



Five-Year Forecast November 2021

Deb Armbruster, Treasurer / CFO

Forecast Methodology

- Methodology - Communication, collaboration, and analytics with key personnel to develop spending plans for a close to actual projection of revenue and expenditures
 - Superintendent - Personnel, Purchase Service, and Supplies
 - Director of Student Services - Special Education
 - Business Affairs - Permanent Improvement fund - effects on General Fund
 - Assistant Superintendent - Curriculum and Instruction - Textbooks
- Capitalized on grants and additional funding to relieve the General Fund
 - Federal Grants (ESSER, IDEA-B, TITLE I, TITLE II, Connectivity, Literacy, etc...)
 - Student Wellness State Funds (moved to the General Fund)
 - State/Local Grants (Chardon Foundation, Martha Holden Jennings, Geauga Health)



Important to Remember:




- A five-year forecast is an **ESTIMATE**. It represents what we know **now**.
- Circumstances in Ohio school finance are constantly changing - the continuation of COVID-19, the state funding formula, tax collections
- The forecast makes assumptions concerning numerous variables that are not yet known (property values, state funding past two years, inflation).
- The five-year forecast represents only the General Fund of the District.
- **Assumptions** are located in BoardDocs which contain more details.





**May 2021 Forecast compared to
Fiscal Year End June 2021
The starting point**

May 2021 Estimate vs June 2021 Actual

	<u>May 2021 Estimate</u>	<u>June 2021 Actual</u>
Beginning Balance	17,089,692	17,089,692
+ Revenue	37,744,463	37,891,582 
- Expenditures	(35,744,295)	(34,958,549) 
Annual Surplus/Deficit	2,000,168	2,933,032 
Ending Cash Balance	<u>19,089,860</u>	<u>20,022,725</u>

**Cash Balance
Actual
Over \$932K
Thousand
Ahead of Estimate**

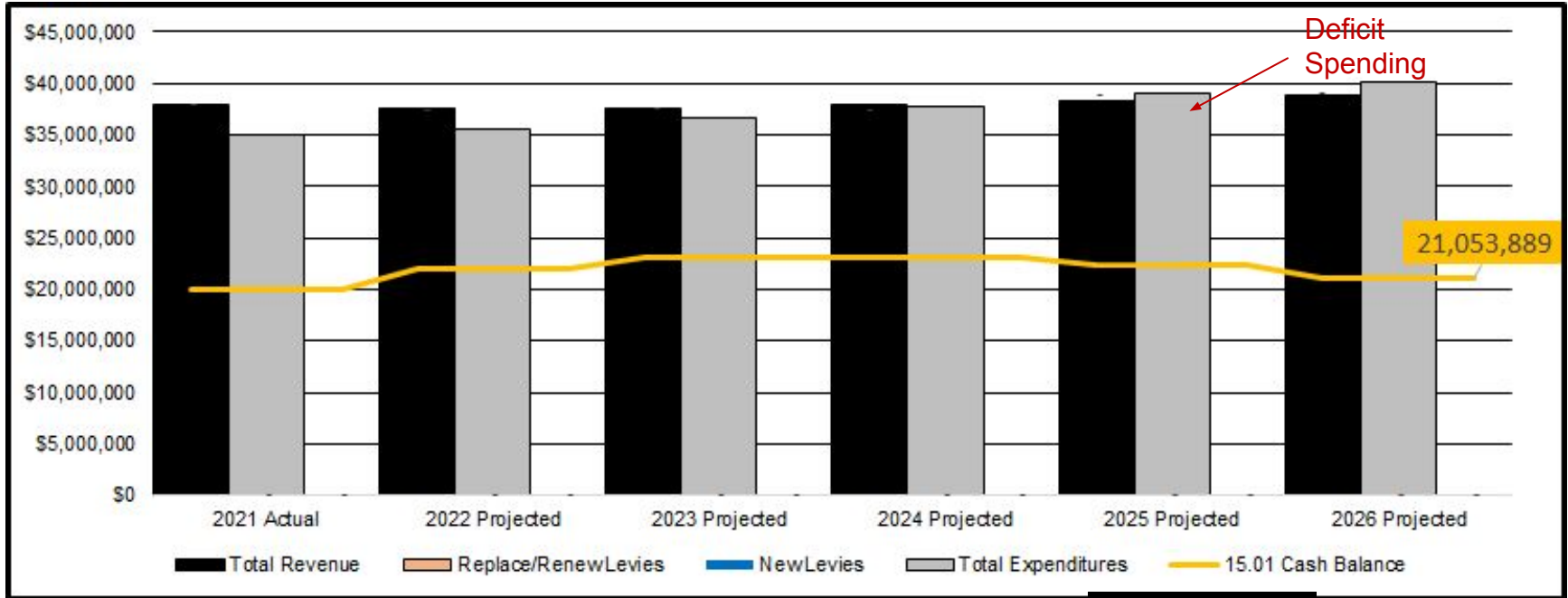
Why - increased collections, reconfiguration continued effects, and remaining under budget.





