



CHARDON LOCAL SCHOOLS

May 2023 ASSUMPTIONS

Financial Summary – The Chardon Local Schools May 2023 Five-Year Forecast is aligned with the 2023-2028 district Success Plan adopted in January 2023. The concentration aligns with the goals set for safety and security, facilities and operations, communications, resources and fiscal responsibilities, and engaged student learning.

The Ohio Department of Education’s purposes/objectives for the five-year forecast are:

1. To engage the local Board of Education and the Community in the long range planning and discussions of financial issues facing the school district
2. To service as a basis for determining the school district’s ability to sign the certificate required by O.R.C., 4705.412, commonly known as the “412 certificate.”
3. To provide a method for the Department of Education and 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.**

This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in fiscal year 2022. The district expects a combined impact of \$484,384 in fiscal year 2023. This forecast includes a CFO adjusted trend calculation of the SFFP impact using current information. As information changes the estimates will be updated. The district is considered a guarantee district in fiscal year 2023. Tax revenue collections continues at the three-year average of 100.44% collection rate and expenditures include a concentration on safety, security, facilities, and operations.

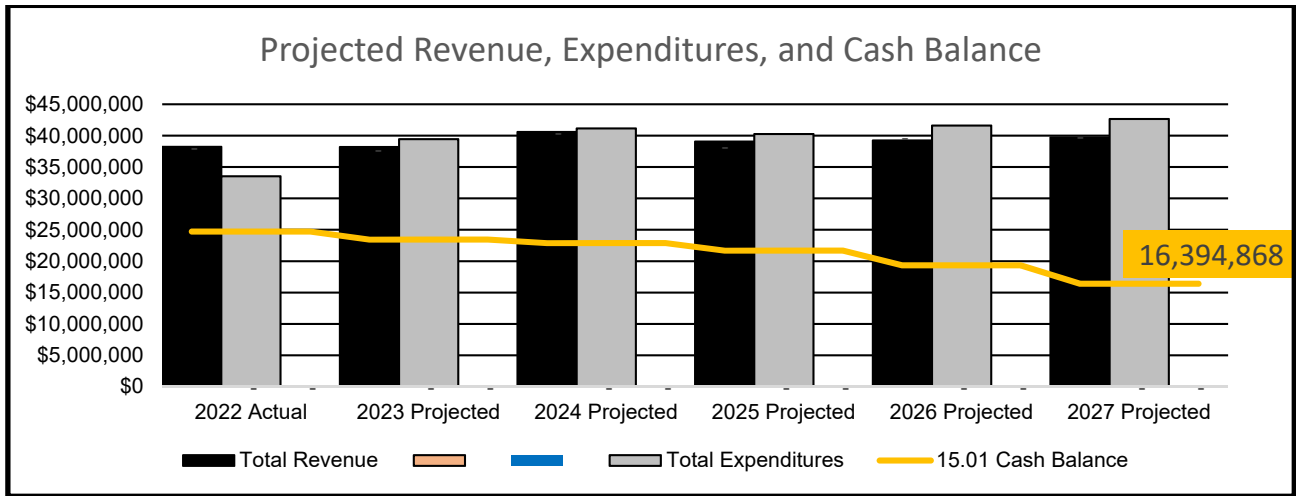
The November 2022 five-year forecast projected an ending cash balance for fiscal year 2023 at \$26,566,641 (before open encumbrances). The adjusted cash balance for fiscal year 2023 is \$23,449,433. The Geauga County Auditor's office certified a 98% collection rate for calendar year 2021. The collection rate came in at 100.76% to show increased revenues for Chardon Local Schools. Secondly, interest rates were increased in fiscal year 2023 and are currently at five percent (5%). Interest received in 2022 was \$72,677 which increased to \$1,198,805 in fiscal year 2023. Finally, expenditures were within budget including the property acquisition on Washington street, the first year of negotiated agreements for both district unions, and increased inflation primarily in purchase services and supplies.

In fiscal year 2023 a revenue shortfall is expected. This means the expenditures are expected to be greater than revenue by \$1,266,015 by the end of 2023. By the last year of the forecast, fiscal year 2027, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$2,935,727. The district would need to cut its fiscal year 2027 projected expenses by 6.88% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in fiscal year 2023 and its projected to worsen by fiscal year 2027, but still remain positive. A worsening cash balance can erode the district's financial stability over time, yet Chardon Local Schools is still in a good financial position with no assumption for a levy within this forecast cycle.

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 2023



Financial Forecast	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	24,715,448	23,449,433	22,884,196	21,683,134	19,330,595
+ Revenue	38,189,284	40,604,813	39,065,669	39,254,127	39,740,205
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(39,455,299)	(41,170,050)	(40,266,731)	(41,606,666)	(42,675,932)
= Revenue Surplus or Deficit	(1,266,015)	(565,238)	(1,201,062)	(2,352,539)	(2,935,727)
Line 7.020 Ending Balance with renewal/new levies	23,449,433	22,884,196	21,683,134	19,330,595	16,394,868
Analysis Without Renewal Levies Included:					
Revenue Surplus or Deficit w/o Levies	(1,266,015)	(565,238)	(1,201,062)	(2,352,539)	(2,935,727)
Ending Balance w/o Levies	23,449,433	22,884,196	21,683,134	19,330,595	16,394,868

REVENUES

Total revenue increased 2.39% or \$872,464 annually during the past five years and is projected to increase 0.77% or \$303,267 annually through fiscal year 2027. Real estate has the greatest projected average annual variance compared to the historical average at **\$743,181**.

From the growth chart below the increase in 2020 was directly related to the operating levy that passed in 2018. It typically takes two years for the revenue to show within the numbers. Fiscal year 2023 shows a .09% decrease in revenue, this is due to late payments by three primary utility companys which put over \$1.1M into delinquent status. The growth in fiscal year 2024, shows the collection of the late utility payments, and the drop in fiscal year 2025 reflects a one (1) mill shift in taxes approved by the Chardon Board of Education on March 20, 2023 from the General Fund to the Permanent Improvement Fund. The Permanent Improvement Fund is not included within this forecast, but is dedicated to the facailities and operations of the district.

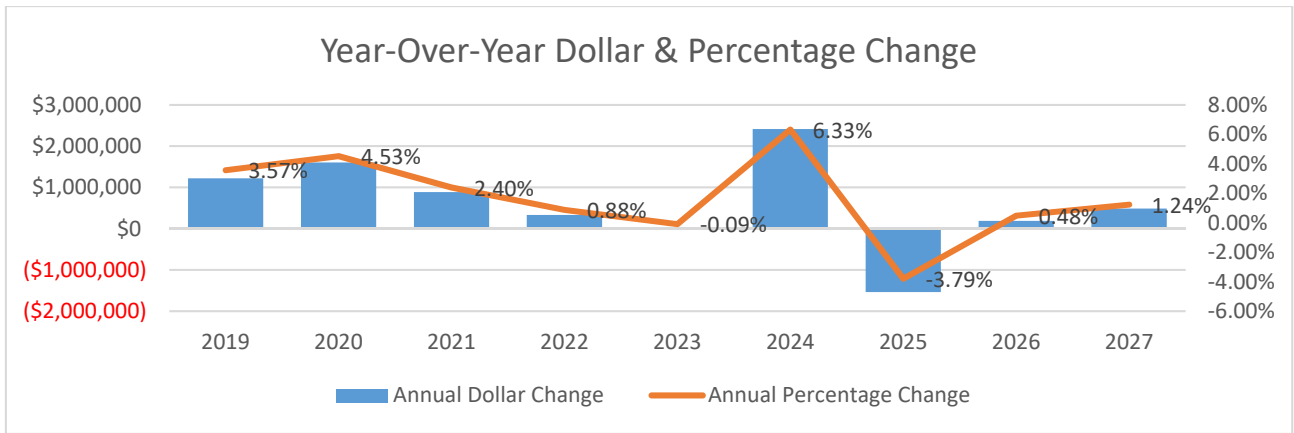
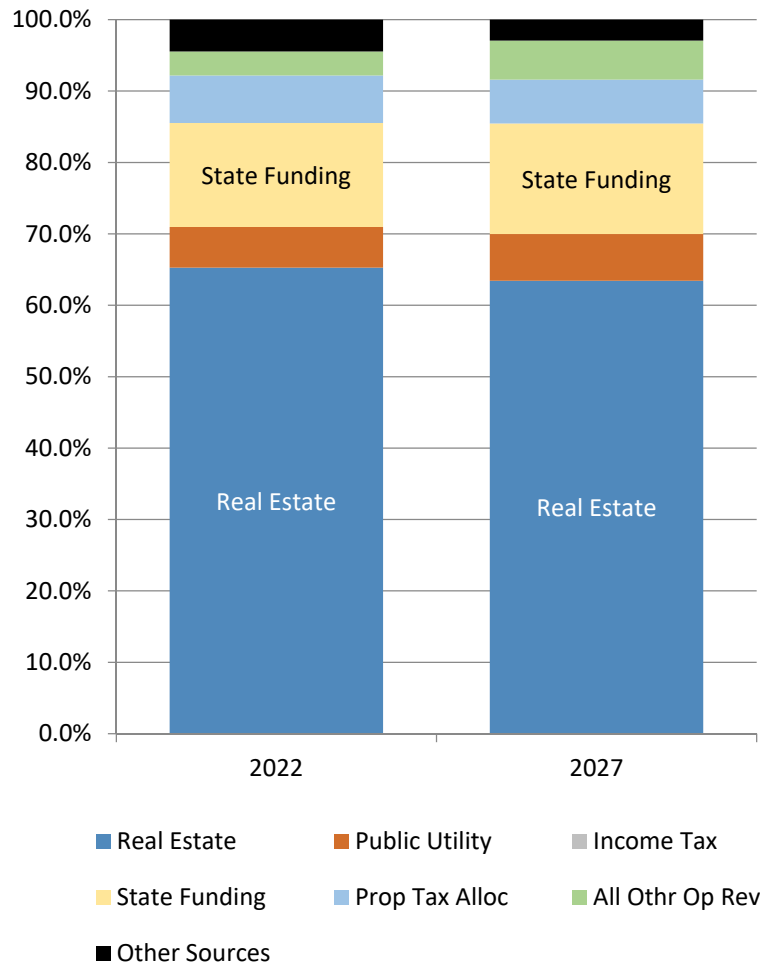


