

Solon City Schools Five Year Forecast Financial Review

November 23, 2009



Financial Issues Timeline

- 2004 - HB 66 eliminates Tangible Personal Property tax. District frozen at 2004 \$11,000,000 until phase-out of 100% revenue takes place. Complete phase-out will be 2018.
- 2005 – Most recent current expense levy.
- 2008 - \$1,500,000 in expenditure reductions made.

Financial Issues Timeline (cont)

- 2009 - \$1,250,000 in expenditure reductions made.
- 2009 - Stagnant housing market valuation realized and anticipated through 2016.
- 2010 - State funding approximately 5% (or \$3,000,000) of total operating revenue. State Funding will decrease over next couple of years. Note: Local funding equals 95%.

Financial Issues Timeline (cont)

- 2010 - Federal stimulus funding will be almost completely depleted.
- 2011 – All day kindergarten requirement takes effect. Will cost the district \$550,000 per year.
- 2013 - \$5,000,000 will be lost due to Tangible Personal Property phase-out. This amount will grow each year until 2018, at which point \$11,000,000 will be lost each year forever.

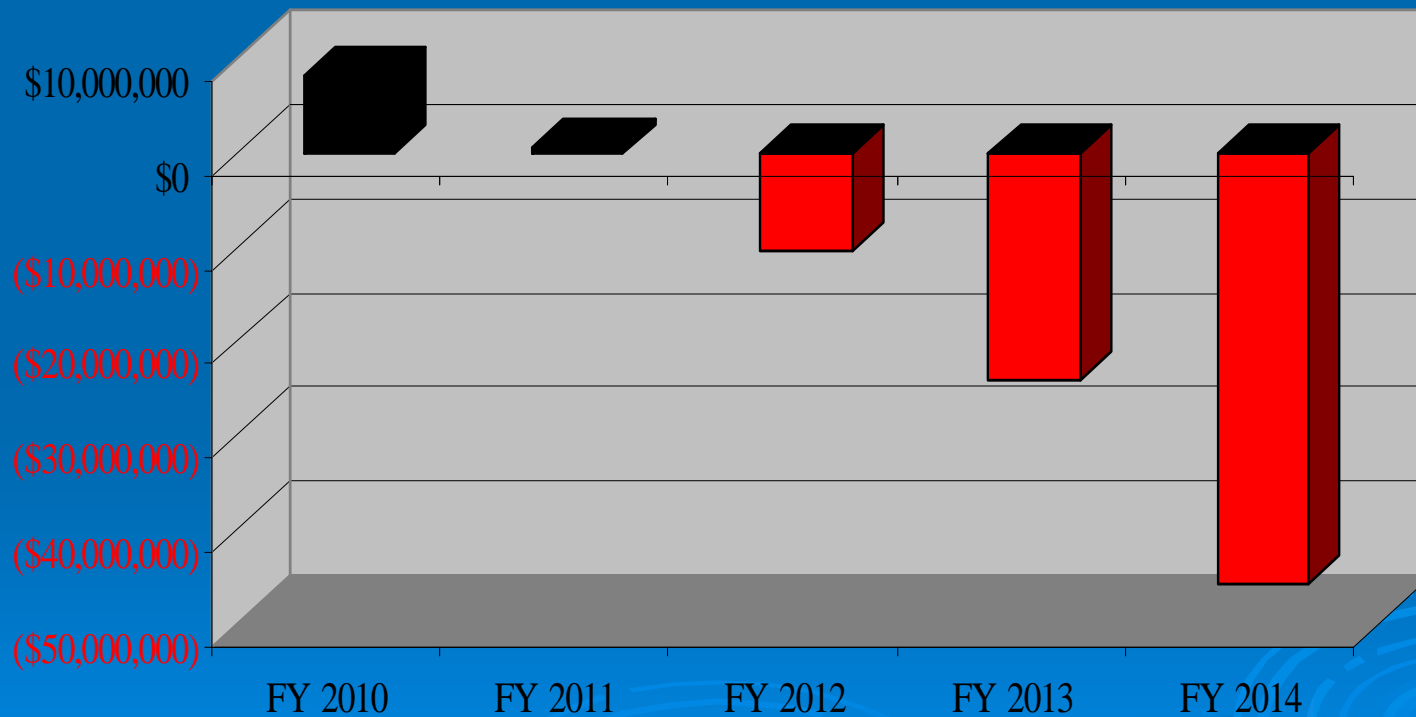
What Does This Mean?

1. A levy is needed now based on lack of real estate growth, state funding and our traditional levy cycle.
2. Due to reductions in real estate value, 1 mill will not generate what it did in 2005.
3. We will continue to explore possible expenditure reductions on an annual basis, but must not compromise the excellent education provided to our children.

