

FINANCE AND LONG RANGE BUDGET PLANNING COMMITTEE  
MINUTES – MEETING OF SEPTEMBER 20, 2010

In attendance:

Committee: Thomas Reinboth; Mark Miller; Jane Schrader Lynch

Board: Cyndi Mueller; Andrew Pollock

Staff: Timothy Vail

Public: Robert Schaffer; Sharon Kroemelhein

Press: None

Call to Order:

Mr. Reinboth called the meeting to order at 7:00 p.m.

Approval of Minutes

Motion to approve the minutes of the June 21, 2010 meeting, as submitted by Mr. Miller. Second by Mr. Reinboth. Motion Carried 2-0-1. Mrs. Lynch abstaining.

2011-12 Act 1 State-Wide Index Limit

Mr. Vail reported that unofficially we are being told that the 2011-12 state wide index was approved at 1.4%. Official word should be released soon. He indicated that this is again a significant decrease from the 4.1% index rate of 2009-2010 and the 2.9% index rate of 2.9% for 2010-2011, and will have a significant impact on the 2011-12 budget process. Mr. Miller reported that the index level had indeed been released and it stands at 1.4%. He indicated he had attended a meeting last week involving the minority chair of the Education Committee. It is clear from that meeting that no extra money will be available next year. Legislative emphasis will be on consolidating services. Cyber/Charter reform is also a priority.

Construciton Projects – Insurance Issues

Mr. Vail reported that the issue of OCIP Insurance vs. (or in addition to) builders risk coverage was discussed at the September Operations Committee Meeting as a possible vehicle for saving money on contractor bid amounts. He indicated that attached to this evening's agenda is recent correspondence from Walter Tack (Reynolds Construction) and our Broker of Record, Mr. Reid Sander (Willis of PA) on the issue. Mr. Reinboth indicated that this matter was referred to the Finance Committee to look at, but that we can't afford delays. Mr. Miller indicated that he had prepared a brief power point presentation which outlined the options available to the District. He indicated that the Alternate Bid Method would be the favored was to go as this method would provide the Board will definitive evidence as to whether the bid awards with and without contractor would be cheaper in comparison to purchasing the coverage on our own. He indicated that the District would need to formulate an RFP for insurance broker if the Committee decides this option is worth pursuing. He indicated that the District would not only potentially save on insurance costs but that the cost of architect fees could also be significantly reduced as the architect fees are based on a percentage of bid awards. Mrs. Mueller reminded the Committee that representatives from our construction management firm, Reynolds, had attended the last Operations Committee meeting and had seemed in favor of pursuing this. She suggested that they would be the vehicle to use in formulating an RFP. Discussion focused on the timing of the RFP in relation to the construction bids being completed. It would be imperative that the District know the cost of the insurance before the construction bids are finalized in order to structure the bid specs with and without insurance costs incorporated therein. Mr. Reinboth and Mr. Pollock felt this was an option worth exploring. Mr. Reinboth suggested that the matter be sent back to the Operations Committee and that Administration contact Reynolds to let them know that a draft RFP would need to be prepared for review at their next meeting the first Wednesday in

October. Once approved by the Operations Committee, the Board could authorize soliciting quotes/bids at their October 12 meeting. Motion by Mr. Miller to refer this matter back to the Operations Committee per the above discussion. Second by Mrs. Lynch. Motion Carried 3-0.

#### Transfer EIT Contract from Berkheimer to Keystone

Mr. Vail reported that the Bucks County Tax Collection Committee formally selected Keystone Collections Group of Irwin, PA as the county-wide Earned Income (EIT) tax collector effective January 1, 2011 at a commission rate of 1.39%. He indicated that under the new Act 32 legislation all school districts and municipalities that impose an earned income tax must convert to a county-wide tax collector by January 1, 2012. The legislation further mandates the establishment of a county tax collection committee to act as the governing body in selecting a collector and provide ongoing monitoring and management of the operation henceforth. That committee for Bucks County (TCC) convened for the first time in November, 2009 and after several meetings had established the by-laws governing the operation of the committee and formulation of an RFP to select a collector. A sub-committee to be known as the Management Committee was also put in place to solicit and review all proposals received and do the investigations of all prospective candidates to ascertain their ability to efficiently perform the duties and responsibilities that would be assigned to the collector. Lastly, the Committee was mandated to select a collector no later than September 15, 2010 to provide for a smooth transition into the county-wide system that must be fully in place and operational by January 1, 2012. Attached to this evening's agenda is the memo from the Chairman of the TCC summarizing the proposals received and the rationale for selecting Keystone Collections Group as the county-wide collector. Mr. Vail went on to report that, at this point in time, our District remains under the Berkheimer EIT collection contract which runs through December 31, 2012. We have approached Berkheimer about an early out to our contract so that we can transition to Keystone Collections effective January 1, 2011 instead of January 1, 2012 in keeping with the trend being followed by most Bucks County schools districts and municipalities to join the Keystone system by 1/1/11 if possible. This action makes sense in our case as the current commission rate being paid to Berkheimer is 1.75% and would be reduced to 1.39% when we switch to Keystone. Berkheimer has agreed that if a formal request is made by the Board of School Directors they would release the District from its contract early. Berkheimer has also agreed to release the three component municipalities within the District if they make the same request so that the tax can be collected by one firm for both the school district and municipal portions of the tax. Based on the above Administration is recommending that the following actions be taken:

