



CHARDON LOCAL SCHOOLS

May 2022 ASSUMPTIONS

Financial Summary – For the third consecutive year Chardon Local Schools shows a strong financial position. The COVID-19 pandemic continued to show financial impact but at a reduced rate from fiscal year 2021. In the summer of 2021, the State of Ohio legislature approved the state fiscal 2022 - 2023 biennial budget which became law on July 1, 2021. Under the new biennial budget, the State Foundation Formula adopted the new Fair School Funding Plan. This new plan provided a positive effect on the five-year forecast along with changes in the recording of revenue and expenditures. As in fiscal year 2021, collections are higher than anticipated showing a positive effect on revenue. Expenditures were less than projected due to tuition adjustments from the Fair School Funding Formula along with continued savings from the 2019 fiscal year reconfiguration, and continued attention to cost effective measures. Significant savings occurred while still providing a **quality, in-person, safe** education for all students.

The purpose and objective for the five-year forecast is to engage the local Board of Education and the community in the long range planning and discussions of financial issues facing the school district. This tool serves as a basis for determining the school district's ability to sign the certificate required by O.R.C. 5705.412, commonly known as the 412 certificate. In addition, this forecast is a method for the Department of Education and the 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**

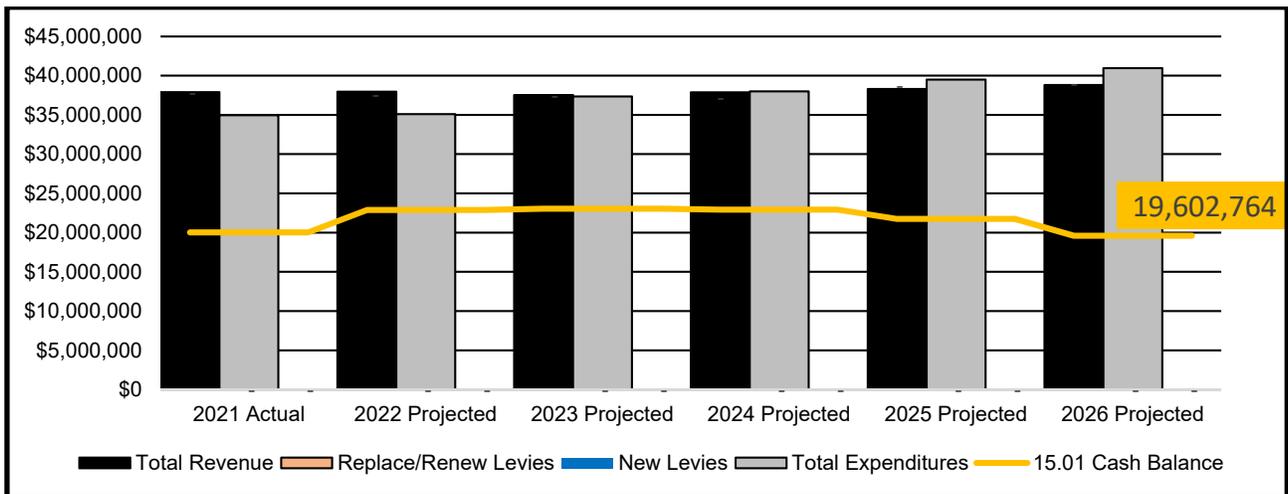
five-year forecast is based on information we have at the time it was created and subject to change with any considerable change to the economy.

In the November 2021 five-year forecast an ending cash balance for fiscal year 2022 was projected at \$22,031,946. The May 2022 forecast includes adjustments to project an ending cash balance for fiscal year 2022 at \$22,811,164 (before open encumbrances) with the final projection after open purchase orders at \$22,311,164. The Geauga County Auditor’s office certified a 98% collection rate for calendar year 2021. The collection rate came in at 100.54% to show increased revenues for Chardon Local Schools. Secondly, with the Fair School Funding Plan, revenues were reduced but expenditures were reduced even greater to show a positive effect on the forecast.

In fiscal year 2022 a revenue surplus is expected. This means the expenditures are expected to be less than revenue by **\$2,858,440** in fiscal year 2022, thereby increasing our cash balance. By the last year of the forecast, fiscal year 2026, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$2,142,071 (deficit spending). A worsening cash balance can erode the district’s financial stability over time. The district would need to cut its fiscal year 2026 projected expenses by 5.23% in order to balance its budget without additional revenue.

To justify this projection, assumptions in each category are included in this report to explain the ending cash balance together with possible changes.

Forecast Summary May 2022



Financial Forecast	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	20,022,725	22,881,164	23,052,956	22,934,905	21,744,834
+ Revenue	37,959,365	37,521,480	37,875,479	38,310,747	38,809,458
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(35,100,926)	(37,349,688)	(37,993,531)	(39,500,818)	(40,951,529)
= Revenue Surplus or Deficit	2,858,440	171,792	(118,052)	(1,190,071)	(2,142,071)
Line 7.020 Ending Balance with renewal/new levies	22,881,164	23,052,956	22,934,905	21,744,834	19,602,764

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	2,858,440	171,792	(118,052)	(1,190,071)	(2,142,071)
Ending Balance w/o Levies	22,881,164	23,052,956	22,934,905	21,744,834	19,602,764

REVENUES

Total revenue increased 2.7% or \$963,461 annually during the past five years and is projected to increase 0.48% or \$183,575 annually through fiscal year 2026. Real estate has the greatest projected average annual variance compared to the historical average at **\$587,717**.

From the growth chart below it is easy to see the increase in 2020 was directly related to the levy that passed in 2018. It typically takes two years for the revenue to show within the numbers. The projection is that revenue growth will decline in 2022 due to the lack of new revenue primarily because of House Bill 920 and conservative collection rates projected for less than the three year average.

