

**COLONIAL SCHOOL DISTRICT
PLYMOUTH MEETING, PA**

Finance and Audit Committee Chairperson, Hope Luken, called to order a meeting of the Finance and Audit Committee at 7:15 P.M. on Thursday, January 7, 2010 in the Superintendent's Conference Room located in the Colonial Elementary School at 230 Flourtown Road, Plymouth Meeting, PA.

Finance Committee Members Present: Kathleen Oxberry, Tom Sigafos

Other Board Members Present: Gary Johnson, Bernie Brady, (Arrived at 7:30), Sue Moore, Beth Suchsland, Alan Tabachnick

Also Present: Dr. Vincent F. Cotter, Superintendent, Dr. Mary Ellen Gorodetzer, Joseph P. Bickleman, Chief Financial Officer/Treasurer, Loren Szczney, Esquire and Jeff Sultanik, Esquire, Fox Rothschild

Mrs. Luken began the meeting by asking for any public comments. There were none.

Mrs. Luken then called for an executive session to discuss legal matters related to real estate tax assessment appeals.

After the executive session, Mrs. Luken asked Mr. Bickleman to proceed with the remaining items on the agenda. Mr. Bickleman began by presenting the Proposed Preliminary Budget for 2010-11. Mr. Bickleman stated that the 2010-11 budget has a deficit of \$9,651,694 and would require a 15.53% real estate tax increase to balance assuming no fund balance is used. He explained that the estimated fund balance for June 30, 2010 is \$8.9 million.

Mr. Bickleman reported that the state's Act 1 index is 2.9% for the 2010-11 budget year. This index restricts the district from raising real estate taxes more than 2.9% if no exceptions are applied for and used. Mr. Bickleman stated that the 2.9% real estate tax increase would generate an estimated \$1.8 million. He also distributed drafts of Act 1 Exception Worksheets which provide for exceptions totaling \$5,061,626 or an additional 8.4% of real estate tax increase for a total allowable tax increase of 11.3%. It is projected that the district would qualify for three different exceptions. They are: Maintenance of Selected Revenue Sources \$2,893,255, Special Education Expenditures \$1,309,494, and Retirement Contributions \$858,877.

Mr. Bickleman reported that expenditures for the 2010-11 school year have increased \$4,032,000 or 4.36%. Salaries have increased \$1,376,051 or 2.83% from the 2009-10 budget and benefits are expected to increase \$2,153,084 or 14%. The large increase in benefits is due to the fact that the PSERS mandated employer retirement contribution was increased 72% from the current 4.78% to 8.22% causing this expenditure to increase \$1,790,996. The district receives a 50% reimbursement from the state for their portion of the retirement contributions resulting in a net budget impact of \$895,498. Medical benefits are also increasing \$301,031 or 3.92%. Employees are expected to share in their medical premium expenses by contributing an estimated \$824,000 through payroll deduction. Costs for contracted education which includes special education and alternative education are expected to increase \$558,186 or 14.89%. Electricity costs are increasing an estimated \$113,426 or 9.81% due to deregulation and the removal of rate caps effective January 1, 2011.

Tuition to be paid to the vo-tech school is decreasing by \$299,237 due to a credit of \$710,176 the district is receiving for the reconciliation of the tech school's 2008-09 operating year. Colonial's estimated share of the tech school's expenses for 2010-11 is \$2,067,439 but when the credit is applied the total amount of tuition to be paid will be \$1,357,263.

Contracted transportation costs are expected to increase \$116,258 or 2.24%. In 2010-11, the district will be in the eighth year of a twelve year transportation contract with First Student/Romanos. This agreement includes 3% increases each year with rate freezes in two of the twelve years.

Debt service payments are expected to increase \$176,685 in 2010-11 but Mr. Bickleman explained that this increase would have been in excess of \$500,000 if it wasn't for the refinancing the district completed in November of 2009 which saved the district \$424,237. This refinancing coupled with savings of \$527,025 from the refinancing completed in January 2009 saved the district \$951,262.

Mr. Bickleman stated that local revenue sources continue to decline. Local revenue is projected to decrease \$466,891 with interim real estate taxes, transfer taxes and interest earnings leading the decline. State sources are increasing only .2% or \$26,000 after removing the increase for the state share of retirement contributions. Federal revenue is decreasing \$1,227,381 due to one-time stimulus funding that was received in 2009-10 and is not available in 2010-11.

Mr. Bickleman explained, and Dr. Cotter concurred, that building and departmental budgets were reasonable and were submitted to the district office for line item review and revision. Administrators responsible for their budgets realized that the 2010-11 budget would be challenging and submitted their budgets accordingly.

Mr. Bickleman asked for direction from the committee and other board members as to the percent of real estate tax increase to include in the 2010-11 Preliminary Budget. The Preliminary Budget document must be available in the state format for public inspection on Thursday, January 28th and for board approval on Tuesday, February 16th. After much discussion regarding the budget, and the committees' concern for taxpayers and the quality education programming that exists in Colonial, it was the consensus to include a 7% real estate tax increase and to use \$5,300,000 of the available fund balance. Dr. Cotter and Mr. Bickleman were given direction to continue to work on the preliminary budget to try and limit the increase to 4.1% which would be equal to the state index of 2.9% and the percent allowable for the increase in the employer's retirement contributions. Mr. Bickleman stated that the final 2010-11 budget is due to be adopted on June 17, 2010.

Mrs. Luken asked for comments from the public. There were none.

There being no further business to be brought before the committee, Mrs. Luken adjourned the meeting at approximately 8:55 P.M.

Respectfully submitted,

Joseph P. Bickleman
Chief Financial Officer/Treasurer