



Five-Year Forecast

May 2021

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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 - General Fund Personnel, Purchase Service, and Supplies
 - Special Education
 - Business Affairs - Permanent Improvement fund - effects on General Fund
 - Curriculum and Instruction - Textbooks
- Capitalized on grants and additional funding to relieve the General Fund
 - Federal Grants (CARES, IDEAB, TITLE I, TITLE II, Connectivity, Literacy, etc...)
 - Student Wellness State Funds
 - State Grants (Chardon Foundation, School Psych Intern, Pilot, etc...)
 - BWC - Bureau of Workers' Compensation dividends and refunds



Important to Remember:




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





**November 2020 progressing to May 2021 Forecast
for Fiscal year 2021**

November 2020 vs May 2021 - For Fiscal Year 2021

	<u>November 2020</u> <u>Estimate 2021</u>	<u>May 2021</u> <u>Estimate 2021</u>
Beginning Balance	17,089,694	17,089,692
+ Revenue	37,323,566	37,744,463 
- Expenditures	(36,982,030)	(35,744,295) 
Annual Surplus/Deficit	341,536	2,000,168 
Ending Cash Balance	17,431,230	<u>19,089,860</u>

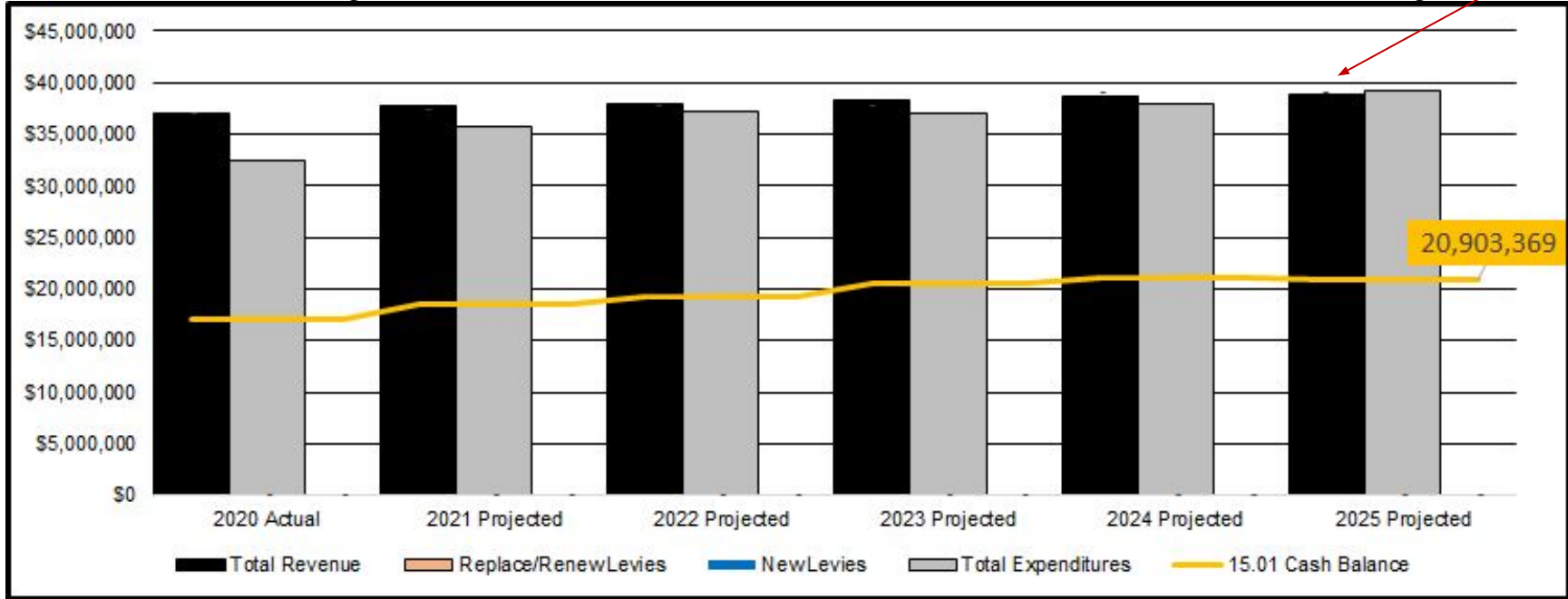
As Shown on the
monthly
Spending Plan
Increased Revenue
& Reduced
Expenditures to
match closer to
actual for FY 2021



Why - ESSER Funds, reduced state cuts, increased collections, and remaining under budget.

