CHARDON LOCAL SCHOOLS

AUGUST 2026 ASSUMPTIONS FOR FISCAL YEAR 2027

**Financial Summary**

The Chardon Local Schools August 2026 Forecast is directly aligned with the district's 2023–2028 Success Plan, adopted in January 2023. The financial concentration supports the established goals in five key areas:

- **Safety and Security**
- **Facilities and Operations**
- **Communications**
- **Resources and Fiscal Responsibilities**
- **Engaged Student Learning**

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**Purpose of the Three-Year Forecast**

The Ohio Department of Education (ODE) requires the Three-Year Forecast to achieve the following objectives:

1. **Strategic Planning:** To actively involve the local Board of Education and the community in long-term strategic planning across various business functions, providing a robust, data-driven foundation for major decisions.
2. **Statutory Compliance:** To serve as the basis for determining the school district's ability to sign the "412 Certificate" required by O.R.C., 5705.412.
3. **Risk Identification:** To provide a method for the Department of Education and the Auditor of State to identify school districts with potential financial problems early on.

## Forecasting Disclaimer and Intent

It is crucial to understand that the Three-Year Forecast is an ESTIMATE. It is built on current factors and historical trends, which are then extrapolated into projections for subsequent years.

Forecast variables can change multiple times throughout the Fiscal Year. While continuous cash flow monitoring helps to identify unexpected variances, no forecasting process is guaranteed. The primary intent is to provide a clear financial trend over time and serve as a roadmap for decisions aimed at ensuring the district's long-term financial sustainability and stability.

This three-year forecast is based solely on the information available at the time of its creation and is **subject to change** with any considerable shift in the economy.

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## Fair School Funding Plan (FSFP) and State Revenue

The forecast is based on the Fair School Funding Plan (FSFP), which Ohio adopted starting in Fiscal Year (FY) 2026 and continues to implement with increasing phase-in.

- **Base Cost Data:** The per-pupil base cost calculations were updated in FY 2024, moving from FY 2018 cost data to FY 2022 cost data. These FY 2022 levels remain the basis for the base inputs in the FY 2026–2027 biennial years.
- **Performance Increases:** Additional revenue related to improvements on the **District Report Card** is included.
- **Guarantee District:** The district is classified as a guarantee district, meaning its state funding is protected at a certain level.
- **Updates:** These estimates will be updated as new information becomes available.

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## Tax Revenue, Expenditures, and Cash Balances

Several factors have led to a stronger projected cash balance than previously anticipated:

### Revenue Updates

- **Tax Collections:** Tax revenue collections are currently estimated at a collection rate of **101.32%** for calendar year 2025 (up from the Geauga County Auditor's

certified rate of 98.0%), showing increased revenue for the district. The district's long-term trend remains a three-year average of 100.99%.

- Interest Income: Interest yielded 4.4% in 2025 and dropped to 3.84% by the end of January 2026, and has slightly increased to 3.86% in July 2026.
- **HB335:** In Ohio, some school districts (not Chardon Local Schools) are at the "20-mill floor," meaning their tax rates cannot drop any lower regardless of how much property values rise. HB 335 introduces a mechanism to prevent taxes from skyrocketing in these districts during a reappraisal year.

  **How it works:**

  - **Look Back:** The state looks at the inflation rate (specifically the Consumer Price Index) over the three years leading up to a county's property reappraisal.
  - **Compare Growth:** If property values in your district grew significantly faster than that three-year inflation average, the bill applies a tax credit.
  - **The Result:** The credit lowers the tax bill for the homeowner, but the school district loses that revenue. **The state does *not* pay the school back for the difference**.

  Calculations are included from 2027 through 2031 for reduced tax revenue to account for HB335 on inside mill for Chardon Local Schools.

**Expenditure Focus**

Expenditures remained within budget, focusing on essential areas, including:

- Educational Opportunities
- Staffing and Benefits
- Safety and security
- Facilities and operations

Specific changes from the May 2026 forecast include increased revenue related to moving one (1) mill of inside mill from the Permanent Improvement Fund (003) to the General Fund 001. Additional changes in revenue include reduction of interest as the cash balance declines, increased supplies for Social Studies and Science books in FY 2027, and reduced expenses for transfers out of the General Fund with some student fees added back in FY 2027

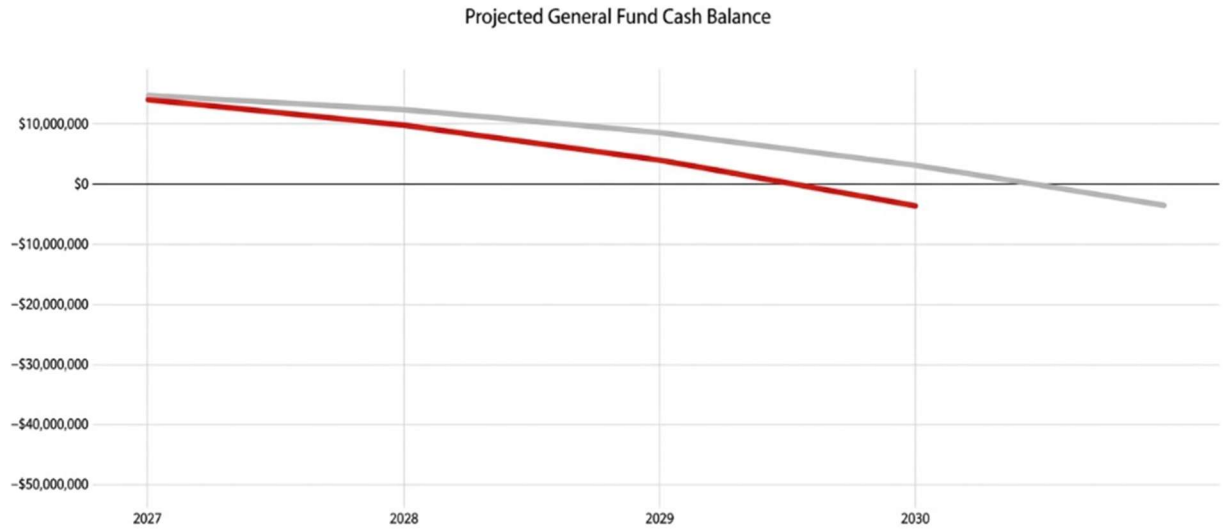
Projected Cash Balances

The August 2026 Forecast shows an increase in cash balances primarily due to the increase in inside mill taxes and the move of one (1) mill of inside mill that is

projected to be moved back to the General Fund beginning halfway through Fiscal Year 2027.

| Fiscal Year | May 2026 Forecast | August 2026 Forecast |
|---|---|---|
| **FY 2027** | **$13,411,902** | **$14,612,359** |

The August 2026 forecast projects an ending cash balance of $14,612,359 for Fiscal Year 2027, which is over the May 2026 projection. The difference is $1,200,457 which is a result of increasing revenue, and decreasing expenditures causing offsetting amounts for a larger impact. Cancelled purchase orders and/or a change in summer school funding could raise this projection.




**Financial Position and Deteriorating Trend**

The district's financial position is deteriorating, with a growing gap between its revenues and expenditures.

The actual revenue shortfall for Fiscal Year (FY) 2026 was $316,032. The shortfall projection for 2027 is $837,477 to $884,792. This negative trend is expected to continue, with the projected revenue shortfall peaking at $3,647,419 by FY 2031. The position has improved over the May 2026 Forecast that included a $4,120,457 shortfall by FY 2030

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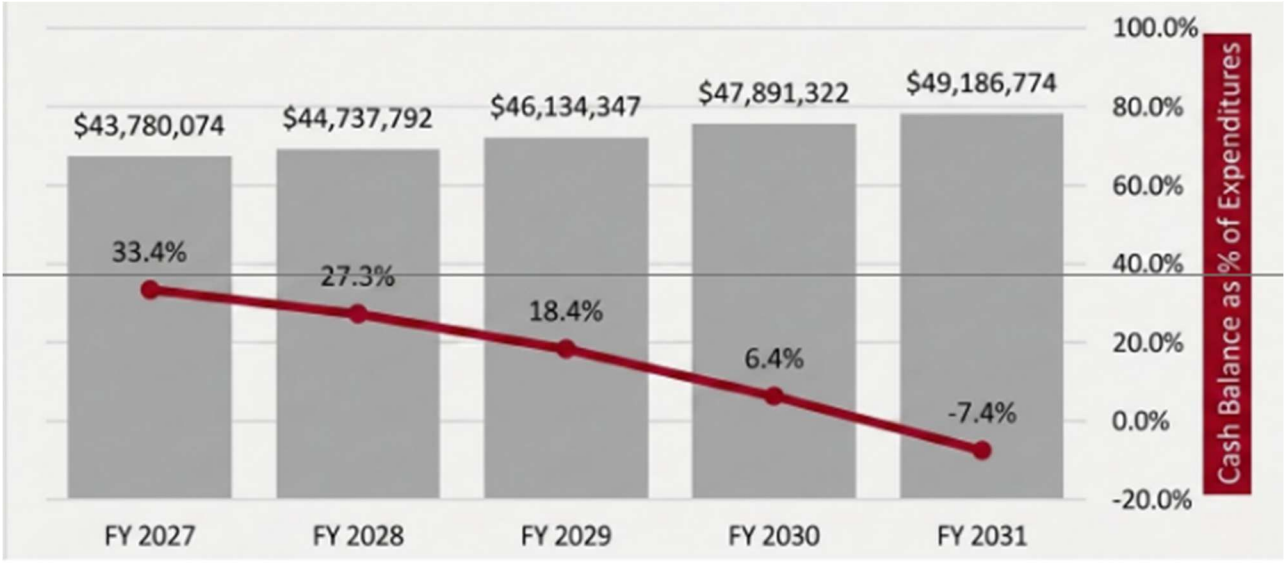
**Projected Cash Balance and Required Interventions**

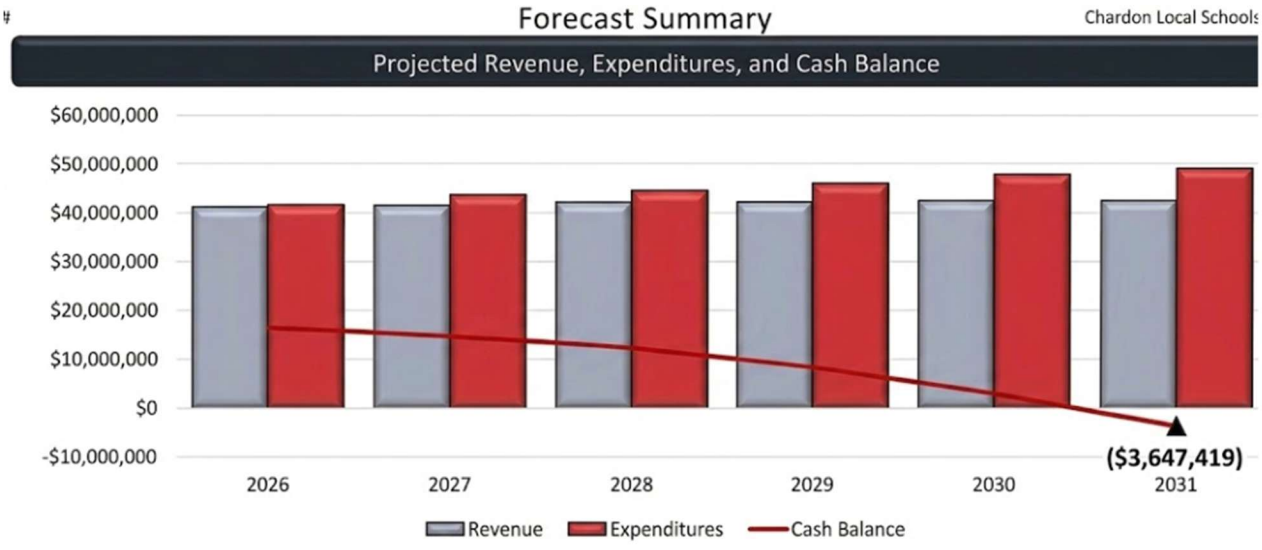
Without immediate intervention, the district is projected to exhaust its cash reserves.

The district's cash balance is expected to decline sharply from 33.4% of expenditures in FY 2026 to -7.4% of expenditures by FY 2031.

To achieve a balanced budget by FY 2031, the district must take one of the following actions:

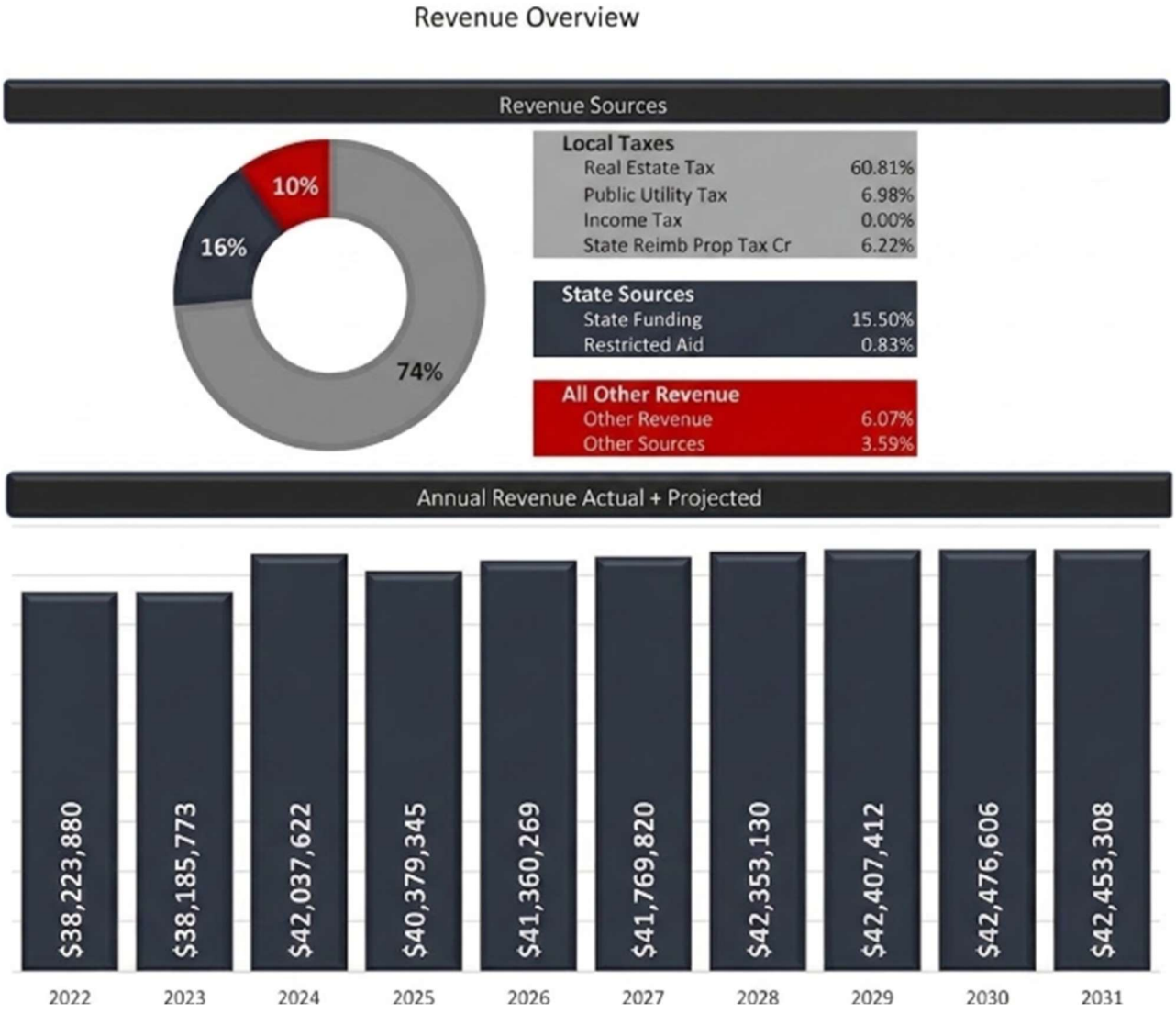
- **Reduce Projected Expenses** by **15.0%**
- **Increase Revenue** by **12.75%**.



| Financial Forecast Summary | | | | | |
|---|---|---|---|---|---|
| | Fiscal Year 2027 | Fiscal Year 2028 | Fiscal Year 2029 | Fiscal Year 2030 | Fiscal Year 2031 |
| Beginning Balance (Line 7.010) | 16,622,613 | 14,612,359 | 12,227,698 | 8,500,763 | 3,086,047 |
| **Includes Renewal/New Levy Revenue, see Disclosures* | | | | | |
| + Revenue | 41,769,820 | 42,353,130 | 42,407,412 | 42,476,606 | 42,453,308 |
| - Expenditures | (43,780,074) | (44,737,792) | (46,134,347) | (47,891,322) | (49,186,774) |
| = Revenue Surplus or Deficit | (2,010,254) | (2,384,662) | (3,726,935) | (5,414,716) | (6,733,466) |
| Line 7.020 Ending Balance with Renewal/New Levi | 14,612,359 | 12,227,698 | 8,500,763 | 3,086,047 | (3,647,419) |

## REVENUES




*Total General Fund Revenue*

### Revenue Trend Analysis (FY 2027–2031)

The district's revenue trend shows a significant slowdown, which is a major contributor to the projected shortfalls.

