



Five-Year Forecast November 2022

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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
 - Director of Student Services
 - Business Affairs
 - Assistant Superintendent

- Capitalize on grants and additional funding to relieve the General Fund
 - Local Grants
 - State Grants
 - Federal Grants



Important to Remember:

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





May 2022 Forecast vs FY 2022 Year End
The starting point

May 2022 Estimate vs Actual FY 2022

	<u>May 2022 Estimate</u>	<u>FY 2022 Year-End</u>
Beginning Balance	20,022,725	20,022,725
+ Revenue	37,959,365	38,223,873
- Expenditures	(35,100,924)	(33,531,149)
Annual <u>Surplus/Deficit</u>	2,858,441	4,692,724
Ending Cash Balance	<u>22,881,169</u>	<u>24,715,450</u>



\$1.8M Better than
anticipated

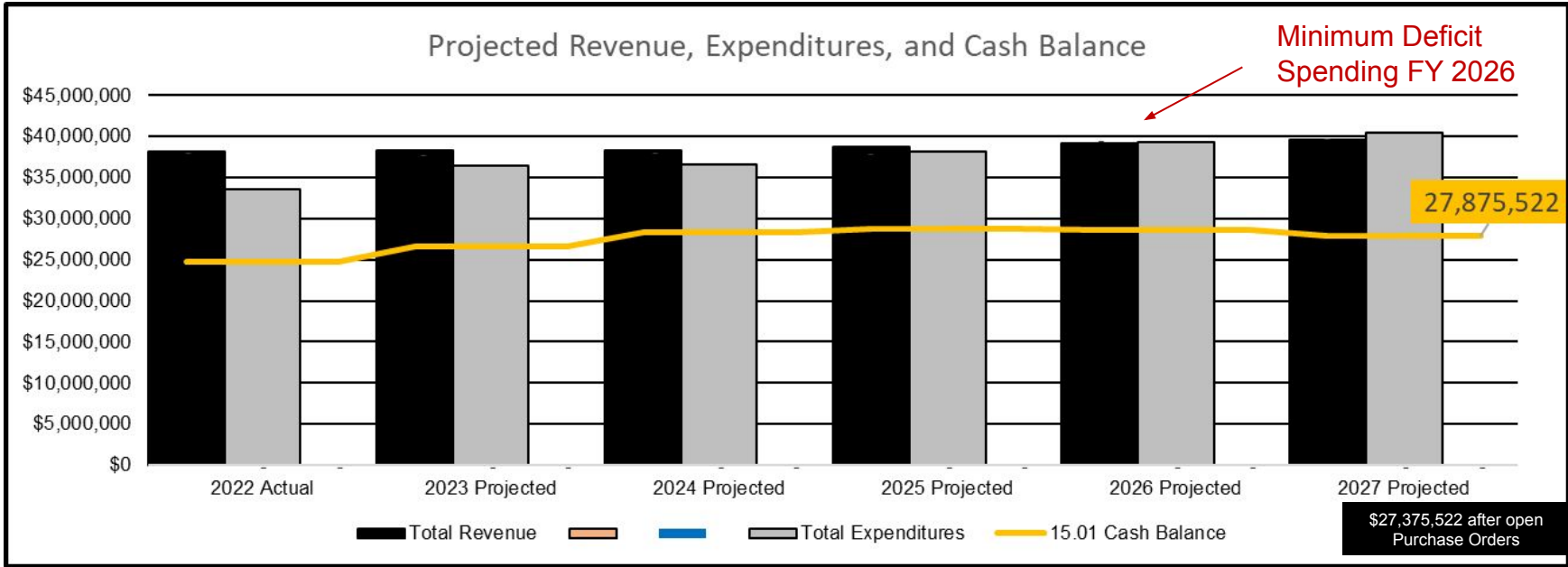


Why - increased collections, expenditure relief of COVID-19, and remaining under budget.



