

COLONIAL SCHOOL DISTRICT

Plymouth Meeting, Pa

www.colonialsd.org

2011-12 ADOPTED BUDGET

June 16, 2011

Colonial School District
Plymouth Meeting, Pa

**2011-12 Adopted Budget
Table of Contents**

	Page
Organizational Section:	1
Board of School Directors	2
Board Committees	6
District Administration	7
Consultants and Advisors	8
Budget Schedule	9
 Introductory Section:	 10
Budget Overview for 2011-12 Adopted Budget	11
Act 1 and The Colonial School District	15
Significant Laws that Affect Budget and Fiscal Administration	16
Significant Board Policy and Procedures that Affect Budget	21
Budget Development Process	24
Board Committee Structure	25
Budget Administration and Management Process	28
 Financial Section:	 31
District Financial Structure	32
Classification of Revenue and Expenditures	35
Revenue Classifications	36
Expenditure Classifications	42
Budget Comparisons	45
Revenue Sources	47
Chart - Revenue All Sources	49
Chart - Revenue Local Sources	50
Chart-Transfer Tax, Interest Earnings and New Tax Revenue	
From Assessment Growth, State Basic Ed Subsidy, Federal Revenues, Historical Analysis	51
Expenditures by Function	52
Chart - Expenditures by Function	53
Expenditures by Object	54
Chart - Expenditures by Object	55
Expenditures by Object Detail	56
Chart - Expenditures by Object Budget to Budget \$'s Comparison	60
Chart - Expenditures by Object Budget to Budget %'s Comparison	61
Expenditures by Object/Function – Summaries	62
Expenditures by Function/Object	66
Debt Service Schedule	71
Bond Refinance Savings Summary	74
 Informational Section:	 75
Enrollment History and Projections	76
Professional and Support Staff Report	78
Curriculum-Instruction-Assessment Budget Summary	80
Technology Hardware Budget	81
Facilities Projects	82
School Building Information	83

Colonial School District
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**2011-12 Adopted Budget
Table of Contents**

Historical Information	Page
Expenditure Totals 1974-75 to 2011-12	84
Real Estate Tax Rates/Collections & Pa. Real Estate Tax Relief 1969-70 to 2011-12	85
Fund Balance 1969-70 to 2011-12	86
Assessments December 1985 to January 2011	87
Chart – Tax Base, Total Expenditures, Tax Increase %'s 1995-96 to 2011-12	88
Revenue Sources Summary 1974-75 to 2011-12	89
Chart – Revenue Sources \$'s 1998-99 to 2011-12	90
Chart – Revenue Sources %'s 1998-99 to 2011-12	91
Chart – Total State Revenue to Total Expenditures 1986-87 to 2011-12	92
Chart – State Special Ed. Subsidy to Total Special Ed. Expenditures (1200 Function) 1992-93 to 2011-12	93
Chart – State Transportation Subsidy to Total Transportation Expenditures (2700 Function) 1992-93 to 2011-12	94
PSERS' History and Projection of Retirement Contribution Rates	95
Chart-PSERS Employer Contribution Rate-Cost Impact	96

**COLONIAL SCHOOL DISTRICT
ORGANIZATIONAL SECTION
2011-12 ADOPTED BUDGET**

**COLONIAL SCHOOL DISTRICT'S
ORGANIZATIONAL STRUCTURE**

BOARD OF SCHOOL DIRECTORS

Gary Johnson, President

Kathleen Oxberry, Vice-President

Bernie Brady

Mel Brodsky

Kelly Jowett

Jodi Miscannon

Susan L. Moore

Beth Suchsland

Alan Tabachnick

Non-Voting Officers

Dave Sherman, Secretary

Joseph P. Bickleman, Treasurer

COLONIAL SCHOOL DISTRICT BOARD OF SCHOOL DIRECTORS

Mr. Gary J Johnson
Board President
Resident of Conshohocken

Gary Johnson was elected to the School Board for four-year terms in 1995, 1999, 2003 and 2007. He was named Vice President in July 2004 and became President in January 2009. Johnson is a past Chairperson of the Human Resources Committee, Facilities Management and Transportation Committee and the Community Relations and Student Life Committee. He serves on the district's Technology Review Committee and also serves as treasurer of the Central Montco Technical High School Joint Operating Committee. Johnson was active in the Ridge Park Elementary School Parent Teacher Organization and the Colonial Parents Council prior to joining the School Board.

Mrs. Kathleen Oxberry
Board Vice President
Resident of Plymouth Meeting

Kathleen Oxberry was elected to a four-year term on the School Board in 2009. She was elected Vice President in December 2010. Mrs. Oxberry is Chairperson of the Finance and Audit Committee and is a member of the Facilities Management and Transportation and Human Resources Committees. Oxberry also serves as the Board's liaison to Whitemarsh Township. She introduced the Math Olympiads to Colonial Elementary School in 1993 and Colonial Middle School in 1995. Oxberry is a past president and vice president of the Plymouth Whitemarsh High School Band Boosters and has held leadership positions on the William Jeanes Library Board of Directors. She holds a BS from the University of Arizona and a MS from Temple University.

Mr. Bernie Brady
Resident of Conshohocken

Bernie Brady was elected to a four-year term on the School Board in 2009. He is the Chairperson of the Facilities Management and Transportation Committee and is a member of the Community Relations and Student Life Committee and the Safety and Wellness Committee. Brady also serves as the Board's liaison to Conshohocken Borough and is on the Central Montco Technical High School Joint Operating Committee. He is member of Conshohocken Fire Company #2 and a former member of the Conshohocken Planning Commission. He holds a BS from Delaware Valley College and a Certificate Degree from Drexel University. Brady is a small business owner.

Mr. Mel Brodsky
Resident of Lafayette Hill

Mel Brodsky was appointed to the School Board in July 2010. He serves on the Curriculum, Facilities Management and Transportation and Human Resources committees. He also serves as the Board's representative on the Montgomery County Intermediate Unit Board of Directors. Brodsky spent 35 years as an educator including nine years as a teacher, six as an assistant principal and 20 years as a principal. He also has experience as a high school and college basketball coach. Mr. Brodsky holds a bachelor's degree from Temple University and Master's from Villanova University.

COLONIAL SCHOOL DISTRICT BOARD OF SCHOOL DIRECTORS

Mrs. Kelly Jowett **Resident of Plymouth Meeting**

Kelly Jowett was reappointed to the School Board in September 2010. She is the Chair of the Safety and Wellness Committee and serves on the Curriculum, Finance and Audit and Community Relations and Student Life Committees. Jowett previously served on the Board in 2009. She has been involved with the Ridge Park PTO for a number of years, and is a past president of the organization. She has also volunteered at Colonial Elementary School. Mrs. Jowett holds a bachelor's degree from Rosemont College.

