

**Northwestern Lehigh School District
6493 Rt. 309, New Tripoli PA 18066
WORKSHOP MEETING
District Board Room
Wednesday, November 2, 2016, 6:30 PM**

1. Opening Procedures

1.01 Call to Order

The November 2, 2016 Workshop Meeting of the Northwestern Lehigh School District Board of Directors was called to order at 6:30 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

**AB	John Casciano	PF	Paul Fisher	PR	Charlene D. Rauscher, Esq.
PR	Willard Dellicker	PR	Todd Hernandez	PR	Darryl Schafer
AB	Joseph Fatzinger	**AB	Todd Leiser	AB	Phil Toll

** John Casciano & Todd Leiser arrived by 6:40 PM

Also Present:

Joseph Reiter, Ray Nemeth, Jarrod Emes, William Dovico, Andrea Madochick, Arthur Oakes, Luann Matika, Leslie Frisbie, Jennifer Holman, Mary Anne Wright and Janine Partenio

1.04 Approval of Agenda with the addition of item 7.02 added on Monday

Moved: P. Fisher Seconded: T. Hernandez 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

None at the time

3.02 Second Reading and Final Approval

J. Holman recommended moving the following policies for Second Reading and Final Approval at the November 16, 2016 Board Meeting:

247 - Hazing

707- Use of School Facilities

She stated that all changes discussed at the last Workshop Meeting were added to these policies. The Board was in agreement to move these policies to the November 16, 2016 Board Meeting for action.

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 Operational Informational Updates Not Requiring Board Action

Update on Food Service Procurement Process for 2017-18

A Madochick gave the background of Food Service and procurement. She stated the Greater Lehigh Valley Food Service Directors get together and perform competitive bids for food. She explained the USDA made changes to the procurement rules and there may be monetary consequences for non-compliance. She recommended going with an RFP for an experienced company to handle procurements. She stated there are three possible vendors in the area. L. Frisbie said because of the National Food Service Program that our District participates in, we must follow these federal guidelines. She said there is a robust manual that the District implemented and with compliance monitoring. She explained the RFP process would be similar to the electric RFP, where a sub-committee of local school district business managers and food service supervisors would be formed to create the RFP. She stated they are looking for a vendor and consulting fees would be a percentage of the total spend. She planned on interviews in early November and a contract for Board approval by January or February. P. Fisher asked if the District could ask for a fixed price. L. Frisbie said during the interview process the committee would try to negotiate the best price. P. Fisher asked if there was any projection on food savings. L. Frisbie said they are hoping for some savings through a more efficient bid. D. Schafer asked what would happen if they do not follow the rules. A. Madochick stated the USDA did not come up with any consequences but will have to monitor them closely. W. Dellicker asked if Circle of Seasons would fall under this guideline. L. Frisbie said no, because they do not utilize the National Food Service Program. T. Hernandez asked how much the federal funding is. A. Madochick said about \$130K in reimbursements plus extra funds which fluctuate according to free/reduced lunch, SAT and college applications.

Update on Custodial Services Contract

A. Oakes explained that Interstate Maintenance had a November 1st Start. He said the staff worked last evening along with District Staff. He stated there is a full staff now at Northwestern Elementary and waiting for more crew at Weisenberg. He said it looks very promising as they are very professional and outgoing. P. Fisher asked with the increased cost involved, if there is a projection yet on the total cost. A. Oakes said there are not figures yet due to the staffing numbers at the moment. P. Fisher stated that any future contract should have a performance bond.

Update on High School Modernization Project

A. Oakes explained the project is moving as scheduled. He said specs are being developed and they are picking furniture, walls and finishes. He mentioned Friday there will be a public meeting scheduled at 9:00 AM to discuss why the Driveway is a part of the project and also about the Auditorium seating options. He mentioned D'HUY is fully on board with reviewing specs and working on tentative draw schedules for payment.

