



CHARDON LOCAL SCHOOLS

November 2024 ASSUMPTIONS

Financial Summary – The Chardon Local Schools November 2024 Five-Year Forecast is aligned with the 2023-2028 district Success Plan adopted in January 2023. The concentration aligns with the goals set for safety and security, facilities and operations, communications, resources and fiscal responsibilities, and engaged student learning.

The Ohio Department of Education’s purposes/objectives for the five-year forecast are:

1. To engage the local Board of Education and the Community in the long range planning and discussions of financial issues facing the school district
2. To service as a basis for determining the school district’s ability to sign the certificate required by O.R.C., 4705.412, commonly known as the “412 certificate.”
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

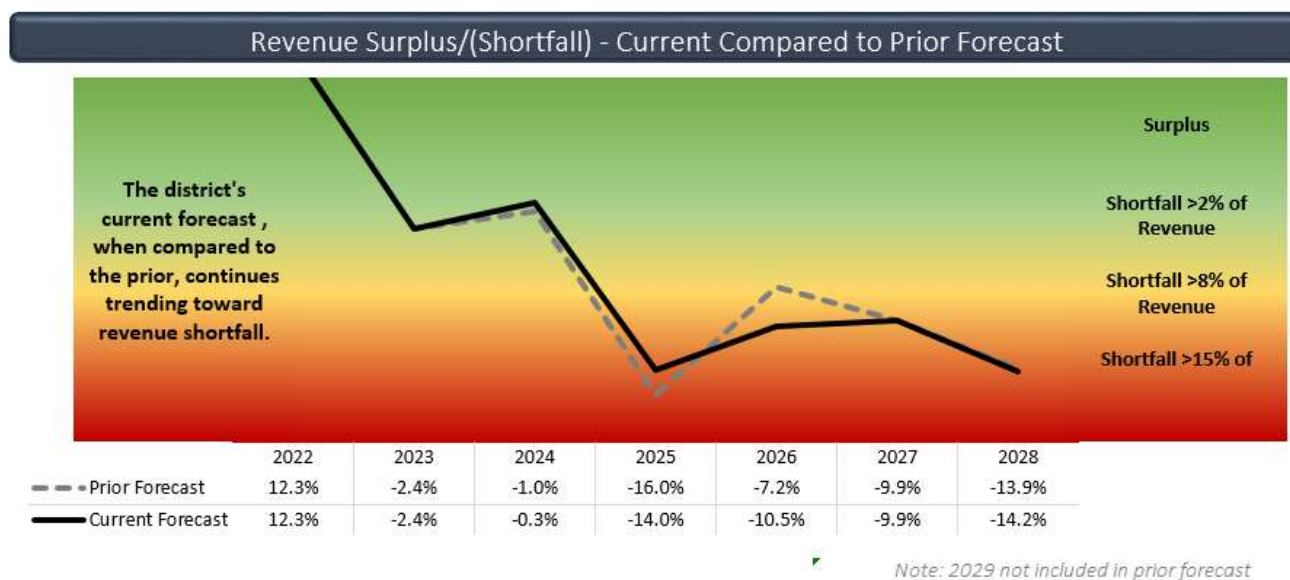
It is important to note that the five-year forecast is an **ESTIMATE** which is based on historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances, no process is guaranteed. The intent is to provide the district’s financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability. **This five-year forecast is based on information we have at the time it was created and subject to change with any considerable change to the economy.**

This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in fiscal year 2022. The plan was continued with increasing phase-in of the formula results. In fiscal year 2024 the per pupil base cost calculations were updated from the fiscal year 2018 cost data to Fiscal Year 2022. As information changes the estimates will be updated. The district is considered a guarantee district in fiscal year 2024. Tax revenue collections continues at the three-year average of 100.80% collection rate and expenditures include a concentration on safety, security, facilities, and operations.

The May 2024 five-year forecast projected an ending cash balance for fiscal year 2024 at \$23,406,366 (before open encumbrances). The ending cash balance for June 2024 was \$23,696,999 and the projected ending cash balance for fiscal year 2025 is \$18,126,779. The Geauga County Auditor's office certified a 98% collection rate for calendar year 2024. The collection rate for 2024 is currently estimated at 101.65% to show increased revenues for Chardon Local Schools. Secondly, interest rates were increased in fiscal year 2024 and are currently at five percent (5.11%). Interest received in 2024 was \$1,837,509 and is dropping to a projection of \$1,574,119 in fiscal year 2025. Finally, expenditures were within budget including additional Capital Outlay for High School Windows and Stadium Lighting at Memorial Field, negotiated agreements for both district unions, and increased inflation primarily in insurance, purchase services, and supplies.

Current to Prior Forecast Comparison

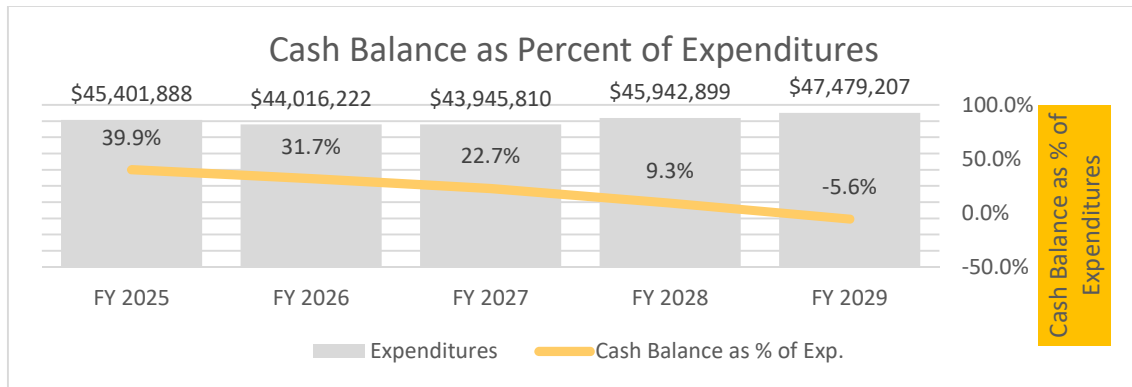
Chardon Local School District



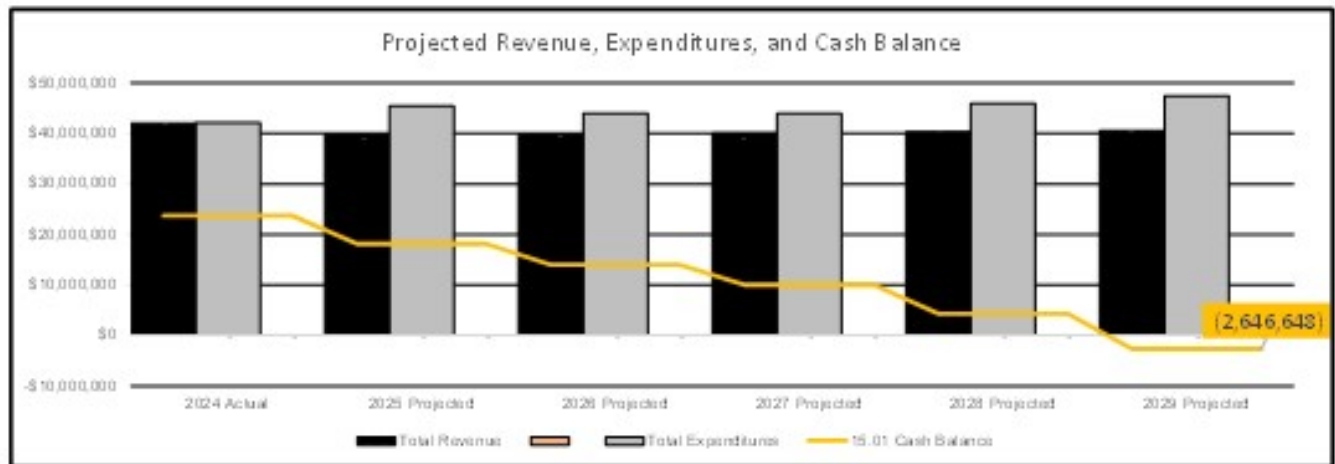
In fiscal year 2025 a revenue shortfall is expected. This means the expenditures are expected to be greater than revenue by **\$5,570,220** by the end of 2025. By the last year of the forecast, fiscal year 2029, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by **\$6,942,002**. The district would

either need to cut its fiscal year 2029 projected expenses by 14.62%, or increase revenue by 17.13% in order to balance the budget.

The district's cash balance is positive at year-end in fiscal year 2025 and its projected to worsen by fiscal year 2029. A worsening cash balance can erode the district's financial stability over time. The projection of cash as a percent of expenditures for fiscal year 2025 is 39.9%, This percentage will deteriorate to 9.3% in 2028 and then to 0% in 2029 (providing either a reduction in expenditures or additional revenue were to occur on or before 2029).



Forecast Summary November 2024



Financial Forecast Summary

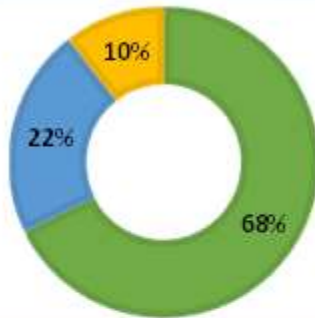
	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Beginning Balance (Line 7.010)	23,696,999	18,126,778	13,951,983	9,992,551	4,295,354
+ Renewal/New Levies Modeled					
+ Revenue	39,831,669	39,841,428	39,986,380	40,245,703	40,537,205
- Expenditures	(45,401,889)	(44,016,223)	(43,945,811)	(45,942,901)	(47,479,208)
= Revenue Surplus or Deficit	(5,570,220)	(4,174,795)	(3,959,432)	(5,697,198)	(6,942,002)
Line 7.020 Ending Balance with Renewal/New Levies	18,126,778	13,951,983	9,992,551	4,295,354	(2,646,648)

REVENUES

Revenue Overview

Chardon Local School District

Revenue Sources



Local Taxes

Real Estate Tax	61.49%
Public Utility Tax	6.16%
Income Tax	0.00%

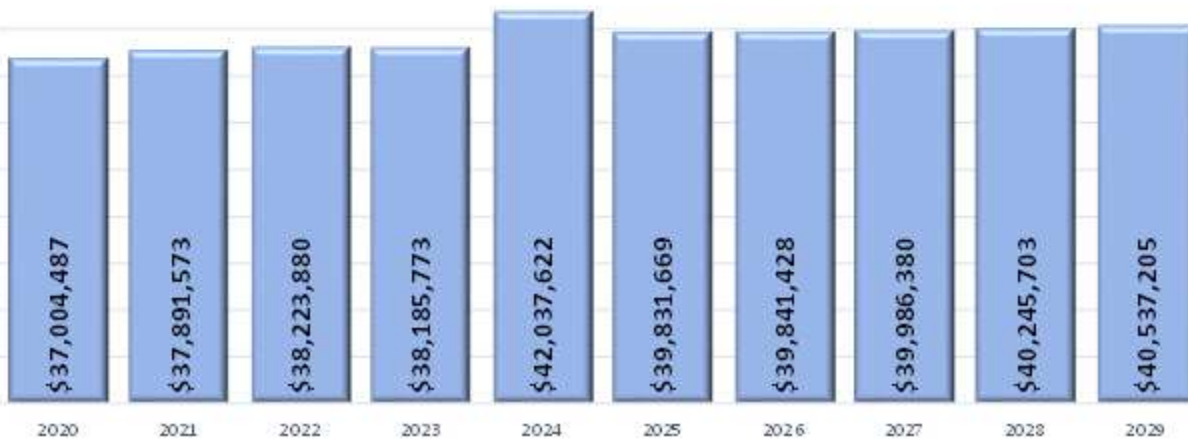
State Sources

State Funding	14.37%
Restricted Aid	1.23%
State Share of Local Tax	6.21%

All Other Revenue

Other Revenue	7.41%
Other Sources	3.14%

Annual Revenue Actual + Projected



Total General Fund Revenue

Over the past five years, revenue increased by 3.56% (\$1,327,354 annually). However, it is projected to decrease by .70% (\$300,083 annually) through fiscal year 2029. Notably, all other operating revenue is expected to be \$550,221 less per year compared to history, and is the biggest driver of trend change on the revenue side.

Other factors affecting changes in revenue are the late payments by three primary utility companys in fiscal year 2023 which put over \$1.1M into delinquent status. The growth in fiscal year 2024, shows the collection of the late utility payments, and the drop in fiscal year 2025 reflects a one (1) mill shift in taxes approved by the Chardon Board of Education on March 20, 2023 from the General Fund to the Permanent Improvement Fund. The Permanent Improvement Fund is not included within this forecast, but is dedicated to the facailities and operations of the district.