Mrs. Jodi Miscannon **Resident of Lafayette Hill**

Jodi Miscannon was appointed to the School Board in March 2011 to fill the seat vacated by the resignation of Mitch Zimmer. Ms. Miscannon has been a resident of the Colonial School District for more than 10 years and has volunteered with Whitemarsh Little League and Plymouth Soccer. She holds a bachelor's degree in special education, a master's degree in social work and has worked extensively with children with disabilities and their families.

Mrs. Susan L. Moore **Resident of Plymouth Meeting**

Susan L. Moore was appointed to the School Board in December 2001, and elected to four-year terms in 2003 and 2007. She served as Vice President of the Board in 2009 and 2010. Mrs. Moore is Chairperson of the Human Resources Committee and is a member of the Facilities Management and Transportation Committee and Finance and Audit Committee. She also is on the Central Montco Technical High School Joint Operating Committee. Moore, who holds a masters degree in education from Temple University, has extensive experience as a teacher in both public and private schools. She is quite familiar with the Colonial School District having volunteered and served as Vice President for both the Colonial Elementary School Parent Teachers Organization and the Colonial Middle School Home and School Association. She also has served on the Plymouth Whitemarsh High School Parent Teacher Student Organization and the Colonial Parents Council. The current president of the Ply-Mar Swim and Tennis Club, Moore also is a past member of the Strategic Planning Evaluation Committee for Colonial.

Mrs. Beth Suchsland **Resident of Lafayette Hill**

Beth Suchsland was elected to a four-year term to the School Board in 2009. She is Chairperson of the Community Relations and Student Life Committee and is a member of the Curriculum and Human Resources Committees. She also serves as the Board's liaison to the Whitemarsh Township Parks and Recreation Department and is the Legislative Chairperson and representative to the Pennsylvania School Boards Association. She holds a BA in Labor Relations from Rutgers University and an MBA in Human Resources from Temple University. She has 13 years of experience working in various Labor Relations positions. In 2001, she left her position as Manager of Employee Relations for Peco Energy to stay home with her children. She has three children in Colonial School District and is an active volunteer in the schools and the community including the Colonial Area Girl Scouts organization. She was on the Board of Plymouth Whitemarsh Aquatic Club and currently chairs the Whitemarsh Valley Country Club summer camp program.

COLONIAL SCHOOL DISTRICT BOARD OF SCHOOL DIRECTORS

Mr. Alan Tabachnick Resident of Plymouth Meeting

Alan Tabachnick was elected to a four-year term on the School Board in 2009. He is the Chairperson of the Curriculum Committee and is a member of the Facilities Management and Transportation Committee and the Safety and Wellness Committee. He also serves as the Board's liaison to Plymouth Township and the Colonial Foundation for Educational Innovation. Tabachnick has been an active volunteer for the theater and music programs in the District over the past eight years, supporting the Colonial Players and the Colonial Jazz Band. He has also supported and coached teams in the Odyssey of the Mind programs at Colonial Middle School and Plymouth Whitemarsh High School. Tabachnick has been involved in a variety of youth sports programs in the community. He has served as an assistant baseball coach and softball coach in the Plymouth Little League and has volunteered for the Plymouth Whitemarsh Aquatic Club (PWAC) at a variety of meets across the region. Tabachnick is a member of Beth Tikvah B'nai Jeshurun synagogue in Erdenheim and has been active on a variety of committees and as part of the Men's Club. He is also an avid supporter of historic preservation activities in the community. Tabachnick holds a BA from the University of Pennsylvania and a MS from Columbia University. He serves as National Director of Cultural Resources for AECOM, Inc. and directs historic preservation, archaeology, history, and environmental studies across the country. Tabachnick has taught Cultural Resource Management courses at the University of Pittsburgh and presented archaeological programs to elementary school children. He developed a field archaeology activity where children can participate in excavations and learn about Native American history and American history.

COLONIAL SCHOOL DISTRICT
BOARD COMMITTEES

FACILITIES MANAGEMENT AND TRANSPORTATION COMMITTEE

Mr. Bernie Brady, Chairperson	Mr. Mel Brodsky
Mrs. Susan L. Moore	Mrs. Kathleen Oxberry
Mr. Alan Tabachnick	
Administrative Liaison, Terry Yemm	

COMMUNITY RELATIONS AND STUDENT LIFE COMMITTEE

Mrs. Beth Suchsland, Chairperson	Mr. Bernie Brady
Mrs. Kelly Jowett	
Administrative Liaisons, Dave Sherman	

SAFETY AND WELLNESS COMMITTEE

Mrs. Kelly Jowett, Chairperson	Mr. Bernie Brady
Mr. Alan Tabachnick	
Administrative Liaisons, Terry Yemm	

CURRICULUM AND PROGRAM COMMITTEE

Mr. Alan Tabachnick, Chairperson	Mr. Mel Brodsky
Mrs. Kelly Jowett	Mrs. Beth Suchsland
Administrative Liaison, Dr. Mary Ellen Gorodetzer	

FINANCE AND AUDIT COMMITTEE

Mrs. Kathleen Oxberry, Chairperson	Mrs. Kelly Jowett
Mrs. Susan Moore	
Administrative Liaison, Joseph P. Bickleman	

HUMAN RESOURCES COMMITTEE

Mrs. Susan L. Moore, Chairperson	Mr. Mel Brodsky
Mrs. Kathleen Oxberry	Mrs. Beth Suchsland
Administrative Liaison, Richard Hartz	

TECHNOLOGY REVIEW

Mr. Bernie Brady	Mr. Gary J. Johnson
Mrs. Kelly Jowett	Mrs. Beth Suchsland

**CENTRAL MONTGOMERY COUNTY TECHNICAL HIGH SCHOOL JOINT
OPERATING COMMITTEE:**

Mr. Bernie Brady	Mr. Gary J. Johnson
Mrs. Susan L. Moore	

**INTERMEDIATE UNIT #23 BOARD MEMBER
PSBA REPRESENTATIVE; LEGISLATIVE CHAIR
COLONIAL FOUNDATION
BOARD LIAISONS:**

Conshohocken Borough	Mr. Bernie Brady
Plymouth Township	Mr. Alan Tabachnick
Whitemarsh Township	Mrs. Kathleen Oxberry
Plymouth Parks & Recreation	To Be Determined
Whitemarsh Parks & Recreation	Mrs. Beth Suchsland