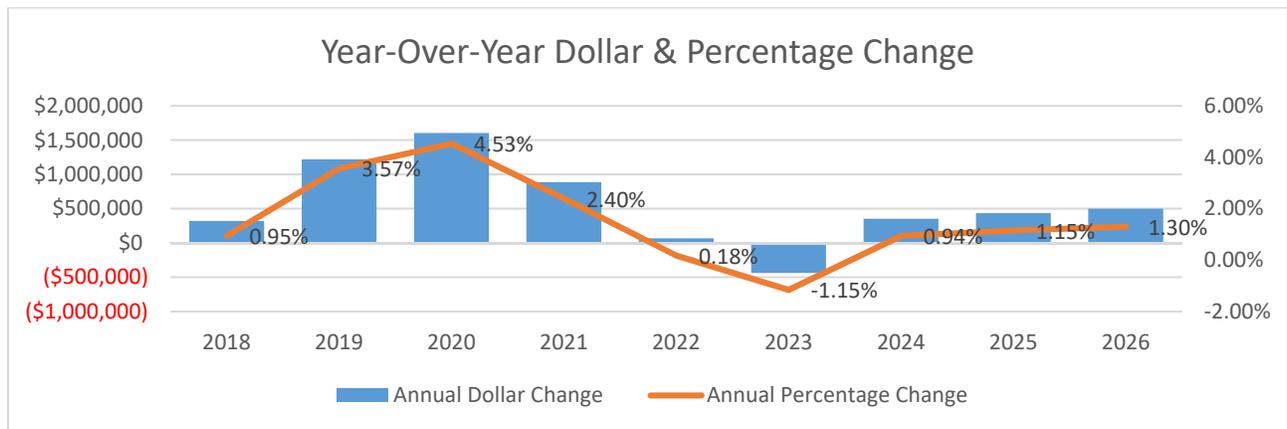


Figure 1 - Year-Over-Year Dollar & Percent Change all Revenue

Revenue Sources and Forecast Year-Over-Year Projected Overview

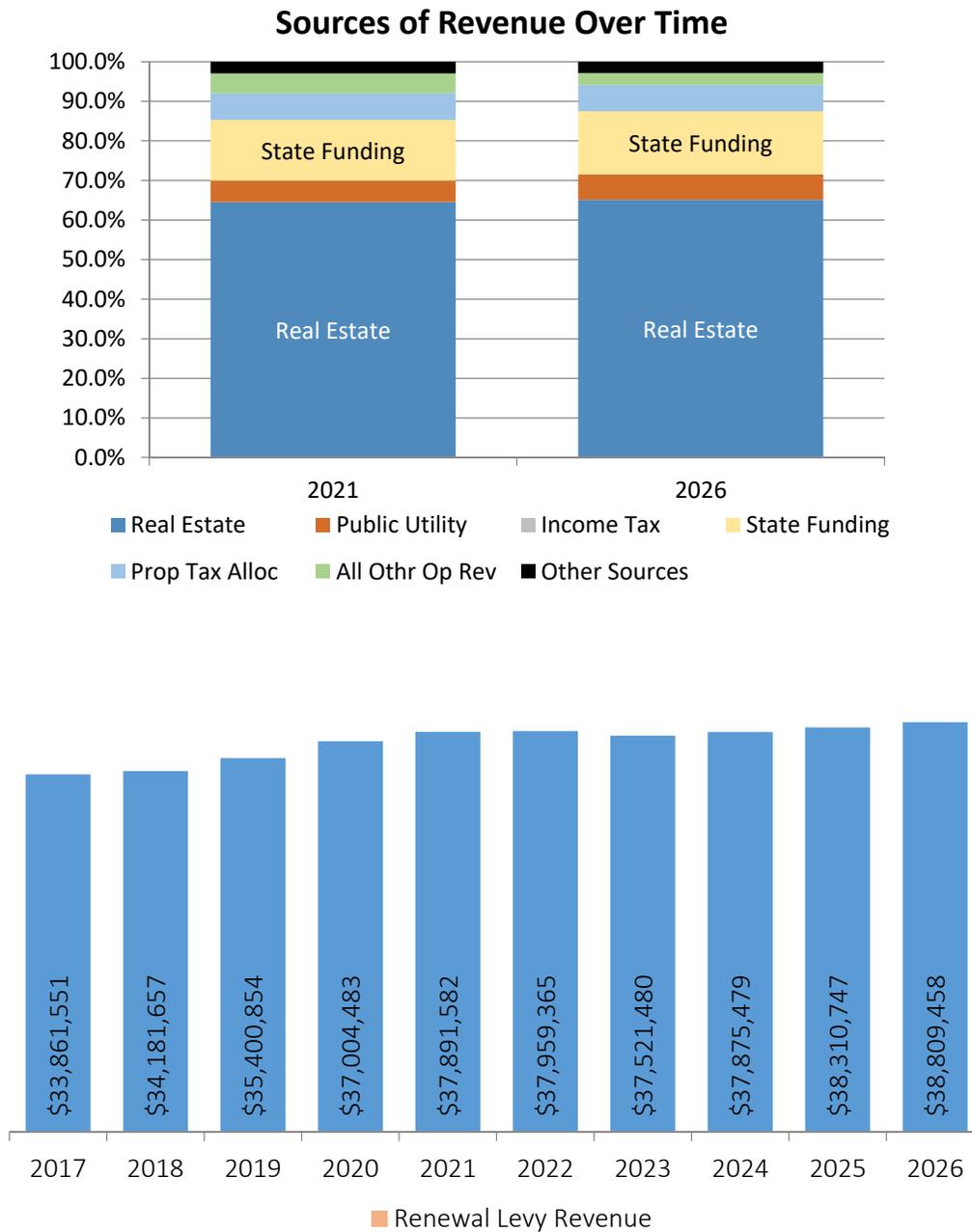


Figure 2- Total of all Revenue

1.010 – General Property Tax – Real estate property tax revenue accounts for roughly 64.53% of the district’s total revenue. Class I or residential/agricultural taxes make up approximately 82.94% of the real estate property tax revenue. The Class I tax rate is

35.67 mills in tax year 2021. Projected tax revenue for fiscal year 2022 is estimated at \$24,899,448.



Figure 3 - Property Tax Revenue

The Geauga County Budget Commission set the collection rate for 2022 to 98%. The projections in this forecast reflect an average gross collection rate of 99.8% annually through tax year 2025. The revenue changed at an average annual historical rate of 3.32% and is project to change at an average annual rate of 0.65% through fiscal year 2026. Again, this is due to “no new revenue” other than potential inside-mill projected from fiscal year 2022 through fiscal year 2026.

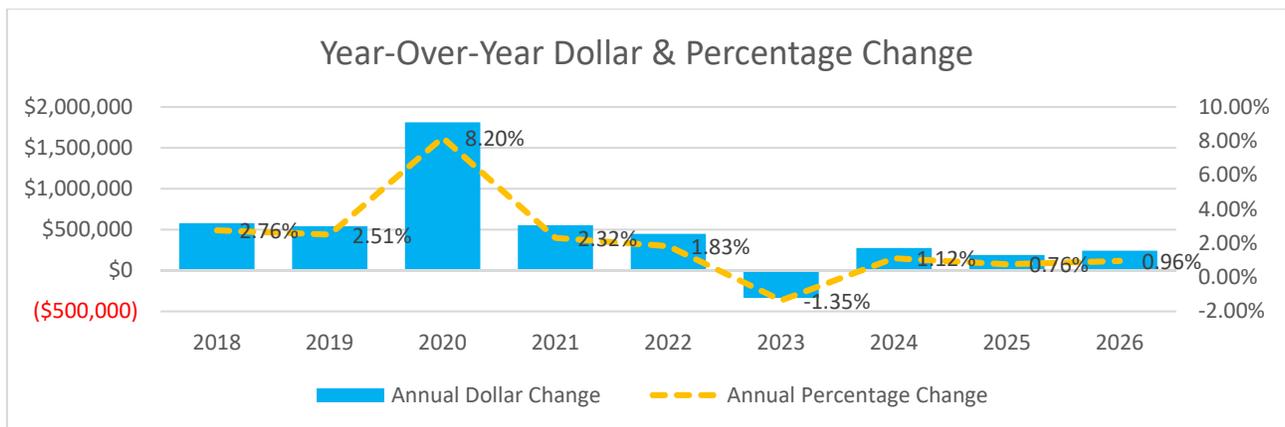


Figure 4- Year-Over-Year Dollar & Percent Change Tax Revenue

Calendar year 2023 is a reappraisal year in Geauga County and property values are expected to increase causing the growth rate to slightly increase from 2023 to 2024.

Calendar year 2020 was an update year for valuations by the Geauga County Auditor. Property value rate changes came in at a 10.8% increase in residential properties, which was much higher than anticipated. From the model below, the 2023 reappraisal shows a projected increase of 6.42% resulting in a small increase in inside-mill for residential tax revenue.

Res Forecast							
2015 act	-483,490	-0.10%	3,277,710	0.68%	485,227,760	0.58%	
2016 act	-366,060	-0.08%	3,401,270	0.70%	488,262,970	0.63%	
2017 act	23,926,100	4.90%	19,649,550	4.02%	531,838,620	8.92%	
2018 act	-133,010	-0.03%	3,953,560	0.74%	535,659,170	0.72%	
2019 act	-90,390	-0.02%	3,133,750	0.59%	538,702,530	0.57%	
2020 act	53,531,150	9.94%	4,639,910	0.86%	596,873,590	10.80%	
2021 est	113,200	0.02%	2,274,880	0.38%	599,261,670	0.40%	
2022 est	0	0.00%	100,000	0.02%	599,361,670	0.02%	
2023 est	35,000,000	5.84%	3,500,000	0.58%	637,861,670	6.42%	
2024 est	0	0.00%	3,500,000	0.55%	641,361,670	0.55%	
2025 est	0	0.00%	3,500,000	0.55%	644,861,670	0.55%	

The commercial model below includes valuation changes to account for the new Starbucks which opened last fall. Also included in this model is the tax value for the \$17,700,000 Redwood Apartment Complex which had an initial completion projection of 2022. This forecast pushes that completion to 2024 and estimates additional revenue in 2025. Portions of this property were approved by the City of Chardon as abated for two years. Lastly, the property located at 125 Parker Court has completed the twelve-year term for tax abatement and will begin paying taxes in calendar year 2022 for the 2021 calendar year. Future considerations include the Thistle Creek Development on North Hambden which has a projected 32 units at approximately \$380,000/unit with a three year build out projection. In addition, the City of Chardon has reported a new development called Maple Trace Subdivision. This subdivision is located behind Shiffler Equipment on State Route 44. The projection is for ninety-eight (98) homes to be

completed within the next three years. The Thistle Creek and the Maple Trace Subdivision are not yet included in this forecast.

The commercial model also shows a .54% reduction for the 2023 reappraisal, this includes an assumption that existing commercial values will continue to decline, while new construction will continue to increase. In 2025 the increase is \$5,000,000 to account for the new apartment complex mentioned above.

Class 2 Forecast							
2015 act	-259,170	-0.30%	-110,820	-0.13%	85,719,820	-0.43%	
2016 act	-1,377,400	-1.61%	-534,560	-0.62%	83,807,860	-2.23%	
2017 act	-2,426,940	-2.90%	631,130	0.75%	82,012,050	-2.14%	
2018 act	-242,920	-0.30%	537,330	0.66%	82,306,460	0.36%	
2019 act	3,737,560	4.54%	3,635,490	4.42%	89,679,510	8.96%	
2020 act	-1,577,130	-1.76%	3,685,420	4.11%	91,787,800	2.35%	
2021 est	217,350	0.24%	972,910	1.06%	92,978,060	1.30%	
2022 est	-300,000	-0.32%	500,000	0.54%	93,178,060	0.22%	
2023 est	-1,000,000	-1.07%	500,000	0.54%	92,678,060	-0.54%	
2024 est	-300,000	-0.32%	500,000	0.54%	92,878,060	0.22%	
2025 est	-300,000	-0.32%	5,000,000	5.38%	97,578,060	5.06%	

House Bill 920 plays 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 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 (4.5 mill) that are collected on what is called “inside-mill”. This amount does increase from year to year, showing a slight increase in taxes on the forecast. Inside-mill 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. This category currently makes up 5.44% of the total district revenue. The property is taxed at the full voted tax rate which in tax year 2021 is 78.68 mills. Total Public Utility Personal Property tax projected for 2022 is \$2,180,453.

The forecast is modeling an average gross collection rate of \$100%. The revenue changed historically at an average annual dollar amount of \$110,464 and is projected to change at an average annual dollar amount of \$86,278 through fiscal year 2026.

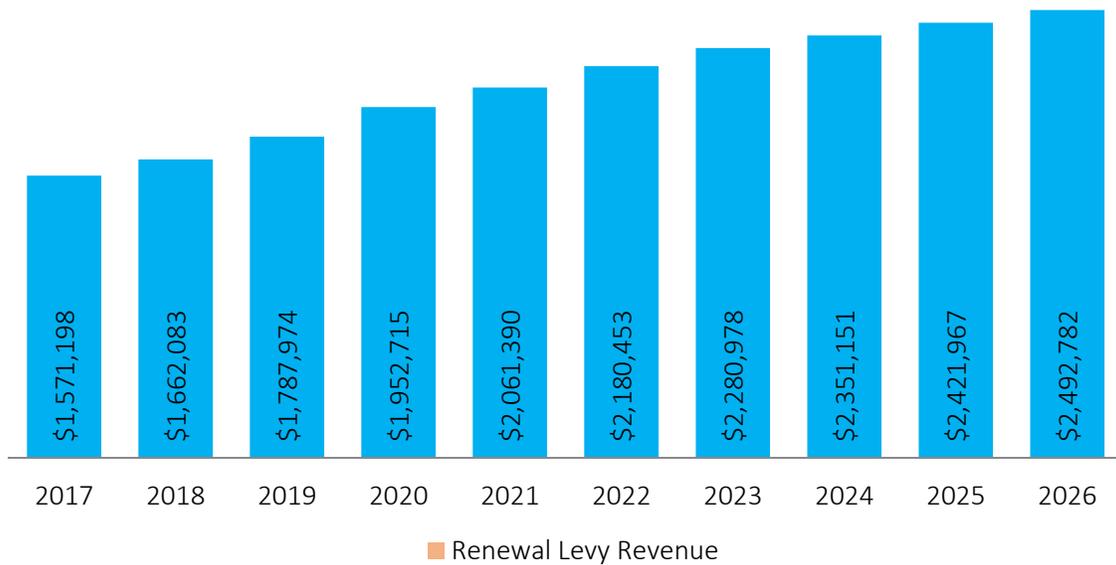


Figure 5 - 1.020 – Public Utility Personal Property Revenue

The forecast is modeling an average gross collection rate of 100%. This has not always been the case for Chardon Local Schools due to the Orwell Trumbull Pipeline. The Orwell Trumbull Pipeline has filed for bankruptcy and the assets are being 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 model does not take into consideration the possibility of increased valuations which may result in the sale of the pipeline assets.

