

FINANCE AND LONG RANGE BUDGET PLANNING COMMITTEE  
MINUTES – MEETING OF MAY 18, 2009

In attendance:

Committee: Thomas Reinboth; Andrew Pollock; Cynthia Mueller (alternate)

Board: Thomas Hezel; Mark Miller; Michael Monaghan; Betty Huf

Staff: Timothy Vail; Karen Kinzle; Wayne Robinson

Public: Barbara Patrick; Janet Richard; Robert Lucciani; Joseph Faust

Press: None

Call to Order:

Mr. Reinboth called the meeting to order at 8:13 p.m.

Approval of Minutes

Motion to approve the minutes of the April 20, 2009 meeting as submitted by Dr. Pollock. Second by Mr. Reinboth. Motion Carried 2-0.

Recess

Meeting was recessed for an executive session. Reconvened at 9:05 PM

Transportation-Alternative Fuel Vehicles Feasibility

Mr. Vail reported that per discussion at the April 20, 2009 Finance Committee meeting and Committee request that we begin to assess the feasibility of converting our vehicle fleet to an alternative fuel system, attached to this evening's agenda are a number of documents that address the issue. These documents are as follows:

- Memorandum from Dr. Lisa Palmer, District Educational consultant, entitled "Transportation – Propane Fueled Vehicles"
- Memorandum from Dr. Lisa Palmer, District Educational consultant, entitled "Transportation Items."
- Series of documents compiled by Dr. Lisa Palmer, District Educational consultant, entitled "Transportation Project."

A review of the above materials indicates that the Committee may wish to consider a more comprehensive approach toward dealing with this issue over the summer months if, after review, the matter is deemed worth pursuing. Mr. Miller questioned why this item is in Finance instead of Operations. He suggested that the matter would more appropriately belong under the Operations category. Dr. Pollock disagreed stating that the financial feasibility of alternative fuel vehicles needs to be explored before any serious effort is made toward implementation. If and when the options being looked at prove to be financially feasible then the matter would be moved to Operations for implementation. Mrs. Mueller agreed with Dr. Pollock as well stating that she has no objection to leaving the matter in Finance for the time being, however once the fiscal portion is nailed down then the matter should be referred to Operations. Mr. Miller suggested that we should be looking at a multi-district approach to the matter with an eye toward constructing a centralized station possibly at Shenandoah Woods. Dr. Pollock stated we need to look at propane as well. Mr. Monaghan reported that he had raised the issue at the last Bucks IU Board meeting with the reps from Central Bucks and Council Rock for a multi-district station. He indicated that those reps were going to take the matter back to their respective districts to determine if there is any interest. Mr. Vail suggested that a fleet analysis should also be considered as part of the investigation. Mr. Miller indicated he could support this if we could get the analysis done at no charge (possibly through one of the bus vehicle vendors). Mr. Vail indicated he was more in favor of an independent consultant being hired who would have no vested interest in the outcome. This might cost some money and Administration will investigate

options and get back to the Committee at the next meeting. Committee directed that Administration prepare a more specific analysis of the compressed natural gas and propane options as well as solicit fleet analysis proposals for the next meeting.

#### Food Bids

Mr. Vail and Ms. Kinzle reported that per discussion at the Finance Committee meeting of 4/20/09 Administration was directed to solicit bids on its own from food vendors in order to determine if the prices being secured from the Tri-County Food Consortium of Schools was competitive. Administration was also directed to investigate what pricing was secured from other consortiums in addition to Tri-County Food Consortium of Schools. Subsequent to that meeting Administration solicited bids from all vendors who had been provided with the Tri-County Consortium Quote documents. Those vendors are as follows:

Pocono Produce Company  
Maximum Quality Foods\*  
Kast Distributors\*  
Sysco Philadelphia\*  
US Foods Allentown\*  
Feesers Food Service\*  
Reinhart Food Service East  
Derstines Food Service  
Karetas Foods

\* Vendors who submitted bids to Tri County. No response from the others to the Tri County Quote either

Mr. Vail indicated that quotes were to be returned by Wednesday, May 13, 2009 but that none of the above vendors contacted provided the requested quotes. Administration was however, able to secure a second set of pricing from the BCIU Grocery Bid, representing a consortium of schools in Bucks County that was solicited and data processed just this week. Mr. Vail indicated that clarification provided by Mr. Reinboth and Mr. Simpson after the 4/20/09 meeting indicated that they wanted to see a random sampling of pricing from the two bids as the entire bid is composed of thousands of items. In keeping with that philosophy Administration compiled a random sampling of items from both bids to determine the best overall pricing which is attached to this evening's agenda. This list represents the top used food items in our annual operation.