Historical vs. Projected Revenue Growth

| Period | Average Annual $ Increase | Average Annual % Increase | Trend Summary |
|---|---|---|---|
| Historical (Last 5 Years) | $871,157 | 2.35% | Healthy growth rate. |
| Projected (FY 2027–2031) | $218,608 | 0.52% | Decrease in the growth rate. |

**Performance and Enrollment Supplements**

HB 96 introduces new sources of state revenue for qualifying districts that must be factored into the forecast:

- Performance Supplement: The bill creates a per-pupil performance supplement for districts that achieve specific ratings on the state report card for the 2023-2024 school year, such as a four- or five-star overall rating or a three-star-or-higher rating on the Progress component. For high-performing districts like Chardon, this supplement represents a new, specific revenue stream that must be included in the financial assumptions for Fiscal Years (FY) 2026 and 2027.
- **Enrollment Growth Supplement:** The bill also includes an enrollment growth supplement for districts whose student membership (ADM) increased by a specified percentage between certain Fiscal Years (e.g., 3.0-5.0% or more). This offers a second potential source of supplemental funding that must be calculated and projected. Chardon, like most Ohio districts, is currently experiencing an enrollment decline of 50-100 students annually.

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**Fair School Funding Plan (FSFP) Changes/Limitations**

The new funding comes with limitations on the primary school funding formula:

- **FSFP Stalled/Undermined:** HB 96 effectively freezes the core cost-based mechanism of the FSFP, meaning the formula does not utilize current economic data or updated base cost inputs for FY 2026 and FY 2027. This failure to update costs for inflation and actual operating expenses leads to an artificially lower state funding share than the FSFP was designed to provide.
- **Increased Local Burden:** By using outdated cost data and not fully implementing the FSFP, the state shifts more of the funding burden back to local property

taxpayers. For Chardon, this means that while their state aid will increase due to supplements, the foundational funding for day-to-day operations will not keep pace with rising costs, potentially forcing them to rely more heavily on local levies in the out-years of the forecast.

- **FSFP Guarantee Used:** Chardon Local Schools is often considered a "guarantee" district, meaning the state aid floor prevents a cut. However, the lack of updated FSFP cost data means the district remains locked into a lower funding level, making the guarantee the operative amount rather than the full, updated cost-based formula intended to address actual student needs.

**1.010 – General Property Tax**

**Key Components and Rates**

- Residential, Agricultural and Commercial Class II Property tax make up 60.81% of the total District General Fund revenue.
- Residential/Agricultural Tax: Class I properties (residential and agricultural) generate the vast majority of this revenue, making up about 82.22% of the total real estate property tax collections.
- Tax Rate: The Class I tax rate for tax year 2025 is 24.93 mills.
- Collection Rate: Projections are based on an average annual gross collection rate of 98.0% through tax year 2031.
- Estimated to collect 54.0% in the first half collection (March), and 46.0% in the second half collection (August).

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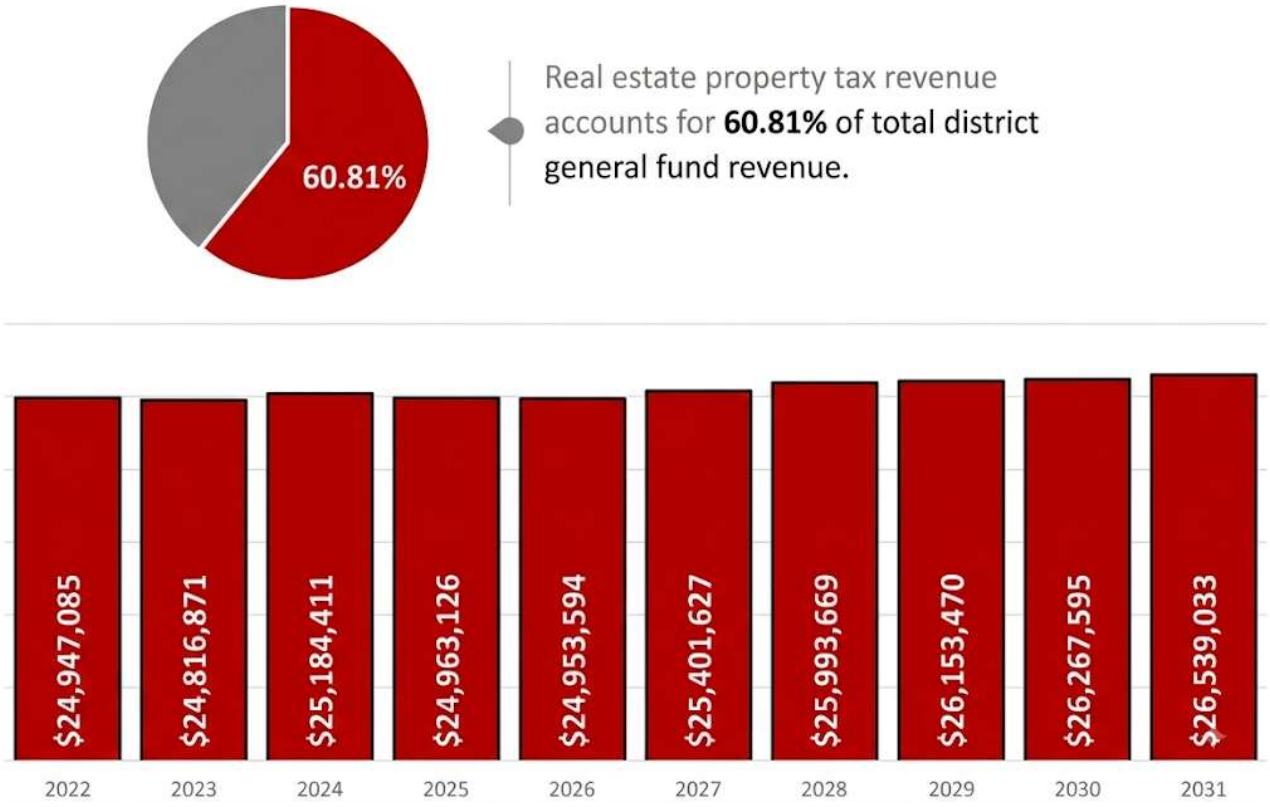
**Growth and Projections**

| Metric | Historical Annual Change Rate | Projected Annual Change Rate (Through FY 2031) |
|---|---|---|
| **Revenue** | 0.89% | 1.24% |

The projected tax revenue for Fiscal Year 2027 is estimated at $25,401,627. This projection has increased from the May 2026 projection of $25,066,063. The increase is attributed to one half (1/2) of the shift in one (1) mill of inside mill tax from the Permanent Improvement Fund back to the General Fund, this was originally moved from the General Fund to the Permanent Fund in FY 2023.

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).




*1.010 Property Tax Revenue*

**New Construction Revenue and Property Valuations**

The forecast includes anticipated revenue from specific new construction projects within the district, although not all potential revenue is currently factored in due to timing uncertainty.

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**Included New Construction Projects**

Revenue from the following projects are included in this forecast:

- **The Thistle Creek Development**
- **The Maple Trace Subdivision (Complete in 2026)**
- **The Chipotle location on Water Street**
- **The new Sheetz location on Wilson Mills (Complete in 2027)**

Future Development and Exclusion of Certain Revenue

The following significant projects are known but their revenue is not yet included in this forecast due to uncertain construction completion dates:

- **Willow-Tree Development:** This residential project, located on an extension of Meadowlands Drive south of US-6, is projected to start in Fiscal Year 2026 (49 homes) and includes a total of 120 homes valued at roughly $400,000 per unit.
- **Park Avenue Townhomes:** $400,000 units with four units per building and a total of three buildings, currently under construction.
- **Meijer Complex:** A major retail complex is planned for the corner of Meadowlands (Loreto) and Water Street, anticipated to begin sometime in calendar year 2026. It is understood this project will hold a tax abatement for twelve (12) years.
- **Meadowlands Medical Building:** An application is in process at the City of Chardon for a medical building on Meadowlands. This application is for a fifteen (15) year tax abatement.
- **Conrad's Tire Center:** This facility is currently under construction in a tax abatement parcel of the City of Chardon on Meadowlands Drive. This project will be tax free for a twelve (12) year tax abatement.
- **Chardon Car Condo:** A facility on Wilson Mills Road next to Dairy Queen has been given the green light to construct a 3,750 square foot commercial building.

Current construction costs for Fiscal Year 2026 have yet to be obtained from the Geauga County Auditor's office and are estimated in this forecast.

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**Property Value Updates and Millage**

- **2026 Reappraisal:** The Geauga County Auditor's 2023 appraisal update is estimated at 19.44% for Residential, 8.54% for Commercial, 3.26 for Public Utility, and 15.33% for Agricultural properties.
- **Total Valuations:** The district's total valuations for 2025 are confirmed at $968,417,847. The Estimated amount for 2026 is $1,141,517,839.
- **Millage Rate:** The effective millage rate is projected to remain at 24.93 which is down from 28.33. The district is not on (or close to) the 20-mill floor.
- **Inside Mill:** The inside mill for General Fund was 3.5 mill in 2026, and has been updated in this forecast to 4.5 in calendar year 2027. This affects Fiscal Year 2027 by half, and Fiscal Years 2028 through 2031 by the full mill.
- **2026 Reappraisal Update:** The forecast projection is 17.87% valuation increase for Residential, and Commercial values. This increase is adjusted due to HB335 for an inflationary cap at 9.15%. Important note, the next reappraisal scheduled for 2029 has been moved to 2030.

**FINAL August 2026 Forecast Chardon Local Schools**

**1.5 Total Valuation Review by Tax Year & Classification**

| | Class I | Class II | Public Utility | Total | YOY $ Change | YOY % Change |
|---|---|---|---|---|---|---|
| **2020 Act.** | $637,365,680 | $91,787,800 | $26,840,230 | $755,993,710 | . | . |
| **2021 Act.** | $640,166,310 | $92,978,060 | $28,505,430 | $761,649,800 | $5,656,090 | 0.75% |
| **2022 Act.** | $643,542,230 | $97,293,800 | $30,360,780 | $771,196,810 | $9,547,010 | 1.25% |
| **2023 Act.** | $813,423,190 | $110,448,830 | $31,241,500 | $955,113,520 | $183,916,710 | 23.85% |
| **2024 Act.** | $819,335,580 | $109,210,760 | $34,629,380 | $963,175,720 | $8,062,200 | 0.84% |
| **2025 Act.** | $823,894,960 | $107,671,030 | $36,851,849 | $968,417,839 | $5,242,119 | 0.54% |
| 2026 E/A | $986,094,960 | $117,371,030 | $38,051,849 | $1,141,517,839 | $173,100,000 | 17.87% |
| 2027 Est. | $990,244,960 | $120,749,280 | $38,411,849 | $1,149,406,089 | $7,888,250 | 0.69% |
| 2028 Est. | $994,394,960 | $121,449,280 | $38,771,849 | $1,154,616,089 | $5,210,000 | 0.45% |
| 2029 Est. | $998,544,960 | $122,149,280 | $39,131,849 | $1,159,826,089 | $5,210,000 | 0.45% |
| 2030 Est. | $1,167,744,960 | $124,749,280 | $39,491,849 | $1,331,986,089 | $172,160,000 | 14.84% |

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### Impact of House Bill 920

**House Bill 920** significantly impacts the district's property tax revenue structure:

- **Maximum Collection:** This law ensures that for most levies, the dollar amount of revenue is fixed (capped) at the amount generated when the levy was passed, regardless of future property valuation increases. As property values rise, the **effective millage rate is reduced** to keep the dollar amount constant.
    - *Example:* If a levy initially generated $2 million, it will continue to generate $2 million, and the millage rate adjusts downward to achieve that amount as valuations increase.
- **Inside Millage Exception:** A small portion of taxes (4.5 mills) collected as "inside millage" is not protected by House Bill 920. This revenue increases as property values rise, accounting for the slight tax increase shown in the forecast. However, if property values were to drop, revenue from inside millage would also decline. Important note: In 2025 HB335 has placed an inflationary cap on inside mill to slow down the increase. This increase for 2027 is $354,411.

### 1.020 – Public Utility

Revenue from the Public Utility Personal Property Tax is derived from the personal property values, additions, and depreciation reported by utility companies within the district. This revenue represents 6.98% of the District General Fund revenue.

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**Tax Rate and Collections**

- **Tax Rate:** This property is taxed at the full voted tax rate, which for tax year 2026 is 78.28 mills.
- **Collection Rate:** The forecast models an average gross collection rate of 99.71% which is a three-year average. Important note, Cleveland Electric Illuminating Company (CEI) filed for a valuation reduction in December 2025. This explains why the collection rate is reduced from 100.0%.
- **FY 2027 Projection:** The total revenue anticipated for Public Utility in Fiscal Year 2027 is $2,914,319 which is slightly increased from the 2026 projection of $2,899,203 due to increased values in the 2026 appraisal update.

**Revenue Change Projections**

The annual change in revenue is based on the following historical and projected dollar amounts:

| Metric | Historical Average Annual Change | Projected Average Annual Change (Through FY 2031) |
|---|---|---|
| **Annual Dollar Amount** | $159,538 | $62,511 |

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**Impact of the Orwell Trumbull Pipeline**

A significant reduction in this revenue source stemmed from the bankruptcy of the Orwell Trumbull Pipeline, an issue affecting all associated taxing entities.

- **Valuation Reduction:** Following the 2020 Geauga County triennial appraisal, Public Utility valuations were reduced by $2,624,880, as the Orwell Trumbull Pipeline values were entirely removed.
- **Collection Rate Adjustment:** This valuation reduction is the reason the Public Utility collection rate shifted dramatically from 86.0% to its current state of 99.71%. However, this change effectively eliminates any chance of the district recovering revenue from the lost $2,624,880 in property valuations.
- **Delinquent Taxes:** In addition to lost revenue, the County Treasurer is holding $6,620,766 (including interest and fees) in delinquent tax amounts from the Orwell Trumbull Pipeline specifically designated for the Chardon taxing entities. Important update: The County Prosecutor has made significant efforts to collect the delinquent taxes, and the most recent January 29, 2026 Cuyahoga County Court of Common Pleas decision (Case CV-14-822810) denied the appeal to move

forward on this collection. Four of the five district schools teamed up to file an Amicus Brief with the Ohio Supreme Court. The Supreme court has decided to hear the case, and the district is awaiting the court date.

This unexpected revenue shortfall necessitated district reconfiguration and promoted the need for future tax levies.

Ohio's **House Bill 15** introduces a major change to the taxation of public utility personal property, including pipelines. This legislation is projected to cause a future decline in tax revenue for districts from new pipeline construction, even though it aims to incentivize new energy development.

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**Reduction in Assessment Rate**

For pipeline companies, the bill significantly reduces the assessment rate applied to the value of new tangible personal property (TPP):

- **Existing TPP:** Remains at the current assessment rate of 88%.
- **New TPP (First Subject to Tax in or After Tax Year 2027):** The assessment rate is drastically reduced from 88% to 25%.

This change means that for any new pipelines, or new additions to existing ones, a much smaller percentage of the property's true value will be used to calculate local property taxes.

**Financial Implications for the District**

- **Revenue Loss:** The reduction from 88% to 25% for new pipeline TPP will result in **substantially lower public utility tax collections** from any new pipeline projects starting in Tax Year 2027 (impacting Fiscal Year 2029 state funding calculations).
- **Local Share Impact:** Historically, lower taxable property valuations have led to a decrease in a school district's "local share" and a corresponding increase in the state's share of foundation funding (under the Fair School Funding Plan). However, the specific, long-term impact on state aid starting in FY 2029 is uncertain as it depends on the exact school funding formula enacted for years beyond FY 2027.
- **Encourages Development:** The tax reduction is intended to encourage the development of new natural gas pipelines and other energy infrastructure, which could provide *some* new valuation, but the reduced tax rate will mitigate the revenue benefit.

The forecast must track any new pipeline construction carefully, applying the lower 25% assessment rate to all TPP placed into service from 2027 onward.

**Projection Updates: Public Utility Personal Property Tax**

The Public Utility Personal Property Tax projection for Fiscal Year 2027 is projected to increase from the May 2026 forecast due to the 2026 appraisal update. This change can be seen in the small increase after an appraisal update listed below for 2027 and the reduction in increase is assumed through 2031.

