

Minutes of REGULAR Meeting

November 19, 2008

The Twinsburg City School District Board of Education met in REGULAR session on the above date at the Twinsburg Government Center in Council Chambers at 7:00 p.m. The following board members were present: Mr. Andrews, Mr. Buzulence, Mrs. Cain-Criswell, Mr. Shebeck, and Mr. Stuver. Recordings of the meeting are made and kept in the Superintendent's Office.

08-324 Five Year Forecast

Mr. Shebeck moved and Mr. Stuver seconded that the Twinsburg Board of Education approves the Five-Year Forecast as submitted to the Ohio Department of Education on October 30, 2008; upon the recommendation of Martin Aho, Treasurer and Steve Marlow, Superintendent. See pages 347-354

*Ayes: Mr. Andrews, Mr. Buzulence, Mrs. Cain-Criswell, Mr. Shebeck and Mr. Stuver
The Board President declared the motions approved.*

Mr. Buzulence moved and Mrs. Cain-Criswell seconded that the Twinsburg Board of Education adopt resolutions 08-325 through 08-326:**08-325 Contract with Cuyahoga County ESC**

That the Twinsburg Board of Education approves a Contract with Educational Service Center of Cuyahoga County for 2008-2009 for a Teacher of the Visually Impaired (as needed); upon the recommendation of the Superintendent.

08-326 Deletion from Inventory

That the Twinsburg Board of Education approves the attached list of books for deletion from inventory; upon the recommendation of the Superintendent. See pages 355

*Ayes: Mr. Andrews, Mr. Buzulence, Mrs. Cain-Criswell, Mr. Shebeck and Mr. Stuver
The Board President declared the motions approved.*

Mr. Buzulence moved and Mr. Stuver seconded that the Twinsburg Board of Education adopt resolutions 08-327 to 08-330.**08-327 Employment**

That the Twinsburg Board of Education approves the following substitutes for the 2008-2009 school year; upon the recommendation of the Superintendent.

Certified:

Pasquale Agrusa	Leann Archer	Carole Avella	Barbara Boslet
Chambliss Aycock Turner	John Conrecode	Kathryn Conti	Patricia Curley
Kelsey Diadium	Danielle Dietzel	Veronica Faller	Deane Ferebee
David Frasure	Gregory Goodson	Jerri Harper	Dwight Henson
Yao-Min Huang	Jennifer Jagers	Leon Katz	Jeffrey Keruski
Pamela King	Anthony Lalli	Sarah Landis	Shayna Lansberry
Eric Long	Paula McKenzie	Daniel McLaughlin	Stephanie Motil
Lorine Napoli	Carl Nenadal	Jamie Obbey	Christine Nyswonger-Winkler
Stacie Pinover	April Roberts	Neil Scott Rubin	Michael Schock
Beth Sery	Karin Sidaway	Linda Spencer	Chrissanna Srdoch
Andrea Surovi	James Szymanski	Joan Tompkins	Karen Tornstorm
Lidia Touraji	Joy Trachsel	Rachel Vitale	Brent Walters
Cynthia Weaver	Anita Whitney	Saundra Whittington	Cyrstal Wisniewski

Classified:

Rhea Bandiera: Assistants Augustus Washington: Assistants, Custodian/Janitor/Maintenance
 Ossie Belton: Assistants Robert Ramsey: Custodian/Janitor/Maintenance/Bus Mechanic

08-328 Employment

That the Twinsburg Board of Education approves the following Supplemental Contracts for the 2008-2009 school year; upon the recommendation of the Superintendent.

