



CHARDON LOCAL SCHOOLS

NOVEMBER 2019 ASSUMPTIONS

Financial Summary - It is important to note that the five-year forecast is an ESTIMATE. The financial climate for Ohio schools is constantly changing, and there are numerous and often unpredictable variables that exist when projecting school revenue and expenditures. Because of this, the five-year fluctuates from year to year and can change dramatically with unexpected revenue and expenditures.

Fiscal Year 2019 actual numbers ended at 1.4 million ahead of the estimated May forecast. The methodology used to create the November 2019 forecast includes communication and analytics with key personnel to develop spending plans for a closer to actual projection of revenue and expenditures. With a new Treasurer comes this new style of forecasting for the Chardon Local School District. Due to this change, the 1.4 million compounded over five years yields a much higher cash balance for fiscal year 2024. In addition, revenue is recorded as a full year collection on the operating levy passed in 2018.

Due to the passage of the 2018 operating levy, Chardon Local School District is in a strong financial position for years to come.

REVENUES

1.010 – General Property Tax (64.07%) - 2019 was the first full collection year to include the 3.9 mil operating levy voted through in 2018. Revenue from property taxes are based on millage, property valuation, and collection rates. The total amount collected for 2019 was \$22,086,212.

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.

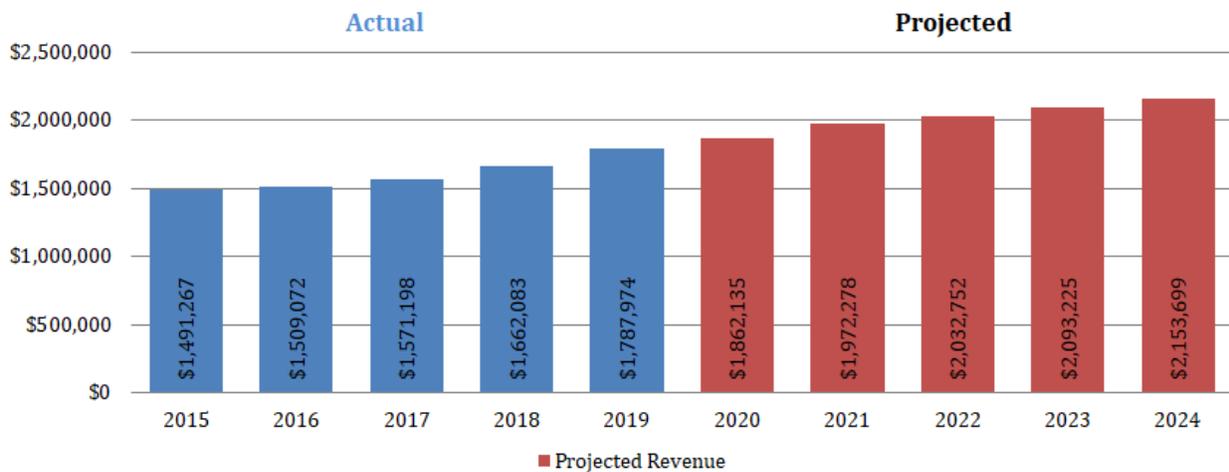
Property taxes show a higher increase in fiscal year 2021 due to an estimate on valuation increases projected for the county update of 2020. The actual collection rate for 2019 was 98.25%. The assumption for the following years is based on a collection rate of 98.15%. Additional property valuations have been estimated based on historical data and trends, removing outliers. Tax collection rates have been estimated based on historical data, removing outliers such as 2018 when taxes were paid in advance for tax filing reasons.

1.010 GENERAL PROPERTY TAX



1.020 – Public Utility Personal Property (5.19%) – Total public utility personal property tax collection for 2019 was \$1,787,974. Collection rates for Public Utility are historically at 100%, but due to the ongoing conflict with the Orwell Trumbull Pipeline the data reflects an 85.4% collection rate. This conflict is affecting all school districts that are associated with the pipeline. The 85.4% collection rate was estimated for the next five years and due to slight valuation increases, the five-year forecast assumption is for increased revenue during this time.

