

**Northwestern Lehigh School District
6493 Rt. 309, New Tripoli PA 18066
SCHOOL BOARD MEETING
District Board Room
Wednesday, October 4, 2017, 6:30 PM**

1. Opening Procedures

1.01 Call to Order

The October 4, 2017 Workshop Meeting of the Northwestern Lehigh School District Board of Directors was called to order at 6:31 PM by President Willard Dellicker.

1.02 Opening exercises included the Pledge of Allegiance and a moment of silence.

1.03 Roll Call

PR/AB

PR	John Casciano	AB	Paul Fisher	PR	Darryl Schafer
PR	Willard Dellicker	AB**	Todd Hernandez	PR	Phil Toll
AB	Joseph Fatzinger	AB	Todd Leiser	PR	James Warfel

*** T. Hernandez arrived at 7:05 PM*

Also Present:

Mike Sander, Arthur Oakes, LeAnn Stitzel, Leslie Frisbie, Luann Matika, Jennifer Holman, Mary Anne Wright and Janine Partenio

1.04 Approval of Agenda

Moved: P. Toll Seconded: D. Schafer Vote: 5 Aye, 0 Nay

1.05 President welcomed guests

1.06 Courtesy of the Floor

None at the time

2. Curriculum/Building Issues

2.01 Curriculum/Building Informational Updates Not Requiring Board Action

None at the time

3. Policy

3.01 First Reading

J. Holman explained the revisions to these policies are through the Business Area. L. Frisbie said the changes made were to "clean-up" the language.

605 - Tax Levy

L. Frisbie stated the District no longer levies an Amusement Tax so it was removed from the policy.

606 - Tax Collection

L. Frisbie said the old tax compensation schedules were removed from the policy.

Policy 606-Delegation. P. Toll question if the tax software is a county or state-provided software and if the District has access to review tax records. L. Frisbie explained the tax software the District uses is purchased by the District through the Berks County Intermediate Unit (BCIU). She said all Districts in Lehigh County use this same tax software. Lehigh County sends BCIU the tax duplicate and interim files directly and the District is notified when the files have been uploaded into the tax software. She explained the District requires the tax collectors to use the software and provide a log-in, however the functions are limited within the software that the tax collectors can edit, as they can only print reports, post tax payments and update their contact info on the tax bill.

P. Toll asked L. Frisbie to explain what an audit confirmation format was and if tax collectors are audited. L. Frisbie explained tax collectors receive an audit confirmation in a format that Gorman specifies, in conjunction with the District's annual audit. She said the individual tax collectors are not audited, however the District would have the ability to have an audit performed if there was ever the thought of an issue. She said it is not common practice and does not believe the District has ever audited an individual tax collector in the past.

615 - Payroll Deductions

D. Schafer said he saw four more deductions were added to list; however, he questioned if a caveat statement could be added to stay in compliance with Federal Law, should a Supreme Court case be ruled to remove a deduction such as Association Dues. L. Frisbie said a disclaimer can be added.

P. Toll questioned if under authority, court ordered or wage attachments should be added to the list of deductions. L. Frisbie mentioned she could check on adding the wage attachments to Policy 615, however, she believed the District would need to comply if the wage attachment was court ordered.

625 - Procurement Cards

P. Toll noticed many procurement purchases were done through online purchases. He asked if something can be added to be sure purchases are being done through a secure link. L. Frisbie explained the procedures are lengthy and will check to see if that statement is already included. If it is not she would add it to the procedure.

3.02 Second Reading and Final Approval

J. Holman explained there had been no additional comments on this policy. She recommended policy [204.1 - Temporary Medical Excusal](#) be brought to the October 11, 2017 Board Meeting for Second Reading and Final Approval. The Board agreed.

3.03 Rescind Policies

None at the time

3.04 Policy Informational Updates Not Requiring Board Action

None at the time

4. Operations

4.01 HS Modernization Project Update

M. Sander reviewed the following completed work:

- Drop ceiling and hard ceilings are almost complete in phase 1a
- Epoxy flooring has been installed in corridors 701, 702, and 703.
- Gymnasium floor is receiving final coats of polyurethane finish.
- CMU walls are being installed for phase 2 rooms.
- CMU foundation walls for phase 1 addition are nearly complete.
- East side vestibules, sidewalks and retaining wall are nearing completion.
- Ductwork that serves phase 2 classrooms is being installed.
- Rooftop curbs for units that serve phase 1 addition are set.
- Infiltration basin B for phase 1 site work is nearly complete.
- Excavation and installation of poured in place footings for the new addition are nearly complete.
- Installation of new EPDM roof over 100 corridor is nearly complete.

