

COLONIAL SCHOOL DISTRICT  
PLYMOUTH MEETING PA  
Meeting Minutes  
December 14, 2011

Finance and Audit Committee Chairperson, Kathleen Oxberry, called the meeting to order at 8:30 A.M. on Wednesday December 14, 2011 in the Superintendent's Conference Room located in the Colonial Elementary School at 230 Flourtown Road, Plymouth Meeting PA.

**Finance Committee Members Present:** Kathleen Oxberry, Susan Moore

**Other Board Members Present:** Alan Tabachnick, Bernie Brady, Beth Suchsland

**Others Present:** Dr. Mary Ellen Gorodetzer, Superintendent, and Robert Salanik Financial Consultant

**Public Present:** None

Mrs. Oxberry asked for any public comments on the agenda, there were none. She then asked Mr. Salanik to proceed with the items on the agenda.

Mr. Salanik distributed a copy of the PSBA (Pennsylvania School Boards Association) publication entitled "Understanding School Finance", which was purchased by Dr. Gorodetzer for all school board members. The publication explains many facets of Pennsylvania school financial requirements, regulations and practices. Board members not present at the meeting will have this publication sent to them.

Mr. Salanik also distributed a copy of the Montgomery County Intermediate Unit Budget document for the 2012-13 school year. The committee discussed a few of the highlights of the budget and the district's financial contribution toward this budget. The budget will be presented for approval at the January 19, 2012 school board meeting and the board will vote on Four (4) components of this budget. Mr. Salanik will prepare a memo outlining the highlights of this budget. Board member not present at the meeting will also be sent a copy of this document.

Fund Balance Policy 620 is scheduled for final reading at the board meeting of January 19, 2012.

**Real Estate Taxes items:**

1. The documentation for the real estate assessment appeal for the property known as Exeter Peter Lane I, LP located at 1 SDI Drive, Plymouth Township has been finalized and will be presented for approval at the January 19, 2012 school board meeting.
2. A request was made from the Redevelopment Authority of Montgomery County to forebear the collection of taxes for 2011 on a property that they acquired in connection with the construction of a new sewer plant. The property is located on

Ross Street in Plymouth Township. The face amount of the tax for 2011 is \$ 255.89 and since we are in the penalty period the total taxes due on the property are \$ 281.48. The property has received tax exempt status as of January 1, 2012. **Upon a motion by Mrs. Oxberry and seconded by Mrs. Moore and by unanimous vote of the board members present, this request was granted.**

3. Mr. Salanik reviewed the request of a taxpayer to forego the penalty on his rental property since he did not receive his tax bill from the tenant until the discount and face periods expired. In prior years he had paid his taxes in the discount period. After a review of the correspondence and discussion, this request was denied.
4. The agreement on the Dowel-Conshohocken LLP settlement has been drafted by Loren Szczesny and presented to all parties for signature. If this signed document is received in time it will be presented for at the January 19, 2012 school board meeting.

### **Delinquent Real Estate Taxes**

Mr. Salanik presented a four year analysis of the County Tax Claim Bureau collection of our delinquent real estate taxes. The collections of one year old delinquent taxes have ranged from a high of 37.6% of taxes lienied, down to 21.3%. There is also approximately \$99,000 in delinquent taxes outstanding from prior to 2007. Mr. Salanik reviewed the current procedure for the collection of delinquent taxes utilizing the services of the county and their business partner Xspand. An alternative method for collection is currently being used by 12 of the 21 school districts in Montgomery County. They utilize the services of a legal firm to collect these delinquent taxes, in lieu of the Montgomery County Tax Claim Bureau. This firm has achieved a higher collection rate in these districts. The normal initial contract period is Three (3) years and all of the county districts have renewed their contracts when this initial contract has expired. It was proposed that the district sign an initial One (1) year contract with this firm which will allow the district and the new Business Administrator time to evaluate the effectiveness of these services. Mr. Salanik will begin the process of notifying the county, having the legal documents reviewed by our solicitor and informing our tax collectors of this potential change. The recommendation will be presented at the board meeting of January 19, 2012 for discussion and board action.

### **Preliminary Budget for 2012-13**

The committee reviewed several documents pertaining to the preliminary budget for 2012-13.

1. **Budget Calendar** - was reviewed highlighting the accelerated time line to conform to Act 1. A preliminary budget document will be made available for public review by January 5<sup>th</sup> and the School Board will vote on a Preliminary Budget at the January 19<sup>th</sup> meeting.
2. **PSERS (Public School Employees Retirement System) Rate for 2012-13** - this rate was originally projected to be 12.19% which is up from 8.65 % in 2011-

12. However, the PSERS Board of Trustees recently certified the 2012-13 rate at 12.36%.

3. **Preliminary Revenue Budget** - this budget totals \$ 91,773,470 which represents an increase of 2.29%. Most of this is the result of the restoration of state subsidies to the budget and the state share of increased retirement costs.
4. **Preliminary Expenditure Budget** – this budget totals \$ 99,474,017 which represents a 5.89% increase. Salaries make up 1.5% of this increase and fringe benefits made up 3.8% of the increase, with half of this increase directly related to the increase in the PSERS rate. Equipment requests and fuel cost increases represent the majority of the other increases. There are also several areas of the budget where decreases are realized.
5. **Act 1 Index and Exceptions** – the Act 1 index is at 1.7% and the district is projected to qualify for a special education exception of approximately \$ 900,000 and an exception for increased retirement costs of approximately \$ 915,000.
6. **Real Tax Rate options** – the committee reviewed several options to balance the budget shortfall and agreed to recommend a millage rate increase of 4 %, and fund balance use of \$ 5,008,747, to be used in the preliminary budget discussions.

Mr. Salanik reminded the committee that the adoption of the preliminary budget is merely a formality so that the board and community have a basis for budget discussions. The tax rate, the level of expenditures, nor the use of fund balance is binding. Dr. Gorodetzer informed the committee that the administration has begun an intensive review of all areas of the budget. The administration will be presenting budget reports and updates in the coming months as work on the Proposed Final Budget; scheduled for May 2012 adoption takes place.

The committee also discussed the large non invested account balances that the district must maintain in order to compensate the bank for their services. It was determined that a Request for Proposal for Banking Services would be developed in January and that when the proposals were received they would be discussed at a Finance Committee meeting.

Mrs. Oxberry adjourned the meeting at 9:45 A.M.

Respectfully Submitted,

Robert Salanik  
Financial Consultant