

FINANCE AND LONG RANGE BUDGET PLANNING COMMITTEE
MINUTES – MEETING OF JANUARY 12, 2009

In attendance:

Committee: Thomas Reinboth; Andrew Pollock; Cynthia Mueller (Alternate);

Joseph Simpson (6:50 PM)

Board: Jane Schrader Lynch; Mark Miller; Thomas Hezel; Betty Huf

Staff: Timothy Vail; Sandy Homel;

Public: Pamela Baker; Barbara Loftus; Bob Schaffer; Susan Dilts; Jaleyne Jud; Ronald Husted; Adam Eckhoff; Debbie Freedman; Judy Hoffman; Barbara Husted; John Creeden; Pat Berger; Doris Hartkorn; Ann Van Zelst; Nathan Weller; Joanne Mancini; Cathy Janos; Deborah Glover; Ann Smith

Press: None

Call to Order:

Mr. Reinboth called the meeting to order at 6:30 p.m.

Approval of Minutes

Motion to approve the minutes of the December 15, 2008 meeting as submitted by Dr. Pollock. Second by Mrs. Mueller. Motion Carried 3-0.

Time Management Concerns – 10 month staff

Mr. Reinboth informed the Committee that this evening's agenda contains quite a bit of background information on the issue of the change in payroll processing for 10-month salaried support staff that occurred at the beginning of this year as the new Time Management System was implemented. He indicated that he had met with representatives of this group of employees in the hope of coming up with a compromise solution associated with their contention that this new system is a hardship to staff not knowing how and when they will be paid. Under the system that henceforth had been in place this staff has received 22 equal installments in payment of their annual base salary each year between September and June. Mr. Reinboth and Mr. Vail spent some time in explaining how the new Time Management System works and how the old way of payment conflicts with the configuration of the new system. Several employees in attendance expressed their concern and frustration with the new payment system. Dr. Pollock noted that it appears that this change has definitely created a morale issue among the staff and suggested that it be changed back as soon as possible. Mrs. Huf stated she is really concerned that this issue is upsetting our employees. Mr. Miller suggested that a simple reconciliation at the end of the year could be done in lieu of the change that was made if the system is returned to the former configuration. Mrs. Lynch expressed her support for returning to the old system of payment as well. Mr. Hezel noted that he supports the return to the former payment system but noted that it will take some additional effort on the part of business office staff to accomplish this on an ongoing basis. Mrs. Mueller expressed her concerns that the Federal Wage and Hour law is the primary focus here and the reason for which the new Time Management System was put in place. She cautioned that the Board needs to be careful about treating hourly employees on a salary basis and suggested that an opinion from the District Solicitor should be obtained before any decision is made. Committee agreed that this should be done and directed Mrs. Homel to contact Mr. Garton to get his opinion on the issue as soon as possible. Committee members indicated that once the solicitor opinion is secured they will revisit this issue and make the appropriate recommendation for forwarding this matter on to the Board for action.

2007-2008 Audit and Financial Statements

Mr. Reinboth introduced Mrs. Pam Baker, a partner with the audit firm of Barbacane Thornton – the District auditor. Mrs. Baker indicated that she has final copies of the audit report with her this evening for distribution. She indicated that the highlights of this year’s audit are as follows:

- This year saw new standards being put in place for the first time. Audits are now required to be risk based, and as such the audit approach now includes an assessment of how each staff member with responsibilities for any financial record keeping or processing is doing their daily job. She indicated that her audit team sat with staff as they did their jobs. No internal control problems were uncovered, and no recommendations for changes are being made.
- Minimal audit adjustments were necessary to District books. She indicated her team looked at monthly reporting to assess if things are being done in a timely fashion. All procedures presently being followed looked good. She indicated that the business office staff worked well with her audit team.
- The Annual Financial Report was completed and submitted to the Commonwealth in keeping with state deadline dates.
- Mrs. Baker indicated that this audit is “clean,” and represents the first year since they have been retained as District auditor that there are no management recommendations. She noted that the District’s Fixed Assets system is also working well. Centennial is one of the few districts her firm audits that has their fixed assets system interfacing with the accounting system which is a big plus for the District.