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 \$19,117,209 in fiscal year 2022. The state’s share of the calculated base cost total is \$1,659,132 or \$644 per pupil.

The FSFP change to district educated enrollment will reduce funded enrollment but also potentially reduce tuition cost. In fiscal year 2021, the district had approximately \$1,243,072 in possible tuition cost reductions. These reductions will be reflected in the purchased services expenditure note.

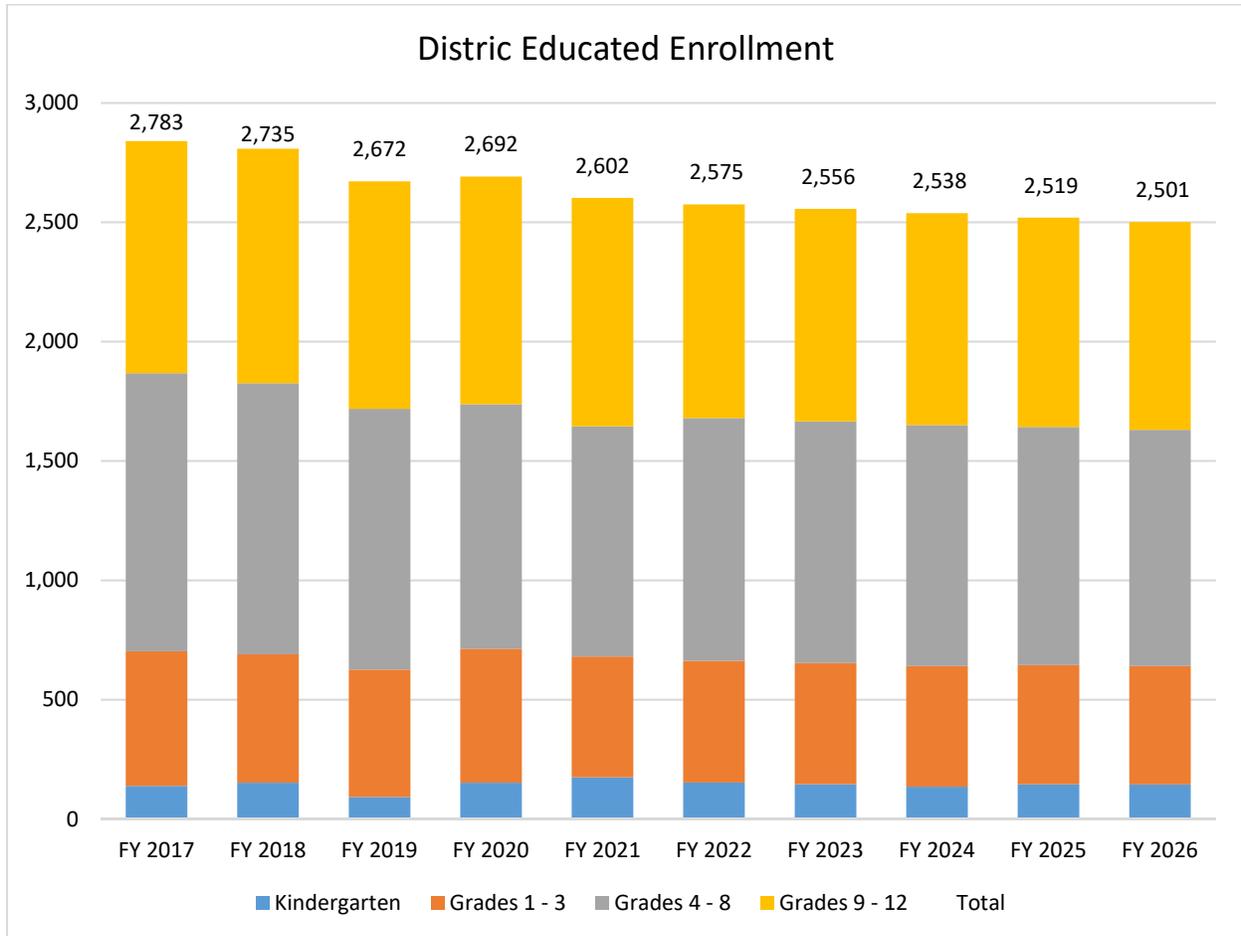


Figure 6 - 1.035 – Chardon ADM - Number of Students

Unrestricted Revenue total for fiscal year 2022 is projected at \$5,015,755. This total includes Casino Tax, which was reduced in fiscal year 2021 but is expected to return to \$52 per student for fiscal year 2022. With the changes in the funding formula, state revenue is projected to increase over the next two years even though we are 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 2022. The FSFP is

approved for the next two years only by the state, the assumption is calculated based on the FSFP for a five-year period.

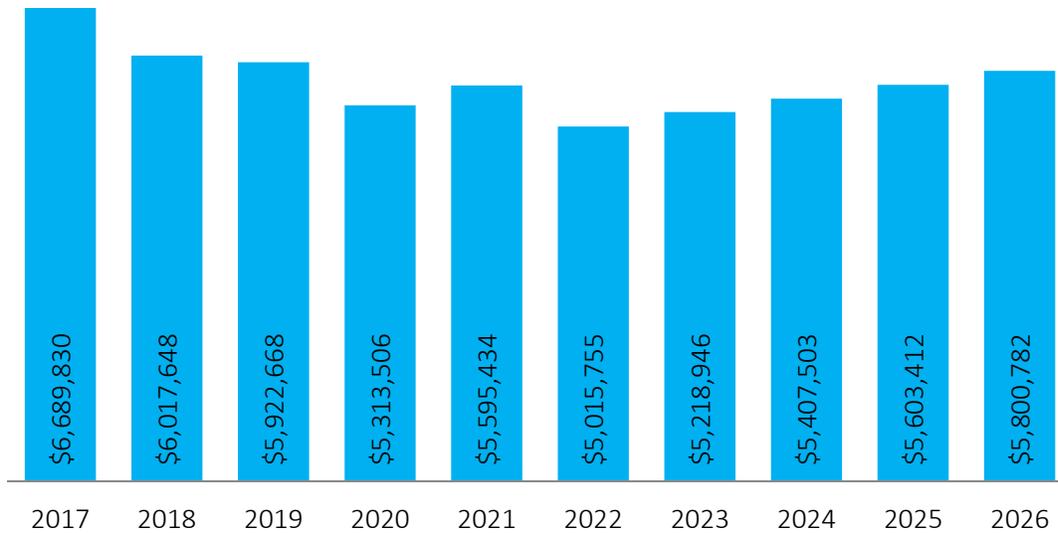


Figure 7 - 1.035 – Unrestricted Grants-in-Aid Revenue

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 average by \$18,575 and is projected to change annually on average by \$37,134. Restricted funds represent 0.55% of the total revenue. The total projected amount for fiscal year 2022 is \$558,716 which has increased considerably.

Also included in restricted revenue is the Ohio Department of Education catastrophic special education reimbursements, economically disadvantaged funding, and career tech funding. The assumption is that catastrophic special education will increase by almost double in fiscal year 2022 and then decrease slightly for the next four years due to reduced revenue for the Student Success and Wellness funding. This revenue counters additional spending in the Purchased Services Expenditure line 3.030.

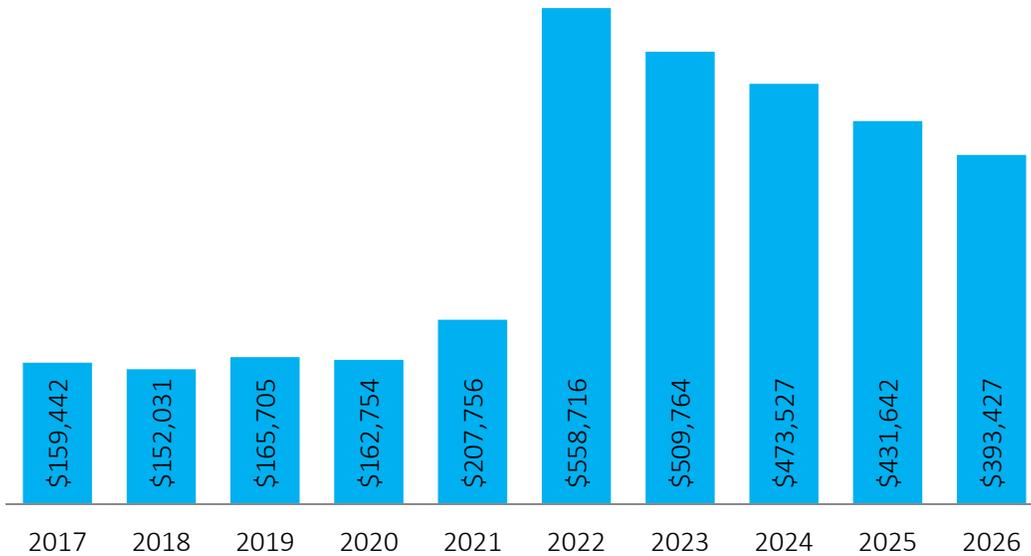


Figure 8 - 1.040 & 1.045 – Restricted Grants-in-Aid Revenue

1.050 – Property Tax Allocation – Property tax allocation 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 2022, approximately 9.0% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.0% will be reimbursed in the form of qualifying homestead exemption credits. A slight decrease has been noted in homestead exemption credits down from 2.07% in fiscal year 2021. The forecasted projection for 2022 is \$2,499,856.