Mr. Reinboth indicated that the analysis completed by Administration indicates the number of items that are cheaper vs. more expensive are fairly even between the two bids, but that the Tri County bid is cheapest overall. He questioned if we could take advantage of the lowest prices by item regardless of which co-op secured that pricing. Ms. Kinzle indicated that she was not sure this could be done as the practice is that districts go with all or nothing as the vendors bid on total volumes provided by the participating districts at the time the quotes are formulated. She indicated she would look into the matter. Mr. Miller indicated that there is no contract to legally bind the district to the Tri County Coop and that, in his opinion, it should be possible to select the cheapest pricing by item for both bids. Mr. Reinboth indicated that if this is the case the District stands to save about \$3,000 using both lists just from the sampling of items that appears in the attached analysis. Overall the savings could be far greater. Ms. Kinzle stated her concern is that the vendors may object to allowing Centennial to pick and choose which pricing we wish to take on a per item basis. The vendors would have to customize their files differently for Centennial than any of the other Districts participating in either the Tri County or BCIU consortiums. That could be difficult. After further discussion the Committee determined that the

District should join the BCIU Cooperative Purchasing Group – Food Service Component Subgroup and that, if possible, the District should try to take advantage of the lowest overall pricing by item as a member of both consortiums. Motion by Dr. Pollock to move this item forward for Board approval. Second by Mrs. Mueller. Motion Carried 3-0.

#### Food Service Audit Recommendations

Mr. Vail reported that, per Mrs. Homel's Board Update of May 1, 2009, attached to this evening's agenda are efforts taken to date on Amper Audit recommendation #'s 2, 4 and 5:

Require detailed monthly reporting of revenues and expenditures to budget.

Concern was expressed that the current financial reporting process does not permit monitoring of actual results vs. the budget on a monthly basis. The CSD business office does track these trends on a monthly basis, but has not formally reported this to the Board in the form of a monthly report. Mr. Vail indicated the Business Office and Food Service staff take great pride in the fact that we are one of few districts that present a Cafeteria Fund Budget to the Board each year for formal adoption and that it is a comprehensive document, similar to the General Fund Budget that is used as the mechanism for tracking revenue and expense trends. In the past the Board of School Directors did not have interest in seeing this type of report included in the monthly financial reports that are presented each month. If and when the Board indicates they want this added, a report similar to that provided for the General Fund could and would be provided (sample attached).

Implement a perpetual inventory system to be used both as a control for comparison and reconciliation to actual observations.....

Concern was expressed that the District does not utilize a perpetual inventory system as a means to manage current inventory of food and supplies and provide a basis for future ordering needs. Over the past several months we have looked at software programs that address this issue. Our recommendation would be implementation of a modestly priced and user friendly inventory program known as NutriKids (information attached to this evening's agenda) that would provide for a more comprehensive inventory system than presently in place. Cost for the software is \$3,945 and it is estimated that it would cost approximately \$12,000 per year in additional labor costs to run the system effectively. Maintenance costs run \$295 per year. This item is being factored into the 2009-10 Cafeteria Fund Budget for implementation in the summer of 2009.

Institute an approved vendor list along with the necessary requirements to add or delete vendors from such list.

Concern was expressed that the District has not formalized an approved vendor list that serves as the basis for purchasing goods and services. The term "approved vendor list" is not defined in the Amper audit and Administration would request more clarification on this prior to addressing this concern.