Mrs. Baker noted that this is a financial and compliance audit. The audit is also subject to federal single audit requirements. All was in order here as well. Mrs. Baker then reviewed some of the specific pages in the audit noting that Pages 3-11 represents the required MD & A section which must be prepared by the District. This section represents a narrative presentation of the financial statements and has taken on a new significance since implemented several years ago. Mrs. Baker pointed out that the deficit in the capital funds showing in the financial statements is the result of transition of amount to be borrowed to fund the upcoming WTHS project. This issue should be resolved once the bonds are issued and the new financing configuration is in place. She noted that as of the end of June, 2008 the District has very low debt for a district of our size. She also briefly reviewed the financial statements for the food service and student activity funds. She noted that all was in good order there as well.

Dr. Pollock questioned if there are any changes we need to make. Mrs. Baker indicated that no changes are necessary at this time. Mrs. Mueller expressed thanks to Barbacane Thornton and District staff for a great audit. Motion by Dr. Pollock to recommend that the Board accept the 07-08 audit and financial statements as presented. Second by Mr. Simpson. Motion Carried 3-0.

Impact Aid Application Authorization and Representative Appointment

Motion by Dr. Pollock to forward the following resolutions to the full Board for approval. Second by Mr. Simpson. Motion Carried 3-0.

BE IT RESOLVED THAT THE CENTENNIAL SCHOOL BOARD directs Timothy E. Vail, Business Administrator, to prepare and submit the District’s title VIII (Impact Aid) application for 2009/10.

AND

BE IT RESOLVED THAT THE CENTENNIAL SCHOOL BOARD appoints Thomas Reinboth, Board Member, to serve as Impact Aid representative. This appointment is in accordance with federal regulations requiring the appointment of a representative prior to the filing of Centennial’s funding

application in January, 2009. Said individual is authorized to sign the completed application as it is submitted to the US Department of Education.

Tax Collector Compensation

Mr. Reinboth indicated that Mrs. Loftus is in attendance at this evening's meeting to clarify where the Committee stands on the matter of the upcoming tax collector compensation resolution that is on tomorrow evening's Board agenda for action. He indicated that subsequent to Committee action at the December 15, 2008 meeting to move this matter forward for Board approval based on an annual 3.5% increase to the existing salary configuration, several Board members had expressed concern that other scenarios should be considered given recent newspaper coverage of options that other districts are considering. Dr. Pollock asked if this was more suited as an Executive Session item. Mr. Reinboth responded that it is not. Mrs. Huf stated that we have elected tax collectors and she has no intention of dumping our collectors to save a few dollars. Mrs. Loftus stated that the Board has no authority to deputize anyone else to collect the real estate tax – only the elected tax collector does, and that she is going on notice right now as stating that she will not under any circumstances deputize anyone else to do so. Mrs. Loftus indicated that she would hire a lawyer and go to court if the Board pursues this matter. Mrs. Huf agreed, questioning why any tax collector would do this. Mrs. Lynch expressed her concern that we have come to this. Mrs. Lynch indicated that Mrs. Loftus was under the impression that the resolution was going forward as agreed to by the Finance Committee in December. This should not be the way we do business. Mr. Reinboth indicated that any dissatisfaction with the process should be directed at him. At this point the Committee needs to take a look at all significant money saving moves if and when they are available. Dr. Pollock agreed stating that a \$160,000 savings over a 4 year period is a significant savings. However, he suggested that the resolution go forward to the Board as approved at last month's meeting with the understanding that the Committee will keep these options in mind for the next time compensation needs to be set. He added that we might save money here and lose it in legal fees. Mrs. Mueller stated that she arrived too late for the December meeting to take part in this discussion. Had she been there she would have expressed her concerns. She indicated that if the Board would opt to impose a major reduction in tax collector compensation to the point that it is not cost effective for the tax collector to perform the work, the tax collectors should have the option of deputizing District staff to do so. She reminded the Committee that the Board gets only one shot at this every four years. Consensus of the Committee was to let the item move forward as originally approved and let the Board decide to pass it as is or reject the resolution and look at other options.