**November 2022 Forecast
for Fiscal Year 2023**

November 2022 Five-Year Forecast Summary



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



Note - Deficit spending is when expenditures exceed revenue for a given year (gray bar higher than the black bar)



Revenue

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

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Estimated (1.070) Revenue May	36,403,289	36,757,288	37,192,556	37,691,267	
Estimated (1.070) Revenue November	36,860,629	37,165,086	37,576,369	38,015,185	38,516,512
Difference (all higher than May)	+457,340 (increased interest/investments)	+407,798 (increased interest/investments)	+383,813 (increased interest/investments)	+323,918 (increased interest/investments)	

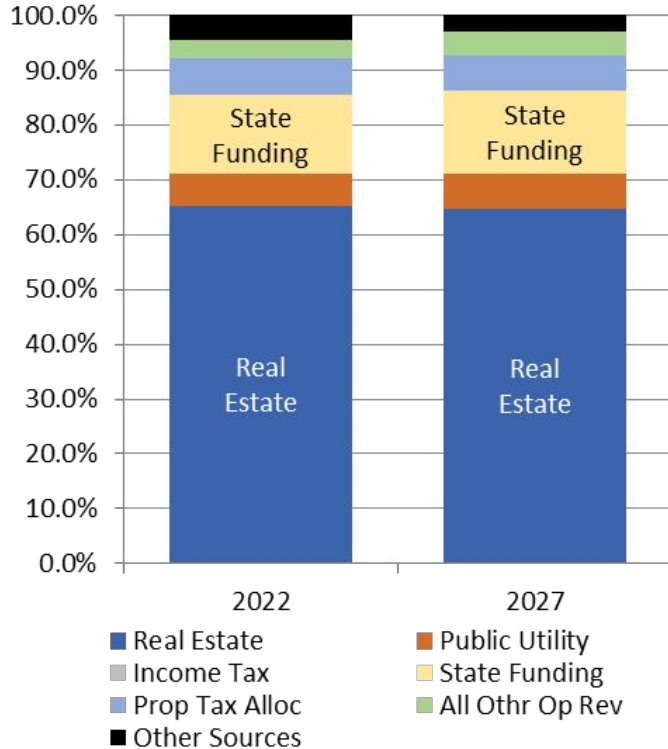
Interest rates are making a difference

- Collection rate is set to 98% as certified by the County
- Interest/investment has come back, currently at 3.79%
- FY 2023 is a triennial update year for property taxes - adjusted for HB920
- FSFP - projected a small but steady increase in state funding



2023 Total Revenue Estimate - Percent to total

Sources of Revenue Over Time



Summary of Revenue

- | | | |
|-----------|--------------|--------------------------------|
| 1. | 65.3% | Real Estate |
| 2. | 5.7% | Public Utility |
| 3. | 0.0% | Income Tax |
| 4. | 14.5% | State Funding |
| 5. | 6.7% | Prop Tax Alloc |
| 6. | 3.4% | All Other Operating Rev |
| 7. | 4.5% | Other Sources |

77.7% from taxes (Real Estate, Public Utility, Prop Tax Alloc)



Revenue

Property Tax and State Funding

(Two Largest Revenues)

(All revenues are detailed in the assumptions in BoardDocs)

Property Tax Revenue (65.3% of Total)



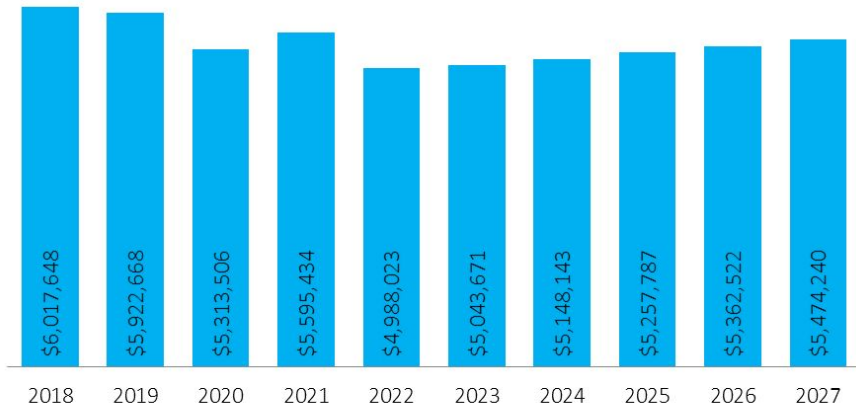
- Slight increase projected for the next five years to account for inside-mill
- 2023 drops slightly to allow for 98% tax collection rate