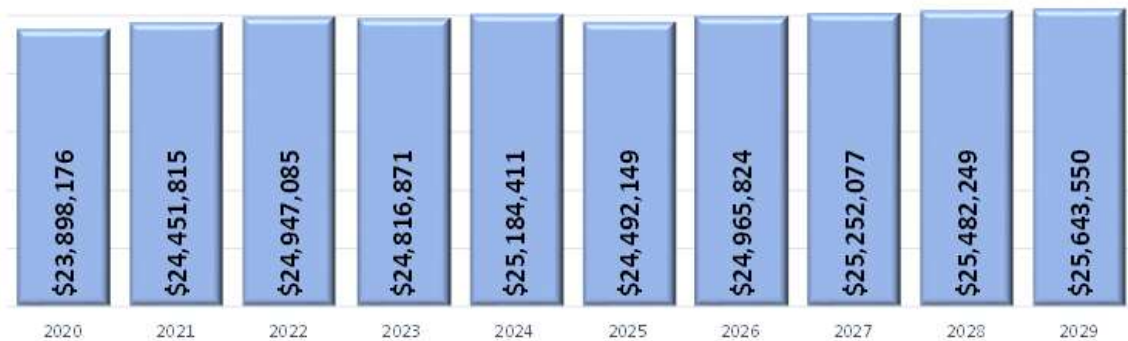
1.010 – General Property Tax –Real estate property tax revenue accounts for roughly 61.49% of the district’s total revenue. Class I or residential/agricultural taxes make up approximately 82.43% of the real estate property tax revenue. The Class I tax rate is 28.33 mills in tax year 2024. The projections reflect an average gross collection rate of 97.8% annually through tax year 2028. The revenue changed at an average annual historical rate of 2.70% and is projected to change at an average rate of .38% through rascal year 2029. Projected tax revenue for fiscal year 2025 is estimated at \$24,492,149

1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



Real estate property tax revenue accounts for 61.49% of total district general fund revenue.



1.010 Property Tax Revenue

The Geauga County Budget Commission set the collection rate for 2024 to 98%. The projections in this forecast reflect an average gross collection rate of 97.8% annually through tax year 2029.

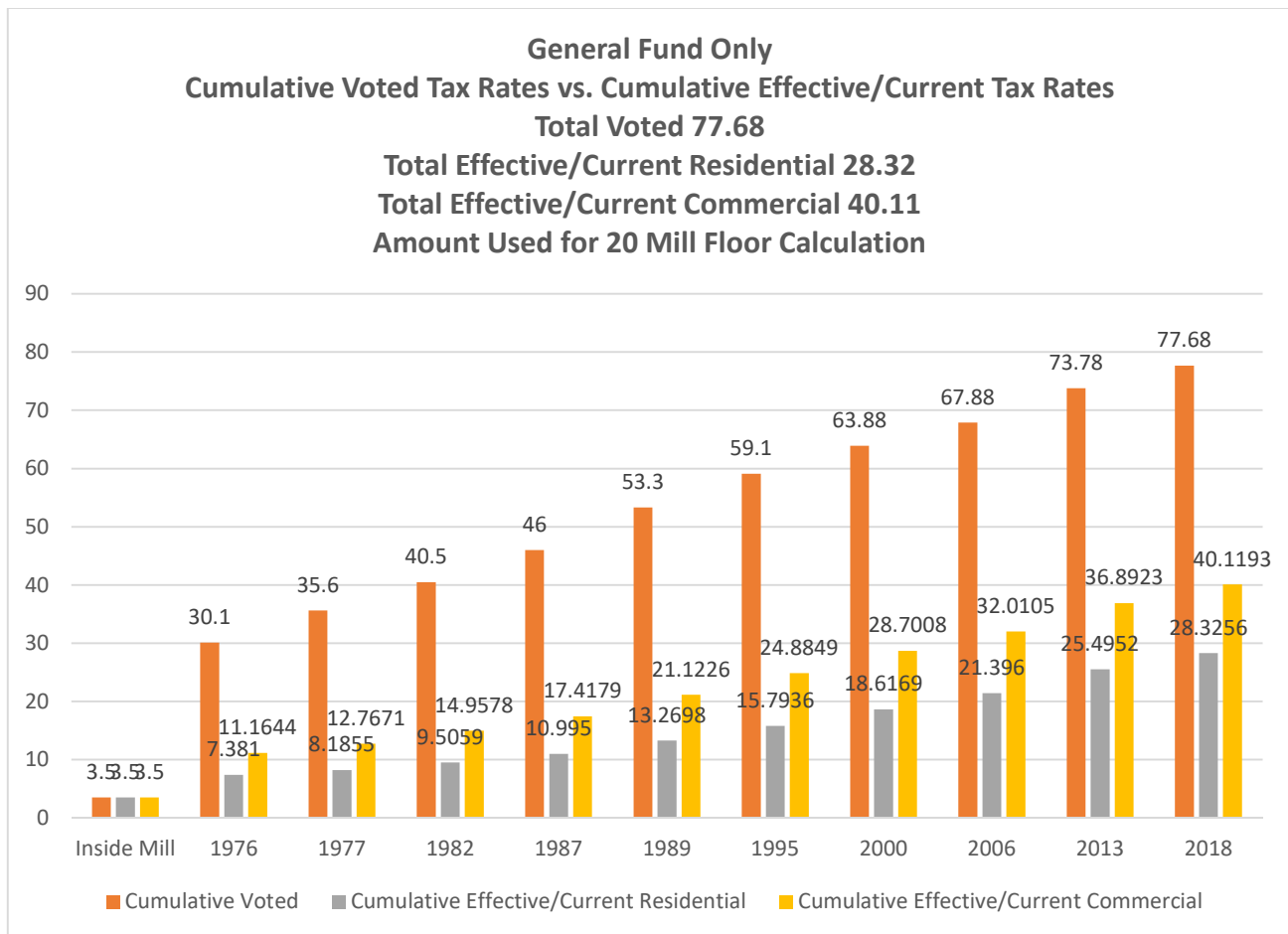
Future considerations include the Thistle Creek Development on North Hambden which has completed 17 of the 33 projected homes at approximately \$380,000/unit with a three

to five year build out projection. Maple Trace subdivision which is located behind Shiffler Equipment on State Route 44 will begin construction in spring of 2024. The projection is for ninety-six (96) homes to be completed within the next three to five years. The estimated cost per home is \$350,000-\$400,000 per unit. The City of Chardon has reported the Willow-Tree development which is located on an extension of Meadowlands Drive south of US-6. This development is projected to start in 2025 with 120 homes ranging from \$300,000-\$400,000 per unit. Lastly, Meijer is building a complex on the corner of Meadowlands (Loreto) and Water Street and Chipotle is knocking down the old Burger King Building and replacing it with a new building for their restaurant.

Current construction costs for fiscal year 2025 were obtained from the Geauga County Auditor's office and are included within this forecast. The remaining Thistle Creek homes, the Maple Trace Subdivision, the Willow-Tree development, Meijer, and Chipotle projects are not yet included in this forecast due to uncertainty of construction completion dates.

Calendar year 2023 was a reappraisal year for valuations by the Geauga County Auditor. Property value rate changes came in at a 23.8% increase in residential properties, which was higher than anticipated. The 2024 total valuations for the district are \$933,021,890. The effective millage rate has been adjusted to 28.33. The district is not on (or close to) the 20 mill floor.

House Bill 920 is a key factor in revenue generated from property tax. Each levy has a maximum amount of collections associated with the levy. For example, if a levy were to generate \$2 million dollars, it would remain fixed or constant at \$2 million dollars for the district no matter how high property valuations increase. In effect, the millage is reduced "effective millage" so that the dollar amount of revenue does not exceed the initial \$2-million-dollar amount. There is a small percentage of taxes (3.5 mill) that are collected on what is called "inside-millage". This amount does increase from year to year, showing a slight increase in taxes on the forecast. Inside-millage is not protected by House Bill 920 and revenue can decline if property values were to plummet.

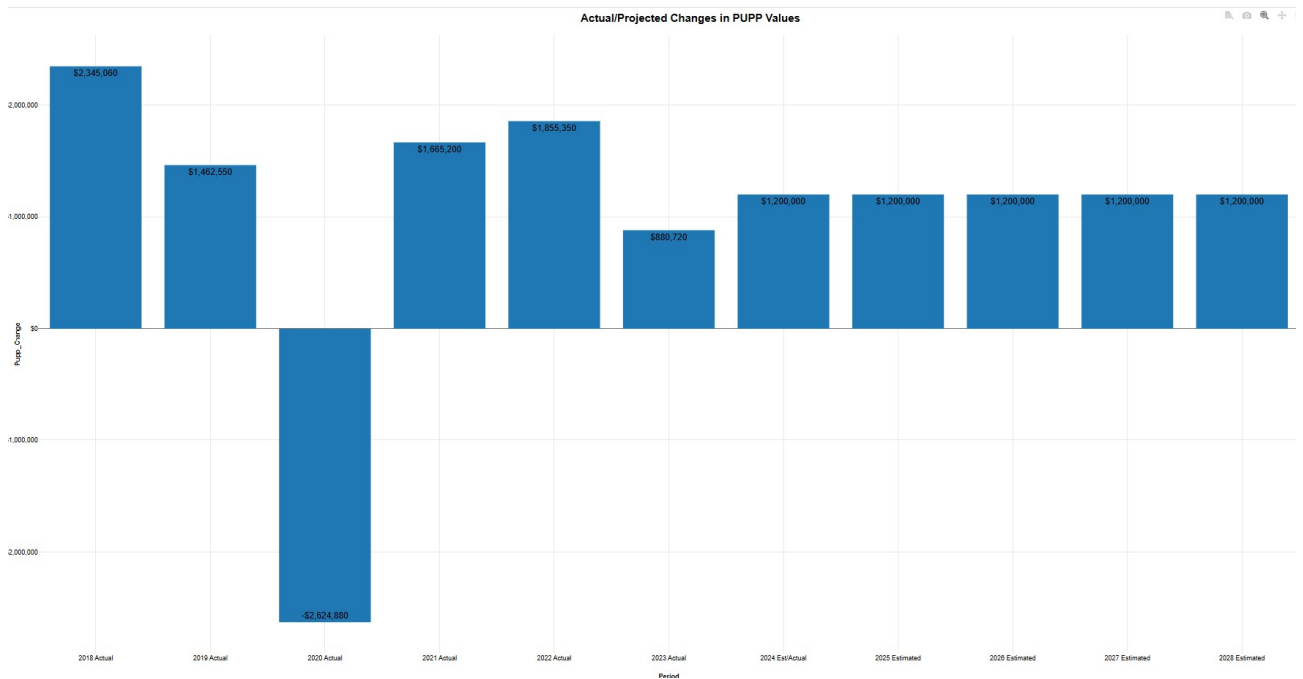


1.020 – Public Utility – Public Utility Personal Property Tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. The property is taxed at the full voted tax rate which in tax year 2024 is 77.68 mills.

The forecast is modeling an average gross collection rate of 100.17%. The revenue changed historically at an average annual dollar amount of \$366,052 and is projected to change at an average annual dollar amount of **\$153,807** through fiscal year 2029. The total amount anticipated in fiscal year 2025 is \$2,454,313.

The 100% model has not always been the case for Chardon Local Schools due to the Orwell Trumbull Pipeline. The Orwell Trumbull Pipeline filed for bankruptcy and the assets were sold separately from the liabilities. This issue is affecting all school districts that are associated with the pipeline. The Public Utility valuations were reduced by **\$2,624,880** after the 2020 Geauga County triennial appraisal and the Orwell Trumbull Pipeline values were completely removed. This reduction changed the Public Utility collection rate from 86.0% to its current state of 100% reducing any chance of revenue from the **\$2,624,880** in property valuations. In addition to the lost revenue, delinquent tax amounts are held at by the County Treasurer with amounts totaling \$5,717,007 (includes

interest and fees) for the Chardon taxing entities from Orwell Trumbull Pipeline. This revenue shortfall was not expected and ultimately promoted reconfiguration and the request for future tax levies.



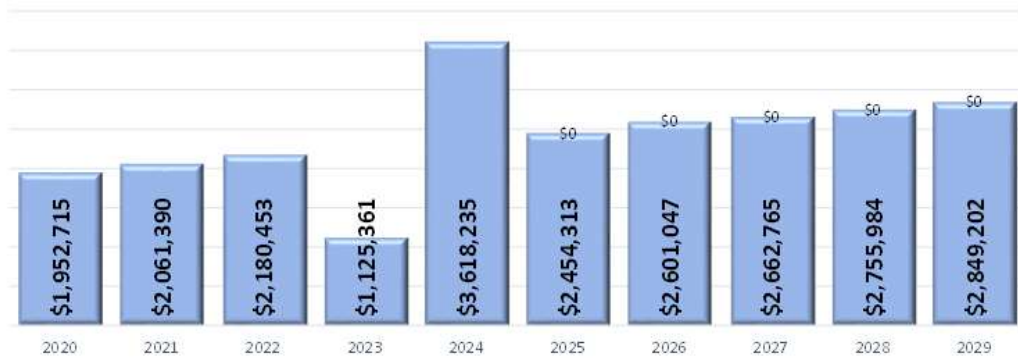
Chardon Local School District

1.020 - Public Utility Personal Property

Revenue generated from public utility personal property valuations multiplied by the district's full voted tax rate.



Public Utility Personal Property tax revenue accounts for 6.16% of total district general fund revenue.