Mr. Reinboth indicated that the draft financial reports are not in keeping with the spirit of the Amper audit recommendation. He indicated that the report should show budget, actual and variance on a monthly and annual basis as monthly figures would provide the Board with a track record making it easier to catch anomalies. The annual budget could be divided by 180 serving days and updated each month based on the number of serving days in that particular month. This should start with the new school year. Mr. Vail indicated that he would work up a new draft of the report and bring it back for committee review next month.

Ms. Kinzle reported on the progress made with securing a perpetual inventory system. Quotes from four vendors were included with this evening's agenda. She indicated she had done a state-wide survey and had found that very few districts in the state have automated their inventory systems. The District's student information system, Skyward, does not currently have a perpetual inventory system. The Nutri-Kids system appears to be the most cost effective and has the added benefit of interfacing with the nutrition system already in place here. Production records and perpetual inventory go together. However, the data would need to be hand entered with this system and the 09-10 budget includes the additional funds for labor necessary to accomplish this. Discussion focused on the desirability of securing a system that includes bar code readers to keep manual entries to a minimum and the need to speak to references. Mr. Vail indicated that if the Board is interested in purchasing such a system the optimum time to do so would be now so that it could be implemented over the summer and be up and running for the new school year. Committee members agreed and directed that a final recommendation be brought back for the June meeting once all of the concerns raised this evening have been addressed.

Mr. Vail indicated that he had surveyed the other districts in Bucks County to see if any have procedures for an "approved vendor list". Responses have been received back from 11 and none do. Mr. Reinboth indicated that clarification needs to be secured from Amper on their definition of an "approved vendor list." He indicated that he would contact them to get this information. Mr. Miller indicated that it should not be that difficult to institute such a process. The key is letting vendors know the terms and conditions of doing business with the District. He suggested that if a form were developed that each vendor would have to complete in full and sign acknowledging the afore mentioned terms and conditions this could be the basis for adding them onto our vendor list. He offered to contact PSBA to see if there are any existing policies or examples they could provide to assist in the process. Mr. Reinboth indicated that would be appreciated.

#### 2009-2010 Cafeteria Fund Budget – Proposed

Mr. Vail indicated that this evening's agenda includes the proposed 2009-2010 Cafeteria Fund Budget in the amount of \$2,801,955. As in past years, this budget is a fairly conservative one in that much of the needed replacement of aging equipment throughout the District is not being as aggressively addressed as Administration would like. However, given the upcoming construction of the new WTHS kitchen with all new equipment over the next several years, Administration feels comfortable in requesting that only \$48,000 in be appropriated capital items. Further, the recommendation is that the entire \$48,000 come from surplus funds, which represents roughly half of the projected end-of-year fund balance. This is definitely a legitimate use of our fund balance as these purchases represent non-recurring expenses. Mr. Vail indicated that the revenues needed to make the operating portion of this budget work will again require an increase (but more modest than last year) in meal prices for 2009-2010. Overall we are looking at a \$0.10 per student meal at the elementary level; \$0.15 per student meal at the middle school level; and \$0.20 per meal increase at WTHS. Also attached to this evening's agenda for review are the following items:

- Meal Pricing Request for 2009-2010
- Projected Operating Statement for 2009-2010
- CSD Meal Price History 1990-91 through present
- Comparison to other known district meal pricing
- The detailed 2009-2010 revenues and expenditures by account

Dr. Pollock indicated he was fine with the budget as presented but suggested that the adult breakfast price be increased to \$2.50 in keeping with the logic of the other price increases. Ms. Kinzle indicated that she would have no problem doing that. Discussion focused on the levels of breakfast and lunch participation and the suggestion was made that the food service manager at Trinity Area School District be contacted as they appear to have much higher participation levels than we do and perhaps they could provide some helpful hints. Ms. Kinzle indicated she would do so. Consensus was that the budget as proposed is acceptable but the focus should be upon increasing participation in the coming year so that no price increase or even a price roll back can be considered for 2010-2011. Motion by Dr. Pollock to move the 2009-10 Cafeteria Fund Budget and meal pricing recommendation forward as submitted with the increase in adult breakfast changed to \$2.50. Second by Mrs. Mueller. Motion Carried 3-0.