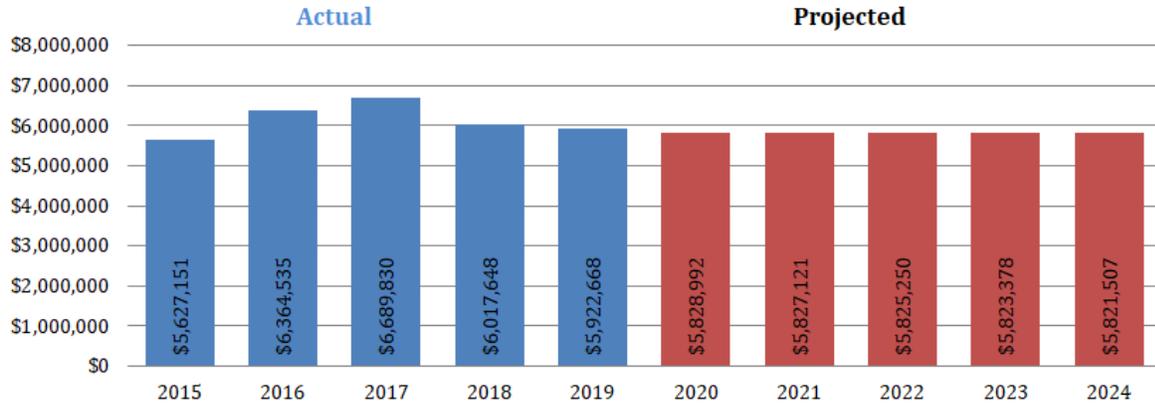
1.020 PUBLIC UTILITY PERSONAL PROPERTY



1.030 – Income Tax (0%) – Chardon Local District does not have an income tax in place.

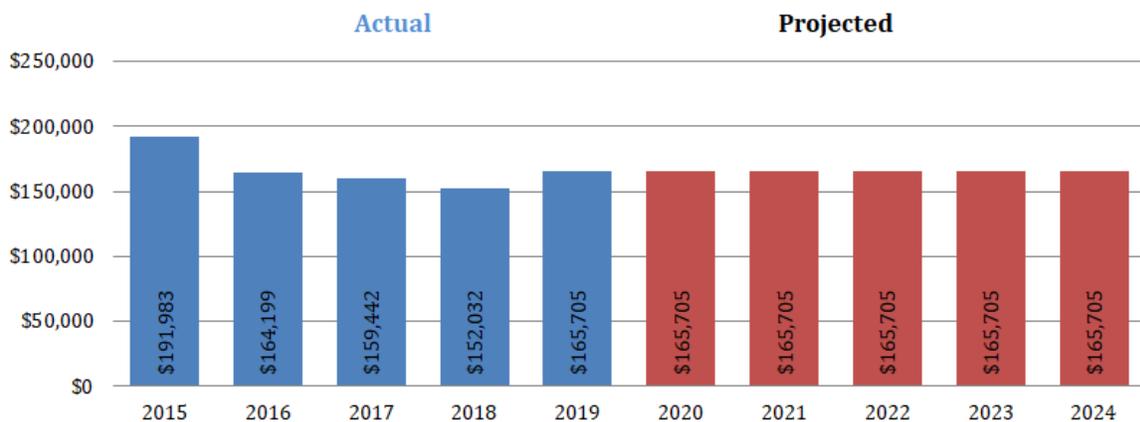
1.035 – Unrestricted Grants-in-Aid (17.18%)– Unrestricted State Aid for 2019 was \$5,922,668. Governor DeWine passed a new biennial budget for fiscal years 2020 and 2021. In this budget is states that school districts in the state of Ohio will receive the same amount of state aid in fiscal year 2020 and fiscal year 2021 as they received in fiscal year 2019. In addition to this aid, casino tax and foundation adjustments affect the total revenue reported. The five-year assumption includes a declining student count which slightly affects the revenue in this line item to reduce over time.

1.035 UNRESTRICTED GRANTS-IN-AID



1.040 - 1.045 – Restricted Grants-in-Aid (.48%) – Restricted State Aid for 2019 was \$165,705. Governor DeWine passed a new biennial budget for fiscal years 2020 and 2021. In this budget is states that school districts in the state of Ohio will receive the same amount of state aid in fiscal year 2020 and fiscal year 2021 as they received in fiscal year 2019. It is guaranteed that Chardon will receive the \$165,705 for fiscal years 2020 and 2021, but unclear what will be received for the remainder of the forecast. The assumption is that this aid will remain the same for all five years.

1.040 & 1.045 RESTRICTED GRANTS-IN-AID



1.050 – Property Tax Allocation (7.37%)– Property Tax Allocation (Homestead and Rollback) for 2019 was \$2,539,758.

Since 1971, a 10% reduction (rollback) has applied to each taxpayer’s real property tax bill. The general Assembly limited this rollback to all real property not intended primarily for use in a business activity. In addition, in 1979 a 2.5% additional rollback of real property taxes was available to homesteads - meaning, a dwelling plus up to one acre occupied by the homeowner. The state reimburses local governments and schools for the cost of these rollbacks.

