

**Perrysburg Exempted Village School District
Regular Board Meeting
Monday, October 19, 2009
7:00 p.m. at the Commodore Building Cafeteria
140 E. Indiana Ave.
Perrysburg, Ohio 43551**

Meeting Started at 7:07 p.m.

Call to Order – Roll Call

The President called the meeting to order with the following members present; Mrs. Downs, Dr. Edinger, Mrs. Hovland, Mr. Schoenlein. Mr. Van Hoozen was absent.

Pledge of Allegiance

FY10-10-006 – Adopt the Proposed Agenda

Dr. Edinger moved, seconded by Mr. Schoenlein the Board adopt the proposed agenda. The President called for the vote. Voting yes; Dr. Edinger, Mr. Schoenlein, Mrs. Downs, and Mrs. Hovland and. Motion carried.

Board Recognition/Awards

- A. Jonathon Elder – Boys Nation Delegate
- B. John Bender – Department of Education, Excellence Banner
- C. Ralph Kleeberger – Sculptor of Town Pump Statue
- D. Golden Excellence – Janey Krasula, Junior High.
- E. OSBA Recognition – Dr. Walter Edinger, 10 years of service

Superintendent's Report

School Wellness Update

FY10-10-007 – Approval of Minutes, Treasurer's Report, Five Year Forecast, Personnel, and Other Items for Consideration

Dr. Edinger moved, seconded by Mr. Schoenlein the Board approve the following items;

1. **APPROVAL OF MINUTES** – September 1, 2009 (Work Session) and September 21, 2009 (Regular Meeting)
2. **TREASURER'S FINANCIAL REPORTS** – September 2009
3. **FIVE YEAR FORECAST** – *Attachment #1*
4. **PERSONNEL**
 - a. **Certified Personnel**
 1. **Resignations:**
 - Deb Hanley – Entry Year Teacher Mentor – ONLY
 2. **Part-time Intervention Tutors, each one up to 17 hours per week at \$26.92 per hour:**
 - Frank: Bridgette Beeler effective October 8, 2009 (Title I Funds)
 3. **Supplemental Contracts** for the 2009-10 school year recommended as listed pending proper certification and completion of background checks:
 - Robin Gillmore – Entry Year Teacher Mentor - \$363
 - Chris Harper - Entry Year Teacher Mentor – SPLIT – \$181.50
 - Maggie Collins - Entry Year Teacher Mentor – SPLIT – \$181.50
 - Candra Boggs - Club Advisor – Photo Club – HS - \$1,088
 - Dave Boyce – Basketball – HS Boys Head - \$6,528 (Non-PEA)
 - John Henline – Basketball – HS Boys Assistant - \$4,714
 - Ryan Winkelman – Basketball HS Boys Assistant - \$4,714
 - Brent Shafer – Basketball HS Boys Assistant – \$4,243 (Non-PEA)
 - Mark Schrock – Basketball HS Girls Head - \$7,253
 - Todd Sims – Basketball HS Girls Assistant - \$4,243 (Non-PEA)
 - Jackie Derr – Basketball HS Girls Assistant - \$4,714
 - Ryan DeMars- Basketball HS Girls Assistant - \$4,243 (Non-PEA)
 - Rob Ross – Basketball HS Girls Assistant – Volunteer
 - Jamie Casey – Basketball HS Girls Assistant – Volunteer
 - Lexie Pickard – Basketball HS Girls Assistant - Volunteer
 - Glenn McIntyre – Bowling - \$1,813
 - Janice Ray – Cheerleading – HS Basketball Head - \$2,901
 - Karen Riddle – Cheerleading – HS Basketball Assistant - \$1,451
 - Margaret Milne – Cheerleading – HS Basketball Assistant - \$1,306 (Non-PEA)
 - Meghan Matthews – Cheerleading – HS Wrestling Head - \$1,958 (Non-PEA)
 - Roger Short – Chess – Volunteer (Chess is not a paid supplemental)
 - Jeff Lacourse – Hockey Head - \$4,243 (Non-PEA)
 - Kevin Omev - Hockey Assistant - \$2,611 (Non-PEA)
 - Matt Kregel - Weight Room HS - \$1,451
 - Rob Gentry – Dramatics production (Winter) - \$5,440 (grandfathered)
 - Deb Drew – Dramatics Assistant production (Winter) – Split - \$1,769.50 (grandfathered)
 - Perry King – Dramatics Assistant production (Winter) – Split - \$1,592.50 (Non PEA) (grandfathered)
 - John Henline – First Aid Room - \$2,176
 - Michelle Nordhaus – Gymnastics Head - \$4,760 (Non-PEA) (frozen)
 - Chris Black – Swim Coach Head - \$2,774 (Non-PEA)
 - Marc Opsincs – Swim Coach Assistant - \$1,632
 - Matt Boggs– Wrestling HS Head - \$6,699 (frozen)
 - Sean McKenzie – Wrestling HS Assistant - \$4,372 (frozen)
 - Greg Reighard – Wrestling HS Assistant - \$3,935 (Non-PEA) (frozen)
 - Sam Cotterman – Wrestling – HS Assistant – \$3,935 (Non-PEA) (frozen)
 - Scott Middleton – Wrestling – Volunteer

