

**COLONIAL SCHOOL DISTRICT
PLYMOUTH MEETING, PA**

Finance and Audit Committee Chairperson, Kathleen Oxberry, called to order a meeting of the Finance and Audit Committee at 6:30 P.M. on Wednesday, February 2, 2011 in the Superintendent's Conference Room located in the Colonial Elementary School at 230 Flourtown Road, Plymouth Meeting, PA.

Finance Committee Members Present: Kelly Jowett, Sue Moore

Other Board Members Present: Gary Johnson, Bernie Brady, Mel Brodsky, Beth Suchsland, Alan Tabachnick

Others Present: Dr. Vincent F. Cotter, Superintendent, Dr. Mary Ellen Gorodetzer, Assistant Superintendent, Joseph P. Bickleman, Chief Financial Officer/Treasurer, Loren Szczesny, Fox Rothschild

Public Present: Alan Fiermonte

Mrs. Oxberry began the meeting by asking for any public comments on the agenda. There were none.

Mrs. Oxberry then asked the committee to convene an executive session to discuss real estate tax assessment appeals.

After the executive session, Mrs. Oxberry asked that Mr. Bickleman begin discussion on the agenda.

Mr. Bickleman distributed a draft copy of the 2011-12 Preliminary Budget in the district format. He noted that the total budget is \$96,422,000 an increase of \$2,363,000 or 2.51% over the 10-11 budget. There is a budget shortfall of \$7.2 million that may be balanced with a 3% real estate tax increase and using \$5.3 million of the district's projected fund balance of \$6.1 million for June 30, 2011. The 3% real estate tax increase represents an annual increase of \$78 on the median assessed value of \$147,010 or \$54 for every \$100,000 of property assessment. It was stated that the board would need to authorize the filing for Act 1 exceptions in order to raise the tax rate above the index of 1.4%.

Mr. Bickleman pointed out the major expenditure increases in the budget as being salaries, \$827,688 or 1.7%, benefits, \$1,308,069 or 7.78%, equipment, \$185,553 or 21.61%, and debt payments, \$590,940. Benefits are increasing due to the premium increases of 15.5% for Personal Choice and 10.29% for Keystone HMO. Medical benefit increases accounted for approximately \$1.0 million of the \$1.3 million increase in benefits. The balance of the benefit increase was due to the employer retirement contributions to PSERS which totals approximately \$268,000. The mandated PSERS employer contribution rate is increasing from current budgeted rate of 8.22% to 8.65%. Equipment expenditures are increasing for technology upgrades. The debt service increase is not due to the district assuming new debt but due to the resumption of the normal debt repayment schedule after the district achieved one time savings of bond refinancing over the last few years. Mr. Bickleman highlighted this fact by directing the committee's attention to page 73 in the budget booklet. The summary illustrates that the district saved over \$1.2 million by refinancing bonds in 2009 & 2010 and over \$1.8 million since August 2003.

Mr. Bickleman then reviewed the revenue charts that show the decline in transfer tax, interest earnings, state basic education subsidy, and federal revenues (stimulus funds). He also noted the fund balance historical analysis that shows the district's surplus declining from a peak of \$13.5 million on June 30, 2008 to a projected amount of \$824,151 for June 30, 2012. He did report that

the district has currently experienced a slight uptick in the taxable assessed value providing for an additional \$377,000 of tax revenue in the preliminary budget. Dr. Cotter explained that district administration is in the process of compiling a list of budget cuts to preserve fund balance.

Mr. Bickleman then reviewed the retirement expense chart on page 95 of the preliminary budget document. This chart shows a projected net retirement expense increase of over \$4.0 million from 2010-11 to 2015-16 due to the projected increase in the PSERS employer retirement contributions. He noted that a real estate tax increase of over 6.5% would be necessary to pay for the retirement contribution increase.

Regarding the Act 1 exceptions, Mr. Bickleman presented estimates of \$1.5 million for special education and \$769,000 for retirement. He noted that these exceptions, if approved by PDE, would allow for an additional real estate tax increase of 3.5% above the Act 1 index of 1.4%. The deadline to advertise the district's intent to seek exceptions is February 24th with an application deadline of March 3rd.

Preliminary indicators suggest that the Act 1 index for 12-13 will be under the current 11-12 rate of 1.4%.

Mrs. Oxberry then asked for any comments from the public. Mr. Fiermonte expressed his concerns over the district's current financial situation and staffing increases over the last ten years. He also asked what the potential budget cuts would be. Dr. Cotter explained that the administration is currently compiling a list that would be reviewed by the board in the coming weeks. Mr. Bickleman mentioned that the financial activity, revenues and expenditures, would be closely monitored over the next four months and fund balance estimates would be adjusted accordingly.

There being no further business to be brought before the committee, Mrs. Oxberry adjourned the meeting at approximately 7:55 P.M.

Respectfully submitted,

Joseph P. Bickleman
Chief Financial Officer/Treasurer