#### Upcoming Bid Awards

Mr. Vail indicated per earlier Committee discussion, this evening's agenda outlines the bid categories and preliminary estimates of what will be presented at the June 9<sup>th</sup> Board Meeting for approval and award. They are as follows:

- Art Supplies Bid # 2009-16  
Estimated Award: \$55,807.00  
The bid was sent to 12 vendors, with 8 responding.
- Athletic Equipment and Supplies Bid # 2009-14  
Estimated Athletic Dept. Award: \$29,583.32  
Estimated Physical Education Dept. Award: \$9,009.75  
The bid was sent to 26 vendors, with 18 responding.
- Bread and Rolls Bid # 2009-23  
Estimated Award: \$40,000.00  
The bid was sent to 10 vendors, with 4 responding.
- Computer/Printer Supplies Bid # 2009-24  
Estimated Award: \$55,728.71  
The bid was sent to 12 vendors, with 9 responding.
- Furniture Bid # 2009-19  
Estimated Award: \$26,466.29  
The bid was sent to 13 vendors, with 10 responding.
- Medical Supplies Bid # 2009-15  
Estimated Health Room Award: \$7,921.77  
Estimated Athletic Dept. Award: \$4,550.70  
The bid was sent to 10 vendors, with 8 responding.
- Stock Supplies Bid # 2009-17  
Estimated Award \$46,662.16
- Milk and Dairy Bid  
Pricing not yet available on this item. Bids are being solicited by Upper Moreland School District

Mr. Vail noted there was also some concern expressed about obtaining information on the bids we have elected to participate in that were or are being awarded through the BCIU Bidding Consortium. We have historically elected to participate in these particular bids through the consortium as they get better pricing because of the large volumes that will be ordered collectively by all participating districts. Mr. Vail indicated that the following bids will be awarded by the BCIU #22 for 2009-10. No CSD Board Action required:

Copy Paper  
Tires  
A/V Supplies  
Custodial Supplies  
Lamps and Ballasts

Mrs. Mueller indicated that the District might want to consider bidding athletic equipment and supplies on a seasonal basis rather than an annual basis next year. The philosophy here is that pricing might be better at the end of a season than at the beginning. Mr. Vail indicated he would look into this for 2010-11. Mr. Miller asked how the \$1,000 in gift cards from Modell's would fit into the Athletic Bid Award. Mr. Vail indicated he would look into when these cards are scheduled to arrive and, if received in time, could be used to either reduce the bid awards or to purchase items that were on the bid list but for which no bids were received. Mr. Vail indicated that no Committee action is required at this time. All of the above bid awards will appear on the June 9, 2009 Board agenda.

#### Employee Benefit Update 2009-10

Mr. Vail reported that, for purposes of preparing the preliminary 2009-10 budget, Keystone gave us a "first look" increase of 22.44% with the guarantee that the final percentage of increase would not exceed that amount. Subsequent to that the Board voted to opt out of the school district affiliation which lowered the "first look" rate to 9.31%. When the actual numbers arrived in early May, the Keystone rates for the 2009-2010 fiscal year were slightly below that level, averaging out to 8.99%. The impact on the District's share of this increase varies depending upon the classification of employee (teacher, administrator or support). Actual numbers call for an average district-share increase of 9.17% in Point of Service medical rates (teachers); 8.52% for administrators; and 7.53% for support staff. District share of HMO rates are increasing by an average 9.38% for teachers; 7.79% for administrators; and 7.72% for support staff. As budgeted, projections also call for a 0% increase in our self-funded prescription rates for teachers and administrators paid by the District and a 1.17% decrease for support staff. District share of dental rates for 2009-2010 are increasing by 0% for teachers and administrators and decreasing by 1.17% for support staff. Attached to this evening's agenda is a recap of the rates being quoted for 2009-2010. All of the above numbers can be absorbed within the existing proposed final budget adopted by the Board earlier this month and this item will need to move forward for Board approval in June. Committee comment focused on how pleased they were that the rates worked out the way they did. Motion by Dr. Pollock to move this item forward for Board approval as submitted. Second by Mrs. Mueller. Motion Carried 3-0.

