

Lehigh Area School District
Lehigh, Pennsylvania
Finance Committee Meeting
Monday April 9, 2018 at 6:00 PM

Minutes

Present

Andrew Yenser	Present
Richard Beltz	Absent
Rita Spinelli	Present
Brian D. Feick	Present
Tina Champ	Present (Left approx. 7:38 p.m.)
Jonathan Cleaver	Absent
Joy Beers	Present (Left approx. 7:10 p.m.)
David Bradley	Present
Stephen Holland	Present

Meghan Christman- Recording Secretary

Public Discussion

- Janice Bowman spoke to the committee about being more transparent with documents
 - Wants to be able to go to the district website and have more information accessible to the public (such as contracts, financial documents, grant documents etc.)
 - The public would be more informed and it would save money for Right to Know Requests
 - Benefit to people who can't or don't want to come to the meeting
 - Has discovered instances where other school districts were over-reimbursing employees for credits and other things because of access to employee contracts
- Mr. Feick informed Mrs. Bowman that as of the March 2018 Board Meeting, documents will be posted to the district website following the approval of the board. He stated that there are some documents that the district does not have an electronic format of and will not be posted
- Mr. Bradley asked where those documents can be accessed

- Mr. Feick explained that after going to the district website, click on Files and Documents, then District, Board Minutes followed by Board Approved Financial Attachments
- Mrs. Bowman questioned what happens if someone doesn't have access to a computer
- Mr. Feick explained the person would have to submit a Right to Know Request or come to the Administration Office to view the documents
- Mrs. Bowman questioned how much the district charges when copies need to be made for a Right to Know Request
- Mr. Feick stated \$0.25 per page
- Mr. Feick explained that he is looking into Yellow Folder, a company who provides a better scanning system service, to make Right to Know Requests less labor intense. He also wants to look into at least two other similar companies to choose the one that is best suited for the districts needs
- Mrs. Bowman offered to speak at the next board meeting about these issues to discuss them further

George's Transportation Daily Run Bills for Approval

- All attending committee members agreed to pay the March 2018 transportation bill

LCCC Budget

- Handout distributed at the March Board Meeting for the LCCC Budget
- 2017-2018 Budget was \$231,985
- 2018-2019 Budget is \$228,509
- Decrease of \$3,476 due to the number of students and total allocation
- Committee members declined a presentation from an LCCC representative to discuss the budget
- Committee members agreed to recommend this to board at the April 2018 Meeting for approval

CLIU Budget

- Handout distributed at the March Board Meeting for the CLIU Budget
- Strictly Operating Budget
- District pays for other services
- 2017-2018 Budget was \$27,460
- 2018-2019 Budget is \$27,154
- Decrease of \$307 due to the number of students
- Committee members declined a presentation from an CLIU representative to discuss the budget
- Committee members agreed to recommend this to board at the April 2018 Meeting for approval

CCTI Budget

- Handout distributed at the March Board Meeting for the CCTI Budget

- 2017-2018 Budget was \$1,388,453
- 2018-2019 Budget is \$1,408,078
- Increase of \$19,625 due to the number of students
- Committee members declined a presentation from an CCTI representative to discuss the budget
- Committee members agreed to recommend this to board at the April 2018 Meeting for approval

2017 Audit Report

- Handout distributed at the March Board Meeting for the 2017 Audit Report
- Mr. Feick will have the auditors at the next Finance Meeting to answer questions and discuss next year's audit
- The committee members will be able to have an executive session with the auditors
- Mr. Bradley questioned when this will take place
 - Mr. Feick answered; the next Finance Meeting (5/14 at 6:00 PM)
- Mr. Bradley questioned what the auditors reviewed last year
 - Mr. Feick stated the auditors review all federal programs, one of the major programs such as IDEA or Food Service (can choose one but typically review both), Title (every other year), building projects and capitalization for the Middle School and High School
 - Auditors will most likely focus on the Elementary Center this year
 - Mrs. Champ added that the auditors typically audit the same things every year due to auditing standards that they have to abide by. If the auditors think they have found an error, they will complete more manual testing in that area. The auditors are focusing more on the financing, capitalization and bonds of the building projects at this point in time.
 - Mr. Feick also stated that the auditors review the backup work required for the building projects when present and they will also be reviewing PlanCon this year for the completion of the Middle School and High School projects. The auditors will be tying those figures out to the penny because that information needs to be submitted to the state.
- Mr. Bradley asked for clarification that the auditors do check to make sure the contractor received money from the district and compare it to whether or not the contractor had those employees present to complete the job.
 - Mr. Feick stated they do spot check the prevailing wages and the district has copies of the certified payrolls
- Mr. Feick stated that the four-year state audit is due this year
- Committee members agreed to recommend this to board at the April 2018 Meeting for acceptance

2017 Tax Collector Reports

- Handout distributed at the March Board Meeting for the 2017 Tax Collector Reports
- Audit presented one note for Mahoning Township Tax Collector Report
- Mahoning Township Tax Collector account had a current balance of \$23.43

- The balance can't be accounted for; could have resulted from someone paying a full amount when they had the option to pay at a discount
 - Could have resulted in an overpayment for Real Estate, Per Capita or Occupation Tax
 - At the discretion of the district if an audit is done to find the error; Mr. Feick stated the amount is insignificant to do so
 - Mrs. Champ stated that it could also be an outstanding check; the tax collector may have received an overpayment and sent a check back to the tax payer and it was never cashed. She also stated that she has been watching this over the last several months and she is waiting to discuss it with the auditors to see if she should look at the bank statements
- Mr. Feick stated that by law the tax collector must turn over anything in the account to the district