W. Dellicker asked what the schedule was for the enclosure of the building. M. Sander said the steel is set to arrive in two weeks and then enclosure is to follow. He said it would be close to the end of November.

A. Oakes reviewed the following updated Change Orders/Allowances with the Board:

- Temporary enclosure around firm alarm panel
- Additional framing around E3 showers
- Crawl space tunnel infill
- Locker room wall tile elevation change
- hallway tile elevation change
- locker room bullnose tile
- Band room cmu wall support over crawl space
- Terracotta pipe replacement under bus loop in HS
- Back pitched existing storm pipe sections at Middle school
- Crawl space exhaust fan and duct work
- Spin room AHU relocation
- Classroom 505 outlet extensions
- Relocate south gym score board
- C703A firewall extension junction box relocation
- Spin room AHU power disconnect

A. Oakes stated the firewall pricing has not been finalized yet but it was well under control. Dr. Wright explained there were two pieces to the cost associated with it. She said there is the cost to enclose steel pipes and the cost to move the electrical and mechanical.

P. Toll asked if there was any duplication with the fireproofing. A. Oakes said in some areas, yes or combined mediums of material. He explained it depended on the area and the situation of the exposed area. W. Dellicker asked if the denied status was firm. A. Oakes said yes. He stated some pending statuses are due to the negotiation of price.

4.02 Operational Informational Updates Not Requiring Board Action

A. Oakes gave an update on a Phone issue which has been reported as an insurance claim. He said the phone system is antiquated and the electrical components are no longer supported. He believed there was a lightning strike on the system at the Transportation Department. He said the phones have a workaround in order to keep communication with transportation. He said special lines would be needed to upgrade to modern technology.

J. Holman said the telephone system was on the radar to be replaced soon with infrastructure planning. She said a portion would be covered by the insurance but not the entire cost. L. Frisbie explained the determination of lightning strike is important in order to see which policy the claim falls under. She said EHD has been very helpful to strategize and maximize the claim dollars.

D. Schafer asked how Weisenberg lines would be dealt with. A. Oakes said it would go through an Ethernet. J. Holman explained the T-1 line that connects the buildings is actually the biggest issue with both the Middle School and the maintenance building. She said the line is underground and a box is to be located to pull the lines through. A. Oakes said the box is located in the girls' softball field area. W. Dellicker asked if transportation's communication was adequate. A. Oakes said it was functional.

5. District Finances

5.01 2016-2017 Final Budget Variances

L. Frisbie reviewed the following information on the 2016-17 Budget Variances:

BUDGET VARIANCES				
	1617 Budget	1617 Actual	Budget Variance Over/(Under)	
Revenues				
Local	27,839,810	27,934,521	94,711	
State	12,581,615	12,746,699	165,084	
Federal	211,270	214,173	2,903	
	40,632,695	40,895,393	262,698	0.65%
Expenditures				
100	18,218,822	18,134,900	(83,922)	
200	10,539,701	10,012,196	(527,505)	
300	1,910,802	1,979,003	68,201	
400	693,530	617,340	(76,190)	
500	3,087,679	3,029,704	(57,975)	
600	1,728,413	2,039,096	310,683	
700	942,848	401,880	(540,968)	
800	1,571,554	1,147,406	(424,148)	
900	3,311,927	2,869,386	(442,541)	
	42,005,276	40,230,911	(1,774,365)	-4.22%
			(2,037,063)	-4.85%

FUND BALANCE IMPACT	
	1617 Actual
Fund Balance Impact	
Revenues	40,895,393
Expenditures	40,230,911
Projected Addition to FB	664,482

L. Frisbie stated the numbers will not change at this point in time and approval of the variances are not needed as they are only an update. She said an approval of committed fund balance categories would be coming at the October 11, 2017 Board Meeting. She stated only a portion of the \$2 Million variance has an actual effect on the fund balance and the variance total was less than 5% of budgeted expenditures. W. Dellicker gave a commendation to L. Frisbie for being so close to projected figures and being fiscally responsible and conservative for the District.