**November 2021 Forecast
for Fiscal Year 2022**

November 2021 Five-Year Forecast Summary



\$20,553,889 after open Purchase Orders

The Plan - Maintain costs, seek additional revenue, and keep expenditures under revenues for the next five years to balance the budget.





Revenue

May (1.070) Revenue Estimates vs. November (1.070) Estimates

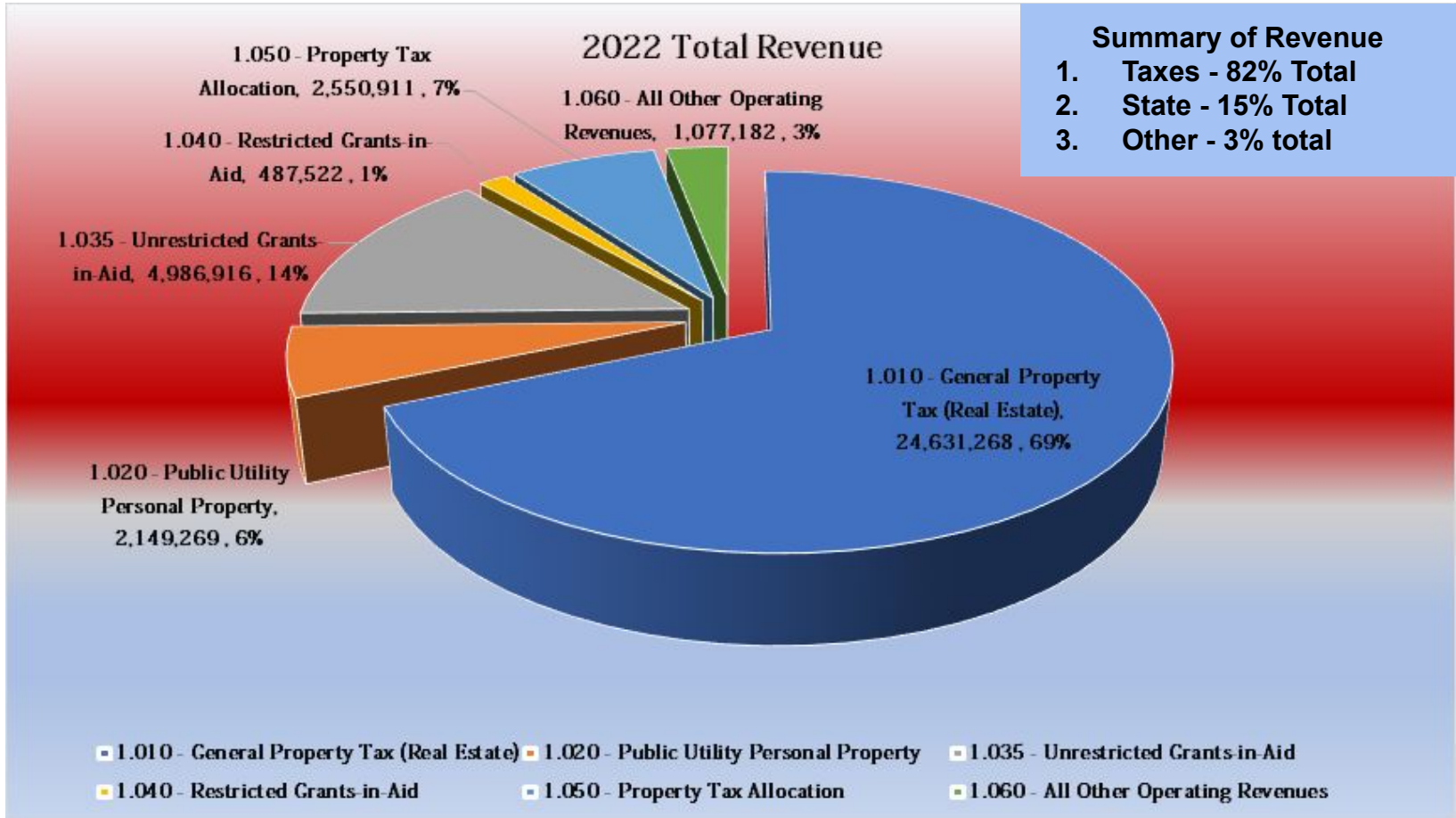
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Estimated (1.070) Revenue May	36,739,846	37,110,132	37,500,579	37,784,392	
Estimated (1.070) Revenue November	35,883,068	36,463,259	36,757,873	37,250,295	37,632,792
Difference (all higher than Nov)	-856,778 (FSFP - reduction of Revenue)	-646,873 (FSFP-reduction of Revenue & ECF Funds)	-742,706 (FSFP - reduction of Revenue)	-534,097	