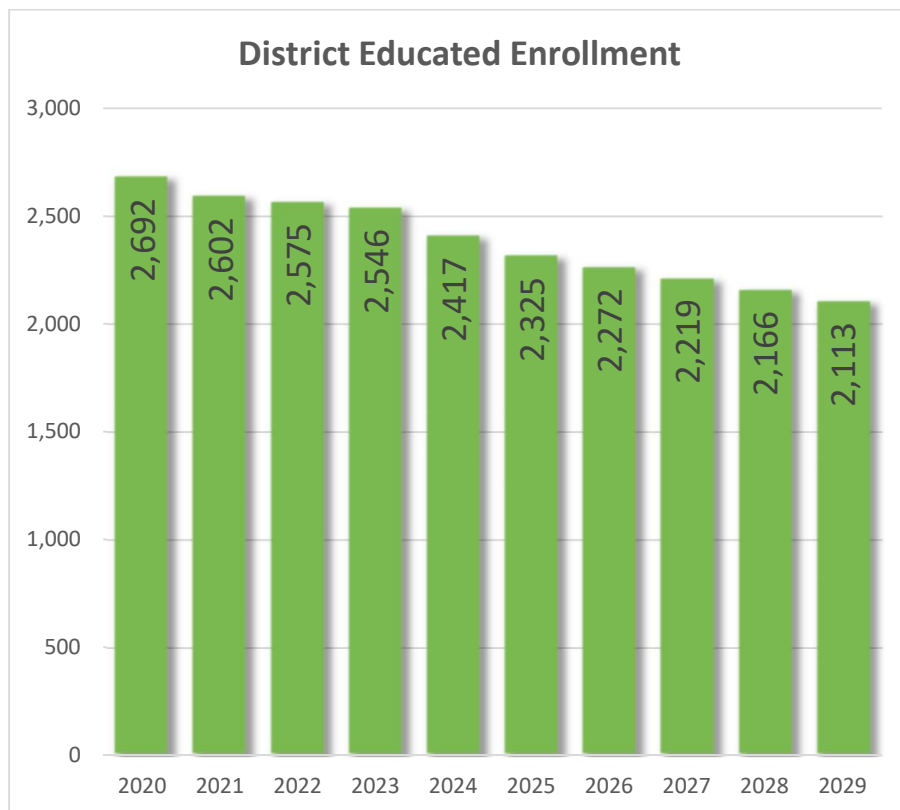
1.020 - Public Utility Personal Property Revenue

In addition, several public utility companies did not pay their taxes in fiscal year 2023 in time causing nearly \$1.1M into additional delinquent status. Fiscal year 2024 includes the payment of the \$1.1M in delinquent status from the utilities, but does not include revenue from the district share of the \$5,717,007 delinquent pipeline taxes until further instruction from the Geauga County Treasurer. This model does not take into consideration the possibility of increased valuations which may have resulted in the sale of the pipeline assets. Most of the assets were purchased by Northeast Ohio Gas which appears to be operating the pipeline.

1.030 – Income Tax – Chardon Local district does not have an income tax in place.

1.035 – Unrestricted Grants-in-Aid – Beginning in fiscal year 2022 the state legislatures adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates four components identified as necessary to the education process. The base cost is currently calculated for two years using a statewide average from historical actual data. For Chardon Local Schools the calculated base cost total is \$20,272,611 in fiscal year 2025. The state’s share of the calculated base cost total is \$1,875,744 or \$807 per pupil.

The FSFP also started funding students where they attended school. Therefore, district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts, which impacts the expense side of the forecast



1.035 – Chardon ADM - Number of Students

Unrestricted Revenue total for fiscal year 2025 is projected at \$5,722,971. This total includes Casino Tax, which averages \$64 per student in fiscal year 2025. With the changes in the funding formula, state revenue is projected to increase over the next two years even though the district is experiencing a decline in student ADM. The forecast includes a CFO adjusted trend calculation of the FSFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in FY 2025 which guarantees the district the same amount of funding as fiscal year 2020. If the state were to eliminate the guarantee the district would lose roughly \$2M per year creating an unexpected revenue shortfall. The assumption for this forecast is to remain on the guarantee for the next five years with slight increases in the phase-in process. The FSFP is approved through fiscal year 2025, the assumption is calculated based on the FSFP for a five-year period using 2022 base cost and moving to a 50.0% phase-in for fiscal year 2024 and a phase-in of 66.6% for the remainder of the forecast.

A slight increase is shown from actual 2024 to projected 2025 for increased projections for transportation.

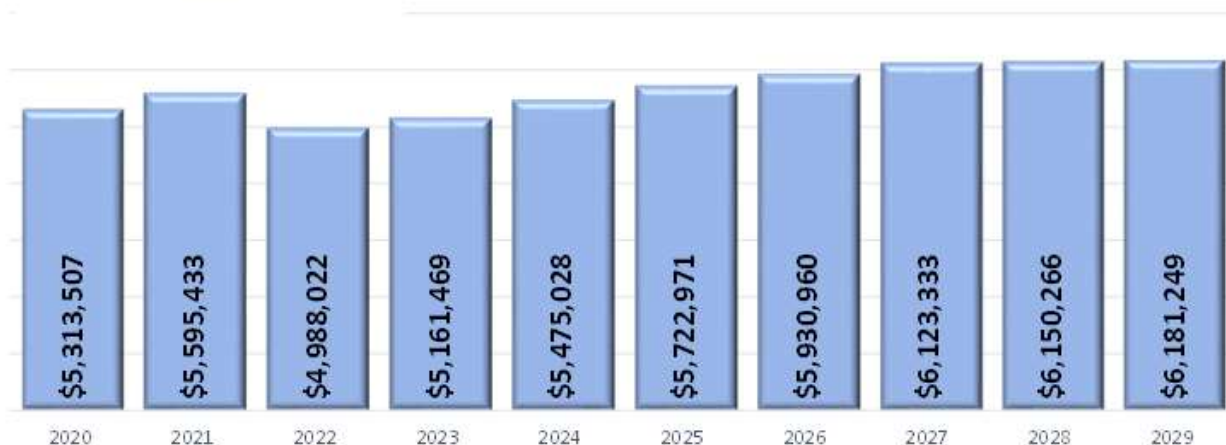
Chardon Local School District

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.



Unrestricted State Aid revenue accounts for 14.37% of total district general fund revenue.



1.035 – Unrestricted Grants-in-Aid Revenue

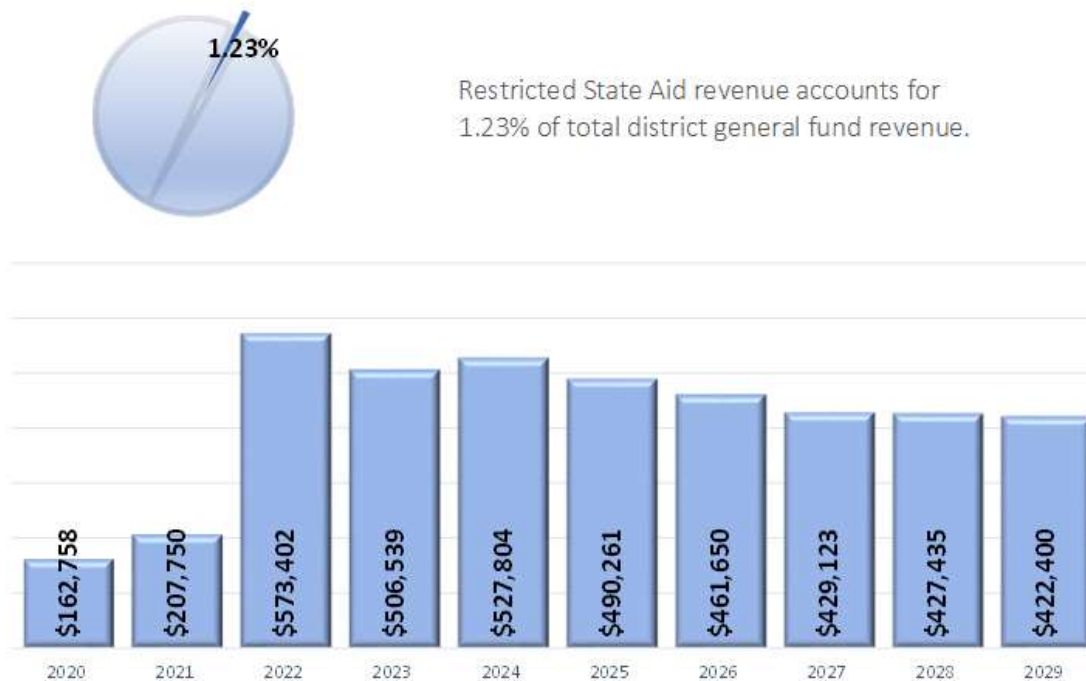
1.040 & 1.045 – Restricted Grants-in-Aid – Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically, the district's restricted state aid changed annually on an average by \$106,685 and is projected to change annually on average by **\$21,081**. Restricted funds represent 1.23% of the total revenue. Starting in fiscal year 2022 the district's Success and Wellness funding is considered restricted, the state's share of this funding is recorded as at \$120,987. This funding has implications on General Fund expenditures in that certain spending now occurring in a fund external to the General Fund could shift to the General Fund. The expenditures in this forecast (3.030) are adjusted to reflect this change. The total projected Restricted Grants-in-Aid for fiscal year 2025 is \$490,261 which is projected to continually decrease through fiscal year 2029.

Also included in restricted revenue is the Ohio Department of Education catastrophic special education reimbursements (changing to threshold costs), economically disadvantaged funding, and career tech funding. Threshold special education costs has nearly doubled since fiscal year 2022 and the assumptions is that this fund will decrease for the next five years. Threshold costs are divided among all the districts in the state, and are reduced as more districts apply for this funding.

Chardon Local School District

1.040 & 1.045 – Restricted Grants-in-Aid

Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



1.040 & 1.045 – Restricted Grants-in-Aid Revenue

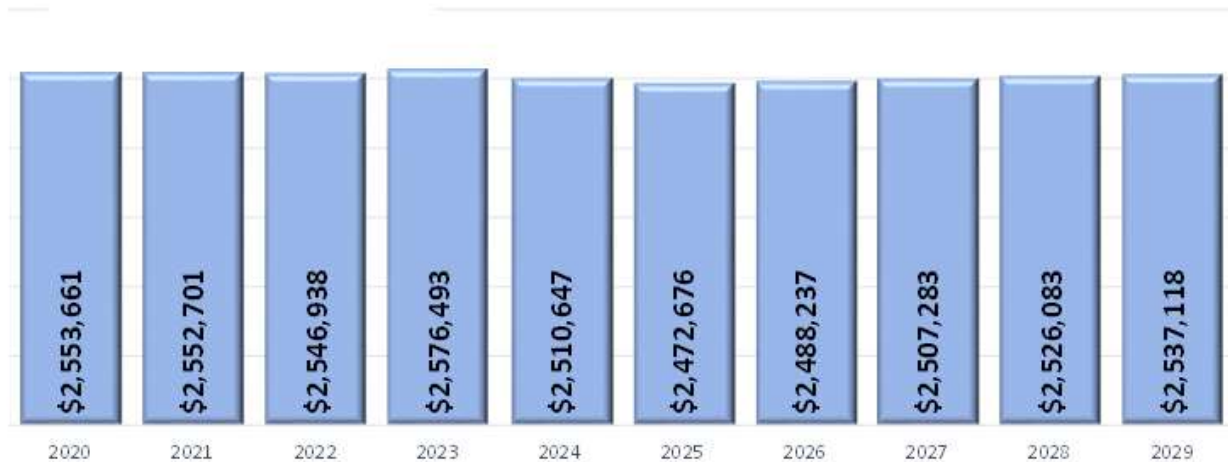
1.050 – State Share of Local Property Taxes – State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer’s tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In fiscal year 2025, approximately 9.0% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.6% will be reimbursed in the form of qualifying homestead exemption credits. A slight decrease has been noted in homestead exemption credits which has been holding steady since 2019. The forecasted projection for 2025 is \$2,472,676.

1.050 - State Share of Local Property Taxes

Includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback.



State Share of Local Property tax revenue accounts for 6.21% of total district general fund revenue.



1.050 – Property Tax Allocation Revenue

After dropping in 2025, this amount is expected to level off with variables countering possible increases and declines.

1.060 – All Other Operating Revenues – Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$251,921. The projected average annual change is **\$298,300** through fiscal year 2029. For fiscal year 2025 the projection is to end at \$2,950,216.

