

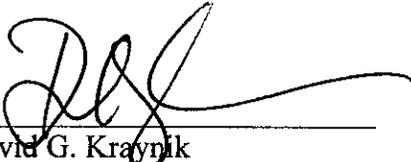
## **FINANCE COMMITTEE**

Daniel Norris, Chairman  
Morton J. Simon, Jr., Vice Chairman  
Kathy A. Hampton, Member  
Charles D. McKeown, Member  
Harvey Portner, Member  
J. Andrew Sharkey, Member  
Art Haywood, Ex-Officio, Board President

### **AGENDA**

Wednesday, March 14, 2012  
7:30 PM Curtis Hall

1. Consider appeal of late fee on Township taxes for property at 1112 Orleans Road. (See attached)
2. Review of the 2011 Fund Balance as determined by the Township's independent auditors Maillie, Falconiero & Company. (See attached)
3. Review of the Executive Financial Summary Report for the period ended February 29, 2012. (Five-Year Analysis attached)
4. Review of Memorandums regarding the Operating and Capital Budgets. (See attached)
5. Consider recommending a Resolution supporting proposed legislation to amend the Pennsylvania Municipal Claims and Tax Liens Law. (See attached)
6. Old Business.
7. New Business
8. Citizen's Forum.
9. Adjournment.

  
\_\_\_\_\_  
David G. Kravnik  
Township Manager

Leonard D'Addesi  
1626 Meadowlark Road  
Wyomissing, PA 19610

RECEIVED

DEC 21 2011

Stephen G. Burns  
Cheltenham Township Finance Officer  
8230 Old York Road  
Elkins Park, PA 19027

CHELtenham TOWNSHIP

December 19, 2011

Re: Township taxes at 1112 Orleans Road, Cheltenham, PA 19012

Dear Mr. Burns,

As per our telephone conversation on December 16, 2011, please pass this letter on to the appropriate person to consider an appeal of the late fee on the township taxes. I have also written a letter to Mr. Malinowski to appeal late fee on the school taxes. Thank you for your time.

To Whom It May Concern:

I am writing this letter as an appeal to the late fee I am charged on my 2011 township/county/sewer/refuse taxes for the property at 1112 Orleans Road above. I received a letter from Mr. Stephen Burns stating that my tax bill has been unpaid and that they do not have the correct address. All of my tax bills have been sent to the Orleans Road property in all the years that the property has been owned by me. Approximately three years ago, I moved away from the area and have been renting the house. I have never had a problem receiving tax bills and paying on time. My renters forward the bills on to me.

Apparently I was sent multiple communications (tax bills) over the past year to my address at 1112 Orleans Road for both the township and school taxes for 2011, both of which I did not receive. I have communicated with the renters, who are highly legitimate individuals, who have assured me that no tax bills have ever come to them. I also spoke with Mr. Burns and he told me that they received one of the letters back saying it was "undeliverable." To this day, I still receive mail at the Orleans property, which is forwarded on to me without any problem.

There is no doubt that one can reasonably say that I should have been looking for the bill. However, it is also reasonable to consider that one does not sit at home anticipating bills and taxes and looking for them in the mail. I have had multiple distractions with the Orleans property and have been making significant repairs over the last year. I assure you that the money I collect in rent barely covers the mortgage, insurance, and taxes and that the repairs I make are at a loss to me.

Leonard D'Addesi  
1626 Meadowlark Road  
Wyomissing, PA 19610

RECEIVED

DEC 21 2011

CHELTENHAM TOWNSHIP

Stephen G. Burns  
Cheltenham Township Finance Officer  
8230 Old York Road  
Elkins Park, PA 19027

Re: Township taxes at 1112 Orleans Road, Cheltenham, PA 19012

December 16, 2011

Dear Mr. Burns,

I am submitting the 2011 taxes as we discussed, separate checks as described in the letter you sent to me dated December 6<sup>th</sup> (attached). I hope you understand that my frustration I expressed over the phone was not directed toward you. I personally feel penalized for an oversight on my part that was not purposeful. I truly did not realize or think about paying those taxes because I have never had any problems receiving the bills. Also, it is not that I did not have the money and was avoiding payment. I have excellent credit and have always paid all of my bills. In this country, those that are hardworking, pay their taxes and don't take advantage of the system are penalized, and those able bodied folks that work the system, are essentially rewarded for sitting at home and collecting checks from the government. This is our system. And now I am being penalized because I simply did not remember to look for my tax bill and the post office refused to deliver the mail. I hope you took no offense.