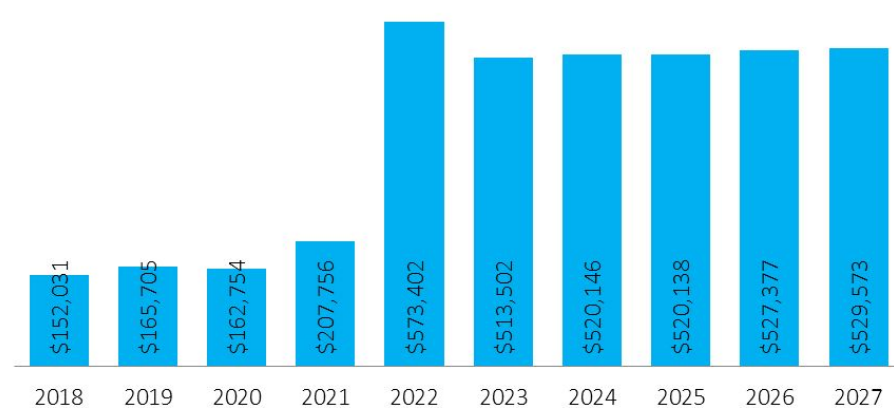
State Funding

(14.5% of total)

1.035 - Unrestricted Grants-in-Aid



1.040 & 1.045 - Restricted Grants-in-Aid



1.035 Unrestricted

- Revenue decreased in 2022 with the implementation of the FSFP (reduced revenue & expenditures)
- Guarantee District with slight increase for the next five years, but
- **Unknown:** State revenue calculations after 2023 - FSFP is only approved for fiscal years 2022 and 2023

1.040 & 1.045

- Catastrophic Cost Reimbursement has nearly doubled in 2022
- Student Wellness funds were moved to General Fund in 2022, but are declining in 2023 - 2027



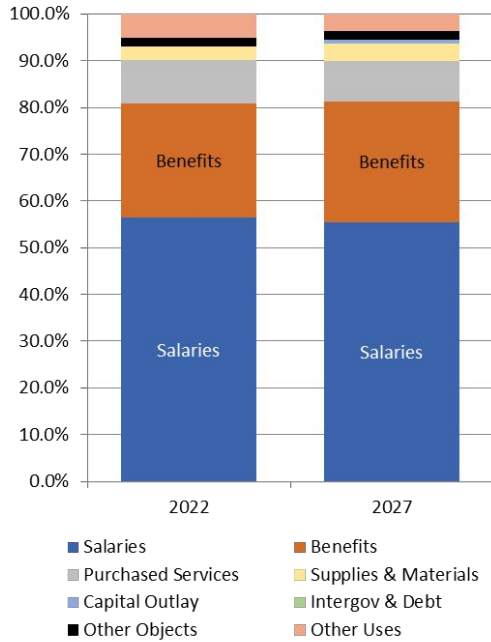
Expenditures

Expenditures - May 2022 Estimates vs. November 22 Estimates

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Estimated Expenditure (4.50) May	35,576,997	36,420,840	37,928,128	39,378,838	
Estimated Expenditure (4.50) Nov	36,456,767	36,550,987	38,225,509	39,279,564	40,455,726
Difference	+879,770	+130,147	+297,381	-99,279	

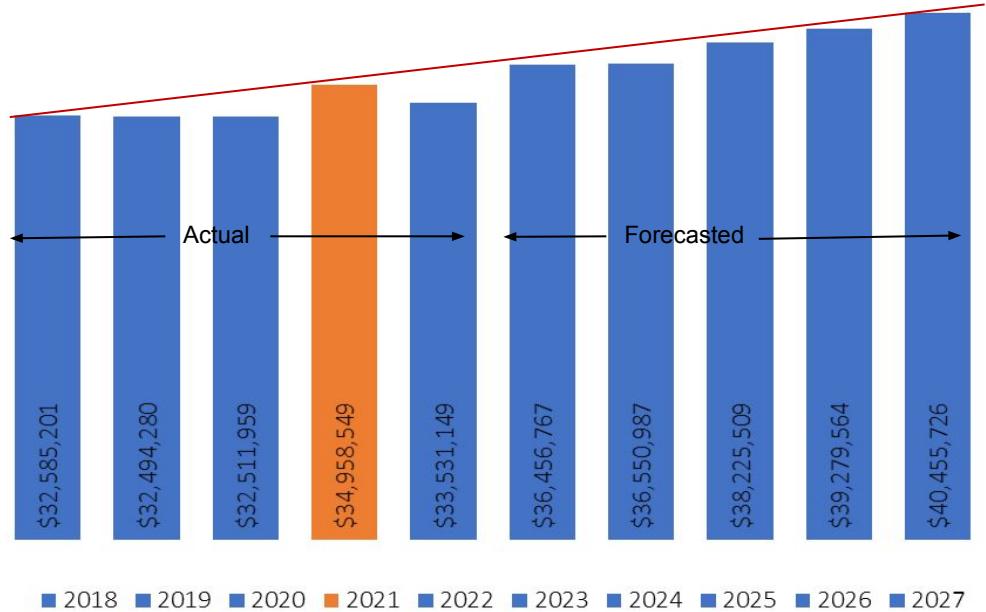
- 2023 - 2025 Negotiated Agreements for both classified and certified staff
- 2023 - 2027 Increased estimates for inflation
- 2023 - 2027 Changes in Insurance percentages (2, 8, 8.5, 9, 9) to (0, 8, 8.5, 8.5, 8.5)
- 2023 Textbook Purchases - reducing in 2024 - 2027
- 2025 Technology and Network upgrades were moved from the PI fund to the General Fund
- 2026 - 2027 1.0% placeholder for salary increases