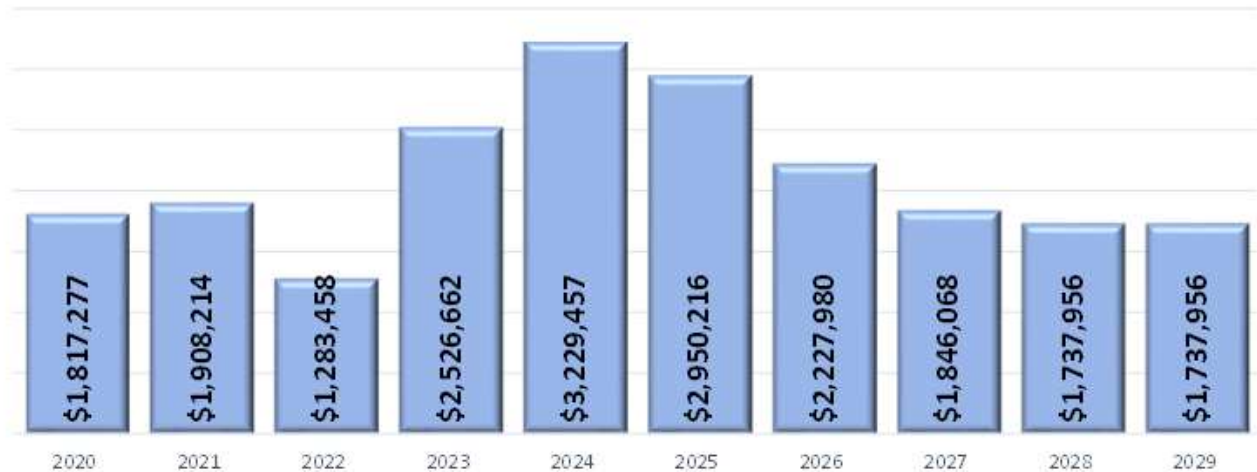
The assumption is that interest will hold steady through fiscal year 2025 and then decline each year for the next five years. Other Operating Revenue has fluctuated over the years but is typically never under a million dollars. The recorded increase from fiscal year 2023 to 2024 shows an increase in interest and investments of over \$700,000. In fiscal year 2025, interest and investments are showing a slight decline with the current interest rate in Star Ohio at 5.11%.

1.060 - All Other Operating Revenues

Operating revenue sources not included in other lines; examples include tuition, fees, earnings on investments, rentals, and donations.



All Other Revenue accounts for 7.41% of total district general fund revenue.



1.060 - All Other Operating Revenues

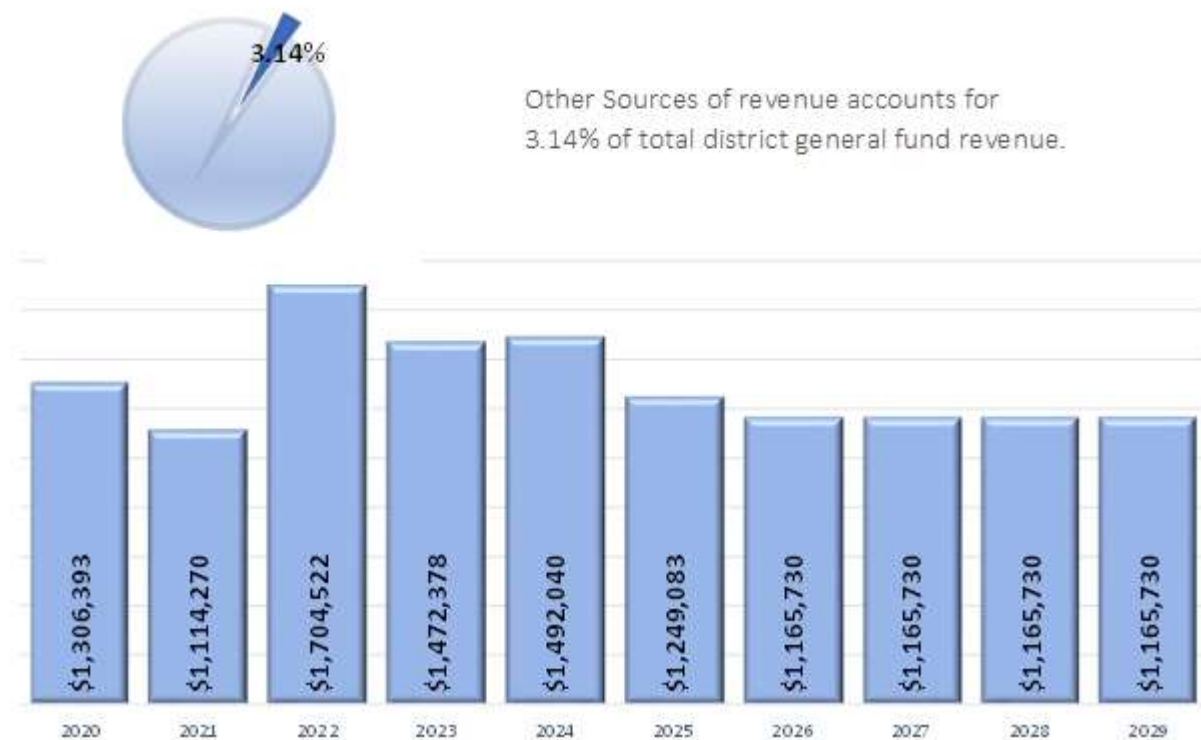
2.070 – Total Other Financing sources – Other sources include revenue that is generally classified as non-operating including transfers-in, advances-in, and all other financing sources like sale and loss of assets and refund of prior year expenditures. Advances-in are the repayment of temporary loans made from the General Fund to other district funds. In fiscal year 2025, the district received \$536,050 as advances-in from grant funds and the projection is \$475,000 in returned advances for fiscal year 2025. The district also receives other financing sources such as refund of prior year expenditures in this category. Transfers-in are transfers from other funds, or transfers within the General Fund. Preschool is an annual transfer within the General fund and averages \$690,730 for fiscal years 2025 through 2029. This inter-fund transfer helps us monitor the cost of preschool and reassures that running this service in-house is economical. The total amount

projected is \$1,249,083 in fiscal year 2025 and an average of \$1,165,730 annually through fiscal year 2029.

Increases shown in fiscal years 2020 through 2023 are due to ESSER grants, where the money is used first then reimbursed. To bring the accounts into compliance at year end a much larger advance was required, this advance was returned to the General Fund in the next fiscal year.

2.070 - Total Other Financing Sources

Includes proceeds from sale of notes, state emergency loans and advancements, operating transfers-in, and all other financing sources like sale and loss of assets, and refund of prior year expenditures.



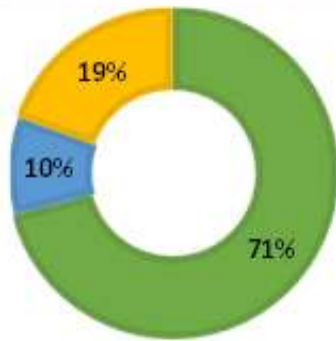
2.070 – Total Other Financing Sources Revenue

EXPENDITURES

Total expenditures increased 5.58% or \$1,932,046 annually during the past five-year period, and is projected to increase 2.53% or \$1,064,940 annually through fiscal year 2029. Capital Outlay has the largest projected average annual variance compared to the historical average at **\$803,914**.

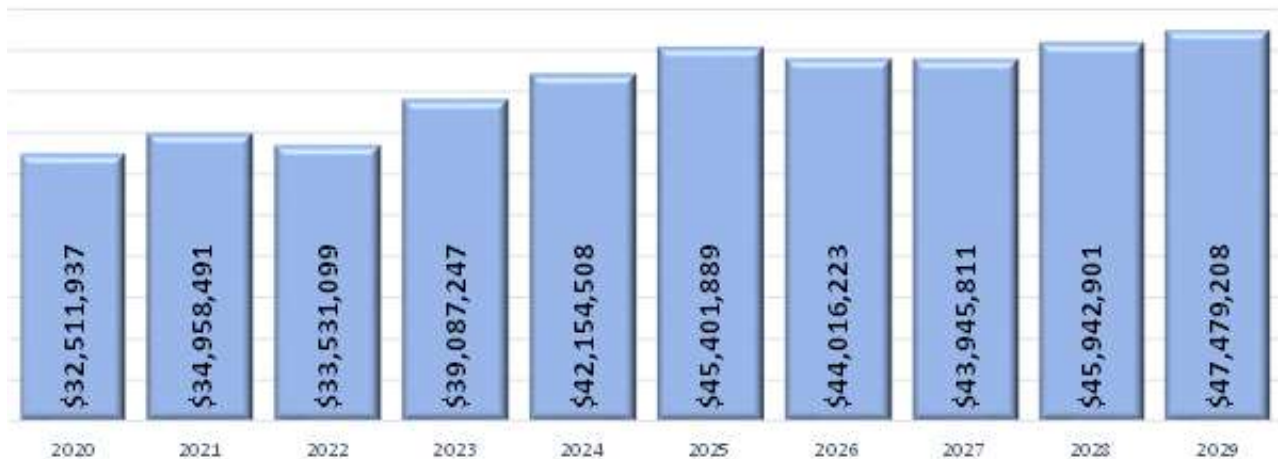
Year-Over-Year Dollar & Percent Change All Expenditures

Expenditure Categories



Personnel Costs	
Salaries	50.13%
Benefits	20.82%
Purchased Services	
	9.56%
All Other Expenditures	
Supplies, Capital, Debt, Other Obj	15.49%
Other Uses	4.01%

Annual Expenditures Actual + Projected



Expenditure Categories and Forecast Year-Over-Year All Expenditures

Total expenditures projected for fiscal year 2025 are \$45,401,899. Fiscal year 2025 shows an increase in expenditures due the negotiated contracts with both district unions, inflation within purchase services and supplies, additional text books, and Capital Outlay expenditures to cover \$4.1M of phase-one renovations for the Transportation/Business Affairs compound located on Washington Street in Chardon.

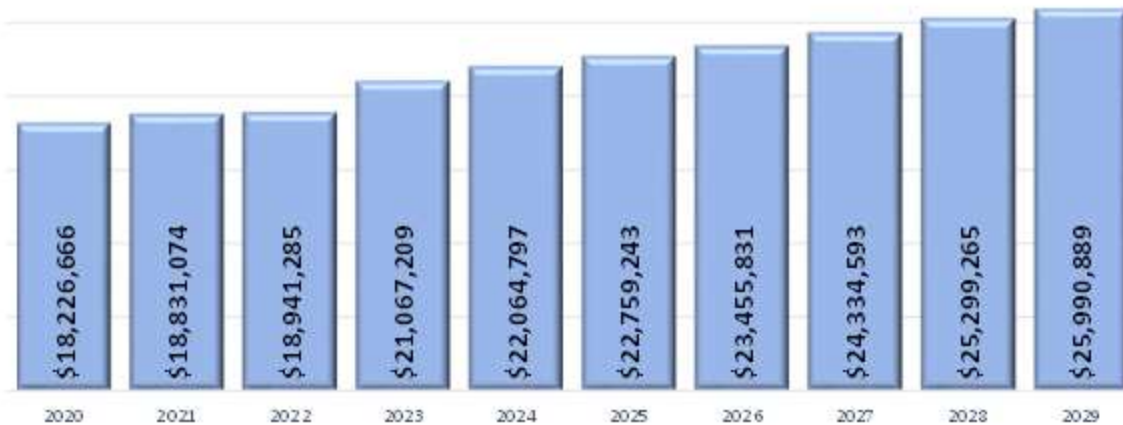
3.010 – Personnel Services – This line item represents employee salaries and wages, including extended time and non-athletic supplemental contracts. Salaries represent 50.13% of the total expenditures and have increased at a historical average annual rate of 4.20% or \$809,368. This category of expenditure is projected to grow at an annual average rate of 3.33% or \$785,218 through fiscal year 2029. The projected average annual rate of change is 0.87% less than the five-year historical annual average.

3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.

