

# Methacton School District

Capital Reserve and Shannondell Escrow  
Recommendations

# Recommendations

- Policy Recommendation
- Shannondell Escrow Recommendation
- Capital Reserve Fund Recommendation

# Shannondell Escrow - Goal

The goal should be to give the money back to the tax payer

- Send each taxpayer a refund check
- Offset future tax increases
- Reduce future expenses

# Shannondell Escrow - CHECK REFUND SAMPLE FOR 2021 TAX YEAR

	Value*	Assessment	Refund
	\$100,000.00	\$46,948.36	\$14.08
	\$150,000.00	\$70,422.54	\$21.13
	\$200,000.00	\$93,896.71	\$28.17
	\$250,000.00	\$117,370.89	\$35.21
	\$300,000.00	\$140,845.07	\$42.25
<b>MSD Avg.</b>	<b>\$371,472.00</b>	<b>\$174,400.00</b>	<b>\$52.32</b>
	\$400,000.00	\$187,793.43	\$56.34
	\$500,000.00	\$234,741.78	\$70.42
	\$1,000,000.00	\$469,483.57	\$140.85
	\$2,000,000.00	\$938,967.14	\$281.69

# Example – USE OF ONE TIME FUNDS FOR TAX RELIEF

	2022-2023	2023-2024
ASSESSMENT	\$2,677,725,872.00	\$2,677,725,872.00
Millage Increase	2.8300%	1.1980%
MILLAGE RATE	32.1493	32.5344
Less Gaming Funds	(\$2,106,750.72)	(\$2,106,750.72)
Net Tax Levy	\$83,980,261.66	\$85,011,453.89
COLLECTION RATE	96.97%	96.97%
Gross Current Real Estate Taxes	\$81,436,541.59	\$82,436,499.53
Use of GF for Budget Relief	\$1,000,000.00	
Total Funds for Budget	\$82,436,541.59	\$82,436,541.59

# Current Capital Structure & Needs

Capital Reserve – A fund used for major long-term projects or other anticipated expenses and unanticipated capital needs.

## Methacton School District Current Capital Reserve Status

Capital Reserve Balance	\$1,718,642.33
Less Est. Planned Expenditures	(\$170,000.00)
<b>Net Capital Reserve Balance</b>	<b>\$1,548,642.33</b>

## Example of Anticipated Expenses Projects targeted at <\$1.5M in cost

- Boilers & Chillers
- Cooling Towers
- Roofs
- Hot Water Heaters
- Athletic Fields & Facilities
- Security Systems
- Vehicles
- Paving
- Grounds Equipment

# Opportunity

Shannondell's tax appeal court case decision no longer requires escrow of funds.  
 Recommend funds be placed into the Capital Reserve.  
 Tax Payers save an estimated \$4M of interest. (Source PFM)

	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7	TOTAL
<i>Project Fund Deposit</i>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$7,000,000
<i>Settlement</i>	August, 2022	August, 2023	August, 2024	August, 2025	August, 2026	August, 2027	August, 2028	NA
<i>Structure</i>	Level	Level	Level	Level	Level	Level	Level	NA
<i>Term</i>	25 Years	25 Years	25 Years	25 Years	25 Years	25 Years	25 Years	NA
<i>Interest <sup>(1)</sup></i>	584,160	596,378	601,504	610,231	628,084	642,029	655,773	4,318,160

**Supporting Rationale:** “The central bank’s forecast is for the fed-funds rate to reach 2.75% by 2023, which means it would implement 11 total hikes of a quarter of a percentage point each.” - Jacob Sonenshine, March 17, 2022 Barron's.

# Master Plan Projects to Capital Reserve

## Potential Project List

Location	Project	Amount
ATH	Renovation of Track	\$ 275,000.00
EV	Electrical Upgrade	\$ 247,500.00
EV	Replace Boilers	\$ 198,000.00
EV	Backbone	\$ 99,750.00
EV	Replace Data DX	\$ 70,950.00
EV	Door Hardware	\$ 42,000.00
HS	Replace Roof - Part 1	\$ 1,324,205.00
HS	Replace Roof - Part 2	\$ 1,323,205.00
HS	Ext Door Code & Security Gates	\$ 1,203,995.00
HS	Replace BAS Front End	\$ 627,548.00
HS	External Storage	\$ 627,548.00

Location	Project	Amount
HS	Int. Door Hardware	\$ 385,000.00
HS	Backbone	\$ 242,000.00
HS	WoodShop Reno.	\$ 217,423.00
HS	Replace Glass	\$ 130,000.00
SA	Replace Roof - Part 1	\$ 1,011,944.00
SA	Replace Roof - Part 2	\$ 1,011,944.00
SA	Masonry Repairs	\$ 315,750.00
SA	Abatement	\$ 115,500.00
SA	2nd Floor Egress	\$ 110,000.00
SA	Ext. Door Hardware	\$ 34,694.00
WD	Exterior Door Hardware	\$ 31,500.00
WD	Interior Door Hardware	\$ 23,100.00

❖ Total Cost of all items is \$9,668,556



# Capital Reserve Recommendations

1. May 2022 approve to allocate \$7,193,687 of prior year taxes paid in protest into the Capital Reserve Fund. This would **require** that the funds be used for Capital Projects.

## Methacton School District

### Current Capital Reserve Status

Capital Reserve Balance	\$1,718,642.33
Less Est. Planned Expenditures	(\$170,000.00)
Plus Taxes Paid in Protest	\$7,193,687.00
<hr/> Net Capital Reserve Balance	<hr/> \$8,742,329.33

2. Board authorize Administration to place uncommitted funds above the 7% unassigned balance into the Capital Reserve.