The Homestead Exemption provides a tax credit on the first \$25,000 of market value of a home in Geauga County. To qualify for the Homestead credit you must be 65 years of age by December 31, 2019 or older or permanently disabled.

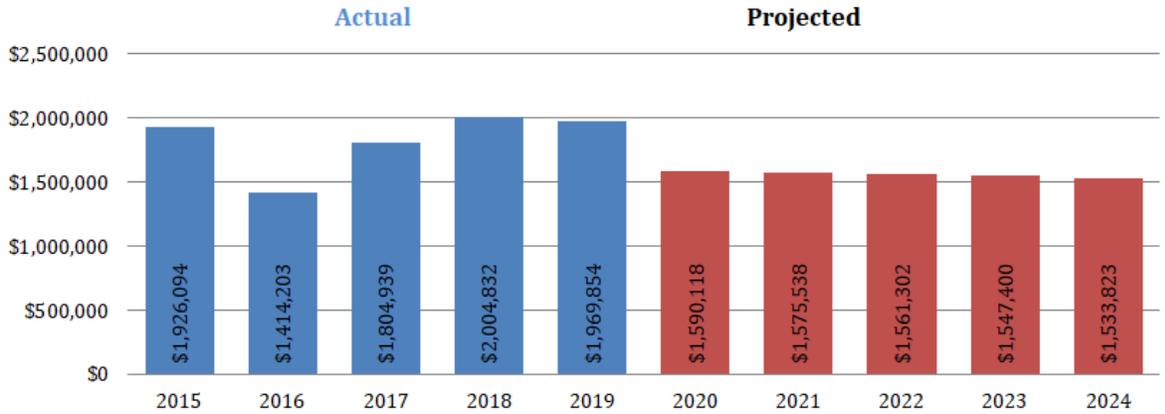
The five-year projection taxes takes into consideration slight valuation increases pertaining to “inside mill” for slight increases each year for the next five years.

1.050 PROPERTY TAX ALLOCATION



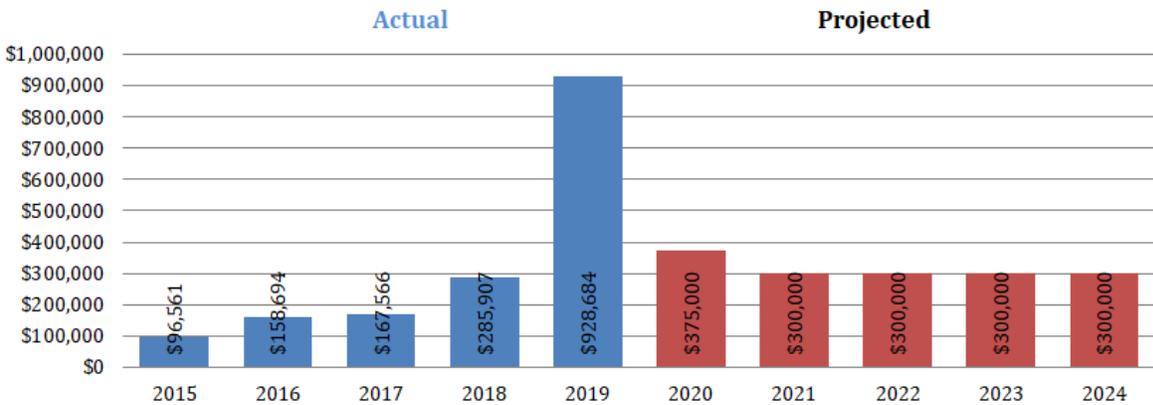
1.060 – All Other Operating Revenues (5.71%) – All Other Operating Revenues for 2019 was \$1,969,854. This line item is affected by all day Kindergarten charges that are no longer collected by Chardon Local Schools. Other factors that are included in this group are preschool tuition, special education tuition, facility rentals, and open enrollment. The five-year projection is for a slight decline in this area due to a declining student count.

1.060 ALL OTHER OPERATING REVENUES



2.070 – Total Other Financing Sources – Total Other Financing Sources for 2019 was \$928,684. This appears to be an under budgeted amount but is adjusted by line item 5.010 in the amount of \$713,075. Kindergarten was separated into its own special cost center within the General Fund causing the inter-fund transfer. The actual amount for 2019 was \$215,609 (\$928,684-\$713,075). For 2020 the projected amount is \$375,000 to allow for transfers back into the general fund from other funds, particularly grant funds that are federally funded and must be used before collected.