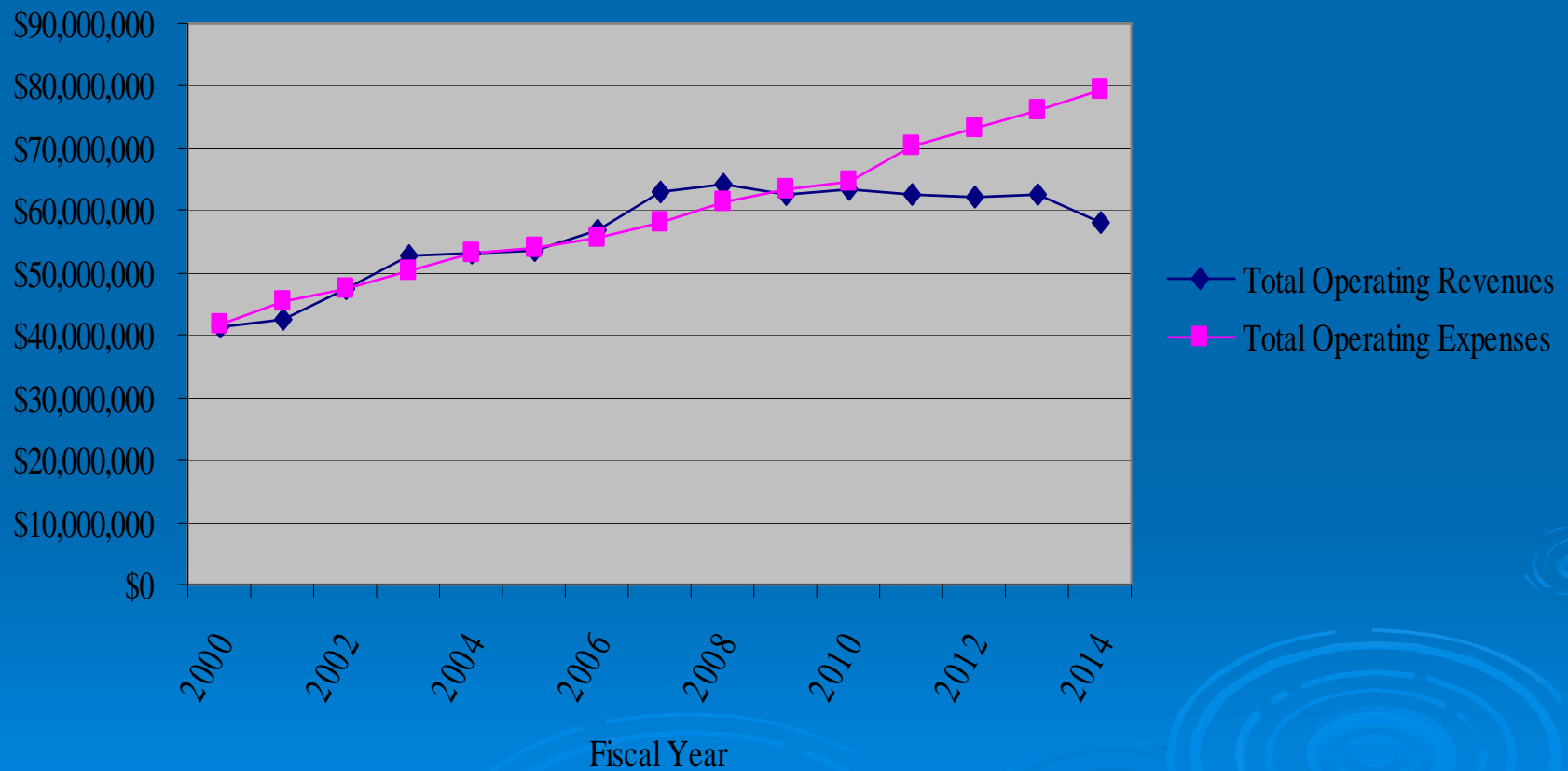
What Does This Mean? (cont)

4. We must continue to bring attention and awareness to the Tangible Personal Property issue. There is still time to make a difference.
5. Even with a levy passing in 2010, and even if the Tangible Personal Property issue is eliminated in 2014, there will still be a budget deficit in the 2014-2015 school year. Please do not be concerned about 2014 yet, but please understand the urgency of passing a levy in 2010.

