Business Manager Report- Paul Fritz
March 26, 2009

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General Ledger Bank Account Balances-	**February 28, 2009**
General Fund Cash Accounts	
PNC, PSDLAF, PSDMAX, PLGIT	$ 693,792.68
ECTS Capital Reserve Fund, PSDLAF	$ 358,451.01
Food Service Fund- PNC	$ 11,454.98
Student Activities Fund-PNC	$ 3,806.26
Total All Funds- bank balances	$ 1,067,504.93
ECVT Foundation- PSDLAF/PSDMAX	$ 11,103.23
ECVT Foundation-ECF (12/31/08)	$ 135,110.36
Total ECVT Foundation	$ 146,213.59

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General Fund-
Revenue and Expenditure Summary — **February 28, 2009**

ECTS-High School	Annual Budget	Actual	%
Fund Balance July 1, 2008	$ 36,726	$ 182,313	
		Year-to-Date	
Revenue	$ 5,464,349	$ 3,204,191	58.64%
Expenditure and reserve	$ 5,462,471	$ 3,095,142	56.66%
Change	$ 1,878	$ 109,048	
Year-to-date Fund Balance-	$ 38,604	$ 291,361	

RCTC	Annual Budget	Actual	%
Fund Balance July 1, 2008	$ 129,431	$ 171,151	
		Year-to-Date	
Revenue	$ 472,695	$ 235,126	49.74%
Expenditure and reserve	$ 472,695	$ 221,697	46.90%
Change	$ -	$ 13,428	
Year-to-date Fund Balance-	$ 129,431	$ 184,579	

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Food Service Fund-
Income and Expense Summary — **February 28, 2009**

	Annual Budget	Actual	%
Retained Earnings- July 1, 2008	$ 66,163	$ 66,163	
		Year-to-Date	
Revenue	$ 133,709	$ 107,086	80.09%
Expense	$ 133,709	$ 100,198	74.94%
Gain/ (loss)	$ -	$ 6,888	
Year-to-date Retained earnings	$ 66,163	$ 73,050	

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ECTS Capital Reserve Fund-	February 28, 2009
	Actual
Fund Balance-July 1, 2008	
Designated-Transition Center	88,852
Undesignated	$ 302,695
	$ 391,547
	Year-to-Date
Plus:	
Transfers from General Fund (land sale)	$ 37,000
Interest-PSDLAF	$ 7,184
	$ 44,184
Less:	
Transition Center expenditures	$ 52,043
Capital purchases-automobile	$ 26,610
	$ 78,653
Year-to-date Fund Balance	$ 357,078
Designated-Transition Center	$ 36,809
Undesignated	$ 320,269
	$ 357,078

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NOREBT-ECTS		mo/EE $889 Medical/ Rx	mo/EE $74 Dental	mo/EE $9.50 Vision	mo/EE $972.50 Total	Mini- pool
Account Balance July 1, 2008		$ 251,184	$ -	$ -	$ 251,184	$ 378,368
Plus: YTD Contributions+receipts		$ 262,495	$ 24,406	$ 3,590	$ 290,491	$ 45,758
Less: YTD gross claims		$ 205,487	$ 18,650	$ 2,780	$ 226,917	$ -
Less: Admin expenses/stop-loss ins		$ 18,478	$ 860	$ 232	$ 19,570	$ 45,758
Less: Total YTD claims/exps.		$ 223,965	$ 19,510	$ 3,012	$ 246,487	$ 45,758
Total YTD claims and expenses						
YTD contribution less expense		$ 38,530	$ 4,896	$ 578	$ 44,003	$ -
Account balance -12/31/2008 YTD	6	$ 289,714	$ 4,896	$ 578	$ 295,188	$ 378,368
Months of claims + expenses in reserve		7.8	2	$ 1.2	7.2	
avg monthly claims + expenses		$ 37,328	$ 3,252	$ 502	$ 41,081	
NOREBT- prepaid claims/expenses						
ECTS account balances		$ 295,188				
Mini-pool - ECTS share of trust		$ 378,368				
Reserved Fund Balance-prepaid medical		$ 673,556				

6 Other information

1 Brake Press- scheduled delivery week of March 23, 2009

2 Policy 118 Production and Service Work in the labs - Revisions proposed
The proposed revisions streamline and acknowledge actual practice in the labs.
Several instructors worked with the Business Manager to develop the revised policy and forms to simplify the process but retain accountability.