Fair School Funding Plan = Reduced State Revenue

Why - The FSFP reduced state revenue and also reduced expenditures but at a greater amount. 2023 is less of a reduction due to ECF Funding obtained for technology.



2022 Total Revenue Estimate - Percent to total





Revenue

Taxes & State Funding

(Two Largest Revenues)

(All revenues are detailed in the assumptions in BoardDocs)

Tax Revenue Over Time

(82% of Total)

	<u>Fiscal Year 2020 Actual</u>	<u>Fiscal Year 2021 Actual</u>	<u>Fiscal Year 2022 Estimate Nov Forecast</u>
1.01 General Property	23,898,174	24,451,815	24,631,268
1.02 Public Utility	1,952,715	2,061,390	2,149,269
1.05 Property Tax Allocation	2,553,661	2,552,702	2,550,911
Total Taxes	28,404,550	29,065,907	29,331,448
Actual/Projected Increase		661,357	265,581

**\$265,581
More
Tax
Revenue
Projected
for 2022**

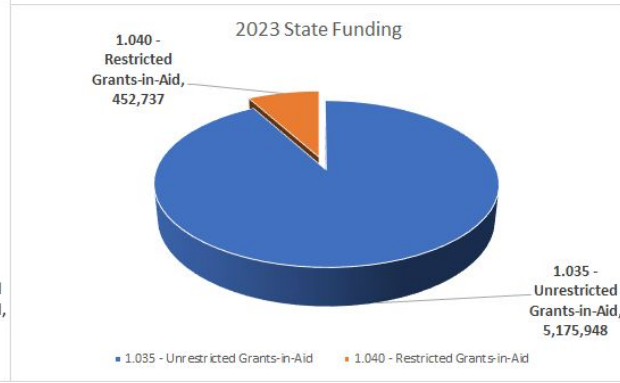
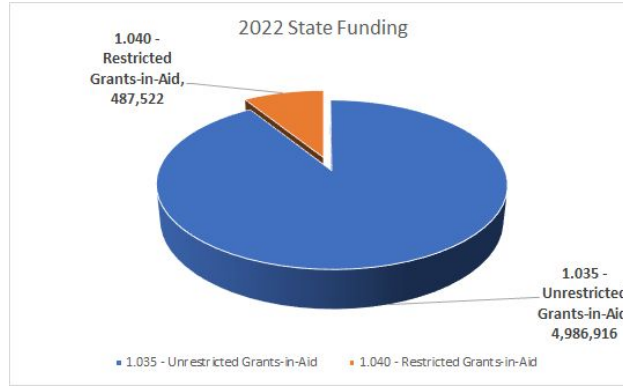
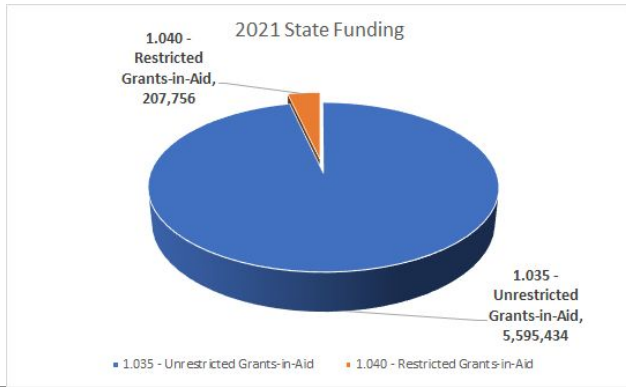
Calendar year 2020 - Update year for property values, inside mill was increased to account for additional funds in 2021.