5. District Finances

5.01 2015-16 Final Budget Variances

Discussion on 2015-16 Final Budget Variances

L. Frisbie reviewed the summary revenues. She stated the 2015-2016 budgeted revenues were \$39,599,749 and actual revenues were \$40,347,014. She explained there was a \$747,265 variance which meant we received more revenues than we anticipated in the budget process. She mentioned Local revenues had a positive variance of \$692,000. This variance was mainly due to a budgeting error for a building that was double counted, the West Hills property interim real estate, a real estate transfer tax for West Hills changing ownership and donations from the Foundation. She also stated there was a \$58,000 negative net variance in State Revenues and a \$2,000 negative net variance for Federal Revenues.

L. Frisbie reviewed the summary of expenditures for the 2015-2016 budget. She stated \$43,511,123 were budgeted and \$41,963,047 were expended. She said this left \$1,548,076 under budget. She explained this was because the District planned to spend more than was actually spent. Some planned/anticipated negative variances were for curriculum materials, ready to learn funds from the state budget impasse and variable rate debt for a total of \$890,000 of the total variance. She stated the unplanned negative variances were \$658,076.

L. Frisbie reviewed the line item expenditures below:

	2015-2016	2015-2016	Over/(Under)	%
	Budgeted Expenditures	Actual Expenditures	Variance	Budget
100 Salaries/Wages	17,158,645	17,304,725	146,080	
200 Benefits	9,518,562	9,302,001	(216,561)	
300 Contr Prof Svcs	1,962,246	1,988,422	26,176	
400 Purch Tech Svcs	867,495	733,848	(133,647)	
500 Other Purch Svcs	2,929,824	2,910,598	(19,226)	
600 Supplies	1,661,613	1,850,708	189,095	
700 Property	775,892	1,138,350	362,458	
800 Other	1,834,090	1,160,039	(674,051)	
900 Other Fin Uses	6,802,756	5,574,356	(1,228,400)	
	43,511,123	41,963,047	(1,548,076)	-3.56%

P. Fisher asked with the elimination of contracted snow removal under the 400 category, how are we offsetting costs for the employees to handle it in house. L. Frisbie explained it is with savings because the costs involved include rental of equipment and salaries but it is still a positive variance.

L. Frisbie explained the variance on increased utilization of IU transportation saying it is a subsidy deduct from the state for a portion of it. Dr. Wright said a modification cannot be made for the next year because this year's is actually for last year. P. Fisher asked why the current year is not used for market valuation. L. Frisbie said she does not know but there is a specific calculation that the IU waits on which makes it difficult to predict for budgeting purposes.

L. Frisbie reviewed the variances on utilization of heating oil, diesel fuel and gasoline under category 600. She stated the variance was in the utilization of gallons. D. Schafer asked if McClure will do a reevaluation based on the new design. A. Oakes said no, they are working on that area when the project is being done.

W. Dellicker asked why electric is budgeted in the 400 category. L. Frisbie explained the state dictates the account difference based on if it is HVAC or lighting between the 400 and 600 objects.

L. Frisbie explained to the Board the object details were included for additional information. The Board agreed to move this item to the November 16, 2016 Board Meeting for action.

5.02 Resolution to commit fund balance as of June 30, 2016

L. Frisbie reviewed the document below saying the activity during the year, as well as categories and ending balances for Committed Fund Balance, must be Board approved according to GASB:

NORTHWESTERN LEHIGH SCHOOL DISTRICT FUND BALANCE AS OF JUNE 30, 2016 NOVEMBER 2016

Composition of Fund Balance	Balance June 30, 2015	2015-16 Change	2016-17 Appropriations	Balance June 30, 2016
Nonspendable	\$80,213	\$219,262	\$0	\$299,475
Restricted	\$17,954	\$1,571	\$0	\$19,525
Committed	\$10,772,245	\$133,000	(\$732,581)	\$10,172,664
Assigned	\$7,340,935	(\$3,051,907)	\$1,132,581	\$5,421,609
Unassigned	\$1,388,384	\$1,082,039	(\$400,000)	\$2,070,423
Total Fund Balance	\$19,599,731	(\$1,616,035)	\$0	\$17,983,696
Unassigned Fund Balance	\$1,388,384			\$2,070,423
Total Budget	\$43,511,123			\$42,005,276
Unassigned- % of Budget	3.191%			4.929%