Figure 1 - Year-Over-Year Dollar & Percent Change all Revenue

Revenue Sources and Forecast Year-Over-Year Projected Overview

Sources of Revenue Over Time



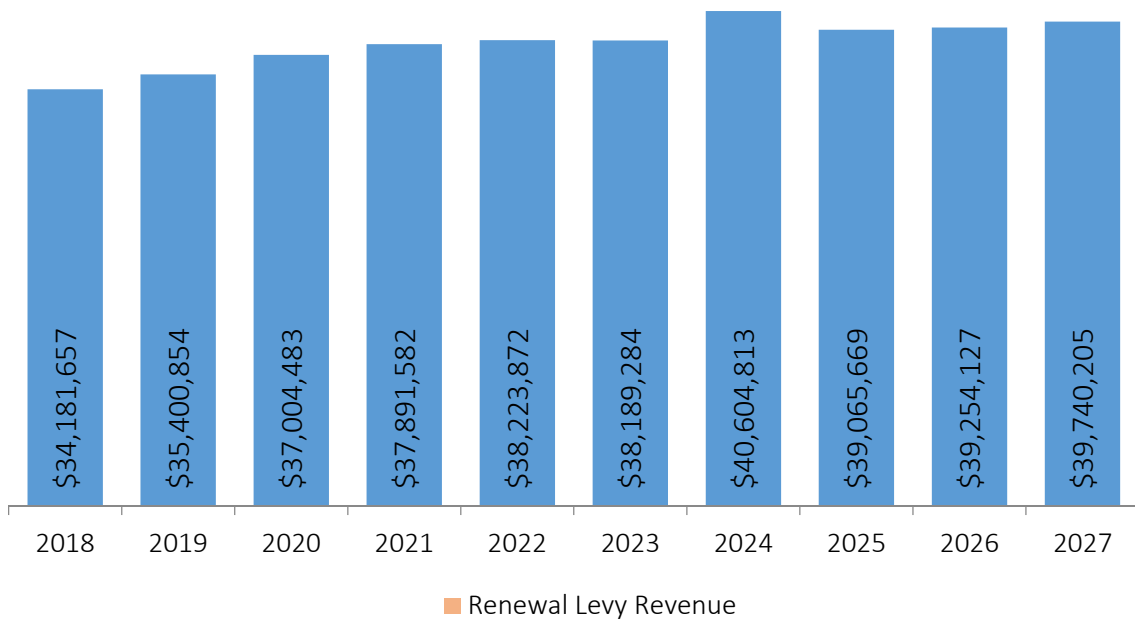


Figure 2- Total of all Revenue

1.010 – General Property Tax – Real estate property tax revenue accounts for roughly 65.27% of the district’s total revenue. Class I or residential/agricultural taxes make up approximately 82.90% of the real estate property tax revenue. The Class I tax rate is 35.72 mills in tax year 2022. Projected tax revenue for fiscal year 2023 is estimated at \$24,715,470.

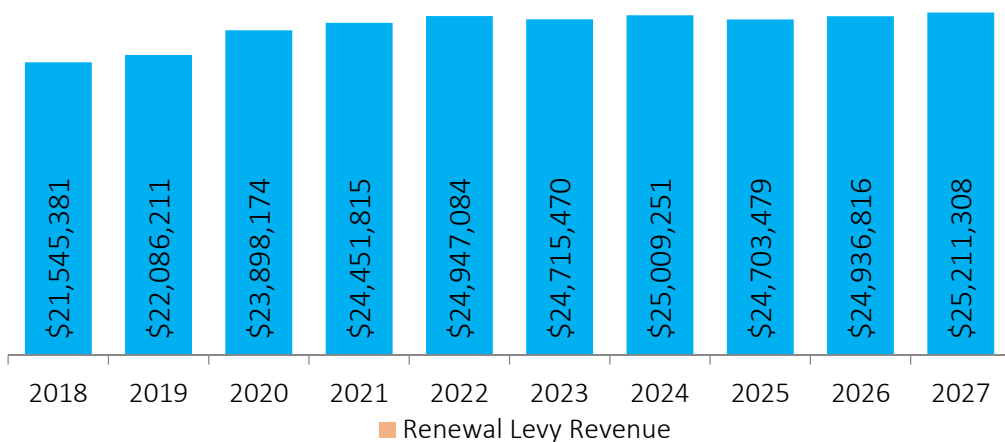


Figure 3 - Property Tax Revenue

The Geauga County Budget Commission set the collection rate for 2023 to 98%. The projections in this forecast reflect an average gross collection rate of 99.8% annually through tax year 2026. The revenue changed at an average annual historical rate of 3.40% and is project to change at an average annual rate of 0.21% through fiscal year 2027. This is due to “**no new levy revenue**”, the shift in tax revenue to the Permanent Improvement Fund and a potentially small increase in inside-mill projected from fiscal year 2023 through fiscal year 2027.

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 and the Redwood Apartments on Seventh Avenue are quickly being constructed. This Maple Trace 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. Redwood Apartments has a partial two year approved tax abatement, and is included in this forecast beginning in fiscal year 2025 with a phase in through fiscal year 2027. The completed Thistle Creek homes are included for fiscal year 2024 and the Maple Trace Subdivision is not yet included in this forecast.

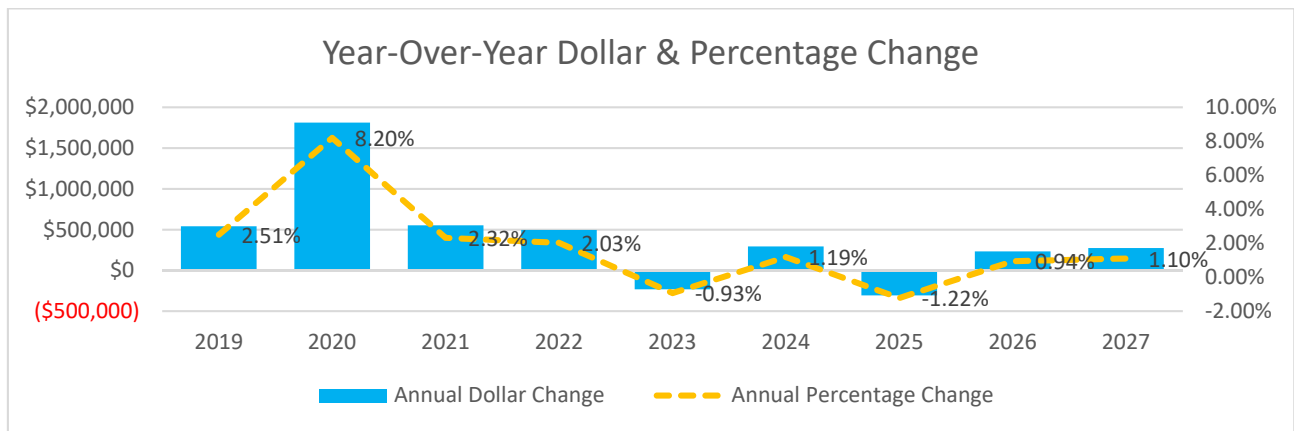


Figure 4- Year-Over-Year Dollar & Percent Change Tax Revenue

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 above, the 2023 reappraisal shows a projected increase of 9.7% resulting in a small increase in inside-mill for residential tax revenue. This is a conservative look, as values have been increasing by 15 – 20% in our area. In addition, 2026 is a triennial update year for appraisals and the assumption is to increase values again by 5.76%