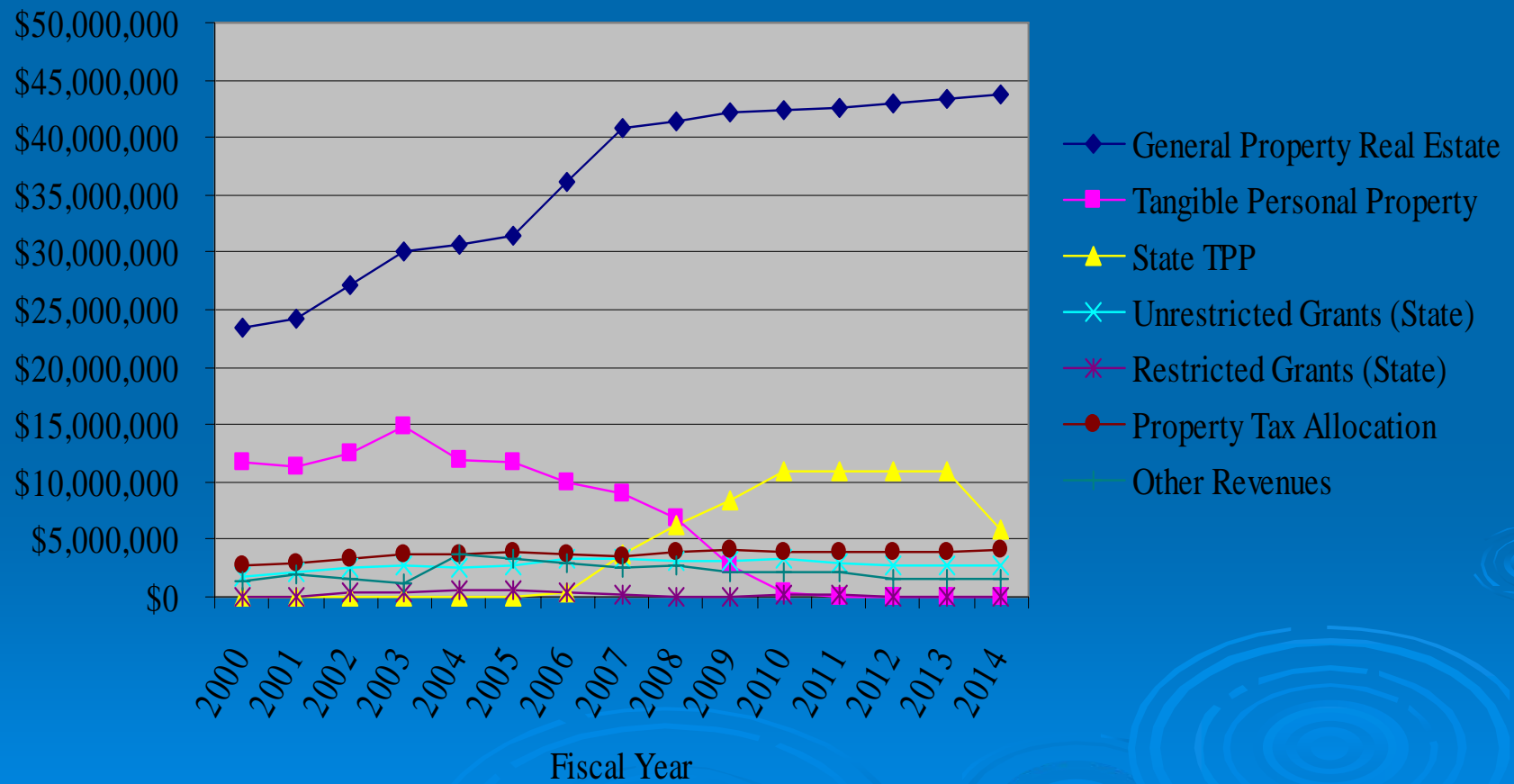
Projected Ending Fund Balance



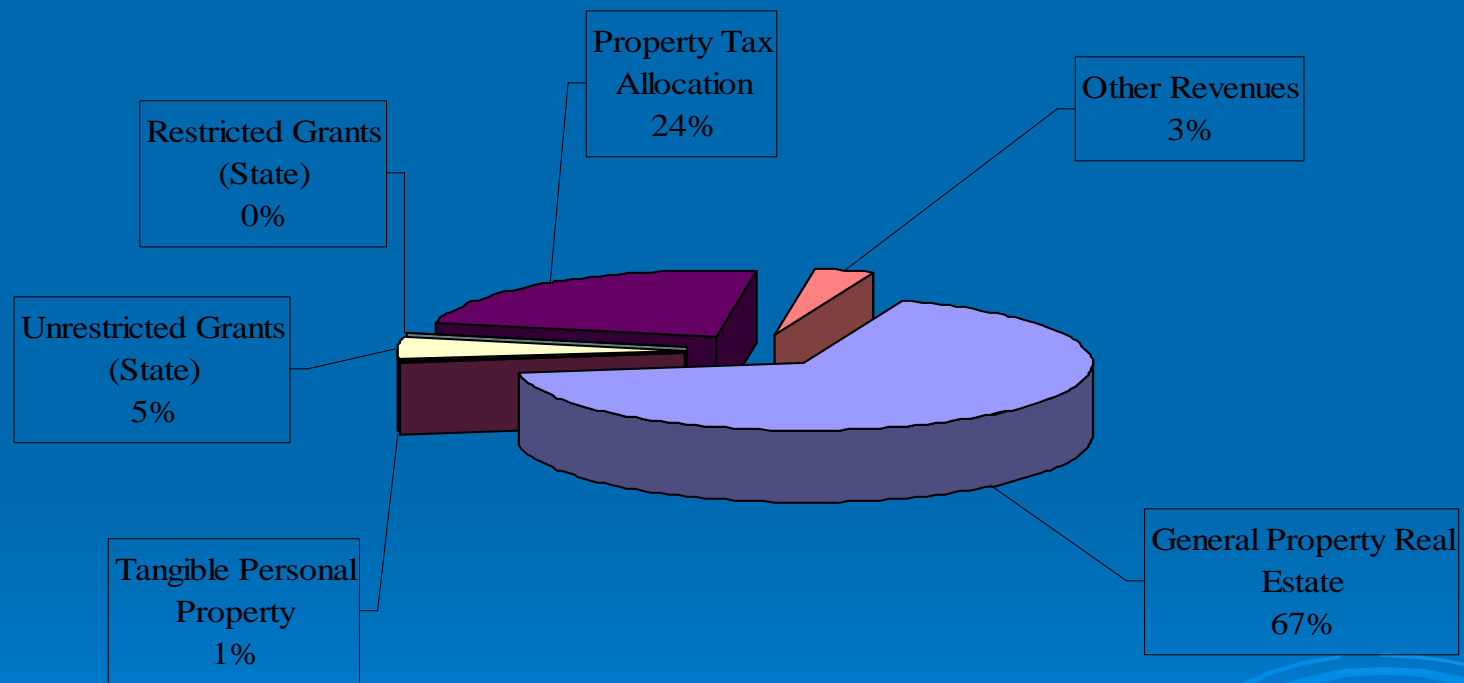
Operating Revenues and Expenditures (History and Projected)