Perkins Local Plan 2008-09 - program purchases scheduled (budget detail attached)

Meetings, training workshops

3/9/09-PASBO webinar- PSERS funding

3/17/09-PDE webinar- Stimulus Funding

Salaries	1380-100		85,967			300-999
Benefits	1380-200		74,618			
Percentage--Benefits+Salary		48.06%		160,584		
				08-09 actual YTD		
	1380 10-1380-580-663		5,000		5,000.00	
Student field trips		**5,000**		5,000.00		various cks - PO
	1330 10-1330-610-663		4,500		3,960.00	
Coaxial Opthalmoscopes		4,500		3,960		Moore Medical PO 08090186
	1342 10-1342-610-663		4,033		3,289.05	
Food Processors		1,000		956.34		Kitchenaid-VISA 24/09
Commercial Microwaves		1,484		1,484.00		Curtze invoice
Spindle Drink mixer		**700**		0		per Grossman
CUA-digital room		849		848.71		Dell Ck#42872
	1380 10-1380-610-663		52,651		33,153.88	
Instructional supplies		2,000		1091.56		various
Auto Tech -floor jacks		2,580		2580.00		Auto Value Parts ck#42749
COS-digital room		988		987.44		Dell ck#42872
PFS-digital room		988		987.44		Dell ck#42872
AUT-digital room		988		987.44		Dell ck#42872
Adobe Creative Software(ADB, CIS, GRA, NWT)		7,445		7,445		Lancaster Lebanon IU-ck# 42678
Mobile Lab #3 (16@ $1,200)		19,075		19,075		Dell ck# 42831, Lanc/Leb IU ck#42839
Mobile lab #4		**18,587**		0		Jeff Smith to order 3/09
	1342 10-1342-750-663		3,877		3,876.98	
CUA-eagles nest digital room		3,877		3,876.98		Dell ck# 42872
	1370 10-1370-750-663		3,500		3,015.00	
Drafting- Digitizing Arm		**3,500**		3,015.00		NextEngine PO 08090185
	1380 10-1380-750-663		82,500		69,490.00	
Auto Body welders-aluminum		**3,500**		0		Ken Balsiger to order
Auto Body welders-mig		**4,000**		0		Ken Balsiger to order
Metal Fab- brake press		**75,000**		69,490.00		PO 08090111 + installation $$
	2122 10-2122-329-663		17,500		14,580	
Behavior modifications-McEnery		**6,000**		6000		GJ McEnery invoice (ck 3/09)
Career Development Assoc-assessment		6,000		6,000		Career Planning ck# 42709, 42827
Study Island		3,500		2,580		Study island WT-12/22/08
NC NO nontraditional mentor program		**2,000**		0		Mary Ellen Camp to coordinate
TOTAL			334,145			
REVENUE	10-8521-000-663		334,145			
			0			

PSERS
Partners for your Future
EMPLOYER bulletin
February/March 2009 Publication #9194

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Important Update for School Employers From PSERS' Executive Director

As many of you know, each year PSERS' Board of Trustees reviews the Fund's actuarial assumptions with its actuaries, including the investment rate of return assumption, and decides whether or not to make any changes to the assumptions going forward. The investment rate of return assumption is used to structure the asset allocation of the Fund. Changing this assumption affects PSERS' long-term funding requirements and ultimately impacts the Fund's exposure to risk and volatility in the investment markets. While PSERS has traditionally taken a long-term perspective on its investment return assumption, the extent, speed and global nature of the current market downturn appears to be historic and is an indicator of a turning point for the U.S. and global economy. Moreover, since PSERS' 8.5% return assumption is one of the highest investment rate of return assumptions among public pension funds in the country, the PSERS' Board decided to act.

This year, as PSERS' Board of Trustees reviewed the investment rate of return assumption and the current impact of the economic downturn on the Fund, it became apparent PSERS' long-term investment returns would continue to decline. Indeed, as of December 31, 2008, PSERS' one, three, five, and ten-year average investment rates of return fell well below PSERS' long standing 8.50% investment return assumption. If the downturn in the investment markets continues, PSERS expects its long-term returns to decrease further below the assumption.

Therefore, at their Board Meeting on Friday, January 23, 2009, PSERS' Board of Trustees voted to decrease the actuarial investment rate of return assumption from 8.50% to 8.25% effective for the June 30, 2008, actuarial valuation. The Board of Trustees also voted to decrease the rate of return assumption further from 8.25% to 8.00% for the June 30, 2009, actuarial valuation. The changes made by the Board lower PSERS' rate of return assumption to the median investment rate of return assumption used by most public pension funds and provide a more realistic projection of future investment returns of the Fund.

These changes also marginally reverse Act 40's artificial suppression of the employer contribution rate below the normal cost notwithstanding the large unfunded liability and result in some pre-payment of the unfunded liability before the FY 2012/2013 rate spike.

The employer contribution rate of 4.78% for FY 2009/2010 <u>will not</u> be affected by the change in the investment rate of return assumption.