Fiscal year 2022 estimate includes adjusted collection rates = 99.77% which is 1.77% higher than anticipated by the Geauga County Auditor



2021(actual) vs 2022 & 2023 Estimated State Revenue

(15% of total)



Unknown: State revenue calculations after 2023 - FSFP is only approved for fiscal years 2022 and 2023

State Revenue is expected to increase for 2023 - if the FSFP continues, revenue is projected to slightly increase over time.

2022 - Student Wellness and Catastrophic revenue is moved to Restricted Funds



Expenditures

Expenditures - May 21 Estimates vs. November 21 Estimates

(2022 includes additional costs associated with COVID-19)

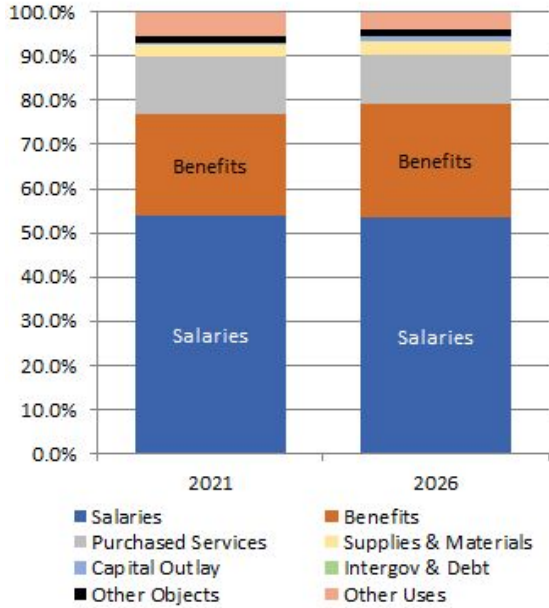
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Estimated Expenditure (4.50) May	35,314,616	35,518,411	36,489,343	37,621,079	
Estimated Expenditure (4.50) November	34,089,111	35,064,468	36,286,346	37,516,068	38,637,395
Difference	<u>-1,225,505</u>	-453,943	-202,997	-105,011	

Expenditures showing under budget from November 2021 forecast when compared to current spending plan by \$1,225,505 - FSFP - reduced tuition & cost savings