#### 2009-10 Insurance Rates

Mr. Vail reported that quotes for all 2009-10 District insurance policies are attached to this evening's agenda. Overall rates came in less than anticipated when the preliminary budget was formulated in December, 2008. He indicated that the final budget draft will be amended accordingly to reflect these reduced budget requirements. Items of interest associated with the attached rates are as follows:

- Deductible under our property insurance coverage (once again underwritten by PSBA/ACE USA) will continue at \$7,500. Premium is increasing by \$8,574 over 08-09 rates.
- Deductible under the Automobile Policy remains at \$500 for comprehensive; \$1,000 for collision. Premium is increasing by 2,485.

- Package policy includes employees, volunteers, PTO's PTA's and Booster Clubs as added insureds; teacher's liability including corporal punishment; incidental medical malpractice, medical payments for volunteers; pesticide/herbicide coverage; and multimedia professional liability. Exclusions include mold, unsolicited communications (see below note), fireworks, car smashes; mechanically operated amusement rides; trampolines over 48"; and 11-15 passenger vans used to transport student; medical payments for students.
- Maximum benefit under the Student Accident Insurance Athletic Plan continues at \$5 million.
- The School Board Errors & Omissions Liability once again goes to National Union Insurance Company, which offers us continued traditional coverage for the eighth year in a row. We have waived terrorism coverage under this policy based on prior Committee discussions. The deductible under the School Board Errors & Omissions Liability quote remains at \$10,000 for IEP Hearings and \$25,000 for employment practices claims and all other claims.
- Workers' Comp Insurance - Administration, in consultation with HRH/Palley Simon, recommended that we change the methodology for Workers' Compensation from the traditional insured premium method to a self insured system two years ago. As evidenced by the decrease in the premium with a corresponding increase in payroll costs, this was definitely a good decision. The mechanism for accomplishing this was through an organization known as the Pennsylvania School Districts Insurance Consortium (SDIC), which was created in 1979 by Pennsylvania school districts to get better control on worker's comp costs (see attachment for more detailed information on this consortium). Centennial had never opted to join this consortium for a variety of reasons, but it appeared last year that the time was optimum for seriously considering this as an option.

Mrs. Mueller indicated that the District should be seriously looking at other brokers to give us quotes as well. There could be major savings here if other brokers were permitted to quote as well. Mr. Vail indicated that level of service and understanding of the market are also critical factors that go beyond the dollars and cents of the premiums. He cited the recent claim for the Klinger electrical cabling problem where our Boiler Insurance covered the loss in excess of \$100,000. He indicated that broker involvement in that claim made all the difference in getting the underwriter to cover the loss. However, Mr. Vail did indicate that he will be looking at the concept of Broker of Record status over the upcoming summer months and will get back to the Committee in the fall on what options could and should be pursued for the 2010-11 insurance quotes. Committee agreed this was an important issue to investigate and would like to have a report back no later than October. Motion by Dr. Pollock to move this item forward for Board review and approval as submitted. Second by Mrs. Mueller. Motion Carried 3-0.

#### Sports Medicine Proposals

Mr. Vail reported that, per notice to Velocity Sports Performance in April, 2009 that their services were being terminated at the end of the 2008-09 WTHS athletic season, Administration sent out Requests for Proposals to 8 vendors in the area who provide this service. Deadline date for response was May 12, 2009. Administration received proposals from two of the 8 practices. Mr. Vail reported that, in consultation with Athletic Director Lou Pacchioli, Administration feels confident in recommending that a three year contract be awarded to the low quote provided by Bucks Physical Therapy & Sports Rehabilitation. A summary of the quotes received along with