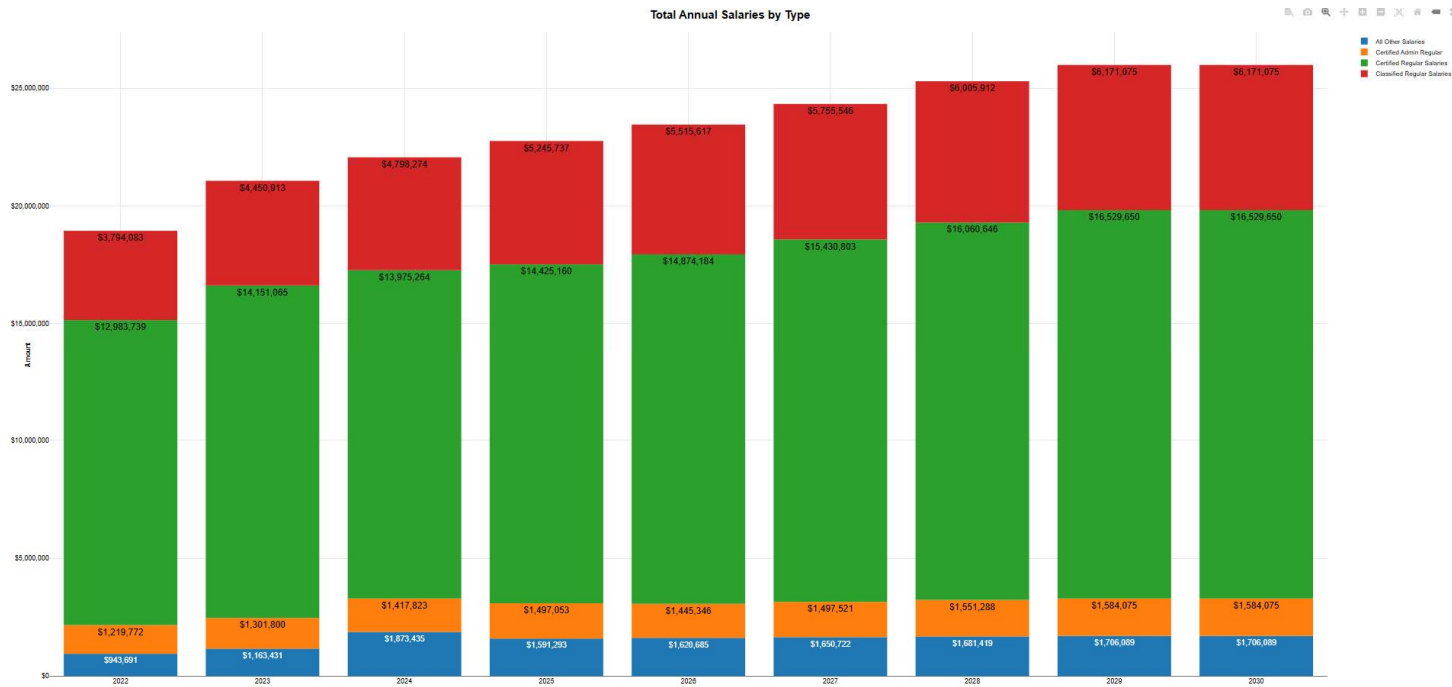


Salaries account for 50.13% of the district's total general fund spending.



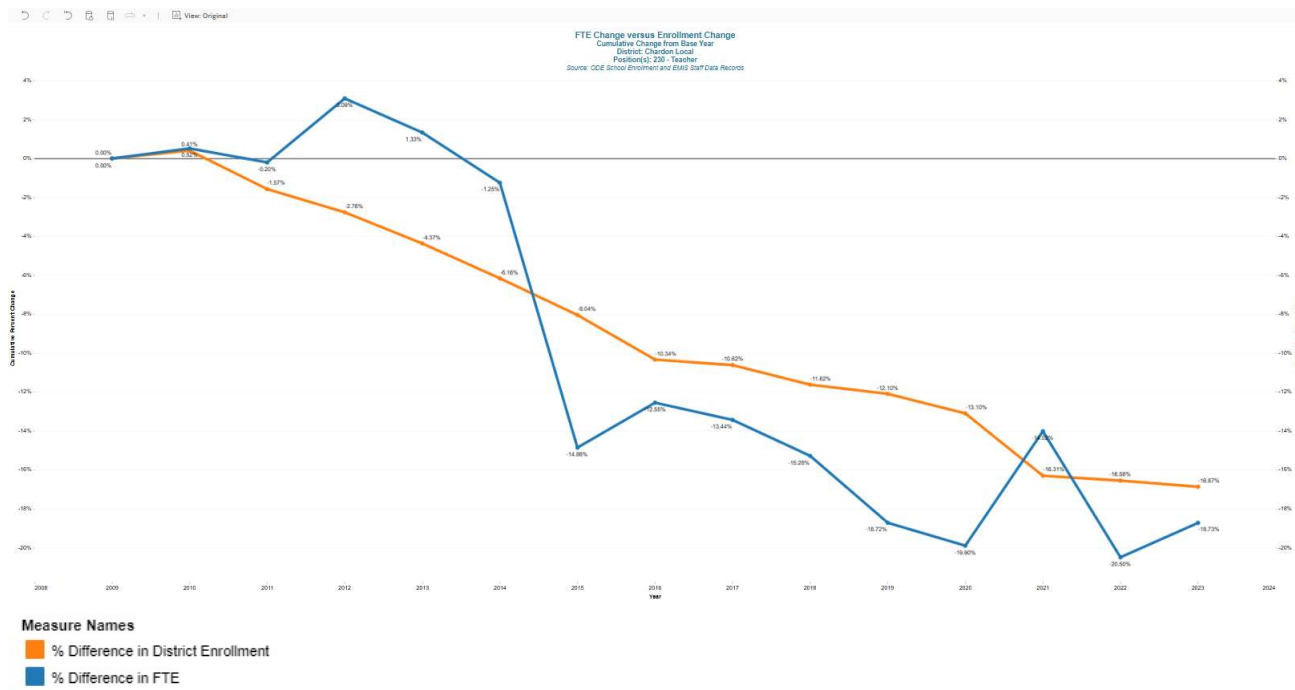
Year-Over-Year Dollar & Percent Change Personnel Services

The fiscal year 2025 estimate is \$22,759,243. This amount includes EPC retirement buyout incentive for certified teachers of \$500K, and the third of a three-year contract for both certified and classified staff at 2.25%. In addition, new three-year negotiated agreements have been ratified for both unions to include 2.6% in 2026, 2.6% for 2027, and 2.6% for 2028. These percentages have been included in this forecast. Fiscal year 2025 includes ODEW (Ohio Department of Education and Workforce) mandatory stipends for the Science of Reading professional training for teachers. Personnel Services continues to be the largest expenditure for Chardon Local Schools and the average teacher salary is in the middle range for Geauga County.



3.010 - Personnel Services Expenditures

Each year staffing is analyzed to make certain the district is running at the most efficient levels of staffing while maintaining a quality education for the students. As student ADM has declined so has the FTE (staff counts) within the district. Only in fiscal year 2021 was staff increased to maintain in-class instruction for the students during COVID-19 when many districts were remote.



3.010 – Staff Analysis per Student ADM

3.020 – Employee Benefits – Employee Benefits represent 20.82% of the total expenditures and increased at a historical average annual rate of 3.11%. This category of expenditure is projected to grow at an annual average rate of 5.80% through fiscal year 2029. The projected average annual rate is 2.69% more than the five-year historical annual average. The projection for fiscal year 2025 is \$9,452,240 and is expected to increase alongside salary increases through fiscal year 2029.

The self-insurance fund cash balance is currently at \$2,083,251 which is above the new reserve total for 2024 of \$1,866,769. Although this fund is not included in the General Fund, the purpose is to pay for medical and dental claims. The General Fund would be responsible to transfer into this fund if the funds were not sufficient to cover the costs. This is not a concern at this time.

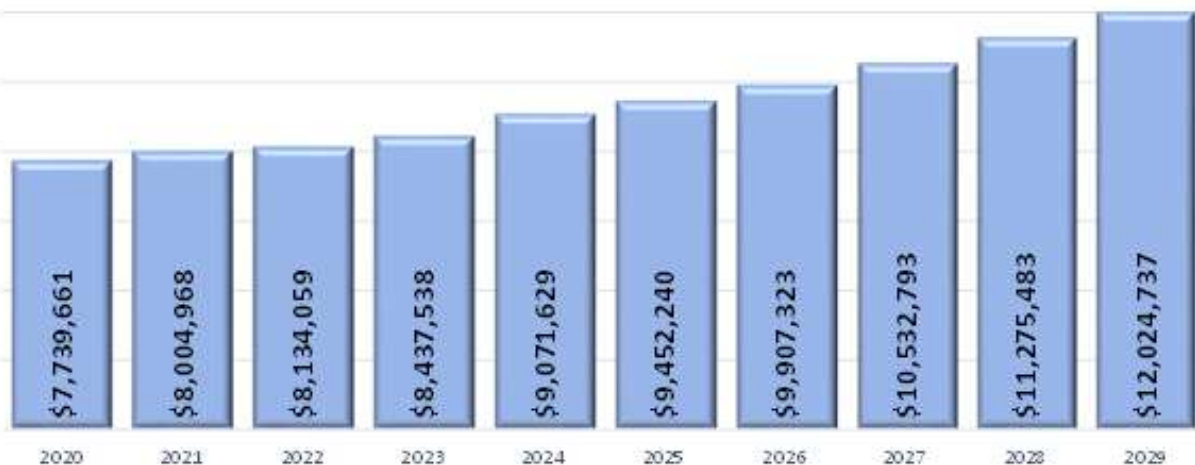
The Employee Benefit line item includes a total of employee insurances (health, dental, and life), Medicare, Worker's Compensation, and retirement costs for the district. The assumption includes a 5.0% increase for fiscal year 2025, a 7.0% increase for fiscal year 2026 and a 9.0% increase for fiscal years 2026 though 2029. This is a conservative estimate based on rising insurance costs.

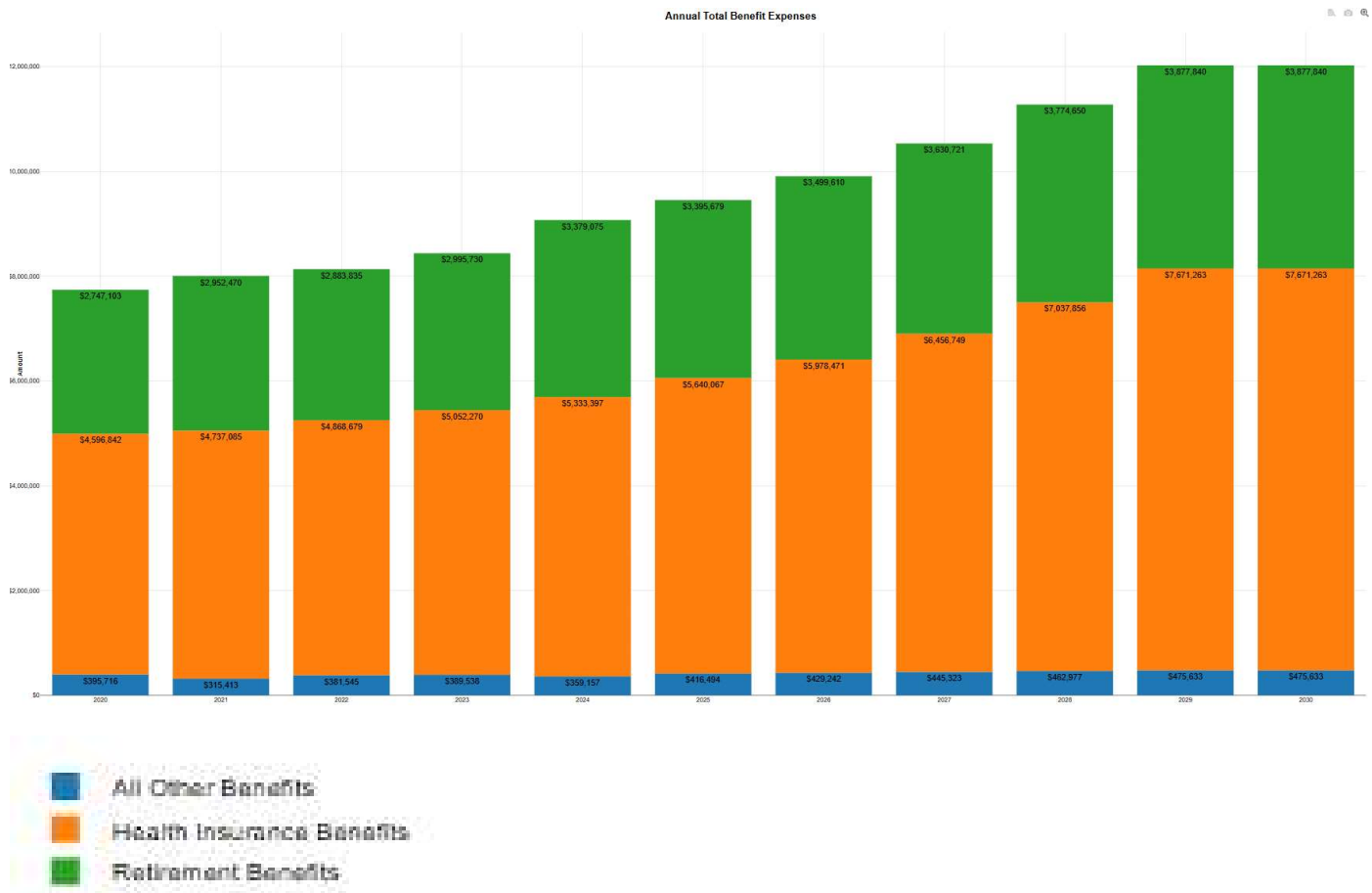
3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits account for 20.82% of the district's total general fund spending.





3.020 - Employee Benefits

3.030 – Purchased Services – Purchased Services represent amounts paid for personal services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utility costs and other services which the school district may purchase. Purchased Services represents 9.56% of the total expenditures and decreased at a historical average annual rate of 2.66%. This category of expenditure is projected to grow at an annual average rate of 1.77% through FY 2029.

Starting in 2022, the Fair School Funding Plane (State Funding) only accounted for the district educated enrollment, thereby reducing district tuition costs for open enrollment “out,” community schools, STEM, and scholarship students. This change resulted in lower district costs but also less per pupil state revenue since per pupil funding is now paid directly by the state to the district students attend.