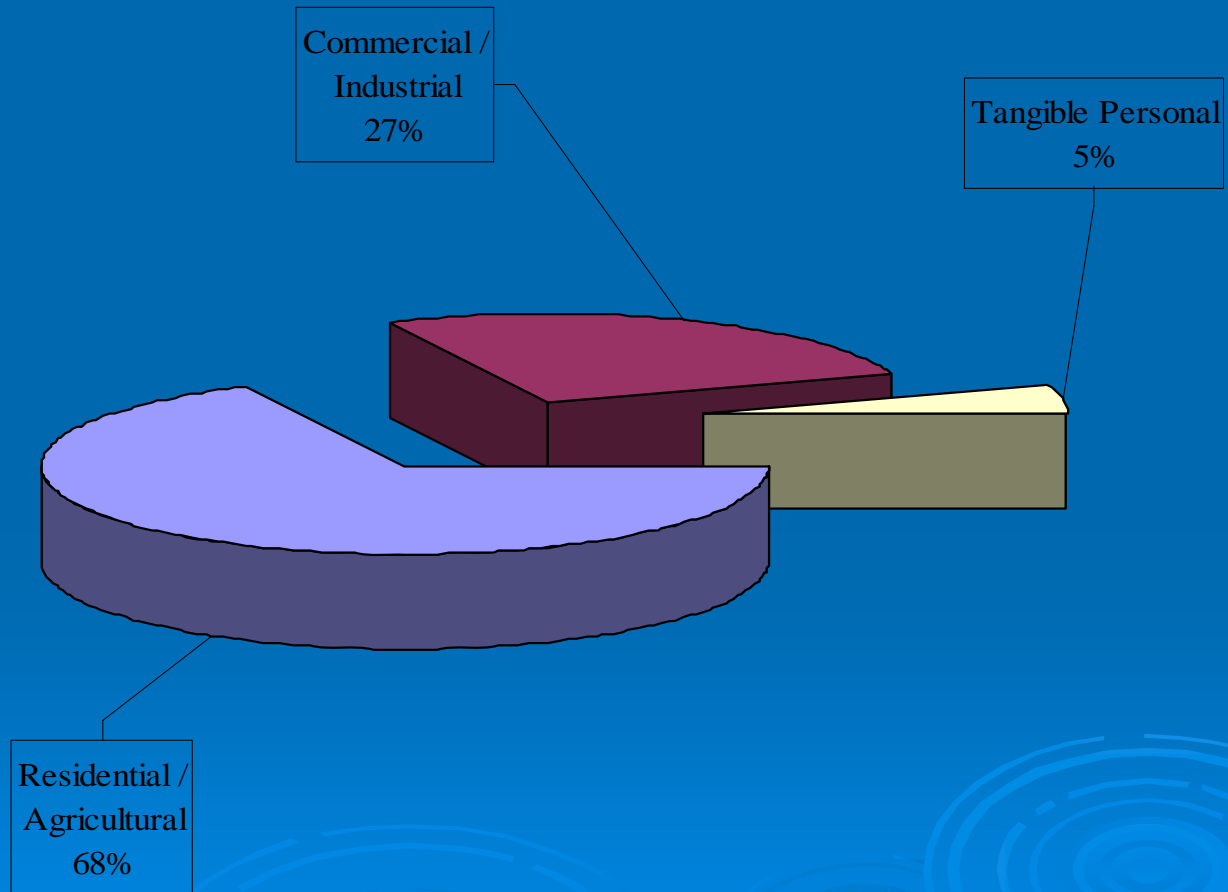
Revenue Categories (History and Projected)