Tax Year	Res Reapp/Update	% Change	Res New Constr	% Change	Total Res Values	% Change
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 Act.	113,200	0.02%	2,274,880	0.38%	599,261,670	0.40%
2022 E/A	-1,354,690	-0.23%	4,951,760	0.83%	602,858,740	0.60%
2023 Est.	55,000,000	9.12%	3,500,000	0.58%	661,358,740	9.70%
2024 Est.	0	0.00%	3,500,000	0.53%	664,858,740	0.53%
2025 Est.	0	0.00%	3,500,000	0.53%	668,358,740	0.53%
2026 Est.	35,000,000	5.24%	3,500,000	0.52%	706,858,740	5.76%

The commercial model below includes valuation changes of \$5M for the Redwood Apartment Complex which has been pushed back for completion in 2024. The total value of this project is \$17,700,000 but the market value reduces this total by 35%. Portions of this property were approved by the City of Chardon for tax abatement for two years.

The commercial model also shows a 0.51% 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.

Tax Year	Class II Reapp/Update	% Change	Class II New Constr	% Change	Total Class II Values	% Change
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 Act.	217,350	0.24%	972,910	1.06%	92,978,060	1.30%
2022 E/A	281,340	0.30%	4,034,400	4.34%	97,293,800	4.64%
2023 Est.	-1,000,000	-1.03%	500,000	0.51%	96,793,800	-0.51%
2024 Est.	-300,000	-0.31%	500,000	0.52%	96,993,800	0.21%
2025 Est.	-300,000	-0.31%	5,000,000	5.15%	101,693,800	4.85%
2026 Est.	0	0.00%	500,000	0.49%	102,193,800	0.49%

House Bill 920 is 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 fixed or constant 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 (3.5 mill) that are collected on what is called “inside-millage”. This amount does increase from year to year, showing a slight increase in taxes on the forecast. Inside-millage 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 5.70% of the total district revenue. The property is taxed at the full voted tax rate which in tax year 2022 is 78.68 mills. Total Public Utility Personal Property tax projected for 2023 is \$1,125,361.

The forecast is modeling an average gross collection rate of \$100% from fiscal year 2024 through fiscal year 2027. The revenue changed historically at an average annual dollar amount of \$121,851 and is projected to change at an average annual dollar amount of \$83,565 through fiscal year 2027.

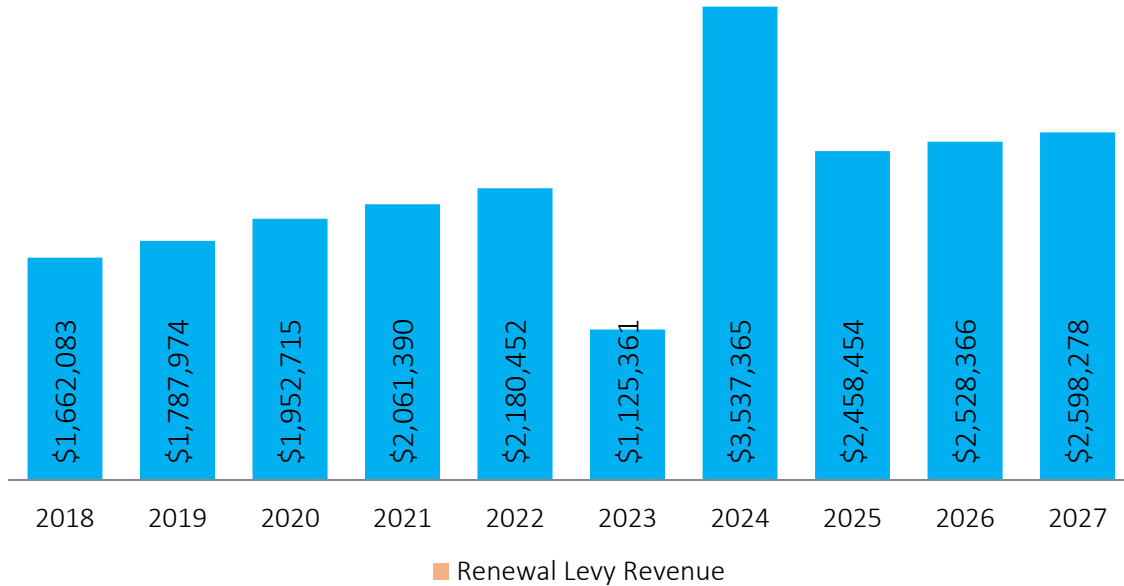


Figure 5 - 1.020 – Public Utility Personal Property Revenue

The 100% model 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. In addition, three public utility companies did not pay their taxes in time causing nearly \$1.1M into delinquent status. The projection includes the collection of this delinquent payment in fiscal year 2024. This model does not take into consideration the possibility of increased valuations which may result from 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

\$18,900,955 in fiscal year 2023. The state’s share of the calculated base cost total is \$1,028,802 or \$404 per pupil.

The FSFP change to district-educated enrollment could be lower than the district’s historical formula funded enrollment but also potentially reduces 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.

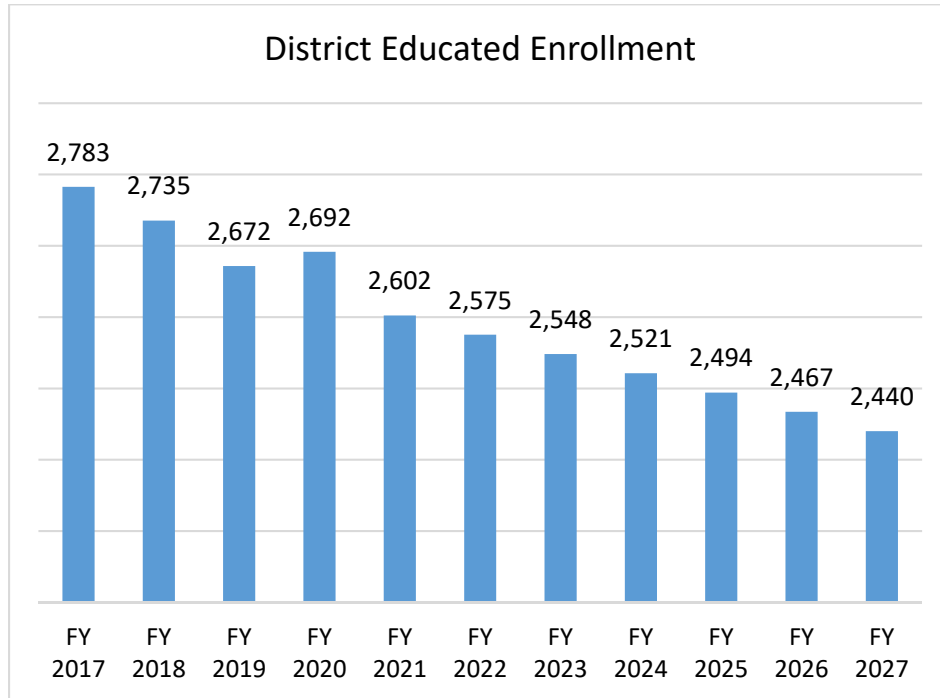


Figure 6 - 1.035 – Chardon ADM - Number of Students

Unrestricted Revenue total for fiscal year 2023 is projected at \$5,158,072. This total includes Casino Tax, which was reduced in fiscal year 2021 and has returned to \$64 per student in 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 through fiscal year 2023, the assumption is calculated based on the FSFP for a five-year period using 2022 base cost and moving to a 50% phase in for fiscal year 2024 and a phase in of 66.6% for the remainder of the forecast.