**COLONIAL SCHOOL DISTRICT
ORGANIZATION
DISTRICT ADMINISTRATION**

www.colonialsd.org

Dr. Mary Ellen Gorodetzer	Superintendent of Schools	834-1670 Ext. 2133
Joseph P. Bickleman	Chief Financial Officer/ Board Treasurer	834-1670 Ext. 2121
Andrew Boegly	Chief Information Officer	834-1670 Ext. 2129
Karen Berk	Director of Pupil Services	834-1670 Ext. 2111
Richard Hartz	Director of Human Resources	834-1670 Ext. 2152
Elizabeth McKeane	Director of Curriculum, Instruction and Assessment	834-1670 Ext. 2155
Terry Yemm	Director of Operations	834-1670 Ext. 8201
Sergio Anaya	Curriculum Supervisor- Social Studies & ESL	834-1670 Ext. 2164
Maria Bellino	Curriculum Supervisor- Science	834-1670 Ext. 2149
Donna Gaffney	Curriculum Supervisor- Mathematics	834-1670 Ext. 2144
Kathleen Hamill	Curriculum Supervisor- Language Arts	834-1670 Ext. 2225
Elizabeth Maza	Supervisor of Spec. Ed., K-5	834-1670 Ext. 2134
Eileen Specter	Supervisor of Spec. Ed., 6-12	834-1670 Ext. 2105
Heather Nuneviller	Principal, P-W HS	825-1500 Ext. 1901
Robert Fahler	Principal, Middle School	275-5100 Ext. 7150
Teresa Boegly	Principal, Colonial Elem.	941-0426 Ext. 2230
Denise Marks	Principal, Conshohocken El.	828-0362 Ext. 5001
Judi Lipson	Principal, Plymouth Elem.	825-8190 Ext. 6001
Jason Bacani	Principal, Ridge Park Elem.	825-1083 Ext. 4001
Donna Drizin	Principal, Whitemarsh Elem.	828-9092 Ext. 3001
Thomas Traister	District Safety Officer	834-1670 Ext. 8203
Lori McCoy	Director of Food Services	834-1670 Ext. 8205
John Quinn	Director of CITV	825-1500 Ext. 1950
David M. Sherman	Director of Community Relations/Board Secretary	834-1670 Ext. 2115
Kathleen Ellis	Director of Transportation	834-1670 Ext. 2141
Joe Lally	Facilities Manager	834-1670 Ext. 8202

COLONIAL SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

Independent Auditors
Barbacane, Thornton & Company
14 West Third Street
Media, PA 19063
(610) 565-5222

Solicitor
Fox, Rothschild, LLP
Ten Sentry Parkway-Suite 200
Blue Bell, PA 19422
(610) 397-6500

Special Counsels
Sweet, Stevens, Katz & Williams
331 Butler Avenue
New Britain, PA 18901
(215) 345-9111

Official Depository
Wells Fargo Bank
Government Banking Division
2240 Butler Pike - Suite 300
Plymouth Meeting, PA 19462
(610) 834-2013

Colonial School District

2011-12 Budget Schedule

Budget Materials to Buildings	September 10, 2010
Enrollment Projections and Allocations To Buildings	September 24, 2010
Meetings between Building Principals and Director of Operations	October 18 - 29, 2010
Building Budgets Submitted to Chief Financial Officer with Building and Department Budget Reviews with Superintendent and Administrators	November 15 - December 13, 2010
Curriculum Committee Report	January 18, 2011
Facilities Mgmt. & Transportation Committee Report	January 18, 2011
Human Resources Committee Report	January 20, 2011
Preliminary Budget Available to Public	January 27, 2011
Deadline to Advertise District's Intent To Adopt Preliminary Budget	February 4, 2011
Finance Committee Report	February 14, 2011
Preliminary Budget Approved	February 14, 2011
Deadline to Advertise District's Intent To file for Act 1 Exceptions	February 24, 2011
Deadline to File for Act 1 Exceptions	March 3, 2011
Deadline for PDE Decision on Exceptions	March 23, 2011
Proposed Final Budget Approved	May 19, 2011
Deadline to Advertise District's Intent to Adopt Final Budget	June 6, 2011
Final Budget Approval	June 16, 2011

INTRODUCTORY SECTION
2011-12 ADOPTED BUDGET

BUDGET OVERVIEW

The 2011-12 adopted budget was developed through the cooperation of staff, administration and the Board of School Directors. This document is the result of input initiated in September from the Business Office and continued through development at the building level, district administration, School Board committee structure, and finally public review. The 2011-12 budget was adopted by the board on June 16, 2011. This document represents the effort of many individuals throughout the Colonial community to provide information on the funding of the excellent educational program demanded by the students, parents, and the tax-paying community.

The 2011-12 adopted budget totals \$93,938,760, a decrease of (.13%) or (\$120,240) under the previous year's budget. **Expenditures exceeded revenues by \$5,952,242. In order to balance the budget, a 2.50% real estate tax increase was necessary plus the use of \$4.2 million of the district's fund balance which is projected to be \$8.7 million at June 30, 2011.** The real estate tax mil rate is 18.476. For taxpayers, this represents an annual increase of \$66 on the median assessed value of \$147,020, or \$45 for every \$100,000 of property assessment. The Colonial School District has the third lowest real estate tax rate of the twenty one MONTCO districts.

Because the use of nearly half of the district's fund balance will severely impact future budgets and the district's bond rating, there were net expenditure reductions of \$2,483,240 from the Preliminary Budget that was approved this past February.

Employee's Salaries and Fringe Benefits, Object 100 and 200, account for the greatest portion of the budget. The 2011-12 budget contains \$48,449,694 for salaries and \$17,492,157 for fringe benefits, for a combined total of \$65,941,851 or 70.19% of the budget. Total salaries, Object 100, are decreasing (\$120,405), or (0.25%) from the prior year's budget. There is a reduction of (6.56) of professional staffing, a reduction of (10.5) support staff positions, and (3.0) food service employees. Staffing details are provided on pages 78 and 79. An amount of \$300,000 is included for School Improvement Teams a critical component of Colonial's Pathways to Excellence Program.

Employee benefits, Object 200, will increase \$684,007 or 4.07%. Personal Choice medical premiums have increased 3.77% and Keystone HMO premiums have increased 15.48%. It is estimated that district employees will contribute \$750,000 towards the district's medical premium cost. **It is important to note that the district's total retirement contribution for 2011-12 is \$4,189,403, an increase of \$184,866 or 4.62%.** This is due to the mandated rate increase being imposed on the district by the Public School Employees Retirement System. The net impact on the district is \$92,433 since the state reimburses the district 50% for their share of the expense.

The district's retirement contribution rate is projected to increase to 23.66% in the year 2015-16 from the 2011-12 rate of 8.65%. This is an increase of 274% and due to the decline in investment earnings of the Public School Employee's Retirement System (PSERS) and its inability to fund retirees' pensions at current contribution rates. A history, projection, and cost impact chart of Retirement Contribution Rates compiled by PSERS is found on pages 95-96 of this report. The following example demonstrates the future financial impact on the district in the year 2015-16: Using the estimated rate of 23.66% for 2015-16 the district would incur retirement expense of \$12,897,325, an increase of \$8,707,922 over the 11-12 budget. The net impact on the district would be \$4,353,961 since the district is reimbursed 50% from the state.

BUDGET OVERVIEW (Continued)

In the immediate future, the 12-13 budget for retirement contributions is estimated to increase \$1,891,624 for a net impact of \$945,812.

Contracted Professional Services, Object 300, is decreasing (\$324,191) or (4.71%). Included in this category are out-of-district and out-of-state student placements for special education services and contracted intermediate unit services for special education students. Also included in this budget section are costs for contracted alternative education, expenses for medical, legal, data processing, computer network support and licensing, staff in-service, and other professional services needed to support the special and regular education programs.