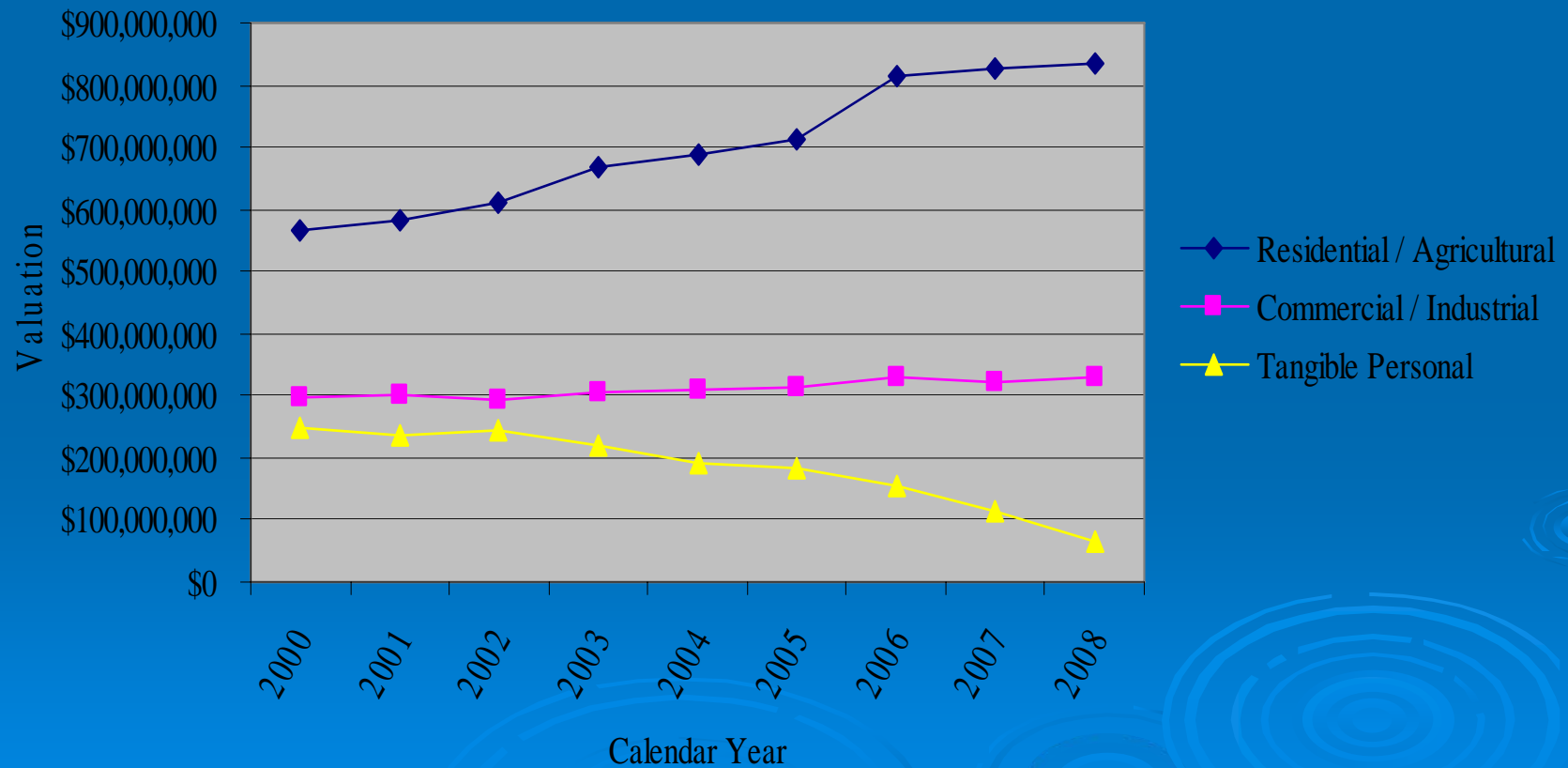
Source of Revenue



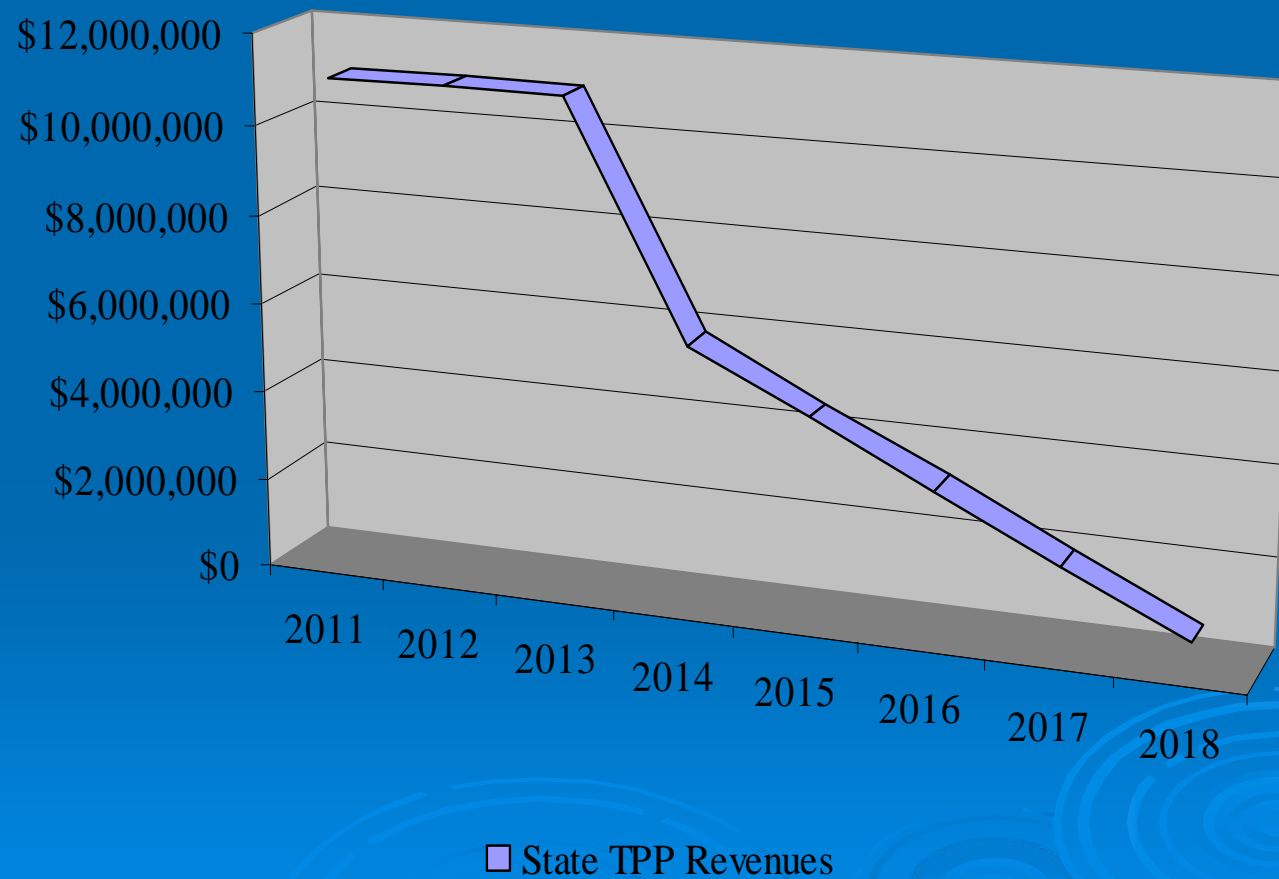
Valuation Breakdown By Property Classification



