

**Plum Borough School District
Finance Committee Meeting Minutes
April 2013**

MEETING DATE: Tuesday, April 23, 2013

LOCATION: Oblock Jr. HS Auditorium

I. Call Meeting To Order. Mr. Dowdell, Committee Chair called the meeting to order at 6:05 PM

In Attendance: Mr. Dowdell, Mr. Zucco and Mr. St. Ledger; Committee Members
Mr. Drake, Mr. Colella, Mr. Tommarello, Mr. McGough, and Mrs. White; Board Members
Mr. Marraccini, Dr. Glasspool, Dr. Rossi, Mr. Brewer; Administrative Representatives
Mr. Price, Solicitor

II. Citizens Comments:

A. **On agenda items:** Twenty-three students and parents commented on the possible elimination of programs at Boyce Campus Middle College (BCMC) program in the 2013-14 Preliminary General Fund budget for the District. Many indicated this is alternative educational program that provides students that can't function in the traditional high school setting. Many students indicated that if Plum doesn't provide the BCMC next year, they will go to Cyber/Charter schools, which they predict would cost the District more money. Some speak of not cutting programs, but being more creative and to consult with PTA's for ideas. Additional comments were made in support of not eliminating the Family Consumer & Science (FC&C) at the High School is going to be cut (based on rumors circulating) and that this program teaches students valuable life skills. One citizen commented that the District will get a \$600,000 windfall from the current countywide reassessment – Fact is that there is anti-windfall legislation that prevents districts from gaining windfall revenues, thus making the reassessment of current property, excluding new properties and additions illegal.

B. **On non-agenda items:** None

III. Invited Guests:

1. Mr. Ed Mertz of Hosack, Specht, Muetzel & Woods LLP, the District's Independent Auditors, will reviewed the highlights of 2011-12 Financial Report and the Management Letter. He indicated the ending fund balance was \$3,370,500 and noted \$2,500,000 was transferred from the General Fund to create the Post War Capital Reserve Fund. He indicated the District has a long standing issue with the recording and disposition of capital items and that this matter will be addressed by the District placing barcode tags on assets. He offered to take telephone calls from anyone interested in speaking with him about the report for further clarifications on anything contained in the report. Additionally, Mr. Mertz indicated that this was the final year of their engagement and was interested in being retained for future audits.
2. Mr. Cliff Pastel of Eckert, Seamans, the District's Bond Counsel, discussed the upcoming refinancing and additional borrowings for the New Holiday Park Elementary Project. He indicated

it is imperative for the Board members to decide on the amount of savings from the financing they would approve and the amount of additional borrowing needed to complete all capital projects. He provided the Resolution that will be voted upon on April 30, 2013. If approved, the bonds would be sold mid-May and the closing would be on about June 23, 2013. The estimated savings for the refinancing of outstanding bonds is estimated to net the District \$5,178,000, based on current market conditions. Mr. Muscatello, the District's investment banker was unable to attend due a scheduling conflict. However, Mr. Muscatello forwarded debt schedule options for new borrowing for distribution to the Board that showed the cost to borrow an extra \$3, \$4 or \$5 million. This would be in addition to the savings generated from the refinancing. Mr. Muscatello will attend the April 30, 2013 Public Board Meeting.

IV. Agenda Action Items:

1. **Recommend approve of the Treasurer's Report for the month of March 2013.** Report was sent electronically to the board members prior to the meeting for their review.

Committee Recommendation: Move to Public Agenda

2. **Recommend approve Budgetary Transfers for the month of April 2013.** Budget transfers for the month of April were sent to the Board prior to the meeting for their review. Mrs. White had questions regarding the amount of transfer to the accounts for substitute services, namely Kelly Services. She indicated she is not in favor of this service and requested historical data regarding the number of hours teacher substitutes worked. Mr. Marraccini indicated the account description for the substitute transfer need correction and would send it out the next day. (Board members received the corrected list on Wednesday).

Committee Recommendation: Move to Public Agenda

3. **Recommend approval for the creation of a new activity club to be named "Running Mustangs Elementary District Running Program".** It has noted this newly formed program has approximately 149 participants at this time. The new activity account is needed to deposit the fees charged and to pay expenditures (cost for t-shirts and water bottles) for the club's participants. This sponsor will be Mr. Jay Marston (unpaid sponsor).

Committee Recommendation: Move to Public Agenda

4. **Recommend approval of approve of proposal from Hawley Consulting Group for the GASB 45 OPEB valuation.** This report is mandatory for the annual financial report. Mr. Hawley's proposal is in the amount of \$6,500 (same as two previous proposals). The proposal covers the fiscal years of 2012-13 and 2013-14.