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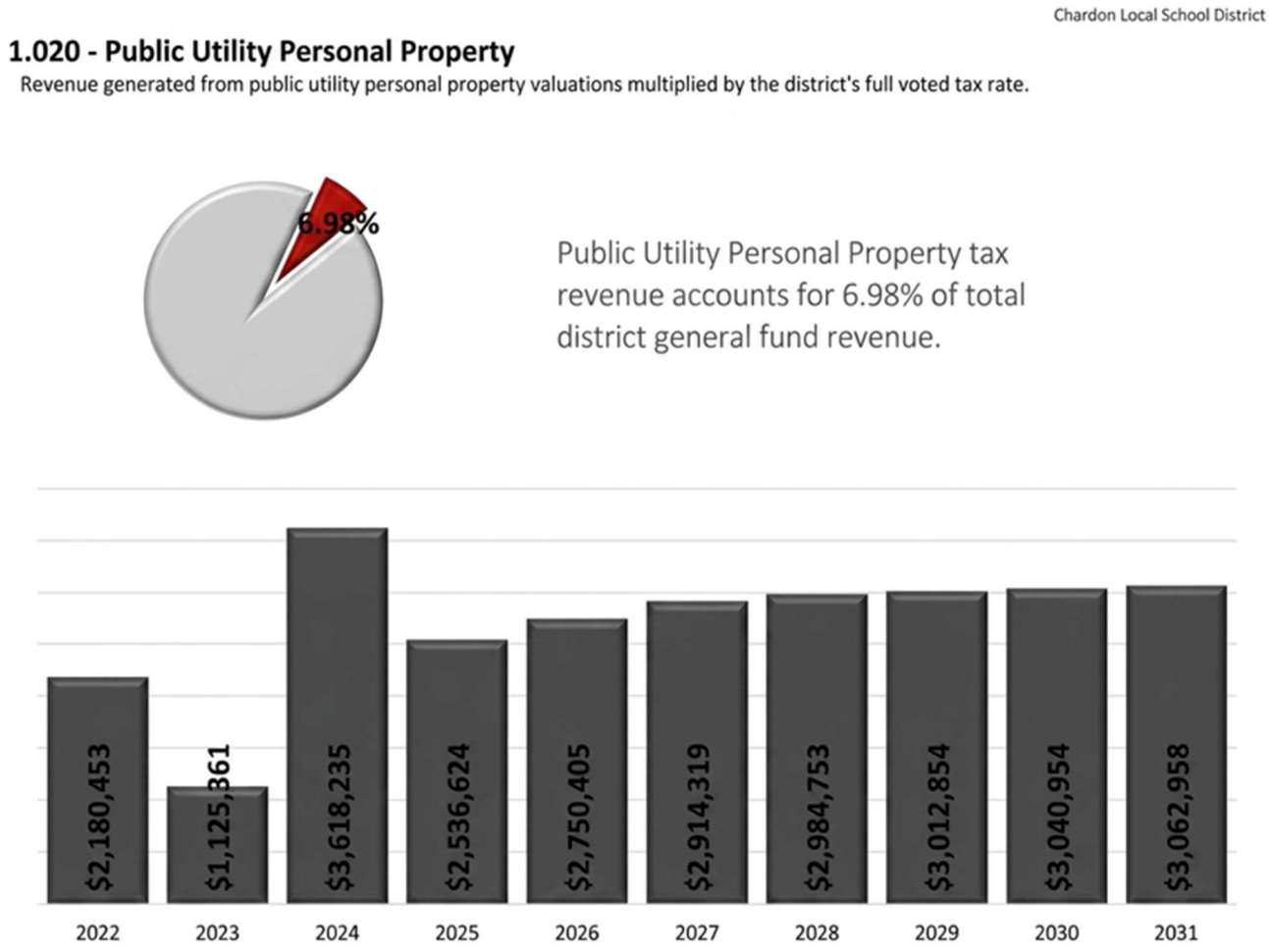
**Fiscal Year 2027 Comparison**

| Forecast Period | May 2026 Projection | August 2026 Projection | Difference |
|---|---|---|---|
| **FY 2026** | $2,899,203 | $2,914,319 | $15,116 |




*1.020 – Public Utility Personal Property Revenue*

**Pipeline Delinquencies and Revenue Recovery**

Recent history reflects significant issues with delinquent tax payments from public utilities, though some recovery has been recorded.

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**Delinquency and Recovery**

- **FY 2023 Delinquency:** Several public utility companies failed to pay their taxes in Fiscal Year (FY) 2023, resulting in nearly $1.1 million being added to delinquent status.
- **FY 2024 Payment:** Revenue for FY 2024 includes the payment of this $1.1 million delinquent status amount from the FY 2023 utilities.
- **FY 2025 Delinquency:** In calendar year 2025 public utility companies were delinquent, at roughly $271,000 in suspended revenue.
- **FY 2026 Delinquency:** In calendar year 2026 CEI filed for a valuation reduction to suspend collections by $19,705.

**Unresolved Pipeline Taxes**

- **Held Funds:** This model **does not include** the district's share of the $6,620,766 delinquent taxes related to the Orwell Trumbull Pipeline. This revenue will not be included until the Geauga County Treasurer provides further instruction regarding its disbursement.

**Valuation and Operation Status**

- **Pipeline Sale:** The forecast does not account for the possibility of increased valuations that might have resulted from the sale of the pipeline assets, as the values remain removed from the tax base following the 2020 reappraisal.
- **New Operator:** Most of the pipeline assets were purchased by Northeast Ohio Gas, which appears to be operating the pipeline and also has recorded delinquencies on the books.

**1.030 – Income Tax**

Chardon Local district does not have a school district income tax (SDIT) in place.

**1.035 – Unrestricted Grants-in-Aid**

**Unrestricted State Aid** is a critical funding source, accounting for 15.50% of the district's total General Fund revenue. This funding stream operates under the Fair School Funding Plan (FSFP).

Fair School Funding Plan (FSFP) Structure

The FSFP, adopted by the state legislature starting in Fiscal Year (FY) 2022, drives funding based on a base cost methodology that incorporates four essential components of the education process.

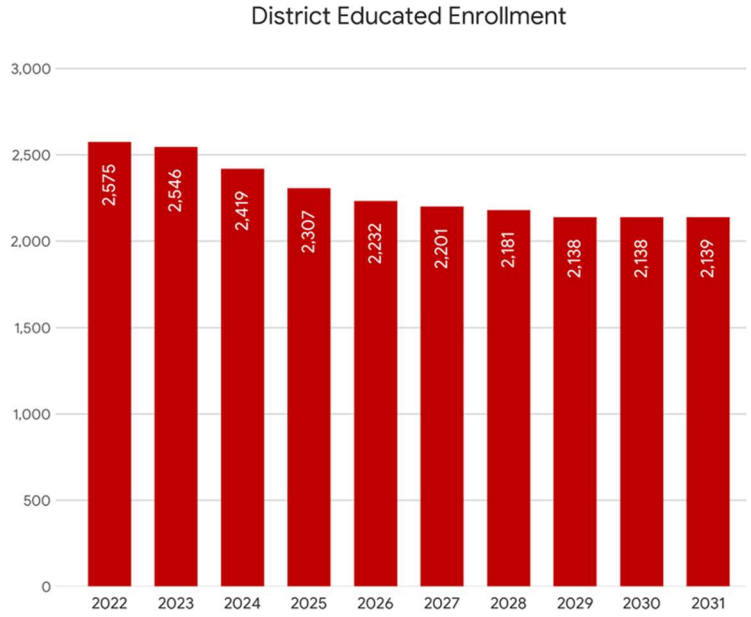
- **Base Cost Calculation:** The calculated base cost total for Chardon Local Schools is $18,705,716 for the Fiscal Year. This figure is calculated biennially using a statewide average of historical actual data.
- **State's Share:** The State's share of this calculated base cost total is $1,776,121, which equates to **$807 per pupil**.
- **Enrollment Basis:** The FSFP shifted funding to follow students, meaning per-pupil funding is now based on district educated enrollment.
- **Tuition Elimination:** The FSFP also eliminated tuition transfer payments (open enrollment funding) between school districts, which impacts the expense side of this forecast.

**Fiscal Year 2027 Comparison**

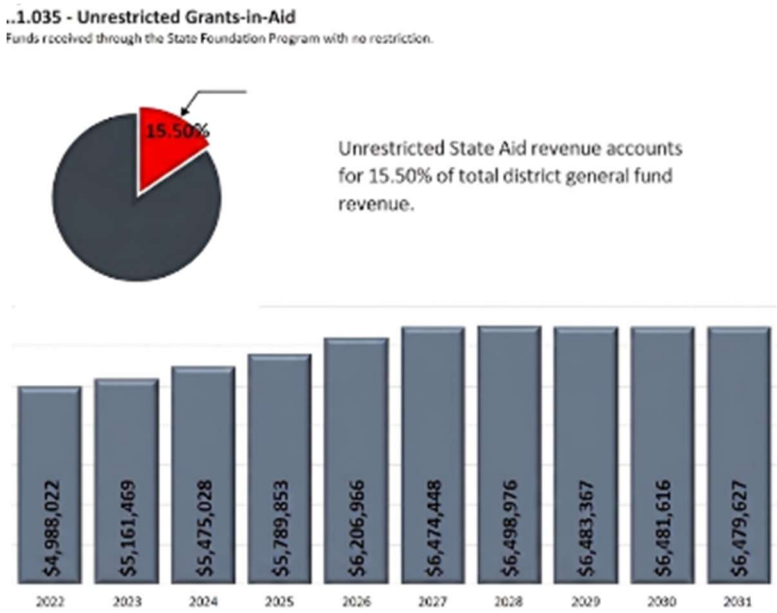
The total projected Unrestricted Revenue for FY 2027 has been increased from the May 2026 forecast:

| Forecast Period | May 2026 Projection | August 2026 Projection | Difference |
|---|---|---|---|
| **FY 2026** | $6,213,726 | $6,474,448 | $260,722 |

- **Adjustment Reason:** Updated state data is reported for calendar year 2025, which slightly adjusted this revenue stream. Important note, this revenue line was significantly increased due to a performance bonus received by the district for a 4.5 education star rating. This rating is projected to be 5 stars by September 2026.
- **Included Revenue:** The Unrestricted Revenue total also includes Casino Tax revenue, which is projected to average $74 per student ($161,033) in Fiscal Year 2027. The assumption is that this will increase to $77 per student by fiscal year 2031.




*1.035 – Chardon ADM - Number of Students*




*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 designated for specific, restricted uses, and it represents .83% (down from .97%) of the district's total revenue.

**Key Components of Restricted Aid**

Restricted Aid includes, but is not limited to, the following categories:

- **Success and Wellness Funding:** Starting in FY 2022, this funding is classified as restricted, with the state's share recorded at $85,347. This funding has implications for General Fund expenditures (3.030) as certain spending previously occurring outside the General Fund may shift inward, and the forecast has been adjusted to reflect this. This revenue is expected to decline each year through 2031.
- **Threshold Costs (Catastrophic Special Education):** This category includes funding for the Ohio Department of Education's special education reimbursements (now termed Threshold Costs). Threshold costs have nearly doubled since Fiscal Year 2022. These costs are divided among all districts, meaning the funding for any single district is reduced as more districts apply. A recent announcement by the Ohio Department of Education and Workforce estimates a Threshold percentage of 25.0% which is significantly lower than the 42.0% in Fiscal Year 2022.
- **Economically Disadvantaged Funding:** The district receives $30,243 in Economically Disadvantaged Funding for Fiscal Year 2027.
- **Career Tech Funding:** The district receives $8,295 in Career Tech funding in Fiscal Year 2027.

**Fiscal Year 2027 Comparison**

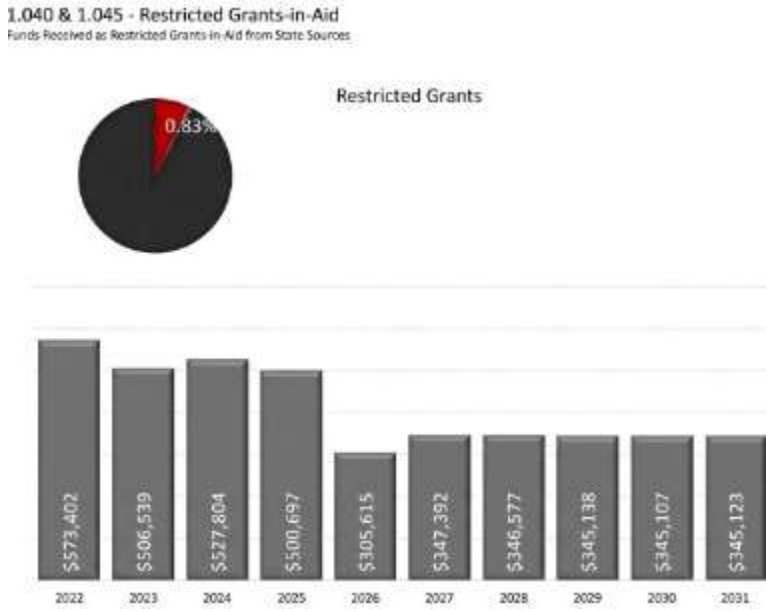
The total projected Restricted Grants-in-Aid for FY 2027 has decreased and is expected to continue decreasing through 2031.

| Forecast Period | May 2026 | Updated Projection August 2026 | Difference |
|---|---|---|---|
| **FY 2027** | $398,590 | $347,392 | -$51,198 |

**Declining Projection Assumption**

- **Reason for Decline:** The continued drop is attributed to a decrease in **Student Wellness Funding** received from the state.
- **Historical and Projected Change:**
  - Historically, the average annual change was –$66,975.
  - The revenue is projected to change annually on average by -$7,902, stabilizing through Fiscal Year 2031.

- **Threshold Cost Assumption:** It is assumed that the funding from special education Threshold Costs will also decrease over the next five years due to the mechanism of state-wide distribution.




*1.040 & 1.045 – Restricted Grants-in-Aid Revenue*

**1.050 – State Share of Local Property Taxes**

The **State Share of Local Property Taxes** revenue stream consists primarily of reimbursements from the State of Ohio to local school districts for credits and reductions provided to local taxpayers. This revenue accounts for 6.22% of total General Fund revenue.

---

**Reimbursement Components**

The State provides taxpayers with the following key credits, for which the district is reimbursed:

- **Rollback Credits:**
  - **10.0% Rollback Credit**
  - **2.5% Owner-Occupied Rollback Credit**
- **Homestead Credit:** Provided to qualifying taxpayers (e.g., senior citizens, disabled persons).

**Reimbursement Projections (FY 2027)**

Based on current valuations, the following percentages of local residential property taxes are projected to be reimbursed by the State in Fiscal Year 2027:

| Reimbursement Type | Projected Reimbursement Percentage of local taxes |
|---|---|
| **Rollback Credits** | 9.0% |
| **Homestead Exemption Credits** | 1.7% |

- **Trend Note:** A slight decrease has been noted in the reimbursement amount for **Homestead Exemption Credits**, a trend that has remained steady since 2019.

**State Share of Local Property Taxes Projections**

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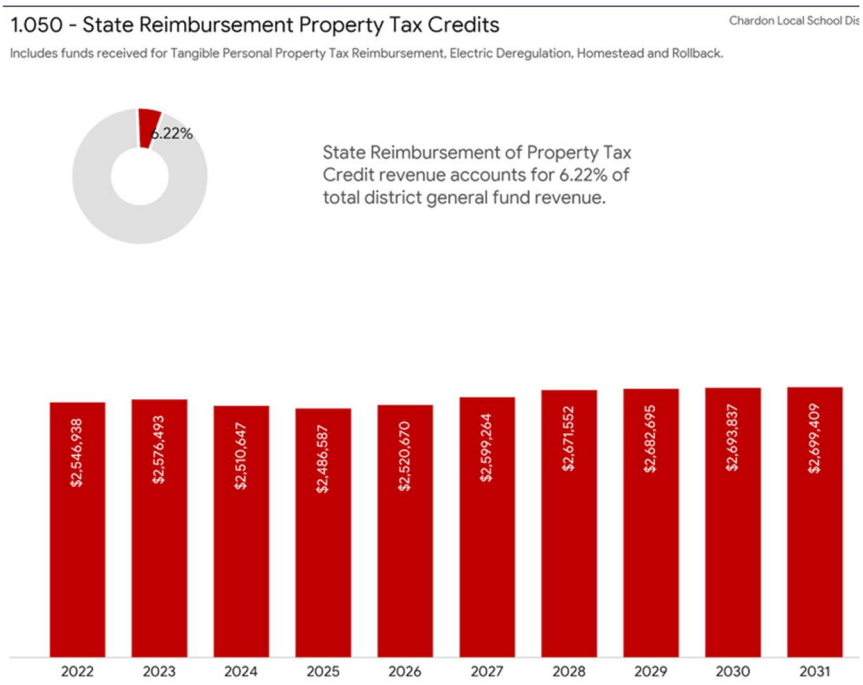
**Fiscal Year 2027 Comparison**

The following table compares the May 2026 projection with the updated August 2026 forecast for Fiscal Year 2027.

| Fiscal Year | Forecast/Actual Date | Amount |
|---|---|---|
| **FY 2027** | May 2026 Projection | $2,439,678 |
| **FY 2027** | August 2026 Projection | $2,599,264 |

The increase in this assumption is attributed to the appraisal update of 19.46% in residential valuations for tax year 2026.