Julie Haines:	Bissell Student Council	Bruce Hazelden:	Head Coach Ice Hockey
Tessa Torowski:	RBC Assistant Coach Track	Kathy Waldron:	Head Coach Gymnastics
Dave Mariola:	Head Coach Wrestling	Ron Fruscella:	Volunteer Coach Boy's Bowling
Ken Hatcher:	Assistant Coach Wrestling (1/2 stipend)	Patti Conaway:	Volunteer Coach Girl's Bowling
Grant Varnum:	Assistant Coach Wrestling (1/2 stipend)	Kathryn Ciresi:	Head Coach Cheerleading Basketball
Ed Lipnos:	Junior Varsity Coach Wrestling	Chrissy Delgado:	JV Coach Cheerleading Basketball
Jamie Hogue:	Volunteer Coach Wrestling	Shawna Weigel:	Freshman Coach Cheerleading Basketball
Mark Labry:	Volunteer Coach Wrestling	Robert Pacsi:	Head Coach Boy's Basketball
Mike Martin:	Volunteer Coach Wrestling	Donald Springer:	Assistant Coach Boy's Basketball
Anthony Mencini:	Volunteer Coach Wrestling	Donald Jones:	Junior Varsity Coach Boy's Basketball
Jim Simon:	Volunteer Coach Wrestling	Brian Fantone:	Freshman Coach Boy's Basketball
Chad Turchetta:	Volunteer Coach Wrestling	Michael Kelley:	Head Coach Girl's Basketball
Stephanie Zurca:	Head Coach Swimming	Alex Lepp:	Assistant Coach Girl's Basketball
Jessica Dye:	Assistant Coach Swimming	Russ Bollam:	Junior Varsity Coach Girl's Basketball
Scott Amstutz:	Winter Weight Room Coordinator	Rick Macer:	Freshman Coach Girl's Basketball
		John Godinsky:	Volunteer Boy's Basketball

08-329 Employment

That the Twinsburg Board of Education approves Maureen Stauffer to provide home instruction services for the 2008-2009 school year, at the rate of \$23 per hour to be paid from the general fund; upon the recommendation of the Superintendent.

08-330 Employment

That the Twinsburg Board of Education approves the employment of the following staff; Kathy Lahman, Bus Aide, four (4) days per week, two (2) hours per day, Step 1, effective November 10, 2008; upon the recommendation of the Superintendent.

*Ayes: Mr. Andrews, Mr. Buzulence, Mrs. Cain-Criswell, Mr. Shebeck and Mr. Stuver
 The Board President declared the motions approved.*

08-331 Executive Session

Mrs. Cain-Criswell moved and Mr. Buzulence seconded that the Twinsburg Board of Education meet in Executive Session at approximately 7:50 p.m. for the purpose of discussing:

The appointment, employment, dismissal, discipline, promotion, demotion, or compensation of public employees, grievance, collective bargaining and property matters.

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Ayes: Mr. Andrews, Mr. Buzulence, Mrs. Cain-Criswell, Mr. Shebeck and Mr. Stuver.
The Board President declared the motion approved.

The Board reconvened from Executive Session at approximately 9:02 p.m.

The following members were present:

Mr. Andrews, Mr. Buzulence, Mrs. Cain-Criswell, Mr. Shebeck and Mr. Stuver.

08-332 **Adjournment**

Mr. Buzulence moved and Mrs. Cain-Criswell seconded that the Twinsburg Board of Education adjourn at 9:05 p.m.

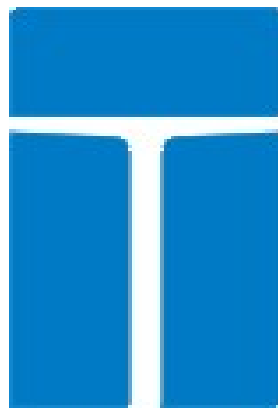
Ayes: Mr. Andrews, Mr. Buzulence, Mrs. Cain-Criswell, Mr. Shebeck and Mr. Stuver.

The Board President declared the meeting adjourned.

Board President

Treasurer

**TWINSBURG CITY
SCHOOL DISTRICT**



FIVE-YEAR FORECAST

For Fiscal Years 2009-2013

FY 2009

OCTOBER 30, 2008

TWINSBURG CITY SCHOOLS

SUMMIT COUNTY

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2006, 2007 and 2008 Actual
Forecasted Fiscal Years Ending June 30, 2009 Through 2013

