

**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 6:25 P.M. on Tuesday, June 1, 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, Mitch Zimmer

Other Board Members Present: Gary Johnson, Bernie Brady, Sue Moore, Beth Suchsland, Alan Tabachnick

Also Present: Dr. Vincent F. Cotter, Superintendent, Dr. Mary Ellen Gorodetzer, Assistant Superintendent, Joseph P. Bickleman, Chief Financial Officer/Treasurer, Lori McCoy, Director of Food Services, Richard Hartz, Director of Human Resources, Tom Davis

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

Mr. Bickleman proceeded to give an update on the status of the 2010-11 budget. He reported that additional budget reductions to the proposed final budget that was approved on May 17th would allow for a further reduction in taxes to 3.76% from the previous 4.9%, or to use less fund balance to balance the budget. After much discussion between the committee and other board members it was the consensus to lower the tax increase to 4.5% and use \$585,000 less of fund balance. The 4.5% increase would result in a \$114 increase on the district's median assessed value of \$146,990. Mr. Bickleman also noted that the tax relief provided by the state with gambling revenue would provide qualifying homesteads/farmsteads a reduction of ten dollars more than the previous year. The net resulting increase, with tax relief, to qualifying homeowners would be approximately 4.1%. It was also agreed to add one additional unassigned teaching position to the budget to allow for any additional classes due to increased enrollment. The final 2010-11 budget will be considered by the board at the meeting to be held on June, 17th. Mr. Bickleman noted that the required advertising of the budget adoption has been completed.

Mr. Bickleman presented the latest fund balance projection for June 30, 2010. It is estimated that the fund balance would be \$9.8 million. This was a reduction from previous estimates due to realizing a payable of \$361,000 for the Early Retirement Incentive Plan and April expenditures being higher than expected. He explained that these estimates are based on April 30th financial reports and that fund balance estimates could increase in the next two months.

Mr. Bickleman then reported on Act 1 index projections for the 11-12 budget year. He distributed PASBO articles that estimated the index to be 1.5% for 11-12 and could trend lower when the final figures are calculated. A 1.5% real estate tax increase would generate approximately \$948,000. The Act 1 index is the average of the Employment Cost Index (ECI) for Elementary and Secondary Schools and the increase in the State Average Weekly Wage (SAWW). The ECI for June 30, 2010 and the SAWW for 2009 is used for the Act 1 index in developing the 11-12 budget. The low index coupled with declining revenues and rising costs will result in a very challenging budget year for 2011-12.

Mr. Bickleman then introduced Lori McCoy, Director of Food Services, to discuss the food service budget for 2011-12. It is estimated that without a price increase the operation would lose approximately \$140,000. This is due to increased costs for labor and benefits and declining revenues. The employer share of retirement is increasing 72% and medical benefits are increasing 5.71%. Food service employees are currently in contract negotiations and labor costs are uncertain at this point. Mrs. McCoy noted that Colonial has a large percentage of full time employees receiving benefits compared with other MONTCO districts and that the meals per labor hour is higher. Revenues have been declining due to the current economic conditions. Vending sales are down, along with revenues for district catered functions that are billed at cost. Lori continues to try to stimulate sales with aggressive marketing strategies in the cafeterias. After discussion regarding a price increase for 10-11 it was the consensus of the committee to raise lunch prices ten cents at the elementary and middle school level, and five cents at the high school. It

is estimated that this price increase would result in an additional \$22,000 of revenue.

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

After the executive session, there being no further business to be brought before the committee, Mrs. Luken adjourned the meeting at approximately 7:30 P.M.

Respectfully submitted,

Joseph P. Bickleman
Chief Financial Officer/Treasurer