Sincerely,



Leonard D'Addesi

STEPHEN G. BURNS  
CHELTENHAM TOWNSHIP FINANCE OFFICER  
8230 Old York Road, Elkins Park, PA 19027-1589  
215-887-1000 fax: 215-887-1561

PLEASE ADVISE OF CORRECT  
MAILING ADDRESS FOR TAX BILL

December 6, 2011

21580007  
D'ADDESI, LEONARD & CARLA  
1112 ORLEANS RD  
CHELTENHAM, PA 19012-2808

301 S 7th Avenue  
Suite 3220  
W. Reading, PA 19611

Dear Cheltenham Taxpayer,

This letter is a friendly reminder that your unpaid 2011 property taxes are as follows:

Township/County/Sewer/Refuse  
School

2,613.00  
7,369.00

} 2375  
} 6699 - 600  
-23

If not paid to this office on or before December 30, 2011, 9/8  
we are required to notify the Montgomery County Tax Claim  
Bureau or School District that the taxes were not paid,  
and a lien will be placed against your property. This lien  
subjects you to additional expense and interest. If  
arrangements are not made to pay the lien, your property may  
be subject to sale at the Tax Claim Bureau upset sale in  
September 2013 or to judicial sale if there is a School  
District lien. Outstanding Interim Bills, if any, are not  
reflected on this notice.

If possible, please pay the outstanding tax obligation  
to this office as soon as possible before December 30, 2011  
to avoid the concern and additional costs associated with  
property being liened by the County. PLEASE FORWARD  
SEPARATE CHECKS FOR EACH TAXING AUTHORITY. PAYMENTS MADE  
AFTER DECEMBER 16 MUST BE PAID WITH A CERTIFIED CHECK,  
CASHIER'S CHECK, CASH OR MONEY ORDER. CREDIT CARD PAYMENTS  
WILL NOT BE ACCEPTED AFTER DECEMBER 22, 2011.

If you have any additional questions, please do not  
hesitate to call us. We will be pleased to assist you in  
any way we can.

Yours truly,

Stephen G. Burns  
Finance Officer  
Tax Collector

2375  
2375  
2611

# Township of Cheltenham

Montgomery County, Pennsylvania

**Board of Commissioners**  
Art Haywood, President  
Harvey Portner, Vice President  
Kathy A. Hampton  
Charles D. McKeown  
Daniel B. Norris  
J. Andrew Sharkey  
Morton J. Simon, Jr.

**Township Manager**  
David G. Kraynik



**Administration Building**  
8230 Old York Road  
Elkins Park, PA 19027-1589

Phone: 215 887-1000  
FAX: 215 887-1561  
Website: [cheltenhamtownship.org](http://cheltenhamtownship.org)

## MEMORANDUM

**To:** David G. Kraynik, Township Manager  
**From:** Joseph Galdo, Director of Fiscal Affairs   
**Date:** March 7, 2012  
**Subject:** Fund Balance

The Township's independent auditors Maillie, Falconiero & Company is in the process of finalizing the financial statements and audit report for the period 1/1/2011– 12/31/2011. The Fund Balance is indicated as follows:

### FUND BALANCE

Balance from Period 1/1/2011 – 12/31/2011	\$ 459,908
Previous Cumulative Fund Balance 1/1/2011	4,138,705 *
Total Fund Balance as of 12/31/2011	4,598,613
Amount Budgeted for 2012	1,700,000
Uncommitted Fund Balance 1/1/2012	\$ 2,898,613

\* Carryover from the 2010 audit.

**FIVE-YEAR ANALYSIS – AS OF FEBRUARY 2012**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Expenses</b>	37%	35%	34%	35%	32%
<b>Revenues</b>	11%	9%	6%	5%	6%
<b>EIT</b>	7%	8%	9%	1%	4%
<b>Group Health Ins.</b>	17%	17%	16%	16%	17%
<b>Real Estate</b>	11%	11%	5%	6%	7%

# Township of Cheltenham

Montgomery County, Pennsylvania

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## Township Manager

David G. Kraynik

To: Finance Committee  
From: Joseph Galdo, Director of Fiscal Affairs   
Attn: David G. Kraynik, Township Manager  
Date: March 9, 2012  
Re: Operating Budget Challenges/Projections

At the request of Board President Haywood, this memorandum identifies fiscal challenges/projections regarding current and future Operating Budgets.

Currently, today's economic picture for all governments is one of a challenged environment. Even as we chase every dollar owed to the township with various initiatives, we will remain challenged on the revenue side due to a lack of economic development/building initiatives and depressed home values.

On the operating expense side, costs typically increase 2% - 4% yearly. *Below is a list of specific "cost drivers" or outliers that are over and above the typical operating expense side:*

<b>Debt Service</b>			
<u>2011 Baseline</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$2,731,258	\$3,075,313	\$3,084,418	\$3,428,473
Remarks: Baseline is actual; 2011 GO Bond Issuance was pushed into 2012 Budget; Proposed 2013 GO Bond Issuance will be pushed into 2014 Budget; During this time study we will have issued over \$14+M; This represents an est. debt service increase of \$697,215 (\$232,405 yearly).			

**Salaries**

<u>2011 Baseline</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$14,434,972	\$15,365,257	\$15,672,563	\$15,986,014

**Remarks:**

Baseline is actual; Smoothed/blended yearly approach of 3.5%;

This represents an est. increase of \$1,551,042 (\$517,014 yearly) during this study.

