

FINANCE AND LONG RANGE BUDGET PLANNING COMMITTEE
MINUTES - MEETING OF APRIL 20, 2009

In attendance:

Committee: Thomas Reinboth; Andrew Pollock; Joseph Simpson

Board: Cyndi Mueller; Jane Schrader Lynch; Mark Miller; Michael Monaghan

Staff: Timothy Vail; Sandy Homel; Jennifer Foight-Cressman; Susan Klyman; Fran Watkins

Public: Barbara Patrick; Janet Richard; Lynford Rhodes; Robert Lucciani; Jim Schnese Press:

None

Call to Order:

Mr. Reinboth called the meeting to order at 6:31 p.m.

Approval of Minutes

Motion to approve the minutes of the April 6, 2009 meeting as submitted by Dr. Pollock. Second by Mr. Simpson. Motion Carried 3-0.

Real Estate Penalty and Interest Pymt Issue

Mr. Vail reported that attached to this evening's agenda is a letter from an Upper Southampton Township taxpayer requesting that the Board consider refunding the interest and penalties associated with her 2008 real estate tax bill. The taxpayer is contending that she paid her taxes by check at the end of the face period and Upper Southampton Township Tax Collector Mr. Bill Kerins did not deposit the check. Also attached is a copy of the taxpayer's check as well as an opinion by Solicitor Jeff Garton that the Board has the authority to waive penalties and interest under the circumstances identified in the taxpayer's letter. The amount of penalties and interest to be refunded is \$375.67. Committee discussion focused on the recurring problems being reported by Upper Southampton Township taxpayers in getting their payments received and processed in a timely fashion. However, in this particular case, since the taxpayer is lacking a receipt and the check copy is not a cancelled check there is no definitive proof that payment was ever received by Mr. Kerins. Further, there is no evidence at this time that the taxpayer has paid the Bucks County Tax Claim Bureau which would need to be done prior to a refund being considered. Committee members directed that Administration notify the taxpayer that more information would be needed before this request could be honored. Mr. Vail suggested that at a minimum a copy of the late October/early November bank statement showing that checks immediately preceding and following this check number would be needed to verify that the time frame involved matched the preprinted check number on the copy provided used to pay the tax. Mr. Vail indicated that he would notify the taxpayer that more information is needed and bring the matter back for further consideration if and when that occurs.

Cooperative Purchasing - Food Service

Mr. Vail reported that the Tri-County Food Purchasing Cooperative will be discontinuing its association with Co-eXprise for purposes of bidding food items for the 2009-10 school year and is instead pursuing bidding the items on their own as a group. Centennial has provided numbers to the Consortium so that if pricing is favorable we would be in a position to participate in securing these prices. Mr. Vail indicated that he wanted to make the Committee aware that these bid award recommendations would be coming forward in May as Board approval will be necessary. Discussion focused on the history of this bid award and why the issue had not been brought forward before now. Several Board members expressed concern that this late in the process there would be nothing to compare these bid prices to when they come before the Board for approval. It was suggested that we also look at what other neighboring districts do as well as the possibility of bidding through BCIU. There was also a more generalized discussion on the process for soliciting and awarding bids. Mrs. Homel suggested that the schedule for soliciting and awarding bids be brought forward each September so the Board has some sense of what this

schedule will be. Motion by Dr. Pollock to authorize Administration to solicit food bids individually for the District only and to explore the possibility of other consortium bid arrangements in addition to pricing secured via the Tri-County Food Purchasing Cooperative. All data is to be brought back for Committee review before bid awards are made. Second by Mr. Simpson. Motion Carried 3-0.

Web Filtering System

Mr. Vail reported that attached to this evening's agenda is the proposed agreement with Trebron Company, Inc. for the purchase and maintenance of the Sophos Web Security System as recommended by the Technology Department. The agreement is for a 48 month term with payments in the first three years. The fourth year would be at no charge. This item has been budgeted for the initial amount in the 2009-10 Technology Reserve Fund budget. Trebron has agreed to hold this pricing in place through April 30, 2009 pending Board review and approval. Discussion focused on concerns with the lack of warranty in the fourth year for the appliance; language in the agreement which appears to provide no recourse to the District for disruption in service or the need to replace the appliance during the term of the agreement. Consensus was that the appliance (sent by the vendor for testing before the agreement is executed) should be opened and installed immediately. The item could go forward for Board approval if all these issues are addressed and Administration is satisfied that the trial period is going smoothly. Mr. Watkins indicated he would know within several days of installing the appliance if the system is working properly and addressing our needs. Consensus of the Committee was that the item should be moved forward for Board action on the April 28, 2009 meeting agenda if all concerns outlined above could be satisfactorily addressed.