■ Renewal Levy Revenue

Figure 9 - 1.050 – Property Tax Allocation Revenue

The amount is expected to rise slightly alongside property tax increases at an average rate of 0.48% each year for the next four years.

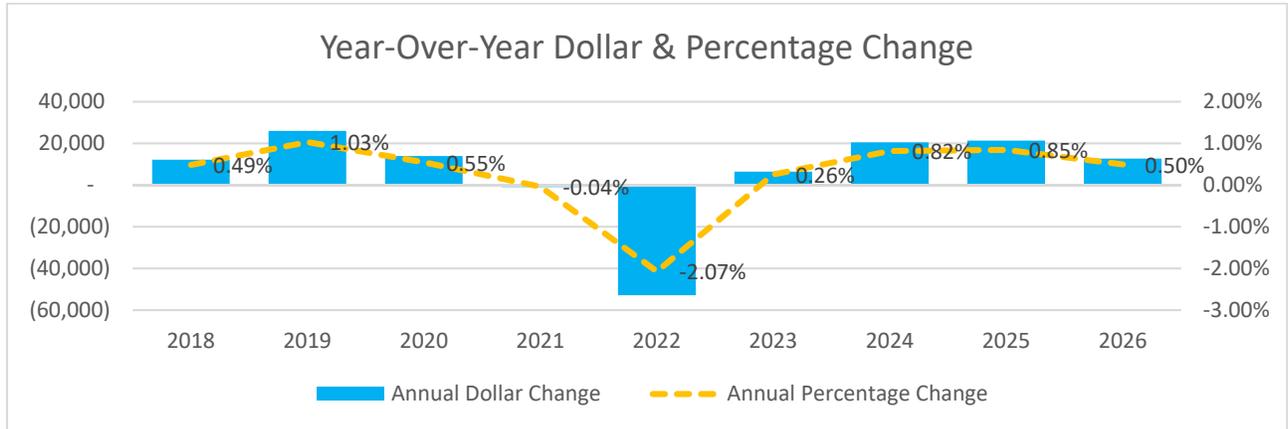


Figure 10 - 1.050 – Year-Over-Year Dollar & Percentage Change

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. For fiscal year 2022 the projection is to end at \$1,077,182

The assumption is that interest will hold steady and show only a slight growth for the next five years. Other Operating Revenue has fluctuated over the years but is typically never under a million dollars. Fiscal year 2021 included an additional one-time revenue of dividend funds for \$329,000 together with a one-time revenue \$88,646 from the Bureau of Workers Compensation. This explains the differences viewed on the chart from 2021 to 2022. In fiscal year 2023, Chardon Local Schools has been approved for \$180,720 from the Emergency Connectivity Fund to aid in the payment of technology items required for education. This explains the increase revenue projection for 2023, and the assumption for the remaining years shows little to no growth in this revenue line item. Should interest rates increase, this revenue could increase back to the average levels.

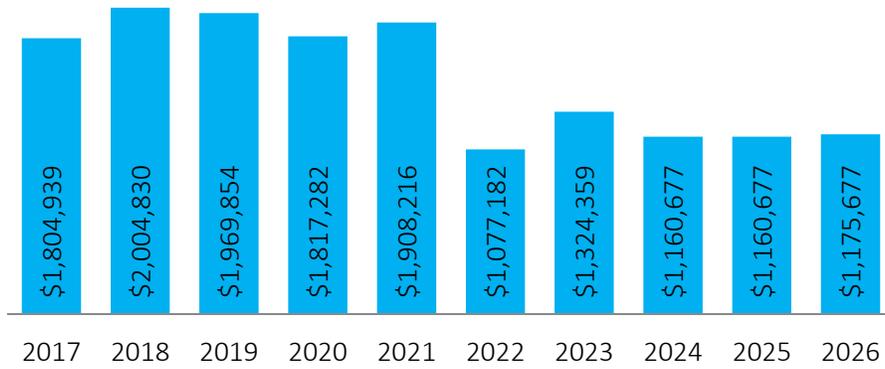


Figure 6 - 1.060 - All Other Operating Revenues

2.070 – Total Other Financing sources – Other sources includes 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 2021, the district received \$490,574 as advances-in from a grant fund and the projection is \$987,000 in returned advances for fiscal year 2022. The district also receives other financing sources such as refund of prior year expenditures in this category. The amount projected is \$1,727,955 in fiscal year 2022 and average \$1,118,191 annually through fiscal year 2026.

The reason for the increase in 2019 is due to the moving of preschool to an in-house service. A transfer-in is made in an average amount of \$650,000 to cover the cost of preschool within this fund. This inter-fund transfer helps us monitor the cost of preschool and reassures that running this service in-house is economical. Additionally, as mentioned above, an increase starting in fiscal year 2020 includes advance returns primarily from grant funds.

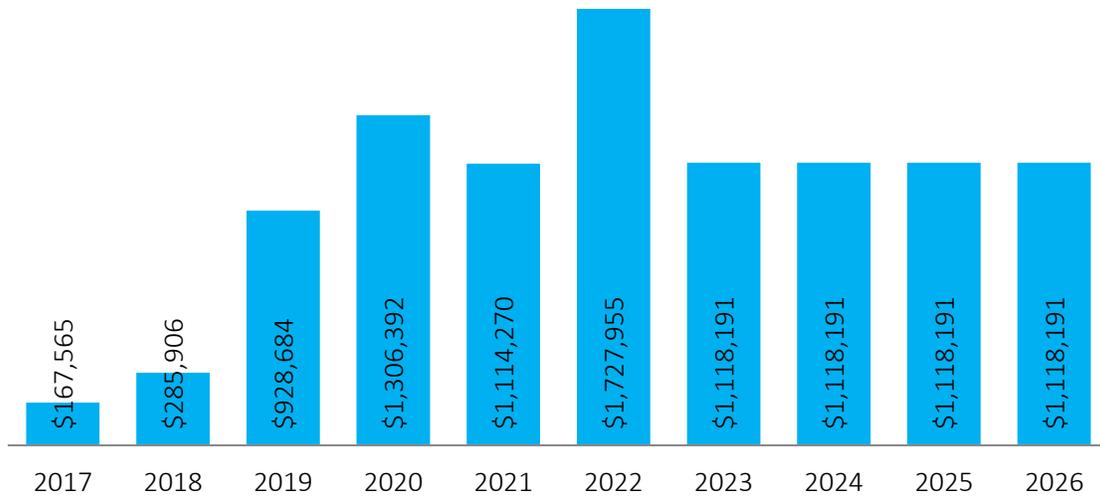


Figure 7- 2.070 – Total Other Financing sources Revenue

EXPENDITURES

Total expenditures increased 2.14% or \$701,781 annually during the past five years and is projected to increase 3.43% or \$1,198,596 annually through fiscal year 2026. Salaries has the largest projected average annual variance compared to the historical average at \$397,617. COVID-19 has played a large part in the expenditure increases for 2021 and 2022, and the assumption is that this impact will taper off beginning in 2023. Current negotiated agreements end in 2022. Chardon Education Association (certified/licensed), negotiated an agreement for three years. This agreement includes a front-line worker stipend of \$1,000 and a 2.25% increase for the next three years. The Chardon Associate of Classified Employees has not yet reached an agreement and are modeled at an 1.5% increase from 2023 through 2025.

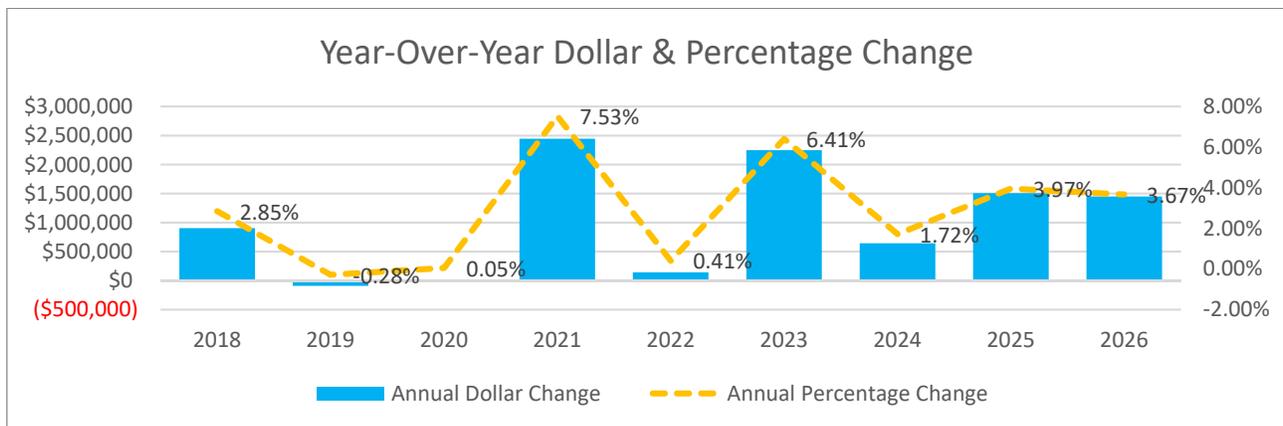


Figure 8- Year-Over-Year Dollar & Percent Change All Expenditures

The projected year-over-year chart below shows a strong expenditure savings between fiscal years 2016 and 2020. During this time period reconfiguration occurred and the cost savings are evident with the consolidation of buildings and the reduction of staff. Estimated analysis (Reconfiguration Analysis) pinpoints over \$3M in expenditure reductions while the actual difference between actuals to estimates from 2018 through 2021 document a savings of over \$7.2M. In 2022, purchased services and supplies were spent out of grant accounts causing less burden on the general fund.