3.030 - Purchased Services

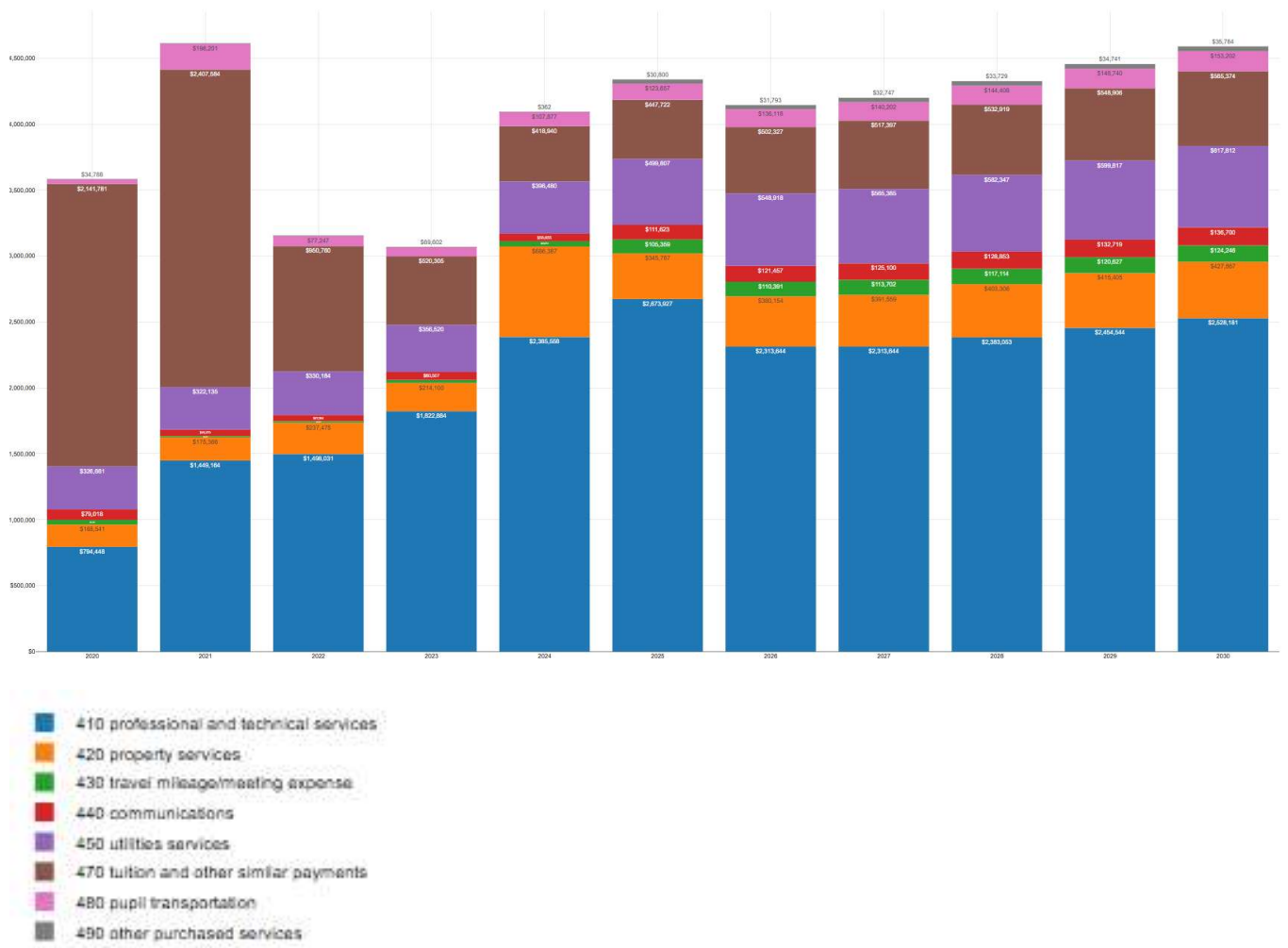
Amounts paid for services rendered by personnel who are not on the payroll of the school district, expenses for tuition paid to other districts, utility costs and other services which the school district may purchase.



3.030 - Purchased Services

The projection for fiscal year 2025 is \$4,338,680. This amount includes Student Success and Wellness expenditures that were moved to the General Fund as part of the FSFP formula, increased insurance costs, increased utilities, preschool, and increased special education support. In addition, fiscal year 2025 was reduced for the design of the Transportation/Business Affairs Compound that was paid for in 2024.

Each object code was reviewed with the Superintendent to allow for expenditures for continued program operations. The assumption for the five-year forecast includes all of the increases and decreases listed above along with a 3% increase to allow for inflation in this line item from 2026 through 2029.



3.030 - Purchased Services

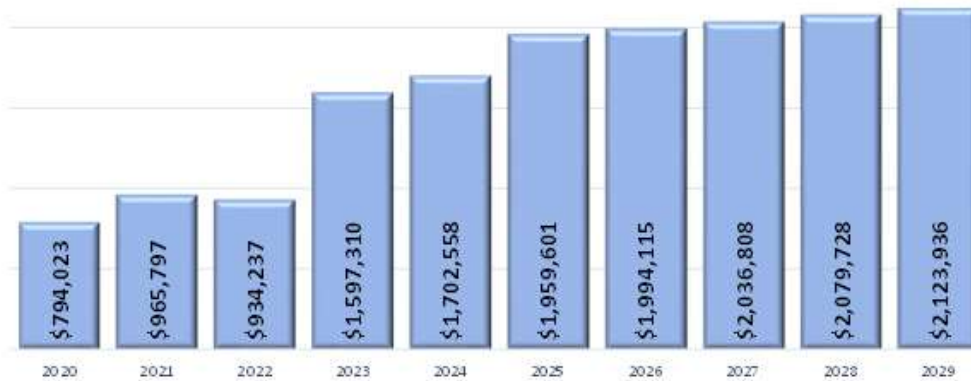
3.040 – Supplies & Materials – This line item represents expenditures for general supplies, instruction materials including textbooks, media material, bus fuel, tires, and all other maintenance supplies. Supplies and Materials represents 4.32% of the total expenditures and have increased at a historical average annual rate of 19.62%. This category of expenditure is projected to grow at an annual average rate of 4.65% through fiscal year 2029 to allow for inflation. The projected average annual rate of change is **14.97%** less than the five-year historical annual average.

3.040 - Supplies & Materials

Expenditures for general supplies, instructional materials including textbooks and media material, bus fuel and tires, and all other maintenance supplies.



Supplies and Materials account for 4.32% of the district's total general fund spending.

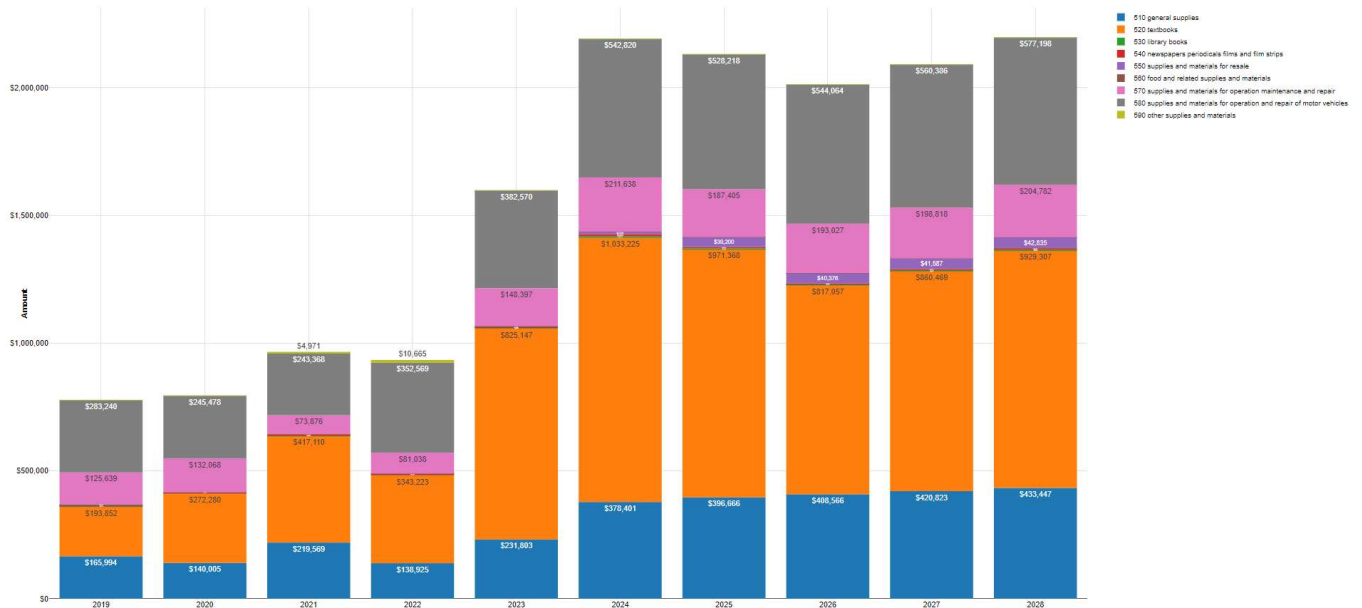


3.040 - Supplies and Materials

The fiscal year 2024 projection for this line item is \$1,959,601. Assumption increases expenditures from 2022 to 2023 to include increased costs of textbooks, auto parts for all vehicles, gas, and the moving of supplies for buildings from the Permanent Improvement Fund to the General Fund.

In 2023 classroom fees for supplies have been added to this line item, and all student fees district wide have been reduced. Supply fee reductions continue in fiscal year 2024 with continued relief of school fees, including no-cost for activities and athletics beginning in fiscal year 2024 through fiscal year 2029. The chart below notes the increases in the 510 object code to cover supplies in 2024, and an increase in 2025 to cover student workbooks that were previously paid from the 009 Fees fund. Also notable is the increase in object 580 which points to the purchase of the new Transportation BusRight software for tracking a student's bus, and increased auto fuel budgeted for fiscal years 2025 through 2029.

The purchase of textbooks for fiscal year 2024 had to be moved to fiscal year 2023 due to long lead times for delivery, this was a necessary adjustment to assure textbooks were in place for the 2023/2024 school year. The textbook plan moving forward will be more robust than this history shows to include electronic subscriptions and increased reviews for up-to-date materials to enhance the education of students. College Credit Plus class have been added to the High School curriculum for increased opportunities for students.



3.040 - Supplies and Materials

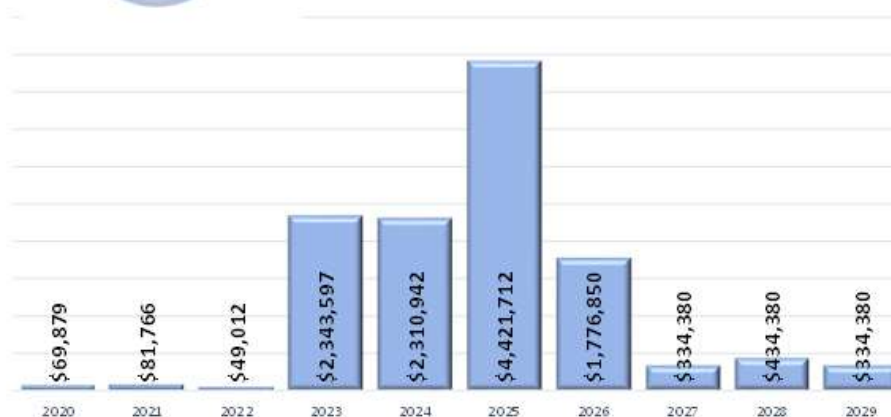
3.050 – Capital Outlay – This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, and furnishings. Capital Outlay represents 9.74% of the total expenditures and increased at a historical average annual amount of \$408,602. This category of expenditure is projected to decrease at an annual average rate of \$395,312 through fiscal year 2029.

3.050 - Capital Outlay

This line includes expenditures for items having at least a five-year life expectancy, such as land, buildings, improvements of grounds, equipment, computers/technology, furnishings, and buses.



Capital Outlay account for 9.74% of the district's total general fund spending.