May 2021 Five-Year Forecast Summary

Deficit Spending



\$21,403,369 before 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

Taxes & State Funding

(Two Largest Revenues)

(All revenues are detailed in the assumptions in BoardDocs)

November (1.070) Revenue Estimates vs. May Estimates

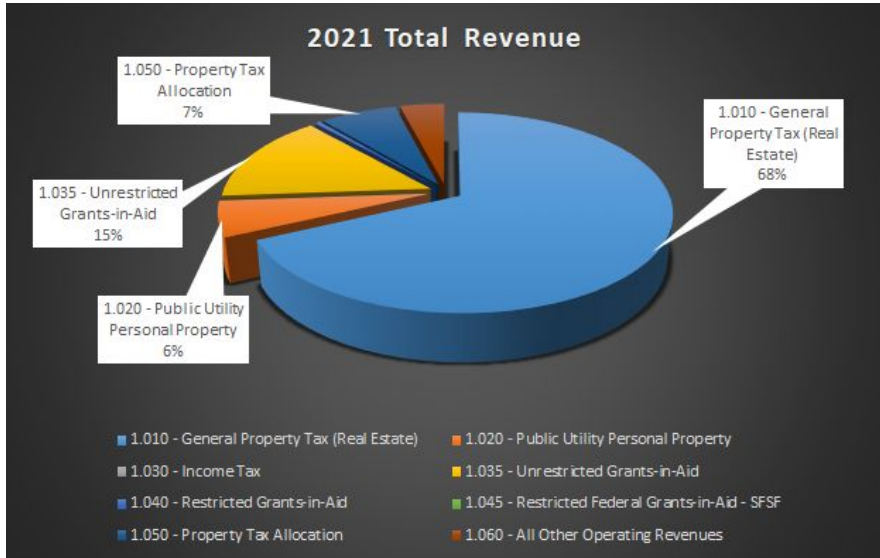
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Estimated (1.070) Revenue Nov	35,939,600	35,819,478	36,541,872	36,816,210	37,086,194
Estimated (1.070) Revenue May	36,360,497	36,739,846	37,110,132	37,500,579	37,784,392
Difference (all higher than Nov)	420,897 <i>(increased collections) (reduced state cuts)</i>	920,368 <i>(increased collections) (end state cuts)</i>	568,260	684,369	698,198

Reduced state cuts and increased collections = increased revenues.

Why - collection rates estimated at 95% - ending collection rate 2020 102.5%
Full state cuts (528K) in 2020 reduced to ½ for 2021, ending in 2022