Jr. High:

Justin Fahncke – Basketball – Boys JHS 7th grade – \$4,352
 Larry Clark – Basketball – Boys JHS 8th grade – \$4,352
 Blake Parquette – Basketball – Girls JHS 8th grade – \$4,352
 Thomas Przybylski – Basketball – Girls JHS 7th grade – \$4,352
 Jessica Warga – Cheerleading – Basketball JHS SPLIT– \$1,088
 Marci Madsen – Cheerleading – Basketball JHS SPLIT - \$979 (Non-PEA)
 James Polling – Wrestling – JHS Head – \$3,917 (Non-PEA)
 Brian Newton – Wrestling - JHS Assistant – \$2,611 (Non-PEA)
 Jennifer Casey – Activity Coordinator Pep Club – SPLIT - \$544
 Deb Horrall – Activity Coordinator Pep Club – SPLIT - \$544
 Jason Jordan – Activity Coordinator Jazz Band - \$1,088
 Jason Jordan – Activity Coordinator Pep Band - \$1,088
 Diane Barnes – Activity Coordinator Camp Director - \$1,088

4. Professional Development Committee (without Staff/Resource Dir.) - \$725 PEA Rate:

Amy Hochanadel	Krista Mullen	Todd Duesing	Deb Hanley
Doug Pevoar	Michelle Waddell	Chad Warnimont	Julie Roe
Jennifer Smith	Molly Butts	Cindy Nutter	

5. Professional Development Committee (without Staff/Resource Dir.) - \$653 Non-PEA Rate:

Jackie Bell	Patty Sattler	Eric Whitson	Kevin Gorman
Beth Christoff	Aura Norris	Kadee Anstadt	

6. Saturday School – up to 60 total hours at the High School at the teacher hourly rate:

Dan Thompson	Dawn Burks	Elizabeth Green	Jacyn Poll
Kathy Cornelius	Kevin English	Glenn McIntyre	Mark Opsincs
Rick Rettig	Janice Ray	Nicole Holoka	Sandy Harding
Bev Zuchowski			

7. Stipend:

Nancy Stough - \$300 Stipend for Toth Magazine Drive paid out of 014 fund

8. Homebound Tutors – on an as needed basis at \$26.92 per hour unless otherwise indicated:

Craig Weaver	Bridgette Beeler	Karen Riddle
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9. Substitute Teachers for the 2009-10 school year, (pending proper certification/licensure and passing of the BCII):

Bridgett Beeler	Shari Browder	Marcia Little	Karen Granata
Melissa Chase	Michelle Myers	Kimberly Wiley	

b. Classified Recommendations:

10. One-Year Limited Contract for 2009-10 school year as follows:

David Duhamel – Assistant Head Custodian – High School effective October 19, 2009 - \$24,390 (replaces Merle Snyder who moved to the Junior High)

11. Mid –day Bus Routes – two hours at the drivers’ current hourly rate effective September 24, 2009. This contract will automatically be non-renewed at the end of the 2009-10 school year per the OAPSE agreement.

Dick Burnham

12. Classified Substitutes – for the 2009-10 school year (pending BCII/FBI Check and appropriate paperwork):

Angela Atassi	Sandra Beauchamp	Sara Fulmer	Stacy Marino
Michelle Myers	Deborah Schankula	Jamie Slee	Kathy Ward
Laura Wott	Bill Boden	Dave Anderson	

c. Other Personnel

13. Jr. High and Sr. High Auditorium Workers for 2009-10 school year – Jr. High and High School Auditorium workers for lighting and sound at the rate of \$7 per hour as needed.