Expenditure Categories Over Time



10 Year - Year-over-Year Expenditures

Typical Expenditure Increase over time



- Expenditures flatline 2018-2022 - savings due to reconfiguration.
- 2021 COVID-19 - increased salaries to accommodate in class instruction during COVID-19
- 2023 - 2027 - Negotiated agreements, textbooks, inflation



Expenditures

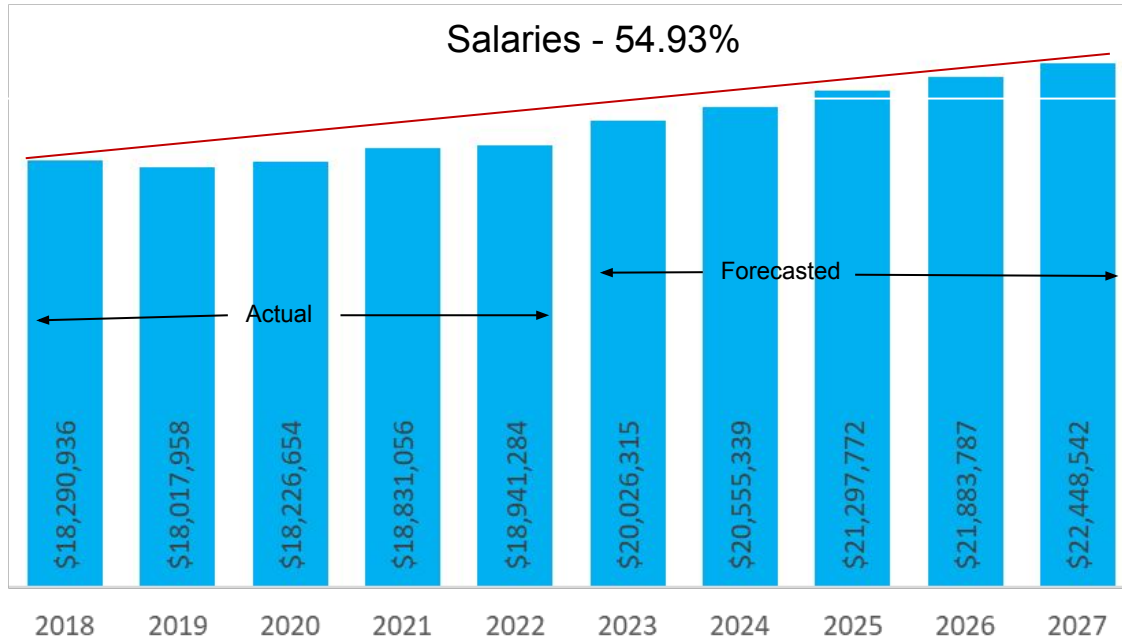
Salaries and Benefits

(Two Largest Expenditures)

(All expenditures are detailed in the assumptions in BoardDocs)