Expenditure Categories and Forecast Year-Over-Year Projected Overview

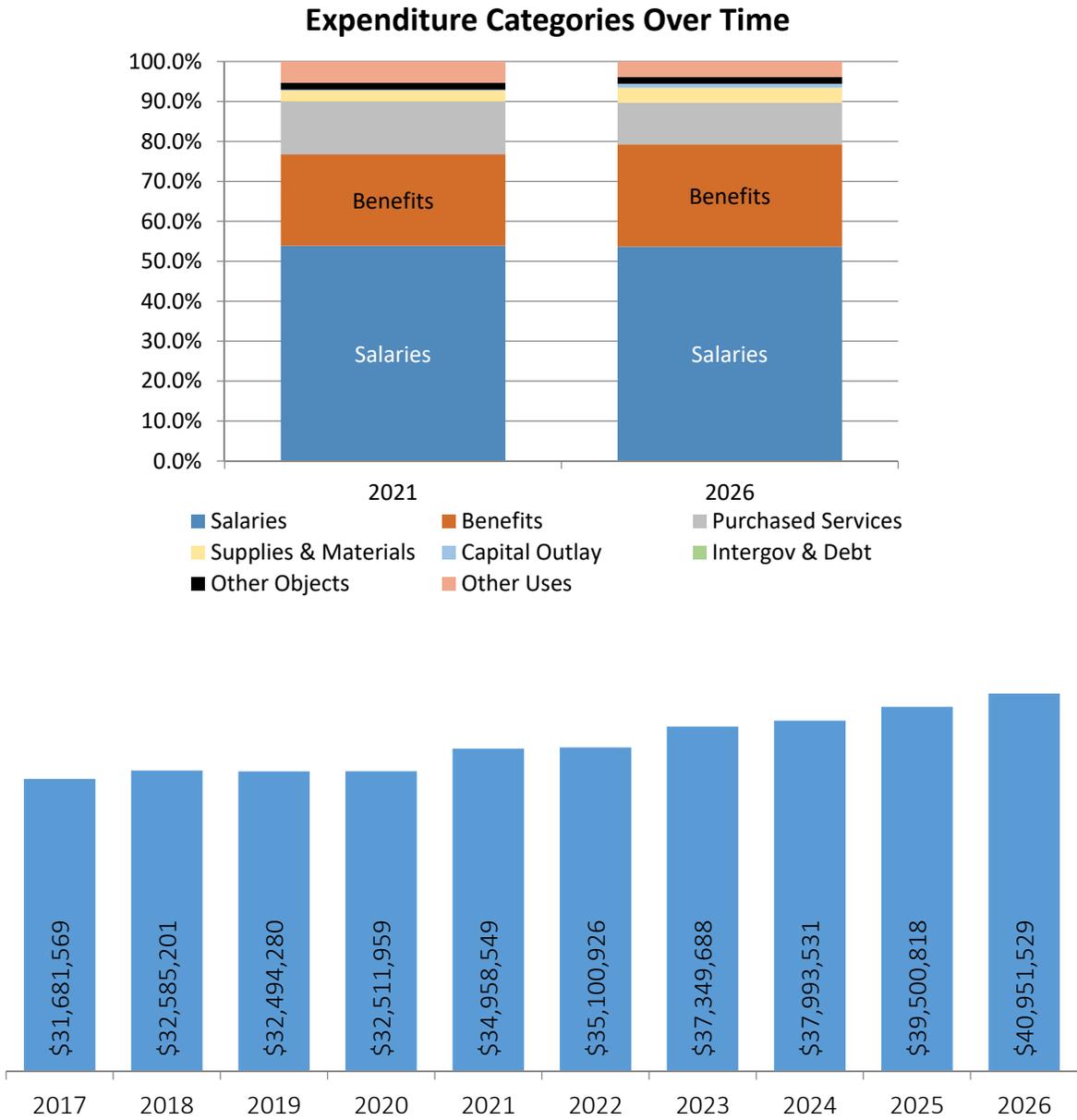


Figure 9 - Expenditure Categories and Forecast Year-Over-Year All Expenditures

Fiscal year 2023 shows an increase in expenditures due the new contracts with the certified staff. This increase is carried forward for the next three years of the agreement.

3.010 – Personnel Services – This line item represents employee salaries and wages, including extended time and non-athletic supplemental contracts. Salaries represent 53.87% of the total expenditures and has increased at a historical average annual rate of 1.26% or \$231,285. This category of expenditure is projected to grow at an annual average rate of 3.04% or \$628,902 through fiscal year 2026. The projected average annual rate of change is 1.78% more than the five-year historical annual average.

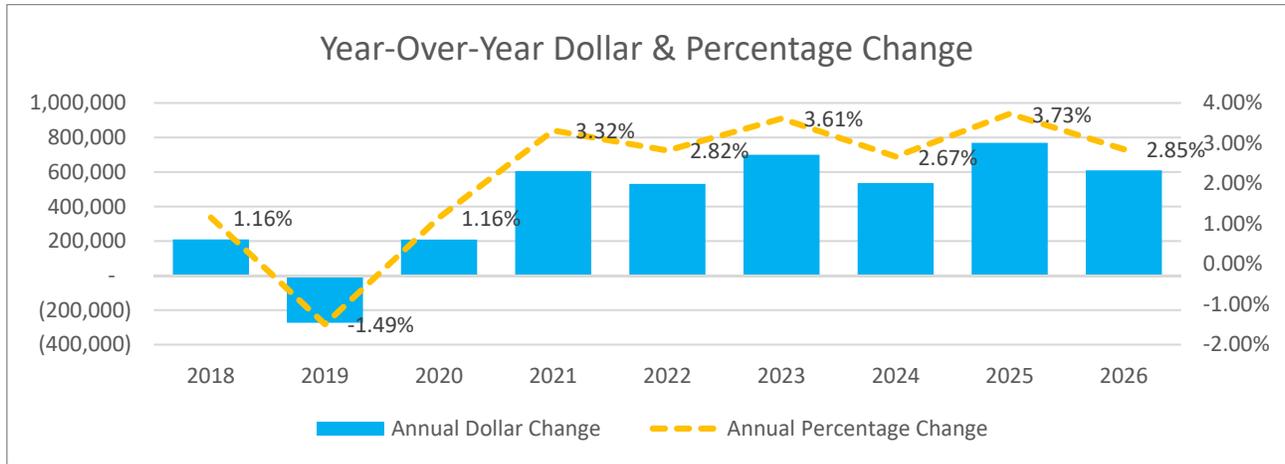


Figure 10 - Year-Over-Year Dollar & Percent Change Personnel Services

Fiscal year 2022 started in full instruction in all buildings and continues in this fashion for this model. The reductions included are eight and a half (8-1/2) instructional staff members, two (2) classified nine (9) month employees, and two (2) twelve (12) month classified employees. Staff increases include one administrator for Business Affairs (Transportation), and two (2) additional Transportation employees. An assumption is made for future reductions including one (1) custodian, and two (2) instructional staff members through attrition due to a declining student count. As mentioned above, the assumption includes the negotiated agreement for the certified union until 2025, then assumes 1% for 2026. For the classified union this assumption assumes 1.5% through 2025 with 1% in 2026. 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.

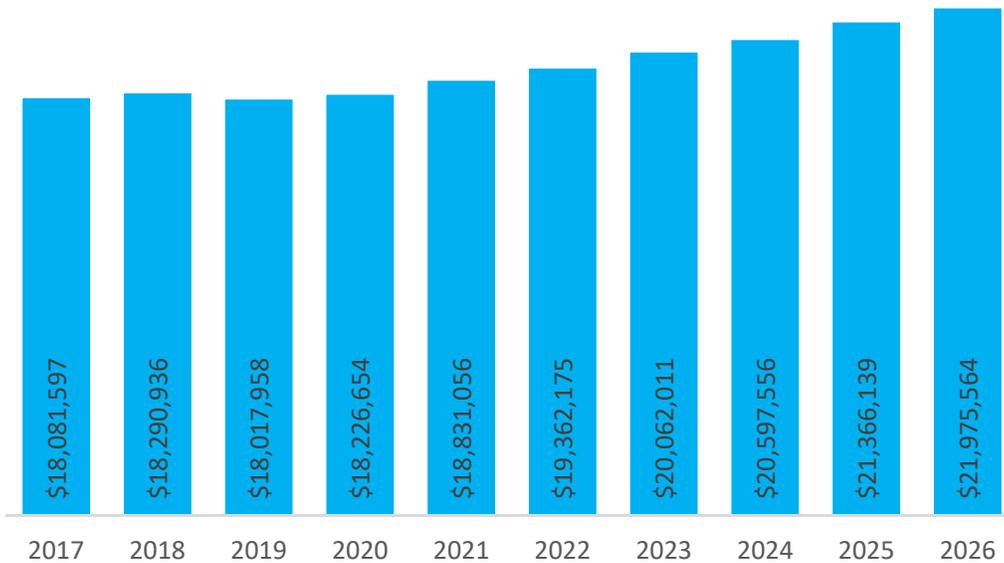


Figure 11 - 3.010 - Personnel Services Expenditures

3.020 – Employee Benefits – Employee Benefits represent 22.90% of the total expenditures and increased at a historical average annual rate of 2.37%. This category of expenditure is projected to grow at an annual average rate of 5.33% through fiscal year 2026. The projected average annual rate is 2.96% more than the five-year historical annual average. The projection for fiscal year 2022 is \$8,313,333 and is expected to increase alongside salary increases.