2.070 TOTAL OTHER FINANCING SOURCES

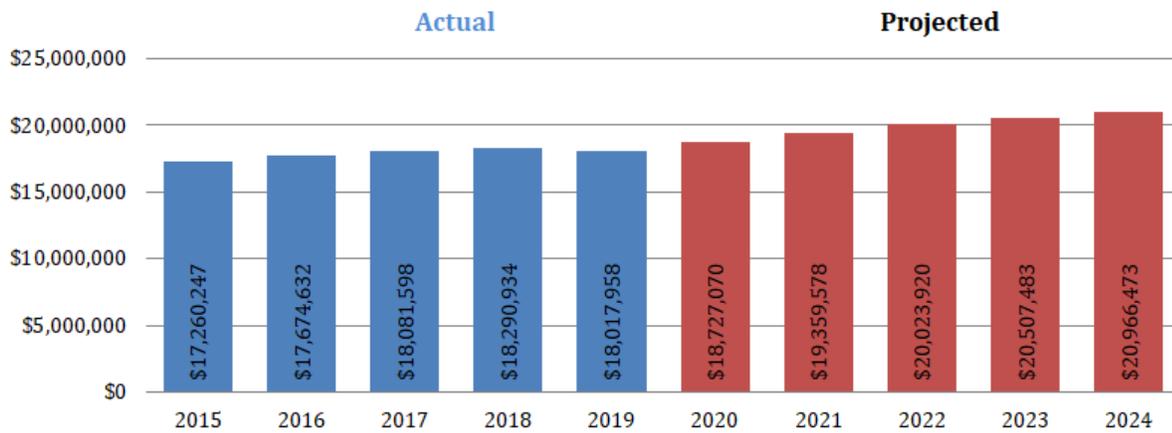


EXPENDITURES

3.010 – Personnel Services (55.45%)– Total Personnel Services for 2019 was \$18,017,958. This amount reflected a decrease from 2018 due to results of reconfiguration and the moving

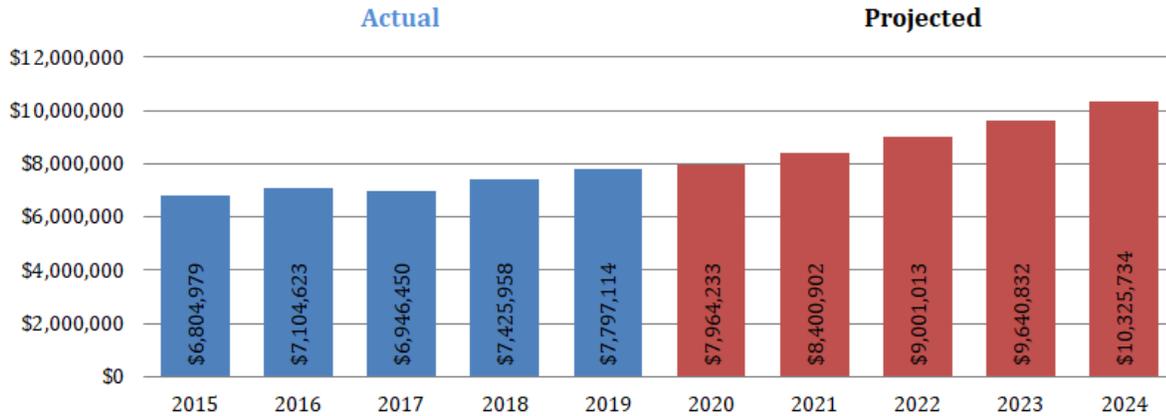
of athletic supplemental pay to fund 300. Negotiated agreements for both the teacher’s union and the classified union are agreed upon until fiscal year 2022. The forecast reflects the agreements until 2022 and then reduces the increase by base increase percentages for 2023 and 2024 to reflect only step increases for these years. Personnel Services continues to be the largest expenditure for Chardon Local Schools and the average teacher salary is in the middle range for Geauga County.