	Actual				Forecasted				
	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Average Change	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Submitted Oct 30, 2008									
Revenues									
1 010 General Property Tax (Real Estate)	\$22,492,368	\$23,137,045	\$21,995,385	-1.0%	\$22,045,000	\$20,555,000	\$19,370,000	\$19,500,000	\$20,221,000
1 020 Tangible Personal Property Tax	10,215,796	8,793,252	5,203,363	-27.4%	3,600,995	179,287	25,000	12,000	
1 030 Income Tax									
1 035 Unrestricted Grants-in-Aid	2,703,567	2,793,587	3,069,549	6.6%	3,330,000	3,330,000	3,330,000	3,330,000	3,330,000
1 040 Restricted Grants-in-Aid	37,297	36,274	13,986	-32.1%	11,005	12,000	12,000	12,000	12,000
1 050 Property Tax Allocation	3,140,609	6,324,826	7,871,788	62.9%	10,033,547	11,293,757	10,718,317	9,699,963	8,349,148
1 060 All Other Revenues	1,066,704	1,748,057	1,446,001	23.3%	815,000	650,000	600,000	550,000	500,000
1 070 Total Revenues	39,656,343	42,833,041	39,600,072	0.2%	39,835,547	36,020,044	34,055,317	33,103,963	32,412,148
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	45,980	112,940		22.8%	40,000	40,000	40,000	40,000	40,000
2 060 All Other Financing Sources	56								
2 070 Total Other Financing Sources	46,036	112,940		22.7%	40,000	40,000	40,000	40,000	40,000
2 080 Total Revenues and Other Financing Sources	39,702,379	42,945,981	39,600,072	0.2%	39,875,547	36,060,044	34,095,317	33,143,963	32,452,148
Expenditures									
3 010 Personal Services	20,837,254	21,737,203	23,357,825	5.9%	25,512,600	27,500,000	28,950,000	29,000,000	30,000,000
3 020 Employees' Retirement/Insurance Benefits	7,659,974	8,147,831	7,837,006	1.3%	9,290,000	9,550,000	9,750,000	10,000,000	10,250,000
3 030 Purchased Services	3,107,269	2,967,015	2,704,738	-6.7%	4,358,102	4,500,000	4,650,000	4,750,000	4,800,000
3 040 Supplies and Materials	1,083,100	1,065,021	1,260,883	8.4%	1,390,582	1,593,000	1,650,000	1,750,000	1,800,000
3 050 Capital Outlay	2,408	2,930	1,218	-18.4%	6,474	5,500	6,000	6,500	6,500
3 060 Intergovernmental									
Debt Service									
4 010 Principal-All (Historical Only)									
4 020 Principal-Notes	1,020,000	1,020,000		-50.0%					
4 030 Principal-State Loans									
4 040 Principal-State Advancements									
4 050 Principal-HB 264 Loans	67,618	69,000	72,543	3.6%	75,000	78,000	81,000	85,000	89,000
4 055 Principal-Other									
4 060 Interest and Fiscal Charges	150,688	72,695	44,043	-45.6%	40,600	37,375	33,875	30,074	26,089
4 300 Other Objects	681,203	760,058	642,352	-2.0%	815,181	990,268	1,027,125	1,050,025	1,075,025
4 500 Total Expenditures	34,609,514	35,841,753	35,920,608	1.9%	41,488,539	44,254,143	46,148,000	46,671,599	48,046,614
Other Financing Uses									
5 010 Operating Transfers-Out	2,600		1,007						
5 020 Advances-Out	112,940	165,000		-27.0%	40,000	40,000	40,000	40,000	40,000
5 030 All Other Financing Uses									
5 040 Total Other Financing Uses	115,540	165,000	1,007	-28.3%	40,000	40,000	40,000	40,000	40,000
5 050 Total Expenditures and Other Financing Uses	34,725,054	36,006,753	35,921,615	1.7%	41,528,539	44,294,143	46,188,000	46,711,599	48,086,614
6 010 Excess of Revenues and Other Financing Sources over (Under) Expenditures and Other Financing Uses	4,977,325	6,939,228	3,678,457	-3.8%	1,652,992	8,234,099	12,092,683	13,567,836	16,634,466
7 010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	6,451,532	11,428,857	18,368,085	68.9%	22,046,542	20,393,550	12,159,451	66,768	13,500,868
7 020 Cash Balance June 30	11,428,857	18,368,085	22,046,542	40.4%	20,393,550	12,159,451	66,768	13,500,868	29,135,334
8 010 Estimated Encumbrances June 30	289,924	471,090	452,927	29.3%	450,000	400,000	401,500	403,000	405,000
Reservation of Fund Balance									
9 010 Textbooks and Instructional Materials									
9 020 Capital Improvements									
9 030 Budget Reserve									
9 040 DPIA									
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	11,138,933	17,896,995	21,593,615	40.7%	19,943,550	13,759,451	5,665,268	3,903,868	15,540,334
Revenue from Replacement/Renewal Levies									
11 010 Income Tax - Renewal									
11 020 Property Tax - Renewal or Replacement						2,000,000	4,000,000	4,000,000	4,000,000
11 300 Cumulative Balance of Replacement/Renewal Levies						2,000,000	6,000,000	10,000,000	14,000,000
12 010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	11,138,933	17,896,995	21,593,615	40.7%	19,943,550	13,759,451	5,665,268	3,903,868	15,540,334
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	11,138,933	17,896,995	21,593,615	40.7%	19,943,550	13,759,451	5,665,268	3,903,868	15,540,334
ADM Forecasts									
20 010 Kindergarten - October Count	304	315	271	-5.2%	290	300	310	315	320
20 015 Grades 1-12 - October Count	3,759	3,860	3,976	2.7%	4,020	4,070	4,120	4,175	4,230
20 022 Kindergarten - February Count			271		290	300	310	315	320
20 025 Grades 1-12 - February Count			3,976		4,020	4,070	4,120	4,175	4,230