Nick Hentges	Jack Holden	Erin Shultz	Chris Behrendt
Scott Robbin	Abby Corcoran		

14. Career Based Intervention (CBI): Student program at the Junior High - \$2.25 per hour:

Trey Favro	Caitlyn Flynn	Jared Henderschott	Jaselyn Ivy
Logan Maenle	Chris Mccorry	Justin Schmeltz	Tyler Simon
Hunter Tammarine	Tyler Williams	Jalecia Williamson	Payton Fuller
Eddie Barrios	Cody Hoffman		

15. Career Based Intervention (CBI): Student program at the High School - \$2.25 per hour

Jasmine Barnhill	Brady Clayton	Jacob Garza	David Ghesquire
Tyler Haas	Tyler Nichols	Gabrielle Ormanian	Nicholas Ort
Ronald Szabo	Bailey Wcislak	Kinesthe Wilson	

16. Junior High SOS Tutors – the following students to participate as tutors for the Students Tutoring Other Students (SOS) program for the 2009-10 school year at the rate of \$7 per hour:

Katie Renner	Jeet Shaha	Alisha Schumaker	Brandon Deer
Dominic Pantorno	Aaron Ruen	Kathryn Hohman	Ross Martin
Lindy Delong	Kaity Laumann	Genna Liu	Madison Humprey

Maddy Wagner
Johnathan Cooper
Michael Gerber
Krista Hetrick

Jess Qu
Sarah Soliman
Katherine Cooper
Stephanie DeVoe

Dominic Horvat
Camryn Kiel
Jordyn Nicholson

Peyton Young
Tia Shaha
Jacob Baroncini

5. ITEMS FOR CONSIDERATION / APPROVAL

A. In Lieu of Transportation

Hunter Wilde, 6th Grade, Toledo School for the Arts, Kerri Wilde-Parent

The President called for the vote. Voting yes; Dr. Edinger, Mr. Schoenlein, Mrs. Downs and Mrs. Hovland. Motion carried.

Board Discussion

Mrs. Hovland :

Dismissal of Desparios Case

Doug Pratt – 50 years of Service to the district

Mr. Van Hoozen joined the meeting at 8:15 a.m.

Public Participation

Chris Vogel – School Funding System

FY10-10-008 – Executive Session

Mrs. Downs moved, seconded by Mr. Schoenlein the Board go into executive session for the purpose of personnel. The President called for the vote. Voting yes; Mrs. Downs, Mr. Schoenlein, Dr. Edinger, Mrs. Hovland and Mr. Van Hoozen. Motion carried.

The Board went into executive session at 8:36 p.m. and returned at 9:40 p.m.

FY10-10-009 – Adjournment

Dr. Edinger moved, seconded by Mr. Van Hoozen the Board adjourn. The President called for the vote. Voting yes; Dr. Edinger, Mr. Van Hoozen, Mrs. Downs, Mr. Schoenlein and Mrs. Hovland. Motion carried.

The Meeting ended at 9:40 p.m.

President

Treasurer

Perrysburg Exempted Village School District

Wood County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2007, 2008 and 2009 Actual;
Forecasted Fiscal Years Ending June 30, 2010 Through 2014