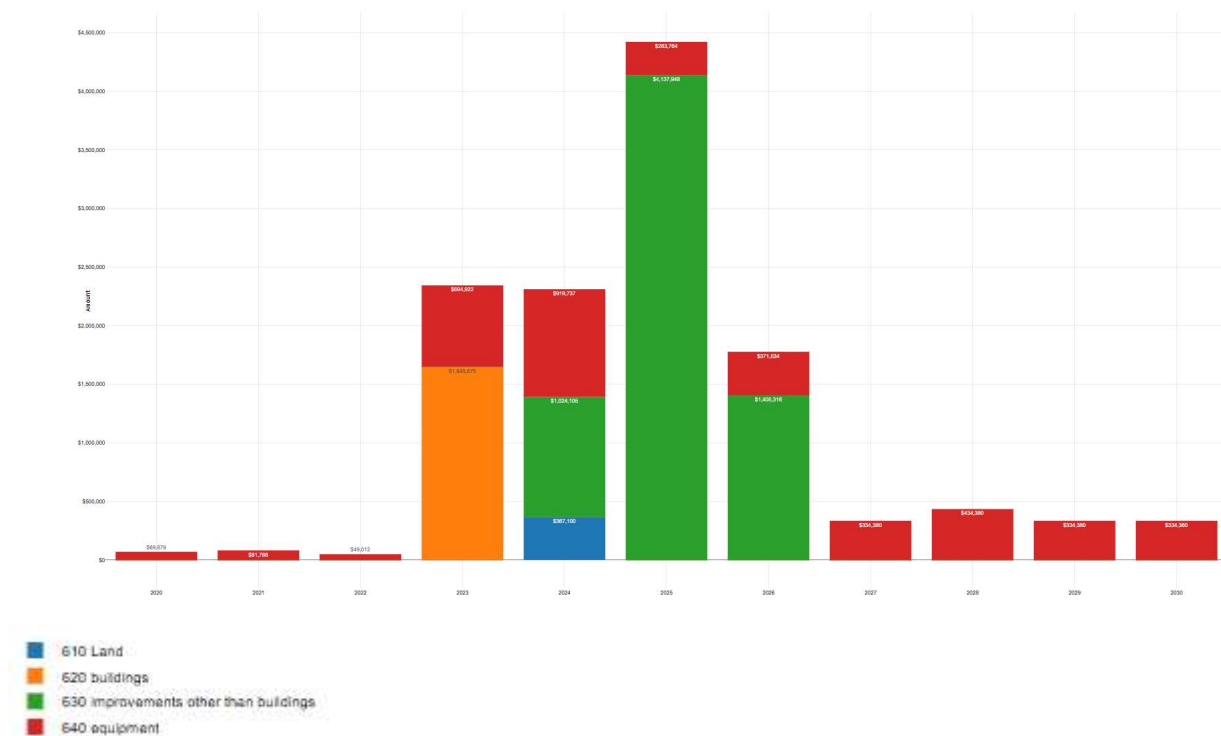
3.050 - Capital Outlay

Grant Funds were used to purchase Chromebooks for fiscal years 2021 and 2022 which explains the decline in the graph below for these years. Chromebooks are planned to be purchased from the 023, Chromebook Insurance Fund, for fiscal year 2024. The assumption for 2025 through 2029 includes the purchase of Chromebooks for all students (1:1) from this line item.

Also in fiscal year 2023, the district approved property acquisitions on Washington Street. This acquisition will allow Chardon Schools to pursue a multi-year relocation project that consolidates the district's transportation and maintenance operations from the high school campus, and Business Affairs offices from the Hambden campus to one shared location at 400 Washington Street. Fiscal year 2025 includes an estimated \$4.1M to cover site work and phase one of this project. Fiscal year 2026 includes \$1.4M of projected funding to aid in the completion of this project.

Fiscal year 2025 includes a district update to the outdated phone system in the amount of \$50K. In 2028 a budget is included within this line item to upgrade district network technology.

The projected amount for Capital Outlay for fiscal year 2025 is \$4,421,712. The assumption for this forecast is to remove the additional capital improvement projects from the General Fund by fiscal year 2027 and forecast them within the Permanent Improvement fund to use the one mill of inside-mill explained under Property Taxes above.



3.050 - Capital Outlay

4.300 – Other Objects – Primary components for this expenditure line are membership dues and fees, Educational Service Center contract deductions, County Auditor/Treasurer fees, and audit expenses. Other objects represent 1.43% of the total expenditures and increased at a historical average annual rate of 2.68%. This category of expenditure is projected to grow at an annual average rate of 3.80% through FY 2029. This includes a 3.0% cost-of-living increase in this line item from 2026 through 2029.

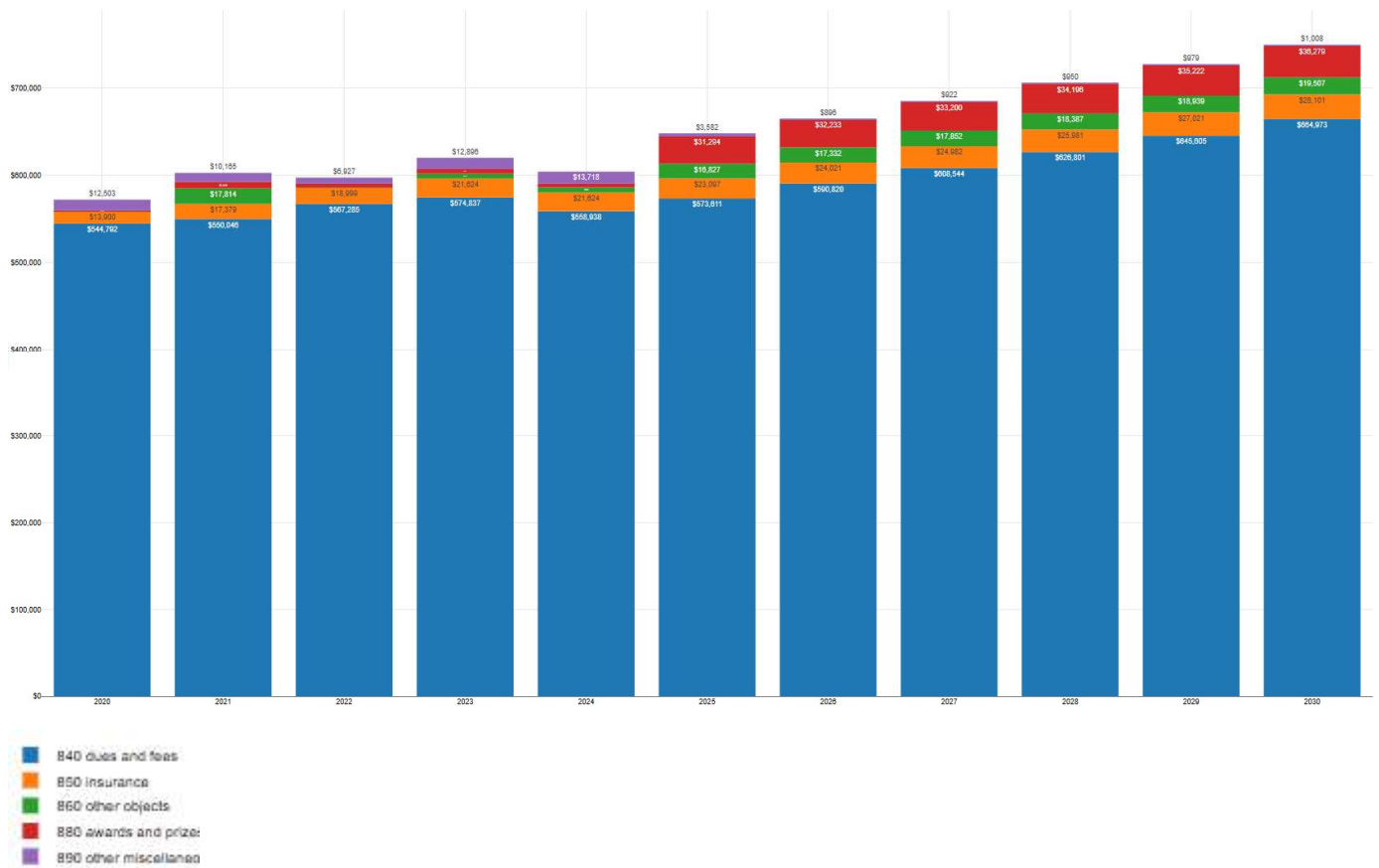
4.300 - Other Objects

Primary components for this expenditure line are membership dues and fees, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election expenses.



4.300 – Other Objects

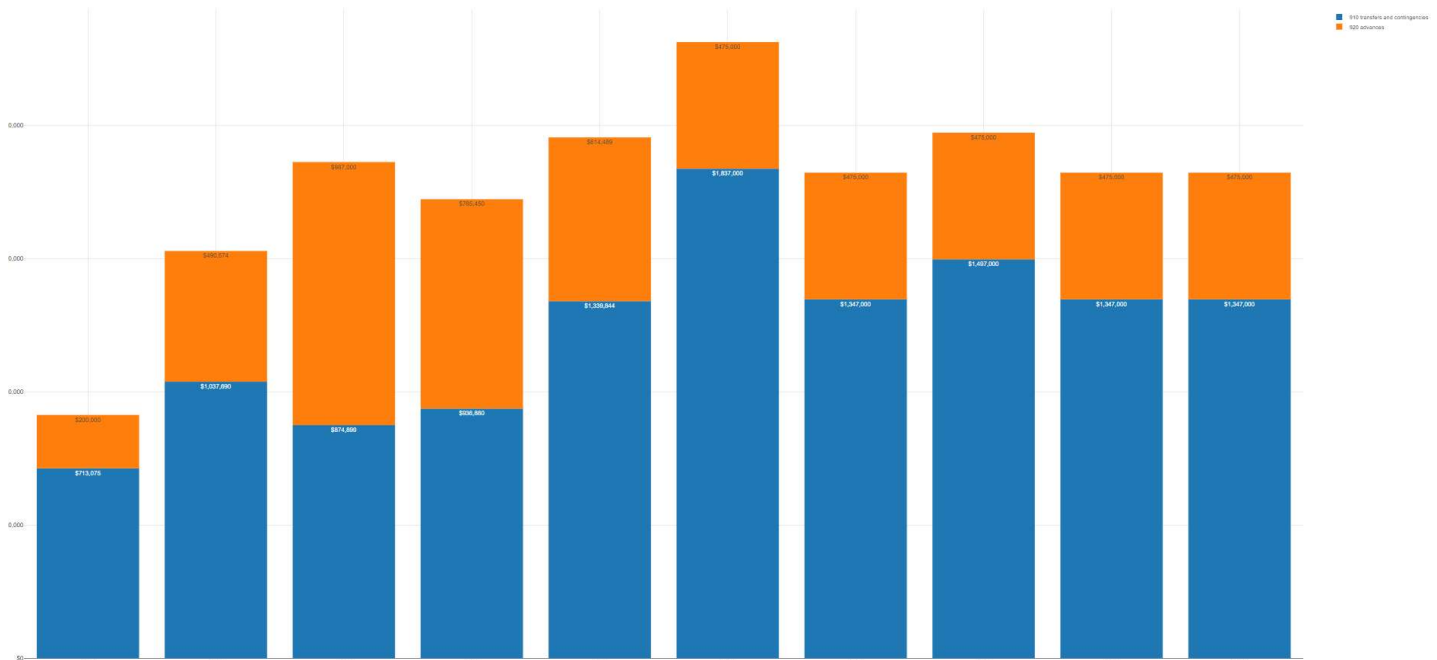
The assumption includes increased charges in fiscal year 2024 for fees, including County Auditor fees in the amount of \$457,037 to collect district Property tax for fiscal year 2024. Bank fees are recorded in this line item and have dropped from fiscal year 2023 through fiscal year 2025 due to the reduction of student fees. Added for fiscal year 2025 is a robust awards and prizes plan to offer recognition to staff and students. The assumption is for this plan to continue through fiscal year 2029.



4.30 - Other Objects

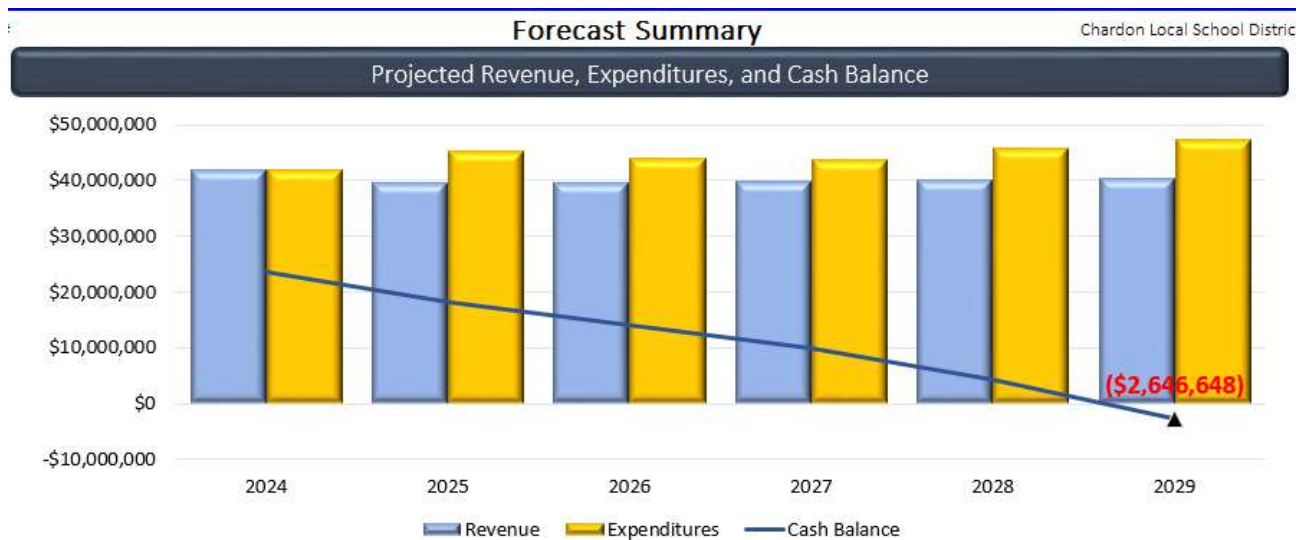
5.010 to 5.040 – Total Other Financing Uses – Other uses include expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the General Fund from the other district funds. Other uses are a combination of transfers-out and advances-out of the General Fund to other district funds. Projected transfers for 2025 are total \$1,347,000. This amount is scheduled for the athletic fund, and an inter-fund transfer to preschool. Advances are assumed at \$475,000 starting in fiscal year 2026 for the grant accounts to bring them into a positive status prior to the end of the fiscal year. Advance amounts are paid back to the General Fund at the beginning of the next fiscal year.