Pre-Paid Benefits Card

Mr. Vail indicated that this evening's agenda includes information from the District's benefit broker, BAS, on a new program available to CSD employees who elect to participate in the Flexible Spending Account program. This card is designed to permit the employee to purchase all covered health-related benefits and pay the provider by using the card rather than having to front the funds and apply for reimbursement. Cards would be issued at no cost to the District. Administration recommends that this item be made available to eligible and participating employees for the new benefit year which begins July 1, 2009. Committee discussion focused on the desirability of making employee participation in the FSA program as attractive as possible as this saves the District money on social security contributions since these dollars are considered a pre-tax deduction and therefore exempt from the social security/medicare tax. Concern was expressed that the cards be restrictive enough that employees could not use them for non-eligible purchases. Mr. Vail explained that only items covered can be processed with the cards and that any ineligible purchase is rejected at the point of sale if anyone attempts to use the card in that fashion. Mrs. Mueller and Mr. Reinboth stated they are familiar with how these cards work and they would be an excellent addition to the program. Dr. Pollock stated he is against offering any additional employee benefits at this time. Motion by Mr. Simpson to move this item forward for Board consideration and approval at the April 28, 2009 meeting. Second by Mr. Reinboth. Motion carried 2-1.

2009-10 Proposed Budget

• Capital Requests

Mr. Vail indicated that the updated listing of all 2009-10 capital requests are attached to this evening's agenda. He noted that \$64,500 in capital requests have been cut from the original list submitted in December, 2008 and the budget has been changed accordingly. An itemized listing of the items cut are indicated on the list with minus signs in front of them. Discussion focused

on the need to limit capital items in the elementary buildings at this time until a final determination is made on the pending elementary option proposals.

- Education Initiative Fund

Dr. Foight-Cressman indicated that the budget for the 2009-10 Education Initiatives remains at the original requested level of \$733,022. Mrs. Mueller questioned the plan to provide Promethean Interactive Whiteboards and Projectors. She stated it is her understanding that the most recent models do not require projectors. She requested clarification on this for the Board's Friday update. Dr. Pollock questioned how staff will be trained on the new curriculum initiatives. Dr. Foight-Cressman indicated that a series of summer workshops have been scheduled. Mrs. Homel indicated that additional training might also be available when final details of the federal stimulus package are published.

- Special Education Services Budget Requests

Mrs. KIYman indicated that the Special Education/Pupil Services Department oversees all staff and contracted services associated with special education services; pupil personnel services; psychological services; social worker services; and medical/nursing services. Budget requests within the department associated with contracted services, tuition payments, supplies and equipment are attached to this evening's agenda and remain the same as presented in December, 2008 with the exception of the Bethanna program which is scheduled to cease operation at the end of this school year. Funds have been cut appropriately in recognition of this savings. This overview does not include staff salary and fringe benefits associated with the in-house personnel assigned to this department as that is part of the staffing overview provided later in this agenda. Mrs. KIYman noted Administration is also requesting that the Transition Coordinator position which was budgeted on a pilot basis in 2008-09 be made a permanent position. This is a half time professional position that is currently held by Mrs. Marie Diehl. Mrs. Diehl spends the other half of her assignment as an LSS teacher at Log College. This position was included in the 2009-10 preliminary budget. Mrs. Mueller asked if this was the only way these services could be provided. Mrs. KIYman responded that attempts to provide the services through contracted carriers and by providing support personnel had been made in past years and had been largely unsuccessful. She stressed the importance of having trained staff and continuity as being vital to the success of the program. Committee made no recommendation at this time on the status of this position becoming permanent pending the outcome of teacher negotiations.

- Technology Reserve Fund

Mr. Vail indicated that the Technology Reserve Fund budget remains at the same level of request as was submitted in December, 2008. The total amount requested is \$1,035,012. Use of funds will focus upon repair and replacement of broken equipment, replacement of outdated computers, and funds to renew licenses and support agreement for existing applications. This budget also includes the final \$130,000 payment for the Skyward Student Information System. Mr. Miller expressed concern that specific questions on this budget could not be answered without the Director of Technology present. He indicated he has concerns about replacing so many computers and the need to purchase warranties. The Board needs justification on these matters before the budget is finalized. Mrs. Homel indicated she would get this information from Mr. Reed and include it with the Friday Board packet.