	Actual			Forecasted				
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Revenues								
1.010 General Property Tax (Real Estate)	\$17,956,987	\$18,389,219	\$19,174,303	\$19,813,634	\$20,682,386	\$21,406,270	\$18,301,723	\$15,743,819
1.020 Tangible Personal Property Tax	2,211,626	1,490,813	739,183	50,921	22,724			
1.030 Income Tax	4,610,349	5,651,066	5,678,419	4,524,600	4,705,584	4,893,807	5,089,560	5,293,142
1.035 Unrestricted State Grants-in-Aid	8,699,948	8,691,948	8,565,268	7,999,735	7,999,735	7,999,735	7,999,735	7,999,735
1.040 Restricted State Grants-in-Aid	76,911	51,610	82,726	100,000	100,000	100,000	100,000	100,000
1.045 Restricted Federal Grants-in-Aid - SFSF	0	0	0	539,778	539,778			
1.050 Property Tax Allocation	2,630,063	3,314,498	4,188,544	5,024,905	4,645,316	4,363,118	4,082,821	3,880,628
1.060 All Other Revenues	1,282,712	1,078,516	791,907	676,778	748,581	771,039	794,171	817,995
1.070 Total Revenues	37,468,596	38,667,670	39,220,350	38,730,351	39,444,104	39,533,969	36,368,010	33,835,319
Other Financing Sources								
2.010 Proceeds from Sale of Notes								
2.020 State Emergency Loans and Advancements (Approved)								
2.040 Operating Transfers-In								
2.050 Advances-In	1,643	1,605	448,471					
2.060 All Other Financing Sources	5,668	5,728	2,730					
2.070 Total Other Financing Sources	7,311	7,332	451,201					
2.080 Total Revenues and Other Financing Sources	37,475,907	38,675,002	39,671,551	38,730,351	39,444,104	39,533,969	36,368,010	33,835,319
Expenditures								
3.010 Personal Services	23,046,080	23,653,974	24,460,755	25,493,700	24,003,969	24,392,459	24,816,836	25,310,840
3.020 Employees' Retirement/Insurance Benefits	6,864,314	6,989,487	7,448,828	8,533,612	7,119,492	7,234,716	7,360,585	7,507,105
3.030 Purchased Services	4,212,446	4,139,898	4,011,665	4,018,525	4,149,000	4,100,000	4,125,000	4,125,000
3.040 Supplies and Materials	1,252,646	1,169,331	1,157,569	1,218,743	1,140,778	1,250,000	1,275,000	1,275,000
3.050 Capital Outlay	196,385	517,960	314,763	224,402	270,000	280,000	290,000	290,000
3.060 Intergovernmental								
Debt Service:								
4.010 Principal-All (Historical Only)								
4.020 Principal-Notes								
4.030 Principal-State Loans								
4.040 Principal-State Advancements								
4.050 Principal-HB 264 Loans								
4.055 Principal-Other	22,996	20,265						
4.060 Interest and Fiscal Charges	2,385	1,636						
4.300 Other Objects	1,358,687	1,575,432	1,819,496	1,833,650	1,630,000	1,635,000	1,640,000	1,640,000
4.500 Total Expenditures	36,955,940	38,067,982	39,213,077	41,322,632	38,313,239	38,892,175	39,507,421	40,147,945
Other Financing Uses								
5.010 Operating Transfers-Out	7,000	7,000	454,892	7,000	7,000	7,000	7,000	7,000
5.020 Advances-Out	1,605	448,471	1,253					
5.030 All Other Financing Uses	0	0	0					
5.040 Total Other Financing Uses	8,605	455,471	456,144	7,000	7,000	7,000	7,000	7,000
5.050 Total Expenditures and Other Financing Uses	36,964,545	38,523,453	39,669,221	41,329,632	38,320,239	38,899,175	39,514,421	40,154,945
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	511,362	151,549	2,329	2,599,281-	1,123,865	634,794	3,146,411-	6,319,626-
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	1,568,379	2,079,741	2,231,290	2,233,620	365,661-	758,204	1,392,998	1,753,413-
7.020 Cash Balance June 30	2,079,741	2,231,290	2,233,620	365,661-	758,204	1,392,998	1,753,413-	8,073,039-
8.010 Estimated Encumbrances June 30	236,103	224,178	325,196					
Reservation of Fund Balance								
9.010 Textbooks and Instructional Materials								
9.020 Capital Improvements								
9.030 Budget Reserve								
9.040 DPIA								
9.045 Fical Stabilization								
9.050 Debt Service								
9.060 Property Tax Advances								
9.070 Bus Purchases								
9.080 Subtotal								
10.010 Fund Balance June 30 for Certification of Appropriations	1,843,638	2,007,112	1,908,424	365,661-	758,204	1,392,998	1,753,413-	8,073,039-
Revenue from Replacement/Renewal Levies								
11.010 Income Tax - Renewal								
11.020 Property Tax - Renewal or Replacement							3,853,766	7,187,112
11.300 Cumulative Balance of Replacement/Renewal Levies							3,853,766	11,040,878
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	1,843,638	2,007,112	1,908,424	365,661-	758,204	1,392,998	2,100,353	2,967,839
Revenue from New Levies								
13.010 Income Tax - New								
13.020 Property Tax - New								
13.030 Cumulative Balance of New Levies								
14.010 Revenue from Future State Advancements								
15.010 Unreserved Fund Balance June 30	1,843,638	2,007,112	1,908,424	365,661-	758,204	1,392,998	2,100,353	2,967,839
ADM Forecasts								
20.010 Kindergarten - October Count	246	209	321	349	356	363	370	378
20.015 Grades 1-12 - October Count	4,144	4,319	4,204	4334	4421	4509	4600	4691
State Fiscal Stabilization Funds								
21.010 Personal Services SFSF								
21.020 Employees Retirement/Insurance Benefits SFSF								
21.030 Purchased Services SFSF				73,642	74,000			
21.040 Supplies and Materials SFSF				466,136	465,778			
21.050 Capital Outlay SFSF								
21.060 Total Expenditures - SFSF				539,778	539,778			