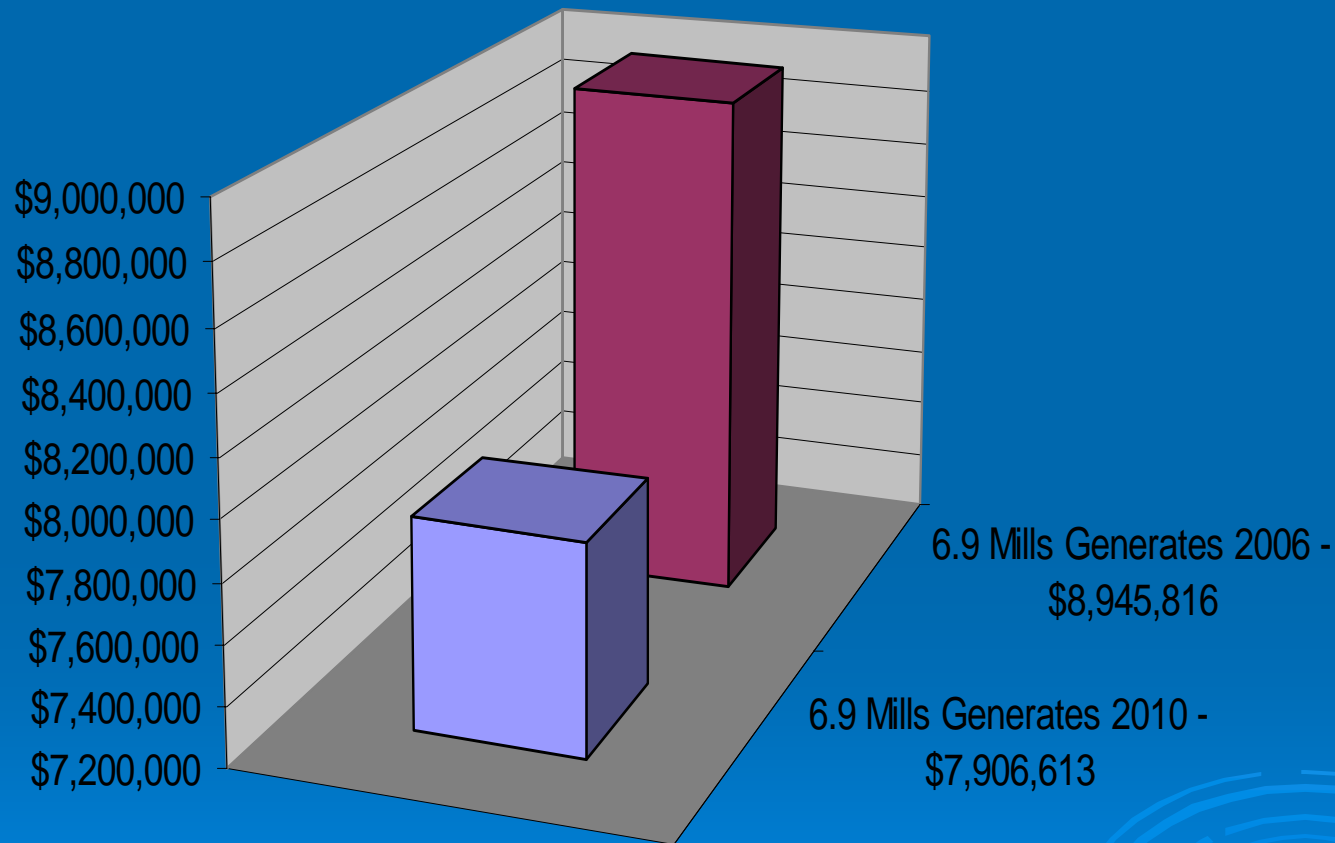
Valuation Trend Analysis (History)



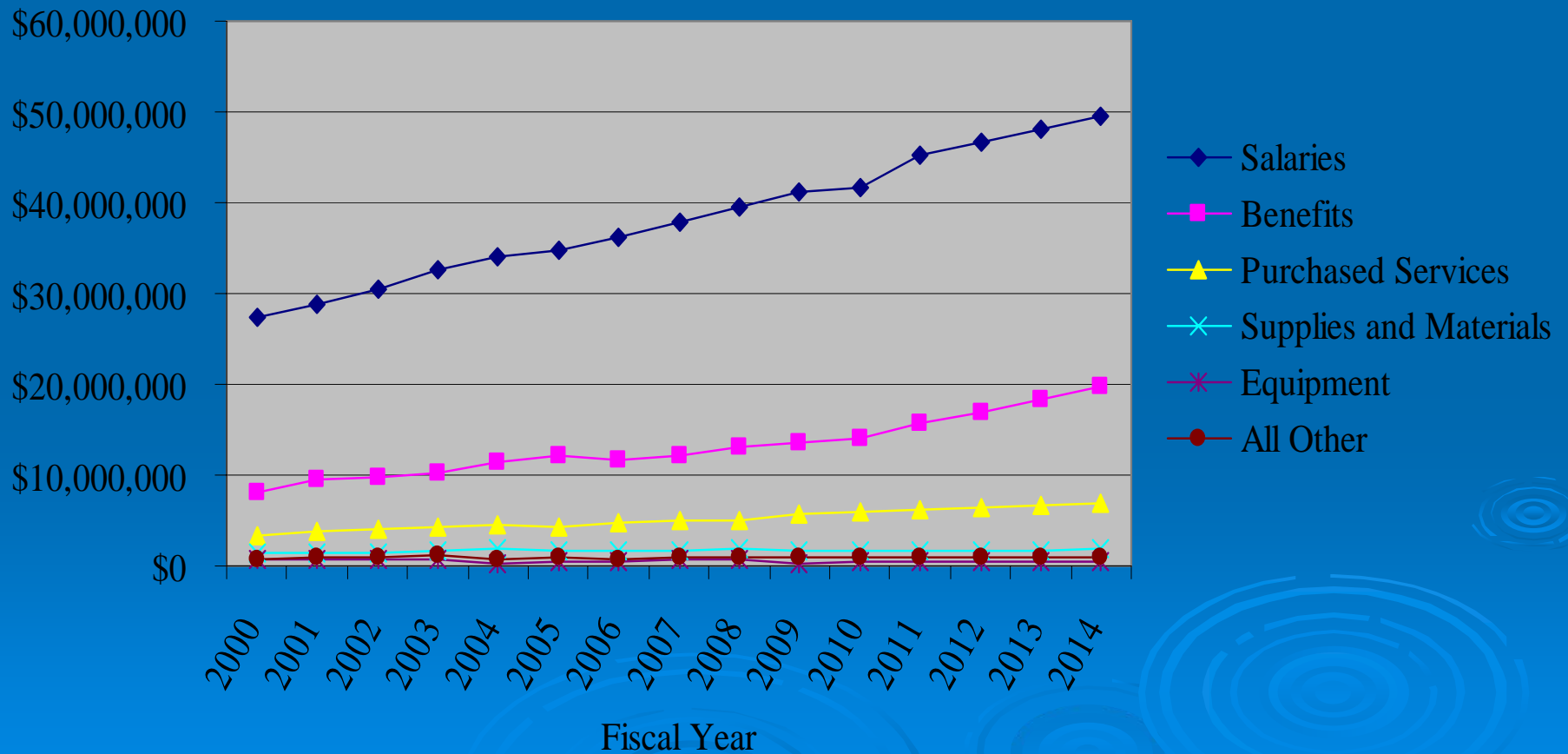
State Tangible Personal Property Phase-Out