L. Frisbie explained how the infusion of West Hill's dollars has allowed the District the flexibility of not having to increase taxes. She said the overall market value has increased in the District.

	2016-17 Budget	2016-17 Actual	Over/(Under) Variance	% Budget
Local Revenues	27,839,810	27,934,521	94,711	
State Revenues	12,581,615	12,746,699	165,084	
Federal Revenues	211,270	214,173	2,903	
	40,632,695	40,895,393	262,698	0.65%

Local

Real Estate Taxes	(170,000)	
Interim RE Taxes	(101,000)	
Earned Income Tax (EIT)	38,000	
RE Transfer Tax	(24,000)	
Delinquent RE Tax	112,000	
Interest	77,000	
IDEA	17,000	
Donations	26,000	
Other Revenues	120,000	
Positive Net Variance	95,000	0.34%

State

Basic Education Funding	(116,000)	
Ready to Learn Grant	230,000	
Special Education	(49,000)	
Transportation	52,000	
Rental/Sinking Fund	87,000	
Retirement	(51,000)	
Other Revenues	12,000	
Negative Net Variance	165,000	1.31%

Federal

Negative Net Variance	3,000	1.42%
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Net Positive Budget Variances (+) \$263,000

	2016-17 Budgeted Expenditures	2016-17 Actual Expenditures	Over/(Under) Variance	% Budget
100 Salaries/Wages	18,218,822	18,134,900	(83,922)	
200 Benefits	10,539,701	10,012,196	(527,505)	
300 Contr Prof Svcs	1,910,802	1,979,003	68,201	
400 Purch Tech Svcs	693,530	617,340	(76,190)	
500 Other Purch Svcs	3,087,679	3,029,704	(57,975)	
600 Supplies	1,728,413	2,039,096	310,683	
700 Property	942,848	401,880	(540,968)	
800 Other	1,571,554	1,147,406	(424,148)	
900 Other Fin Uses	3,311,927	2,869,386	(442,541)	
	42,005,276	40,230,911	(1,774,365)	-4.22%

100 Salaries/Wages (-) \$83,922

Variance on administrative leaves	\$ 26,000 *
Variance on professional leaves/resignations/replacements	\$ (114,000)
Variance on opt-outs	\$ 39,000 *
Variance on professional substitutes	\$ 26,000
Variance on office wages	\$ 26,000
Variance on grounds and maintenance wages due to vacancy	\$ (41,000) *
Variance on driver wages	\$ (122,000)
Variance on custodial wages	\$ 61,000
Variance on instructional assistant wages	\$ 23,000
Other salaries variances	\$ 18,000
	<u>\$ (84,000)</u>

200 Benefits (-) \$527,505

Variance on healthcare on professional leaves/replacement	\$ (143,000)
Variance from additional opt-outs	\$ (209,000) *
Variance on dental expenses due to reduced claims	\$ (24,000)
Variance on FICA/PSERS due to reduced salaries/wages	\$ (134,000)
Variance on tuition reimbursement	\$ 24,000
Variance in unemployment costs	\$ (20,000)
Variance in other benefits for retiree payouts	\$ (27,000)
Other benefits variances	\$ 5,000
	<u>\$ (528,000)</u>

300 Contracted Professional Services (+) \$68,201

Variance on regular education services	\$ (54,000)
Special Education settlement	\$ 114,000 *
Variance on professional development	\$ (13,000)
Variance on legal costs	\$ 41,000
Variance on contracted custodial services	\$ (59,000) *
Variance on contracted trainer services	\$ (14,000)
Variance on safety/security	\$ 15,000
Other misc variances	\$ 38,000
	<u>\$ 68,000</u>

400 Purchased Technical Services (-) \$76,190

Reclassification of electricitiy to 6XX	\$ (169,000)
Variance on sewage estimates	\$ 18,000
Variance on operational repairs & maintenance	\$ 48,000
Variance on transportation repairs & maintenance	\$ 28,000
Variance on rental equipment	\$ 4,000
Other misc variances	\$ (5,000)
	<u>\$ (76,000)</u>

L. Frisbie noted a large variance from benefits with additional opt-outs of healthcare. She stated the shift in health plan offerings led to numerous opt-outs. W. Dellicker asked if there was any way to tell if it will stabilize. L. Frisbie said there had not been many new opt-outs in the last enrollment period, but some switching of plans. She said she believed the spike in opt-outs was only a one year impact.