COMMITTED FUND BALANCE				
	Balance June 30, 2015	2015-16 Change	2016-17 Appropriations	Balance June 30, 2016
Other Post Employment Benefits (OPEB)	\$3,230,619		(\$92,537)	3,138,082
Healthcare Stabilization	\$1,920,000	\$0	\$0	1,920,000
Retirement Stabilization (PSERS)	\$2,533,626	\$58,000	(\$365,044)	2,226,582
Emmaus Bond Pool Rate Stabilization	\$500,000	\$0	(\$150,000)	350,000
Millage Rate Stabilization	\$2,013,000		(\$125,000)	1,888,000
Energy Stabilization	\$575,000	\$75,000	\$0	650,000
	\$10,772,245	\$133,000	(\$732,581)	10,172,664

ASSIGNED FUND BALANCE				
	Balance June 30, 2015	2015-16 Change	2016-17 Appropriations	Balance June 30, 2016
Technology	\$720,000	\$0	(\$50,000)	670,000
New Curriculum Textbook/Materials	\$1,373,000	\$140,000	(\$100,000)	1,413,000
Capital Projects	\$820,517	\$612,000	\$0	1,432,517
Buses	\$575,000	\$50,000	(\$90,000)	535,000
Budget Appropriations	\$3,852,418	(\$3,853,907)	\$1,372,581	1,371,092
	\$7,340,935	(\$3,051,907)	\$1,132,581	\$5,421,609

P. Fisher stated that the Healthcare stabilization fund has not been used and it may be beneficial to look into moving some of those funds to PSERS in the future.

W. Dellicker asked if the PSERS projection has been updated. L. Frisbie said it is updated annually. She believed the rate will spike during the next few years and the funds will be used through the 2019-2020 school year. Dr. Wright said usage is assuming the budget comes in on revenues and expenditures. L. Frisbie explained the PSERS rate is currently 30.03% with 28% funded through millage and the difference is funded through fund balance. She said the PSERS rate increases to 34.2%, hovers around 33.5% and then comes back down. P. Fisher said he does not think the funds will last to 2019-2020. He recommended seeing what the projection is on OPEB and the Healthcare Stabilization.

L. Frisbie said planned funding for capital projects is \$820K and is a variable in the financing discussion of the project as a whole. She explained the Board must take action on committed funds and while some categories must stay, the balances may vary. P. Fisher asked to look at capital projects and savings with the refinance and maybe put some of that into PSERS. Dr. Wright stated that L. Frisbie did her due diligence and originally had it set up that way. L. Frisbie said she would suggest leaving \$612K for Capital Projects and reallocating the Healthcare Stabilization funds to PSERS. She urged the Board to keep in mind there will be a bond rating call during the spring. Dr. Wright believes the District must get to a point where it is budgeting the amount for the PSERS rate. P. Fisher asked if any funds were used. L. Frisbie stated 2015-2016 was the first time some was used. P. Fisher said sometimes having that fund balance has a negative effect, but it is good to have a plan in place. L. Frisbie explained OPEB and Capital Projects could have been transferred, but the Board did not want to lose control of those funds. P. Fisher recommended the interest gained should go back into specialized funds and not into general operating funds. He also did not agree with putting funds into a trust and losing control of those funds. L. Frisbie said she will fix the error in the Resolution for the November 16, 2016 Board Meeting. The Board was in agreement to move this item to the November 16, 2016 Board Meeting for action.

5.03 Music Theater International Agreement

L. Frisbie recommended the approval of Agreement with Musical Theatre International, New York, NY, for the Middle School Production of Peter Pan, Jr. in the amount of \$685.00. She stated this was a routine item for rights to the musical. The Board was in agreement to move this item to the November 16, 2016 Board Meeting for action.

5.04 Wright & Reihner PC, Attorney at Law

L. Frisbie recommended the approval of the agreement for legal services as a hearing officer on an as needed basis. She stated the fee structure needed to be Board approved. The Board was in agreement to move this item to the November 16, 2016 Board Meeting for action.