Committee Recommendation: Move to Public Agenda

5. **Recommend approval to solicit bids for emergency repairs to exterior sewer line on the Old Pivik site.** It was recently discovered the exterior sewer line for the Old Pivik and the New Pivik schools located behind the Old Pivik Building is damaged and backing up. Administration is seeking permission

to solicit three quotations for the repairs and for the submission of appropriate documentation to PDE for emergency repairs approval. Due to current condition of the aged sewer line, back-up is likely when both the Old Pivik and the New Pivik are operational for the 2013-14 school year and would be sharing the damaged sewer line.

Committee Recommendation: Move to Public Agenda

6. Administration is recommending authorization to close the GOB 2001-02 GOB Account (Fund 24) checking account. The account balance is zero (\$0) and is no longer necessary.

Committee Recommendation: Move to Public Agenda

V. Informational Discussion Items:

1. Discuss Current Real Estate Tax Collector's Report for the months of March 2013. Mr. Schlegel presented his report for the Month of March 2013. To date, \$25,398,440 or 95.4% of the collectable amounts has been collected.

2. Discuss Current EIT and Delinquent EIT and LST tax collections for March 2013. The Committee reviewed the following reports.

A. Keystone Collections Group - Current Earned Income Tax (EIT) collections report the month of March 2013. Mr. Marraccini indicated that this period's collection will be a good indicator to use to project if EIT collections for 2013-14 should be increased because this the time when self-employed and other taxpayer's file their final returns for 2012.

B. Plum Borough Delinquent Earned Income Tax/LST Collector's Report for the month of March 2013. It was noted Mrs. Pedrosky collects only the delinquent EIT and the current LST tax. Future delinquent EIT's will be collected by Keystone Collections Group, as mandated by Act 32.

3. Discuss Monthly Revenues and Expenditures Comparison Graphs for the month of March 2013. Revenue and Expenditure YTD information was provided and prior year collections for comparison purposes.

4. Discuss Substitute Rates for 2013-14. Annually, the Board sets or adjusts the daily rate for substitute teachers and hourly rates for other substitutes and non-bargaining unit employees such as the day time security personnel. Mr. Marraccini noted it was necessary to lower the hourly rates of substitute bus drivers and bus aides, due to the fact the hourly rates of union drivers and bus aides was lowered under the bargaining unit agreement recently ratified.

During the discussion of substitute rates, Mrs. White commented that Kelly Services charge for providing substitutes was too high and would be less expensive if performed in-house by district employees. Board members and Solicitor indicated by subbing out this service, the District avoids PSERS pension contribution and other related taxes. Discussion on this matter will continue over the summer months with Kelly Services.

5. Discuss updated 2013-14 Draft of the Preliminary General Fund Budget as of April 23, 2013. An electronic copy was sent to Board Members on Friday, April 19, 2013 for their review. Mr. Marraccini explained the changes from the March 19, 2013 report which were mainly decreases in Student Transportation department union personnel wages and related taxes, teachers staffing

through attrition and furloughs and related taxes, elimination of the BCMC program, purchasing of buses and capital equipment in Technology from fund 10, which will be purchased from the Post War Capital Reserve Fund next year. The total reduction from 3/19/13 to present is (\$1,130,382) or about (2%). After contributing a total of \$1,018,750 from Budgetary Reserve Fund (\$500,000) and from the Post War Capital Reserve Fund (\$518,750) for the purchase of capital items in 13-14, the District still has a shortfall estimated shortfall in the budget of (\$993,053) to date.

Mr. Drake indicated the Board and Administration will continue to reviewing cost savings ideas up to the passage of the Final Preliminary Budget General Fund Budget scheduled for May 21, 2013.

6. **Discuss Cash Flow Analysis for past three years.** At the Special Finance Committee Meeting held on April 2, 2013, Mr. Zucco requested Mr. Marraccini to provide historical General Fund 10 cash flow analysis to insure enough cash would be available for the months of July, August and September 2013. To this end, Mr. Marraccini provided the board members with a matrix reflecting the monthly revenue and expenditure activity and month end balances. The data indicated that sufficient funds will be available during the summer months.

VI. New Business Round Table Discussion:

1. Mr. Drake indicated a board and he met with the teachers to see if there are any cost savings ideas for the 2013-14 budget.
2. Dr. Glasspool stated that Gateway and Penn Hills School Districts have the BCMC funding in their budgets and that the liability exposure for 17 BCMC students attending Cyber/Charter schools in 2013-14 is \$157,590.
3. It was announced the Board would be meeting in Executive Session after the meeting to discuss matter of personnel and other executive items.

VII. Motion to adjourn: The meeting adjourned at 8:50 PM.

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