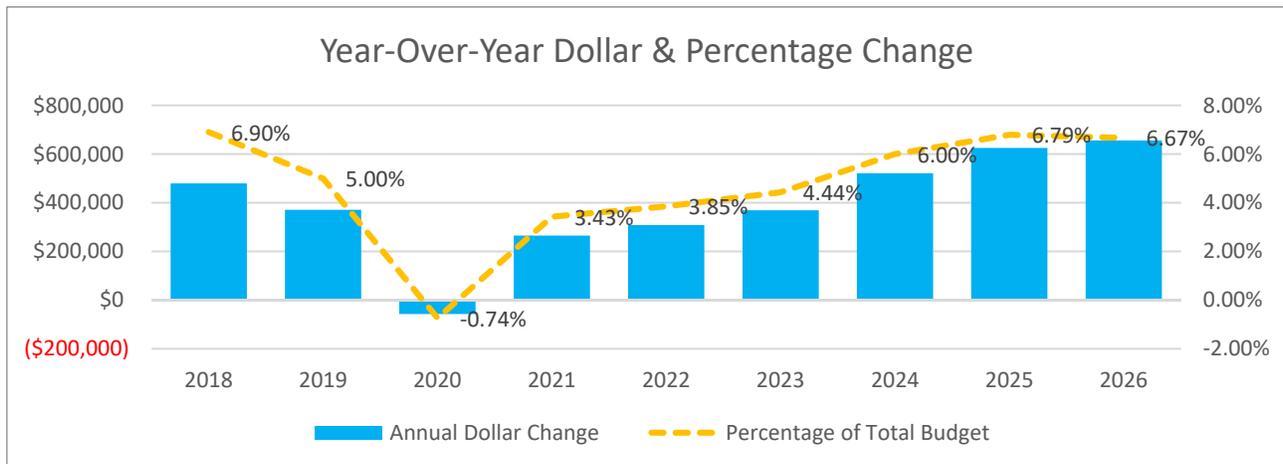


Figure 127 - 3.020 – Year-Over-Year Dollar & Percentage Change Benefits

The self-insurance fund cash balance is currently at \$2,501,355 which is above the new reserve total for 2022 of \$1,642,010. 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 assumption is that the pandemic is nearing an end, and medical claims are projected to rise. This will drive down the balance of this fund, but not to the point of transfer.

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 2.0% increase for fiscal year 2022, an 8.0% increase for fiscal year 2023, 8.5% for 2024, and a 9.0% increase for the remaining two years. This is a conservative estimate based on rising insurance costs. This line item was first reduced by the reduction in force listed in section 3.01, then increased by the appropriate percentages for each year of the five-year forecast.

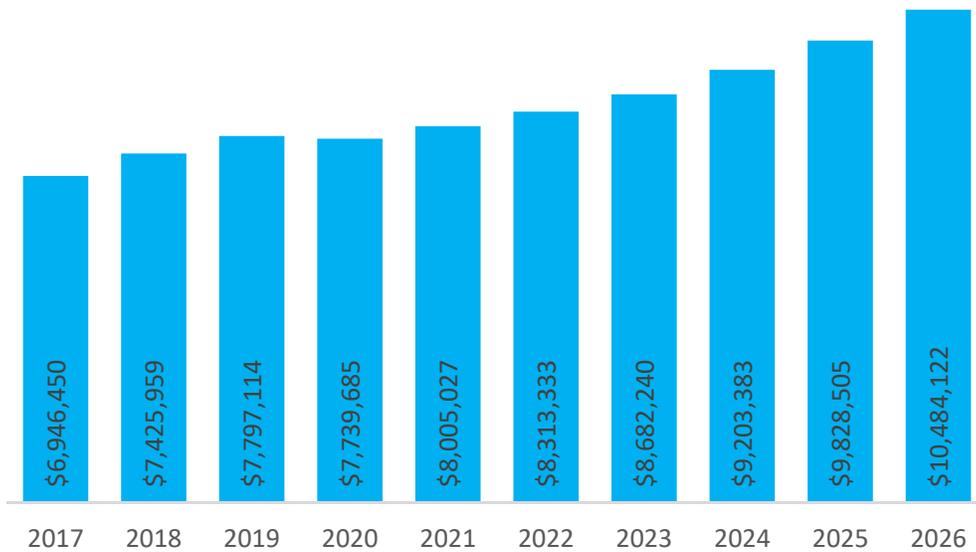


Figure 13 - Employee Benefits

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, utilities costs and other services which the school district may purchase. Purchased Services represents 13.19% of the total expenditures and decreased at a historical average annual rate of 1.49%. This category of expenditure is projected to decrease at an annual average rate of 1.60% through FY 2026.

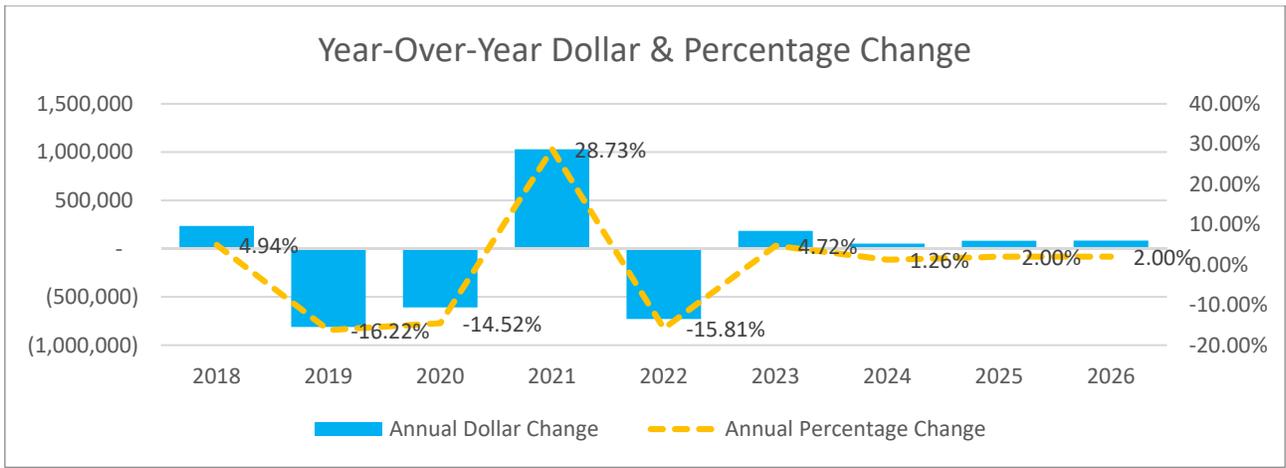


Figure 14 – Total Formula ADM Compared to District Educated

The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM schools, and scholarships starting in fiscal year 2022. In fiscal year 2021, these costs totaled \$1,243,072. The graph below reflects the difference between past formula enrolled compared to actual district educated.

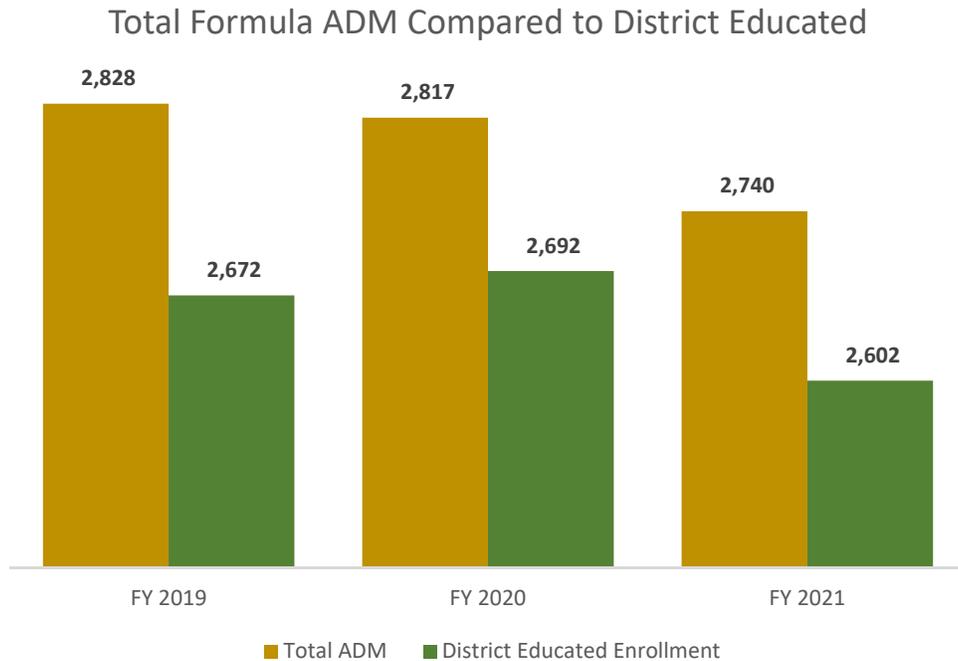


Figure 20 – Total Formula ADM Compared to District Educated

The projection for fiscal year 2022 is \$3,881,010. 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, increased special education support, and an increase of \$150,000 for expenditures moved from the Permanent Improvement

fund to the general fund for building upkeep expenses. In addition, purchase services were reduced from 2021 for transportation costs, tuitions (for open enrollment out, community schools, STEM schools, and scholarships), and special education transportation services.

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 2% cost-of-living increase in this line item from 2023 through 2026.