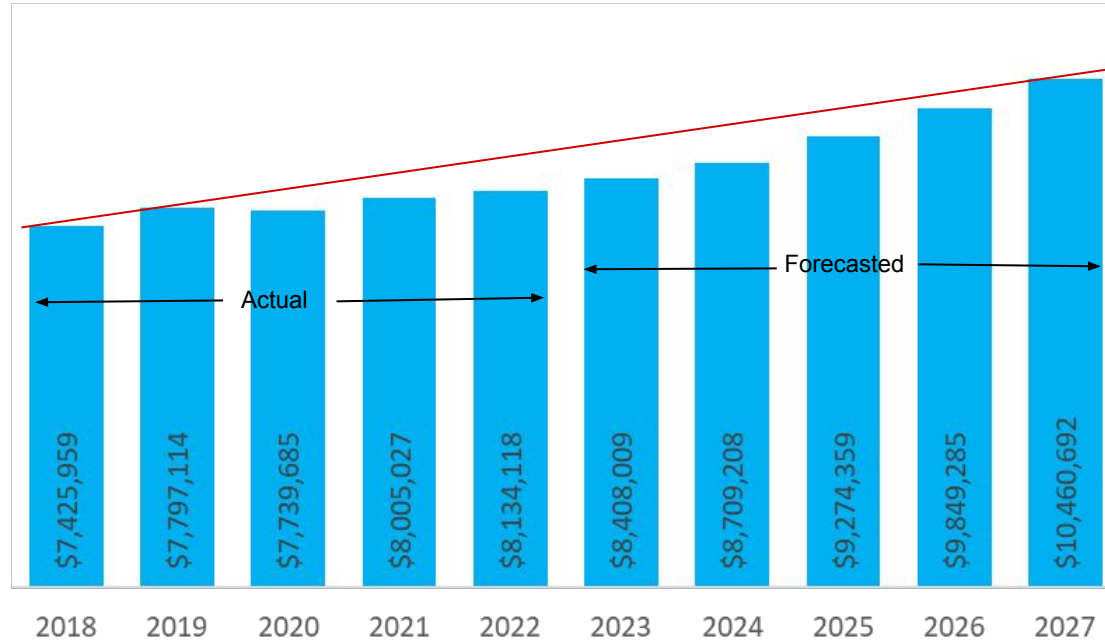
Salaries Year-over-Year



- Salary Assumptions - very similar pattern to Total Expenditures - 54.93% of total.
- No plans to decrease or increase staff at this time
- 2023-2025 - 2.25% base plus step increase for certified staff plus \$1,000 Front-line pay.
- 2023-2025 - 2023 schedule change with 2.25% base increase, 2.25% for 2024 and 2025.
- 2026-2027 - 1.0% base plus step increase for both certified and classified staff.

Salaries & Benefits Year-over-Year

Benefits - 23.06%



- Benefit Assumptions - Steady increase - 23.06% of total.
- 0% increase in 2022, 8% in 2023, and 8.5% for 2023 through 2027
- Health Insurance increases are trending across the state, Chardon remains stable

The Latest Accomplishments

Interest and Investment accounts are aiding in the increase of revenue along with the change in state funding.

Negotiated agreements - 2023 - 2025 for certified staff at 2.25% for three years plus a one time \$1,000 stipend. Classified staff with a schedule change plus 2.25% in 2023 and 2.25% for 2024 and 2025.

2026 - 2027 includes 1.0% base increase plus steps for all staff.

Technology capital expenditures continue to be included in the General Fund, adding Network expenditures for 2025.

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 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus	24,715,448	26,566,640	28,317,618	28,805,357	28,677,857
+ Revenue	38,307,958	38,301,965	38,713,248	39,152,064	39,653,391
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(36,456,767)	(36,550,987)	(38,225,509)	(39,279,564)	(40,455,726)
= Revenue Surplus or Deficit	1,851,192	1,750,978	487,739	(127,500)	(802,335)
Line 7.020 Ending Balance with renewal/new levies	26,566,640	28,317,618	28,805,357	28,677,857	27,875,522
Analysis Without Renewal Levies Included:					
Revenue Surplus or Deficit w/o Levies	1,851,192	1,750,978	487,739	(127,500)	(802,335)
Ending Balance w/o Levies	26,566,640	28,317,618	28,805,357	28,677,857	27,875,522

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

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

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

\$27,375,522 when including open purchase orders (\$500K).



Reminder:

- A five year forecast is an ESTIMATE.
- The projected Cash Balance in 2027 is \$27,875,522 without open purchase orders included and \$27,375,522 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