Contract Due Dates

- Several contracts are approaching end dates
- Will need to send our Request for Bids (RFB)
- Mr. Yenser questioned if the Buildings & Grounds Committee would discuss the Garbage and HVAC contracts
 - Mr. Feick said the Buildings & Ground Committee would discuss that but he wanted the Finance Committee to be aware of upcoming contract due dates
 - Mrs. Champ stated some these items would need to wait until the May Board Meeting because some contracts will require more time due to discussing specifications of a contract

Surplus

- Mr. Feick stated the district will have a new van delivered this week and an old van will go out for surplus
- Previously, surplus was posted as a request for purchase on the district website, was not posted in newspaper
- Mr. Feick presented information on Public Surplus (an online auction)
 - Can post a minimum for items
 - Can upload pictures of items
 - Has an audit trail, transparent
 - Can open to Pennsylvania or nationally
 - Transaction fee is added to the purchase price; no money is deducted from the districts profit on the item
- Mr. Feick spoke to the Business Manager at Twin Valley School District as a reference
- Requested that the committee members go on their website to review information so it can be discussed more next month
- If the district does decide to use Public Surplus, there will be a link on the district website

- Mr. Yenser and Mrs. Spinelli agreed that Public Surplus seemed like a great idea for selling surplus
- Mr. Feick stated that the policy regarding surplus (Policy 706.1) may need to be changed in order to accommodate this
 - Mrs. Spinelli suggested speaking with Attorney Schwab about this to verify if the policy does need to be changed
 - Mr. Bradley stated if Mr. Feick would like to ask Attorney Schwab about changing the policy, the board needs to approve it
 - Mr. Feick said he will recommend to the board for approval for solicitor review of the policy and for approval to use Public Surplus

2018-2019 Budget/ Finance Meeting Date for Budget Discussion Only

- Handout for review
- Would like to setup a budget discussion meeting with the department heads to go line by line in the budget
 - The committee agreed to hold a Budget Discussion Meeting on Tuesday, April 24, 2018 at 6:00 PM
 - Mr. Feick questioned if there was any order the committee would like sit down with the department heads
 - Mr. Yenser stated no order, however, there should be set times for departments
 - Mrs. Spinelli recommended speaking to the department heads to see if it conflicts with their schedule in hopes to accommodate if certain departments need to go earlier or later than others
 - Will advertise and send the budget electronically to committee
- Included Budget Timeline because the district must have a preliminary approved budget twenty days before the adopted budget. The adopted budget needs to be approved by June 30
- Need to advertise preliminary approved budget
- The committee agreed to post a PDF of the five-year projection to the district website

Open Discussion

- Mr. Bradley expressed his concern that according to the Revenue Budget, the income for Real Estate Taxes is relatively consistent, however, according to the five-year projection, the district is expected to run a negative budget through the year 2023
 - Questioned what the committee is going to do in order to get the expenditures below the revenues
 - Questioned what the committee is going to do in order to increase the revenues i.e. how to bring more people into the community
 - Clarified the end fund balance decreasing by roughly \$7,000,000 from the 2014-2015 year to the 2015-2016 was due to the stadium and continued to decrease over the years

- Stated people are being forced to move due to the high taxes (with emphasis on single parents and the elderly)
- Recommended lowering taxes in hopes of people staying in our community and people moving in, as well as lowering expenses in order to close the gap between the expenses and revenue for the coming years
- Mr. Feick offered his opinion that there is room for change on the expense budget
 - There are approximately six staff members who will be retiring that will not be replaced
 - Mr. Feick and Mr. Cleaver have been looking into housing some of the students from placement schools in an in house program to reduce costs
 - Agreed with Mr. Bradley in regards to expenses need to be cut and/or revenues need to increase
- While discussing how to increase revenue, Mr. Feick stated there are opportunities to generate revenue that the district needs to solicit for (such as renting the Middle School Auditorium to a church on Sunday)
 - The schools and facilities can be rented to generate revenue within reason
- The committee discussed possible ways to increase revenue and decrease expenses
 - Mr. Bradley suggested utilizing the elementary center for a different purpose in order to save the district from \$23,000,000 of debt over the next ten years
 - Mr. Bradley suggested looking at the risk of employees of leaving or retiring and buying them out of their contract
- Mr. Bradley questioned why the Administration Budget is roughly \$1,000,000 more than it was a few years ago
 - Mr. Feick indicated that he would need to go back and look at the specific parts of the budget. Suggested the possibility that the state reclassified positions (such as Special Education, Principals, etc.) which now required them to be included in the Administration Budget
- Discussion of unfunded mandates with Mrs. Bowman
- Mr. Bradley started discussion of tax reform
 - Mrs. Spinelli offered her opinion that the district does not operate as a normal business; the district is limited to keeping costs down due to the fact that the students bring costs with them
- Mr. Bradley started discussion about previous over taxation
 - Suggested fund balance is about 8%
 - Fund balance was at 38%
 - Built the new stadium out of the fund balance
- Discussion on the Elementary Center
 - No return on investment
 - Built for consolidation
 - Feasibility study did not support the elementary center; needed permission from the state to build
 - Interest on the building will be paid for 25 years

Meeting adjourned at 7:48 p.m.

Next Meeting Date (Budget Only): Tuesday April 24, 2018 6:00 p.m.

Next Regular Meeting Date: Monday May 14, 2018 6:00 p.m.

BDF/mmc