

**COLONIAL SCHOOL DISTRICT  
PLYMOUTH MEETING, PA**

**Finance and Audit Committee Chairperson, Steven Slutsky, via conference call, called to order a meeting of the Finance and Audit Committee at 7:30 P.M. on Tuesday, September 29, 2009 in the Superintendent's Conference Room located in the Colonial Elementary School at 230 Flourtown Road, Plymouth Meeting, PA.**

**Finance Committee Members Present:** Hope Luken

**Other Board Members Present:** Gary Johnson, Kelley Jowett

**Also Present:** Dr. Vincent F. Cotter, Superintendent, Joseph P. Bickleman, Chief Financial Officer/Treasurer, Loren Szczney, Esquire, Fox Rothschild LLP, Scott Shearer, Public Financial Management

Mr. Slutsky began the meeting by asking for any public comments. There were none.

Mr. Slutsky then called for an executive session to discuss legal matters related to real estate tax appeals.

After the executive session, Mr. Slutsky asked Mr. Bickleman to proceed with the remaining items on the agenda. Mr. Bickleman introduced Scott Shearer, Financial Advisor for Public Financial Management. Mr. Shearer reviewed his documents related to the potential savings related to refinancing the 2003 and the 2004 General Obligation Bonds. His report showed the current net savings at \$403,206.75. The bonds to be refinanced will be \$9,955,000 from the 2004 Issue and \$880,000 from the 2003 Issue. A board resolution appointing the financing team and the minimum savings target would need to be approved by the board. It was proposed by the committee that the resolution include Fox Rothschild LLP as Bond Counsel, and Public Financial Management (PFM) as Financial Advisor. The minimum savings was set at \$300,000. Mr. Slutsky asked Mr. Shearer if the savings were less than the \$300,000 could the refinancing still move forward. Mr. Shearer affirmed the fact that the transaction could still occur if the board so chooses. Mr. Bickleman stated that the board resolution will be on the agenda for the special board meeting to be held the morning of September 30<sup>th</sup>.

Mr. Bickleman then reviewed the 2010-11 Budget Schedule. He highlighted the fact that the Preliminary Budget is scheduled for board consideration at the work session of February 16, 2010 and the Finance Committee is also scheduled to present its report on the budget at the same meeting.

Mr. Bickleman provided the members with PDE's official notice of the Act 1 Index to be used for the 2010-11 budget year. The index is set by the state at 2.9%. The district is bound not to raise real estate taxes above the index unless exceptions are approved during the budget process. Mr. Bickleman reported that the 2.9% index would generate approximately \$1.8 million and that exceptions would be filed but the amount would be minimal and dependent on the employer retirement contribution rate set by PSERS.

The committee was then apprised of the current projections related to the PSERS employer contribution rates for 2010-11 through 2013-14. Mr. Bickleman stated that the current 2009-10 rate of 4.78% could rise to 8.13% for 2010-11 causing a net budget increase of \$851,000. The 2011-12 rate is projected at 10.45% with a net increase of \$625,000. **More important to note is the fact that the 2012-13 rate is projected to be 29.31% causing a net budget increase of \$4.9 million.** The 2013-14 rate is projected at 32.19% with a fiscal impact of \$906,000. Cumulatively, these increases over the next four years are projected to add \$7.2 million of employer retirement contributions to the district budget.

Mr. Bickleman then provided a copy of a report dealing with the MONTCO Health Care Affiliation moving to a self-funded mechanism for prescription drugs effective January 1, 2010. Mr. Bickleman stated that the district would be part of group consisting of 20 school entities in Montgomery County with 9,700 subscribers and \$26.6 million in premiums. The affiliation has premiums in excess of claims of nearly \$1.1 million and that additional savings would be derived through the competitive nature of the self insurance plan. Currently, Colonial's claims exceed the premiums paid by over \$300,000 but that the self insurance plan will be structured as to not negatively affect any district. Mr. Bickleman noted that the change would be transparent to district employees with the possibility of a new prescription card for July 1, 2010. The consensus of the committee was to move forward with the recommendation to self insure the district's prescription plan.

Mr. Bickleman reported to the committee that the first meeting of the Act 32 Tax Collection Committee (TCC) will be held on Wednesday, October 28, 2009, at 11:00 A.M. in the Commissioners' Board Room at One Montgomery Plaza, Norristown. Act 32 mandates county-wide earned income tax collection on January 1, 2012 and the TCC is charged with its implementation. Mr. Bickleman reported that the MCIU is coordinating a meeting of four municipal and four school district representatives prior to the official meeting to discuss relevant topics. The weighted vote for the TCC is 55% municipalities and 45% school districts.

Mr. Slutsky asked for comments from the public. There were none.

There being no further business to be brought before the committee, Mr. Slutsky adjourned the meeting at approximately 8:45 P.M.

Respectfully submitted,

Joseph P. Bickleman  
Chief Financial Officer/Treasurer