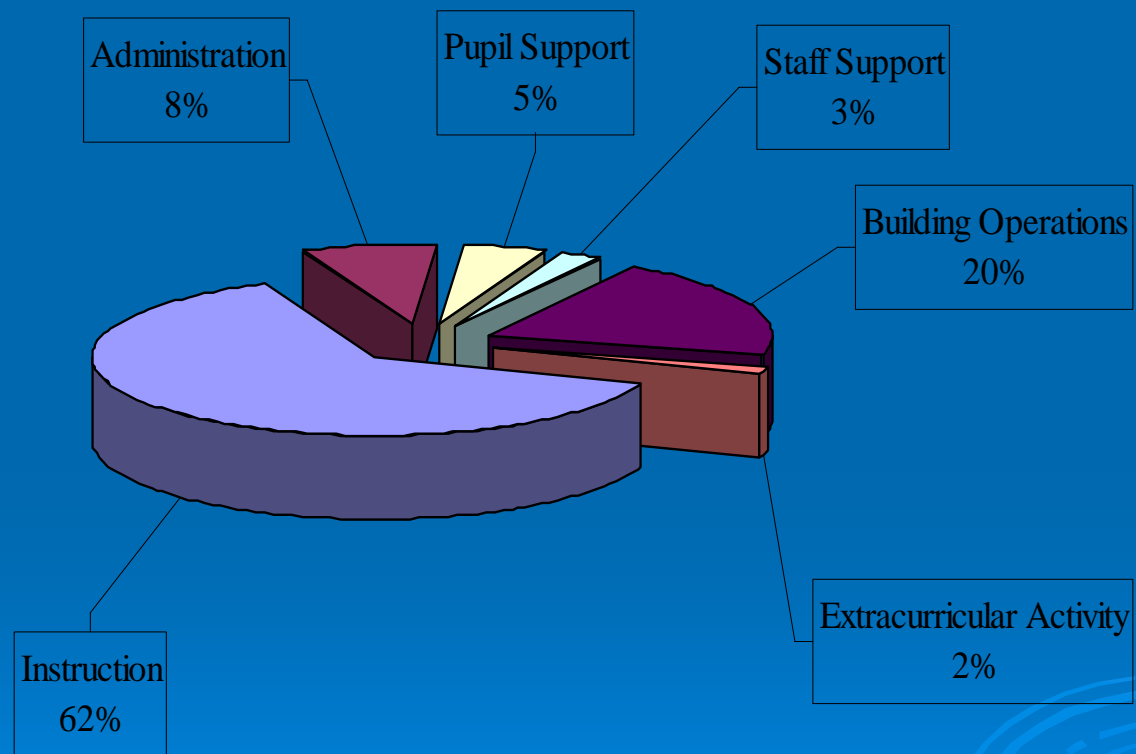
6.9 Mill Revenue Impact



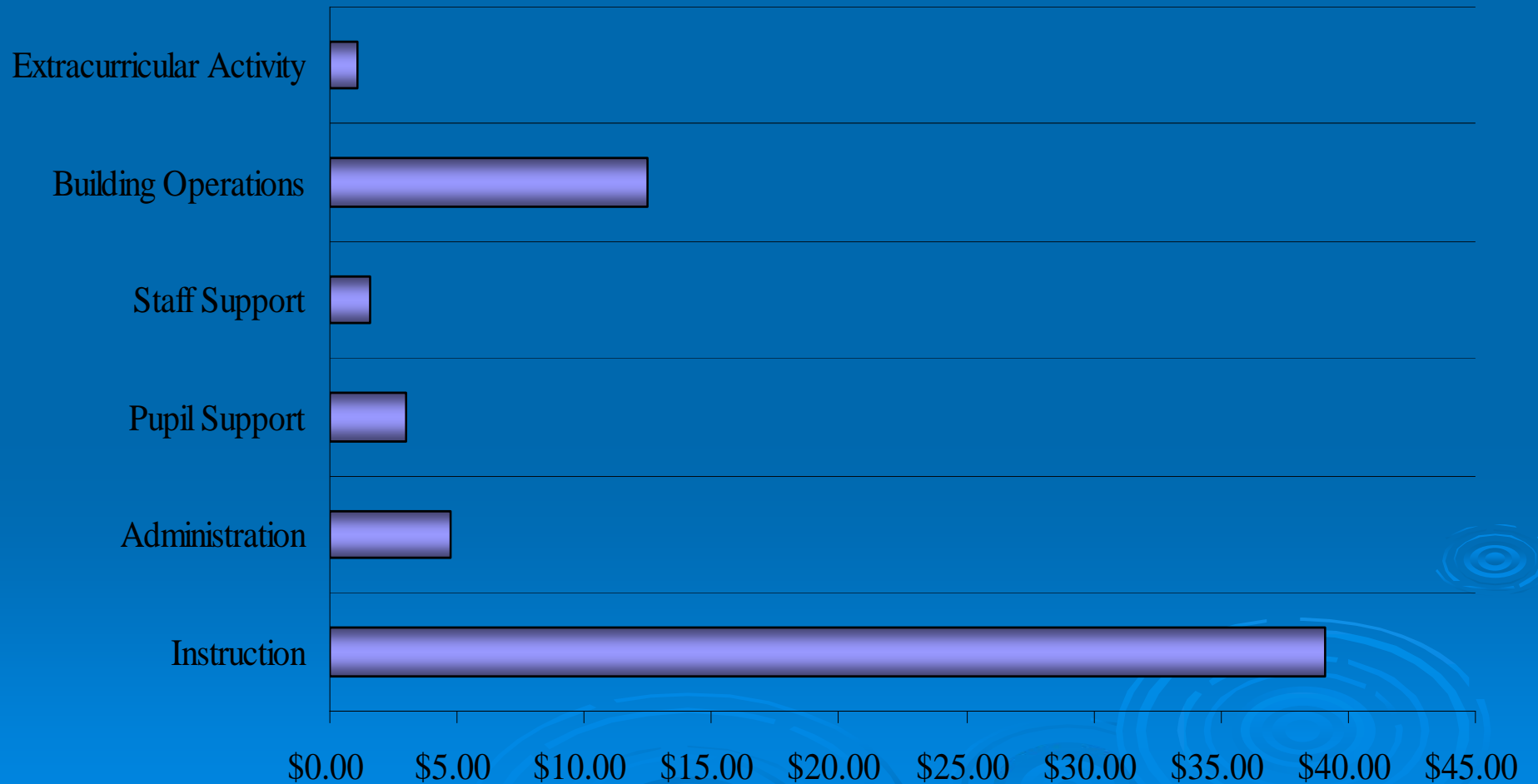
Expenditure Categories (History and Projected)