Executive Session

Meeting recessed at 8:45 to meet with District Solicitor Michael Levin on a litigation matter. Meeting reconvened at 9:45 pm.

PSERS Employee Purchase of Service Invoicing

Mr. Vail reported that he wants the Committee to be aware of a situation that is becoming of more concern with each passing month and year. He reported that a number of years ago the PA Legislature approved the concept of permitting public school district employees to "buy back" service time toward their pension entitlement for temporary and part time service that was not eligible for retirement contribution and for which no retirement deductions were taken. The problem is that when this "buy back" is submitted to and approved by PSERS the employer share is then due and payable by the employing school district. As these invoices have begun to come in from PSERS we are finding this is a potentially significant liability for districts to bear and for which there is no way to budget. Mr. Vail indicated that he had been in touch with PSERS staff on this matter after the first two invoices were paid in November, 2007 before we began to see

the extent of the potential liability. He indicated that after numerous attempts to get an answer he was told verbally by a PSERS official to just “hold on to the invoices as this whole item was under review and they hoped it would be resolved in short order.” In the meantime, the District has received another 12 invoices totaling over \$32,794. Mr. Vail indicated that he continues to withhold payment on these invoices, but is now seeing information coming out that failure to pay these invoices could result in subsidy deductions from our PDE payments. Dr. Pollock indicated that he understands these funds are not budgeted, but that the bills need to be paid if they are legitimate. Mr. Reinboth indicated he could not support payment of these bills now. Mr. Simpson agreed. Other Board members present indicated that the bills should be held pending further clarification from both PSERS and PDE on how districts are supposed to fund these unbudgeted and unforeseen expenses.

Assessment Appeal Settlement

Mr. Vail indicated that this evening’s agenda includes correspondence from District Solicitor Jeff Garton and the Bucks County Board of Assessment recommending that a Warminster property assessment appeal be settled at a decrease of \$52,910 worth of assessed value. Mr. Vail reported that this reduction translates to a loss of \$5,103.17 in real estate tax revenue at the current millage rate and is retroactive to July, 2008. Committee members questioned where the parcel is located and the type of usage. Mr. Vail indicated that he would get clarification on this for inclusion in the Board agenda if the Committee opts to move the item forward. Motion by Dr. Pollock to move the item forward with the requested information attached. Second by Mr. Simpson. Motion Carried 3-0.

Bond Proceeds Investment RFP

Mr. Vail reported that this evening’s agenda includes a draft of a Request for Proposal for the investment of bond proceeds. He reported that traditionally the investment proceeds earned by bond issue dollars before they are spent on project costs are factored into the total cost of the project in order to reduce the principal amount borrowed. In the case of the WTHS project it has been estimated that we can earn \$2.825 million over the construction period at an interest rate of 2%. Administration is recommending that we solicit formal proposals from local financial institutions based on the terms and conditions contained in the attached RFP. No Board action will be necessary at this time, but the recommended award will most likely be ready for the February 10, 2009 Board meeting. Committee concurred that proposals should be solicited and brought back for Board action as appropriate.

Student Dental Services

Mr. Vail reported that the District has traditionally entered into a three-year agreement for student dental services with local dentist Howell Bichefsky. The agreement currently pending would be for the 2008-09, 2009-10 and 2010-11 school years at a cost of \$3.00 per exam for 09-10; \$3.25 for 09-10; and \$3.50 for 10-11. He reported that the annual cost for dental services last year was \$162. Motion by Dr. Pollock to move this item forward for Board approval as presented. Second by Mr. Simpson. Motion Carried 3-0.

Adjournment

Meeting was adjourned at 10:03 p.m.

Respectfully submitted,

Timothy E. Vail