The transfer amounts were increased in 2023 for athletics to allow for the reduction of athletic fees where a High School sport was \$150 each. Drama and Band remained at \$100 each, and a Middle School sport was reduced to \$100 each. This reduction is continued in 2024 where Drama, Band, Middle School sports and High School sports are budgeted at no cost to the student and will be included in this transfer. This forecast includes “no fees” through fiscal year 2029. There is a scheduled transfer of \$250K to the Severance account in 2026.



5.040 - Total Other Financing Uses

Ending Cash Balance – the projected ending cash balance for this model is **\$4,631,556** with a reduction to **\$4,131,556** with open purchase orders (encumbrances). The assumptions mirror expenditures to the district Success Plan to achieve district goals in each category. Personnel Services has the largest increase with the approval of three-year term agreements with both classified and certified unions. Benefits are the second largest expenditure followed by purchase services.



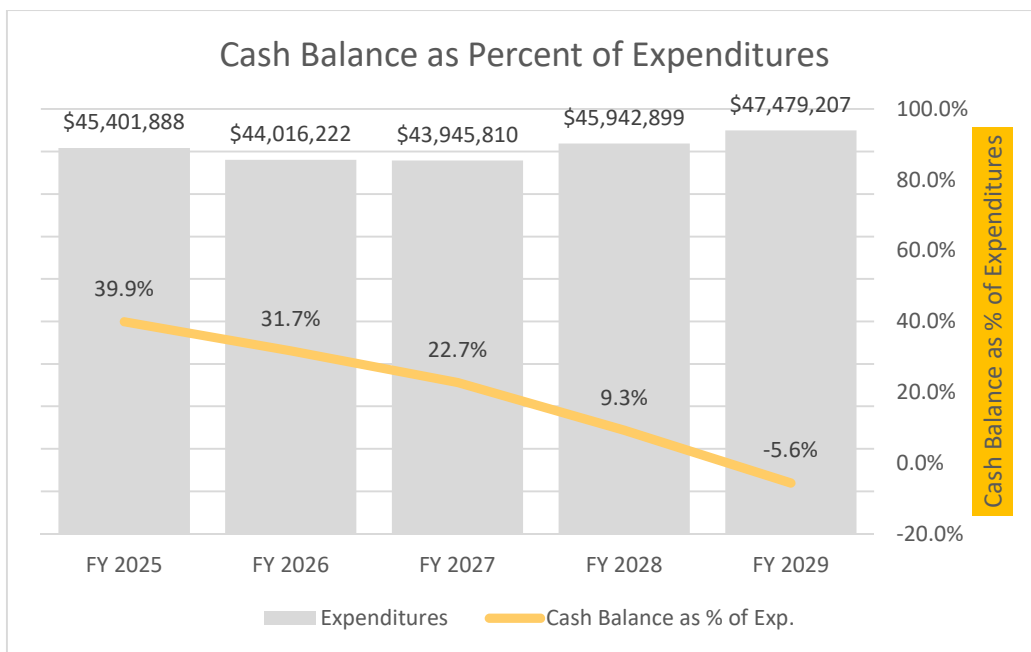
7.010 – Ending Cash Balance

This model shows that deficit spending will continue to occur in 2025 in the amount of **\$5,570,220**. This occurs when expenses are larger than revenue for the given year. Deficit spending continues to occur through 2029. Expenditures have increased in

Salaries, Benefits, Purchase Services, Supplies, Capital Outlay, and Other Expenses. Inflation and supply chain demands are built into this model for all five years.

Chardon Local School districts primary form of revenue is property tax, and unlike other government offices the school district does not collect sales tax or income tax. Sales tax and income tax have been increasing with the current economy due to inflation and increased wages. Possible catastrophic changes to this forecast can occur with the state legislation, or with a reduction in state funding during this forecast cycle. Projections are not included in this forecast due to uncertainty of legislative changes.

Future levy projections for this forecast model indicate an operating levy may be needed by the end of fiscal year 2028 to continue with the current levels of quality education for our students.



Days Cash on Hand - Current Compared to Prior Forecast



Days cash on hand is forecasted to decline, and is similar to the prior forecast trend.

**based on 365 days*

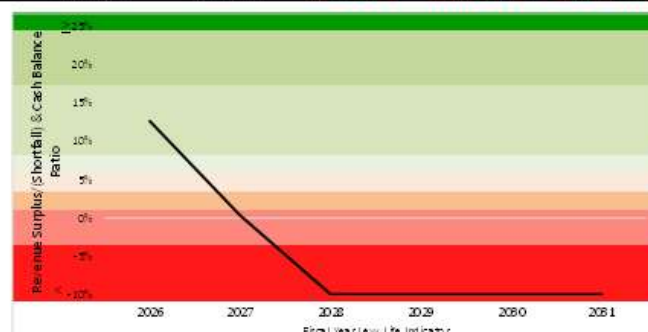
7.010 – Ending Cash Balance

Base Forecast From 5Cast	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031
Beginning Balance	23,696,999	18,126,780	13,951,986	9,992,555	4,295,359	(2,646,643)	(11,168,294)
+ Revenue	39,831,669	39,841,428	39,986,379	40,245,703	40,537,205	40,824,034	41,126,856
+ Proposed Renew/Replacement Levies	-	-	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-	-	-
- Expenditures	45,401,888	44,016,222	43,945,810	45,942,899	47,479,207	49,345,685	51,317,710
= Revenue Surplus or Deficit	(5,570,219)	(4,174,794)	(3,959,431)	(5,697,196)	(6,942,002)	(8,521,651)	(10,190,854)
Ending Balance	18,126,780	13,951,986	9,992,555	4,295,359	(2,646,643)	(11,168,294)	(21,359,148)
Revenue Surplus or Deficit w/o Levies	(5,570,219)	(4,174,794)	(3,959,431)	(5,697,196)	(6,942,002)	(8,521,651)	(10,190,854)
Ending Balance w/o Levies	18,126,780	13,951,986	9,992,555	4,295,359	(2,646,643)	(11,168,294)	(21,359,148)

Base Forecast From 5Cast

The district is projected to spend \$6,942,002 more than its revenue in FY 2029, which is a shortfall of -14.62% of revenue. The district's cash balance is projected to be -\$2,646,643 in FY 2029 or -5.57% of the budget that year.

With the levy scenario proposed the district's levy life indicator is presented to the right. A next levy would likely need to be considered in tax (calendar) year 2027 to impact FY 2028 in time to maintain a cash balance of approximately 10% or more of spending.

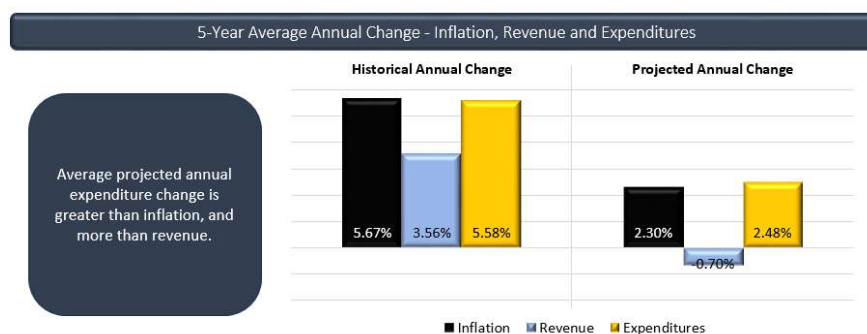


Levy Indicators

The district is projected to spend \$6,942,002 more than its revenue in Fiscal Year 2029, which is a shortfall of **14.62%** of revenue. The district's cash balance is projected to be a negative **\$2,646,643** in fiscal year 2029 or **5.57%** of the budget that year.

The district's levy life indicator resulting from the base forecast is shown above. A next levy would likely need to be considered in tax (calendar) year **2027** to impact Fiscal Year 2028 in time to maintain a cash balance of approximately 10% or more of spending.

In conjunction with increased expenditures, Chardon receives minimal revenue increases due to House Bill 920. A projected decrease in revenue is included in this forecast of **.70%** (\$300,003 annually) through fiscal year 2029 due to the reduction of 1 mill of inside millage that was moved to the PI fund. The revenue projection does include a slight increase in 3.5 millage of inside mill, increased state funding, and interest on investments through fiscal year 2029.



Average projected annual expenditure change is greater than inflation, and more than revenue.

CPI (Inflation) Source: Federal Reserve Bank of St. Louis (September 23, 2024)
<https://alfred.stlouisfed.org>

Historical Annual Change – Projected Annual Change

The Board of Education at Chardon Local Schools continues to analyze all funds to determine the effects of the economy and/or any direct impacts on the financial picture. The Board of Education also carefully analyzes each expenditure category to assure funds are expended in an effective and efficient manner.

Chardon Local School District will provide an updated five-year forecast if conditions should vary significantly from this model and assumptions.

Chardon Local School District

Five Year Forecast

November Fiscal Year

Fiscal Year:	Actual	FORECASTED				
	2024	2025	2026	2027	2028	2029
Revenue:						
1.010 - General Property Tax (Real Estate)	25,184,411	24,492,149	24,965,824	25,252,077	25,482,249	25,643,550
1.020 - Public Utility Personal Property	3,618,235	2,454,313	2,601,047	2,662,765	2,755,984	2,849,202
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	5,475,028	5,722,971	5,930,960	6,123,333	6,150,266	6,181,249
1.040 - Restricted Grants-in-Aid	527,804	490,261	461,650	429,123	427,435	422,400
1.050 - State Share-Local Property Taxes	2,510,647	2,472,676	2,488,237	2,507,283	2,526,083	2,537,118
1.060 - All Other Operating Revenues	3,229,457	2,950,216	2,227,980	1,846,068	1,737,956	1,737,956
1.070 - Total Revenue	40,545,582	38,582,586	38,675,698	38,820,649	39,079,973	39,371,475
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	744,992	690,730	690,730	690,730	690,730	690,730
2.050 - Advances-In	614,489	536,050	475,000	475,000	475,000	475,000
2.060 - All Other Financing Sources	132,559	22,303	-	-	-	-
2.070 - Total Other Financing Sources	1,492,040	1,249,083	1,165,730	1,165,730	1,165,730	1,165,730
2.080 - Total Rev & Other Sources	42,037,622	39,831,669	39,841,428	39,986,380	40,245,703	40,537,205
Expenditures:						
3.010 - Personnel Services	22,064,797	22,759,243	23,455,831	24,334,593	25,299,265	25,990,889
3.020 - Employee Benefits	9,071,629	9,452,240	9,907,323	10,532,793	11,275,483	12,024,737
3.030 - Purchased Services	4,092,532	4,338,680	4,144,802	4,199,736	4,325,728	4,455,500
3.040 - Supplies and Materials	1,702,558	1,959,601	1,994,115	2,036,808	2,079,728	2,123,936
3.050 - Capital Outlay	2,310,942	4,421,712	1,776,850	334,380	434,380	334,380
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	604,392	648,412	665,301	685,500	706,315	727,765
4.500 - Total Expenditures	39,846,850	43,579,888	41,944,222	42,123,811	44,120,900	45,657,207
Other Financing Uses						
5.010 - Operating Transfers-Out	1,771,607	1,347,000	1,597,000	1,347,000	1,347,000	1,347,000
5.020 - Advances-Out	536,050	475,000	475,000	475,000	475,000	475,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	2,307,657	1,822,001	2,072,001	1,822,001	1,822,001	1,822,001
5.050 - Total Exp and Other Financing Uses	42,154,508	45,401,889	44,016,223	43,945,811	45,942,901	47,479,208
6.010 - Excess of Rev Over/(Under) Exp	(116,886)	(5,570,220)	(4,174,795)	(3,959,432)	(5,697,198)	(6,942,002)
7.010 - Cash Balance July 1 (No Levies)	23,813,885	23,696,999	18,126,778	13,951,983	9,992,551	4,295,354
7.020 - Cash Balance June 30 (No Levies)	23,696,999	18,126,778	13,951,983	9,992,551	4,295,354	(2,646,648)
		Reservations				
8.010 - Estimated Encumbrances June 30	284,127	500,000	500,000	500,000	500,000	500,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	23,412,872	17,626,778	13,451,983	9,492,551	3,795,354	(3,146,648)
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	23,412,872	17,626,778	13,451,983	9,492,551	3,795,354	(3,146,648)
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	23,412,872	17,626,778	13,451,983	9,492,551	3,795,354	(3,146,648)