mr. Testa, SECONDED by, Mrs. Tatone, “that the Board of Education amend this motion as follows: “that the Board of Education reverse all previously approved commitments and assignments of fund balance and replace them with an assignment of fund balance in the amount of \$1,748,124 to defray a portion of future cost increases of contributions to the Pennsylvania School Employees Retirement System. (This reversible assignment of ending fund balance is recommended in accordance with GASB 54.)

All directors voted in favor on a roll call vote.

Fund Balance Commitment and Assignment

IT WAS MOVED by Mr. LaRue, SECONDED by, Mr. Hauser, “that the Board of Education approve the assignment of fund balance in the amount of \$534,000 for potential MTA diversions, effective June 30, 2015. (This reversible assignment of ending fund balance is recommended in accordance with GASB 54.)”

All directors voted in favor on a roll call vote with the exception of Mr. Hauser and Mr. Testa who voted in disfavor.

Adjournment

IT WAS MOVED by Mrs. Schisler, SECONDED by Mrs. Tatone, that the Board of Education adjourn this meeting, 5:27 pm.”

All directors voted in favor on a voice vote.

Respectfully submitted,

Lisa Brown
Clerk, Board of Education

Gia R. Tatone
Secretary, Board of Education