Purchased Property Services, Object 400, is decreasing (\$297,197), or (14.78%). Included in these services are building, equipment, and vehicle repairs, trash collection, electricity, water and sewer costs.

Purchased Services, Object 500, is decreasing (\$123,076), or (1.18%) over the 2010-11 budget. Included in these accounts are the tuitions paid to Approved Private Schools (APS) and Private Residential Rehabilitation Institutions (PRRI). The 2011-12 tuition charge budgeted for Colonial students enrolled at the Central Montgomery County Technical High School \$1,280,008 which is a decrease of (\$76,715) from 10-11. The amount budgeted includes a credit of \$737,729 from the 2009-10 fiscal year. The total estimated cost for Colonial is \$2,017,737 which is based on a three-year average enrollment and the budgeted operating costs of the Tech School. Contracted transportation costs are expected to increase \$72,562 or 1.37%. Other budget items in this category include phone, telecommunication costs associated with classroom internet access, printing, travel, postage and tuition paid to charter schools and other districts.

Supplies Object 600, is decreasing (\$367,909), or (10.31%). Included in accounts are costs for gasoline, diesel, and heating oil. Costs for classroom supplies, replacement textbooks, copy paper, multi-media and testing supplies, meeting refreshments, as well as computer software are also included in this object area.

Equipment, Object 700, reflects a decrease of (\$228,701), or (26.64%). Details of the planned technology projects for instruction can be found on page 81. There is also \$45,000 included for district facility projects (See page 82). Equipment needs for classrooms, maintenance, grounds and student activities and athletics are also included in this category

Debt Service and Other Uses, Object 800 and 900, are increasing \$657,232 or 11.70%. The increase is not the result of the district issuing additional debt but the resumption to the normal repayment schedule after two years of refinancing savings that were applied to the budget. Debt payment schedules and a summary of refinancing savings can be found on pages 71 - 74 of this document. **Due to re-financing the 2006 bonds in late June, the district plans to not spend \$392,492 of budgeted debt payment funds.** Also included in this category is the General Fund's contribution of \$67,000 to the Food Service Fund to offset the cost increases associated with more nutritional lunch offerings to the students and equipment replacement. A budgetary reserve amount of \$100,000 for unexpected expenditures is also included in these accounts.

BUDGET OVERVIEW (Continued)

Local Revenues continue to be the primary source of funding for the Colonial School District. Approximately 86% of total revenues are derived from local sources which include current and interim real estate taxes, transfer and delinquent taxes, public utility tax, interest earnings, payments from other districts, tuition and facility rental payments.

The Colonial School District, like many districts, has been experiencing declines in local revenue sources due to the downturn in the economy. Transfer taxes are down \$100,000 for 11-12, and interest earnings will decline \$110,530. Revenues from other school district's who send students to institutional facilities within Colonial's boundaries, is expected to decline \$195,456 as resident district's begin to provide these services within their own facilities. Interim real estate taxes and Act 511 earned income taxes (EIT) are unchanged at \$350,000 and \$5.8 million, respectively. The Act 511 EIT tax enactment was approved by the school board on May 26, 2005 with an effective date of July 1, 2005. On a positive note, the district will benefit from the growth in the tax base this year as an additional \$574,366 will be realized from increased tax assessments. The district continues to experience and dispute numerous assessment appeals filed by commercial and residential property owners.

The district is restricted from raising the real estate tax rate by the state mandated Act 1 index. The 2011-12 index is 1.4% and the 2012-13 index is projected at 1.1% or lower. Tax increases above the index require the use of Pa. Dept. of Education (PDE) approved exceptions or voter referendum. Colonial School District applied to PDE for Act 1 exceptions by the March 3, 2011 deadline. PDE granted exceptions in the amount of \$2,306,492. This amount would have allowed a real estate tax increase of 4.9%. The 2011-12 budget uses \$749,310 of the approved exceptions allowing the district to raise the real estate tax rate only 2.5% which is 1.1% above the Act 1 index of 1.4%. The majority of the exceptions utilized was due to retirement cost increases.

State Revenues Because of the state's own budgetary problems, the district's state basic education subsidy is expected to decline \$286,181. The adopted budget includes a reduction of \$852,231 for the state's social security reimbursement and a \$160,873 elimination of the Accountability Block Grant. The state's charter school funding of \$53,463 has also been cut from the adopted budget. (**UPDATE:** Due to the state budget being adopted after the district's budget adoption, the social security reimbursement was reinstated for \$852,231 and the Accountability Block Grant was partially funded for \$59,270 and the basic education subsidy was increased by \$173,733).

Special education subsidy is expected to increase slightly, \$8,424, to \$2,059,025, which is only a fraction of the \$14,660,069 (Function 1200) of special education costs that are budgeted. The district will realize a debt payment reimbursement of \$109,367 which is 19.855% of the total debt payment related to the \$20 million renovation project at the Central MONTCO Technical High School. Transportation subsidies are budgeted at \$1,140,722 which is the same as the actual amount received for 2010-11. The state's reimbursement for district transportation costs remains well short of total district transportation costs of \$6,702,622 (Function 2700). The subsidy for the state's share of retirement contributions will increase \$101,998 due to the PSERS mandated rate increase from 5.64% to 8.65% and salary increases. Since the district pays the state share, the state is required to reimburse the district one-half of its retirement and social security costs.

BUDGET OVERVIEW (Continued)

Federal Revenues are projected to decrease (\$394,633), or (35.55%), primarily due to the one-time stimulus funds provided to the district through the American Recovery and Reinvestment Act of 2009 (ARRA) in 2009-10 and 2010-11. The district was awarded a total of \$1,726,079 of ARRA funds during the 2009-10 school year. The district was permitted to spend these ARRA funds over a two year period through 2010-11. Federal dollars are spent when received on a dollar for dollar basis.

Copies of this document are available online at the district's website at www.colonialsd.org click on Our District, then Administration, then Finance. Copies can also be obtained in the Business Office.

Colonial School District and
Special Session Act 1 of 2006 Adopted June 27, 2006

1. Act 1 prohibits the district from raising real estate taxes above the state mandated index without voter approval. However, the law does permit the district to apply to the Pennsylvania Department of Education (PDE) for certain exceptions, that when approved, would allow the district to raise taxes above the limit without voter approval.

Colonial School District applied to PDE for Act 1 exceptions by the March 3, 2011 deadline. PDE granted exceptions in the amount of \$2,306,492. This amount would have allowed a real estate tax increase of 4.9%. The 2011-12 budget uses \$749,310 of the approved exceptions allowing the district to raise the real estate tax rate only 2.5% which is 1.1% above the Act 1 index of 1.4%. The majority of the exceptions utilized was due to retirement cost increases.

