

**Lehigh Area School District
Lehigh, Pennsylvania
Finance Committee Meeting
Monday May 13, 2019 at 6:00 PM**

Finance Committee Minutes

Present

- ☒ Andrew Yenser
- ☒ Richard Beltz
- ☒ Rita Spinelli
- ☒ Patricia Denicola
- ☒ Tina Champ
- ☐ Jonathan Cleaver
- ☒ Gail Maholick
- ☒ Meghan Christman- Recording Secretary

George's Transportation Daily Run Bill for Approval

- All attending committee members agreed to pay the April 2019 transportation bill

PlanCon K- 2014 Note

- Required as part of the PlanCon process to continue to receive reimbursement
- Pay down in March 2017 in the amount of \$1,991,000
- State will hold reimbursement until it is filed
- All attending committee members agreed to recommend a motion to the board

Resolution Supporting HB526 and SB34

- Senate Bill and House Bill regarding Cyber Charter Schools
- Many districts have passed a resolution indicating to PDE if the district provides a cyber-school of their own, the student should not be allowed to go cost free to another cyber school such as Agora or 21st Century
- Mrs. Spinelli stated during Advocacy Day she learned that students in house cost approximately \$3000-\$3500 while out of district cyber schools cost approximately \$11,000-\$12,000
- Ms. Denicola added that Special Education costs are even higher
- All attending committee members agreed to recommend a motion to the board

Weissport LERTA Discussion

- In August 2018, the board passed a motion to authorize the business office to hold a public hearing to set boundaries for LERTA
 - Public hearing did not take place
 - Ms. Denicola met with Weissport & county officials and they are looking to move the project forward; would start with creating a draft resolution
 - Ms. Denicola asked the committee if they would like to move forward
 - All attending committee members agreed to move forward with this process

2019-2020 Budget Update

- The budget has no tax increase built in for the 2019-2020 school year
- Continuing the boards desire to spend down the fund balance
- Numbers are still fluctuating due to retirements and assessing the need to fill those positions
- June 30, 2018 (2017-2018 year end) there was a \$2.2 mil use of fund balance
- June 30, 2019 (2018-2019 year end) it was estimated to use \$203,000 of fund balance
- June 30, 2020 (2019-2020 year end) it is estimated to use approximately \$3.8 mil of fund balance
 - Spending down the fund balance without a tax increase or cutting any programs
 - Medical costs are increasing
 - Specialty drug costs have gone up 107% (\$220,000 increase)
 - Currently have 7 high cost claimants who have breached the deductible
 - Receiving reimbursements but the claims are expected to continue
 - Stop loss increase of 40%, broker has gotten it down to 28%
 - Factoring in protections such as lasers and exclusions; will help going forward
 - Looking into saving on prescriptions
- Mr. Krause (audience member) asked for clarification on the fund balance portion of the budget
 - Ms. Denicola stated that the current fiscal year was budgeted to use \$203,000 of the fund balance
 - Mr. Beltz questioned why it increased from \$203,000 to approximately \$3.8 mil
 - PSERS increase
 - Medical costs increase
 - Has been a lot of fluctuation in revenues and expenditures (how they were budgeted vs. how it actually came in)
 - Ms. Denicola informed the committee that the budget she is building is how she actually expects the district to perform
 - In past years, real estate tax revenues have been under budgeted
 - In past years, delinquent tax collections have been over budgeted (\$1.5 mil budgeted vs. approximately \$875,000 actual)
 - Ms. Denicola informed the committee that the district's Special Education subsidy number decreased
 - In February, the district was supposed to receive \$1.6 mil from the state
 - The latest numbers show \$1.4 mil
 - Decrease was due to enrollment numbers
 - Does not make sense that the district's Special Education enrollment has dropped
 - The Special Education Department is looking into this, however, Ms. Denicola doesn't know if there is an opportunity for corrections
 - Mrs. Spinelli questioned if the bulk of the budget change comes from a difference in accounting
 - Ms. Denicola stated the bulk of the change in budget comes from budgeting exactly where she expects the district to be
 - One time revenues have been used to pay for ongoing expenses, such as the sale of buildings
 - Mr. Beltz questioned what the fund balance would be after the \$3.8 mil is used
 - Ms. Denicola stated if everything performs as budgeted, the fund balance would be approximately \$200,000
 - Mr. Beltz asked what happens to the taxes after that point
 - Ms. Denicola stated potentially looking at a tax increase, looking at the programs offered, looking at whether or not retirees need replacements, schedule changes (blocks at the high school to other scheduling), trying to decrease medical costs, broker negotiations with carriers (especially regarding pharmaceuticals), ultimately working day to day to work on the budget numbers

