

FINANCE AND LONG RANGE BUDGET PLANNING COMMITTEE  
MINUTES – MEETING OF OCTOBER 19, 2009

In attendance:

Committee: Thomas Reinboth; Andrew Pollock; Cyndi Mueller

Board: Mark Miller

Staff: Timothy Vail; Thomas Turnbaugh

Public: Joseph Faust

Press: None

Call to Order:

Mr. Reinboth called the meeting to order at 7:02 p.m.

Approval of Minutes

Dr. Turnbaugh pointed out two typos that needed to be and were corrected. Motion to approve the minutes of the September 21, 2009 meeting as corrected by Mrs. Mueller. Second by Dr. Pollock. Motion Carried 3-0.

Warminster Township Proposal-Business Privilege Tax Services

Mr. Vail reported that he had a call from Warminster Township Manager Bob Tate asking if the District would be interested in participating with the Township in hiring a third party collector to investigate, identify and collect on business privilege tax evasion and underpayment. Mr. Vail indicated that Mr. Tate had explained that Township officials are concerned that Berkheimer is not adequately identifying all businesses responsible for paying the tax nor auditing those businesses suspected of underpayment. Attached to this evening's agenda is Mr. Tate's preliminary letter on the matter. He was unable to attend this evening due to illness but has made the offer to come in and meet as needed to answer questions. Mr. Reinboth indicated he had also been approached on this matter several weeks ago. He indicated that he has a concern that the Township seems to be agreeing to an hourly fee rather than a contingency arrangement with the vendor. He indicated that Warminster's concern is the Berkheimer is not doing a thorough enough job. Mr. Miller questioned if the fees would be broken down with a 60/40 split in keeping with the revenue division of 60% going to the school district and 40% to the Township. Mr. Vail indicated that is his understanding. Mr. Miller also questioned if Berkheimer is obligated to provide these services under our existing agreement with them, and if so why a third party would be brought in rather than holding Berkheimer to their contracted obligations. Mr. Vail indicated that he is also concerned about that issue and suggested that Berkheimer be approached about their awareness of this concern and their ability and willingness to perform these functions. Mr. Miller also questioned how many firms the Township interviewed before selecting this particular vendor. Mr. Vail indicated he did not know the answer to that question. Mrs. Mueller questioned if the District would still get its share of the proceeds collected by this third party vendor whether we participate in the payment of the vendor or not. Mr. Vail indicated that the District should still be entitled to its share under those circumstances when and if the business involved remits payment. She indicated we need much more information before we can make this kind of commitment. Dr. Pollock indicated this item should be tabled until the next meeting at which time Mr. Tate can come in and address these outstanding questions. Committee directed that this item be put on the November agenda for further discussion. Mr. Tate is to be invited to that meeting to address the above and any other concerns expressed and Mr. Vail is to contact Berkheimer to get clarification on their involvement in the matter.

Upper Southampton Tax Collector Audit

Mr. Vail reported that it has been standard practice that an independent audit be conducted on any outgoing tax collector for the current collection period. To this end he indicated he had

requested a proposal from District auditor Barbacane Thornton outlining the services they would provide in conducting said audit on the books of outgoing Upper Southampton Township Tax Collector William J. Kerins who leaves office on December 31, 2009. Fee for this audit would be \$3,400. A copy of the Barbacane Thornton engagement letter is attached to this evening's agenda. Mr. Reinboth asked when the audit could begin. Mr. Vail indicated that the penalty period ends December 31, 2009 and all unpaid taxes must be lienied by January 15, 2010. Mr. Kerins' term actually expires at the end of December but he is obligated to file the liens. To that end the audit would commence shortly before he leaves office. Dr. Pollock indicated he would like to move this item forward so the auditors could get started as soon as possible. Mr. Miller questioned if any other proposals had been solicited. Mr. Vail indicated he had not done so as he felt the fee was reasonable, but that there is still time to get other proposals if the Committee wishes to do so. Dr. Pollock indicated that the District's auditor should be the one to do the audit, and given their fee is in line with prior audits of this nature, he sees no reason to solicit other proposals. Committee members agreed that the District's auditor should do the work provided that the engagement letter is amended to read that the fee will not exceed the quoted \$3,400 price. Motion to move this item forward for Board approval as amended buy Dr. Pollock. Second by Mrs. Mueller. Motion Carried 3-0.

State Subsidy Update – New Budget

Mr. Vail reported that with the adoption of the state budget earlier this week, an analysis of what District state subsidies will actually be within the adopted state budget vs. what was contained in our 2009-10 budget adopted in June was in order. The figures are as follows:

<u>Subsidy</u>	<u>Current CSD Budget 2009-10</u>	<u>Adopted Commonwealth Budget</u>	
<u>Difference</u>			
Basic Subsidy	\$12,278,075*	\$11,762,195	- \$515,880
Special Education	\$ 2,859,357	\$ 2,859,344	-\$ 13
Charter Schools	\$ 142,929	\$ 129,413	-\$ 13,516
Accountability			
Block Grant	Included in Basic Subsidy	\$ 515,880	+\$515,880
Net Difference			-\$ 13,529

In passing the new budget the Legislature also provided approval for Districts to reopen their budgets to accommodate these new subsidy amounts if so desired. Mr. Vail recommended that the Committee consider reopening the 2009-10 budget to accurately reflect these subsidy amounts given the decision that the Accountability Block Grant (ABG) would continue to be a separate subsidy and not blended into the basic subsidy as proposed in the Governor's budget submission last February. Dr. Turnbaugh indicated he supports doing this as well to enable the District to better track the ABG. After some discussion the Committee agreed to recommend that the budget be reopened but directed that the resolution to be presented to the Board specifically limit the budget reopening to these subsidy accounts only. Motion by Dr. Pollock to recommend the 2009-10 budget be reopened to amend these subsidy amounts. Second by Mrs. Mueller. Motion Carried 3-0.

Adjournment

Meeting was adjourned at 7:30 p.m.

Respectfully submitted,

Timothy E. Vail