2. **Act 1 Index Historical Data**

2011-12	1.4%
2010-11	2.9%
2009-10	4.1%
2008-09	4.4%
2007-08	3.4%

SIGNIFICANT LAWS THAT AFFECT THE BUDGET AND FISCAL ADMINISTRATION

The Pennsylvania Public School Code of 1949, as amended, gives local Boards the authority to conduct the financial affairs of the District. The School Code contains provisions that require the Board to perform certain acts (mandatory), provisions that provide discretion to the Board to either act or refrain from acting (permissive), and provisions where the Board is prohibited from acting either in total or until certain conditions have been satisfied (prohibited). The School District is also subject to statutes of the Commonwealth such as the Municipal Code, the Fiscal Code and other laws that apply to governmental entities.

Budget Statutes: The School Laws of Pennsylvania, as enacted by the Commonwealth legislature, mandate that public school districts approve an annual budget on the modified accrual basis of accounting for the operation of Governmental Funds (the General Fund and the Special Revenue Funds) prior to the start of the fiscal year. Section 687 of the School Code requires that a proposed budget be prepared at least thirty (30) days prior to adoption of the budget for the following fiscal year in a format stipulated by the Department of Education. The format requires that revenues and expenditures be presented by function and object classification.

The School Code also mandates that the proposed budget be available for public inspection at least twenty (20) days prior to the date set for adoption. Districts are also required to provide notice prior to any final action on the budget. The "Notice of Proposed Budget" must be published at least once in a newspaper of general circulation within the community at least ten (10) days before the adoption of a final budget. The notice must include the time and place of the meeting at which the final budget will be adopted and a statement that the proposed budget is available for public inspection.

The actions for final adoption of the budget and the necessary appropriations required to put it into effect must be voted on at a duly advertised public meeting. Section 508 of the School Code requires a majority vote of the Board of School Directors to adopt the annual budget and to levy and assess taxes. The vote must be by a duly recorded (roll call) vote that records how each member voted. Failure to have five affirmative votes renders action of the Board of Directors void and unenforceable. Failure to adopt a budget by July 1 causes the District to lose its authority to expend funds.

Within fifteen (15) days after adoption of the budget, a certified copy of the adopted budget must be provided to the Department of Community Affairs in conformance with section 687 of the School Code. Section 687 of the School Code also prohibits deficit financing in public schools. Accordingly, the total amount of the adopted budget may not exceed the amount of funds, including the proposed annual tax levy and state appropriations, available to the District.

SIGNIFICANT LAWS THAT AFFECT THE BUDGET AND FISCAL ADMINISTRATION (Continued)

The Commonwealth has established a mandatory accounting system that must be used by every school entity that is based on Generally Accepted Accounting Principles (GAAP) for governmental units. GAAP is consistent with state and federal laws. The accounting system provides for the establishment of Governmental Funds including a General (Operating) Fund and Special Revenue Funds that include a Capital Reserve Fund and an Athletic Fund. The legal authority for the operation of the Capital Reserve Fund is specifically provided in Section 2932 of the Municipal Code. Monies in the Capital Reserve Fund must be kept in a special fund or account, separate and apart from any other fund. All interest earnings from the investment of Capital Reserve funds must be paid into the Capital Reserve Fund as set forth in Section 2932 of the Municipal Code.

The monies in the Capital Reserve Fund may be expended only for capital improvements and for replacement of and or additions to public works and improvements, and for deferred maintenance thereof, as approved by the Board of School Directors. Specific projects must be identified, together with the year of proposed completion.

Under Section 2932 of the Municipal Code, the Board of Directors may authorize transfers from the General Fund into the Capital Reserve Fund from a one (1) mill levy of general taxes designated for the purpose of this fund. Additional monies in the Capital Reserve Fund may consist (a) of monies transferred into the Capital Reserve Fund during any fiscal year from appropriations made for any particular purposes which may not be needed; and (b) of surplus monies in the General Fund of the treasury of the District at the end of any fiscal year.

The authority for the establishment of the Athletic Fund is located in Section 511 of the Public School Code. The purpose of the Fund is to account for revenues generated through gate receipts incurred by the interscholastic athletic program. Section 511 mandates that the Board of Directors prescribe, adopt and enforce reasonable rules and regulations, as it may deem proper, regarding the management, supervision, control or prohibition of exercises, athletics or games of any kind.

Bidding and Purchasing Statutes: School Boards are required under Section 801 of the Public School Code to purchase and provide all furniture, equipment, textbooks, school supplies and other items for the use of the District to maintain the educational environment. A mandate waiver to Section 807.1 (as amended by Act 30 of 1990) was granted to the district on September 25, 2009 sets forth the requirement for competitive bidding at \$15,200 or more. However, any purchase of \$6,100 but less than \$15,200 requires three price quotations.

SIGNIFICANT LAWS THAT AFFECT THE BUDGET AND FISCAL ADMINISTRATION (Continued)

Purchases of \$15,200 or more require public notice by advertisement once a week for three weeks in not less than two newspapers of general circulation. The Board must accept the lowest responsible bid (where kind, quality and material are equal). Boards may reject any and all bids or select a single item from any bid.

Section 521 of the School Code permits purchases to be made through intergovernmental cooperative agreements (joint purchase agreements). School entities may also "piggy-back" on state or other government contracts following the appropriate legal requirements. Even though purchasing may require competitive bidding, Boards may establish reasonable criteria such as color, unit/size, or any other reasonable criteria specific to the District's needs. The School Code also provides for the exemption of several items, such as globes, maps, textbooks, educational films, and teacher demonstration devices from the bidding requirement process. Services are also excluded from the competitive bidding requirements but school districts may choose to bid service agreements and contracts.

Cash Management and Investments Statutes: Section 440.1 of the Public School Code permits the investment of funds in (a) United States Treasury bills; (b) short-term obligations of the United States Government or its agencies or instrumentalities; (c) obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America; (d) obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth; (e) obligations of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; or (f) deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

Payment of Financial Obligations: Section 439 and 607 of the Public School Code provide direction on the payment of financial obligations. Section 439 requires that all payments be approved by the Board of School Directors. An order to pay must be signed directly or through facsimile signature by the Board president. Bills may be paid prior to Board approval for certain conditions that include the receipt of a discount or the avoidance of a late charge or due to other advantages that may accrue to the District such as increased interest income through proper cash management. Section 607 requires that proper school orders be drawn prior to payment, that there be sufficient funds in the treasury and that a separate order be drawn for each account or payment. Boards are also permitted to establish policy regarding processes and procedures for the disbursement of school funds including such matters as payments prior to Board approval.

SIGNIFICANT LAWS THAT AFFECT THE BUDGET AND FISCAL ADMINISTRATION (Continued)

The Fiscal Code of the Commonwealth (as amended by Act 138 of 1994) also requires political subdivisions, including school entities, to pay interest penalties to certain qualified small businesses for regular, every day, normal goods and services when payments are more than fifteen (15) days past due. Past due is defined as the terms for payment as specified in the contract or thirty (30) days after receipt of a proper invoice.

The Public Works Contract Regulation Law (as amended by Act 142 of 1994) regulates the payment to contractors and subcontractors working on public construction projects. Under the law, school districts are required to make payment or incur interest penalties, to contractors and subcontractors within twenty (20) days after delivery of the invoice unless other terms are set forth in contract documents to which school districts must adhere or incur interest penalties.

