

FINANCE AND LONG RANGE BUDGET PLANING COMMITTEE
MINUTES – MEETING OF DECEMBER 17, 2012

IN ATTENDANCE: Committee Chair Michael Hartline, members Charles Kleinschmidt, alternate Steve Adams, (member Mr. Shafter was absent).

BOARD MEMBERS: Mark B. Miller

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

PUBLIC: Paul Rokuskie

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. Kleinschmidt made a motion to approve the minutes of November 19, 2012, Mr. Adams seconded. **Motion carried 3-0-0.**

PAYROLL/BENEFITS

- a. PSERS rates – information only

Mr. Berdnik explained that on December 6, 2012 the PSERS Board of Trustees certified an employer contribution rate of 16.93% for fiscal year 2013/2014, which begins July 1, 2013. Rates for years after 2013/2014 will be increased every year, until the rate increases to more than 30% of payroll.

- b. Prescription coverage projections – information only

Mr. Berdnik wanted the Committee to be aware that the early prediction will be a 2.53% increase for 2013/14 over the 2012/13 current contract. The final numbers will be forthcoming in the Spring.

PURCHASING/CONTRACTS

- a. Copier feedback – information only

Mr. Berdnik stated that the faculty was asked what they were thankful for and one item was copiers that work.

REVENUES

- a. Request for waiver of penalty – action needed

Mr. Hartline stated that the recommendation has been not to grant waiver of penalty for payments of tax payments. Motion was made to deny by Mr. Kleinschmidt, seconded by Mr. Adams. Motion Carried 3-0-0.

b. Tax Collection Committee

i. Keystone audit – information only

Mr. Berdnik explained that there was an audit done on controls and no exceptions were noted.

REALITY BASED BUDGETING

a. Budget calendar – information only

Mr. Berdnik went over the 2013-2014 budget calendar.

b. Economic outlook – information only

i. Janney

ii. Independent Fiscal Office

Mr. Berdnik stated that the State predicts a very significant gap between revenues and expenditures. The District should not expect much relief from resources coming from the Commonwealth. Mr. Berdnik also stated that we can expect interest rates to be low and economic growth to be modest.

c. Working budget files – information only

i. Food Service fund (50)

Mr. Berdnik stated that Ms. Deola presented a balanced budget, but the budget cannot be finalized until we know the final rates for state and federal reimbursement which would help shape the final budget. The District should be able to finalize in March or April depending on when we know the reimbursement rates.

ii. Debt Service fund (40)

Mr. Berdnik explained what the debt service fund was used for. The fund can only be used for debt service.

iii. Capital Reserve fund (32)

Mr. Berdnik went over the three year capital improvement plan for the District. The projected beginning balance of \$4,056,563 plus transfers from the general fund for the next three years would cover the projects planned throughout the District, close the of four consolidation projects (\$1,800,000 as a transfer to fund 39), and any unforeseen emergencies (\$500,000).

iv. General Fund (10)

Mr. Berdnik stated the District has made assumptions that \$1,239,140 in payment in lieu of taxes will be received. Plus value of 1.7% Act 1 increase (1.97 mills) of \$1,040,897 and Act 1 retirement exception (2.29 mills) of

\$1,209.977 plus sum total of other revenue changes of \$453.637.

Mr. Berdnik indicated that the areas in expenditures that are driving the deficit are increases for PSERS of \$2,424,847, payments to the Intermediate Unit for Services of \$1,066,568, Instructional & Curriculum Development books/software/supplies of \$350,725, and wages (net increase 1.46% all-in after concessions) of \$751,866.

1. Real estate comparison

Mr. Berdnik stated that Centennial has the second lowest tax burden in Bucks County.

2. Special Education data reports

Mr. Berdnik went over the Special Education Data Report from the state for the Centennial School District for the years 2008-09 through 2010-11. This is important context for the Board to see the requested increase in special education expenditures. Mr. Miller asked that this information be put on the agenda for the Education Committee so that they can look at the underlying reasons for the increase in Special Education. Mr. Hartline asked Mr. Miller to send his request to Mr. Hartline via e-mail.

d. Review of reports and projection – information only

Mr. Berdnik went over the financial statement highlights as of November 30, 2012. The good news is that expenditures as a whole lag the adopted budget. The bad news is that revenues lag the adopted budget by an even larger margin. This trend suggests a fiscal year with a slight 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).

ALTERNATIVE REVENUES

a. Modell's update – information only

Mr. Berdnik reminded the listening audience that the Team Week promotion coupons were still valid until December 21, 2012.

NEXT MEETING

Mr. Hartline reminded everyone that the next Committee meeting will be on Monday, January 14, 2013, 7:00 p.m. in the Board Room.

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

The meeting was adjourned at 8:15 p.m.

Respectfully submitted,

Christopher M. Berdnik
CFO