*1.050 – Property Tax Allocation Revenue*

**The HB 96 "Piggy-Back" Provision: Local Property Tax Relief**

Not included in this forecast is the possibility for the “piggy-back Provision”. The term "piggy-back provision" in the context of Ohio's House Bill 96 (the state budget bill) refers to a mechanism that allows county commissioners to authorize local property tax exemptions that mirror, or "piggy-back" on, existing state-level exemptions.

This provision is an attempt to give local governments the authority to provide property tax relief to residents.

---

**Key Components of the "Piggy-Back" Authority**

The bill permits counties, at their option, to authorize two main "piggy-back" tax credits:

**Impact on School District Revenue**

The HB 96 "piggy-back" provisions create a significant risk to school district local revenue:

- **Risk to Local Control:** While the authority is given to the County Commissioners to implement, the financial impact is felt by all local taxing authorities, primarily school districts, which rely heavily on property taxes.

- **No State Backfill:** The most critical financial feature is that the state does not reimburse local governments (counties, schools, etc.) for the revenue lost due to these new local exemptions.
- **Revenue Loss:** If a county chooses to implement either a local homestead exemption or a local owner-occupied tax credit, it results in a direct and unreimbursed reduction in property tax collections for the school district.

In essence, the provision gives counties the power to offer tax relief to their residents, but local entities, like school districts, are forced to absorb the resulting revenue loss. The projected loss for the Chardon Local School district is estimated at $820,000 annually. The Geauga County Commissioners **DID NOT** enact the piggyback for calendar year 2027, but the option remains available on an annual basis.

**1.060 – All Other Operating Revenue**

"Other Revenue" accounts for **6.07% of the district's total General Fund revenue** and includes funding sources such as tuition for non-resident students, interest income, payments in lieu of taxes (PILOT), and miscellaneous revenue.

---

**Revenue Trend and Key Driver**

The trend for this revenue category is shifting sharply from growth to decline, driven primarily by a decrease in projected interest income.

| Revenue Trend Metric | Historical Average Annual Change | Projected Average Annual Change (Through FY 2031) |
|---|---|---|
| Annual Change | +$251,780 | -$242,951 |

**Fiscal Year 2027 Comparison**

| Metric | May 2026 Projection | August Projection | |
|---|---|---|---|
| **Total "Other Revenue"** | $2,284,540 | $2,534,539 | |
| **Interest Income** | $531,222 | $731,222 | Slight Increase from the May 2026 projections |

**Interest Income Projections (FY 2027 and Beyond)**

Despite the positive increase, a significant drop in interest income is projected for the future, fueling the negative trend:

- **Assumptions:** This decline is based on the expectation of reduced interest rates and, critically, declining cash balances within the district.
- **Long-Term:** The projection assumes interest income will decline after FY 2027 for the next five years. This assumption needs consideration based on future economic factors.

An offsetting factor to interest decline is an increase in tuition.

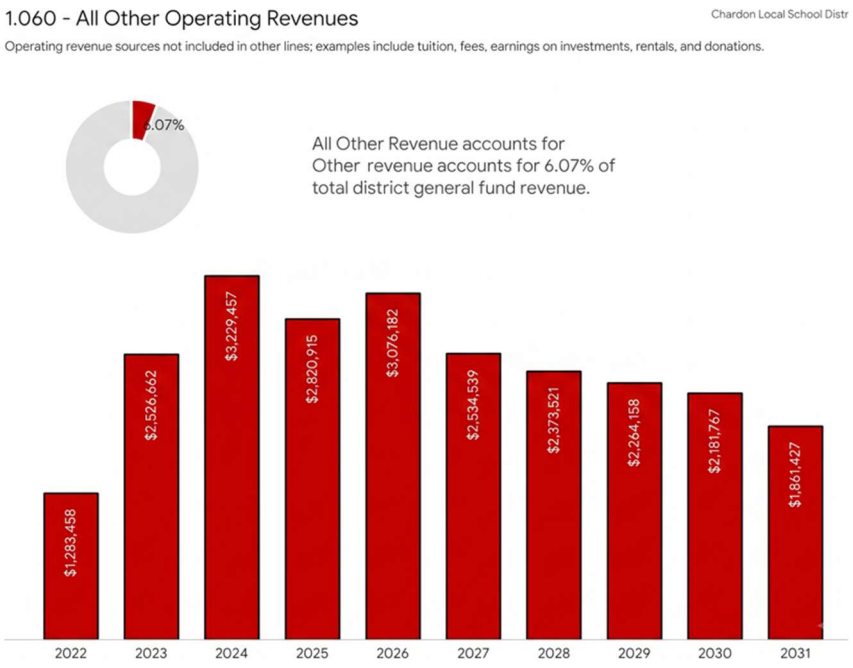
- **2026 Increase:** A significant increase is recorded in this line to account for MRDD tuition received as a passthrough from the state from Geauga County MRDD. The assumption is that this passthrough funding for special education will continue through 2031.

**District Investments and Rates**

The district's invested funds reflect current market conditions:

| Fund | Current Interest Rate | Note |
|---|---|---|
| **STAR Ohio** | **3.86%** | Increased slightly from 3.84% in January 2026. (History: https://www.tos.ohio.gov/investor-data/) |
| **Capital Markets** | **3.18%** | Six-month treasury account. |

The forecast indicates that the total revenue from this account, though historically reliable (typically never under a million dollars), is expected to be $2,534.530 for FY 2027 and will be the biggest factor in the overall revenue trend slowdown mentioned previously.




*1.060 - All Other Operating Revenues*

## 2.070 – Total Other Financing sources

**"Other Sources of Revenue" accounts for** 3.59% of the total District General Fund revenue**.** These funds are generally classified as non-operating revenue and include transfers, advances, and other financing sources like the sale of assets or refunds of prior year expenditures.

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### Transfers-In and Internal Fund Monitoring

Transfers-in are movements of funds from other district accounts or internal transfers within the General Fund itself. These internal transfers are used to effectively monitor the true cost of specific programs.

| Program | Average Annual Transfer (FY 2027–2031) | Purpose |
|---|---|---|
| Preschool | $690,730 (Annual Transfer) | An annual transfer within the General Fund used to monitor the cost-effectiveness of running the preschool service in-house. |

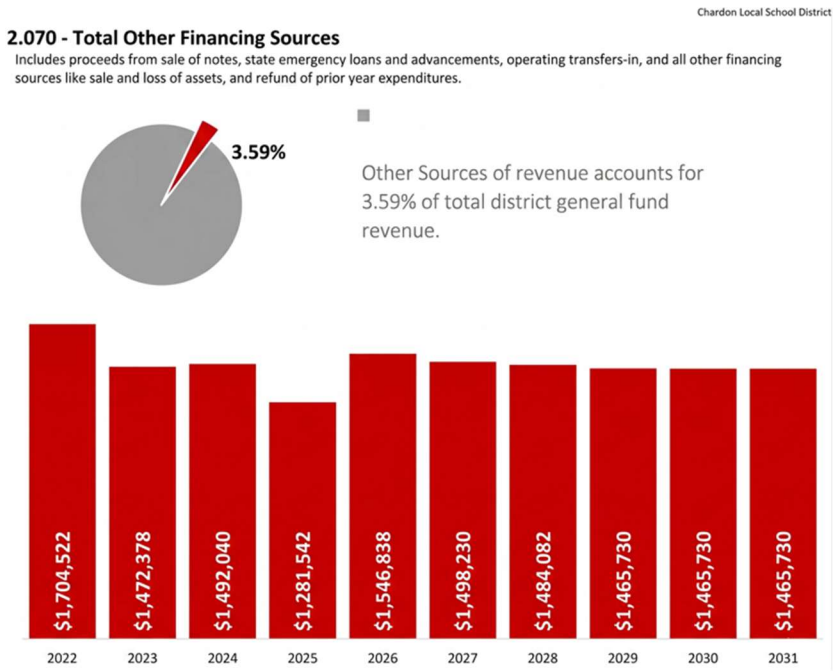
| Program | Average Annual Transfer (FY 2027–2031) | Purpose |
|---|---|---|
| Vocational Education | $300,000 (FY 2027 Estimate) | An estimated in-house transfer for a new vocational program started in FY 2026, also used to monitor program costs. |

In addition to transfers-in, the projection for advances-in is $475,000 (reduced from $575,000 in the May 2026 forecast) and the assumption is that advances will continue from 2027 through 2031.

**Fiscal Year 2027 Comparison**

Projections for this category include adjustments for specific internal items.

| Metric | May 2026 Projection | August 2026 Projection | Difference |
|---|---|---|---|
| Total "Other Sources of Revenue" | $1,604,454 | $1,489,230 | -$115,224 |




*2.070 – Total Other Financing Sources Revenue*

**EXPENDITURES**

The district's expenditure trend shows a dramatic slowdown in the projected growth rate, primarily driven by large, non-recurring capital and transfer expenses in the historical period.

---

**Historical vs. Projected Expenditure Growth**

| Period | Average Annual $ Increase | Average Annual % Increase | Trend Summary |
|---|---|---|---|
| Historical (Last 5 Years) | $1,832,868 | 5.56% | High growth rate, influenced by large one-time expenses. |
| Projected (Through FY 2031) | $1,502,095 | 3.37% | Significantly lower, more stable growth rate. |

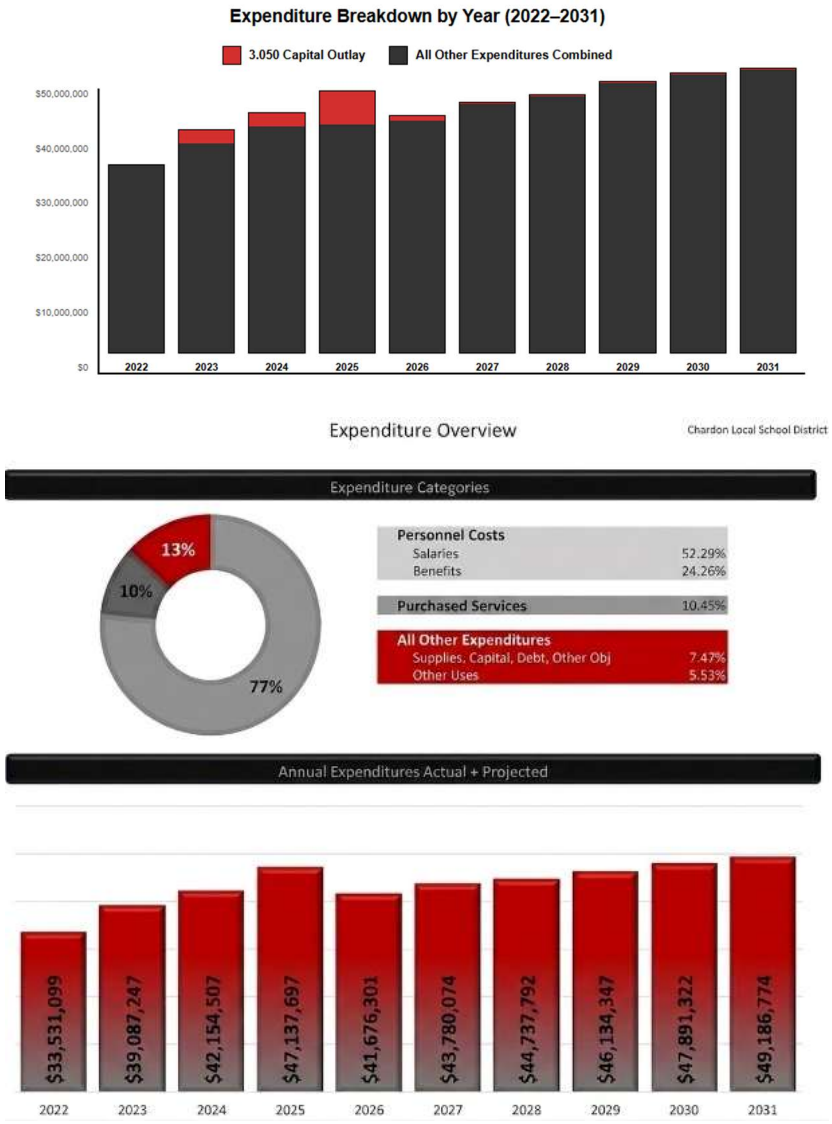
---

**Drivers of the Projected Slowdown**

The large difference between the historical and projected growth is due to two key expenditure lines declining in the future:

1. **Capital Outlay:** This line item is projected to be $323,471 in the projected 2027 period compared to the historical average. This indicates that major capital purchases that inflated past budgets are not anticipated in the forecast period.
2. **Other Uses (Transfers-Out):** This category also shows a significant reduction due to the completion of one-time transfers made in Fiscal Year 2025:
    - **$1,400,000** was transferred to the 070 Capital Projects Fund to complete the Transportation Center in FY 2026.
    - **$1,100,000** was transferred to the retirement fund to account for severance packages detailed in the 2025 long-term debt financial statements.

The reduction of these large, non-recurring transfers and capital costs is what makes the projected annual expenditure growth rate appear much lower (from 7.94% down to 5.56% and down again to the current average of 3.37%).




*Expenditure Categories and Forecast Year-Over-Year All Expenditures*

**Overview of Major Expenditure Drivers**

While the most dramatic fluctuations in spending trends are caused by one-time projects, **Salaries and Benefits** remain the core financial responsibility of the district.

---

Largest Expenditure Categories (By Size)

The following categories represent the largest portion of the district's operating budget:

1. **Salaries** (Salaries and Wages)
2. **Benefits** (Employee Benefits)
3. **Purchased Services**

4. **Supplies and Materials**
5. **Capital Outlay**

### Largest Drivers of Trend Change

The most significant factors causing the overall change (slowdown) in total expenditure growth are the planned reductions in:

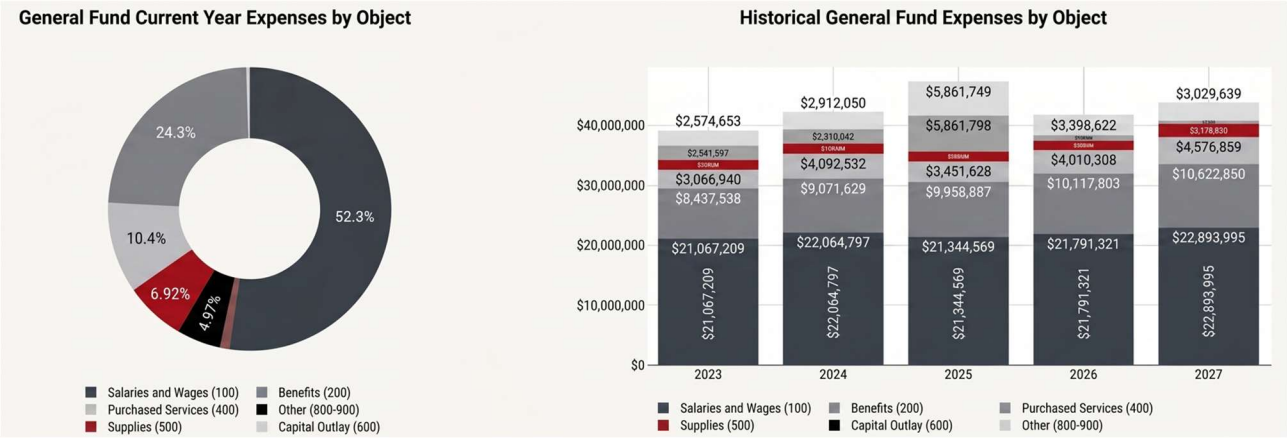
- **Capital Outlay** (projects)
- **Transfers** (one-time allocations to other funds)

### Future Capital Spending Strategy

To stabilize the General Fund's operating budget, a strategic change has been made to how capital expenses are handled:

- Future Capital Outlay expenditures have been moved to the Permanent Improvement Fund.
- The exception to this shift is spending for technology equipment and services, which will continue to be budgeted within the General Fund.
- An adjustment from the August 2026 forecast includes a one-time transfer of roughly $250,000 to the 035 Severance Fund for retirements.

This strategic change reduced expenditures in Fiscal Year 2026 by 12.41%. The assumption includes standard CPI comparable increases from 2027 through 2031.