the cover letters from both of the firms is attached to this evening's agenda. As in the past, Administration recommends that the contract be written in such a way that the District can cancel the arrangement at any time with 30 days notice in the event it turns out they don't work out to our satisfaction. The costs of this contracted service are significantly less than currently budgeted for 2009-10. Administration further recommends that we retain our long-term regular physician, Dr. Mannherz to continue as game-day physician, but a quote on this service was also solicited as part of this RFP in the event Dr. Mannherz is unavailable at any given time during the course of this three year contract. Between now and Board action on June 9, 2009 Administration will meet with representatives from Bucks Physical Therapy & Sports Rehabilitation and work out all contract requirements if the Committee is agreeable to move this item forward for approval. Committee comments focused on the contract being tight enough to protect the District and making sure that the physician they provide has the proper credentials. Motion to move this item forward for Board review and approval contingent upon Administration working out the contract details with the vendor by Dr. Pollock. Second by Mrs. Mueller. Motion Carried 3-0.

#### Gaming Revenue Analysis

Mr. Vail reported that we received word earlier this month that state gaming revenues were sufficient enough for 2009 to again provide school districts with revenues to offset real estate property taxes for preapproved homestead/farmstead properties. Preliminary estimates indicate that \$1,786,920.41 in gaming revenues will be appropriated for Centennial School District resulting in a \$150.55 tax credit to each property approved as a homestead or farmstead by the Bucks County Board of Assessment. Mr. Vail stressed that gaming revenue does not constitute an additional source of revenue to the District, but rather acts as a replacement for a portion of the real estate tax revenue. This does not impact on the bottom line of the budget nor on the projected millage rate needed to balance the budget. It only impacts on where the revenue would eventually come from. Mr. Vail indicated that attached to this evening's agenda is an analysis of what the exclusion amount will mean to a variety of taxpayers. Based on the preliminary numbers, the District estimates that a homestead/farmstead approved property at the median assessed value of \$26,400 would actually receive a \$14.45 (.057%) increase in their 2009 school tax bill based on the projected millage rate of 102.7 which includes a millage increase of 6.25 mills. Mr. Vail also indicated that as part of the resolution adopting the final budget for 2009-2010 the following language must appear:

The tax notice issued to the owner of each approved homestead within the School District shall reflect a homestead exclusion real estate assessed value reduction equal to the lesser of (a) the County-established assessed value of the homestead, or (b) the maximum real estate assessed value reduction of \$1,466. The tax notice issued to the owner of each approved farmstead within the School District shall reflect an additional farmstead exclusion real estate assessed value reduction equal to the lesser of (a) the County-established assessed value of the farmstead, or (b) the maximum real estate assessed value reduction of \$1,466. For purposes of this resolution, "approved homestead" and "approved farmstead" shall mean homesteads and farmsteads listed in the certified County Assessment Office report dated May 1, 2009 based on homestead/farmstead applications filed with the County Assessment Office on or before March 1, 2009. This paragraph shall apply to tax notices issued based on the initial tax duplicate used in issuing initial real estate tax notices for the school year, which will be issued on July 1, 2009 and will not apply to interim real estate tax bills.

Mr. Monaghan indicated that the District needs to do a better job of getting the word out for property owners to apply for the Homestead/Farmstead Exclusion. He indicated that many property owners are still not aware that this is an option for them despite the individual notices

that are mailed out each year. Mr. Hezel questioned if the current calculations for taxpayer savings this year also factor in last year's savings. Mr. Vail indicated that they do not. The savings in terms of the projected millage are in relation to the current millage for 08-09 rather than for 07-08. Mr. Vail indicated that this item is for information only and does not require Committee action at this time. The language necessary to approve the Homestead/Farmstead exclusion will be included with the 2009-10 General Fund Budget approval resolution.