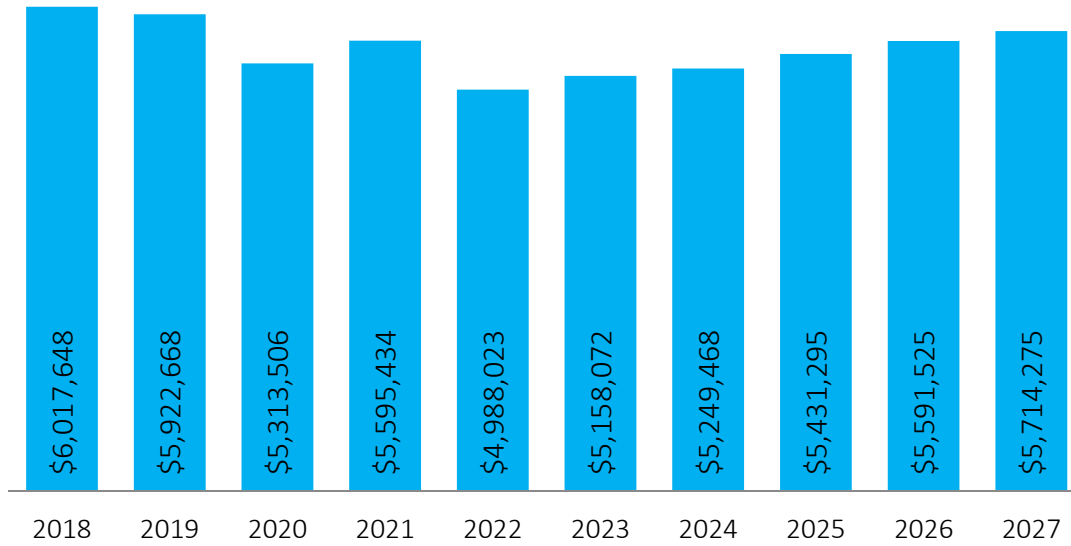


Figure 7 - 1.035 – Unrestricted Grants-in-Aid Revenue

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 an average by \$135,899 and is projected to change annually on average by **\$27,135**. Restricted funds represent 1.50% of the total revenue. Starting in fiscal year 2022 the district’s Success and Wellness funding is considered restricted, the state’s share of this funding is recorded as at \$140,156, but is expected to increase to \$151,252 in fiscal year 2023. This funding has implications on General Fund expenditures in that certain spending now occurring in a fund external to the General Fund could shift to the General Fund. The expenditures in this forecast (3.03) are adjusted to reflect this change. The total projected amount for fiscal year 2023 is \$539,471 which has decreased from fiscal year 2022 and projected to continually decrease through fiscal year 2027.

Also included in restricted revenue is the Ohio Department of Education catastrophic special education reimbursements, economically disadvantaged funding, and career tech funding. Catastrophic special education has nearly doubled in fiscal year 2022 and the assumptions is that it will decrease slightly for the next four years.

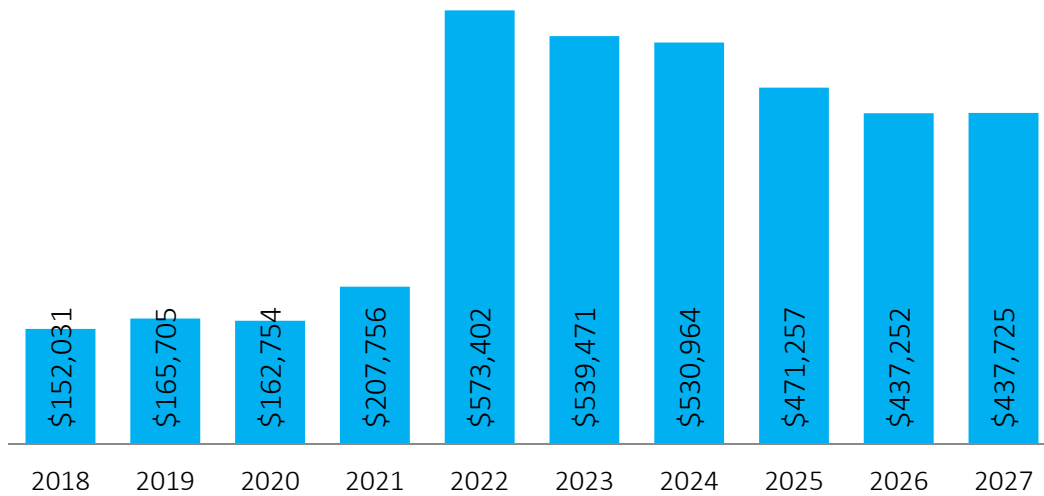


Figure 8 - 1.040 & 1.045 – Restricted Grants-in-Aid Revenue

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 2023, 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 which has been decreasing slightly since 2018 due to the implementation of the state needs test. The forecasted projection for 2023 is \$2,553,644.

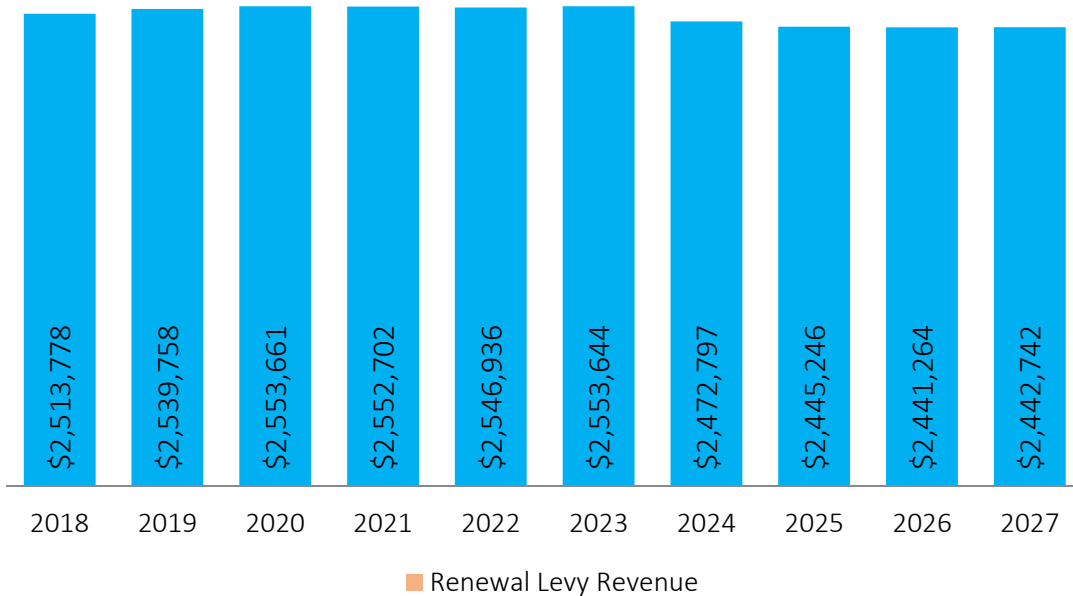


Figure 9 - 1.050 – Property Tax Allocation Revenue

After dropping in 2024, this amount is expected to level off with variables countering possible increases and declines.

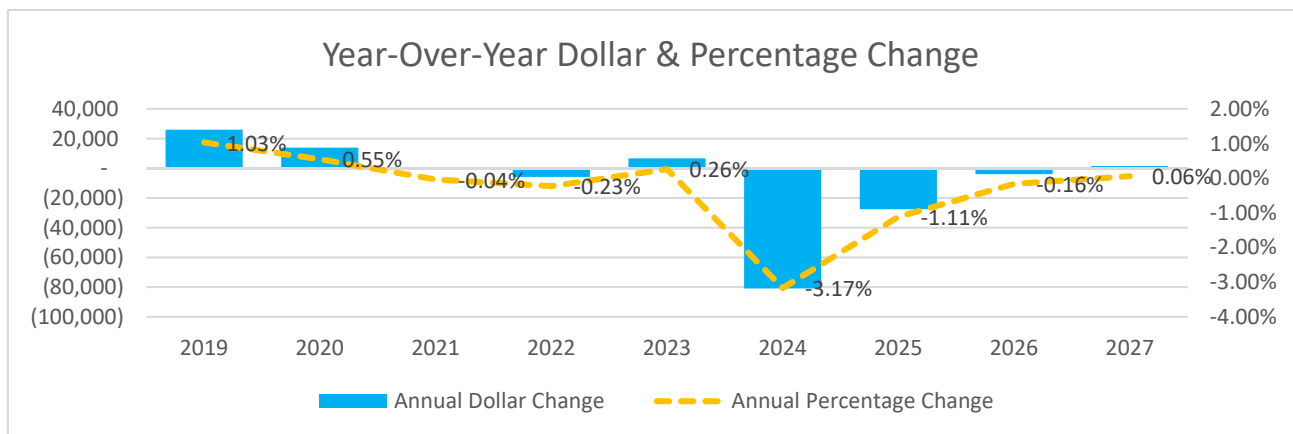


Figure 10 - 1.050 – Year-Over-Year Dollar & Percentage Change

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 2023 the projection is to end at \$2,618,378.

The assumption is that interest will hold steady through fiscal year 2024 and then decline each year 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. The recorded increase from fiscal year 2022 to 2023 shows an increase in interest and investments of over \$1,100,000.