*Expenditure Historical Analysis Year-Over-Year All Expenditures*

### General Fund Expenditure Summary

The district's total General Fund expenditures show a significant projected decline in Fiscal Year (FY) 2026, following higher-than-expected spending in FY 2025 due to

negotiated contracts and major one-time capital projects. Beginning in 2027 the assumption is an average 3.37 inflationary increase.

**Fiscal Year 2027 Comparison**

| Metric | May 2026 Projection | August 2026 Projection | Difference |
|---|---|---|---|
| Total Expenditures | $43,656,188 | $43,780,074 | $123,886 adjusted spending |

**Drivers of Increased FY 2025 Expenditures**

The relatively high spending in FY 2025 was due to a combination of rising fixed costs and a large capital investment:

- **Personnel Costs:** Increased spending from negotiated contracts with both district unions.
- **Operating Costs:** General inflation affecting purchase services and supplies, as well as the cost of additional textbooks.
- **Capital Outlay & Transfers:** A significant portion of the increase was due to a $4.1 million Capital Outlay expenditure to cover phase-two renovations for the Transportation/Business Affairs compound located on Washington Street in Chardon, along with overall increased transfers to other funds as detailed above.

The projected drop to $42.1 million in FY 2026 reflects the completion or stabilization of these one-time capital and transfer expenses.

**Drivers of Reduced FY 2026 Expenditures**

One-time Capital Outlay projects were significantly reduced from the General Fund. In 2026 the district purchased a school bus and funded the Park Masonry phase II project as well as the High School Parking lot renovation on the north side of the building from the General Fund. Beginning in 2027, Capital Outlay expenditures are limited to technology equipment.

**3.010 – Personnel Services**

This line item represents employee salaries, wages, extended time, and non-athletic supplemental contracts. Salaries are the district's single largest expense, making up 52.29% of total expenditures.

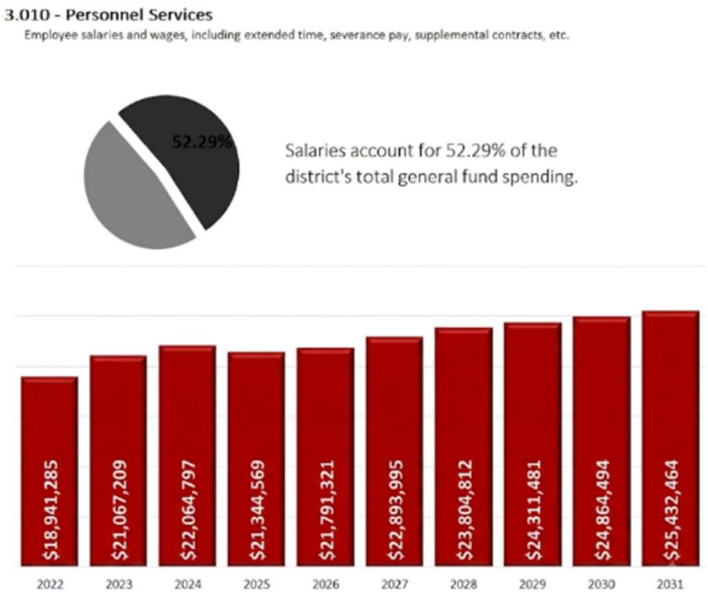
**Projected vs. Historical Growth**

The growth in personnel costs is expected to remain stable through 2028, continuing to place significant pressure on the budget.

| Metric | Historical Average Annual Change (Last 5 Years) | Projected Average Annual Change (Through FY 2031) |
|---|---|---|
| Annual Percent Change | 3.74% | 3.15% |
| Annual Dollar Change | $712,933 | $728,229 |
| **Trend Note:** | | The projected average annual rate of change is less than the five-year historical annual average because negotiated agreements are only in place through 2028. 2029-2031 has a 1% holding increase. |

May 2026 vs. August 2026

| Metric | May 2026 Projection | August 2026 Projection | Difference |
|---|---|---|---|
| Total Salaries and Wages | $22,986,496 | $22,893,995 | -$92,501 |




*Year-Over-Year Dollar & Percent Change Personnel Services*

**Analysis of Salary Drivers and Future Projections**

This analysis details the recent factors that have driven salaries and presents the assumptions for future personnel cost growth through Fiscal Year (FY) 2031. Personnel Services remains the single largest expenditure for the district.

---

**Recent Salary Drivers (FY 2023–2025)**

The district recently absorbed significant one-time and recurring costs:

- **Retirement Incentive:** A $1,500,000 total investment was made across FY 2023 and FY 2024 for an Educators Preferred Corporation (EPC) retirement buyout incentive for certified teachers.
- **Negotiated Contracts:** FY 2025 was the final year of a three-year contract provided a 2.25% increase for both certified and classified staff.
- **Instructional Savings:** The district has included savings in the forecast for FY 2026 through FY 2031 due to reduced instructional costs achieved while the District improved its star rating to **4.5 stars**.

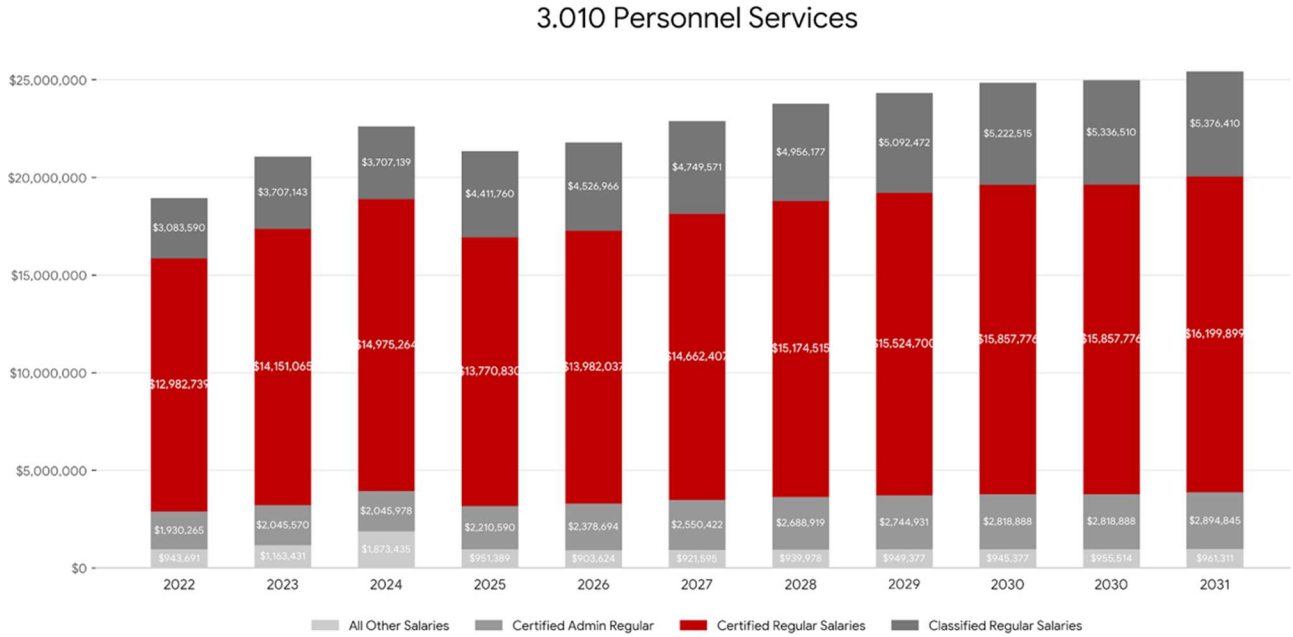
---

**Future Salary Projections (FY 2027–2031)**

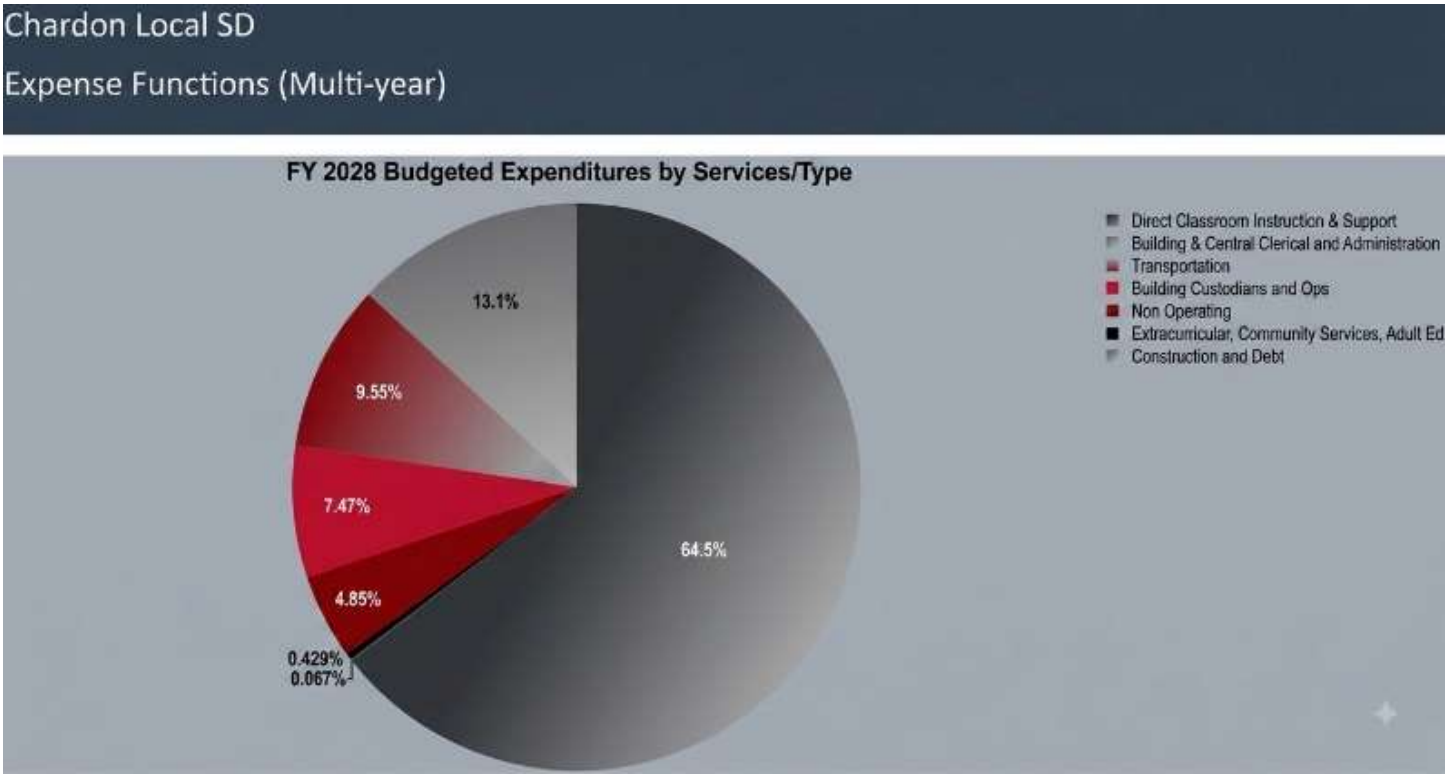
Future growth is based on newly ratified union agreements and standard step increases:

| Fiscal Years | Contract Detail | Annual Raise Percentage |
|---|---|---|
| **FY 2026–2028** | New three-year negotiated agreements for both unions. | 2.6% for each year (2026, 2027, and 2028). |
| **FY 2029–2031** | Assumptions based on average step increases and base increases. | 1.7% average step increase + 1.0% base increase (Total 2.7%). |
| **FY 2026–2031** | Twenty (20) additional retirements occurred in Fiscal Year 2025 and 2026 (No EPC incentive) | Additional retirements caused a considerable reduction by reducing certified salaries from the high end of the salary schedule to the low end of the salary schedule. |
| **FY 2027** | Reduced two positions | Through attrition and resignations, two positions were reduced in FY 2027. One Intervention Specialist, and one Vocational Job Coach. |

These percentages have been incorporated into the current financial forecast. The district notes that the average teacher salary is in the middle range for Geauga County.




The above chart breaks down expenditures by certified (red), classified (top gray), administrative (2nd from bottom gray), and other (light gray). It is important to note that class instruction is by far the largest portion of salaries, and administrative includes building secretaries, principals, board office staff, and district administration.




*3.010 - Personnel Services Expenditures*

## 3.020 – Employee Benefits

Employee Benefits represent 24.26% of the district's total expenditures. This category includes all employee insurances (health, dental, life), Medicare, Worker's Compensation, and retirement costs.

---

### Projected vs. Historical Growth

The growth rate for employee benefits is projected to more than double the historical average, creating significant financial pressure.

| Metric | Historical Average Annual Change (Last 5 Years) | Projected Average Annual Change (Through FY 2031) | Difference |
|---|---|---|---|
| Annual Growth Rate | 5.54% | 6.10% | +2.44% |

The primary assumption driving this accelerated growth is a 5.0% annual increase for Fiscal Year (FY) 2027 (down from October 2026 projection of 9.0%) and 10% increase through FY 2031, reflecting projected increases in claims costs.

May 2026 Projection vs. August 2026 Projection

| Metric | May 2026 Projection | August 2026 Projection | Difference |
|---|---|---|---|
| Total Employee Benefits | $10,594,224 | $10,622,850 | $28,626 |

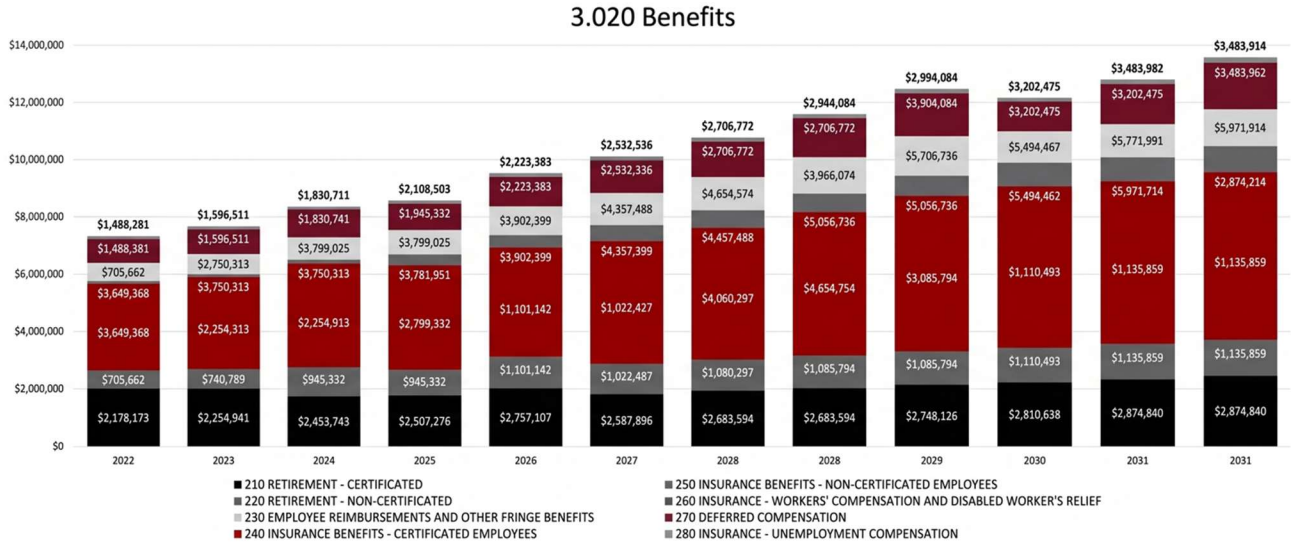
The FY 2027 projection of $10,622,850 is based on the expectation that benefit costs will increase in line with salary increases and escalating medical claim costs, which offsets the reduced percentage increase.

### Self-Insurance Fund and Reserve Health

The district maintains a Self-Insurance Fund (not part of the General Fund) to cover medical and dental claims.

| Metric | Current Cash Balance | Reserve Total (FY 2026) | Notes |
|---|---|---|---|
| Cash Reserves | $3,341,257 | $1,948,929 | Reserve effective January 2026 |

- The current balance is above the reserve target for 2026. There is no expected change for the 2027 reserve balance.
- The General Fund would be required to transfer funds to this account if reserves were insufficient to cover costs, but this is not a current concern.
- The reserve amount has been increased based on the **IBNR (Incurred but Not Reported) Internal Revenue filing** for FY 2025, reflecting projected increased claims due to rising medical costs. The IBNR for FY 2026 is expected to stay the same as FY 2025.




*3.020 - Employee Benefits*

### 3.030 – Purchased Services

Purchased Services represent 10.45% of the total expenditures and cover costs for contracted personnel, tuition paid to other districts, utility expenses, and other acquired services. This expense category is projected to undergo a dramatic reversal, shifting from a historical decline to accelerated growth.