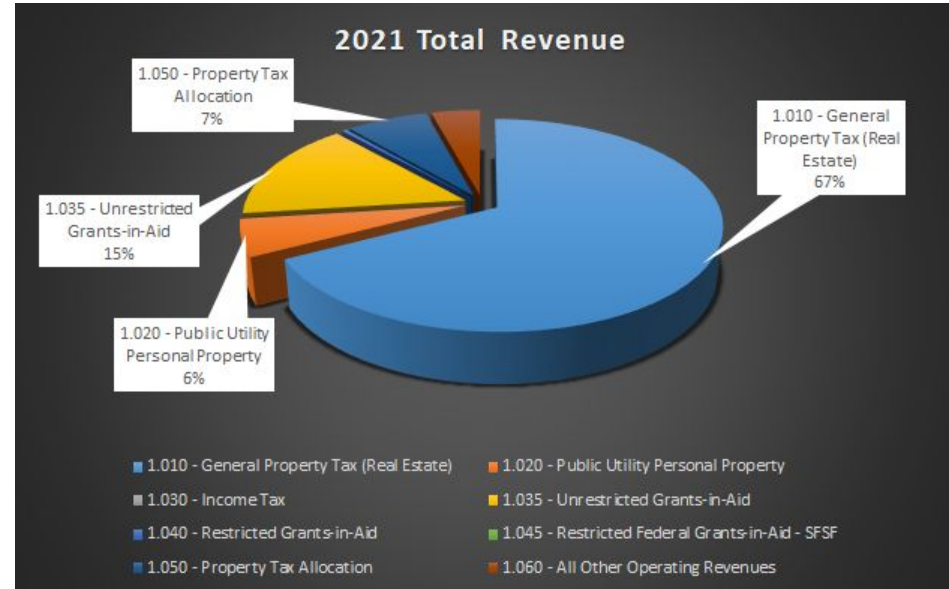


2021 Total Revenue - Percent to total



November 2020 - for Fiscal Year 2021

May 2021 - for Fiscal Year 2021



Tax Revenue Over Time

(67% of Total)

	<u>Fiscal Year 2019 Actual</u>	<u>Fiscal Year 2020 Actual</u>	<u>Fiscal Year 2021 Estimate May Forecast</u>
1.01 General Property	22,086,212	23,898,174	24,480,347
1.02 Public Utility	1,787,974	1,952,715	2,061,389
1.05 Property Tax Allocation	2,539,758	2,553,661	2,552,722
Total Taxes	26,413,944	28,404,550	29,094,458
Actual/Projected Increase		1,990,606	689,908

**\$689,908
More
Tax
Revenue
than 2020**

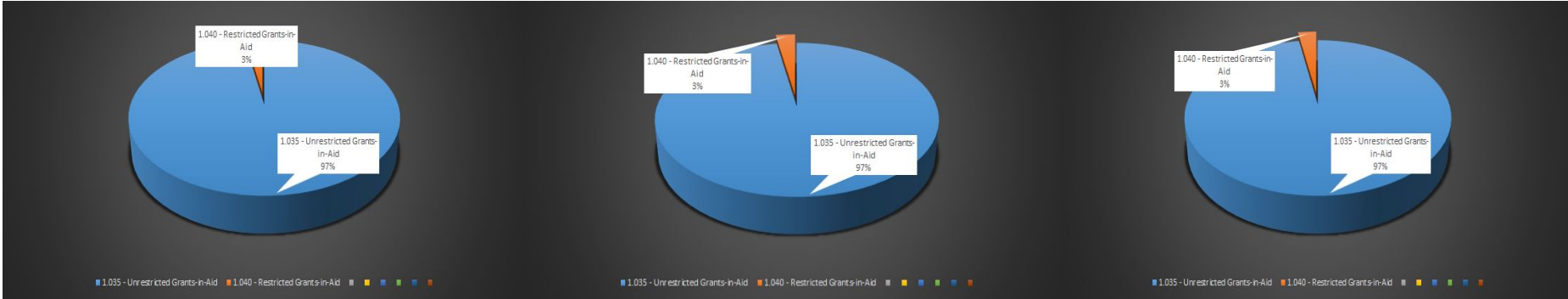
Fiscal year 2020 - included second half collection of 2018 operating levy & 105.7% collection rate from tax year 2019.

Fiscal year 2021 includes adjusted collection rates - 102.5% for tax collection year 2020.



2021 -2022 - 2023 State Revenue

(15% of total - includes declining student ADM)



2021
\$5,578,084

2022
\$5,777,176

2023
\$5,774,548

State Revenue remains cut \$259K for 2021 projection ends state cuts for 2022, 2023, 2024, and 2025

Unknown: State revenue calculations after 2021 - funding formula projected to change - assumption for amounts to remain the same with a slight declining student ADM





Expenditures

Salaries and Benefits

(Two Largest Expenditures)

(All expenditures are detailed in the assumptions in BoardDocs)

Expenditure May Estimates vs. November Estimates

(2021 & 2022 includes additional costs associated with COVID-19)