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

INTRODUCTION:

In 1999 House Bill No. 412 mandated that school districts annually produce a five-year forecast by December 31 and update the forecast as necessary. Current statute requires the five year forecast be submitted by October 31 with an update due in April or May.

The Five-year Forecast is a critical planning document for the Twinsburg City School District. Forecasts are built on assumptions and laws that *can, will* and *do* change over time. The forecast, numbers and assumptions while made in good faith cannot be guaranteed. The reasonableness and accuracy of this forecast and assumptions rest with the district administration and the Board of Education.

The forecast is designed to provide the administration, board of education and the public a **general indication** of a probable future financial position of the School District based on information currently available to the School District.

The Five-year Forecast is a necessary tool focusing management's attention on future financial needs while facilitating strategic planning and discussion. The financial plan should provide for the optimal allocation of scarce resources in the delivery of services to our kids. What follows is our attempt to create a forecast using professional judgment within the philosophical base rooted in four key concepts. It is a look into the future through a snapshot of today.

- **REALISTIC** - We all want the best for our children. Yet there are economic realities that dictate what is possible for our school district. Our future should be realistic given our unique circumstances.
- **CAUTIOUS** – A cautious approach is neither overly optimistic nor pessimistic. It seeks the prudent path in predicting revenues and expenditures.
- **PROBABLE** – Given the current circumstances and the goals of our school district, this is the forecast that is most likely to occur.
- **SUPPORTABLE** – A good set of projections needs to include the rationale for assumptions. This is a combination of historical trends, current conditions and professional judgment about the trends.

It's important to note the Ohio Supreme Court has ruled and reaffirmed its ruling through appeal that the current method of funding public education in Ohio is *Unconstitutional*. The legislature has made attempts to correct the funding method that overly relies on local property taxes, but to date the court's ruling has not been satisfied. With each ensuing Biennial Budget Bill, State legislators establish budget priorities that do not comply with the DeRolph decisions.

Twinsburg City School District continues to face significant challenges. During the 1990's there was significant residential and business growth. Prior reports reflect property value growth and a considerable increase in student population. However, as the State struggles with a lack luster economy, state support of schools, libraries and the like, has been lagging. State budget cuts and elimination of tangible personal property taxes will negatively impact our financial prognostication.

During these uncertain economic times the administration and Board of Education endeavor to contain expenditures and continue to examine areas to make future resource reallocations. Our goal is to create dynamic curriculum and learning environments that challenge all students' creative, analytical and critical thinking abilities and skills beyond standardized requirements. Our focus on student achievement has garnered an Excellent with Distinction rating from the Ohio Department of Education. Our focus on fiscal responsibility has earned the "Making Your Tax Dollars Count Award" for excellence in financial reporting as presented by Auditor of State Mary Taylor and numerous Certificates of Achievement for Excellence in Financial Reporting as awarded by the Governmental Finance Officers Association.

LEVY:

The Twinsburg School Districts appreciate the support of our local community. At the November 6, 2007 elections voters renewed a 6.9 mill current expense operating levy and a 2.75 mill permanent improvement levy. In November 2004, voters approved a 4.65 mill Emergency levy, generating four million dollars annually. This levy will be eligible for renewal at the November 2008 elections. This levy was set at a minimum amount with the hopes of maintaining current programming. Fiscal year 06 was the first full year of collections for this Emergency levy. Lastly, a 6.9 mill Emergency levy originally approved in 2001 will be eligible for renewal in two years.