---

### Projected vs. Historical Growth

The projected annual growth rate for Purchased Services is dramatically higher than the historical trend, indicating significant cost pressures ahead.

| Metric | Historical Average Annual Change (Last 5 Years) | Projected Average Annual Change (Through FY 2031) |
|---|---|---|
| Annual Growth Rate | 3.86% (Increase) | 4.65% (Increase) |

**Recent and Forecasted Spending**

The forecast shows decline in spending for FY 2026.

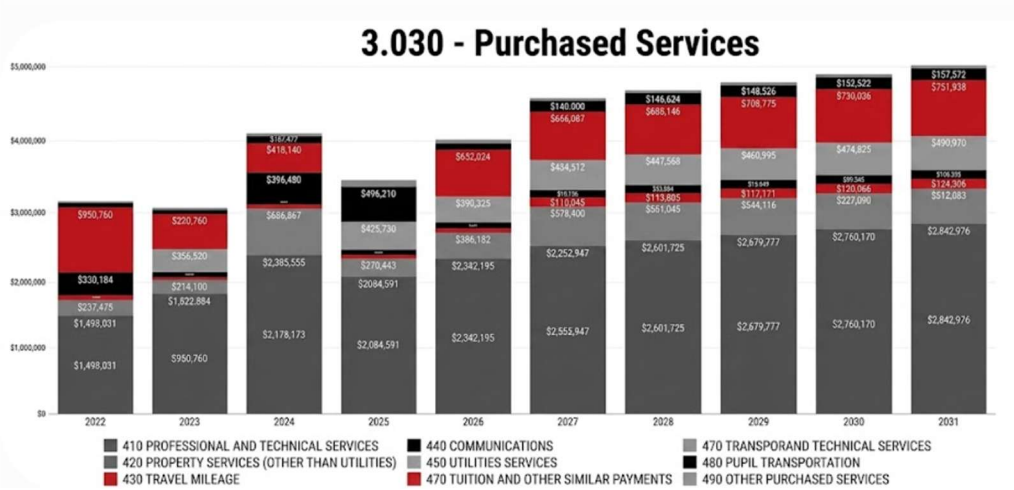
| Metric | May 2026 Projection | August Projection | Difference |
|---|---|---|---|
| **Total Purchased Services FY 2027** | $4,565,522 | $4,573,589 | $8,061 |

May 2026 forecast showed a substantial increase, reflecting the new, aggressive growth rate. The increase was not as aggressive as anticipated and the projection was lowered in this forecast due to a new substitute teacher contract with Ohio Substitute Teacher Services (OSTS). Originally all substitutes were to be paid by OSTS, but during Fiscal Year 2026 District building substitutes were moved to in house payroll, reducing Professional and Technical services significantly.

**Impact of Fair School Funding Plan (FSFP)**

The historical decline in this category was influenced by the implementation of the FSFP in 2022:

- **FSFP Change:** The new plan shifted funding to only account for district-educated enrollment.
- **Result:** This change reduced the district's expense for tuition paid to other entities (e.g., open enrollment "out," community schools, STEM schools).
- **Net Effect:** While this lowered tuition *costs* (a Purchased Services expense), it also resulted in less per-pupil state revenue, as state funding now follows the student and is paid directly to the attending school/district. The projected growth of 8.08% suggests new cost pressures are now outweighing these prior FSFP-related savings




*3.030 - Purchased Services*

**Key Drivers of Increased Purchased Services**

The projected surge in Purchased Services, which moves from a historical decline to an aggressive growth rate (as noted in the prior analysis), is driven by the shift of certain costs out of personnel categories, utility increases, and escalating student service needs. The increase in Fiscal Year 2024 was due to one-time design services for the Business Affairs/Transportation Center on Washington Street.

---

**New and Increased Costs**

Several factors are fueling the projected 4.65% annual growth:

- **FSFP Cost Shift:** Expenditures for **Student Success and Wellness** programs were moved into the General Fund as part of the Fair School Funding Plan (FSFP) formula, increasing the burden on this line item.
- **Operational Inflation:** Rising costs for property/auto insurance and utilities contribute to the overall increase in purchased services.
- **Programmatic Needs:** Increased spending is necessary for preschool services and enhanced special education support.
- **Contracted Special Education:** Significant increases are budgeted for Special Education contracted services to cover the specialized needs of students. This area needs additional analysis for FY 2027, and more information will be provided after the start of the school year.

**Budget Review and Inflation Assumption**

- **Review Process:** Each object code within the Purchase Services line item was reviewed with the Superintendent to confirm that the budgeted expenditures are sufficient for continued program operations.
- **Inflation Projection:** The forecast incorporates all specific increases and decreases noted in the prior analysis, plus an additional 3.37% annual increase for general inflation within this line item, starting in Fiscal Year 2027 and continuing through 2031.

This 3.37% inflation factor indicates that the district is realistically accounting for the rising cost of contracted services over the forecast period.

**3.040 – Supplies & Materials**

Supplies and Materials cover general supplies, instructional materials (including textbooks), media, bus fuel, tires, and maintenance supplies. This category represents 4.11% of total General Fund expenditures. The forecast projects a dramatic shift from rapid historical growth to a much slower, controlled rate.

---

**Projected vs. Historical Growth**

The historical period was marked by exceptionally high spending, but future growth is expected to slow significantly.

| Metric | Historical Average Annual Change (Last 5 Years) | Projected Average Annual Change (Through FY 2031) | Difference |
|---|---|---|---|
| Annual Growth Rate | 17.55% | 3.57% | -13.97% (slower growth) |

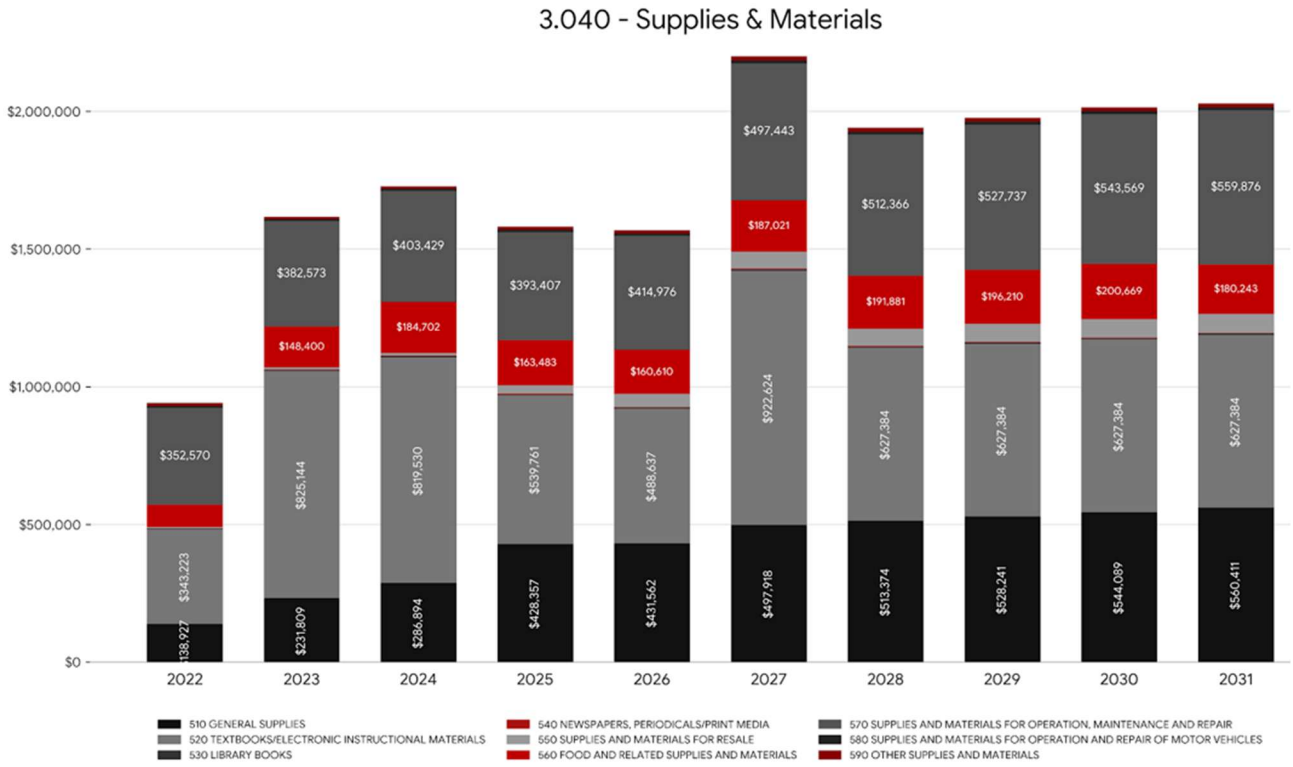
The reason for the sharp difference is that the historical average was inflated by large, non-recurring purchases (like textbooks) and high inflation, whereas the projected rate (3.37%) is primarily an allowance for future general inflation in the cost of these items.

May 2026 Projection vs. August 2026 Projection

The projection for the August 2026 forecast is greater than the May 2026 forecast for Fiscal Year 2027.

| Metric | May 2026 Projection | August 2026 Projection | Difference |
|---|---|---|---|
| **Total Supplies and Materials** | $1,750,659 | $2,176,359 | $425,700 |

The district is experiencing higher expenses in FY 2027 than it spent in FY 2026, specifically for the five-year curriculum plan purchase of new Science books and new Social Study book replacements.  This one-time increase is combined with the inflationary-driven growth rate of 3.37%.




*3.040 - Supplies and Materials*

### Details and Drivers of Supplies and Materials Spending

This analysis details the factors influencing the Supplies and Materials line item, focusing on the district's strategy to reduce student fees while budgeting for operational and instructional needs.

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### Student Fee Reduction Strategy

The district has implemented a comprehensive plan to reduce financial burdens on students and families, directly impacting how supplies are funded:

- **2023:** Classroom fees for supplies were added to this expenditure line item, allowing for a corresponding reduction in all student supply fees district-wide.
- **FY 2027 – FY 2031:** Fee reductions continue for supplies only, athletic and activity fees have been added back starting in Fiscal Year 2027 at $100/activity. This is not a direct cost to the General Fund, but could affect the planned transfer from General Fund to the Athletic/Activity Fund. The assumption is that the activity fees will offset the increased salary costs within the Athletic/Activity Fund.

## Taxpayer Savings (Community Participants)

The District took steps to give back to the community. Fees were reduced in 2023 for both athletic/activity fees and supplies. 2024 eliminated athletic/activity fees and further reduced supply fees. $100 Athletic/Activity added back in FY2027. This is modeled moving forward.

**ESTIMATED SAVINGS**

2023 - $ 200,000

2024 - $ 560,000

2025 - $ 560,000

2026 - $ 560,000

2027 - $ 420,000

Total **$2,300,000** (over five years)

CHARDON LOCAL SCHOOLS

**To allow more opportunity for High Achievement for ALL students**

### Key Spending Drivers by Object Code

| Object Code | Driver / Expense | Fiscal Year Impact |
|---|---|---|
| **510** | Supplies and student workbooks (previously paid from the 009 Fees fund). | Increased in FY 2024 through 2031. |
| **520** | **Science and Social Study Replacement books** (per the curriculum five-year plan. This also includes an increase for electronic subscriptions starting in FY 2027. | Increased for FY 2027 through FY 2031. |
| **580** | **New Transportation BusRight software** (for tracking students) and **increased auto fuel** budgets. | Increased for FY 2025 through FY 2031. |

### Instructional Materials and Curriculum

The district is proactively budgeting for updated instructional resources:

- **Future Plan:** The forward-looking plan for textbooks will be more robust, including electronic subscriptions and increased reviews for up-to-date materials. This is evident in the 2027 increase.
- **Curriculum Expansion:** College Credit Plus and Career Tech classes have been added to the High School curriculum to increase student opportunities.

This line item's projected spending directly supports the goal of enhancing student education while providing financial relief to families.

**3.050 – Capital Outlay**

Capital Outlay represents expenditures for assets with at least a five-year life expectancy, including land, buildings, equipment, technology, and furnishings. This category accounts for only 1.10% of total expenditures, but it is a major driver of change in the overall spending trend due to large, non-recurring projects.

---

**Projected vs. Historical Spending**

The forecast reveals a dramatic reversal, shifting from significant historical investment to minimal projected capital spending.

| Metric | Historical Average Annual Change (Last 5 Years) | Projected Average Annual Change (Through FY 2031) |
|---|---|---|
| **Annual Dollar Change** | **+$147,393** (Increase) | **101,117** (Decrease) |

The reason for this projected decline is the district's strategy to move future large capital expenses to the Permanent Improvement Fund, as noted in a previous analysis, thereby stabilizing the General Fund.

May 2026 Projection vs. August 2026 Projection

Increases were incorporated to account for an additional school bus, and building equipment for the new Business Affairs/Transportation Center.

| Metric | May 2026 Projection | August 2026 Projection | Difference |
|---|---|---|---|
| **Total Capital Outlay** | $583,377 | $483,372 | $100,005 reduced |

---

**Future Capital Outlay and Strategic Relocation**

This section details the major future capital expenditures planned for the district, focusing on the technology upgrade and the strategic consolidation of operational facilities.

---

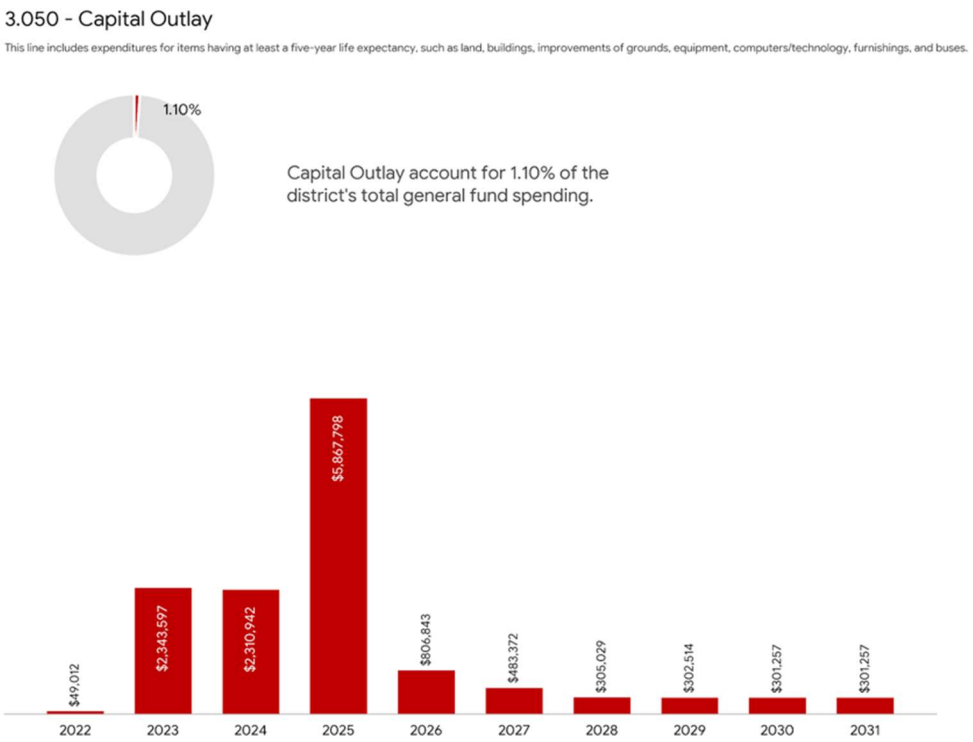
**Planned Capital Expenditures (FY 2027–2031)**

- **Technology Upgrade:** The forecast for FY 2027 through FY 2031 includes the cost for purchasing **Chromebooks for all students** to achieve a **1:1 technology ratio**, which will be funded from this Capital Outlay line item.

**Funding Strategy for Future Improvements**

To stabilize the General Fund, the district implemented long-term strategy for capital projects:

- **Removal from General Fund:** The assumption is to remove all additional capital improvement projects (with the exception of technology equipment) from the General Fund by Fiscal Year 2027.
- **Permanent Improvement Fund:** These projects will instead be forecast within the Permanent Improvement Fund, strategically utilizing the one mill of inside-mill revenue designated for permanent. A separate Capital Improvement Plan is available for details on these expenditures.




*3.050 - Capital Outlay*

**3.060-4.060 – Intergovernmental & Debt**

The district does not have Intergovernmental/Debt expenditures that detail General Fund debt issued by the district.

**4.300 – Other Objects**

The "Other Objects" line item represents costs for administrative and support functions, including membership dues, fees, and government service charges. This category accounts for a small but growing portion of the budget at 1.40% of total expenditures.