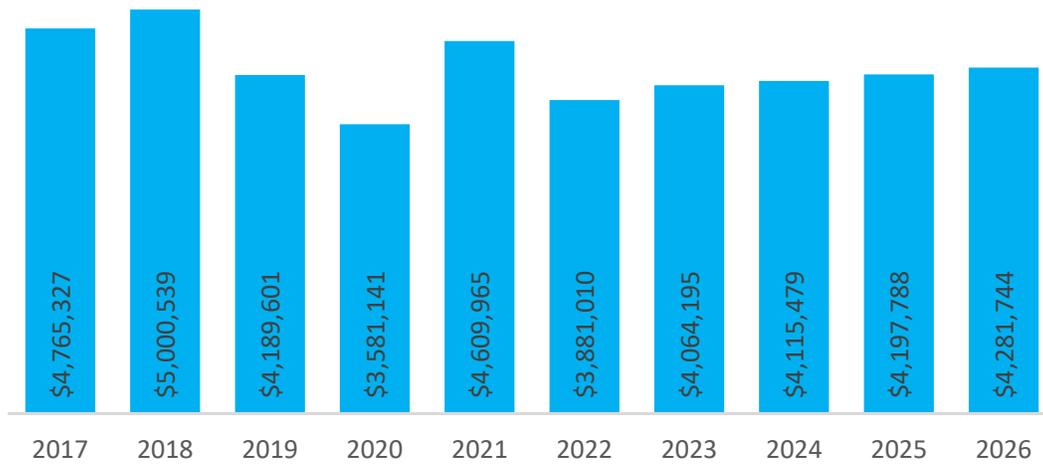


Figure 21 - Purchased Services

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 2.76% of the total expenditures and increased at a historical average annual rate of .61%. This category of expenditure is projected to grow at an annual average rate of 7.64% through fiscal year 2026 to allow for inflation. The projected average annual rate of change is 7.04% more than the five-year historical annual average.

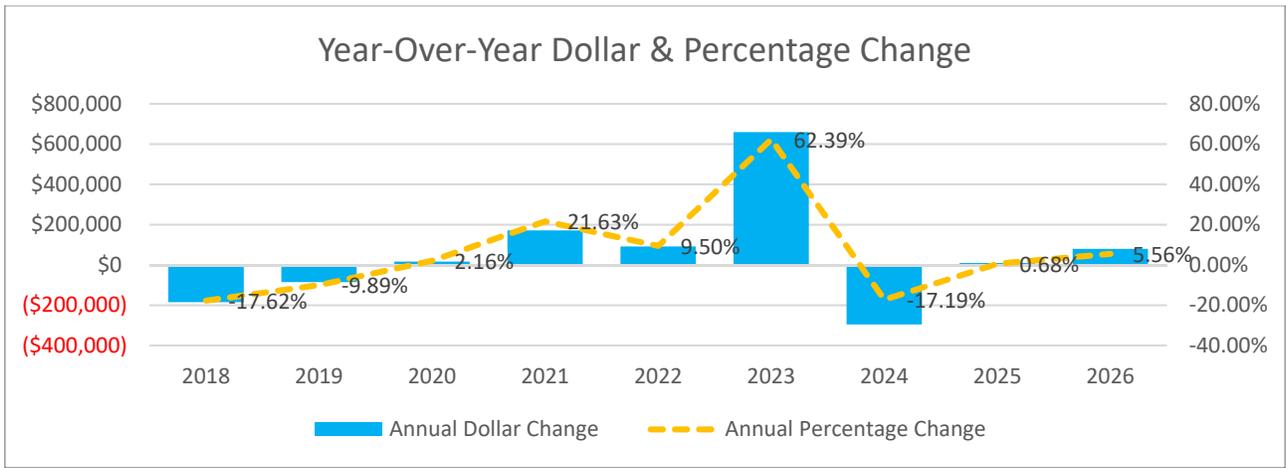


Figure 22 – Supplies and Materials

The fiscal year 2022 projection for this line item is \$1,057,577. Assumption increases expenditures from 2021 to 2022 to include increased costs of supplies and materials, textbooks, auto parts for all vehicles, gas, and the moving of supplies for buildings from the Permanent Improvement fund to the General Fund. In addition, in 2023 all classroom fees for supplies have been added to this line item, and all student fees district wide have been reduced.

A textbook spending plan was outlined with the Assistant Superintendent who oversees Curriculum. This plan includes textbook replacements starting in fiscal year 2022, almost doubling for 2023 because scheduled replacements will occur in science, social studies and math. The assumption is the costs will reduce back in 2024 and level out in 2025 through 2026. Additionally, the assumption includes a 2% cost-of-living increase in this line item from 2023 through 2026 which increases this line item to line up with a 7% inflation rate.

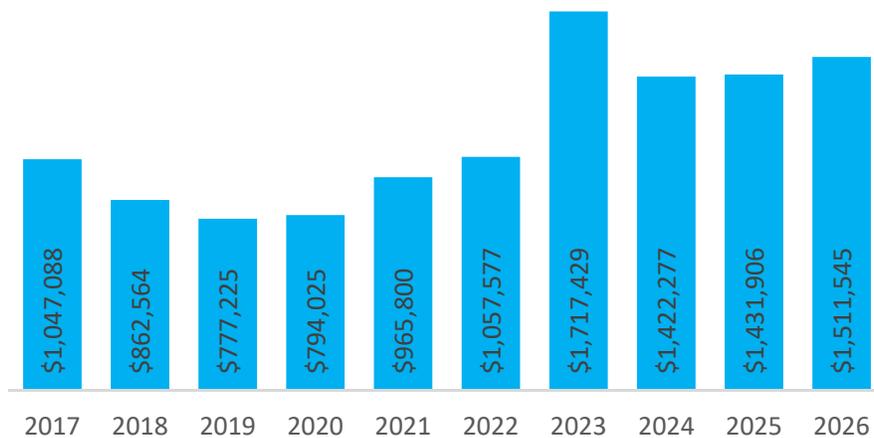


Figure 23- Supplies and Materials

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 0.23% of the total expenditures and increased at a historical average annual amount of \$2,437. This category of expenditure is projected to grow at an annual average amount of \$65,886 through fiscal year 2026. The projected average annual change is more than the five-year historical annual average.

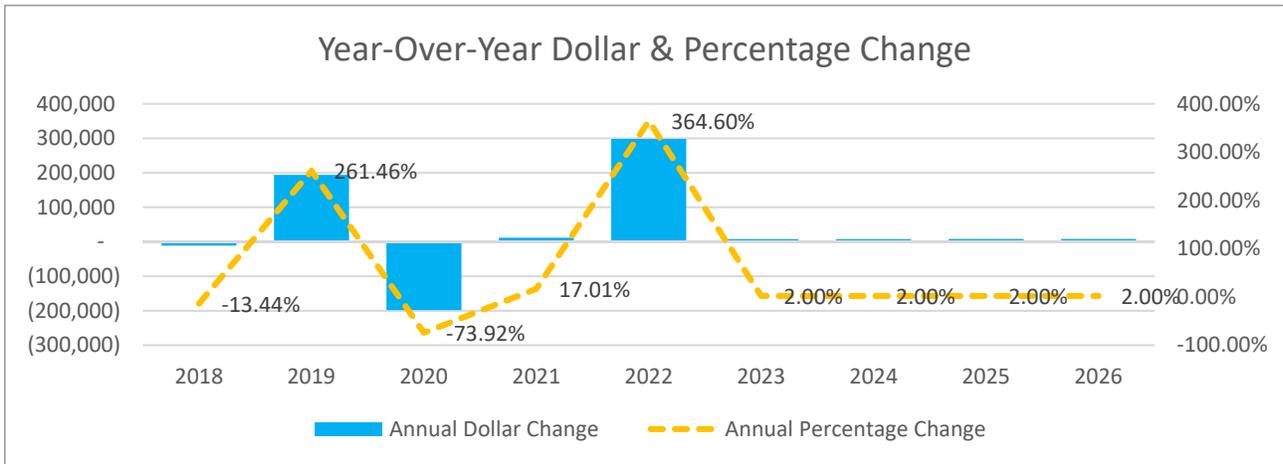


Figure 24 – Capital Outlay

Grant funds were used to purchase Chromebooks for the 2021 school year saving the General Fund. The assumption for 2022 through 2026 includes the purchase of Chromebooks for all students (1:1) from this line item. The projected amount for fiscal year 2022 is \$379,879.

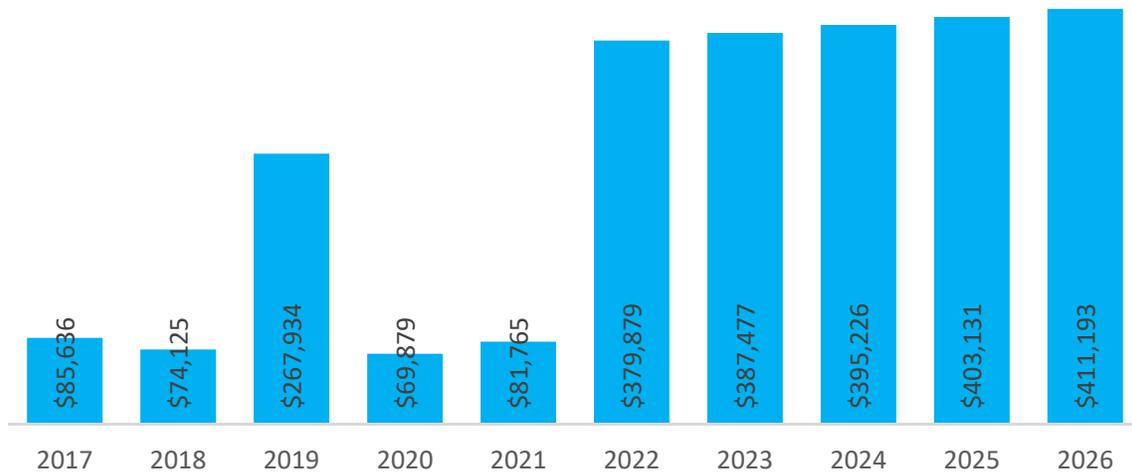


Figure 25 - Capital Outlay

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 1.73% of the total expenditures and increased at a historical average annual rate of 1.94%. The projected average annual rate of change is 1.39% more than the five-year historical annual average. This category of expenditure is projected to grow at an annual average rate of 3.32% through FY 2026. This includes a 2% cost-of-living increase in this line item from 2023 through 2026.