HOUSE BILL 66:

State legislation enacted July 1, 2005, House Bill 66 (HB66), eliminates the taxation of *Tangible Personal Property* (TPP). Real Property Taxes along with Tangible Personal Property Taxes, which includes local revenues and state reimbursements, are the major source of funding for our school district, accounting for approximately 83% of revenues while state support provides about 7.7%. The District will receive no increases in these key sources of funding. The Ohio Department of Education (ODE) and the Ohio Department of Taxation (ODOT) have jointly developed spreadsheets to assist with the TPP phase out. See HB66 at http://tax.ohio.gov/divisions/personal_property/PPT_law_changes_070303.stm. Visit the web site www.ode.state.oh.us for further documentation.

The Calendar/Tax Year (TY) phase out schedule for state reimbursement of TPP losses on machinery, equipment, furniture and fixtures is TY2010=0, TY2011=17.6%, TY2012=35.3%, TY2013=47.1%, TY2014=58.8%, TY2015=70.6%, TY2016=82.4%, TY2017=94.1%, TY2018=100%. For the Twinsburg School District the base year TPP taxes are \$9,758,263. According to ODOT information Twinsburg Schools will not collect approximately \$1.4 million as the phase out begins in 2011, followed by \$1.7 million and \$2.2 million and so on until the phase out is completed and the District is faced with a Fiscal Emergency.

STRATEGIC PLANNING:

The Twinsburg School District has recently completed a Strategic Planning process. The process sought input from parents and community members and also from staff and administration. Community surveys gathered data about the issues most concerning to stakeholders. Several issues seemed to surface consistently. These issues were academic excellence, shared financial responsibility, safety, student services and opportunities, communications, and quality fiscal assets. A Vision, Mission Statement and a set of common Beliefs were developed. Continuing the process, six Goals along with action steps and a time line were produced. The Strategic Plan received Board of Education approval May 7, 2008.

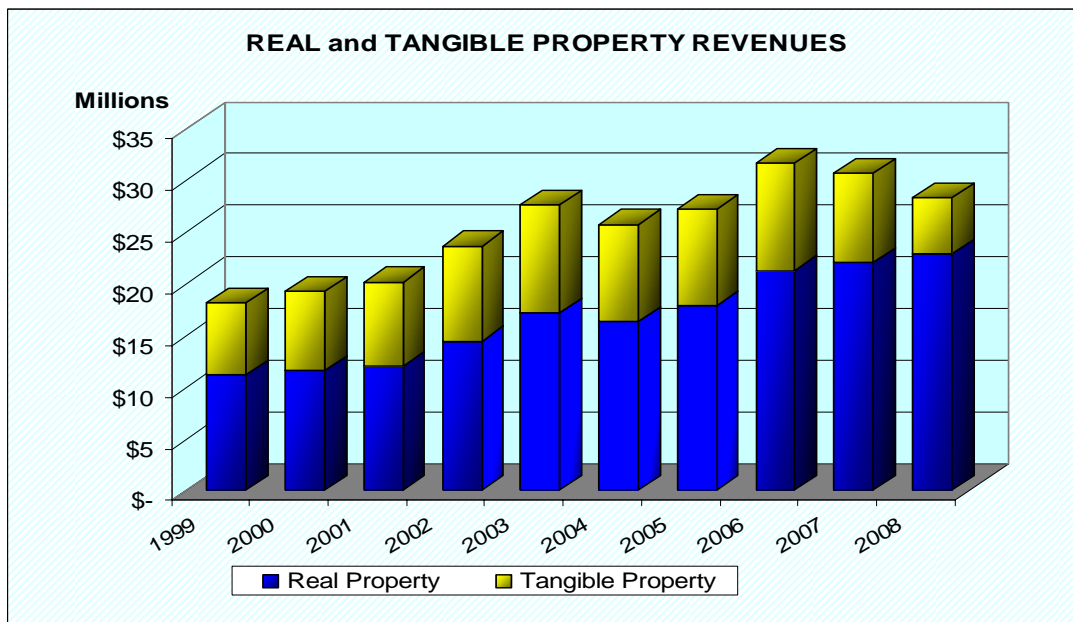
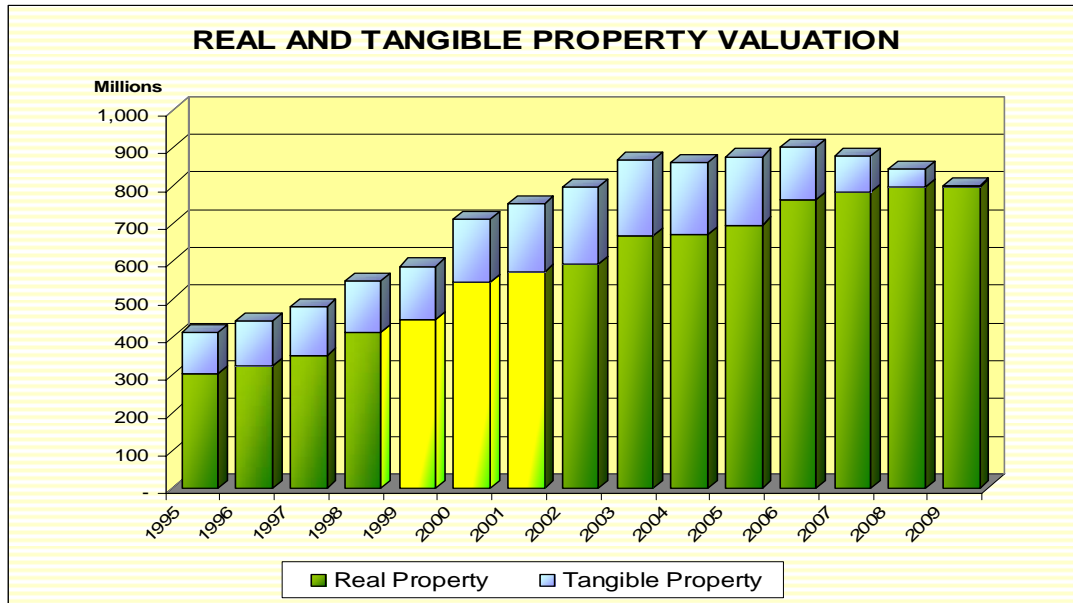
REVENUES:Line 1.010 - Real Estate Taxes (55.5%)