3.010 PERSONNEL SERVICES



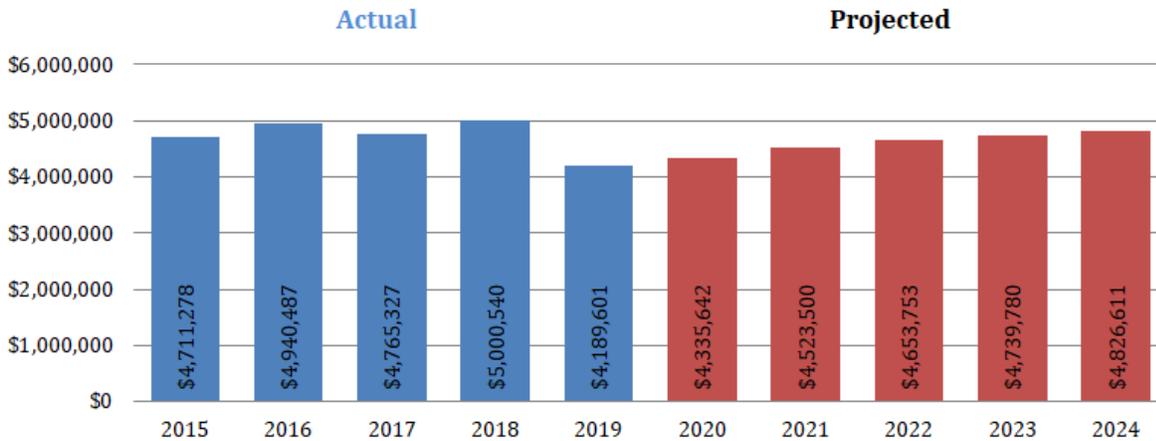
3.020 – Employee Benefits (23.995%)– Total Employee Benefits for 2019 was \$7,797,114. The district is self-insured for health insurance. Employer and employee contributions are paid into the self-insurance fund and claims are paid directly out of the self-insurance fund. This expenditure includes the total of employee insurances and retirement costs paid for by the district. Maintaining identical coverages, the district has changed the health insurance plan administrator from Aetna to Medical Mutual for fiscal year 2020. This change results in a 7% increase in district health insurance costs (5.7% less than the originally-projected 12.7% increase). Moving forward the five-year assumption increases health insurance benefit costs by 9% in 2021 and 10% for the remaining years.

3.020 EMPLOYEE BENEFITS



3.030 – Purchased Services (12.893%)– Total Purchased Services for 2019 was \$4,189,601. This amount is down 16.2% from 2018 due to the moving of preschool to an in-house service. Each object code was reviewed with the Superintendent to allow for expenditures for appropriate programs. The assumption for the five-year forecast includes these programs and projects an increase based on cost of living increases for the next five years.

3.030 PURCHASED SERVICES



3.040 – Supplies & Materials (2.392%) – Supplies & Materials for 2019 was \$777,225. This amount was down 9.9% from fiscal year 2018 due primarily to the fiscal responsibility of the staff. This expenditure fluctuates from year to year based on one primary expenditure,

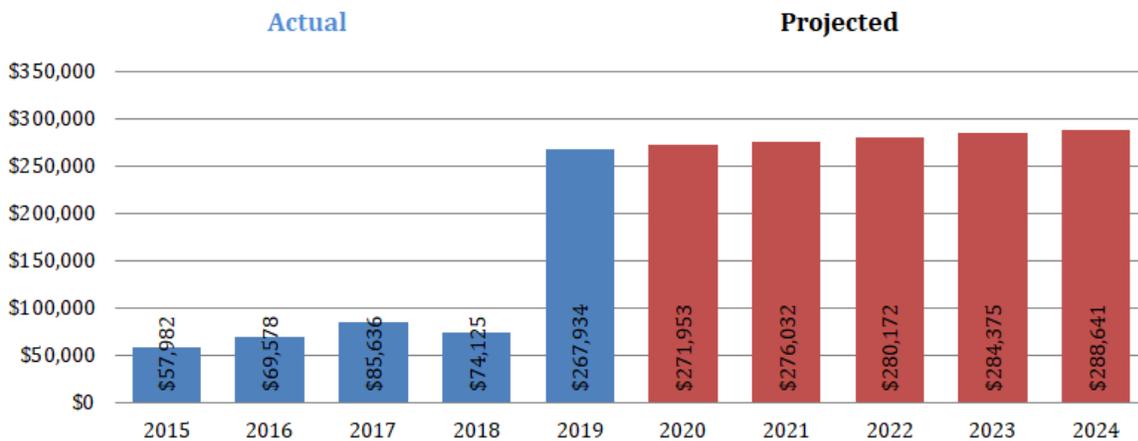
textbooks. A spending plan was outlined with the Assistant Superintendent of Curriculum to reflect textbook replacement in 2020, 2021, and 2022 tapering off in 2023 and 2024.