#### BCIU Room Rental-Hearing Impaired Early Intervention Program

Mr. Vail reported that attached to this evening's agenda is a letter from BCIU Executive Director, Dr. Barry Galasso, expressing interest in continuing to rent classroom space in the Johnsville Administration Building for their Early Childhood Hearing Impaired program at a rental rate of \$12,000 per year. This classroom was originally rented out to BCIU for the 07-08 school year at a rate of \$17,083 which was paid in full at that time. The rate for 08-09 was never set although the room continues to be used for the program by BCIU. Mr. Monaghan indicated that he had spoken to Dr. Galasso about this item and that Dr. Galasso had indicated that, just as the District has a budget to live within, so does the Intermediate Unit. \$12,000 is the going rate for what has been budgeted for annual classroom rentals for this program. Mr. Miller indicated that he appreciates this but District policy sets rental rates at a level over \$17,000 per year and as such should be adhered to. Dr. Pollock indicated he sees both sides to this argument. We need to get the 08-09 payment, but if we say stay with the higher rate we lose \$12,000. He indicated he could vote either way. Mr. Miller suggested that the agreement also include a 90-day renewal clause for both parties. Motion by Mrs. Mueller to recommend that the Board set the 2008-09 and 2009-10 rental rate at the 07-08 level of \$17,083 and to notify the BCIU accordingly. Second by Dr. Pollock. Motion Carried 3-0.

#### 403b Plan Investment Offerings Modification

Mr. Vail reported that the District's 403(b) Committee met with our Henderson Brothers rep on Monday, April 20, 2009 to review any employee concerns with the program and the state of the investment portfolio approved by the Board as part of the plan document adopted in April, 2009. He also reported that representatives from Mass Mutual and Henderson Brothers will be in attendance at the upcoming BeneFair on May 20 and 21, 2009 to review portfolio performance with employees in both group and individual sessions as requested. Henderson Brother, however, is making the recommendation that two of our poorer performing investment choices be replaced effective July 1, 2009 by better performing options in the small and mid cap blend categories. Mr. Vail indicated that attached to this evening's agenda is his letter requesting the change be made by Mass Mutual as well as a copy of the agreement that must be approved by the Board prior to the change becoming effective. Motion by Dr. Pollock to move this item forward for Board review and approval as submitted. Second by Mrs. Mueller. Motion Carried 3-0.

#### 2009-10 Budget Update

Mr. Vail reported that per a number of the items that appeared earlier in this evening's agenda and a few other outstanding considerations, several changes will be made to the final budget document to fine-tune the document before final adoption. These changes will include the following:

- All new staffing requests that appeared on the salmon colored sheet in the front of the detailed budget book will be posted to their proper expense accounts within the budget document.
- All insurance expense accounts will be adjusted to conform with the final rate quotes we received from our Broker of Record.

- State gaming revenue will be posted to the revenue side of the budget and the real estate tax revenue accounts will be proportionately reduced to reflect this additional source of revenue.
- Some teacher salary accounts may be adjusted to reflect the final step movements guaranteed by CEA contract for those teachers who submitted approved and completed tuition credits prior to the April 30 deadline for second semester salary adjustments. Any adjustments to staffing levels necessary in keeping with enrollment and scheduling concerns will be made as well if and when that information is provided to the Business Office.
- All local tax collection rates will be analyzed at the end of May to determine if adjustments need to be made given 2008-09 YTD collection rates. The area of special concern is the local Earned Income Tax account which may need to be adjusted downward given the impacts of the economic downturn. By the end of May, all 2008 year-end tax returns should be processed by Berkheimer and we will have a fairly complete picture on collections for the year at that time.

Mr. Vail indicated that the above adjustments should not impact on the final budget figure which is set at \$93,316,347 for 2009-10 nor the millage rate when approval to advertise was given by the Board on May 12, 2009. He indicated there should be sufficient funds available within the budgetary reserve account to adjust for any revenue or expense adjustments that occur as the above adjustments are made. Also attached is an updated Fund Balance projection which reflect actual status as of the 4/30/09 reconciliation. Discussion focused on the need to set aside that portion of the fund balance above the legislated maximum of 8% in reserve accounts designed to reduce the impact of future building projects as well as the projected spike in the employer share of retirement projected for 2013. Dr. Pollock suggested that a new fund be set up to place half of these excess funds in a reserve account for the retirement rate concern. Mr. Vail agreed this was an excellent idea and suggested that action on this item be delayed until June when a better projection of fund balance is available. Committee members agreed this was the best course of action. More about this will be included in the June 15, 2009 Finance Committee agenda.

#### Adjournment

Meeting was adjourned at 11:02 p.m.

Respectfully submitted,

Timothy E. Vail