

**FINANCE AND LONG RANGE BUDGET PLANING COMMITTEE**  
**MINUTES – MEETING OF JANUARY 14, 2013**

IN ATTENDANCE: Committee Chair Michael Hartline, members David Shafter, alternate Steve Adams, (member Mr. Kleinschmidt arrived at 7:20 pm).

BOARD MEMBERS: Mark B. Miller

STAFF: Dr. Jennifer Cressman, Christopher M. Berdnik, William Gretton, Robert Reed

PUBLIC: Robert Shaffer

CALL TO ORDER

Mr. Hartline called the meeting to order at 7:00 p.m. and asked the members of the Board, Staff and public to introduce themselves.

MINUTES

Mr. Adams made a motion to approve the minutes of December 17, 2012, Mr. Shafter seconded. Motion carried 2-0-1. [Mr. Shafter abstained since he was not in attendance at the December 17, 2012 meeting.]

2011-12 LOCAL AUDIT

Mr. Berdnik reviewed the local audit report for the school year ending June 30, 2012. Mr. Shafter complemented the business office on its performance.

Mr. Adams made a motion to move to the full board to accept and approve the local audit report, Mr. Shafter seconded. Motion carried 3-0-0.

PAYROLL/BENEFITS

- a. Health care 2013-14 first look – information only

Mr. Berdnik wanted the Committee to know that the first look for the health insurance renewal with Delaware Valley Health Insurance (DVHIT) would consist of an increase not to exceed 6.5%. DVHIT will present a firm/final renewal by April 1, 2013.

- b. Pharmacy network – information only

Mr. Berdnik explained that CVS Caremark were proposing a more restrictive network consisting of CVS/pharmacy and Wal-Mart, which would in turn be a cost savings for clients of 3 to 3.5%. Mr. Berdnik stated that he would be presenting to CEA representatives on January 15, 2013. Administration will bring back to Committee on/or about March.

- c. New pension accounting rules – information only

Mr. Berdnik provided information on GASB's new accounting standards for public sector pension plans and sponsoring employers. GASB Statement 67, *Financial*

*Reporting for Pension Plans* will replace GASB Statement 25 for fiscal years beginning after June 15, 2013. GASB Statement 68, *Accounting and Financial Reporting for Pensions by State and Local Governmental Employers*, will replace GASB Statements 27 and 50 for fiscal years beginning after June 15, 2014.

Statements 67 and 68 establish standards for measuring and recognizing liabilities for accounting purposes, including the actuarial cost method, the discount rate and the amortization methods. They specify financial statement note disclosure and required supplementary information.

d. Affordable care act – information only

Mr. Berdnik provided information on the Patient Protection and Affordable Care Act (“PPACA”) requiring large employers (i.e. those regularly employing 50 or more full-time equivalents) to provide “affordable” health coverage of “minimum value” to “full-time employees” and their dependents. The term “full-time employee” is defined to include those who are employed “an average of at least 30 hours of service per week.” DVHIT is formulating procedures to comply with regulations and district staff are participating in continuing education on the matter.

#### PURCHASING/CONTRACTS

a. Bid and quote threshold – information only

Mr. Berdnik stated that the Consumer Price Index Adjustment of Base Amounts on Bids Effective January 1, 2013, would be a threshold of over \$18,000. The District currently has thresholds of \$4,000 for quotes and \$10,000 for bids. Mr. Berdnik stated that the threshold increase should be Board approved.

b. All Hazard Plan – information only

Mr. Berdnik stated that the District had reached out to the Center for Safe Schools to review the District’s current Crisis Response Manual. The District requested a proposal from the Center for Safe Schools for technical support in revising the current plan in place.

#### REALITY BASED BUDGETING

a. Revised 2013-14 capital reserve fund plan of finance – information only

Mr. Berdnik stated that the retirement incentive in December did not go through as there were not sufficient numbers. The amount budgeted for an other post employment benefit trust fund contribution for the incentive should be transferred to the capital reserve fund, continuing the practice of casting forward good financial fortune. The fund balance on June 30, 2013 will be sufficient to cover the three year plan projects of \$2,583,000, the close out of funds needed for Capital Projects of \$1,800,000, unforeseen emergencies of \$500,000, and a transfer from general fund to capital reserve of \$810,000.

Mr. Shafter made a motion to move to the full board the \$810,000 transfer from the general fund to the capital reserve, Mr. Kleinschmidt seconded.

