

Plum Borough School District

Finance Committee Meeting Minutes for February 2012

(Finance Meeting #8 / 2011-12)

**Plum Borough School District
Finance Committee Meeting Minutes
February 2012**

MEETING DATE: Tuesday, February 21, 2012

LOCATION: PHS School Board Room

PRESENT:

- Committee Members: Mr. Zucco and St. Leger; Committee Members
- Board Members: Mr. Colella, Mrs. White, Mr. Drake and Mr. McGough
- Administrative Representatives: Mr. Marraccini, Dr. Glasspool, Dr. Rossi and Mr. Brewer
- Solicitor: Mr. Price and Mr. Giglio; Andrews & Price LLC
- Invited Guest: Mr. Joseph Muscatello, Investment Banker; Boenning & Scattergood, Inc.

I. Call Meeting to Order. Mr. Zucco called the meeting to order at 6:02 PM

II. Citizens Comments:

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

III. Presentations: Mr. Muscatello was invited to the meeting to discuss potential savings that could be generated by refinancing existing outstanding bond issues. Mr. Muscatello's estimate for savings is \$4,870,159, with \$582,375 estimated for refinancing the Series of 2006 bonds in March 2013 and the balance in September 2013. He cautioned that these are only ESTIMATES and can change quickly, based on many financial factors over the next 12 to 18 months. Board asked him to keep the district updated from now and until the time refinancing is possible. Mr. Muscatello explained various conditions associated with the refinancing deals and reimbursement potential from PDE and the use of ESCO's.

IV. Agenda Action Item Discussions:

1. Approve Treasurers' Report for the month of January 2012. Report was sent to Board Members electronically prior to the meeting for their review.

Committee Recommendation: Move to the Public Agenda

2. Approve Budget Transfers for the Month of February 2012. The Committee was presented with a detailed listing of recommended budgetary transfers. Mr. Marraccini explained the he is transferring funds from accounts that will not be utilized back into the Budget Contingency account.

Committee Recommendation: Move to the Public Agenda

3. Approve Electricity Agreement Extension Opportunity through the AIU's Western PA Electric Consortium Committee, effective 2014, as recommended by the AIU. This would permit the District to lock in at the historically low electric rates moving forward. The extension calls for rates to be equal or below current rates, not higher. The extension would be effective in 2014.

Committee Recommendation: Move to the Public Agenda

4. Approval of Local Service Tax (LST) Collection Letter of Understanding (LOU) with the Borough of Plum as presented. The LOU outlines the terms and conditions for the collection of LST by the current Plum Borough EIT Tax Collector the rate of 1.99% of collection; and to rescind a prior resolution for LST to be collected by Keystone Collection Group.

Committee Recommendation: Move to Public Agenda

V. Informational Discussion Items:

1. Real Estate Tax Collector's Report for the month of January 2012 was reviewed by the Committee. Mr. Marraccini explained that the 2011 unpaid taxes were turned over to Andrews & Price for collection. Mr. Schlegel is continuing collect interim taxes.
2. Earned Income Tax Collector's Report for the month of January 2012. Mr. Marraccini handed out a copy of Mrs. Pedrosky's monthly report and explained that collections for January 2012 are slightly ahead of last years' EIT collections.
3. Monthly Revenues and Expenditures Comparison Graphs for the month of January 2012. Committee reviewed the year-to-date comparison of revenues and expenditures.
4. Discuss 2nd Draft of the 2012-13 Preliminary General Fund Budget Revenues and Expenditures. Copy was sent electronically to the Board and is posted on the District's Website. Mr. Marraccini explained that the \$491,280 Longwood assessment appeals refund was added to the "Prior Year Refund" expenditure category as well as to the Revenues, making it an "in and out" transaction. The Committee discussed the impact of increased PSERS rate from 8.65% to 12.36% and other major budget impact items. Mr. Drake prepared and distributed a comparison list of changes from the 1st draft of the budget and prior year that concentrated on changes over \$25,000.

Mr. Drake asked if the Administration has any ideas of closing the deficit gap and the Administration explained it has prepared a list of ideas to increase revenues and decrease expenditures. Mr. Zucco reviewed the list one-by-one. The Board indicated it was not in favor of increasing property taxes up to the PDE index of 1.7% of the millage rate of 22.2.

Mr. Colella mentioned that a uniform system for the allocation of indirect cost (utilities, custodial services, delivery costs, etc.) needs to develop the Food Service Department pays a fair share of these costs.

Dr. Glasspool asked the Committee and Board Members for a "not to exceed" contribution from the fund balance that could be used to balance the 2012-13 budget. The answer was \$1,000,000.

Dr. Drake requested that for the March Finance Committee meeting that cost cutting recommendations from Administration be costed out ranked.

5. The Committee was presented with information showing that the district suffered \$1,347,221 in state funding reductions from 2011-12 to present. Information was prepared by Save Pennsylvania's Schools.

VI. New Business: Mr. Marraccini explained there are two time sensitive items that developed after the agenda was sent out last Friday that needed immediate board action. The Board was sent details of the items before the meeting. The items are as follows:

1. Shared the purchase price of a hard copy of the Allegheny County Tax Blotter for Plum Borough at the request of Mr. Schlegel, local real estate tax collector for the Borough and District for the purpose of having the mailing address of tax payer for vacant properties that do not appear on the CD disc.

Committee Recommendation: Move to Public Agenda

2. Authorize Administration to solicitor bids for the replacement of the Oblock building HVAC microprocessor. The existing unit is not working properly and this would insure the system would work properly when needed this spring / summer cooling demands. The estimated cost is in the \$14,000 to \$15,000 and requires the solicitation of formal sealed bids.

Committee Recommendation: Move to Public Agenda

VI. Next scheduled Finance Committee Meeting: March 17, 2012 at Oblock cafeteria.

VII. Motion to adjourn. Meeting adjourned at 9:00 PM.

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