- Mr. Yenser commented that this is a different picture than what has previously been painted
 - Ms. Denicola said there were a lot of ups and downs; took in more than what was budgeted but also spent more than what was budgeted; never completely washed out
 - Everything in the budget that is currently being built is the actual expectation
 - All of the medical, dental and vision benefits are budgeted at a 20% increase; could be lower and the district would save substantially
 - Ms. Denicola will be working on getting the budget down
- Mr. Beltz questioned what the states recommendation is for fund balance
 - Ms. Denicola stated that the state recommends no more than 8% (approximately \$3 mil)
 - Not even two months' worth of expenditures
 - Many districts will move money to assigned fund balances because 8% isn't enough
- Ms. Denicola stated if the district can sell the remaining two elementary buildings, it would decrease some of the costs the district is carrying
- Mr. Yenser stated that two people from CCTI were in the audience and asked if Ms. Denicola has any questions or information for them
 - Ms. Denicola stated she has no additional questions for them
 - One of the gentlemen from CCTI stated he had a question as a resident; he asked if the amount for basic ed subsidy is going up
 - Ms. Denicola said the amount is going up, however, it is rolling in the Ready to Learn grant so it is not going up by the amount that was indicated because they took away the \$374,000 Ready to Learn
 - The gentleman asked if it was going up about \$300,000
 - Ms. Denicola said that amount was correct
 - The gentlemen from CCTI asked if the board was going to vote on the CCTI budget at the May board meeting
 - Ms. Denicola informed them it would be on the agenda

State Property Tax Reduction Allocation Discussion

- This year is \$1,193,038
- Last year was \$1,205,440
- Money the district will receive from the state to reduce taxes for the qualified homeowners
- A wash for the district; not additional revenue
- Gambling continues to increase, however, the money that the districts receive has not increased

Pencor Services Inc., Tax Assessment Appeal

- Ongoing tax assessment appeal for Parcel #98-35-A12 (594 Blakeslee Blvd West)
- Current Appraisal is \$2,228,031, current assessment is \$1,015,982 and School RE Tax is \$48,645
- Taxpayer proposed \$1,550,000 appraisal, \$706,800 assessment and \$33,842 School RE Tax
 - \$14,804 School RE Tax Revenue Loss
 - County has already agreed to the taxpayer's proposal
- Recommended by King Spry to offer a counterproposal
- LASD propose \$1,886,577 appraisal, \$862,166 assessment and \$41,281 School RE Tax
 - \$7,365 School RE Tax Revenue Loss
- If the district would choose not to settle and instead obtain an appraisal of our own, the district would incur fees of approximately \$12,000 (legal fees and a commercial appraisal)
 - All attending committee members agreed to propose the counter offer
 - If Pencor accepts the counteroffer, it will be presented to the board for approval
 - Mrs. Maholick asked how much the district is paying in attorney fees for this
 - Ms. Denicola said she would have to look at that

Open Discussion

- There is a student going to Nationals for FBLA
 - Policy 240.1 states the board is responsible for up to 50% of travel and related expenses for competitions above and beyond state level up to a maximum of \$3,500
 - The board reserves the right to consider a larger contribution under special circumstances
 - Received a list of expenses totaling \$1,260
 - Mrs. Howland, high school principal, stated that the student that qualified for FBLA Nationals will be attending the board meeting for a presentation
 - Nationals will be held in San Antonio, TX
 - The student is asking to travel with the Palmerton FBLA team
 - The student's mother is the FBLA advisor for Palmerton
 - Palmerton FBLA and Jim Thorpe FBLA will be traveling together to save on costs
 - Two students went to FBLA Nationals in California two years ago
 - Mrs. Howland is asking that because of the savings in the cost of traveling together, if the board would be willing to pay for the full cost of the trip
 - A dress down day was done at the high school to raise funds for the student to attend nationals
 - Mrs. Spinelli asked how much the travel expenses were for the two students that qualified two years ago
 - Mrs. Howland explained that she was not principal during that time so she isn't exactly sure, however, circumstances were a little different
 - Two students and two advisors
 - Some fundraising was done to offset costs
 - All attending committee members agreed to present this to the board
 - Mrs. Maholick asked if we would normally only pay half of the costs
 - Ms. Denicola explained that the board is responsible for up to 50% of travel and related expenses with a maximum of \$3,500, however, the board reserves the right to consider a larger contribution
- Mr. Krause stated that Lehighton was one of four targeted schools for extra support for the Special Education Program and asked if there will be any additional funding coming from that
 - Ms. Denicola stated that she is in the process of correcting the number of Special Education students because she knows the number has not dropped dramatically
 - This year the district applied for contingency funds
 - Have not heard whether or not the district will receive those funds
 - Add up all high cost students and submit for reimbursement
 - Mrs. Maholick asked if there is Special Education for preschool
 - Mrs. Howland stated Special Education is offered for K-12th grade

Meeting adjourned 6:31 p.m.

Next Meeting Date: Monday June 10, 2019 6:00 p.m.

PJD/mmc