The current negative economic outlook in the housing and credit markets tempers these projections. We are projecting very small incremental increases over the next several years. Monitoring of real property tax collections is crucial as it represents about 54% of our district revenues. HB 66 shifted a half mill of the tangible collections to real property, eliminated the 10% discount on commercial real estate and HB119 gives senior citizens a \$25,000 exemption.

HB920 states that tax collections on voted millage may not increase due to inflation or reappraisal unless the district is below the 20-mill floor. For Twinsburg the calendar years for reappraisal and updates are 2008 and 2011 for collection in the calendar years 2009 and 2012. The Housing Market/Home Mortgage fiasco has prompted Ohio Department of Taxation Officials to warn Districts that the Reappraisal figures may not increase and could actually decrease Real Estate Valuations. This will not only effect the current reappraisal cycle but also future reappraisals. Reappraisals, even though they are completed at the county level, are directed by the Ohio Department of Taxation with housing data averaged over a three year period.

Line 1.020 – Tangible Personal Taxes (13.1%)

Tangible Personal Property (TPP) taxes have been perhaps the most volatile of the revenue elements. Assessment rates that were as high as 88% in the 1960’s will be zero by 2010. Initially, the State of Ohio enacted legislation to eliminate the tax on business-inventories over a twenty-five year period. Subsequent State Budget Bill HB95, passed June 2003, doubled the reduction rate. Additionally, HB95 phases out over a ten year period the reimbursement school districts receive for the \$10,000 tangible personal property tax exemption. The district will lose \$226,800 in annual revenues as this exemption is phased out.



State Budget Bill HB66 is legislation to eliminate the tax that businesses pay on virtually all Tangible Personal Property (see chart below). For fiscal year 2005, TPP tax collections represented \$9.8 million or approximately 28% of revenues the District received. To lessen the impact of this catastrophic loss the State will reimburse districts for five years the amount of lost revenues and then incrementally eliminate

this reimbursement by 2018. The reimbursement is frozen based on tax year 2004 values and will come to the District through a combination of state foundation payments and direct payments.

Tangible Personal Property historically had been a growing source of revenue that helped the District to keep pace with inflation and increasing costs. In the decade prior to 2001 TPP values nearly doubled. Not only will the local revenues of \$9.8 million be eliminated, but also any additional revenues from future growth will go unrealized. By 2018 this could equate to about a \$16 million loss at a conservative 3.5% growth rate. Combining the reductions in Tangible Personal Property with utility deregulation reductions, the State of Ohio has put this District and many others in the precarious position of contemplating deep reductions in services to our kids and pursuing additional funding at the local level.

