

Plum Borough School District Finance Committee Meeting Minutes January 2013

MEETING DATE: Tuesday, January 22, 2013

LOCATION: Senior High School Cafeteria Conference Room

I. Call Meeting To Order. Mr. Zucco at 6:10 PM.

II. In Attendance: Mr. Zucco, Committee Member
Mr. Drake, Mr. Colella, and Mrs. White, Board Members
Mr. Marraccini, Dr. Glasspool, Dr. Rossi, Mr. Brewer, Administrative Representatives

III. Citizens Comments:

A. On agenda items: None

B. On non-agenda items: Mr. Ken Westrick of Greendale Drive asked how the estimated savings for closing Holiday Park would save the District an estimated \$635,000 per year in operating costs. Dr. Glasspool asked to Mr. Marraccini how the estimate was established. Mr. Marraccini indicated it was arrived from the historical building costs for utilities, repairs, snow removal, grass cutting, estimated personnel cost and benefit reductions as well as pre-determined renovation and financing costs. Mr. Westrick asked what's the plan for the existing Holiday Park Elementary School and the Board members indicated the plan is to tear it down.

IV. Invited Guests:

1. Mr. Joe Muscatello of Boenning & Scattergood and Mr. Clifford Pastel of Eckert Seamans updated the Board and Administration on the May's anticipated bonds refinancing and the Underwriting Engagement Letter. They answered questions related to allowable spending of the Series of 2010 bond issue funds for other capital expenditures. Mr. Pastel confirmed that the language in the bonds permits capital spending for other school buildings, but would not include maintenance costs.

Mr. Muscatello stated that the PlanCon Part K for the Series of 2006 that is on the agenda for approval is necessary to inform the State that those bonds were refinanced and are now known as the Series B of 2012 bonds and the State's estimated recapture is approximately \$150,000, which would be repaid by reducing the reimbursement subsidies over the remaining life of the issue.

Mr. Muscatello addressed the anticipated upcoming refinancing for eligible outstanding bonds which is estimated to generate a savings to the district of approximately \$6,600,000, with approximately \$1,100,000 going back to the State. The plan is to refinance in May and close on June 16, 2013. The proceeds are planned to be used for the A. Stevenson (Holiday Park) Elementary renovations.

Mr. Colella suggested and the Board concurred to purchase new computer for the new renovation project from the bond proceeds versus using general fund (fund 10) from the 2013-14 budget. This would free up about \$400,000 in the 2013-14 Preliminary General Fund Budget.

Mr. Pastel added that he prepared a Resolution that would need to be approved at the January 29, 2013 Public Board Meeting authorizing Mr. Muscatello and Mr. Pastel to move forward with the May refinancing documents.

Mr. Drake signed the Underwriter Engagement Letter pursuant to MSRB Rule G-17 for the GOB, Series of 2013. Public Board action is not required.

2. Mr. Harry Schlegel, current elected Real Estate & Per Capita Tax Collector for the District and Borough, asked to address the Board regarding two issues as follows:

- A. Tax Collector's Compensation for the 2014-2018 term. The law requires taxing bodies to set the compensation plan for the upcoming elections in advance of the election so that it is set for the newly reelected or elected candidate. Mr. Schlegel presented a letter addressing this matter in advance to the Board for their review. He stated that there hasn't an increase in the compensation formula since 2000. The compensation has increase due to the fact that has been new real estate and per capita tax added over the years. He indicated that he has records for taxes paid going back to 1924. He indicated he solely owns the data base and computer software and hardware used to perform the functions required of the office and that when he goes, they go with him, unless the newly elected tax collector purchases them.

Mr. Schlegel's base salary is \$25,000, plus a stipend for each and every real estate and per capita tax account which brought his 2011-12 compensation to \$51,597. In addition, the district was mandated to contribute 7.65% of that amount in Social Security taxes amounting to \$4,590 for a total of \$64,590 in total salary and payroll tax costs. Mr. Schlegel emphasized he pays all of the cost for his assistant, furniture, software, computer purchases and repairs, supplies, etc. He is reimbursed for postage and printing costs. Recently the Borough agreed to provide free office space in lieu of a compensation increase. His previous rent cost was \$7,200 per year. Mr. Schlegel requested the base compensation for the position, whether it's he or a newly elected tax collector be increased by \$20,000 to \$45,000.

Mr. Drake stated that at the recent Intergovernmental Meeting with Borough Officials, they discussed adding language to the Resolutions to pay directly towards the cost of computers and software (up to \$3,000) to insure the ownership of the items would be with the Borough and District collectively and not with the tax collector. Mr. Schlegel indicated that he would not favor that recommendation.

Committee Recommendation – Move the Resolution to the Public Meeting with the requested increase and the \$3,000 reimbursement language included for full Board vote.

IV. Agenda Action Items:

- 1. Treasurer's Report:** The report was sent to board members electronically prior to the meeting for their review. Mr. Zucco questioned why former employees were given checks and Mr. Marraccini explained these payments were for the 19 employees receiving Early Retirement Incentive Payments of \$1,000 for 36 months.

Committee Recommendation: Move to Public Agenda

- 2. Budget Transfers:** Board reviewed and discussed January's Budgetary Transfers. Mr. Marraccini indicated that Regency Park Elementary submitted its request for budget transfers after they were sent to the Committee and Board on Friday. Committee asked for more details regarding the transfers and request for additional iPads. The late transfer request will not be on the budgetary transfer list this month.