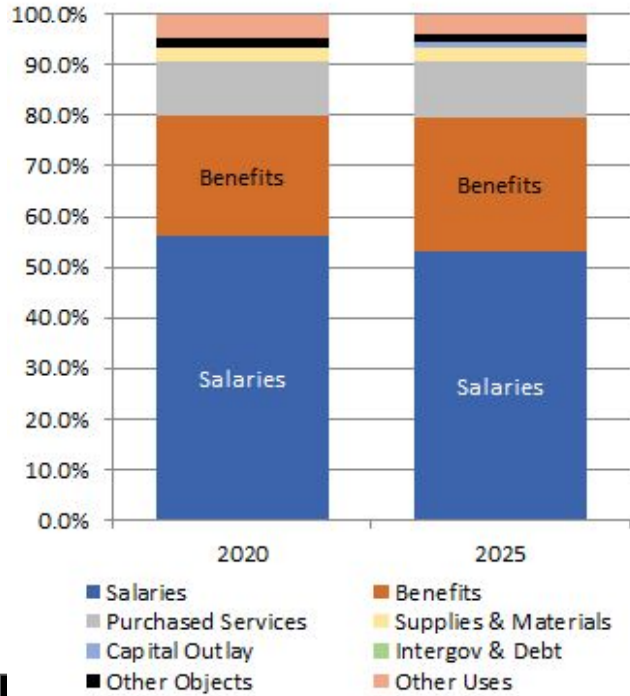
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Estimated Expenditure (4.50) November	35,469,340	35,018,151	34,515,672	35,228,962	36,299,663
Estimated Expenditure (4.50) May	34,231,604	35,314,616	35,518,412	36,489,343	37,621,079
Difference	<u>-1,237,736</u>	296,465	1,002,740	1,260,381	1,321,466

Expenditures showing under budget from November 2020 forecast when compared to current spending plan by \$1,237,736 - reduced staff (COVID est.), reduced spending

Keeping 2022 with all the same restrictions as 2021 - included 1% base increase for negotiated agreements from 2023 - 2025 which explains why the difference is higher.