---

**Projected vs. Historical Growth**

This category is projected to see a substantial increase in its annual growth rate, primarily driven by allowances for inflation.

| Metric | Historical Average Annual Change (Last 5 Years) | Projected Average Annual Change (Through FY 2031) |
|---|---|---|
| **Annual Growth Rate** | **+0.34%** | **+2.59%** |

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The accelerated projected growth rate is largely due to the inclusion of a 3.37% annual cost-of-living (inflation) increase in this line item, factored into the budget from FY 2027 through FY 2031.

**Primary Components**

The main drivers of spending in this line item are:

- **Membership Dues and Fees**
- **Educational Service Center (ESC) contract deductions**
- **County Auditor/Treasurer fees**
- **Audit expenses**

May 2026 Projections vs. August 2026 Projections

| Metric | May 2026 Projection | August 2026 Projection | Difference |
|---|---|---|---|
| **Total Other Objects** | $653,910 | $613,909 | -$40,001 |

**Drivers of "Other Objects" Expenditures**

The projected decline in "Other Objects" is influenced by both stable administrative fees and new spending on recognition programs, alongside reductions in certain operational fees.

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County Auditor and Collection Fees

| Fee Type | Cost | Trend/Reason for Change |
|---|---|---|
| County Auditor Fees (4.300) | $488,724 (for FY 2026) | This cost covers the fee paid to the County Auditor to collect the district's property taxes. |
| | $523,136 (for FY 2027) | Increase projected for Fiscal Year 2027 |

**Bank Fees and Recognition Programs**

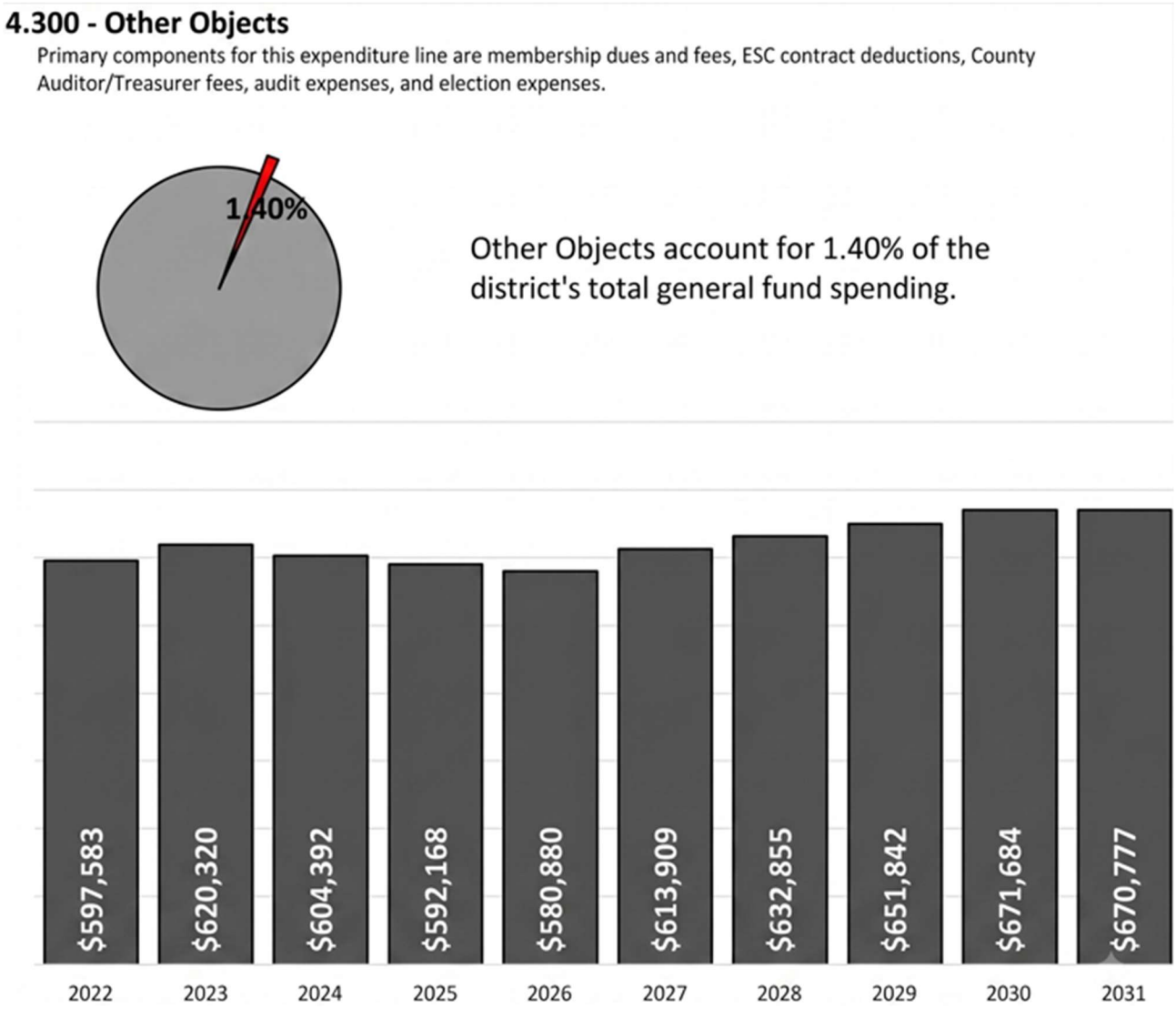
Changes in this line item are also driven by reduced student fees and a new recognition program:

- **Bank Fees:** These have decreased from FY 2023 through FY 2026, primarily due to the overall reduction of student fees (which translates to fewer fee transactions

and associated bank charges). A slight increase should begin in FY 2027 to account for the $100 athletic/activity fee that are paid electronically.

- **Awards and Prizes Plan:** A robust awards and prizes plan to recognize staff and students was added in Fiscal Year 2025. The forecast assumes this recognition program will continue through Fiscal Year 2031.

The primary decrease in this line item is attributed to the assumption that County fees will be reduced, this line will be adjusted after the August and March tax collections.




*4.300 – Other Objects – County Auditor Fees*

## 5.010 to 5.040 – Total Other Financing Uses

"Other Uses" includes expenditures generally classified as non-operating, accounting for 5.52% of the district's total General Fund spending. This category is a combination of transfers-out (permanent allocations to other district funds) and advances-out (temporary loans to other funds).

May 2026 Projection vs. August 2026 Projection

Transfers-out increased in Fiscal Year 2026 to the 070 Capital Projects Fund to save for a parking lot behind the High School and to an 070 Capital Projects Fund to perform masonry work at Park Elementary. These are both one-time transfers.

| Metric | May 2026 Projection | August 2026 Projection |
|---|---|---|
| Total Other Uses | $2,522,000 | $2,415,730 |

Important note to explain considerable increase in Fiscal Year 2025.

- **Capital Projects:** A $1,400,000 transfer to the 070 Capital Projects Fund to ensure the Business Affairs/Transportation Center could be completed in FY 2026.
- Benefits Termination: A $1,100,000 transfer to the 035 Termination of Benefits fund to fully account for seventeen (17) retirements in FY 2025.
- Athletic/Activity Fund: An increased transfer was made to the 300 Athletic/Activity Fund to ensure it started FY 2026 in a positive cash position.

**Projected Transfers and Advances (FY 2027–2031)**

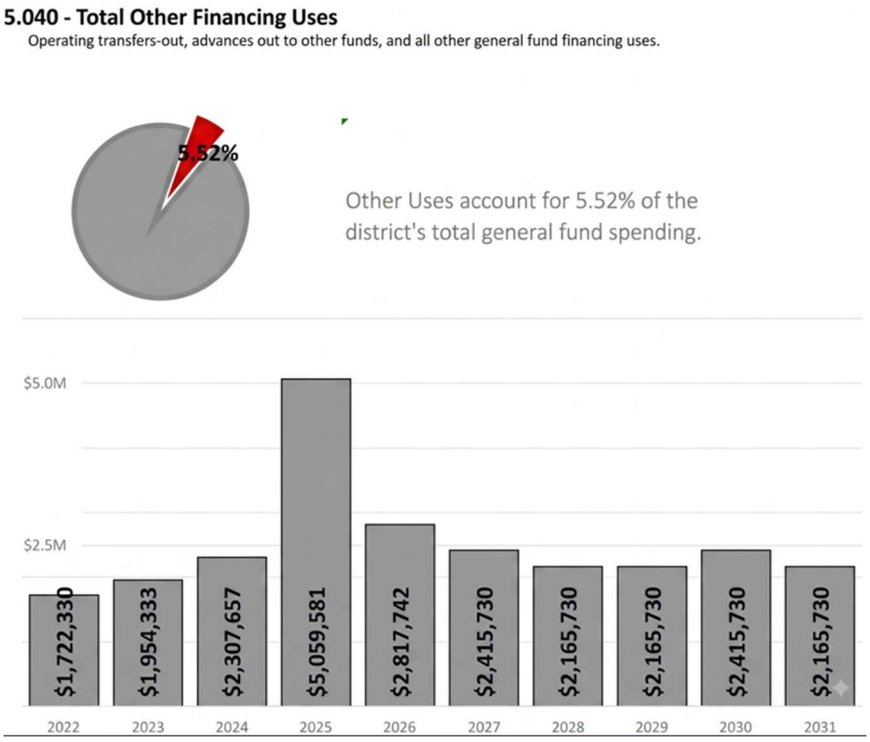
Future projections show a decrease from the high FY 2026 actual, but funding remains allocated for key areas:

| Component | FY 2026 Projected Amount | Purpose and Note |
|---|---|---|
| Transfers-Out (Permanent) | $1,940,000 (Total) | Scheduled for the Athletic/Activity Fund ($700,000), Severance Retirement Fund ($250,000) and internal inter-fund transfers for preschool ($690,730) and vocational programming ($300,000).<br>Note: The internal transfers are an in-and-out and are seen above in Other Revenue, making total transfers $950,000. |
| Advances-Out (Temporary) | $475,000 | Assumed starting in FY 2027 for grant accounts to ensure they maintain a positive balance. These amounts are paid back to the General Fund at the start of the next Fiscal Year. |

**Elimination of Student Activity Fees**

The transfer amounts for the Athletic Fund directly support the district's commitment to reducing financial barriers for students:

- **2023:** Transfers were increased to allow for reduced athletic fees (e.g., High School sports lowered from $150 to $100; Drama and Band lowered to $100).
- **FY 2024 – FY 2026:** This fee reduction strategy is continued and expanded. Transfers are budgeted to cover all costs, resulting in "no fees" for Drama, Band, Middle School sports, and High School sports through the entire forecast period.
- **FY 2027 – FY 2031:** Athletic/Activity fees will be phased in starting at $100/activity in Fiscal Year 2027. This revenue in the Athletic/Activity Fund will negate rising transfers for future years due to salary increases.




*5.040 - Total Other Financing Uses*

## 7.010 General Fund Ending Cash Balance and Financial Intervention

The district's financial position is projected to deteriorate significantly, leading to a negative cash balance by the end of the forecast period in Fiscal Year (FY) 2031.

---

### Cash Balance Summary

| Metric | May 2026 Projection | August 2026 Projection | Difference |
|---|---|---|---|
| Ending Cash Balance | $13,411,902 | $14,612,360 | $1,200,458 detailed in Assumptions Above |

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**Projected FY 2031 Deficit**

The final projected ending cash balance for this model in FY 2031 is -$3,647,419 which has improved since the May 2026 forecast of FY 2030 at-$4,120,457. The primary reason for this improvement is the shift of inside mill back from the Permanent Improvement Fund to the General Fund.

**Interventions Required**

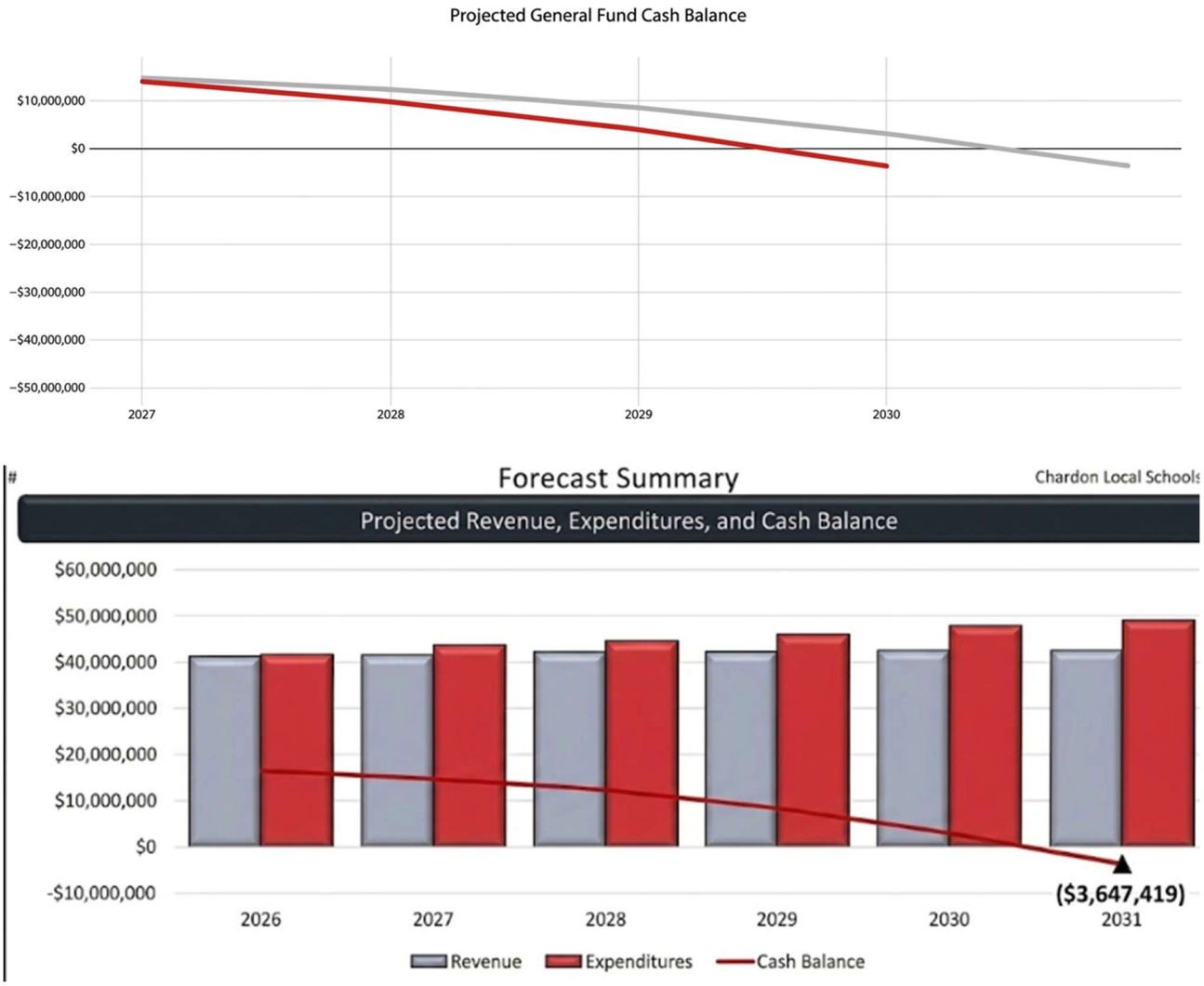
To achieve a **balanced budget by FY 2031** and avoid the large deficit, the district must implement one of the following changes:

- **Reduce Projected Expenses** by **15.0%**
- **Increase Revenue** by **12.75%**.

**Key Drivers of Financial Change**

The forecast reflects assumptions aligned with the district's Success Plan to achieve district goals, with several key cost centers driving the overall expenditure trend:

- **Largest Expenditure: Personnel Services** saw the largest cost increase due to the approval of three-year negotiated agreements with both classified and certified unions.
- **Next Largest Expenditures: Benefits** are the second-largest expenditure category, followed by Purchased Services.




*7.010 – Ending Cash Balance*

**Financial Outlook: Deficit Spending and Revenue Concerns**

This financial model projects that the district will engage in deficit spending (expenditures exceeding annual revenue) starting in Fiscal Year (FY) 2026, a trend that continues through FY 2031.