Committee Recommendation: Move to Public Agenda

- 3. Exoneration of Mr. Harry Schlegel, Real Estate & Per Capita Tax Collector, for the collection of the 2012 real estate taxes in the amount of \$1,199,071.04 and acknowledgement of receipt of the real estate delinquent taxes list for Andrews & Price (CD).** Mr. Schlegel's exoneration letter was presented to the Committee for review and approval. Mr. Schlegel reported he collected a total of \$25,379,234.34 of the \$26,615,344.19 with a difference of \$218.61 due to rounding and Homestead/Farmstead Exclusion exceptions with negative balances (assessed values below the exclusion amounts. Mr. Marraccini noted the exoneration amount is approximately \$200,000 higher than the previous year.

Committee Recommendation: Move to Public Agenda

- 4. Tax Collector's Compensation Resolution for the term commencing January 6, 2014 through 2018.** In accordance with Local Tax Collection Laws, the real estate and per capita tax collector's compensation must be set before the May Primary Election. Copy of previous Resolution with one modification in Article 2 – Expenses is attached. Mr. Drake recommended that the new Resolution for approval include the \$20,000 increase request and payment of \$3,000 for purchase of computers and software so the District and Borough would own the equipment be included as well since there was not enough board members presents to have a valid consensus.

Committee Recommendation: Move to Public Agenda

- 5. Recommend acceptance of a \$1,500 restricted donation from the Regency PTA.** The Regency PTA has offered to donate \$1,500 towards the cost of purchasing parts to mount six (6) SMART Boards at Regency Park Elementary. Work to be performed by the Technology Department Technicians

Committee Recommendation: Move to Public Agenda

- 6. Recommend approval of PlanCon Part K / Project Refinancing of Series of 2006 Bonds, now known as the Series B of 2012.** This action is required to inform PDE of the recent refinancing of the former Series of 2006 outstanding bonds. Documents were prepared by Mr. Muscatello and Mr. Pastel and requires public board action.

Committee Recommendation: Move to Public Agenda

7. Recommend approval to participate in FURTAL WEB-PORTAL INITIATIVE. Mr. Brewer discussed details of this no-cost initiative.

V. Informational Discussion Items:

1. Discuss Real Estate Tax Collector's Report for the months of December 2012. Mr. Schlegel's report for the month of November was presented and reviewed. The report indicates that 94.3% of the current fiscal year budgeted taxes have been collected

2. Discuss Current and Delinquent EIT and LST tax collections.

A. Discuss Plum Borough Earned Income Tax Collector's Reports prepared by Mrs. Pedrosky for the month of December 2012. It was noted that Mrs. Pedrosky collects delinquent EIT (prior to 12/31/11) and Local Service Taxes (LST). Additionally the Committee reviewed the data pertaining to her office's payment plans and wage attachment programs that she collects and outstanding taxes from prior years.

B. Discuss the Keystone Collection Group's Earned Income Tax Collections Report for December 2012 and 2012 YTD. The report shows that Keystone collected \$301,613.40 for December and \$2,154,704 for calendar year 2012.

The combine YTD collections by Mrs. Pedrosky and Keystone will exceed the budgeted amounts.

3. Discuss Monthly Revenues and Expenditures Comparison Graphs for the month of December 2012. Mr. Marraccini was able to produce these reports due to computer problems. They will be sent at a later date.

4. Discuss update of recently approval participation in First Energy Solutions (FES) / AIU#3 "Friends and Family" rebate program implementation process. Mr. Marraccini met with FES and AIU representations on 1/15/13 to discuss information sharing for district / community campaign. FES will absorb the cost of the campaign which will distribute color brochures to all employees, PTA groups, web postings, etc. All brochures will be personalized for the Plum Borough School District and will incorporate the new school logo.

5. Discuss 2013-14 Budget Update. The Committee was provided with an updated electronic copy of the Preliminary 2013-14 budget, based on building and department budgets recently received. The only budget in progress is Special Education. Mr. Marraccini noted that the projected salaries and benefits (100's and 200's) will be rolled into the budget from ProSoft data once the retirement notice date deadline of January 31, 2013 passes. Dr. Glasspool indicated that five teachers has turned in their retirement notice that makes them eligible for the retirement incentives. Mr. Marraccini indicated a completed working model of the 2013-14 Preliminary Budget will be presented at the February 19, 2013 Finance Committee Meeting.

V. New Business Roundtable.

1. Mr. Drake directed Administration to charge any costs associated with the upcoming renovations costs, including operating costs for the Old Pivik Building, moving costs, etc., additional transportation costs to the G.O.B. for the New Holiday Park Building (currently known as A.S.).
2. Mr. Colella suggested the District write their State Representatives to have PDE / PlanCon release the District's reimbursement for the Series of 2010 which has stalled in the "pipe-line".
3. Mr. Marraccini suggested the Board consider an amnesty program for real estate and earned income taxes to prevent older delinquencies from being totally uncollectable. Mr. Marraccini credits this idea from comments Mr. Schlegel made regarding former amnesties that were productive.
4. Mr. Colella noted Mr. Drake and he will be meeting with the Teachers on February 8, 2013 at 7:30 AM to discuss cost savings ideas.

VI. Next scheduled Finance Committee Meeting: February 19, 2013

VII. Motion to adjourn: 8:17 PM

Minutes prepared by:

Eugene J. Marraccini, Director of Business Affairs