3.040 SUPPLIES & MATERIALS



3.050 – Capital Outlay (.825%) – Capital Outlay for 2019 was \$267,934. This amount was escalated from 2018 for equipment purchases needed in 2019. The assumption for the five-year is that the expenditure will remain the same with a very slight increase over the next five years in case equipment purchases are necessary. It is very possible that this is an area we can save in the future years.

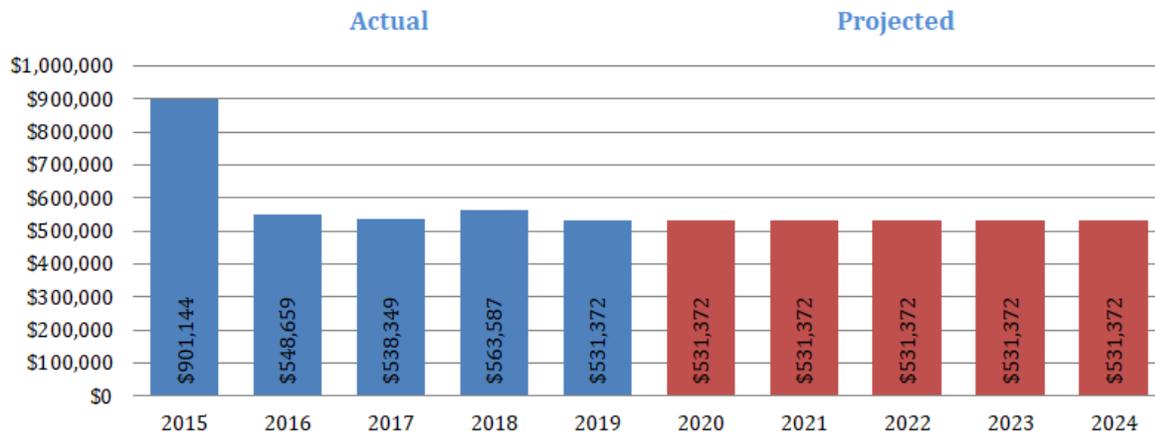
3.050 CAPITAL OUTLAY



4.300 – Other Objects (1.635%) – Other Objects for 2019 was \$531,372. This amount was down 5.7% from 2018. The five-year assumption is that this line item will remain the same over the next five years. One of the largest expenditures within this line item is fees to the

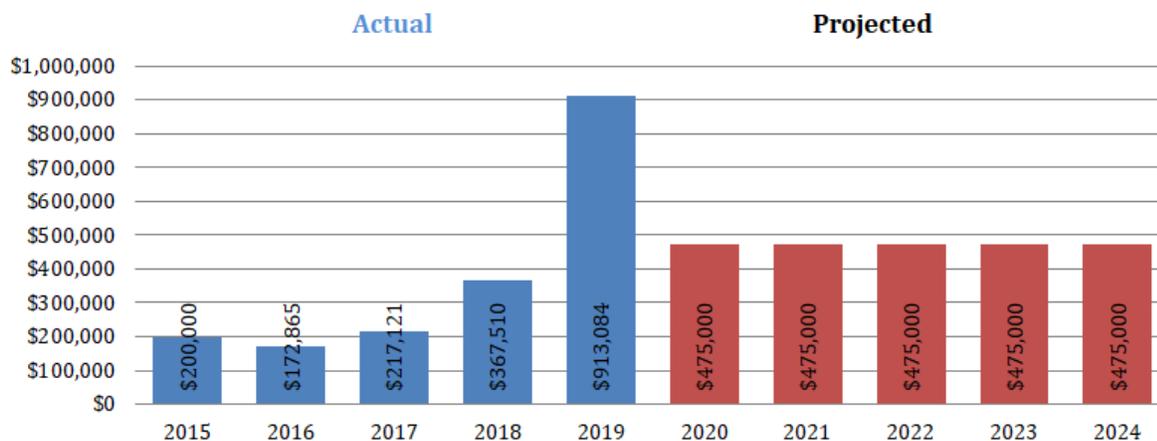
County Auditor. The assumption for the five-year is that this line item will remain the same for the next five years.