- Recommend that the Board of School Directors authorize Administration to formally petition Berkheimer Tax Administrator to release the District from its Earned Income Tax Collection contract effective at the close of business on 12/31/10.
- Recommend that the Board of School Directors authorize entering into agreement with Keystone Collections Group of Irwin, PA, the officially selected Bucks County Tax Collection Commission Collector, to act as District Earned Income Tax Collector beginning 1/1/11 at a commission rate of 1.39%. Said action would be contingent on all three component municipalities of the District also agreeing to move tax collection services from Berkheimer to Keystone Collections Group effective 1/1/11 as well. Board action would authorize Administration to execute the standard agreement with Keystone currently being formulated by the Bucks County Tax Collection Committee upon receipt.
- Recommend that the Board of School Directors also authorize Administration to petition Berkheimer Tax Administrator to release the District from its Local Services Tax Collection contract effective at the close of business on December 31, 2010 contingent upon the three component municipalities moving in that direction as well. This action

would be taken in anticipation of the fact that the three component municipalities appear to want to move this collection service to Keystone Collections Group as well. Since the municipal portion of this tax (\$47 per year) is far greater than the District's share (\$5 per year), Administration would recommend that the District defer to the wishes of the municipalities in this instance. Board action would also include authorization to contract with Keystone Collection Group effective 1/1/11 for collection of the Local Services Tax.

At this point in time it appears that all three municipalities are in various stages of moving through this process, but that municipal administration in all three locals are recommending that this action be taken. It is anticipated that formal action by all three governing bodies will be taken sometime during the month of September or October, 2010. Mr. Reinboth commented that this appears to be a very easy decision to make given the cost savings involved. Motion by Mr. Miller to move the above outlined recommendation forward to the Board for approval at the September 28, 2010 meeting. Second by Mrs. Lynch. Motion Carried 3-0.

#### Audit Report – Upper Southampton Tax Collector

Mr. Vail reported that the Board had authorized our audit company, Barbacane Thornton, to conduct a final audit of Upper Southampton Tax Collector, William Kerins, as his elected term of office ended on December 31, 2009. The audit took longer than anticipated to complete as several receipts were unaccounted for and the audit team did not receive sufficient information from Mr. Kerins to close the matter. Attached to this evening's agenda is a copy of the report in final draft form. He indicated that other than tightening up some internal controls for depositing and reporting tax receipts all was in order. Mr. Miller indicated that the report looks to be fairly routine and that there would be no reason not to forward the matter on to the full Board to accept the report. The Committee asked that the report be shared with new Upper Southampton Tax Collector, Mr. Jim Fluehr, to assist him in setting up the types of internal controls recommended in the report. Mr. Vail indicated he would do so. Motion by Mr. Miller to recommend that the Board accept the report as submitted. Second by Mrs. Lynch. Motion Carried 3-0.

#### Board Financial Reports

Mr. Vail indicated that attached to this evening's agenda is a request from Mr. Miller to the Superintendent that Board members receive the budget and expenses in a searchable data base with the ability to query and generate reports. Mr. Vail indicated that the Board had already received the 2010-11 budget in electronic excel format which had made the data available in this fashion. He indicated that administration requires direction from the Finance Committee on this matter. Mr. Reinboth indicated that Excel is considered to be a searchable data base and that he was willing to provide assistance to Mr. Miller on using the program to search for the information being sought. He indicated that he had used this data base extensively and had found it to be quite useful and user friendly. It was determined that no further action on this request would be pursued at this time.

#### Tax Assessment Appeals (pending)

Mr. Vail reported that last December, based on consultation with the Finance Committee and subsequent Board authorization, Administration directed Solicitor Jeff Garton to file tax assessment appeals on any assessment reduction in excess of \$100,000 prior to the deadline date of December 8, 2009. At that time Administration anticipated that the number of appeals for 2010 would go up significantly based on economic conditions. Attached to this evening's agenda is a list of appeals that have been filed for 2010. There are 148 of them. Most are below the \$100,000 threshold, but if assessment is reduced for all who filed, the impact could be significant for the District. Mr. Vail indicated that this list is for information purposes only at this time and will be updated as we begin to receive the results of the appeals decisions that are

made. A strategy for dealing with challenges to assessment reductions may need to be formulated at that time. Dr. Pollock also noted that the assessment for Ann's Choice may become an issue as well in the near future and asked that Administration keep an eye on that one as well. No action was taken by the Committee on this item at this time.

Architect Acquisition

Mr. Miller indicated that the recent news that the District's architectural firm, Burt Hill, had been acquired by a Canadian company may be of some future concern to the Board. He indicated that the District should be aware of its rights when an acquisition of this nature occurs.

Adjournment

Meeting was adjourned at 8:05 p.m.

Respectfully submitted,

Timothy E. Vail