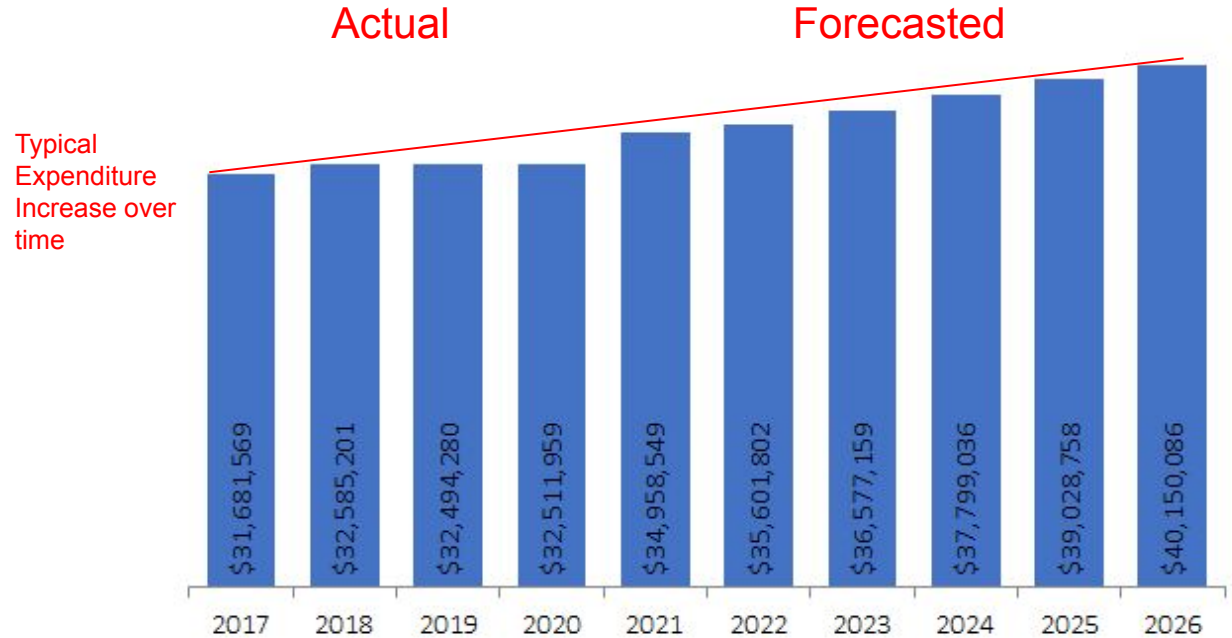
Includes 1.5% base increase for negotiated agreements from 2023 - 2025 which explains why the difference is not as high as 2022 (only 1% included in May 21 Forecast)



Expenditure Categories Over Time



10 Year - Year-over-Year Expenditures



- Expenditures flatline 2018-2020 is a direct reflection of the savings due to reconfiguration.
- 2020 had additional expenditure savings due to COVID-19 and reduced spending.
- 2021 & 2022 - increased expenditures to for COVID-19 to allow full in-class instruction.
- 2023 - 2026 - COVID-19 additional expenditures, reduced tuition, and salary base increases





Expenditures

Salaries and Benefits

(Two Largest Expenditures)