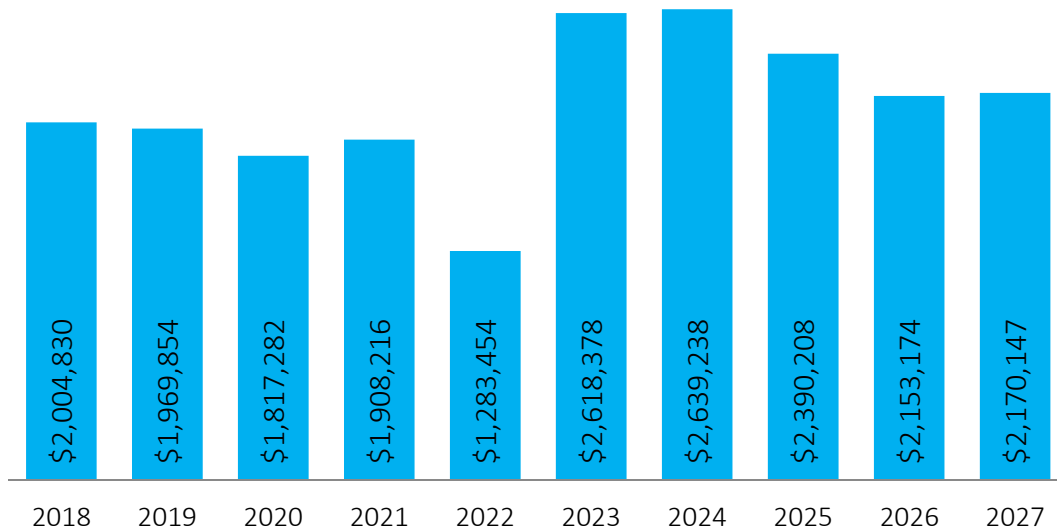


Figure 6 - 1.060 - All Other Operating Revenues

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 2022, the district received \$987,000 as advances-in from a grant fund and the projection is \$785,450 in returned advances for fiscal year 2023. The district also receives other financing sources such as refund of prior year expenditures in this category. The amount projected is \$1,478,888 in fiscal year 2023 and an average of \$1,165,730 annually through fiscal year 2027.

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. Increases shown in fiscal year 2020 and fiscal year 2022 are due to ESSER grants, where the money is used first then reimbursed. To bring the accounts into compliance at year end a much larger advance is required, this advance is returned to the General Fund in the next fiscal year.

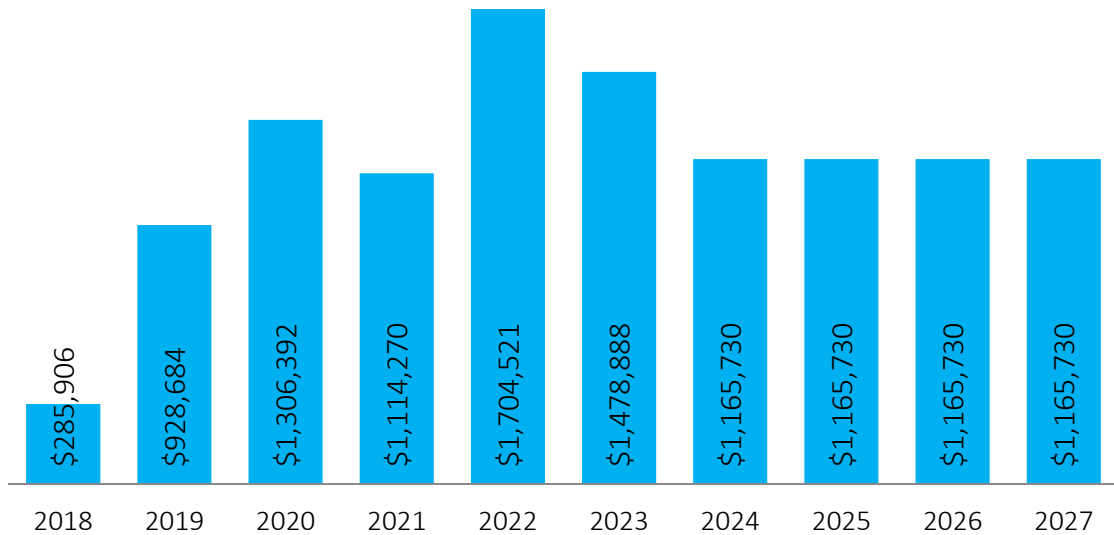


Figure 7- 2.070 – Total Other Financing sources Revenue

EXPENDITURES

Total expenditures increased 1.11% or \$369,914 annually during the past five years and is projected to increase 5.4% or \$1,828,957 annually through fiscal year 2027. Salaries have the largest projected average annual variance compared to the historical average at \$673,030. Chardon Education Association (certified/licensed), negotiated an agreement for three years. This agreement included a one-time front-line worker stipend of \$1,000 and a 2.25% base increase for each year starting in fiscal year 2023 for a total of three years. The Chardon Associate of Classified Employees also reached an agreement with a schedule change in fiscal year 2023 including a 2.25% base increase and a 2.25% base increase each year for the remaining two years. Fiscal year 2026 and 2027 have a 1.0% place holder for salary increases.

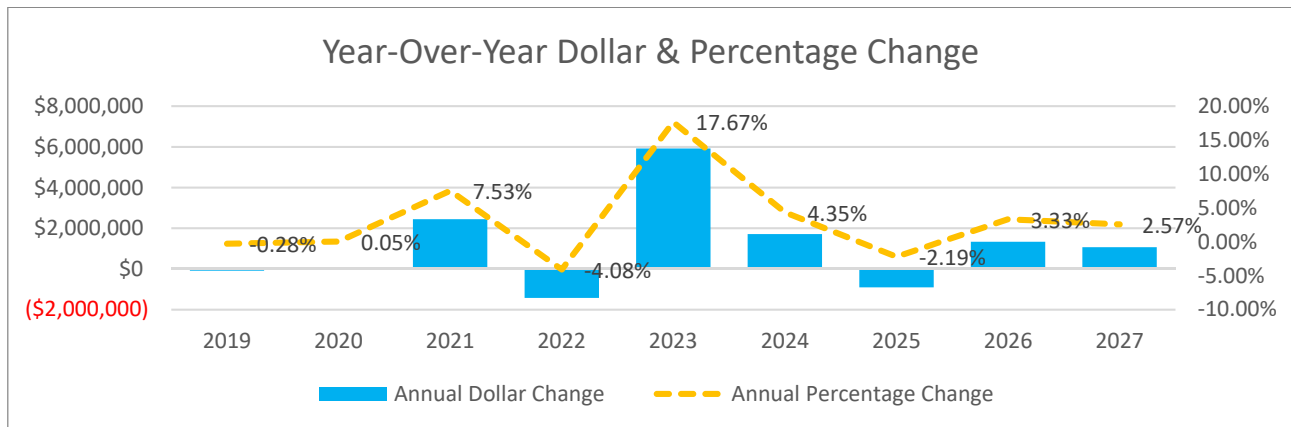
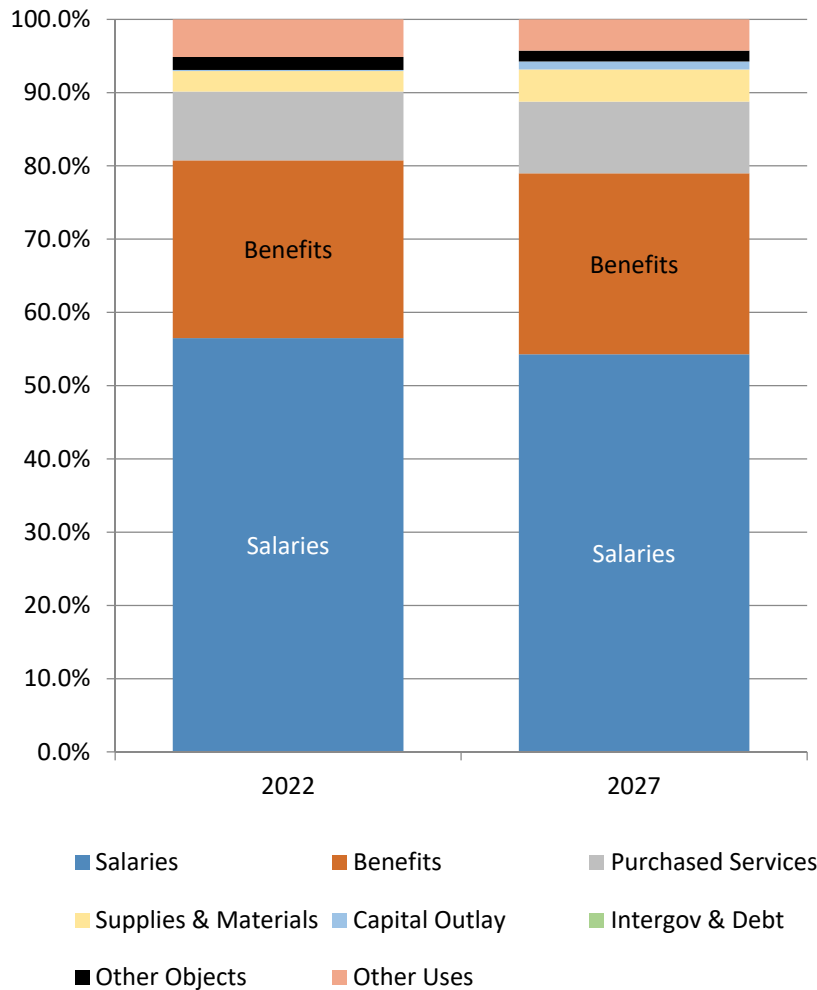
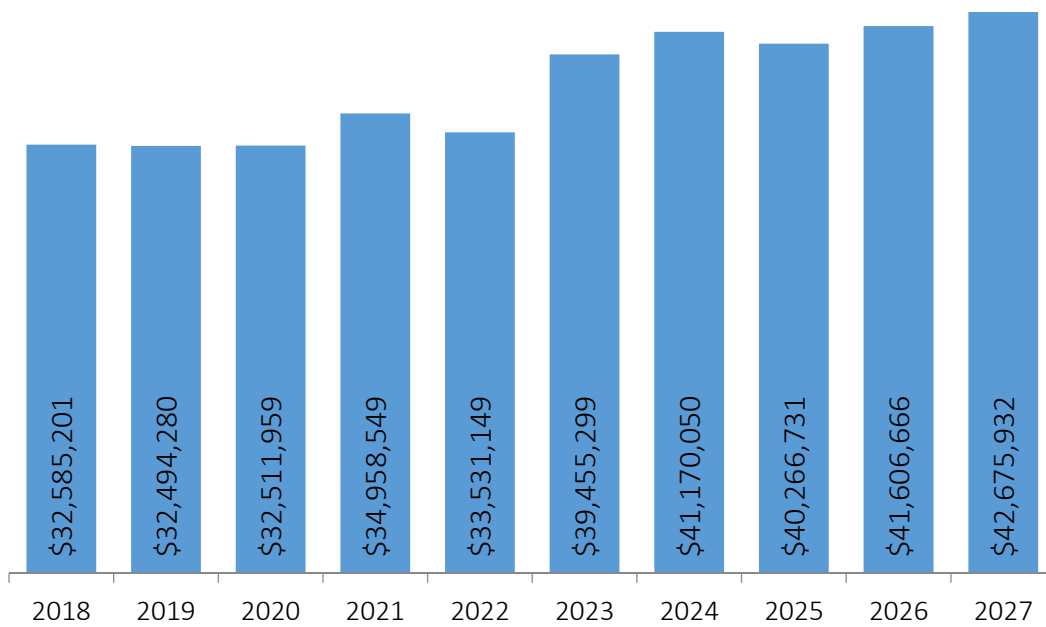