Line 1.035 – Foundation Program (7.7%)

The Foundation Program is the State aid program for school district operations. Fiscal year 2009 data is available from ODE. The state does not provide data beyond fiscal year 2009. Twinsburg has been a “guarantee” district meaning the district received the same funding as in the prior year even though student population increased. The State’s current budget bill, HB 119, has eliminated all but one guarantee. Due to the District’s relatively high ratio of property value per pupil, foundation aid from the State is and will remain a relatively minor portion of total revenue.

Under the State’s current biennium budget bill the State Foundation Aid per pupil amount is \$5,732. After the State reduces this amount by what is called the “charge off”, Twinsburg Schools receive \$725 per student per the September 2008 SF-3 line 10 divided by ADM. Eroding local resources further, charter schools draw the entire State Foundation Aid of \$5,732 right off the top and not the \$725 the district actually receives. Furthermore, charter schools never have to pass levies and operate outside many of the legal requirements and unfunded mandates placed on public schools. Future years are very speculative in light of recent State budget shortfalls and State officials stating they feel public education is already adequately funded.

As the TPP tax is phased out, the State will provide limited reimbursements (time and amount) to districts through the foundation program and direct payments. Tangible revenues will decrease, Foundation revenues will increase, and Homestead and Rollback revenues will raise then fall to original levels. The flow of these revenues will come via a Commercial Activity Tax. Interestingly, revenues that once flowed from local sources will now flow from the State, appearing as if the State has increased funding to education. The net effect is an overall reduction of revenues to the Twinsburg School District and many Ohio schools.

Line 1.050 – Homestead and Rollback including Direct TPP payments (19.9%)

Homestead and Rollback payments come from the State. These payments represent the reimbursement of a 10% discount given property owners and an additional 2.5% discount is given to owner occupied parcels. Because of the relationship between the discount and Real Estate taxes, Homestead and Rollback payments will mirror Real Estate taxes themselves.

Direct payments from the State to reimburse for TPP tax revenue losses will flow through this line as required by the Auditor of State’s Office. As TPP values decrease, State foundation funding increases and the direct payments are reduced by this amount. Furthermore, Commercial property will no longer receive the 10% discount as HB66 shifts the tax to the Real Estate line. Also affecting this line is the recently approved \$25,000 exemption for senior citizens. Because of all the changes in the law, this line will not be comparable to prior years.

http://tax.ohio.gov/divisions/personal_property/PPT_law_changes_070303.stm

Line 1.060 – All Other Sources (3.7%)

All other revenues include interest on investments, tuition, rental fees, and miscellaneous receipts. As the Federal Reserve cuts interest rates in response to the sub-prime home mortgage fiasco, interest on investments will lag based on the lower interest rates.

EXPENDITURES:

Twinsburg City School District received the highest academic rating, "Excellent with Distinction", on the 2007-2008 Ohio Department of Education Report Card. For two years the District has received the prestigious "Making Your Tax Dollar Count Award" given by Auditor of State, Mary Taylor, CPA. While attaining these ratings and awards, the District has closely watched expenditures looking for ways to reduce costs and getting the most for each tax dollar.

Line 3.010 – Personal Services (65%)

Salaries for fiscal 2009 are based upon the current contracts for staff. Future salaries and wages are estimated from several items. Over the past three years a typical teacher has received an average 4% step increase and a 3% wage increase per union contract. An estimate via state software of the average certified step increase is added to the current estimate of historical trends. Student population is projected to continue to grow around 60 kids per year increasing staffing needs. After postponing for several years the hiring of additional certificated staff, five new certificated positions were filled for the 2008 fiscal year. Expansion of class offerings also increases staffing demands. The District is currently offering Chinese as a foreign language to help graduates compete in the global economy. Classified staff estimates are soft because their collective bargaining negotiations concluded at the end of 2007. Settlement of this contract impacted this line item as two years of retro-active wage increase was distributed in January 2008, in addition to the current years wage increase. This contract expires on December 31, 2008.

With the past fiscal challenges in the District, staffing has been and continues to be closely scrutinized. Several positions including two assistant principals and a business manager have not been filled. In light of looming deficits and with salaries and benefits accounting for 87 cents of every dollar spent in fiscal year 08 the District may fall short of future staffing expectations.

