

# **Plum Borough School District**

## **Finance Committee Meeting Minutes For December 2014**

**(Meeting #6 – 2014-15)**

**Plum Borough School District  
Finance Committee Meeting Minutes  
December 2014**

**MEETING DATE:** Tuesday, December 9, 2014  
**LOCATION:** High School Cafeteria Conference Room

**IN ATTENDANCE:**

- **Committee Members:** Mr. McGough, Chair; Mr. Dowdell and Mrs. Stepnick, Committee Members
  - **Board Members:** Mr. Colella, Mrs. White, and Mr. Zucco
  - **Administrative Representatives:** Mr. Marraccini, Dr. Glasspool, Dr. Rossi and Mr. Brewer
  - **Solicitors:** Mr. Price, Law firm of Andrews and Price
  - **Invited Guests:** Mr. Muscatello and Mr. Clifford to Discuss Sale of Series of 2014 Bonds and other financing options
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**I. Call meeting to order.** Mr. McGough called meeting to order at 8:27 PM.

**II. Citizens Comments:**

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

**III. Presentation:** Mr. Muscatello, Investment Banker, firm of Boenning and Scattergood updated the Committee of the sale of the Series of 2014 Government Obligation Bonds (GOB) which are intended for renovations for Regency Park Elementary. He indicated the majority of the bonds were sold on December 3, 2014. He presented a handout to the board members detailing the Use of Funds and how much would be deposited into the District's designated account on December 30, 2014; outstanding principal debt, capitalized interest details, debt schedule through 2040, issuance costs, etc. Additionally he discussed borrowing options for buses through a bond issue.

Mr. Pastel, Bond Counsel, firm of Eckert Seamans prepared and discussed a Resolution in the event the District elects to purchase buses from General Funds and then reimburses itself through the Series of 2014 bond proceeds. The Resolution will be moved as an action item.

**IV. Agenda Action Item Discussions:**

- 1. Treasurer's Report:** Approve Treasurer's Report for the Month of December 2014. Report was sent electronically for board members' review.

*Committee recommendation: Move to the Public Meeting Agenda*

**V. Informational Items:**

- 1. Review Real Estate Tax Collector's Report for the month of November 2014 prepared by Mr. Schlegel.** Committee reviewed report. Mr. Marraccini indicated that Mr. Schlegel will collect current real estate taxes through the end of December 2014 and then will turn over unpaid to Andrews & Price for collections as delinquents. Afterward, Mr. Schlegel will be exonerated from collecting any 2014 taxes.