See accompanying summary of significant forecast assumptions and accounting policies

Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt

Perrysburg Exempted Village School District

Five Year Forecast Assumptions October 2009

Revenues:

General

This forecast has been prepared from a historical perspective along with as much current information that we can presently obtain. A number of things continue to occur state-wide and district-wide. The intent of this forecast is to be used as a planning document. In all of my years in school finance, this has to be one of the most challenging forecasts I've had to prepare. There are so many moving targets this year. We simply had to focus on several areas. The first being, to collect as much information as we possibly could on the revenue projections. While looking at things from a historical perspective we tried to integrate future needs of the district. We had to project what we felt comfortable with that accurately portrayed a realistic financial picture. On the second note, we tried to incorporate everything that we could to get a realistic picture on in terms of the ramifications of the current economic issues facing the country.

Real Estate Taxes

Over the last fourteen years, real estate collections have averaged increases of roughly 6.00% per year. We couldn't simply apply a fixed percentage to previous collections because a number of things will occur within the period of time that this five year forecast will encompass. Nor with the economic conditions that we are presently in could we realistically project housing trends to move upward with any significance.

District residents approved the replacement of a new four year incremental emergency levy on November 4, 2008. This levy will generate \$ 5,787,158 in the first year of collection and increase by an additional \$ 593,184 in each of the following three years. That levy will expire on December 31, 2012. This levy replaces the incremental levy that was in place from January of 2005 through December 31 of 2008. The district had asked the community to renew that 5.80 mill levy with the 7.30 incremental levy in November and they responded positively. The incremental will still allow the district to capture any growth that does take place throughout the community and share that burden more district-wide. With potentially increasing property values, the district made a commitment to the community that the millage associated with this levy would never exceed 8.50 mills throughout its life. The forecast that was originally submitted in October had the original levy expiring in December of 2008 and a new levy replacing it. This updated forecast reflects the passage of the 7.30 mill incremental levy. The new incremental levy will increase from its current 5.80 mill level to 7.30 mills. This is an increase of 1.50 mills. This is projected to generate approximately \$ 1,186,368 in additional funds in the 2009 collection year and increase by .75 mills or \$ 593,184.00 each year through the 2012 calendar year. If the district's property tax value does not grow at all through the life of this levy, the millage increase would be 3.80 mills over the four years. With the conservative projected growth in property values, it is estimated that the net effect on property owners could potentially be as little as two (2.19) mills, capping out at 7.99 mills.

Property values in Wood County continue to be reviewed annually. Through the reappraisal that occurred in 2005 with collection of the new values to begin in January of 2006, the district fell below the twenty (20.00) mill floor generating some additional revenue. The district expected this to happen as a result of the county being required to raise that millage back up to the twenty mills. Calendar year 2008 saw the county go through the triennial update of property tax values. Despite the lagging economy, values were not adjusted. It was determined that sales in Wood County fit within the 90th percentile and no valuation adjustments were necessary.

Values for the district did not increase like they have historically or even what we had projected for the 2009 collection year. Total value for the district rose by only .22% or 1,758,083. The elimination of the final 25% of the tangible value impacted any growth the district experienced in 2008. The fact that our legislative body in Columbus has eliminated the tangible personal property tax has definitely forced more of the burden to property taxes. It has been very difficult to present a reasonable millage rate to voters in 2008 and help them to understand the ramifications that the elimination of that tax has had on our budgets. For example, in tax year 2004 one (1.00) mill would have generated \$ 45,425.00 more than it would have in 2010.

