

# Plum Borough School District Finance Committee Meeting Minutes March 2013

**MEETING DATE:** Tuesday, March 19, 2013

**LOCATION:** Senior High School Cafeteria Conference Room

Committee Chairperson: Mr. Kevin Dowdell

Committee Members: Mr. Richard Zucco and Mr. John St. Ledger

Committee Administrative Representative: Mr. Eugene Marraccini, Director of Business Affairs

**I. Call Meeting To Order:** Mr. Zucco called meeting to order at 6:03 PM

**II. In Attendance:** Mr. Zucco, Mr. St. Ledger and Mr. Dowdell, Committee Members  
Mr. Drake, Mr. Colella, and Mrs. White, Board Members  
Mr. Marraccini, Dr. Glasspool, Dr. Rossi, Mr. Brewer, Central Administration  
Mr. Price, Solicitor, Andrews & Price LLC

**III. Citizens Comments:**

A. On agenda items: None

B. On non-agenda items:

1. Michele Zanotelli, 1320 Saltsburg Road, Plum Borough, PA questioned why the Board would consider eliminating Kindergarten; inquired about test score; why does the District need Assistant Administrators; where does all the money go; commented that sport programs are not really classes; why the District keeps stupid classes and cut Home Economics at the Junior High School; the Board should give the transportation employees a \$.25 per hour increase and settle the contract instead of outsourcing.
2. Travis Jenkins, 9<sup>th</sup> grader commented why Art classes should not be eliminated.

**IV. Invited Guests:**

1. Mr. Joe Muscatello of Boenning & Scattergood, the district's investment bank for bonds did not attend the meeting but emailed Mr. Marraccini and asked him to communicate to the Committee and Board Members regarding the potential savings that will generated from the May refinancing of outstanding bonds. Joe indicated last month the potential savings dropped from the \$6 million to the \$5 million range. In the past week, the bond market has continued to slide downwards due to the strong performance of stocks. Joe estimated the potential savings at this time has dropped by about \$200,000.

Joe also indicated the earliest the outstanding bonds could be refinanced and sold is May 23, 2013 and suggest starting the preparation of documents in April and submitting for a bond rating and insurance in late April. Additionally, he suggested the District could pass a "Not-To-Exceed"

resolution which targets the District's desired savings, similar as the one passed for the last refinancing.

Mr. Drake suggested that the District should consider waiting to refinance until such time as the potential savings recovers. Mrs. White asked if these funds could be used for the General Fund Budget – Fund 10. Mr. Marraccini stated the funds could only be used for capital improvements, purchase of buses or reduction of debt service, but not for general operational expenditures.

Mr. Muscatello and Mr. Pastel will attend the Special Finance Meeting on April 2, 2013 to address any concerns.

#### **V. Agenda Action Items:**

1. **Treasurer's Report:** The February 2013 report was sent to board members electronically prior to the meeting for their review. Committee reviewed the report.

***Committee Recommendation:*** Move to Public Agenda

2. **Budget Transfers:** Board reviewed and discussed March's Budgetary Transfers.

***Committee Recommendation:*** Move to Public Agenda

*Note: Committee asked that Central Administration explore the allowable possibilities for use of the Post-War Capital Improvement Fund for various future capital projects.*

3. **Recommend approval of two (2) Equitable Energy (EQT) Natural Gas Agreements Number ERC 16302 and ERC 16304, effective April 1, 2013 for District's buildings.** Administration and Eric Ryan Corporation, the district's energy consultants, recommended switching from HESS Corp. for the Regency Park and Center Elementary buildings and accept lowering price for the remaining district buildings from EQT, effective April 1, 2013 and ending May 31, 2016. This is not an extension of the existing agreement. It is estimated that the district will save approximately \$5,500.00 per year in natural gas utility costs, based on current utilization.

***Committee Recommendation:*** Move to Public Agenda

4. **Recommend approval of the Allegheny County Intermediate Unit #3 (AIU) Program of Services (POS) 2013-14 Budget.** The AIU provided Dr. Glasspool with copies of the proposed 2013-14 Program of Services for the Board's review today (3/19/13). The budget has revenues and expenditures set at \$3,809,028, which represents an increase of \$1,625 over the 2012-13 budget. Mr. Colella asked that the Board be afforded time to review the budget before committing to approving or rejecting it.