Figure 8- Year-Over-Year Dollar & Percent Change All Expenditures

The projected year-over-year chart a shows a strong expenditure savings between fiscal years 2018 and 2022. 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 (ESSER) causing less burden on the General Fund.

Expenditure Categories Over Time





Chardon Local SD

May 2023 Final Five-Year Forecast

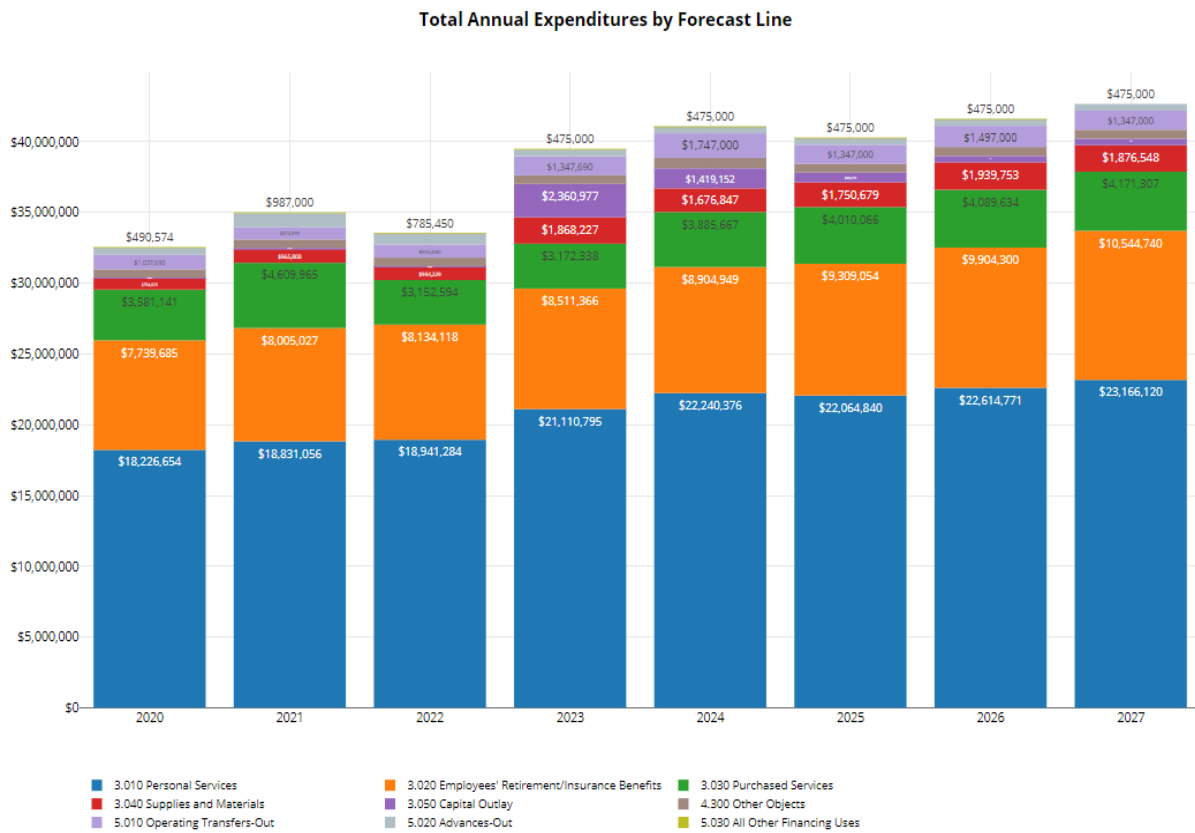


Figure 9 - Expenditure Categories and Forecast Year-Over-Year All Expenditures

Total expenditures projected for fiscal year 2023 is \$39,455,299. Fiscal year 2023 shows an increase in expenditures due the new negotiated contracts with both district unions, inflation within purchase services and supplies, and \$2,360,977 in capital outlay for property acquisition, interactive flat panels, additional text books, and the purchase of district copiers. Increases continue in 2024 for additional interactive flat panels, upgrades to the High School Science rooms, a one-time transfer of \$400,000 to the Permanent Improvement Fund, and a 10 – 15% increase in supplies and purchase services.

3.010 – Personnel Services – This line item represents employee salaries and wages, including extended time and non-athletic supplemental contracts. Salaries represent 56.49% of the total expenditures and has increased at a historical average annual rate of 0.93% or \$171,937. This category of expenditure is projected to grow at an annual average rate of 3.80% or \$844,967 through fiscal year 2027. The projected average annual rate of change is 2.87% more than the five-year historical annual average.