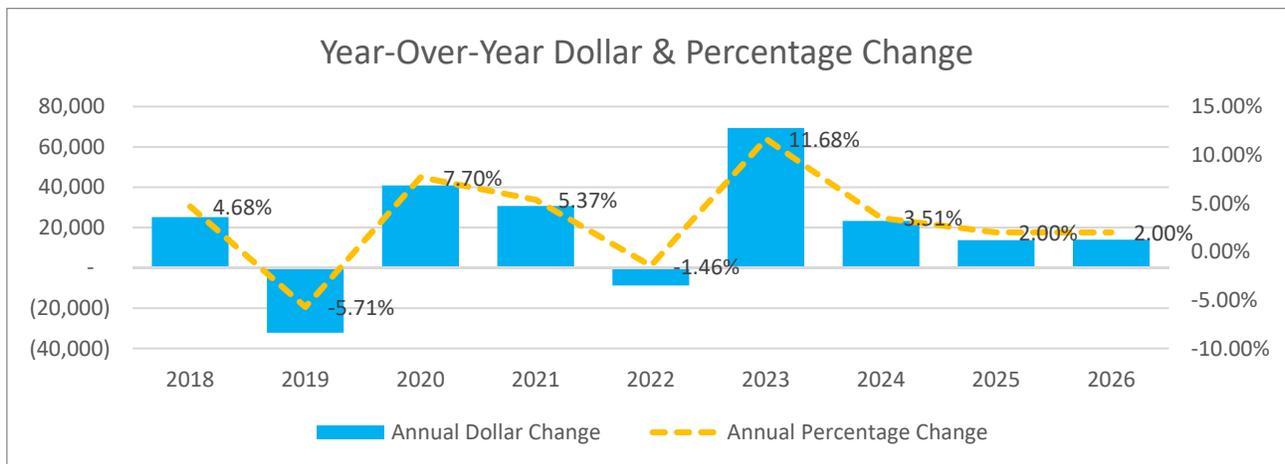


Figure 26 - Capital Outlay

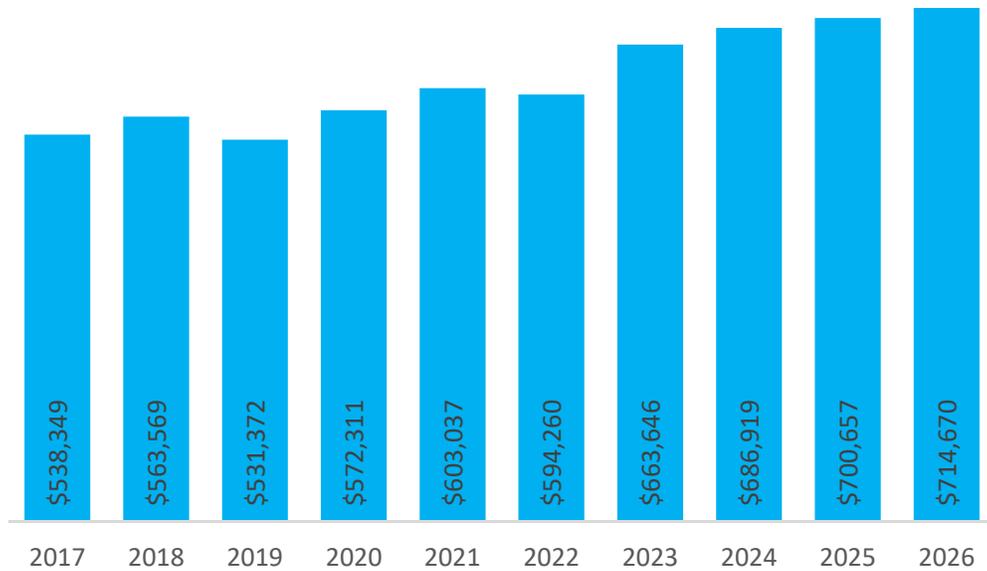


Figure 15 - Other Objects

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 2022 are total \$1,037,690. This amount is scheduled for the athletic fund, food service, and an inter-fund transfer to pre-school. Advances are assumed at \$475,000 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.

Due to a new federal program for food service offering free lunches to all students until the end of fiscal year 2022, it is likely that the estimated transfer to this fund will not be necessary for fiscal year 2022. An assumption was added to add a transfer-out of \$200,000 for the retirement fund in 2023. Estimation of retirements are difficult to predict, but are allotted for in this model.

This line item shows increased spending in fiscal year 2021 because \$987,000 was advanced to the grant accounts instead of \$475,000 to allow for the ESSER III fund. This advance was returned to the General Fund in July 2021.

The advance amounts are increased in 2023 to for athletics to allow for the reduction of athletic fees where a High School sport will now cost a flat fee of \$150 each. Drama and Band will remain at \$100 each, and a Middle School sport will cost a flat fee of \$100 each.

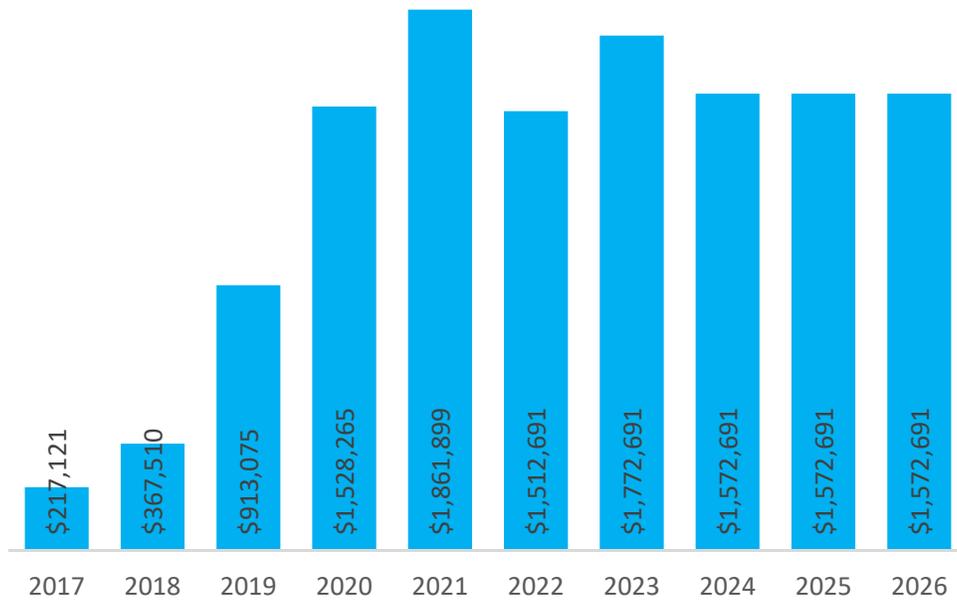
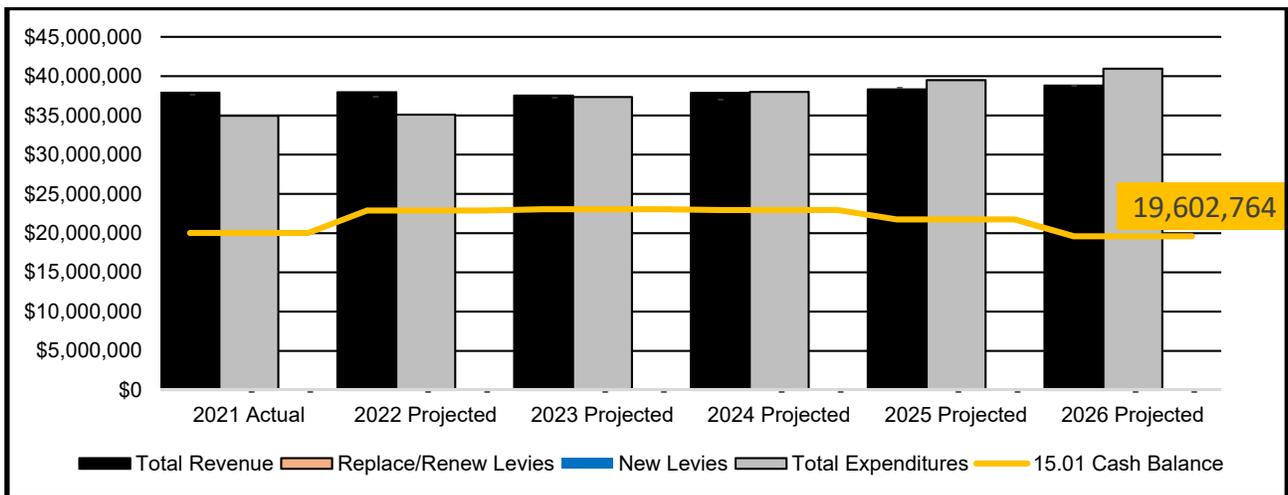


Figure 16 - Total Other Financing Uses

Ending Cash Balance – the projected ending cash balance for this model is \$19,602,764 with a reduction to **\$19,102,764** with open purchase orders (encumbrances). This model shows the actual effects of COVID-19 for fiscal year 2020, 2021 and 2022. The assumption brings 2023 back to normal spending patterns, but with increased inflationary costs that have resulted from COVID-19. Personnel Services have been increased by \$185,000 for a COVID-19 stipend for the certified staff along with a 2.25% per year increase over a three-year period. Classified employees are shown at a 1.5% increase over a three-year period for both unions with a 1% percent increase in 2026. The forecast is an estimate and these estimates can change in accordance with changes to the economy.



This model shows that deficit spending will occur in 2024 in the amount of **\$118,052**. This occurs when expenses are larger than revenue for the given year. The cash balance will grow from 2022 through 2023 and then begin to decline in 2025, continuing to decline by an additional amount of **\$2,142,071** in fiscal year 2026. This is due primarily to cost-of-living adjustments for salaries which is the largest expenditure category. In conjunction with increased expenditures, Chardon receives minimal revenue increases due to House Bill 920. The Board of Education at Chardon Local Schools continue to analyze all funds to determine the effects of the economy and/or any direct impacts on the financial picture such as COVID-19 and inflation.

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