

Lehigh Area School District
Lehigh, Pennsylvania
Finance Committee Meeting
Monday March 7, 2016

Minutes

Present

- X Richard Beltz
- X Byron Arner
- X Marianne Dwyer
- X Brian D. Feick
- X Tina Holmes
- Jonathan Cleaver

- X Recording Secretary- Melissa Wagner

Others in Attendance: Stephen Holland, Gloria Bowman, Andrew Yenser (8:00 p.m. arrival)

LCCC Budget Presentation

- Ann Bieber, President of LCCC gave a synopsis of LCCC before introducing Brian Kaylor.
 - LCCC has 7,000 students with 170 from Lehigh, 40 of them are on the Dean's List.
 - Dual Enrollment of 1200 students/year with 340 from Lehigh.
 - Retention is key and LCCC works very closely with the district.
- Brian Kaylor, Chief Financial Officer at LCCC presented the budget to the board. The budget is 49.8 million including operations and capital programs. There is no taxing authority. Some challenges right now are state funding, increase did not come through. 37% full-time students, 63% part-time students, 2/3 of the students are over the age of 24. Tuition is being raised by 2.6% for 16-17. 75% of the budget is salaries & benefits. There is a 2% increase in wages for 16-17. Lehigh sponsor contribution was \$229,733 for 15/16, this year's request is \$230,979. Reserves are set aside for large capital projects. LCCC has looked at Shull David as a site. Major project at LCCC now is a sewer project.
- Mr. Arner asked about the \$500,000 for aviation.
 - \$500,000 is the pass through from students for the flight fee (\$125-\$150/hour) at Lehigh Valley Airport. In 16-17, LCCC is certifying in classroom and at the airport.

- Mrs. Bowman asked about the retention rate of students and the 4-year college partnerships.
 - About 100 articulation agreements with 4-year schools. We focus on retention. Majority of students graduate in 4 years. Retention of 80% from fall to spring, and 60% from fall to fall.
- Mrs. Bowman asked if any other course of studies have been added.
 - LCCC has partnered with Luzerne and Northampton for Advanced Manufacturing program and have added Health Sciences that is transferrable to East Stroudsburg.
- Mrs. Bowman asked if LCCC comes to the high school's to speak with the students.
 - LCCC has a college experience 1-credit course that can be provided to 9th grade as a dual enrollment.
- Mr. Feick asked about STEM program where students have received a degree from high school and community college simultaneously.
 - Dual Enrollment courses are available to do this. LCCC had a student in Palmerton who was able to do this.
- Mr. Beltz stated that his son and wife are both currently at LCCC and he received a degree from Temple through LCCC. Are there other 4-year colleges looking to do these programs?
 - Yes, we consider these the University Center and it is expanding. Albright has been on our campus for almost 10 years and Bloomsburg is also on campus.
- Mr. Beltz stated that word needs to get out about LCCC. You can get 75-80% of your credits at a community college price. Instructors are great.
- Mr. Holland stated that he was recently with the LCCC girls' basketball coach and he could not have said more about LCCC. Also proud of Mr. Krause to be on the LCCC committee and bring back reports to the board.
- Mr. Feick asked about the local leases.
- Jim Thorpe's lease has been extended to 2020 with a 1 year out. We would consider Lehigh as a site.

Recommendation:

- Finance Committee recommended to put the LCCC budget on the next board agenda.

George's Transportation Daily Run Bills:

- Finance Committee approved the payment of bills to Georges.

Presentation by Maillie LLC:

- Mr. Feick stated that the auditors work for the board and the board may ask the auditor questions in executive session without management present.

- Don Pierce from Maillie, LLC presented the Lehigh Area School District Annual Finance Report for Year Ended June 30, 2015. The firm does 25 school districts across the state.
- Explanation of finance report:
 - Pages 4-6 are Maillie's opinion. These are the district financial statements and Maillie is giving an unmodified opinion on these statements.
 - Pages 7-15 are Management's Discussion and Analysis which is a more concise format of the financial statements.
 - Page 9 presents a condensed version of your government-wide financial statements.
 - Increase in assets from 2014-2015 are bonds that show cash available for projects that were not spent by 6/30/15.
 - The long-term liability of 69 million is due to the GASB 68 ruling to include the pension liability (44.5 million) in school district's financial statements and the bond issue (24.5 million). This gives the district a negative net position because of the GASB 68 change. All school districts are required to show this pension liability.
 - Page 19 is the reconciliation of total governmental funds balances to net position of governmental activities.
 - Page 20 is the revenue, expenditures and changes in fund balances.
- Mr. Feick asked Mr. Pierce to explain the change in the fund balance.
 - The change (increase of 1.5 million in general fund) was primarily due to the refunding of expenses on the health insurance trust because of positive experience with the district claims and reserves.
 - Pages 22-24 are the food services funds.
 - Pages 25-26 are the fiduciary funds.
 - Pages 27-63 are the footnotes that give more information on the financial statements. Biggest changes are the pension disclosures due to the GASB 68.
 - Pages 66-67 are additional schedules showing the district share of the net pension liability.
 - Pages 79-end is the single audit of the federal expenditures.
- Management was cooperative and we thank them for this. Journal entries are attached and were provided by the staff.
- Mr. Feick added that once we give them a full trial balance we cannot add to the books without giving the journal entries to the auditors.

- Mrs. Bowman stated that the unfunded pension liability is out of the district's control and can be misrepresented to the public. Everyone is trying to figure out the pension reform. We need to make this clear to the public that everyone is in the same boat. I also give credit to the business manager and previous business manager for the healthy fund balance.
- Mr. Pierce agreed with both of Mrs. Bowman's points. People weren't aware of the pensions. GASB is making it more transparent.
- Mr. Beltz stated that the district is liable for the 44 million with PSERS. It is a real liability that can hurt the district.
- Mr. Pierce said it's been disclosed so that people realize it is a real liability.
- Mr. Feick stated that this is the first time the state is releasing an estimate. The district's portion next year is 30% of wages. State is not giving any information.

Executive Session with Auditor:

- The Board did not have any questions for Mr. Pierce that needed to be asked in an executive session.

Open Discussion:

- Mr. Feick explained the new look of the monthly budget statement given to board members.
- Mr. Feick and Ms. Holmes will be out of the office Tuesday-Friday for a conference.
- Committee agreed to post an electronic version of the audit on the district's website.

Next Meeting Date: Tuesday April 12, 2016

BDF/mfw