Expenditure Categories Over Time

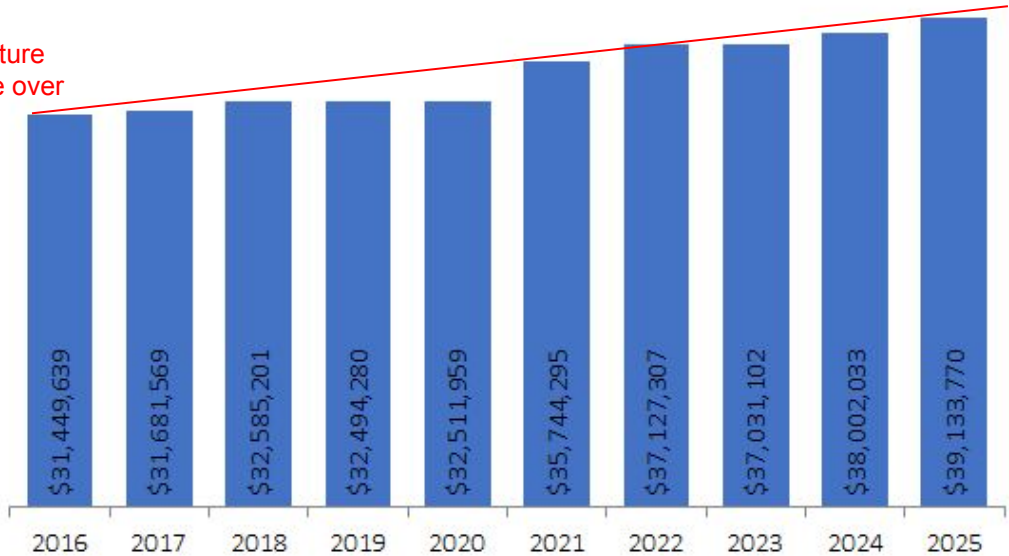


Year-over-Year Expenditures

- Actual -

- Forecasted -

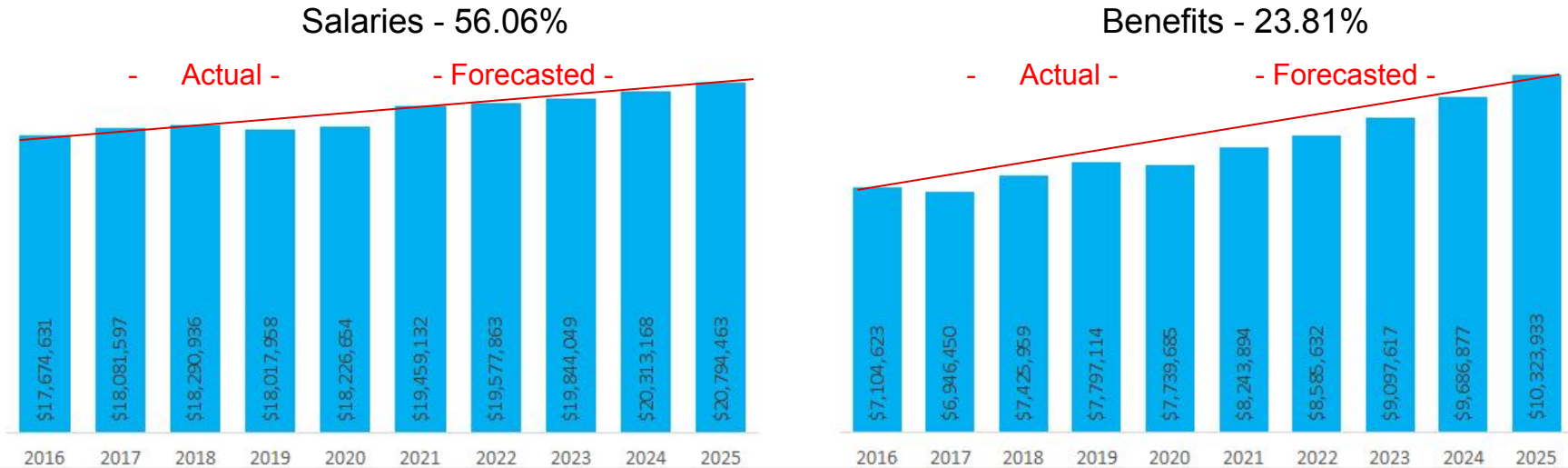
Typical
Expenditure
Increase over
time



- Expenditure flatline 2016-2018 is a direct reflection of the savings due to reconfiguration.
- 2020 expenditure savings due to COVID-19 and reduced spending.
- 2021 & 2022 - increased expenditures to for COVID-19 to allow full in-class instruction.
- 2023 - 2025 - back to a normal state without COVID-19 additional expenditures.

Salaries & Benefits Year-over-Year

(Two largest categories of Expenditures - over 75%)



- Salary Assumptions - very similar pattern to Total Expenditures - 56.6% 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% base increase 2023-2025
- Benefit Assumptions - Steady increase - 23.81% of total.
 - 6.5% increase in 2021, 9% increase remaining four years.
 - Reducing in 2022 to match staff reductions, with additional reductions in 2023

Accomplishments

- The May 2018 operating levy has created a solid financial position.
- Reconfiguration reduced expenditures.
- Negotiated agreements are included for 2021 - 2022.
- 2023 - 2025 includes 1% base increase plus steps for all staff.
- Increased grants/revenues, offsetting some of the costs of COVID-19.
- Technology capital assets have been moved back to the General Fund.
- Textbook replacement plan has been adjusted for accuracy within supplies.



Five-Year Effect on Cash Balance

Financial Forecast	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Beginning Balance	17,089,692	19,089,860	19,820,592	21,017,814	21,634,553
+ Revenue	37,744,463	37,858,088	38,228,325	38,618,772	38,902,586
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(35,744,295)	(37,127,307)	(37,031,102)	(38,002,033)	(39,133,770)
= Revenue <u>Surplus</u> or Deficit	2,000,168	730,731	1,197,222	616,739	(231,184)
Ending Balance with renewal levies Note: Not Reduced for Encumbrances	19,089,860	19,820,592	21,017,814	21,634,553	21,403,369

Analysis Without Renewal Levies Included:

Revenue Surplus or Deficit w/o Levies	2,000,168	730,731	1,197,222	616,739	(231,184)
Ending Balance w/o Levies	19,089,860	19,820,592	21,017,814	21,634,553	21,403,369

Deficit Spending

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

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

\$20,903,369 when including open purchase orders (\$500K).



Reminder:

- A five year forecast is an ESTIMATE.
- The projected Cash Balance in 2025 is \$21,403,369 without open purchase orders included and \$20,903,369 when included.
- There are numerous variables that are out of our control that could significantly impact the General fund (COVID-19) (ESSER)
- The five year forecast is updated in November 2021 to reflect any possible changes that may occur during the school year.



Questions



CHARDON
LOCAL SCHOOLS