500 Other Purchased Services (-) \$57,975

Increased utilization of contracted carrier	\$	68,000	*
Variance on increased utilization of IU transportation	\$	43,000	
Variance on enrollments in cyber/charter schools	\$	(45,000)	
Variance on tuition paid to other LEA's	\$	(36,000)	
Variances on telephone, email, & internet services due to erate	\$	(36,000)	
Variances in conference and travel reimbursements	\$	(16,000)	
Other misc variances	\$	(36,000)	
	\$	(58,000)	

600 Supplies (+) \$310,683

Reclassification of electricity from 4XX	\$	169,000	
Variance on utilization of electricity	\$	25,000	
Variance on buildings & grounds supplies	\$	21,000	
Variance on transportation supplies	\$	31,000	
Variance on athletic supplies	\$	33,000	
Variance on general supplies	\$	29,000	
Variance on curriculum textbooks/materials	\$	(185,000)	*
Variance on technology supplies	\$	(154,000)	
Reclassification of technology accounts 7XX	\$	355,000	
Other misc variances	\$	(13,000)	
	\$	311,000	

700 Property (-) \$540,968

Variance due to Foundation purchases	\$	(154,000)	
Variance due to buildings & grounds equipment purchases	\$	11,000	
Reclassification of technology accounts 6XX	\$	(355,000)	
Variance on technology infrastructure	\$	(40,000)	
Other misc variances	\$	(3,000)	
	\$	(541,000)	

800 Other (-) \$424,148

Planned variance for Emmaus Bond Pool rate stabilization fund	\$	(177,000)	*
Reclassification of debt repayments from 9XX	\$	253,000	
Variance due to Tax Rebate Program	\$	(100,000)	*
Budgetary Reserve	\$	(400,000)	*
	\$	(424,000)	

900 Other Financing Uses (-) \$442,541

Variance on curriculum purchases	\$	(150,000)	*
Variance due to payment of bond issuance costs	\$	118,000	*
Reclassification of debt repayments to 8XX	\$	(253,000)	
Variance in strategic planning expenditures	\$	(158,000)	
	\$	(443,000)	

NET POSTIVE BUDGET VARIANCE (+) \$1,774,571
Planned/Anticipated (+) \$956,000
Unplanned (+) \$819,000

* - Indicates Planned/Anticipated Variances

W. Dellicker asked if legal fees have settled in since Circle of Season's charter had been completed. L. Frisbie said there had been minimal correspondence, recently, with Circle of Seasons and the solicitor. Dr. Wright said she believes the legal fees were \$17,000 in 2016-2017, due to the Circle of Seasons Charter renewal.

L. Frisbie explained the history of the budget variance. She said she continued to use a consistent conservative budgeting strategy over the last three years as well as purposeful planning. She reminded the Board this was only a discussion item and did not require action.

5.02 Resolution to commit fund balance as of June 30, 2017

L. Frisbie stated, in June 2017, the board adopted a Resolution establishing the Committed Fund Balance categories. In accordance with GASB 54 the Board is required to adopt a resolution to establish the ending balance in each committed fund balance category as of June 30, 2017. She reviewed the following information with the Board:

Composition of Fund Balance	Balance June 30, 2016	Budget Use 2016-17	Addition/(Use) 2016-17	Appropriations 2017-18	Balance June 30, 2017
Nonspendable	\$299,475	\$0	(\$69,586)		\$229,889
Restricted	\$19,525	\$0	\$53,959		\$73,484
Committed	\$10,172,664	\$732,581	\$470,897	(\$706,000)	\$10,670,142
Assigned	\$5,421,609	(\$1,132,581)	\$245,000	\$1,370,887	\$5,904,915
Unassigned	\$2,070,423	\$400,000	(\$35,788)	(\$664,887)	\$1,769,748
Total Fund Balance	\$17,983,696	\$0	\$664,482	\$0	\$18,648,178
Unassigned Fund Balance	\$2,070,423				\$1,769,748
Total Budget	\$42,005,276				\$43,290,874
Unassigned- % of Budget	4.929%				4.088%