2. **Review Current Earned Income Tax (EIT) & Local Service Tax (LST) Collection Reports for November 2014 prepared by Keystone Collections.** The Committee reviewed the report. Mr. Marraccini noted that while the collections YTD information is on a calendar basis, the collections are on track to meet or exceed the budgeted revenue amount of \$3,450,000. Mr. Marraccini noted that the state mandated EIT collection system has proved to be effective, noting collections are up by \$200,000 per year.
3. **Review Delinquent Earned Income Tax (EIT) & LST Collection Reports for November 2014 prepared by Mrs. Pedrosky.** The Committee reviewed the reports. Mr. Marraccini indicated the fact that YTD collections over prior were \$92,283 more. He reviewed the data for the payment plans and wage attachments.
3. **Review Revenues and Expenditures Comparison Graphs for November 2014.** The Committee reviewed the graphs that shows Revenues outpaced Expenditures from July through November by \$16,419,000, basically due to the current real estate tax collection deposits.
4. **Act 1 Homestead/Farmstead Notice for 2015.** District participated in a collative project with the AIU for mandatory mailing notices to tax payers regarding potential property tax relief. Taxpayers need to apply only once and by March 1, 2015 for those that have not applied. This is for taxpayers' primary residence. Copy of Notice attached for review. District encourages all qualified residential taxpayers to participate. This process is required to notify all property owners of the program. Mr. McGough asked since the mailing is done by another, has the District fulfilled their obligation? Mr. Price commented that via this mailing, the District has met the State requirement. Mr. Marraccini encourage all taxpayers file an application one time only using their residential property, not any rental or commercial properties by March 1, 2015. This will reduce property taxes by about \$208.00.
5. **Forbes Road Career & Technology Center refund.** District received a refund for FRC&TC for **\$41,900.79** as a result of the 2013-14 financial audit. Committee was provided with a detailed report from FRC&TC which reflects Plum's respective share of the cost based on Average Daily Membership (ADM's). It was noted the refund was almost twice of prior year.
6. **Discussed 2015-16 preliminary departmental budgets, as follows:**
  - A. **Transportation budget (2710, 2720 and 2740):** The Student Transportation department is comprised of three function categories that the administrative, labor and operational expenses. Mr. Mergen, Transportation Supervisor provided handouts for the budgets for 2015 and 2014-15 for comparative purposes and a list of the bus fleet and their estimated remaining useful life. The major transportation discuss item was cost of replacement buses. \$411,000 was budgeted for bus replacements for 2015-16, whereas this expense was funded through the GOB funds for recent prior years. He noted the seven used buses are in excellent condition, but ten are fifteen years of older. The Committee charged Mr. Mergen and Mr. Marraccini will inquiry about the possibility for volume discounts for purchasing ten or more buses. The Committee favored the funding for the bus purchases through a separate bond issue in conjunction with other building bond issues, with the amortization being ten years. Mrs. Stepnick asked about the status of drivers and Mr. Mergen indicated that four routes are current subcontracted, but expects it to be zero for 2015-16, as it stand for now.
  - B. **Athletic budget (3250) –** The Athletic Budget is for the after school sports activities and the cost of the Athletic Department Administration. Mr. Alpino, Athletic Director, budgets for the costs of athletic trainer services and supplies, coaching salaries, officials' fees, athletic insurances, travel expenses, and team

uniforms supplies, and repairs. Mr. Alpino stated the 2015-16 operational budget preliminary budget is only \$3,184 than from ten years ago (2005-06). He reviewed the detailed departmental handout was provided.

**C. Other classifications/departments:**

- **Debt Service (5110):** The GOB's debt schedule for the various bonds was verified by Mr. Muscatello and is increasing according to the debt service schedules for the outstanding bonds. No debt service for the 2014 Series Bonds is included. Note: The 11/18/2014 1<sup>st</sup> draft of the preliminary budget the budget assumes the Series of 2014 interest during construction will be capitalized, if not, then additional expenses will need to be added to the budget for 2015-16 and for the next two years.

**7. Discuss Affordable Care Act (ACA) potential liabilities.** The Committee was presented with detailed information that identified the potential number of employees that could subject the District to the "Unaffordable Penalty" which is estimated at \$192,000 (maximum). This amount will be added to the 2015-16 Preliminary Budget as a contingency item in the 5900 section. Additional ACA information packet was given to every board member. Mr. Price recommended the District sent appropriate ACA enrollment information to every qualifying employee.

**8. Request from Mr. Schlegel, Real Estate Tax Collector, to discuss Sheriff Sale of delinquent properties.** Mr. Price's office will contact Mr. Schlegel to discuss the properties to insure they aren't one that previously when to Sheriff's Sale without success.

**VI. Next scheduled Finance Committee Meeting:** January 20, 2015 or other date as determined by Committee

**VII. Round table discussion:**

**1. Mr. Colella:**

- **Activity Fee:** He brought up the option for the Activity Fee as a revenue source. Mr. Colella indicated the fee is set at \$0.
- **Kelly Services:** He requested that Administration develop a plan to eliminate its agreement with Kelly Services for providing various substitutes.

**2. Mr. Price:**

- **Preliminary Budget Deadlines:** He stated that if it is the intent of the Board to pass a Preliminary Budget with tax increases exceeding the Index, the deadline is 2/18/14. The District would need to advertise of its intent ten days prior or by 2/08/14. Additionally, if the Board intends to seek approval for referendum exceptions from PDE, it needs to advertise its intent by 2/26/14 and apply to PDE by 3/5/14.

**VIII. Motion to adjourn.** Committee adjourned at 10:43 PM.

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