Motion carried 3-0-0.

b. Referendum exceptions base year – information only

Mr. Berdnik received information from the Department of Education the department has determined that the annual financial report for the 2011-12 school year will be the most recent year used for the purpose of determining the eligibility for a referendum exception.

c. Draft preliminary 2013-14 general fund budget – action needed

Mr. Berdnik presented the summary of the preliminary 2013-14 general fund budget to the Committee. Items to watch will be Ann's Choice settlement, Governor's draft budget and the Legislature's response, Impact of Affordable Care Act, State/BCIU implementation of new Medicare (ACCESS) billing procedures, Federal allocations, Pension reform (or lack thereof) and Capital project close out.

Expenditures for 2013-14 include increases for wages of \$1,035,000 of 2.01% all-in after concessions, PSERS \$2,484,136, Services from Intermediate Unit \$1,000,000, Instructional and Curriculum Development \$316,725 and Capital Projects close-out of \$1,800,000.

i. Curriculum – information only

Mr. Berdnik provided the District School Report Card to the Committee. In the budget process programs were budgeted to assist in improving student achievement.

Mr. Shafter asked if the list of programs provided by Dr. Mundy for inclusion in the 2013-2014 preliminary budget could include dollar amounts for each. Mr. Berdnik stated that Dr. Mundy's office could provide the numbers to Dr. Cressman's office and be sent with the Friday update.

Mr. Shafter inquired if there were going to be staff cuts in the upcoming budget for 2013-2014. Dr. Cressman stated that there will be no cuts for the upcoming budget. It will take a year to formulate cuts for the 2014-2015 budget with the consolidated of schools.

Mr. Hartline stated that the preliminary budget would be presented at the January 22, 2013, board meeting, with the draft proposed budget being presented at future meetings.

Mr. Kleinschmidt made a motion to move the preliminary budget to the full board, Mr. Shafter seconded. Motion carried 3-0-0.

ii. Technology office – information only

Mr. Berdnik presented a pie chart representing CSD computers by purchase year to current. The 2013-2014 budget would eliminate the 2005 and much of 2006 equipment through updating of computers within the District,

resulting in most of the equipment in the District being three to four years old.

Mr. Reed provided a request for additional support staff for the Technology Department. After some discussion, it was agreed that this request would not be considered until after the Technology Audit was completed after the end of the current school year.

iii. Transportation office – information only

Mr. Berdnik gave the rationale for reconfiguration of staffing in the Transportation Office. Currently, Mr. Robinson is the Supervisor of Transportation and the Dispatcher/Router. Adjusted staffing would encompass the following schedule: Supervisor of Transportation, Transportation Dispatcher/Routing Assistant, and part-time Transportation Secretary.

Dr. Cressman stated that for safety she would support the proposed adjusted staffing.

After a short discussion, Mr. Shafter made a motion to move to the full board, Mr. Kleinschmidt seconded. Motion carried 3-0-0.

a. Review of reports and projection – information only

Mr. Berdnik went over the financial statement highlights as of December 31, 2012. Both revenues and expenditures lag the adopted budget, with the trend suggesting a slight year end deficit, as budgeted. Local revenues are weak behind the unsettled payment in lieu of taxes and/or real estate tax matter of Ann's Choice.

The Board has already approved some multiyear strategies to smooth some of the forthcoming spikes in expenditures, such as the recent deposit of funds equal to the district's early retirement incentive obligations from the summer of 2012. Sales of four closed school buildings have been completed, with proceeds ultimately transferred to the Capital Reserve Fund. As before, we will recommend that any 2012-13 surplus (if there is any) be transferred at year end to either the debt service fund or the capital reserve fund (or a combination of both).

Mr. Berdnik stated that school districts need pension reform on the State level for subsequent budget years 2014-2015 forward.

## ALTERNATIVE REVENUES

a. Advertising – information only

Mr. Berdnik shared the results of the Advertising on School District Property RFI No. 2013-08. There were two replies: School Media and reinstating the School Board Committee. Administration does not desire to engage with School Media.

Mr. Hartline will send an e-mail to the Board President in regards to reforming the Ad

Hoc Committee.

A discussion followed in regards to raising fee for the Auditorium, etc. Mr. Gretton stated that would require a policy change. Mr. Hartline stated that the Finance Committee should set the fee rates. Since the fees are embedded within the policy, the policy should be changed to reflect the rates charged would be Board approved and not part of the policy.

#### NEXT MEETING

Mr. Hartline reminded everyone that the next Committee meeting will be on Monday, February 11, 2013, 7:00 p.m. in the Board Room.

Mr. Kleinschmidt made a motion to adjourn the meeting. Mr. Shafter seconded. Motion carried 3-0-0.

The meeting was adjourned at 8:24 p.m.

Respectfully submitted,

Christopher M. Berdnik  
CFO

Note: A table top exercise document was included for the Business office mid-point review. A report of accomplishments and priorities was provided.