Construction of Facilities: Boards are charged with the requirement to provide the necessary grounds and suitable buildings to accommodate all school-age children in the district. This authority also includes the renovation and expansion of existing facilities. In most cases, school districts seeking state reimbursement are required to participate in PlanCon, an acronym for the Pennsylvania Department of Education's Planning Construction Workbook. The process involves a number of phases, beginning with a definition of the project and justification of its need. Succeeding steps include: site approval; estimated project cost data; architectural reviews; cost data based on actual bids; and finally, approval of the bond issue or other funding mechanism. Specific requirements are detailed in regulations adopted by the State Board of Education and in standards promulgated by the Pennsylvania Department of Education.

School Boards are required by Act 34 of 1973 to conduct public hearings. A second hearing is required if the bids received for a construction project exceed the initial Department of Education approved estimates by eight (8) percent. Act 34 is also referred to as the "Taj Mahal Law," because it requires voter approval of any building project that exceeds per-pupil cost figures that are revised annually to reflect changes in the cost of living. Alterations to existing buildings are excluded from this requirement. School buildings may be financed in a variety of ways that include: local authority, state authority, general obligation bonds or local funds.

Audits of Financial Records: All school districts are required to have an annual audit of financial records. The audit must be completed by an independent certified public accountant. Such audit must be prepared in accordance with Generally Accepted Accounting Principles (GAAP) to insure consistency. Completion of the audit and issuance of the audit report marks the end of the budget cycle for a single year.

SIGNIFICANT LAWS THAT AFFECT THE BUDGET AND FISCAL ADMINISTRATION (Continued)

In addition to the requirement of an annual audit, Section 2553 of the Public School Code requires the comptroller of the Department of Education to perform regular audits and field audits and at his or her discretion to perform special audits to verify receipts and expenditures. Such audits are usually limited to specific use of program funds given for state and federal projects.

The state Fiscal Code requires the auditor general's office to audit the accounts and records of all school districts. Examination is made by the Auditor General of receipts and expenditures related to state payments for public education. The purpose is to verify that the monies received from the Commonwealth were properly paid and that the District properly complied with all laws and regulations.

The Bureau of School Audits and the Auditor General's office have also published specific guidelines for the audit of student activity funds (Agency Funds). The objectives are to insure that basic internal controls are established for effective management of the organization; that all cash intended for the organization is received, promptly recorded, reconciled and kept under adequate security; that cash is disbursed only upon proper authorization, for valid purposes, and is properly recorded; that purchases and accounts payable are supported by appropriate documentation, promptly paid and properly recorded; and that inventory is appropriately safeguarded and properly recorded.

SIGNIFICANT BOARD POLICY AND PROCEDURES THAT AFFECT THE BUDGET

The Board of Directors is an extension of the State Legislature with the responsibility to provide for a thorough and efficient education for the students of the Commonwealth based on local control of community schools. To accomplish this responsibility, the Board of Directors is granted authority through the Public School Code and the Pennsylvania Constitution to establish policy for the operation of the school system. Policies are plans and procedures that are developed to provide guidelines for desired actions. The School District has a number of policies that direct the budget development and budget management process, the most important of which are discussed below.

Operating Budget Policy: The operating budgets will be prepared within the context of the overall financial objectives of the District to provide for high quality programs and services that meet the educational needs of students within the ability of the taxpayers of the community to provide the financial resources.

The operating budget of the District will be formulated such that current revenues and current expenditures are balanced on an annual basis. The District will avoid budgetary procedures such as postponing or deferring current expenditures and advancing or accruing future revenues in order to balance the operating budget. The District recognizes that such procedures do nothing more than a help meet immediate needs at the expense of increased future obligations and reduced future financial resources. The District will also refrain from refunding short-term debt unless there is a significant present value financial advantage to the transaction.

The District will continue to maintain an interactive on-line budgetary accounting information system that is employed as a management control device to administer the spending plan. The data in the budgetary accounting information system will be utilized to prepare management reports for fiscal control and to prepare reports for the Board of Directors that compare actual revenues and expenditures to budget amounts.

The budget will be administered within applicable local, state and federal laws. Accordingly, the District will not obligate funds in excess of the approved financial plan unless the Board amends the budget by making additional appropriations or increasing existing appropriations to meet emergencies. All expenditures will be made in accord with approved disbursement practices and legal purchasing requirements. Whenever possible, the District will integrate performance measurement and productivity indicators within the budget to insure the most effective and efficient utilization of available financial resources.

SIGNIFICANT BOARD POLICY AND PROCEDURES THAT AFFECT THE BUDGET (Continued)

Decision making authority is delegated to budget administrators of responsibility operational units who are accountable for the effective and efficient utilization of resources appropriated by the Board. Budget administrators of responsibility operational units will be provided financial resources over which they are able to exercise discretionary decision-making authority.

Revenue Estimation Procedures: The Chief Financial Officer of the District will estimate annual revenues by an objective, analytical process. The District will not include revenue estimates in the budget that cannot be verified with documentation of its source and amount. Revenue estimates will be based on objective data such as historical trend analysis and validated state estimates of sources and amounts of subsidy.

Budgetary Reserve: The District will maintain a budgetary reserve designated by the Board in each fiscal year in order to provide for operating contingencies. The maintenance of a budgetary reserve is recognized by the Department of Education to be a sound management practice given that there are certain variables over which control is not possible regardless of the care with which the budget is prepared. These variables include unpredictable changes in the cost of goods and services as well as the occurrence of events which are vaguely perceptible during the time of budget preparation, but which, nevertheless, may require expenditures by the District during the year for which the budget is prepared.

No expenditures will be made from the budgetary reserve unless authorized and approved by the Board of Directors. The transfer from the budgetary reserve to the functional line item will be approved by the Board, and may only be made during the last nine months of the fiscal year.

Fund Balance Reserve: The District will maintain an undesignated, unreserved fund balance in an amount directed by the Board each fiscal year. The monies in the fund balance will only be expended with the specific authorization of the Board of Directors for unexpected financial obligations.

Accounting, Auditing, Budgeting and Financial Reporting Policies: The accounting system will report financial information, on a basis consistent with Generally Accepted Accounting Principles (GAAP), as established by the Governmental Accounting Standards Board. Management control and Board oversight will be maintained through the use of regular reports that present financial activity by fund function, and object as well as by responsibility cost center.

SIGNIFICANT BOARD POLICY AND PROCEDURES THAT AFFECT THE BUDGET (Continued)

Accounting, Auditing, Budgeting and Financial Reporting Policies: The accounting system will report financial information, on a basis consistent with Generally Accepted Accounting Principles (GAAP), as established by the Governmental Accounting Standards Board. Management control and Board oversight will be maintained through the use of regular reports that present financial activity by fund function, and object as well as by responsibility operational unit.