Important Update continuation...

Lowering the investment rate of return assumption is an important step for the Fund because it provides additional transparency about PSERS' funded status and more accurately reflects the projected investment environment. The additional transparency will provide a much clearer picture for future legislative efforts to resolve the projected employer contribution rate spike in FY 2012/2013.

While the FY 2009/2010 employer contribution rate is not affected, PSERS' funded status and the projected rate spike in FY 2012/2013, however, are affected by the decrease in the investment rate of return assumption. PSERS' funded status was 86.0% as of June 30, 2008, up from 85.8% as of June 30, 2007.

In addition, based on the changes made at the Board meeting, the estimated FY 2012/2013 employer contribution rate spike is 20.16% (based on the June 30, 2008 actuarial valuation) which is an increase from the most recent estimate of 16.40%. A spreadsheet showing the new 30-year projections of the employer contribution rate is included in this publication.

The projected employer contribution rate spike of 20.16% in FY 2012/2013 is currently still below the original rate spike of 27.73% as projected in FY 2003. The downturn in the economy, however, continues to negatively impact the Fund. In the past, PSERS' investment staff had made significant progress to decrease the projected spike, dropping the original rate spike to 11.23% as of the June 30, 2007, valuation. Over the past few months, the sharp downturn in the economy has essentially eliminated any past progress made in reducing the rate spike. While a few months remain until the end of PSERS' fiscal year on June 30th, the investment losses the Fund has experienced to date will be difficult to overcome. For the fiscal year, the S&P 500 Index is down 29.43% and the Dow Jones Industrial Average is down 22.68%. PSERS' investment losses could reach similar levels if the markets do not begin to recover by the end of the current fiscal year. When those potential losses are factored into future rate spike projections, the rate spike could exceed the original projection of 27.73%.

I realize these numbers are difficult, if not impossible, to prepare for in your future budgets. That said, it would be irresponsible not to give you the most accurate picture of the Fund, so that everyone is aware of the difficult situation facing school employers, Commonwealth taxpayers, and PSERS in the coming years.

There are options to address the projected rate spike but there is no silver bullet. Under all such options, however, there will still be a need for significant additional funding to PSERS. As in the past, PSERS is committed to providing assistance to the General Assembly to solve the projected rate spike and future funding issues of the System.

In conclusion, I will continue to keep you apprised of the situation as PSERS moves closer to its fiscal year end.

Sincerely,

Jeffrey B. Clay
Executive Director

PSERS Worksheet

FY	Est. Payroll Subject to PSERS	Estimated PSERS Rate	Estimated Retirement Expense	Estimated State Share	Net District Cost	Change		
09	2,485,158	4.76	118,294	66,244	52,049			
10	2,596,990	4.78	124,136	69,516	54,620	2,571		
11	2,713,855	4.76	129,179	72,341	56,839	2,219		
12	2,835,978	6.94	196,817	110,217	86,599	29,760		
13	2,963,597	26.04	771,721	432,164	339,557	252,958		
14	3,096,959	29.10	901,215	504,680	396,535	56,978		
15	3,236,322	30.75	995,169	557,295	437,874	41,340		
16	3,381,957	30.48	1,030,820	577,259	453,561	15,687		
17	3,534,145	30.02	1,060,950	594,132	466,818	13,257		
					2,344,453			

FY	Est. Payroll Subject to PSERS	Estimated PSERS Rate	District's Share of PSERS Rate	District PSERS Cost	District Budget PSERS Rate	State & District (Total) Budgeted Rate	District $ Budget	Transfer To/(From) PSERS Reserve	Cumulative Reserve
09	2,485,158	4.76	2.09	52,049	2.09	4.76	52,049	-	
10	2,596,990	4.78	2.10	54,620	3.75	6.43	97,387	42,767	42,767
11	2,713,855	4.76	2.09	56,839	3.75	6.42	101,770	44,931	87,698
12	2,835,978	6.94	3.05	86,599	4.50	8.39	127,619	41,020	128,717
13	2,963,597	26.04	11.46	339,557	10.00	24.58	296,360	(43,197)	85,520
14	3,096,959	29.10	12.80	396,535	11.40	27.70	353,053	(43,481)	42,039
15	3,236,322	30.75	13.53	437,874	12.25	29.47	396,449	(41,425)	614
16	3,381,957	30.48	13.41	453,561	13.41	30.48	453,520	(41)	573
17	3,534,145	30.02	13.21	466,818	13.21	30.02	466,861	42	616
				2,344,453			2,345,068		

Estimated FY09 Payroll	2,485,158
Estimated Annual Payroll Increase	1.045
Estimated PSERS Reimbursement %	56.00%

3/19/2009