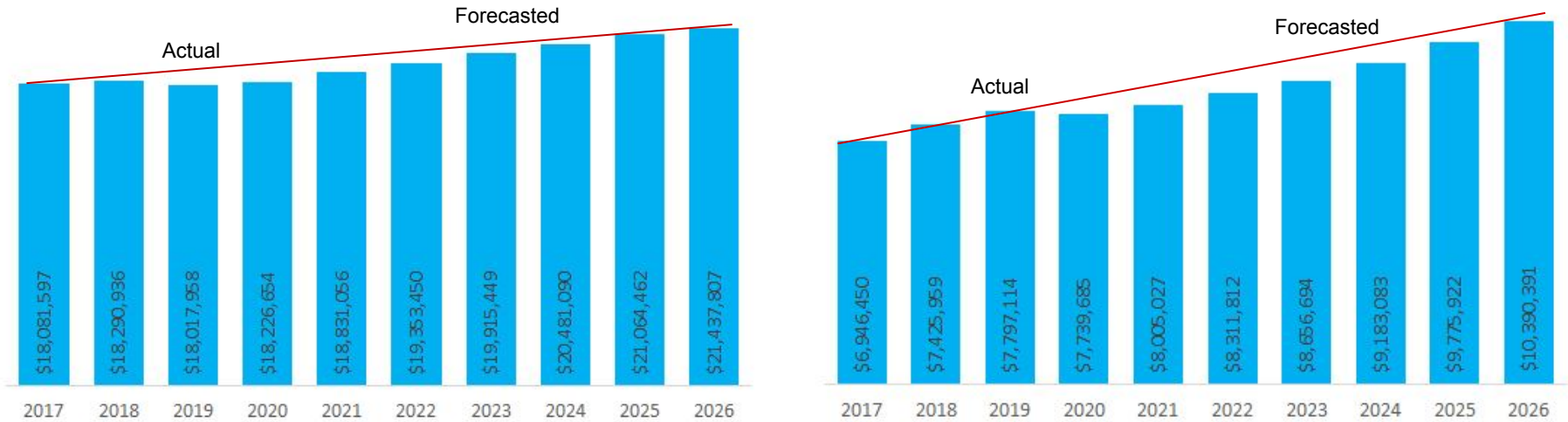
(All expenditures are detailed in the assumptions in BoardDocs)

Salaries & Benefits Year-over-Year

(Two largest categories of Expenditures - over 79%)

Salaries - 56.9%

Benefits - 24.2%



- Salary Assumptions - very similar pattern to Total Expenditures - 56.9% of total.
 - 2021 - Increased substitute costs, FFCRA costs, sanitizing and cleaning (overtime)
 - 2022 will include Staff reductions, mostly through attrition with additional reductions in 2023
 - Negotiated agreements through 2022 - Included 1.5% base increase 2023-2025
- Benefit Assumptions - Steady increase - 24.2% of total.
 - 2% increase in 2022, 8% for 2023, 8.5% for 2024, 9% increase remaining two years.
 - Reducing in 2023 to match staff reductions due to attrition - declining student count

Accomplishments

- The May 2018 operating levy has created a solid financial position.
- Reconfiguration reduced expenditures \$3M to \$7.2M since 2019.
- Negotiated agreements are included for 2021 - 2022.
- 2023 - 2025 includes 1.5% base increase plus steps for all staff.
- Increased grants/revenues, offsetting expenditures.
- Technology capital assets have been moved back to the General Fund.
- Some Permanent Improvement expenditures have been moved to the general fund
- Textbook replacement plan has been adjusted for accuracy within supplies.

Five-Year Effect on Cash Balance

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	22,031,946	23,036,237	23,113,265	22,452,992
+ Revenue	37,611,023	37,581,450	37,876,064	38,368,486	38,750,983
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(35,601,802)	(36,577,159)	(37,799,036)	(39,028,758)	(40,150,086)
= Revenue Surplus or Deficit	2,009,221	1,004,291	77,028	(660,272)	(1,399,103)
Line 7.020 Ending Balance with renewal/new levies	22,031,946	23,036,237	23,113,265	22,452,992	21,053,889

Analysis Without Renewal Levies Included:	SURPLUS	SURPLUS	SURPLUS	DEFICIT	DEFICIT
Revenue Surplus or Deficit w/o Levies	2,009,221	1,004,291	77,028	(660,272)	(1,399,103)
Ending Balance w/o Levies	22,031,946	23,036,237	23,113,265	22,452,992	21,053,889

Assumption - Surplus Cash Balance for three years - deficit in year four and five.

Link: [Five-Year Forecast Report](#) Link: [Five-Year Full Assumptions Report](#)

\$20,553,889 when including open purchase orders (\$500K).



Reminder:

- A five year forecast is an ESTIMATE.
- The projected Cash Balance in 2026 is \$21,053,889 without open purchase orders included and \$20,553,889 when included.
- There are numerous variables that are out of our control that could significantly impact the General Fund such as ESSER funds, State Funding, Negotiations, and COVID-19.
- The five year forecast is updated every six months to allow for any changes that may occur.



Questions