All of these factors have been incorporated into this forecast. One mill of property valuation currently generates \$ 800,929,770 in tax proceeds based on the 2008 valuations collectable in calendar year 2009.

Perrysburg E.V.S.D.
Five-Year Forecast
Page 2

Personal Property Taxes

Tangible personal property collections for the most part do not exist any longer. Our local collection was reduced to merely \$ 50,000.00 for this year and less than half of that figure for 2010-11. The projections used for this forecast are numbers prepared using the states projection model. The newly formed CAT tax was adopted to fund the state's portion of the tangible Personal Property reimbursement and it is our understanding that the state is holding this funding level constant for the current biennium but then it appears the declining scale towards elimination will resume.

We have incorporated as much of this information into this forecast that we can and that we know about at this point. Experience will bring a history so therefore the farther we go with this thing, the more knowledgeable we'll be.

For the purpose of this forecast, we have projected that personal property taxes will continue to decrease at the rate prescribed by law until totally eliminated next year, 2011.

School District Income Tax

The district income tax was once a viable source of revenue for the district. As the community continued to grow, so did the receipts for this funding option. Over the past fourteen years, the income tax collection has increase an average of almost six (5.82%) percent a year. We have seen a significant decrease in our first collection of 2009-10 of almost 24%. There are strong indications that this trend will continue throughout the next collection at the end of October. With the current economic conditions we have decided to become even more conservative reducing our projected collection down to levels that are reflective of the 2006-07 fiscal year. For the future we have projected increase of only four (4.00%) percent for each year of this forecast.

State Foundation

The Perrysburg E.V.S.D. has continued to see minimal increases from the State of Ohio. The average over the past fourteen years has been 5.08% annually. That has dropped to an average 1.66% over the last five years. Despite the growth in Perrysburg's student population, the state continues to demand more from those than can pay while giving us less and less in terms of dollars. The way schools are funded is being revised as we speak. We are very uncertain how and what this will mean to all of us state-wide. The district has actually experienced a reduction of 6.6% this year in money that we receive from the state's general revenue fund. Last year we received \$ 8,565,268. This year we will receive \$ 7,999,736 in state dollars. The state has subsidized this reduction with federal stimulus dollars of \$ 545,215. There are no guarantees that these stimulus dollars will continue outside of the current biennium. Stimulus dollars are

required to be accounted for outside of the general fund. The state continues to play the shell game with state dollars. It was conveyed earlier that Perrysburg would only see a 1% reduction in state dollars when in fact it was 6.6%. The concept of stimulus dollars was job creation. No new money came into the district as a result of the state's "games". For the purposes of this forecast, State dollars have been flat-lined for the five years of this projection. In two years when federal stimulus dollars disappear, the state will have a massive hole to fill. I fully anticipate that will once again come back to the local level and we will be asked to request those replacement dollars from our local taxpayers. And once again, it will be perceived as the mismanagement of money by school officials.

In my May of 2008 assumptions, I made the comment that the current legislators continue to shift school funding back to the local taxpayers. Even with no increases, I will be happy if they don't start taking money away from us. It appears that day is here.

Homestead/Rollback Reimbursement

This amount is reimbursed from the state after being certified from tax credits given to owner occupied residences equaling 2 ½% of the gross property taxes charged and equaling 10% for the standard rollback. This is certified by the county auditor to the state shortly after tax bills are distributed to local property owners. This amount will grow with new construction, valuation updates and new property tax levies. Since we continue to project modest growth in our real estate collections, this resource should coincide with our real estate collection and increase accordingly.

This amount will also increase as a result of the tangible personal property taxes being eliminated and the hold-harmless funds being received from the state.

Expenditures:

General

It is our hope that the Board of Education and administrative team can utilize this as a planning tool in preparing to meet the future educational needs of the district. There has always been this unwritten rule within the Department of Education that your salary and fringe benefits should not exceed eighty (80%) percent of your projected revenue. Our current budget is setting at 87.86%. This is too high. Once again, for planning purposes will have prepared this forecast

with that train of thought in mind. To keep our salaries and fringes benefits at 80% of our projected revenue. Staffing levels are currently being reviewed and will continue to be reviewed in order to reach the 80% level.