An independent public accounting firm, selected by the Board of Directors, will perform an annual audit of the financial records of the District. The report will provide an opinion on the financial controls and records of the District.

BUDGET DEVELOPMENT PROCESS

The budget process can be desegregated conceptually into a five-step process that includes: planning, preparation, adoption, implementation, and evaluation. The process is driven by two objectives - to provide every child in the District with the best possible educational opportunities and to maximize the use of available resources. Within this framework, the Board attempts to balance the educational needs of students and the resources available to the District from local, state, and federal sources. The product, the School District's budget that details the revenues and expenditures to support educational programs and services, is a delicate balance of policy choices.

Budget Planning: For the fiscal year that begins July 1, the planning process for budgeting starts in August when the Administration develops a budget calendar. The calendar includes all of the important activities in the budgeting process; the dates on which important decisions are scheduled to be made; and the person responsible for the activity. Once adopted the calendar represents the guidelines for the preparation and adoption of the financial plan of the School District.

Preparation of the Operating Budget: The preparation of the budget is the process of defining service levels such as the course offerings in the educational program; projecting student enrollment; developing staffing allocations; estimating expenditure needs to support programs and services; and projecting available revenues. The process begins when the Director of Human Resources provides a five-year forecast of enrollment to the Board and Administration in September. This enrollment estimate is an important assumption on which per pupil expenditure appropriations, instructional staffing allocations, and service levels such as the number of course sections and the number of transportation vehicles are based.

The Administration then provides per pupil allocations for the projected student enrollment. The per-pupil appropriations are established early in the budget cycle to permit staff involvement in the determination of resource allocations within the buildings. This also permits the acquisition of supplies, materials and equipment at the lowest price through the public bidding process and timely delivery of purchases prior to the opening of the school term. The budget process is continued during November when course offerings are developed that will form the educational programs for the next year.

Since salaries and fringe benefits constitute approximately seventy percent of the total budget expenditures, the Board gives careful consideration to staffing allocations for both instructional and non-instructional positions to provide for defined service levels. The professional staffing needed to support the educational program is a function of both the projected student enrollment, and this is reviewed by the Administration and Board during October and November budget development meetings. The staffing needs of the District are constructed on a zero base approach at all levels.

BUDGET DEVELOPMENT PROCESS BOARD COMMITTEE STRUCTURE

The Colonial School Board functions through sub-committees that provide recommendations for full Board consideration. Although Board Members are appointed to Committees based upon recommendation by the Board President, each member is encouraged to attend the meetings of the Board Committees to understand the issues discussed at the Committee Level. The standing committees include Human Resources, Facilities Management and Transportation, Curriculum and Program, Community Relations and Student Life, Safety and Wellness, and Finance and Audit.

The Human Resources Committee of the Board is responsible for reviewing, studying and recommending to the whole Board all matters that involve personnel. During the budget process the Committee reviews the enrollment projections and recommends the necessary levels of professional staff to be included in the budget. The Committee also reviews other areas of staffing such as custodial and maintenance, cafeteria, secretarial, instructional and non-instructional aides, as well as the administrative alignment and recommends the positions to be funded.

On an annual basis the Committee recommends all salary schedules for non-bargaining unit employees while also guiding the negotiations related to contracts with the Colonial Education Association, the Teamsters representing the custodial and maintenance departments, and the Association representing the Food Service and Secretarial workers in the district. This Committee also reviews the fringe benefit packages offered to these groups.

The Human Resources Committee also provides significant input on the salary levels of administration by performing the review of the Superintendent and establishing approved levels of funding for administration. Periodically the review of job descriptions is necessary to establish new levels of responsibility and compensation, and this Committee also performs this task.

The Facilities Management and Transportation Committee of the Board reviews all personnel and facility issues related to the maintenance of the district facilities and vehicles. During the budget process this includes thorough analysis of all projects proposed for the forthcoming budget. The Committee decides upon the level of funding and the specific projects to be included in the budget following a visitation by individual members to each location. The Committee is responsible for evaluating the entire 2600, 4200 and 4600 accounts in the budget document presented.

BUDGET DEVELOPMENT PROCESS
BOARD COMMITTEE STRUCTURE (Continued)

Capital projects included within the budget are developed and reviewed at all levels of the budget process. In December the Facilities Manager meets with each Building Principal to review the needs of the building. Costs of projects are then estimated by the Director of Operations and presented to the District Administration for review. During a Budget Review with each Building Principal, the Superintendent establishes priorities for these projects, with funding established within the budget for those projects determined by the Superintendent. The Facilities Management and Transportation Committee of the Board reviews the projects and provides recommendations to the full Board. The Board determines if projects will be funded through the General Operating Budget, the Capital Reserve, or will be funded through a General Obligation Bond.

Each year the District updates its five year Capital Reserve Fund plan that provides for the maintenance of facilities. Projects are prioritized based on resolution of safety matters, compliance with state and federal statutes, maintenance of existing facilities, and improvements to the instructional environment and buildings. In the update of the plan, the Directors consider recommendations from the District Administration and Facilities Management and Transportation Committee.

Funds for new construction or major renovations are provided for through the issuance of debt. The impact of capital projects are considered in the development of the proposed and projected operating budgets.

The review of transportation operations and the expenditures of the 2700 account is also a responsibility of this committee. A review of expenditures of the current and prior years, the comparison of costs between the contracted and district-owned portion of the operation, and the replacement of district vehicles are all important functions performed by this committee on an annual basis during the budget process.

The Curriculum and Program Committee has the responsibility to receive and review curriculum proposals that are presented through the office of the Assistant Superintendent. Proposals originate from the staff curriculum committees where teachers and administrators review curricular areas. Proposals that gain the support of the administration's curriculum council and the approval of the superintendent are forwarded to the Board curriculum and program committee for consideration. Following careful analysis of the proposals the curriculum and program committee makes recommendations for budget consideration to the full Board.

BUDGET DEVELOPMENT PROCESS
BOARD COMMITTEE STRUCTURE (Continued)

The Community Relations and Student Life Committee of the Board is responsible for publicity for District functions and distributing information about noteworthy events to the press and public. This task is accomplished through the dissemination of press releases and announcements on a routine basis by the district staff. The committee also deals with the review and evaluation of student activities, policies, calendars, handbooks and other publications.

The Safety and Wellness Committee is responsible for reviewing the district's safety and security programs, policies, and related activities. It also makes recommendations regarding faculty and student wellness in the areas of student nutrition and diet, counseling and intervention programs.

The Finance and Audit Committee of the Board reviews all revenue sources and projections that are provided by the administration, as well as, audit reports, investment vehicles, depositories, and approves the budget schedule for the budgetary process. Through review of the administration's Five Year Financial Plan, direction is provided from this Committee to the administration to determine the direction of the budget.

BUDGET ADMINISTRATION AND MANAGEMENT PROCESS

Budget Adoption, Implementation, and Evaluation: The preliminary budget of the District for the next fiscal year is proposed at a Board meeting held in February. The Board considers the budget and provides for public input and comment on the financial plan to fund the District's educational programs and services up to its final passage in June. The implementation of the approved financial plan is discussed in the following section on the budget administration and management process. The final step in the budget process is the evaluation of the financial plan. The results of operations for the fiscal year are set forth annually in the District Annual Financial Audit.