COMMITTED FUND BALANCE					
	Balance June 30, 2016	Budget Use 2016-17	Addition/(Use) 2016-17	Appropriations 2017-18	Balance June 30, 2017
Other Post Employment Benefits (OPEB)	\$3,138,082	\$92,537	(\$92,537)	(\$100,000)	3,038,082
Healthcare Stabilization	\$1,920,000	\$0	\$352,000	\$0	2,272,000
Retirement Stabilization (PSERS)	\$2,226,582	\$365,044	\$134,000	(\$376,000)	2,349,626
Emmaus Bond Pool Rate Stabilization	\$350,000	\$150,000	\$107,434	(\$150,000)	457,434
Millage Rate Stabilization	\$1,888,000	\$125,000	(\$30,000)	(\$30,000)	1,953,000
Energy Stabilization	\$650,000	\$0	\$0	(\$50,000)	600,000
	\$10,172,664	\$732,581	\$470,897	(\$706,000)	10,670,142

ASSIGNED FUND BALANCE					
	Balance June 30, 2016	Budget Use 2016-17	Addition/(Use) 2016-17	Appropriations 2017-18	Balance June 30, 2017
Technology	\$670,000	\$50,000	\$0	\$0	720,000
New Curriculum Textbook/Materials	\$1,413,000	\$100,000	\$335,000	(\$305,000)	1,543,000
Capital Projects	\$1,432,517	\$0	\$0	\$0	1,432,517
Buses	\$535,000	\$90,000	(\$90,000)	(\$102,000)	433,000
Budget Appropriations	\$1,371,092	(\$1,372,581)	\$0	\$1,777,887	1,776,398
	\$5,421,609	(\$1,132,581)	\$245,000	\$1,370,887	5,904,915

L. Frisbie recommended a change to add funds from the Healthcare Stabilization fund to Capital Projects. P. Toll questioned the Healthcare Stabilization line item. L. Frisbie explained the strategy is to maintain 3-5% increase within the consortium. She said there are sufficient funds as a safeguard and asked if the Board would like to add more than \$352,000. P. Toll questioned the funds needed for the Strategic Plan and High School Project. He said he would need to know what the plans are for next year. J. Holman explained the technology integration is covered by the Technology Budget but the infrastructure, phones or capital improvements is not covered. Dr. Wright said plans for infrastructure may not be decided until the 2018-2019 budget and can use committed/assigned funds for that. She said the administrative team will be looking at the Facilities Master Plan and will come back with a recommendation.

J. Holman stated the Database system has some funds in the Strategic Planning Fund. P. Toll stated most of it is already built in the budget. J. Holman said majority, except capital improvements, infrastructure and telephones. W. Dellicker questioned if the Board should only use \$352,000 for Capital Projects. L. Frisbie recommended \$352,000 plus \$500,000 from the Healthcare Stabilization Fund. She reminded the Board that Capital Project funds are different from Capital Reserve, and that Capital Reserve is very limited to what it can be used for

W. Dellicker asked about the Millage Rate Stabilization Fund. L. Frisbie explained it was established two years ago. W. Dellicker asked the Board if they would like to add \$852,000 to Capital Projects from the Healthcare Stabilization Fund. The Board agreed. L. Frisbie stated the adjustments would be made and the Resolution to Commit fund balances as of June 30, 2017 will be brought to the Board for the October 11, 2017 Board Meeting for action.

5.03 CLIU IDEA-B, Section 611 Use of Funds Agreement

L. Frisbie recommended the approval of the 2017-2018 Use of Funds Agreement- IDEA Part B, Section 611. She said this was a routine item where the District receives IDEA 611 funds as a pass through from the IU. She said the 2017-2018 allocation is \$350,046.34 and about \$10,000 less than last year's allocation. The Board agreed to move this to the October 11, 2017 Board Meeting for action.

5.04 CLIU IDEA-619 Use of Funds Agreement

L. Frisbie recommended the approval of the 2017-2018 Use of Funds Agreement- IDEA Part B, Section 619. She said this was also a routine item where the District receives IDEA 619 funds as a pass through from the IU as Preschool Grants that are used for Kindergarten. She said the 2017-2018 allocation is \$2,460 and about \$800 more than last year. The Board agreed to move this to the October 11, 2017 Board Meeting for action.