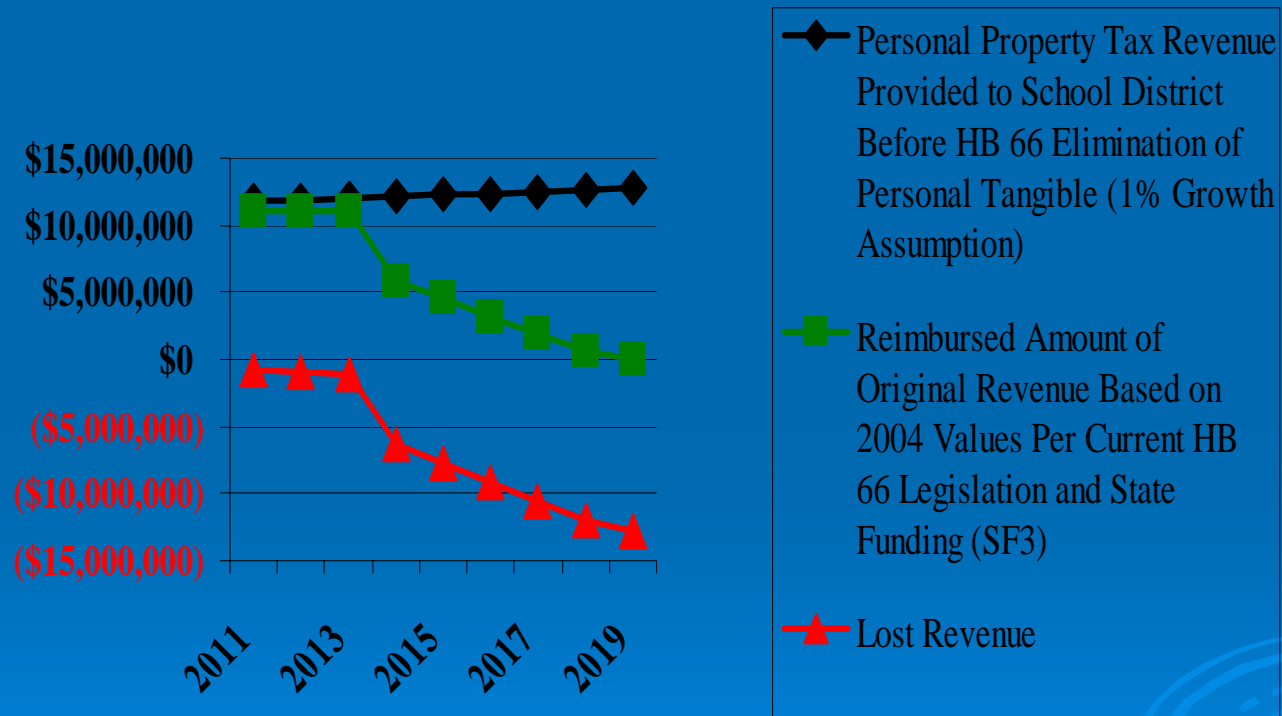
Area of Expenditure



Daily Expense Per Pupil - \$61.98



HB 66 Elimination of TPP Revenues



Revenue and Expenditure Summary