- New and Existing Staffing Configuration

Mrs. Homel indicated that recommendations associated with creation of new positions and adjustment to specific support staff salaries total \$443,808 in the proposed 2009-10 budget. The specifics on these recommended items as well as the projected costs associated with each are included in the budget binders distributed with this evening's agenda. She noted that clerical

staffing in the administration building provides discretion for the incoming superintendent to make salary adjustments to certain positions if deemed advantageous to a better operation. She noted that dollars for tutors currently charged to the Title I program were also budgeted as there is a possibility that some of our buildings may be deemed ineligible for Title I funding in 200910. These funds would only be used if that decision would materialize. She noted that the majority of the new staffing requests are associated with bringing three autistic classes currently contracted out to the ill in-house. This action would require hiring three teachers and three aides but would overall result in a savings of over \$87,000 in contracted ill special education costs for 2009-10. Mrs. Home1 added that the existing staffing configuration is still being finalized and additional information will be provided on this as it becomes available. Dr. Pollock indicated he has no problem with bringing IU classes in-house, but that Title I tutors being replaced with general fund monies is problematic for him. He noted that every time we add something it results in higher and higher costs in subsequent years. We can only support so much and we need to begin holding the line somewhere. He also questioned the need for additional funding for clerical salary adjustments and suggested this be discussed in greater detail in executive session. Mr. Miller stated that he disagrees with not hiring the tutors in the event Title I money is not available. He noted there are fewer requests for new positions than in prior years and these particular positions at the elementary level represent a good investment toward reducing the need for remedial programs at the secondary level. Mrs. Mueller agreed with Mr. Miller and congratulated Administration for bringing a budget to the Board that was within the Act 1 limits from the first time it was presented in December, 2008. Committee consensus was to leave the new staffing recommendations unchanged as presented at this time.

- Fund Balance Projection-June 30, 2009

Mr. Vail indicated that with the completion of the March, 2009 financial reconciliations, we have calculated the fund balance projection for the Fiscal Year ending June 30, 2009. Act 46 requires that unreserved /undesignated fund balance not exceed 8% of the subsequent year expenditures. Projected Fund balance over and above this amount would be reserved in the following categories as per prior history:

Education Initiative Fund
Technology Reserve
Subsequent year appropriations
Future Capital Projects

Early Retirement Incentive Benefits Compensated Absences

Mr. Vail noted that the projection as it stands right now shows that the overall fund balance will decrease by \$1.844 million over the June, 2008 level, but that we will still exceed the legislated 8% maximum of undesignated unreserved fund balance by \$4.4 million. Recommendation for reserving these dollars will be forthcoming as we get closer to finishing the year. Dr. Pollock stated he would be in favor of reserving \$4 million for future capital projects. Mr. Vail agreed that would be a legitimate way to reserve the funds, but recommended waiting until June to take this action when the fund balance projection will be better predicted. Motion to authorize Administration to bring this item forward for reserving fund balance for future capital projects in June by Dr. Pollock. Second by Mr. Simpson. Motion carried 3-0

- 2009-10 Budget Overview and Adoption Timeline

Mr. Vail reported that the updated run of the 2009-10 general fund preliminary budget results in a bottom line change from \$93,657,057 to \$93,316,347. Changes made to the budget from the preliminary budget adopted by the Board in February include:

EXPENDITURES

- Salaries have been adjusted slightly in keeping with salary increments associated with individual employee credit increments from the spring round of submissions. Per the CEA contract teachers who achieve the next level of horizontal movement are eligible for an increment for the second semester of the year. The 09-10 budget in comes cases had to be modified to reflect some of the unanticipated changes.
- Medical premium budget accounts were modified to reflect the decrease in the anticipated Keystone rates from the 22.44% reflected in the preliminary budget to the 9.31 % increase that results from the District dropping out of the affiliation. This action results in a savings of \$482,359 to the revised budget.
- Debt service figures were changed to reflect the actual amounts needed for the 2009 GO Bond payments. The reduced the total debt service budget from the initial amount of \$5,522,399 to \$5,292,709.
- Fund transfers to the Capital Reserve Fund were reduced from the original request of \$726,700 to the current anticipated need of \$662,200.
- Budgetary reserve was increased from the initial amount of \$260,850 to \$701,590 to balance anticipated revenues at the Act 1 maximum millage increase.
 - State subsidy revenue was estimated for the preliminary budget adoption in February in the absence of the Governor's proposed budget. The budget has been revised to reflect the Governor's budget proposals resulting in a net decrease in state funding of \$33,985. Stimulus funding numbers DO NOT appear in this budget.

Mr. Vail indicated that Board direction will be necessary to determine if the extra dollars placed in the budgetary reserve account as a result of the above outlined reductions should be left as is or if a reduction in the millage rate should be considered. Given the projected expenditures that are anticipated in future year budgets Administration is suggesting that it would be prudent to leave the millage increase as is and reserve these funds for future budget needs. Dr. Pollock agreed this was sound thinking and the millage increase should remain at the 6.25 mills originally requested. Motion by Dr. Pollock to leave the recommended millage increase at 6.25 mills as approved in the proposed preliminary budget adopted in February and to move the requested resolution to set the 2009-10 proposed preliminary budget amount/set adoption date/ and authorize public display be forwarded to the Board for consideration and approval. Second by Mr. Simpson. Motion carried 3-0.

Adjournment

Meeting was adjourned at 9:45 p.m.