5.05 Tams Witmark Music Library Agreement

L. Frisbie recommended the approval of Agreement with Tams-Witmark Music Library, Inc, for the Middle School Production of Anything Goes (Young Performers' Edition) at the October 11, 2017 Board Meeting. The Board agreed to move this item to the October 11, 2017 Board Meeting for action.

5.06 Reports

1. Budget Report
2. Revenues Report
3. Treasurer's Report

Fund 10 General Fund with a beginning balance of \$22,046,651.71, receipts of \$17,248,999.36, and disbursements of \$3,493,562.14, leaving a balance of \$35,802,088.93.

Fund 22 Capital Reserve Fund with a beginning balance of \$2,185,080.41, receipts of \$1,110.44, disbursements of \$0.00, leaving a balance of \$2,186,190.85.

Fund 36 Capital Projects 17 Fund with a beginning balance of \$4,667,567.89, receipts of \$2,175.94, disbursements of \$797,537.09, leaving a balance of \$3,872,206.74.

Fund 50 Food Service Fund with a beginning balance of -\$1,921.26, receipts of \$18,045.57, disbursements of \$15,463.46, leaving a balance of \$660.85.

4. EIT Report
5. Activity Fund Report
6. Comparison of Prior Year to Current Year Budget to Actual Expenditures by Object Report

L. Frisbie explained the salaries and benefits look low because of the same scenario happening in August with rounding out the 10-month salaries that the Board saw on the July Reports. She also said the collection rate in the discount period was ahead 10% compared to the prior year. L. Frisbie recommended receiving the Reports for August at the October 11, 2017 Board Meeting. The Board agreed to move this item to the Board Meeting for action.

5.07 Financial Informational Updates Not Requiring Board Action

State Budget Update

L. Frisbie said the District received subsidy payments through September; however, October is unknown. She said the House did not have the votes to pass the budget and are back to the drawing board. She said the District is fortunate to have strong tax collections and, if need be, the District could break a CD with New Tripoli Bank if we do not receive State Funding and run into cash flow problems.

CD Update

L. Frisbie said a CD will be coming due in October and found a favorable rate of 1.55% with PLGIT. She said New Tripoli Bank would honor the same rate and is proposing to roll the \$1 Million CD into a 1-year CD with New Tripoli Bank.

Refinancing Update

L. Frisbie mentioned the market has not cooperated to hit the target for savings for the bond refinancing. She said the second borrowing will be discussed in January with Scott Shearer from PFM and looking for an early spring closing date.

Electricity Procurement Update

L. Frisbie explained the District was interested in participating with electric procurement through the consortium. She said the timeline was established and pricing is on the street. They are looking to finalize pricing mid-late October. She said there is no harm because if pricing is not favorable, the District is not committed.

6. Old Business

None at the time

7. New Business

7.01 Right to Know Request

Dr. Wright explained the District received a Right to Know Request from Simon Campbell. J. Holman explained it was received at the end of September and forwarded it to the Board. She stated there were affidavits given to each Board Member to fill out in regards to copies of emails from PSBA to Board Members' private emails. She said it is for 2 specific attachments that were sent by PSBA between September 12, 2017 and September 16, 2017. She requested the affidavits be returned no later than next Wednesday. She said it is due the 3rd week of October with the 30-day extension that was filed. She urged any Board Member who has any questions, to let her know.

Dr. Wright explained that PSBA has been provided with the Board Member's Northwestern Lehigh School District e-mails and all agency business has been normally done through those e-mails unless a change was requested. D. Schafer asked if S. Campbell has the right to access private information. Dr. Wright said if it is agency business that it is able to be a Right to Know request. She said the debate is whether the requested information is agency business or not, which will require legal review.

W. Dellicker asked if the affidavit was the District's initiative. J. Holman explained it was drafted through legal council. W. Dellicker wanted a copy to share with LCTI, as they are dealing with the same request. P. Toll asked if the affidavits will be released to him. J. Holman said only if there is an appeal. Dr. Wright said they could be requested through Right to Know, as well.

8. Communications

8.01 Courtesy of the Floor

None at the time

9. Adjournment

Upon motion by T. Hernandez, seconded by J. Casciano, the meeting was adjourned at 8:08 PM.

Respectfully submitted,

Todd Hernandez, Secretary
By J. Partenio, Assistant Secretary