***Committee Recommendation:*** Move to Public Agenda subject to vote at that time.

5. **Recommend acceptance of the donation of one Kimball Baby Grand Piano from Mrs. Jeannette Dorazio, 1616 Harvest Hill Drive, Plum Borough, PA.** The piano will be used by the Choral Department at the HS.

#### **VI. Informational Discussion Items:**

1. **Discuss Real Estate Tax Collector's Report for the months of February 2013.** Mr. Schlegel's report for the month of February 2013 was presented and reviewed. The report indicates that \$25,381,665/77 or 95.3% of the current fiscal year budgeted taxes have been collected.
2. **Discuss Current and Delinquent EIT and LST tax collections.**
  - A. **Discuss the Keystone Collection Group's Earned Income Tax Collections Report for February 2013 and 2013 YTD.** The report shows that Keystone collected \$360,997.18 for February and \$585,489.73 for calendar year 2013 to date. Mr. Marraccini indicated that Keystone is on pace to collect approximately \$3,500,000 plus for fiscal year 2012-13, whereas \$3,200,000 was budgeted. Mr. Marraccini indicated that it appears possible to increase the 2013-14 current EIT collections from \$3,250,000 to \$3,500,000 or by \$250,000. If possible, this will be done in the upcoming budget updates.
  - B. **Discuss Plum Borough Earned Income Tax Collector's Reports prepared by Mrs. Pedrosky for the month of February 2013.** Note: Mrs. Pedrosky collects delinquent EIT (prior to 12/31/11) and current Local Service Taxes (LST). She collected \$21,455 thru the end of February 2013. Mr. Marraccini noted we pay a fee of 1.59% of collections to the Borough and nothing towards the departmental cost as in the past. Her report also showed that outstanding delinquent EIT 's total \$929,554.35 and that she manages 948 payment plans / wage attachments for delinquent individuals totaling potential collections of \$438,412.96. Calendar YTD LTS collections are \$8,587.
3. **Discuss Monthly Revenues and Expenditures Comparison Graphs for the month of February 2013.** The Committee received financial data and graphs comparing 2012-13 YTD revenues and expenditures to prior years. The graphs showed that the 2012-13 YTD revenues collected and expenditures are greater than the prior year.
4. **Discuss 2013-14 Budget Update.** The Committee was provided with an updated electronic copy of the Preliminary 2013-14 budget. The report was in a format listing expenditures by Object Codes as directed by the Board. The Committee reviewed the budget line-by-line, which changes from the prior year noted. Mr. Dowdell suggested a budget meeting be held soon to explore ideas of reducing the \$3.3 million shortfall (expenditures over revenues). That meeting will be held on April 2, 2013 at the Oblock Jr. HS auditorium. Mr. Zucco suggested that the district consider additional borrowings for the purpose of addressing roof issues and proposal for the High School Complex and Regency which are excess of \$
5. **Discuss Non-Bargaining Substitute Rates for 2013-14.** The Committee was presented with a matrix showing the historical substitute and recommended 2013-14 rates. Increases of \$1.00 per hour were recommended for Substitute Food Service Workers, Substitute Paraprofessionals and a \$10.00 per day increase for day-to-day teacher substitutes (\$90.00 to \$100.00 per day or to \$12.90 per hour.) Mrs. White asked if this would generate an increase in the fee that Kelly Services charged and the answer was "Yes" since the mark-up the rate the District pays by 36% to cover their overhead and profit. The Committee's recommendation was to place this item on hold as Mr. Brewer consults with Kelly Services regarding the possibility of a flat fee vs. a percentage for their

services. Mr. Colella commented that Kelly Services is proven to be a great cost avoidance because of the PSERS rates and updating Affordable Care Act mandates for anyone that works over 30 hours per week.

- 6. Sequester effects on Build America Bonds (BAB) and the Plum Borough School District.** Mr. Marraccini shared information from Mr. Pastel, the Bond Council which indicates the District's reimbursement on the BAB's will be reduced by -8.7% and other Federal Programs subsidies for Title I and Title II will be cut by -10%.

**VII. New Business Roundtable.**

1. The Committee requested a copy of the AFR submitted to PDE by Mr. Mertz, the auditor for the fiscal year ended June 30, 2012.

- VIII. Next scheduled Finance Committee Meeting:** April 2, 2013 at Oblock and April 23, 2013 at the PHS Cafeteria Conference Room.

- IX. Motion to adjourn:** 8:41 PM

Minutes prepared by:  
**Eugene J. Marraccini**  
**Director of Business Affairs**