Salaries & Wages

With negotiations behind us, it certainly makes things much easier to project salaries and analyze staffing for the next five years. There is always some degree of uncertainty due to staffing changes. Salaries have increased an average of 4.91% over the past fourteen years. This forecast has been prepared with a much more conservative approach. In order to meet the financial demands of the district over the next five years, we will have to maintain a very conservative growth rate of less than one (.86%) percent. We have to continue to look at our overall rate of growth. With salaries and fringe benefits accounting for almost 88% of our budget, this is the major area that we have to concentrate on.

The 2009-10 salary and fringe benefit budget reflects current staffing levels. The following four years that are projected simply reflect 80% of the projected revenue for that given year.

Fringe Benefits

In general, the total of the fringe benefits has averaged roughly 17% to 18% of the total of salaries and fringes. Currently that figure is at 22.03%. That percentage continues to rise as a result of increased health care costs. Historically we've experienced average increases of 6.48% over the past fourteen twelve (14) years. As a result of needed changes, we've projected a .77% increase in each year of the forecast as a target. As staffing is reviewed, so will the programs that we have been offering.

Retirement

STRS and SERS will increase by 14.00% of whatever wage increase is granted.

Insurances

We are currently reviewing our entire program. The acquisition of a health insurance consultant should bring positive results to this crucial and volatile area of our budget. This is a significant cost for us and we'll continue to look at this area and be aggressive when it comes to plan enhancements that will save us dollars.

Medicare:

Contributions are 1.45% on wages of employees hired after April 1, 1986. For this calculation, it is assumed that all employees fall under this umbrella and contribute to medicare.

Purchased Services

Purchased services have increased significantly over the past fourteen years. This area of expenditures is one that we have very little control of. Utility costs continue to fluctuate. We continue to look at ways of reducing energy consumption. It appears that our tuition costs may actually go down this year. Not sure where the community school deduction may end up. The district has paid almost \$ 600,000 a year for students attending community schools in the past. We have been able to reduce that by some with the elimination of the Digital Academy. Historically our purchased service line items have increased an average of 6.52% over the past fourteen years. This year we have projected a reduction of 1.66% as part of the commitment to the community and the shifting of some costs. Special education continues to weigh heavily on this area of the budget. Our pupil services budget increased by over \$ 673,763 or 33.66% this year alone. We need to continue to look for ways to reduce this area of our expenditures for next year and trying to maintain that level for several years. For the purposes of the forecast, we need to control the rate of growth in this area to .57% per year for the next four years.

Supplies & Materials

This area has been impacted more than any other area. We have been able to reduce this budget by \$ 545,215.00 for this year and next year. The expenses for textbooks that we bought this year through the general fund curriculum budget were transferred to the stimulus dollars that I referred to earlier. Those dollars are expected to be here next year as well however, there are no guarantees that those stimulus dollars will be there after that so those expenses have been projected to reappear to the general fund in 2011-12.

When reductions are made due to finances, this area is usually the one that is hit first. We see a number of fluctuations in terms of expenditures within this area over the past fourteen years. The average increase has been 5.68%. With scheduled curriculum adoptions next year, we may have to re-evaluate those areas.

Capital Outlay

It's obvious that equipment purchases have been kept to a minimum over the past several years. We also see some fluctuations here in spending patterns. We have incorporated some leveling of spending in our projections despite moving the inside millage to fund technology. We've projected our equipment needs to once again, decrease this year with a small increase next year and then to stay at similar levels over the life of this forecast.

SUMMARY

Overall we continue to operate a multi-million dollar business with the funding that is available to us. That job is becoming tougher and tougher. Just when we think we perhaps are doing it right, everything changes and we are struggling to maintain. We should continue to be proud of what we are able to accomplish with what we have available to us. However, we will be faced with some serious challenges throughout the next year. Our local economy appears to have reacted to the country and has taken a downward spin.

Three significant changes have taken place over the course of the last four months. The district's income tax collection saw a drop of almost 24% or \$671,000 in the first allocation of the new fiscal year. The state removed \$ 545,215 from our foundation formula and has placed restrictions on how we can spend it and our health insurance has increase by almost 24% this past year. Our tax base will definitely not see the increases that we have in the past.

We have our work cut out for us. We will have to continue to review expenditure levels and staffing needs for next school year and future years. We have to establish a target budget and work to get to that point without damaging the programs that we currently have in place. With a more stringent budgeting process in place, we should see the percentage of expenditure increases decline to a more acceptable level.