4.300 OTHER OBJECTS



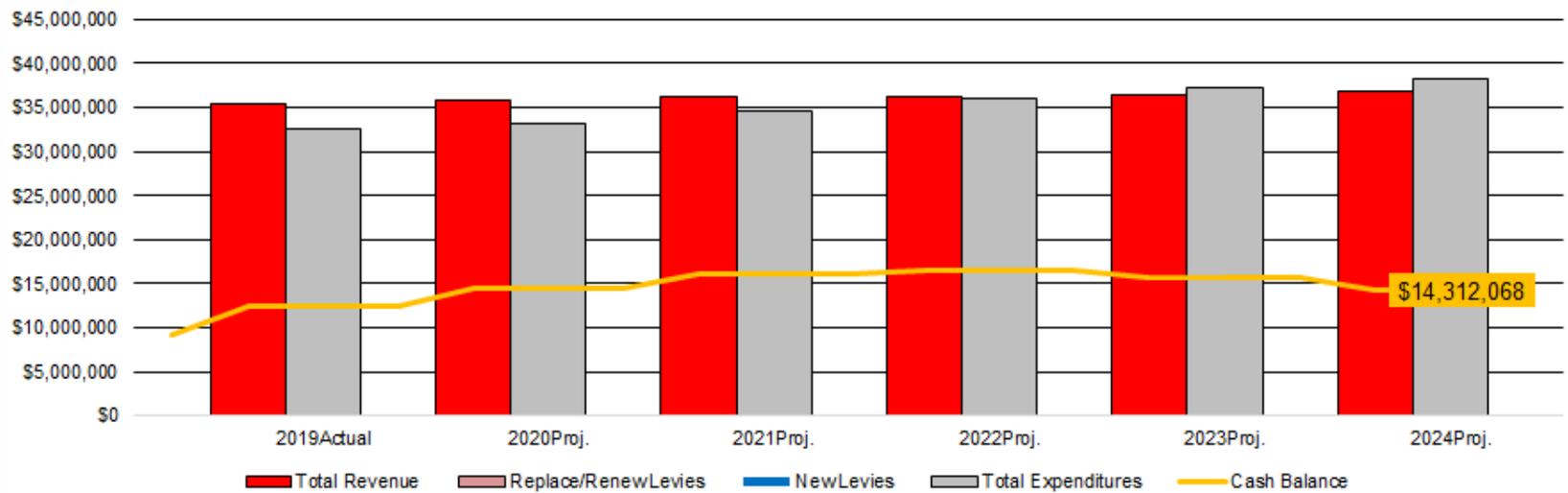
5.010 - 5.040 – Total Other Financing Users (2.194) – Total Other Financing Users for 2019 was \$913,084. This amount was up considerably from 2018. This ties together with 2.070 where inter fund transfers occurred with moving preschool to a separate special cost center. This expenditure includes transfers to food service and athletics if necessary.

5.010 - 5.040 TOTAL OTHER FINANCING USERS



Ending Cash Balance – The projected ending cash balance for 2024 is \$14,812,068 and \$14,312,068 with projected open purchase orders. Deficit spending does not occur until 2023 and the goal is to extend that out even further.

Financial Forecast - Revenue, Expenditures, Levies, and Cash Balance



Chardon Local School District
Schedule Of Revenue, Expenditures and Changes In Fund Balances
Actual and Forecasted Operating Fund