**Group Health Insurance**

<u>2011 Baseline</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$4,988,090	\$5,337,758	\$5,440,524	\$5,780,005

**Remarks:**

Baseline is actual; Smoothed/blended yearly approach of 6%;

Cost reduced by employee contributions;

This represents an est. increase of \$791,915 (\$263,972 yearly) during this study.

**Philadelphia Sewer Treatment Cost**

<u>2011 Baseline</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$3,619,216	\$3,935,111	\$4,328,623	\$4,761,485

**Remarks:**

Baseline is actual; Smoothed/blended yearly approach of 10%;

This represents an est. increase of \$1,142,269 (\$380,757 yearly) during this study.

**Pension Plans**

<u>2011 Baseline</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$2,484,326	\$2,481,439	\$3,403,000	\$3,505,090

**Remarks:**

Baseline is actual; Actuarial based;

This represents an est. increase of \$1,020,764 (\$340,255 yearly) during this study.

**Estimated Average Yearly Cost Driver**

Debt Service	\$232,405
Salaries	\$517,014
Group Health Insurance	\$263,972
Philadelphia Sewer Treatment Costs	\$380,757
Pension Plans	<u>\$340,255</u>
<b>Total Cost Drivers</b>	<b>\$1,734,403</b>

Based on the information at this given point and time, the amount identified above will represent the typical yearly challenges we will have to overcome in the next couple of budget cycles. This amount represents about a .93 mills tax impact or an additional \$1,190.52 (7.1413 Mills + .9300 Mills x \$147,500) for the average assessed home.

Each one of these respective outliers will need to be addressed whether through arbitration, contract negotiations, or by making a tough decision. These tough decisions can range from different service levels, rate and/or user fee increases, and lastly fostering/growing business and economic development that result in ratables for the township.

In closing, we need to remember that every decision not to foster/grow business or allow for economic development becomes a lost revenue opportunity and thus an opportunity cost that we as a township can no longer afford.

# Township of Cheltenham

Montgomery County, Pennsylvania

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Township Manager  
David G. Kraynik

## MEMORANDUM

**DATE:** March 8, 2012  
**TO:** Finance Committee  
**FROM:** David G. Kraynik, Township Manager *DGK*  
**SUBJECT:** Capital Budget and Program

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At the request of Board President Haywood, this memorandum serves as a brief overview of the Capital Budget and Program.

The Capital Budget for 2012 lists 174 projects totaling \$16,821,393. Projects include vehicle purchases, improvements to Township buildings and parkland, and rehabilitation of the Township's sanitary sewer system. Most projects have a life expectancy of five (5) years or more. The Capital Budget is funded primarily via long-term bond issue borrowing as well as via federal, state, and county grants.

The Capital Program is a five (5) year look at the Township's capital needs and is updated each year. The current Capital Program encompasses 2012 through 2016. Both the Capital Budget and Program can be found at the back of the Township budget book.

Respectfully.

DGK:amf

cc: Joseph Galdo, Director of Fiscal Affairs

**RESOLUTION OF SUPPORT  
FOR HOUSE BILL 1877 AND SENATE BILLS 1207 AND 1208, AMENDING THE  
MUNICIPAL CLAIMS AND TAX LIENS LAW**

**RESOLUTION NO. \_\_\_\_\_, 2011-2012**

WHEREAS, to be fair to all taxpayers within \_\_\_\_\_ it is necessary for \_\_\_\_\_ to pursue the collection of delinquent real estate taxes;

WHEREAS, the \_\_\_\_\_ has determined that it should have the ability and the opportunity to choose how to collect its delinquent real estate taxes and that it be able to utilize the Municipal Claims and Tax Liens Act, 53 P.S. §7101 et. seq., to pursue such tax claims; and

WHEREAS, the \_\_\_\_\_ does not wish to be forced to collect delinquent taxes under the Real Estate Tax Sale Law and pay a 5% commission for the collection of these unpaid taxes; and

WHEREAS, there is important legislation before the Pennsylvania House of Representatives, House Bill 1877, and before the Pennsylvania State Senate, Senate Bills 1207 and 1208, that would allow \_\_\_\_\_ and other cities, townships, boroughs and school districts the ability to choose how their delinquent real estate taxes are collected;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE \_\_\_\_\_ THAT IT STRONGLY SUPPORTS HOUSE BILL 1877 AND SENATE BILLS 1207 and 1208, AND URGES THAT THE PENNSYLVANIA GENERAL ASSEMBLY QUICKLY CONSIDER AND APPROVE THE LEGISLATION AND THAT A COPY OF THIS RESOLUTION BE TRANSMITTED TO THE ELECTED REPRESENTATIVE IN THE PENNSYLVANIA GENERAL ASSEMBLY.

DULY RESOLVED BY \_\_\_\_\_ ON \_\_\_\_\_

(TAXING DISTRICT)

\_\_\_\_\_  
President

[Seal]

Attest:

\_\_\_\_\_  
Secretary