

**MARPLE NEWTOWN SCHOOL DISTRICT  
BUDGET AND FINANCE COMMITTEE MEETING  
TUESDAY, AUGUST 8, 2006  
BOARD ROOM  
MINUTES**

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

**Board:** Dr. Jeffrey Shapiro and Mr. Edward Partridge

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

**Press:** 1

**Audience:** 1

Mr. Shin opened the meeting at 6:58pm, welcomed all in attendance and led in the Pledge of Allegiance.

**1. Call for Additions or Corrections to the Agenda**

No comments were made.

**2. Approval of June 13th, 2006 Meeting Minutes**

Mr. Shin stated that these minutes are approved.

**3. Business Office/Finance Reporting**

• **Bills for Payment**

MOTION: To take to the full Board for approval the General Fund and Capital Reserve for June and July 2006.

- **Monthly Financial Reports– May 2006 and Informational June 2006**
- **Treasurer’s Report – May and June 2006**
- **Budget Transfers – June and July 2006**

Mr. Driscoll stated that the June reports are not final until we close the fiscal year in August. Our books stay open until August 31<sup>st</sup> and then we officially close the books and complete our audit. There are still significant amounts of expenditures posted and incurred over July and August because we continue to pay teachers.

**4. Act 1**

Mr. Driscoll stated that the legislators passed Act I and the governor signed it in June. We posted in the papers the formation of the Local Tax Study Commission and that we seek interested parties to sit on that commission to advise the district to make a non-binding arbitration to the Board of what the referendum question would contain.

Mrs. Horowitz stated that we have received two individuals from Marple Township who have asked to serve on this commission. The minimum number of individuals to serve is five. Mr. Shin agreed to chair the Tax Study Commission. Mr. Shin would make three out of the five individuals required. It can be five, seven or nine individuals who serve. How should we go about and obtain the minimum of two more individuals because we have to name this commission by September 14, 2006?

Mr. Young asked if two more Board members can serve.

Mr. Shin replied that this committee can have only one Board member.

Mr. Driscoll stated that the criteria is that the people that make up this committee need to represent as best as possible the demographic, socioeconomic makeup of the district; i.e. age, income, home ownership, non-home ownership, etc.

Mr. Young stated that we could reach out to groups like the businessmen's association or the ministerial to ask for somebody that represents two diverse interests.

Mrs. Horowitz stated that it would be beneficial to have a senior citizen on the Commission. We also need some additional residents from Newtown Township to round out this commission.

Mr. Shin stated that the best course to proceed on right now is for myself, Mrs. Horowitz and Mr. Partridge and anyone else on the Board to communicate with each other and identify people that we can reach out to. We will reach out to them before the August Board meeting so that they can be approved at the August Board meeting.

Mr. Driscoll stated that he has been in contact with the solicitor to make sure that the steps necessary are properly followed. It has been recommended that whatever we do, we make it effective September 14, 2006 to preserve the 90-day window starting September 14<sup>th</sup> so that we don't lose that additional 2-3 weeks to get the data prepared that we need for the Tax Study Commission.

Mr. Driscoll stated that the district and Board is obligated to provide financial advisory services, legal services and any administrative support that this Committee might need. It has been talked about to hire an independent financial advisor to do those calculations so that the data truly remains accurate plus those firms have the capacity to seek the Sterling Act information we need from the city of Philadelphia. We have interviewed two firms; Public Financial Management and Parker Hunter. We need to decide whether we provide that type of financial advisory service. I believe that we should. We could ask our own financial advisor to do it but to keep the independence of it it may not be a bad idea to hire somebody outside of firms that we are accustomed to dealing with. The \$6,000-\$8,000 would provide us with the financial data preparation, projections, Sterling Act information and would provide us with two meetings where they would come out to two of the Tax Study Commission meetings.

Mr. Partridge asked if our solicitor is able to handle the legal aspects of this or do we need to look for legal council too.

Mr. Driscoll replied that this is a discussion that we should have. I think there needs to be some legal guidance.

Dr. Shapiro asked if this company would be doing projections for personal income tax.

Mr. Driscoll replied that they would if we would like them to.

Mr. Shin stated that it is important that we do identify a financial advisory firm. Mr. Driscoll, please identify one of the two firms for approval at the August Board meeting.

Mr. Driscoll stated that Parker Hunter seems to be the one that most school districts have been talking about. They even recommended to some of their clients to opt into Act 72 because it was beneficial. They make recommendations to their clients based on the financial benefit to them and that is something that we want to see.

Mr. Young asked what is the criteria that you are going to use to determine which firm to bring to the August Board meeting.

Mr. Driscoll replied that the prices are about even. Based on the presentations that I saw, I think we would get quality work out of either firm.

Mr. Shin asked if Mr. Driscoll would email a copy of both firm's proposal out to the Board.

Mr. Young asked if we could be as specific as possible with the dollars involved in the motion.

Mr. Driscoll replied yes.

## **5. 2007-2008 Budget Process**

Mr. Driscoll stated that Act 1 has really put us up against the wall with the budget process for next year. We are probably going to be required to have a budget ready for public inspection in January. I have already started on the revenue budget. My target right now is to start bringing the revenue budget to you in September so that we have a good idea where the assessments are. We will do the best that we can with the audit information that we have.

Mr. Partridge asked when the final adoption is due.

Mr. Driscoll replied that the preliminary needs to be out early so that we can submit either a question for the referendum or the exceptions to the court or the Department of Education to get approved for those exceptions from the index. Once the preliminary budget is done, we have until June 30<sup>th</sup> to adopt the final budget.

Mr. Shin asked if the index is coming out in September, couldn't you just put together a preliminary budget based on the index.

Mr. Driscoll replied that there is a provision in the law that the Board can adopt a resolution that the Board intends not to increase taxes over the index. Then we can go about doing this the old way.

Dr. Shapiro stated that if in theory the Board as a group, offered the direction that they didn't want to be in a situation where it had to go to referendum sounds like that would make the process more straightforward.

Mr. Driscoll replied that if you use that, you don't get to use any of the exceptions either.

Dr. Shapiro asked if a resolution could be put in place saying for example, "we are willing to apply for exceptions" and then go about our business.

Mr. Driscoll replied no. You cannot ask the PDE or court to allow us to raise taxes over the index based on exceptions. We are tied to that index.

Dr. Shapiro asked if you can infer anything from what happened this past year where we passed a budget at the index level, we didn't implicitly or explicitly take account of exceptions. Can we learn anything from that going forward on these exception items?

Mr. Driscoll replied that we would be tying our hands of any flexibility if we needed it.

Mr. Shin asked if it is possible in this process to start looking at 2008-09.

Mr. Driscoll replied sure. As part of this process and the Tax Study Commission there would be budget projections out at least two years.

#### **6. Audit Update**

Mr. Driscoll stated that we have our preliminary audit work done. We are in pretty good shape. The fund balance will stay even once we pay off the debt that the Board approved at the budget process in December. Once the fieldwork is finished in September, we will bring a draft audit to the Board in October with a final audit in November.

#### **7. Investment Policy #609 - Second Reading**

Mr. Driscoll stated that this is a very important policy. I would like to get a final reading in September or preferably even August.

#### **8. New or Additional Business**

No comments were made.

#### **9. Adjournment**

Mr. Shin adjourned the meeting at 7:35pm.

**Respectfully submitted by Heather Welsh, Secretary to the Board.**