	ACTUAL			FORECASTED				
	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Revenue:								
1.010 - General Property Tax (Real Estate)	20,966,956	21,545,381	22,086,212	23,352,795	23,721,401	23,858,726	23,988,792	24,151,631
1.020 - Public Utility Personal Property	1,571,198	1,662,083	1,787,974	1,862,135	1,972,278	2,032,752	2,093,225	2,153,699
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	6,689,830	6,017,648	5,922,668	5,828,992	5,827,121	5,825,250	5,823,378	5,821,507
1.040 - Restricted Grants-in-Aid	159,442	152,032	165,705	165,705	165,705	165,705	165,705	165,705
1.045 - Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-
1.050 - Property Tax Allocation	2,501,622	2,513,779	2,539,758	2,560,576	2,576,013	2,591,390	2,604,957	2,621,129
1.060 - All Other Operating Revenues	1,804,939	2,004,832	1,969,854	1,590,118	1,575,538	1,561,302	1,547,400	1,533,823
1.070 - Total Revenue	33,693,987	33,895,755	34,472,171	35,360,321	35,838,056	36,035,125	36,223,457	36,447,494
Other Financing Sources:								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Advancements	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	-	-	463,075	-	-	-	-	-
2.050 - Advances-In	42,000	82,000	222,510	200,000	125,000	125,000	125,000	125,000
2.060 - All Other Financing Sources	125,566	203,907	243,099	175,000	175,000	175,000	175,000	175,000
2.070 - Total Other Financing Sources	167,566	285,907	928,684	375,000	300,000	300,000	300,000	300,000
2.080 - Total Revenues and Other Financing Sources	33,861,553	34,181,662	35,400,855	35,735,321	36,138,056	36,335,125	36,523,457	36,747,494
Expenditures:								
3.010 - Personnel Services	18,081,598	18,290,934	18,017,958	18,727,070	19,359,578	20,023,920	20,507,483	20,966,473
3.020 - Employees' Retirement/Insurance Benefits	6,946,450	7,425,958	7,797,114	7,964,233	8,400,902	9,001,013	9,640,832	10,325,734
3.030 - Purchased Services	4,765,327	5,000,540	4,189,601	4,335,642	4,523,500	4,653,753	4,739,780	4,826,611
3.040 - Supplies and Materials	1,047,089	862,563	777,225	976,318	978,418	1,093,418	993,418	793,418
3.050 - Capital Outlay	85,636	74,125	267,934	271,953	276,032	280,172	284,375	288,641
3.060 - Intergovernmental	-	-	-	-	-	-	-	-
Debt Service:								
4.010 - Principal-All Years	-	-	-	-	-	-	-	-
4.020 - Principal - Notes	-	-	-	-	-	-	-	-
4.030 - Principal - State Loans	-	-	-	-	-	-	-	-
4.040 - Principal - State Advances	-	-	-	-	-	-	-	-
4.050 - Principal - HB264 Loan	-	-	-	-	-	-	-	-
4.055 - Principal - Other	-	-	-	-	-	-	-	-
4.060 - Interest and Fiscal Charges	-	-	-	-	-	-	-	-
4.300 - Other Objects	538,349	563,587	531,372	531,372	531,372	531,372	531,372	531,372
4.500 - Total Expenditures	31,464,449	32,217,707	31,581,204	32,806,588	34,069,802	35,583,648	36,697,260	37,732,249
Other Financing Uses								
5.010 - Operating Transfers-Out	136,000	145,000	713,075	350,000	350,000	350,000	350,000	350,000
5.020 - Advances-Out	82,000	222,510	200,000	125,000	125,000	125,000	125,000	125,000
5.030 - All Other Financing Uses	(879)	-	9	-	-	-	-	-
5.040 - Total Other Financing Uses	217,121	367,510	913,084	475,000	475,000	475,000	475,000	475,000
5.050 - Total Expenditures and Other Financing Uses	31,681,570	32,585,217	32,494,288	33,281,588	34,544,802	36,058,648	37,172,260	38,207,249
Excess of Rev & Other Financing Uses Over (Under) Expenditures and Other Financing Uses	2,179,983	1,596,445	2,906,567	2,453,733	1,593,254	276,477	(648,803)	(1,459,755)
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	5,914,166	8,094,149	9,690,594	12,597,161	15,050,894	16,644,148	16,920,625	16,271,823
7.020 - Cash Balance June 30	8,094,149	9,690,594	12,597,161	15,050,894	16,644,148	16,920,625	16,271,823	14,812,068
8.010 - Estimated Encumbrances June 30	637,617	512,035	203,359	500,000	500,000	500,000	500,000	500,000
Reservations of Fund Balance:								
9.010 - Textbooks and Instructional Materials	-	-	-	-	-	-	-	-
9.020 - Capital Improvements	-	-	-	-	-	-	-	-
9.030 - Budget Reserve	-	-	-	-	-	-	-	-
9.040 - DPIA	-	-	-	-	-	-	-	-
9.050 - Debt Service	-	-	-	-	-	-	-	-
9.060 - Property Tax Advances	-	-	-	-	-	-	-	-
9.070 - Bus Purchases	-	-	-	-	-	-	-	-
9.080 - Subtotal	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
10.010 - of Appropriations	7,456,532	9,178,559	12,393,802	14,550,894	16,144,148	16,420,625	15,771,823	14,312,068
Rev from Replacement/Renewal Levies								
11.010 - Income Tax - Renewal	-	-	-	-	-	-	-	-
11.020 - Property Tax - Renewal or Replacement	-	-	-	-	-	-	-	-
11.030 - Cumulative Balance of Replacement/Renewal Levies	-	-	-	-	-	-	-	-
Fund Balance June 30 for Certification								
12.010 - of Contracts, Salary and Other Obligations	7,456,532	9,178,559	12,393,802	14,550,894	16,144,148	16,420,625	15,771,823	14,312,068
Revenue from New Levies								
13.010 - Income Tax - New	-	-	-	-	-	-	-	-
13.020 - Property Tax - New	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
14.010 - Revenue from Future State Advancements	-							
15.010 - Unreserved Fund Balance June 30	7,456,532	9,178,559	12,393,802	14,550,894	16,144,148	16,420,625	15,771,823	14,312,068