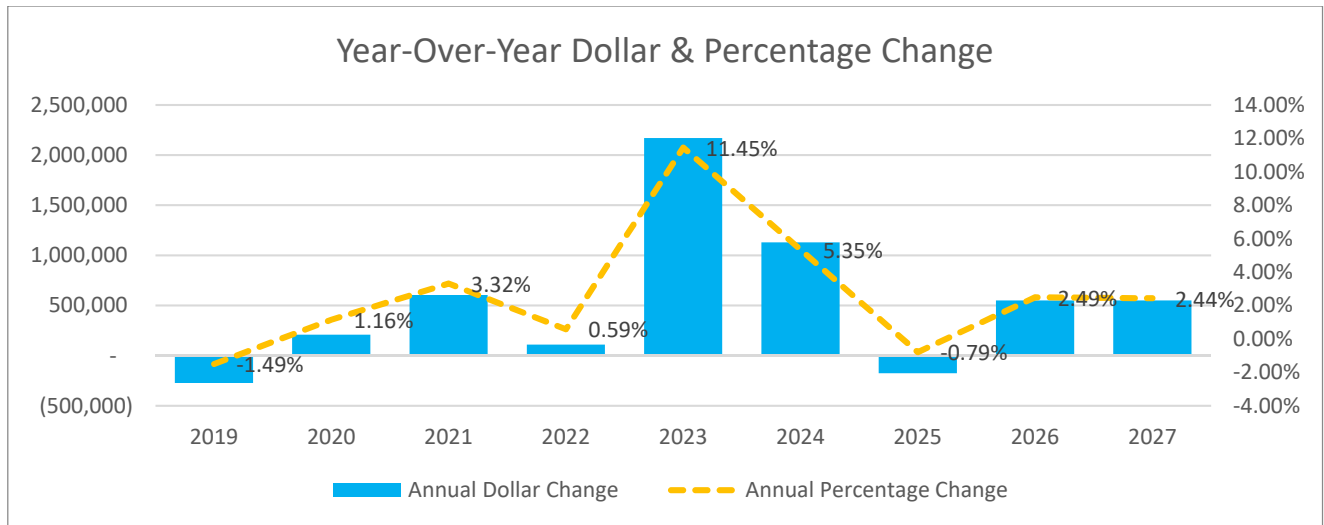


Figure 10 - Year-Over-Year Dollar & Percent Change Personnel Services

As mentioned above, the assumption includes the negotiated agreement for the certified and classified unions until 2025, then assumes 1.0% for 2026 and 2027. 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.

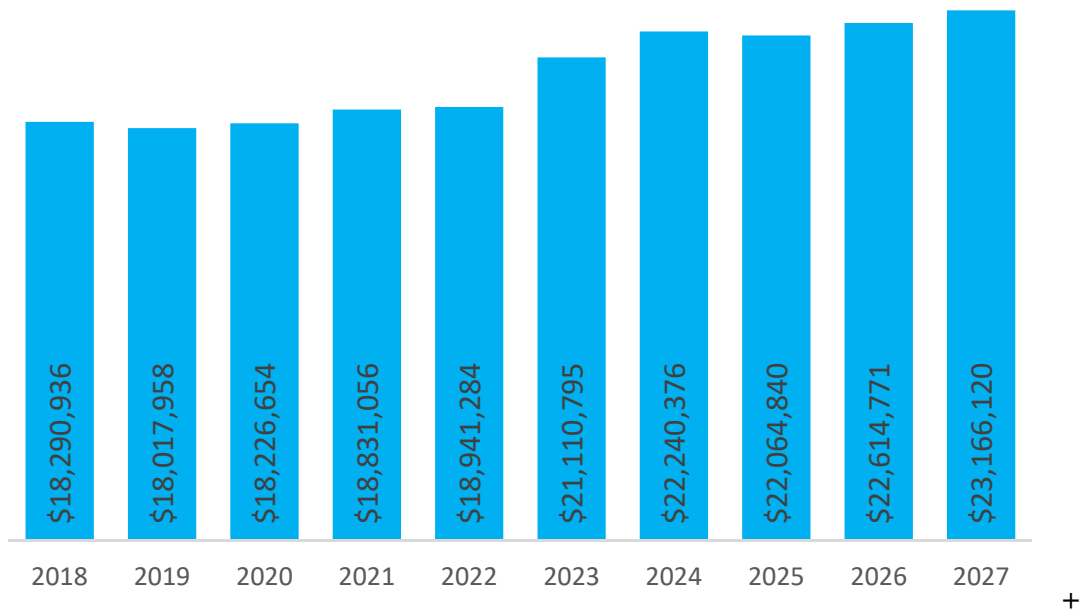


Figure 11 - 3.010 - Personnel Services Expenditures

3.020 – Employee Benefits – Employee Benefits represent 24.26% of the total expenditures and increased at a historical average annual rate of 3.04%. This category of expenditure is projected to grow at an annual average rate of 5.11% through fiscal year 2027. The projected average annual rate is 2.07% more than the five-year historical annual average. The projection for fiscal year 2023 is \$8,511,366 and is expected to increase alongside salary increases through fiscal year 2027.

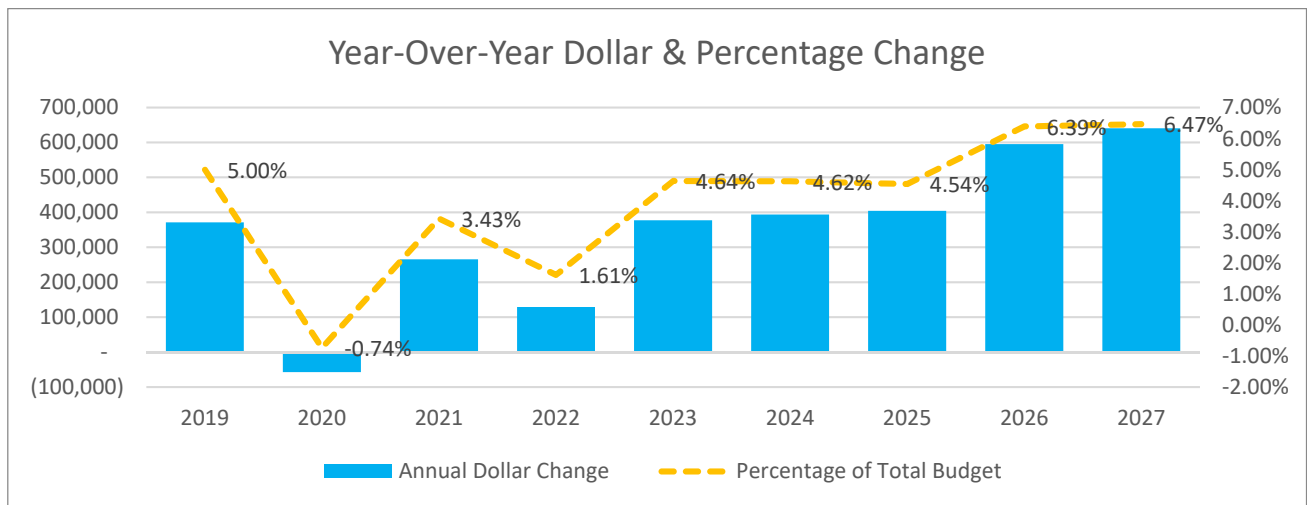


Figure 12 - 3.020 – Year-Over-Year Dollar & Percentage Change Benefits

The self-insurance fund cash balance is currently at \$2,370,822 which is above the new reserve total for 2023 of \$1,731,990. 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 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 0.0% increase for fiscal year 2023, an 8.0% increase for fiscal year 2024 and a 9.0% increase for fiscal years 2025 through 2027. This is a conservative estimate based on rising insurance costs.

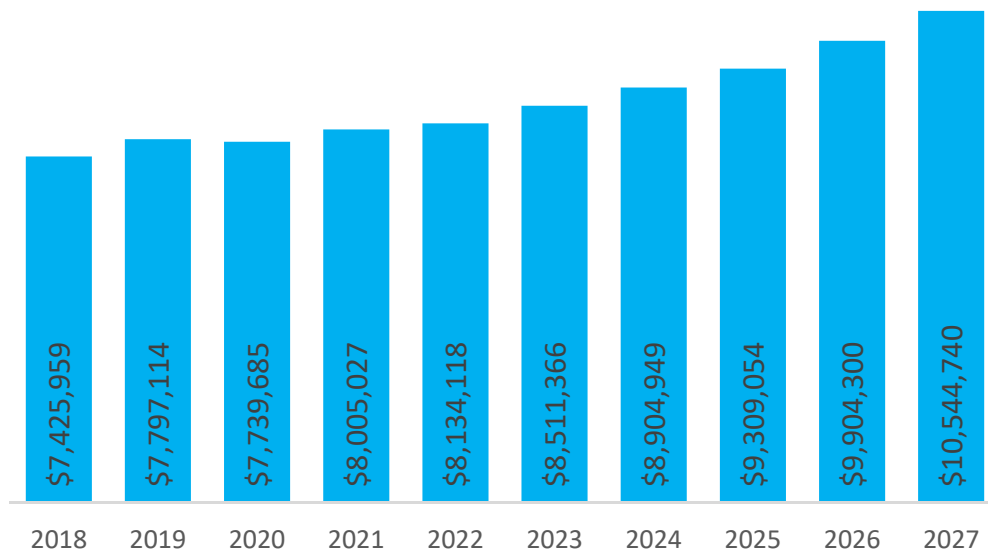


Figure 13 - Employee Benefits

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, utility costs and other services which the school district may purchase. Purchased Services represents 9.40% of the total expenditures and decreased at a historical average annual rate of 7.85%. This category of expenditure is projected to grow at an annual average rate of 5.27% through FY 2027.