5.05 Reports

L. Frisbie recommended receiving the following Reports for September Recommendation to receive the reports listed below on November 16, 2016.

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

Fund 10 General Fund with a beginning balance of \$32,083,678.87, receipts of \$6,932,245.93, and disbursements of \$4,993,301.53, leaving a balance of \$34,022,623.27.

Fund 22 Capital Reserve Fund with a beginning balance of \$2,090,194.28, receipts of \$942.97, disbursements of \$4,450.00, leaving a balance of \$2,086,687.25.

Fund 50 Food Service Fund with a beginning balance of \$673.45, receipts of \$90,312.55, disbursements of \$91,487.41, leaving a balance of -\$501.41.

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 real estate tax collection is \$700,000 ahead from the prior year. She said it is currently at 87.7% compared to 84.9% in the prior year. She explained that she is not sure if it is a new trend and will keep an eye on it. The Board was in agreement to move this item to the November 16, 2016 Board Meeting for receipt.

5.06 Financial Informational Updates Not Requiring Board Action

Update on tax collector compensation for next term

L. Frisbie explained that Tax Collector primary elections will be coming up in May 2017 and a compensation rate needs to be approved for the four year term. She said she is meeting with the tax collectors and would like to see that our District is comparable to other districts in the area. She stated she will be making a recommendation to the Board for approval at the January Board Meeting.

6. Old Business

None at the time

7. New Business

7.01 Board Meeting Calendar

Dr. Wright proposed having meetings following the same structure as this year. She explained that the October Board Meeting is moved up due to the PSBA Conference and the May/June time frame did not need to an adjustment for the 30 days for the budget in this year coming.

Dr. Wright stated the Board usually attends a meeting at LCTI in October. She recommended a spring visit in March or April. P. Fisher believed it has been very valuable to attend LCTI. Dr. Wright explained March or April would allow the Board not to miss out on the current seniors for this year. She said if March or April are not available then we can schedule for October. The Board was in agreement to move this item to the November 16, 2016 Board Meeting for action.

7.02 LCTI Debt Resolution

L. Frisbie recommended approving the Resolution of the Joint Board Lehigh Career and Technical Institute for refunding program and capital improvements for 1. The refinancing and restructuring of the State Public School Building Authority's Lehigh Career and Technical Institute Revenue Bonds, Series of 2007; 2. The financing of certain capital improvements to LCTI's facilities; and 3. The cost of issuance and the execution of all necessary documents for the Refunding Program and the Capital Improvements. She explained this resolution gives LCTI the authorization to move forward with these items. She said each member has a form to fill out with their vote in November or December's Reorganization Meeting. Dr. Wright said this does not increase or decrease the debt service payment that the District is currently obligated to pay to LCTI. P. Fisher asked what the ratio of the new dollars are versus the refinance. L. Frisbie explained it is \$6M new and \$38M refinance. She stated the Districts debt contribution is based off of market value. W. Dellicker asked if a roll call vote is needed. Dr. Wright said she believed so. D. Schafer said the forms do not have a spot for members that are not in attendance. Dr. Wright said she would check with LCTI for the voting details. L. Frisbie said that LCTI's borrowing and refinancing has no bearing on Northwestern Lehigh School Districts' borrowing capacity. The Board was in agreement to move this item to the November 16, 2016 Board Meeting for action.

8. Communications

8.01 Courtesy of the Floor

R. Nemeth stated PSERS is at 30.03% and set to go to 33%; however, their original projection was 24%. He said they haven't been able to get their return and the percentages keep increasing. He said the stock market determines the rates. He urged the District to be prepared for higher PSERS rates.

J. Reiter stated the middle class of Lehigh Valley dropped from 60.7% to 55.7%.

9. Adjournment

Upon motion by P. Fisher, seconded by T. Hernandez, the meeting was adjourned at 8:18 PM.

Respectfully submitted,

Todd Hernandez, Secretary

By J. Partenio, Recording Secretary