11-21-05
Five-Year Forecast Update
1. **Our revenue cannot keep pace with our expenditures**
   a.) On average, revenue growth is between .50% to 1.00% while expenditure growth is between 5.00% to 6.00%, therefore an annual cash deficit exists between 4.50% to 5.00%
   - Solution to this problem
     i. Ask for more money (levies)
     ii. Cut expenses
   * Both have limitations

2. **The size or the amount of our levies are always determined through careful consideration of the following:**
   a.) What will our community pass? Historically, mid-5 mills, every 3-years
   b.) What educational programming **must** we offer to remain excellent and is consistent with community expectations?
   - This includes:
     i. Retaining & recruiting a highly qualified & trained staff
     ii. Developing a challenging & rigorous curriculum
     iii. Maintaining a safe & nurturing environment

3. **We are not completely in charge of how we conduct our public school business**
   a.) We either benefit or suffer with the passage of each piece of federal or state legislation, therefore, the target and financial support continues to change.
   - For example:
     i. State of Ohio – House Bills 94, 95, 66 etc.
     ii. Congress – No Child Left Behind
   * All of which had a negative, financial impact on our school
REVENUE “LINE” & EXPENSE “LINE”

Repeal of Cap on State Aid, $3.0M
*Passage 5.5 mill levy
*HB95

HB66
Critical Pt.
Critical Pt.
Reduction to Programs

Total Revenues
Total Expenditures
Operating Levy 2003, November 2003 5.5 mills
(Preparation for a 6.0 mill operating levy – November 2006)

**Expenditure Reduction of $7.3 million over 2003-04, 2004-05, & 2005-06**

<table>
<thead>
<tr>
<th>2003-04 School Year</th>
<th>2005-06 School Year</th>
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</thead>
<tbody>
<tr>
<td><strong>TOTAL: $ 600,000</strong></td>
<td><strong>TOTAL: $3,460,000</strong></td>
</tr>
<tr>
<td>(Same as previously identified)</td>
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</table>

<table>
<thead>
<tr>
<th><strong>2004-05 School Year</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Repeat of 03-04 Reductions $600,000</td>
</tr>
<tr>
<td>• No New Staff $220,000</td>
</tr>
<tr>
<td>• Discretionary $80,000</td>
</tr>
<tr>
<td>• Ext. Time/Supplemental $983,000</td>
</tr>
<tr>
<td>• Transportation/Field Trips/ Extracurricular $240,000</td>
</tr>
<tr>
<td>• RIF/Attrition $1,117,000</td>
</tr>
<tr>
<td>– 7.5 Support (3.2%)</td>
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<tr>
<td>– 13.5 Certified (3.1%)</td>
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<tr>
<td>– 1.0 Administrative (3.3%)</td>
</tr>
<tr>
<td><strong>TOTAL: $3,240,000</strong></td>
</tr>
</tbody>
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Financial Presentation data: 07/21/03
Operating Revenue Mix

- Overview of Operating Revenue Mix Fiscal Year 2006
- Key factor - limited revenue growth
  - Operating Revenue Mix -
    1. Local Property Taxes (Includes H &R) **74%** or $37.9M
      - Growth restricted by HB920
      - Impacted by HB66 (State Legislature)
        » 8% or $3.7M or 7.2%
          Represents Personal Tangible Receipts
    2. State Revenue **23% or 11.8M**
      - Growth influenced by State Legislature
        » HB66
    3. Other Revenue (Interest, Payments in lieu of, etc.) **3% or 1.4M**
      - Growth influenced by economy
    - **HB66 will impact approximately 30% or 1/3 of the HCSD operating revenue.**
Operating Expenditure Mix

Key factors – High proportion of fixed costs

1. **Personnel Costs, (83% or $42.6M)**
   - Salaries, 62%
   - Benefits, 21%
     - Negotiated Agreements
     - Market Forces (Health care)

2. **Contracted Services, (12% or $6.0M)**
   - Transportation, 5%
   - Utilities, 2%
     - Market Forces
     - Negotiated Agreements

3. **Supplies, Materials, Equipment, (3% or 1.6M)**
   - Educational Supplies, 1%
   - Textbooks, Library Texts, .50%
   - Building Supplies, 1%
     - Mandates (curriculum)

4. **Other, (2% or >1.0M)**
   - County Auditor & Treasurer, 1%
Graphical Summary of Five-Year Forecast 10-17-05
(FY2003/04 – FY2004/05 Actual; FY2005/06 – FY2009/10 Estimate)
Ending Cash Balance Comparison
10/17/05 vs Target Balance

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>7,541,570</td>
<td>8,139,723</td>
<td>10,318,140</td>
<td>10,342,713</td>
<td>7,240,176</td>
<td>1,465,359</td>
<td>-7,142,720</td>
<td>-18,743,791</td>
</tr>
</tbody>
</table>

- Projection @ 10/17/05
- Target Balance - 12% FY Exp.
Maintain Current Program (No Cuts), 9.0 Mill Levy, 3-Year levy Cycle

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Projection @ 10/17/05</th>
<th>9.0 Mill Levy, CY2006</th>
<th>Target Balance - 12% FY Exp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2002/03</td>
<td>$7,541,570</td>
<td>$8,139,723</td>
<td></td>
</tr>
<tr>
<td>FY2003/04</td>
<td>$10,318,140</td>
<td>$8,139,723</td>
<td></td>
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<tr>
<td>FY2004/05</td>
<td>$10,342,713</td>
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<td></td>
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<tr>
<td>FY2005/06</td>
<td>$11,141,065</td>
<td>$7,240,176</td>
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<tr>
<td>FY2006/07</td>
<td>$12,361,721</td>
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<tr>
<td>FY2007/08</td>
<td>$8,562,427</td>
<td>$1,465,359</td>
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</tr>
<tr>
<td>FY2008/09</td>
<td>$577,644</td>
<td>$577,644</td>
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</tr>
<tr>
<td>FY2009/10</td>
<td>$0</td>
<td>$0</td>
<td></td>
</tr>
</tbody>
</table>

Projection @ 10/17/05: $7,541,570
9.0 Mill Levy, CY2006: $8,139,723
Target Balance - 12% FY Exp.: $0
Permanent $4.0M Program Cuts, 5.5 Mill Levy, 3-Year levy Cycle

Projection @ 10/17/05
5.5 Mill Levy,CY2006; $4.0M Perm Cuts
Target Balance - 12% FY Exp.
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