Line 3.020 – Employee Retirement and Insurance (22%)

Fringe benefits are calculated as a percentage of total salaries and wages. Costs for benefits include 14% for retirement (STRS and SERS), 1.45% for Medicare (for employees hired after 1986). Worker's comp premiums are on the rise and Health Care costs continue to increase. Health care costs since fiscal year 1999 have nearly tripled and continues to out-pace inflation. The District has via labor negotiations been able to join the Stark County COG Health Care Plan. The plan is designed to provide cost reductions to participating members, the program now includes 47 member school districts, educational service centers and related agencies and insures over 11,000 employees. Recent increases have been under ten percent.

Line 3.030 – Purchased Services (7.5%)

Purchase Services represent everything from insurance to copier leases to legal fees to health/nursing related services to tuition costs for students educated by other districts. Increases in utility costs are a major factor in this increase. The District has utilized the buying power of the Ohio School Council Consortium. Vendor agreements with Ohio School Council for electricity are ending and participants may see a sizable increase in their electric bills. Recently, the Ohio PUCO has permitted the utility companies passed on to consumers increased charges and costs. Also increasing are the costs for services for special needs students, test scoring, and professional development. Purchased Services are projected to increase in future years to cover inflationary costs and costs for increased student population.

Line 3.040 – Supplies and Materials (3.5%)

This includes educational supplies and consumables, as well as cleaning supplies. The instability of bus-fuel prices may have a detrimental impact on this line. The recent sizable run up of fuel prices and sharp decline make the cost of this item very difficult to foresee. Additionally, tires and repair parts for the District's fleet of buses are incorporated in this category. The District participates in several purchasing consortiums to reduce expenditure costs on routine purchases. Increases for future years are projected to cover ADM growth, inflationary movement and possible price gouging on fuel purchases.

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Line 3.050 – Capital Outlay (0%)

The Permanent Improvement fund is used for capital expenditures, and the District has not budgeted substantial resources for equipment expenditures for the General fund.

Line 4.300 – Other (Expenditures) (2%)

The major expenditures for this category are non-discretionary fees associated with Summit County tax collection process in addition to fees the State charges. These fees are set by laws and cannot be changed by the school district. Also included in this category are audit costs, county educational service center costs, membership fees, etc.

Lines 4.020 to 4.060 – Repayment of Debt Service (4%)

The Debt Service for the June 2001 Tax Anticipation Note was paid off in December 2006 (fiscal year 07). January 2003 the District began a House Bill 264 Energy Conservation Project. The District financed the \$1.2 million project through the OASBO Asset Pool borrowing funds for fifteen years. Payments of these obligations are to be made from the reductions in utility expenditures realized by the energy conservation improvements in the District.


CONCLUSION: A prudent reader should not make assumptions or believe that this forecast by its nature conveys anything more than an indication of a probable future financial position of the School District. Events and circumstances frequently do not occur as expected and could seriously jeopardize the outcomes and results of the forecast and assumptions. Therefore, professional discretion, due diligence, caution, and care are required when using and interpreting forecast information.

Future revenue streams are very soft numbers in light of HB66 and the State's reluctance to fully fund education on Ohio. The State budget is for two years and the State does not provide any reliable budget data beyond June 2009. Furthermore, HB66 demonstrates the State's ability and willingness to significantly alter the collection of Local Tax Revenues upon which Twinsburg Schools depend. The State Budget Bill HB66 is still causing uncertainty and increasing the level of forecasting difficulty.

This forecast is developed using the current fiscal year's expenditures, weighted appropriations and estimates of expenditures for the next four years. The District's major sources of revenue for the current fiscal year are property taxes as certified by the County Fiscal Officer and State Foundation Aid from the SF-3. As part of the administrations fiduciary duties, continual efforts are made to reduce expenditures below trend and to find additional sources of revenues. These efforts manifest themselves in the forecast as variations and fluctuations over time and are not indicative of miscalculations but longitudinal dynamics.

Public education is facing a difficult road ahead. The challenges are to provide an ever increasing level of services to children with diverse abilities, needs, backgrounds, cultures, and requirements. This must be done with a level of funding that is neither stable nor predictable. HB66, Charter Schools, and expanding voucher programs are perniciously nibbling away at public education funding. Oftentimes stakeholders are more concerned with their own special interests than what is best for the education of all students.

Some day could there be communities in Ohio where public schools do not exist? In many communities the local school district is the largest employer.

 **The State Budget Bill HB66 is having a Tremendous Impact on Twinsburg Schools as the Tangible Personal Property Tax revenue is phased out by 2018. That will require major budget cuts, including staff reductions unless replacement revenues can be obtained.**

Respectfully Submitted
Martin Aho, Treasurer/CFO

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