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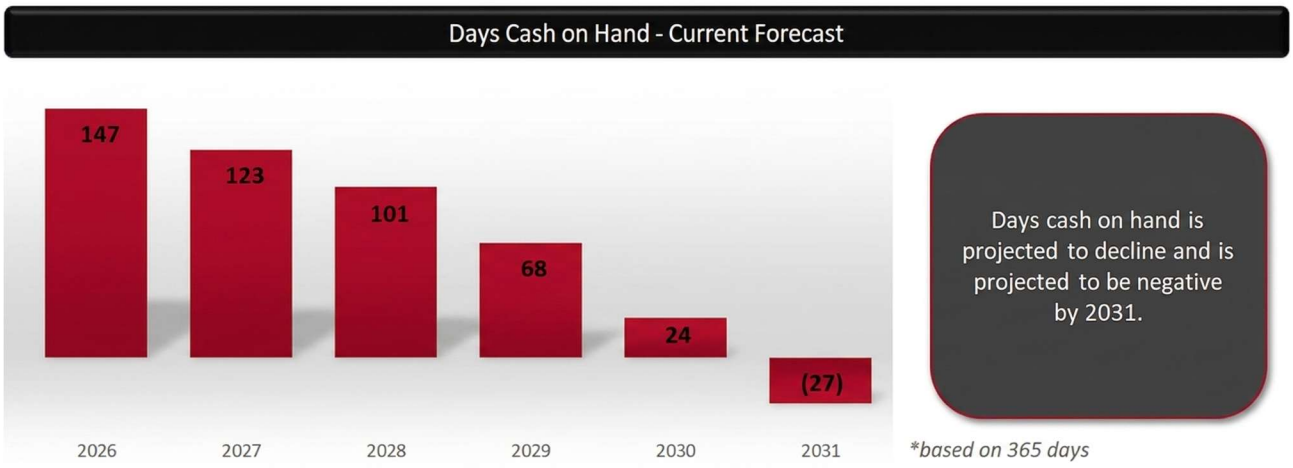
**Future Levy Projection**

To maintain current levels of quality education, the model suggests a major intervention will be required:

- The forecast indicates that consideration for an operating levy may be needed by Fiscal Year 2028.




*7.010 – Ending Cash Balance*

Levy Health Assessment - Chardon Local School District

Base Forecast Analysis and Levy Compare Analysis

Chardon Local School District

Base Forecast Results

| Base Forecast From 5Cast | Fiscal Year 2027 | Fiscal Year 2028 | Fiscal Year 2029 | Fiscal Year 2030 | Fiscal Year 2031 | Fiscal Year 2032 | Fiscal Year 2033 |
|---|---|---|---|---|---|---|---|
| **Beginning Balance** | 16,622,613 | 14,612,358 | 12,227,696 | 8,500,761 | 3,086,045 | (3,647,422) | (12,002,592) |
| + Revenue | 41,769,919 | 42,353,130 | 42,407,412 | 42,476,606 | 42,453,307 | 42,528,219 | 42,614,354 |
| + Proposed Renew/Replacement Levies | - | - | - | - | - | - | - |
| + Proposed New Levies | - | - | - | - | - | - | - |
| - Expenditures | 43,780,074 | 44,737,792 | 46,134,347 | 47,891,322 | 49,186,774 | 50,883,389 | 52,663,995 |
| = Revenue Surplus or Deficit | (2,010,255) | (2,384,662) | (3,726,935) | (5,414,716) | (6,733,467) | (8,355,170) | (10,049,641) |
| **Ending Balance** | **14,612,358** | **12,227,696** | **8,500,761** | **3,086,045** | (3,647,422) | (12,002,592) | (22,052,233) |

*Levy Indicators*

**Financial Outlook: Deficit Spending and Revenue Concerns**

This financial model projects that the district will engage in deficit spending (expenditures exceeding annual revenue) starting in Fiscal Year (FY) 2027, a trend that continues through FY 2030. In FY 2031 the deficit spending will exceed cash.

---

**Projected Deficit Spending**

| Fiscal Year | Projected Annual Deficit | Trend |
|---|---|---|
| FY 2027 | $2,010,255 | Deficit spending begins and is projected to continue through FY 2030. |

The forecast for five years includes factors for inflation and supply chain demands built into expenditure projections.

**Revenue Structure and Risks**

The district's revenue structure limits its ability to capitalize on current economic growth, and it faces risks from state policy:

- **Primary Revenue Source:** Chardon Local School District's main form of revenue is residential **property tax**.
- **Revenue Limitation:** Unlike other government offices, the district does not collect sales tax or income tax. This means the district cannot fully benefit from the increasing sales tax and income tax revenues seen in the current economy due to inflation and increased wages.
- **External Risks:** The forecast is highly vulnerable to external factors:
    - **Catastrophic changes** could occur with state legislation.
    - **Reductions in state funding** during the forecast cycle could severely impact the budget.
    - *Note:* Projections for potential legislative changes are not included due to their high uncertainty.

**Critical Financial Shortfall and Levy Consideration**

The district is facing a critical fiscal challenge, with projections showing a large deficit in the final year of the forecast, necessitating consideration for a new operating levy to avoid a negative cash position.

---

**Projected FY 2031 Deficit and Cash Balance**

The financial projections for Fiscal Year (FY) 2031 show a severe cash position:

| Metric | Projected Value (FY 2031) | Percent of FY 2031 Budget/Revenue |
|---|---|---|
| Annual Shortfall (Spending over Revenue) | -$3,647,422 | -7.4% of revenue |

**Required Levy Action**

To maintain a fiscally responsible position (a cash balance of approximately 10.0% or more of spending), the district's levy life indicator suggests immediate action:

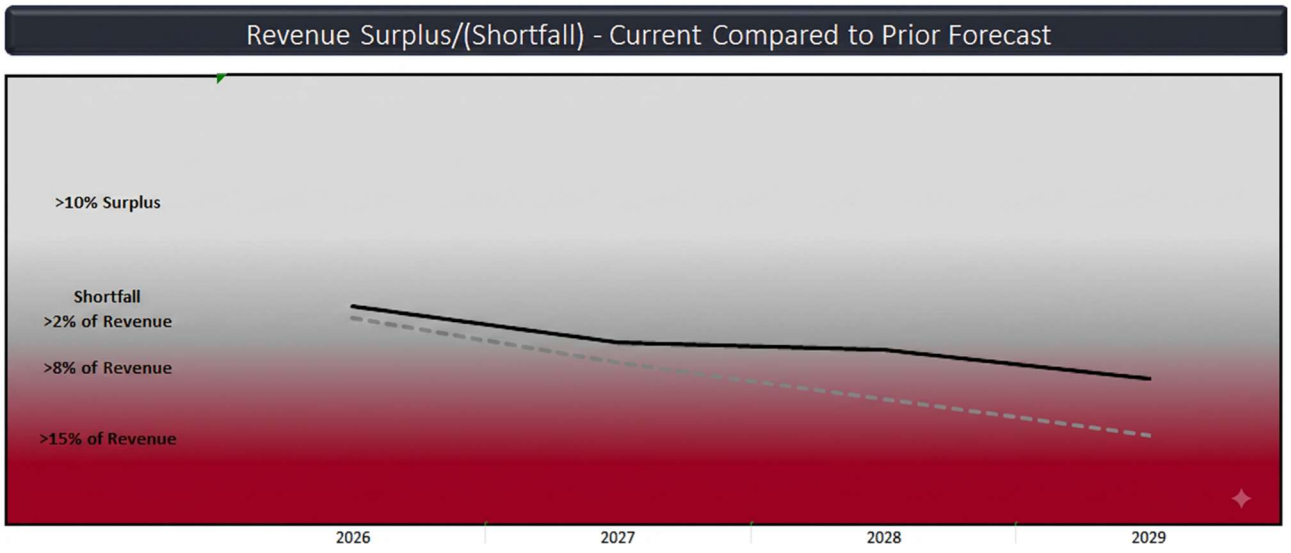
- A new operating levy would likely need to be considered in tax (calendar) year 2028 to ensure it can impact and stabilize the budget starting in Fiscal Year 2029 by half, and fully in Fiscal Year 2030.

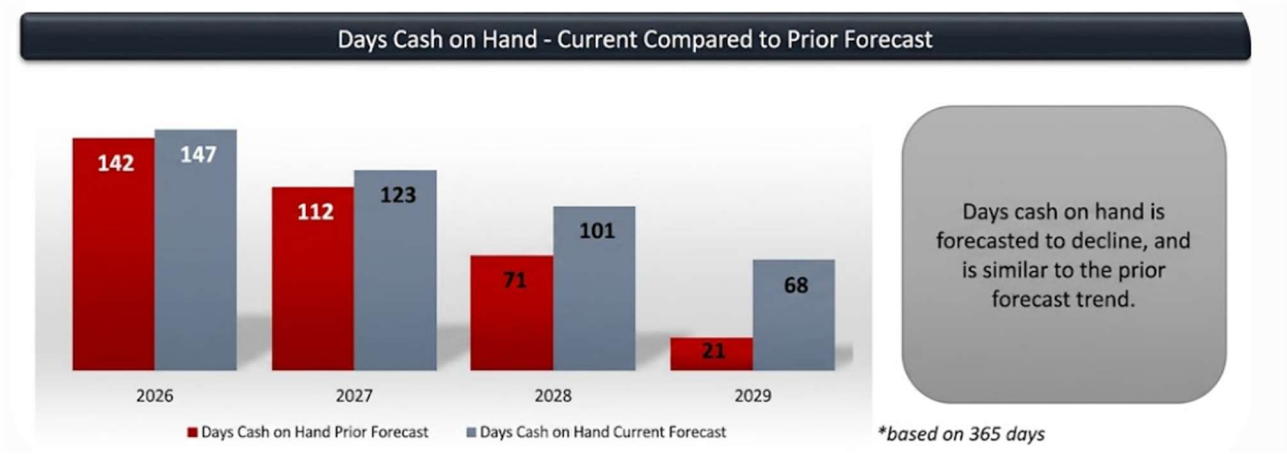
**Revenue Constraints and Projections**

The district's ability to increase revenue is constrained by state law, even as expenditures rise:

- **HB 920 Constraint:** Chardon receives minimal revenue increases due to the limitations imposed by House Bill 920.
- **HB 335 Constraint:** Inside mill growth reduced to an inflationary cap currently at 9.15%
- **Inside Millage Addition:** The forecast includes a projected increase in revenue of $540,000 in FY 2027 and $983,000 in FY 2027 through FY 2031 due to the addition of 1 mill of inside millage that was strategically moved from the Permanent Improvement (PI) Fund back to the General Fund.
- **Planned Increases:** The revenue projection includes slight increases from 4.5 millage of inside mill, and a performance bonus for Fiscal Year 2026 and 2027, with revenue remaining basically flat-lined throughout the forecast.

When comparing the May 2026 forecast to the August 2026 forecast the strategic plan to shift one mill of inside mill back to the General Fund has increased the cash position.






*Levy Indicators*

**Expenditure Management**

The average projected annual expenditure change is slightly higher than the inflation rate and more than projected revenue growth. The district attributes the slower expenditure growth to careful fiscal management, including:

- Removing Capital Outlay from the General Fund forecast.
- Reducing salary costs (through replacement of higher-salaried staff).
- Actively managing benefit costs.
- Instituting a comprehensive budgeting process and careful expenditure planning.

**Commitment to Fiscal Monitoring and Efficiency**

The Board of Education at Chardon Local Schools maintains a strong commitment to managing the district's financial health, utilizing this forecast model as its primary planning tool.

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**Ongoing Fiscal Oversight**

- Fund Analysis: The Board of Education continuously analyzes all district funds to proactively determine the effects of the economy and any potential direct financial impacts on the school district.

- Expenditure Efficiency: The Board also maintains strict oversight, carefully analyzing each expenditure category to ensure all funds are spent in an effective and efficient manner.
- The Board of Education reviews all funds monthly during regular scheduled meetings.

**Forecast Commitment**

Chardon Local School District is committed to transparency and planning. The district will provide an updated forecast should economic conditions or operational assumptions vary significantly from the current model.

# Five Year Forecast
## August Fiscal Year 2027

| | Actual | FORECASTED | | | | |
|---|---|---|---|---|---|---|
| Fiscal Year: | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| Revenue: | | | | | | |
| 1.010 - General Property Tax (Real Estate) | 24,953,594 | 25,401,627 | 25,993,669 | 26,153,470 | 26,267,595 | 26,539,033 |
| 1.020 - Public Utility Personal Property | 2,750,405 | 2,914,319 | 2,984,753 | 3,012,854 | 3,040,954 | 3,062,958 |
| 1.030 - Income Tax | - | - | - | - | - | - |
| 1.035 - Unrestricted Grants-in-Aid | 6,206,966 | 6,474,448 | 6,498,976 | 6,483,367 | 6,481,616 | 6,479,627 |
| 1.040 - Restricted Grants-in-Aid | 305,615 | 347,392 | 346,577 | 345,138 | 345,107 | 345,123 |
| 1.050 - State Reimb Prop Tax Credits | 2,520,670 | 2,599,264 | 2,671,552 | 2,682,695 | 2,693,837 | 2,699,409 |
| 1.060 - All Other Operating Revenues | 3,076,182 | 2,534,539 | 2,373,521 | 2,264,158 | 2,181,767 | 1,861,427 |
| 1.070 - Total Revenue | 39,813,432 | 40,271,589 | 40,869,048 | 40,941,682 | 41,010,876 | 40,987,577 |
| Other Financing Sources: | | | | | | |
| 2.010 - Proceeds from Sale of Notes | - | - | - | - | - | - |
| 2.020 - State Emergency Loans and Adv | - | - | - | - | - | - |
| 2.040 - Operating Transfers-In | 932,220 | 990,730 | 990,730 | 990,730 | 990,730 | 990,730 |
| 2.050 - Advances-In | 575,000 | 507,500 | 475,000 | 475,000 | 475,000 | 475,000 |
| 2.060 - All Other Financing Sources | 39,617 | 0 | 18,352 | 0 | 0 | 0 |
| 2.070 - Total Other Financing Sources | 1,546,838 | 1,498,230 | 1,484,082 | 1,465,730 | 1,465,730 | 1,465,730 |
| 2.080 - Total Rev & Other Sources | 41,360,269 | 41,769,820 | 42,353,130 | 42,407,412 | 42,476,606 | 42,453,308 |
| Expenditures: | | | | | | |
| 3.010 - Personnel Services | 21,791,321 | 22,893,995 | 23,804,812 | 24,311,481 | 24,864,494 | 25,432,464 |
| 3.020 - Employee Benefits | 10,117,803 | 10,622,850 | 11,232,112 | 11,964,765 | 12,751,051 | 13,601,916 |
| 3.030 - Purchased Services | 4,010,308 | 4,573,859 | 4,678,860 | 4,782,999 | 4,893,836 | 5,008,977 |
| 3.040 - Supplies and Materials | 1,551,404 | 2,176,359 | 1,918,394 | 1,955,016 | 1,993,270 | 2,005,653 |
| 3.050 - Capital Outlay | 806,843 | 483,372 | 305,029 | 302,514 | 301,257 | 301,257 |
| Intergovernmental & Debt Service | | | | | | |
| 4.300 - Other Objects | 580,880 | 613,909 | 632,855 | 651,842 | 671,684 | 670,777 |
| 4.500 - Total Expenditures | 38,858,559 | 41,364,344 | 42,572,062 | 43,968,617 | 45,475,592 | 47,021,044 |
| Other Financing Uses: | | | | | | |
| 5.010 - Operating Transfers-Out | 2,310,242 | 1,940,730 | 1,690,730 | 1,690,730 | 1,940,730 | 1,690,730 |
| 5.020 - Advances-Out | 507,500 | 475,000 | 475,000 | 475,000 | 475,000 | 475,000 |
| 5.030 - All Other Financing Uses | - | - | - | - | - | - |
| 5.040 - Total Other Financing Uses | 2,817,742 | 2,415,730 | 2,165,730 | 2,165,730 | 2,415,730 | 2,165,730 |
| 5.050 - Total Exp and Other Financing Uses | 41,676,301 | 43,780,074 | 44,737,792 | 46,134,347 | 47,891,322 | 49,186,774 |
| 6.010 - Excess of Rev Over/(Under) Exp | (316,032) | (2,010,254) | (2,384,662) | (3,726,935) | (5,414,716) | (6,733,466) |
| 7.010 - Cash Balance July 1 (No Levies) | 16,938,645 | 16,622,613 | 14,612,359 | 12,227,698 | 8,500,763 | 3,086,047 |
| 7.020 - Cash Balance June 30 (No Levies) | 16,622,613 | 14,612,359 | 12,227,698 | 8,500,763 | 3,086,047 | (3,647,419) |
| Reservations: | | | | | | |
| 8.010 - Estimated Encumbrances June 30 | 394,748 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| 9.080 - Reservations Subtotal | - | - | - | - | - | - |
| 10.010 - Fund Bal June 30 for Cert of App | 16,227,865 | 14,312,359 | 11,927,698 | 8,200,763 | 2,786,047 | (3,947,419) |
| 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 | 16,227,865 | 14,312,359 | 11,927,698 | 8,200,763 | 2,786,047 | (3,947,419) |
| Revenue from New Levies | | | | | | |
| 13.010 & 13.020 - New Levies | - | - | - | - | - | - |
| 13.030 - Cumulative Balance of New Levies | - | - | - | - | - | - |
| 15.010 - Unreserved Fund Balance June 30 | 16,227,865 | 14,312,359 | 11,927,698 | 8,200,763 | 2,786,047 | (3,947,419) |