Budget administration and management is the process of regulating expenditures during the fiscal year to ensure that they do not exceed authorized amounts and that they are used for intended, proper, and legal purposes. The management of the budget is accomplished in a variety of ways: monitoring program implementation; controlling expenditures; tracking revenue receipts; making corrections in expenditure allocations to reflect changes in costs, service levels or plans; and reporting to the Board and public on fiscal operations.

During the preparation of the budget, the document itself serves as the vehicle for planning and resource allocation decisions in the District. After the Board adopts the budget in June and the appropriations are made to the various accounts, it then becomes the major fiscal management tool for administering and controlling expenditures. There are, however, other budget administration and management issues important to the budget process that are discussed below.

Organization for Budget Management: The decision-making philosophy and organizational structure of the District for budgeting combines elements of the management team and school management concepts. It is an approach between centralization and decentralization in philosophy and structure. Many of the decisions in the District are formulated by staff members at the building locations with overall district administrative review.

For example, the curriculum council, which is comprised of central office administrators and building principals, reviews and approves curriculum recommendations to the School Board Curriculum Committee, which makes final recommendations to the full Board for approval. Funds to support curriculum revisions are then controlled by the Assistant Superintendent through the allocation for curriculum revision and new adoptions.

The overall spending and revenue plans are coordinated by the central office to keep the District's total expenditures within available revenues. District level coordination is also exercised in such areas as personnel policies that are established and monitored centrally to maintain general uniformity and compliance with negotiated collective bargaining agreements as well as state and

BUDGET ADMINISTRATION AND MANAGEMENT PROCESS (Continued)

federal statutes. However, budgetary allocations are the responsibility of building administrators, and funds are provided in an unrestricted, lump-sum amount. Decisions on how to allocate these monies are made at the site or department level. For example, principals, who are operational unit budget administrators, provide participation by the professional staff in the decision making process on the use of building resources through Building Committees.

Expenditure Control and Approvals: For management control purposes, the operating budget (General Fund) of the District is disaggregated into operational units. A budget administrator, such as a building principal or director of transportation, is accountable for the management of the financial resources approved by the Board for their operational unit. In addition, the Athletic and Food Service Directors are assigned as the budget manager for the Athletic Fund and the Enterprise Fund, respectively. The Chief Financial Officer is the budget manager for the Capital Reserve Fund and the Bond Fund. Thus, every expenditure appropriation in the District's budgets is assigned to an operational unit administrator who is accountable for the proper expenditure of funds.

Each of the budget administrators is authorized to approve the expenditure of funds within their respective operational unit's appropriations, provided that funds are expended in accord with District purchasing procedures and legal requirements. Administrative regulations require that all purchase orders be reviewed and approved by the Chief Financial Officer to verify availability of funds, proper account coding, and compliance with legal purchasing procedures. All bid awards and contracts must be approved by the Board of Directors. The Chief Financial Officer carefully monitors comparisons between budget and actual expenditures to maintain cost control and to insure against overspending.

Encumbrance Control: Another important component in the District's financial control and reporting system is the encumbrance of funds. Encumbrances are obligations in the form of purchase orders, contracts, or salary commitments chargeable to an appropriation and for which part of the appropriation is reserved. The purpose for the encumbrance of funds is to insure that obligations are recognized as soon as financial commitments are made. Otherwise, the accounting system would only record actual amounts entered into the expenditure accounts, not those that are planned or anticipated. In short, the encumbrance of funds is an important control measure to prevent the inadvertent over expenditure of budget appropriations due to the lack of information about future commitments. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are canceled.

BUDGET ADMINISTRATION AND MANAGEMENT PROCESS (Continued)

Transfers between Budget Accounts: The budget is a spending plan based on a series of assumptions and estimates. Rarely, if ever, will all of the actual expenditures be equal to the detailed budget estimates. As actual expenditures are incurred, adjustments are required in the budget between accounts to cover higher than expected costs or to provide for an unanticipated expense. However, District controls on the transfer of funds insure that expenditures do not exceed available financial resources.

Operational unit budget administrators have the authority to transfer funds between accounts that increase or decrease appropriated amounts with certain constraints. Such constraints include that transfers between operational units, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund must be approved by the School Board. In addition, transfers between functions within a operational unit must also have the approval of the Board of Directors. For example, appropriations for instruction cannot be transferred to support services or vice versa without Board approval.

Management Information and Reporting for Control: The District maintains an interactive on-line budgetary accounting and control system that provides reports to assist Board Members, the Chief Financial Officer, and operational unit budget administrators, in administering, monitoring and controlling the implementation of the budget. The information from the automated accounting information system is important and relevant in evaluating the financial condition of the District and the fiscal performance of the operational unit budget administrators.

The reports produced from the information system are flexible and can be easily designed for specific District needs and to meet state and federal reporting requirements. Among the most important of the documents for management control purposes are expenditure reports which can be queried in many ways to provide valuable information to the budget administrator. Revenue reports are prepared and reviewed to track receipts against budget.

FINANCIAL SECTION
2011-12 ADOPTED BUDGET

DISTRICT FINANCIAL STRUCTURE

The Colonial School District was formed by state law and began operations on July 1, 1969. The School District occupies a land area of 25 square miles in the southwest portion of Montgomery County and is comprised of the Borough of Conshohocken, Plymouth and Whitemarsh Townships. The School District is contiguous with Philadelphia, Norristown and Upper Merion Township and is located twenty miles west of downtown Philadelphia.

The School District is a political subdivision of the Commonwealth of Pennsylvania created to assist in the administration of the General Assembly's duties under the Constitution of Pennsylvania to "provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth".

The School District is governed by a Board of nine School Directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four year term. The Directors serve on the Board without compensation. The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other school facilities necessary to educate every person residing in the School District, between the ages of six and twenty-one years, who may attend.

The Reporting Entity

The School District is legally autonomous and fiscally independent entity under the laws of the Commonwealth of Pennsylvania. The laws of the Commonwealth give the District corporate powers that distinguish it as a legally separate entity from the Commonwealth of Pennsylvania and any of its political subdivisions. The School District has the power to determine its budget; to approve and modify that budget; to levy taxes, set rates and establish charges; and to issue bonded debt. The powers may be exercised without substantive approval by another government.

The School District is subject to the general oversight of the Pennsylvania Department of Education on matters that are relevant to the determination of fiscal independence. The oversight generally includes an approval process that is compliance oriented and is more ministerial than substantive in nature.

The School District consists of four primary schools (grades K-3), one elementary school (grades 4-5), one middle school (grades 6-8), and one high school (grades 9-12). In addition, the Colonial School District is one of three sending districts to the Central Montgomery County Technical High School for students in grades ten through twelve. Elementary school attendance areas are established to provide the best balance of classes per grade level and educational services for each building.

