

**MARPLE NEWTOWN SCHOOL DISTRICT
BUDGET AND FINANCE COMMITTEE MEETING
TUESDAY, SEPTEMBER 12, 2006
BOARD ROOM
MINUTES**

PRESENT: **Committee:** Chairperson Won Shin, Mr. Michael Young and Mr. David McGinley
Absent: Mr. Richard Carpenter

Board: Dr. Jeffrey Shapiro and Mr. Edward Partridge

Administration: Mrs. Merle Horowitz, Mr. Joseph Driscoll, Mrs. Karen McGinnis and
Mr. Lance Freeman

Press: 0

Audience: 0

Mr. Shin opened the meeting at 7:01pm, welcomed all in attendance and led in the Pledge of Allegiance.

Call for Additions or Corrections to the Agenda

No comments were made.

Approval of August 8, 2006 Meeting Minutes

Mr. Shin stated that the minutes are approved.

Business Office/Finance Reporting

- **Bills for Payment**

Motion: To take to the full Board for approval the General Fund and RFB for July and August 2006

Mr. Driscoll stated that this is a large check run which is standard for the start of school. The employee insurances are kicking back in. There are a lot of bills in there from the previous school year as we close out that fiscal year.

- **Monthly Financial Reports**

Mr. Driscoll stated that we are a little behind on the Treasurer's Report. Our new accounting supervisor starts tomorrow. I will try to have the Treasurer's Report by the Board meeting, if not by the October Budget meeting.

- **Un-audited Year End June 2006**
- **Informational July and August 2006-2007**

Mr. Driscoll stated that along with the un-audited year end report he included the two page summary to try and help interpret the variances. Most of the major variances are in revenue.

Real Estate Tax Installments

Mr. Driscoll stated that one of the laws that passed now requires the Board to take real estate tax installments. I think that we are obligated to offer installments of at least a minimum of three payments. I will work with the solicitor on the interpretation of that law as to what we need to do to comply. I will bring that to the Board. If you couple this with an earned income tax in the future, we could start seeing some impact on our cash flow.

Dr. Shapiro asked if taxpayers who opt for the installment get a second and third bill or would it be up to them to remember to pay.

Mr. Driscoll replied that is part of the process that we are looking at now. I will check with our neighboring districts who do it to get a starting point.

Dr. Shapiro stated that it may be prudent to have reminders sent out to forestall some of that.

Mr. Driscoll replied that as he gets more information, he will draw out a better plan for the Board and present it.

2007-2008 Budget

Mr. Driscoll stated that we are currently on a shortened budget process. The index came out earlier than anybody anticipated and it was down. During budget process last year, the index was 3.9% and this year it is 3.4%. The index is the amount that a school district can raise real estate taxes without triggering voter approval. We are working on drawing up some specific timelines that need to be met.

Mr. Partridge asked if under referendum the index is applied to the tax revenue, not the budget.

Mr. Driscoll replied yes. That does not include the exceptions.

Dr. Shapiro stated that given that we have to do the budget earlier than we have historically, the projections in all revenue areas become dicier.

Mr. Driscoll replied yes, they do. We have tightened up those tax revenue categories over the last couple of years. Now we are starting to see some other revenues picking up.

Mr. Partridge stated that figuring salaries and benefits are 75% of our budget and we are contractually locked into a 4% increase of 75% of the budget. If we need to cover 4% then with this cap of 3.4% which is really 2.5% of the overall budget, we can't even cover our contractual obligations at this rate.

Mr. Driscoll replied that if you don't raise taxes 3.4% you are not going to get anywhere near balancing the budget. If you raise taxes 3.4% we get within striking distance based on historical trends within \$300,000-\$400,000.

Mr. Shin stated that he would like to encourage the administration and Mrs. Horowitz to look at this number that has been provided and take it upon yourselves to figure out how to balance the budget with that amount of money.

Mr. McGinley stated that we have to come to a point where that is the maximum and it is the administration's duty to stay within those numbers so that there are no last minute surprises like last year.

Mr. Shin stated that unlike last year, we may not have the time or the ability to listen to budget presentations by the different schools. I would encourage the administration to go back to the different schools and to the principal's of those schools and tell them that this is a new time and a new era with a new budget process.

Del Val Borrowing - Payoff

Mr. Driscoll stated that during the budget process the Board authorized the payoff of this debt of \$2.2 million. This worked out well because we were able to return excess money to the taxpayers. As long as I am here, fund balance discussion will always be talked about and the effective management of that excess and to try and return that to the taxpayers. It is a good way to use one-time funds to pay off one-time money. This will be paid off by the end of this month. We are in good shape to pay it off.

Mr. Shin asked that Mr. Driscoll put together a press release for the Board meeting.

Mr. Driscoll agreed.

Act 1 Update

Mr. Shin stated that the committee has been formed. The first meeting is on September 20th at 7:30. We have seven committee members. The first meeting will be informational and the counsel will be there. The second and third meeting Parker Hunter will be there. The final meeting in December, we will wrap up and decide what the referendum question will be. The meetings are public.

New or Additional Business

Mr. Driscoll stated that this is the last year for our audit with Majors and Mastro. They have offered one more year at the same price which is ridiculously low. When we go out to RFP in the future you will see bids coming in at \$30,000-\$40,000 as compared to approximately \$19,000 that we are paying now.

Adjournment

Mr. Shin adjourned the meeting at 7:40pm.

Respectfully submitted by Heather Welsh, Secretary to the Board.