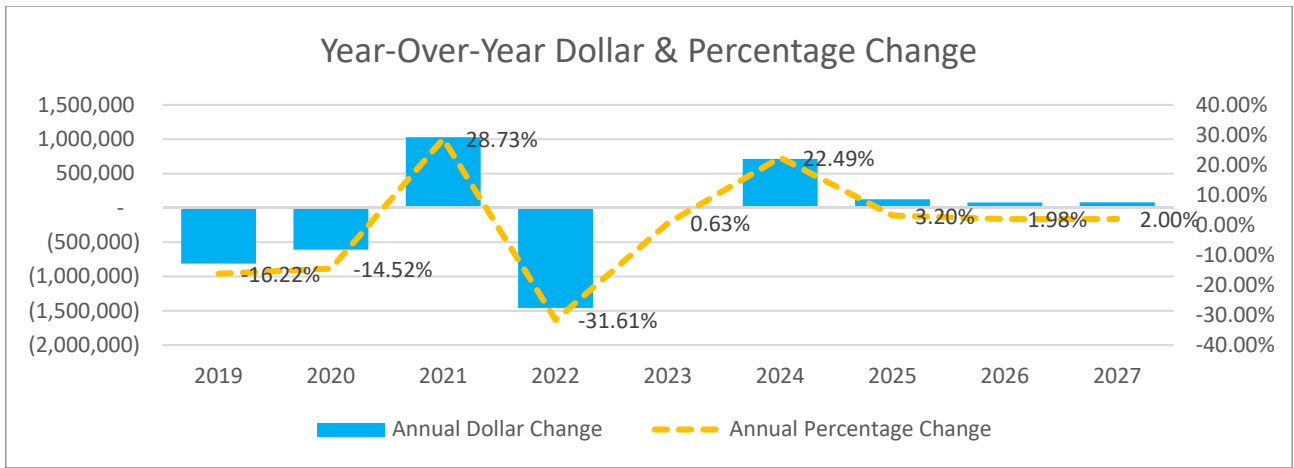


Figure 14 – Total Formula ADM Compared to District Educated

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.

Total Formula ADM Compared to District Educated

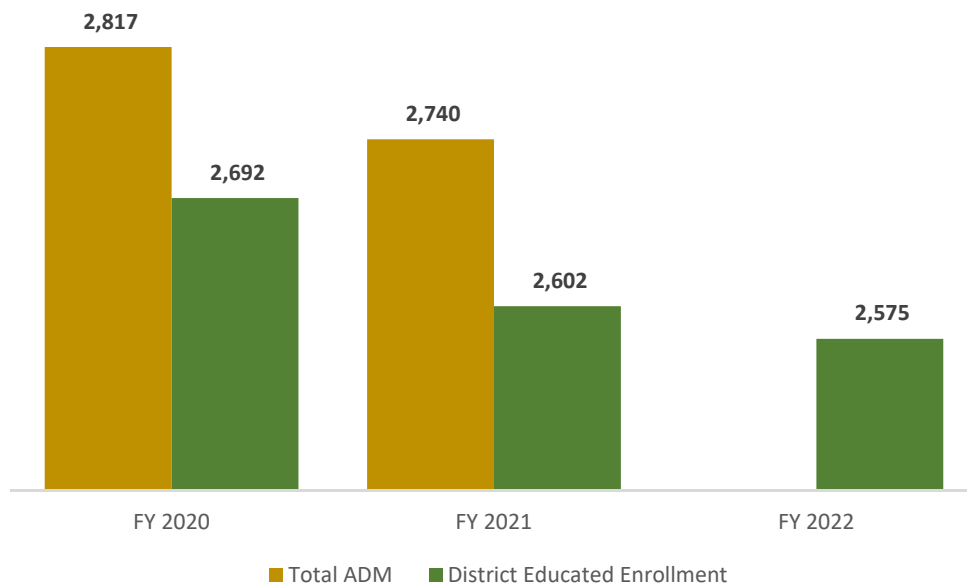


Figure 20 – Total Formula ADM Compared to District Educated

The projection for fiscal year 2023 is \$3,172,338. 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 10 – 15% increase to allow for inflation in this line item from 2024 through 2027.

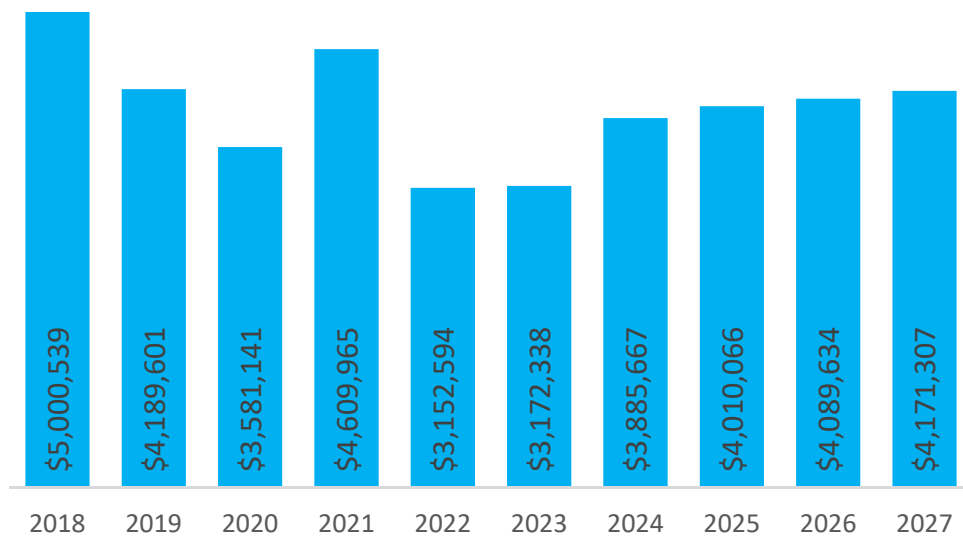


Figure 21 - Purchased Services

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 2.79% of the total expenditures and have decreased at a historical average annual rate of 2.60%. This category of expenditure is projected to grow at an annual average rate of 10.34% through fiscal year 2027 to allow for inflation. The projected average annual rate of change is 12.95% more than the five-year historical annual average.

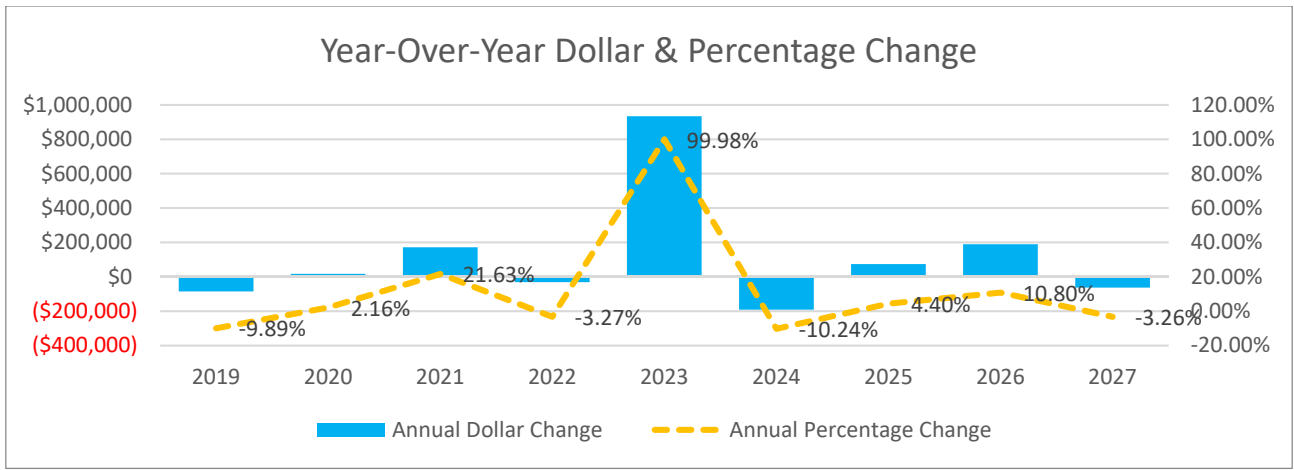


Figure 22 – Supplies and Materials

The fiscal year 2023 projection for this line item is \$1,868,227. Assumption increases expenditures from 2022 to 2023 to include increased costs of 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. Reductions continue in fiscal year 2024 with continued relief of school fees, including no-cost for activities including athletics beginning in fiscal year 2024 through fiscal year 2027. The purchase of textbooks for fiscal year 2024 had to be moved to fiscal year 2023 due to long lead times for delivery, this was a necessary adjustment to assure textbooks were in place for the 2023/2024 school year.

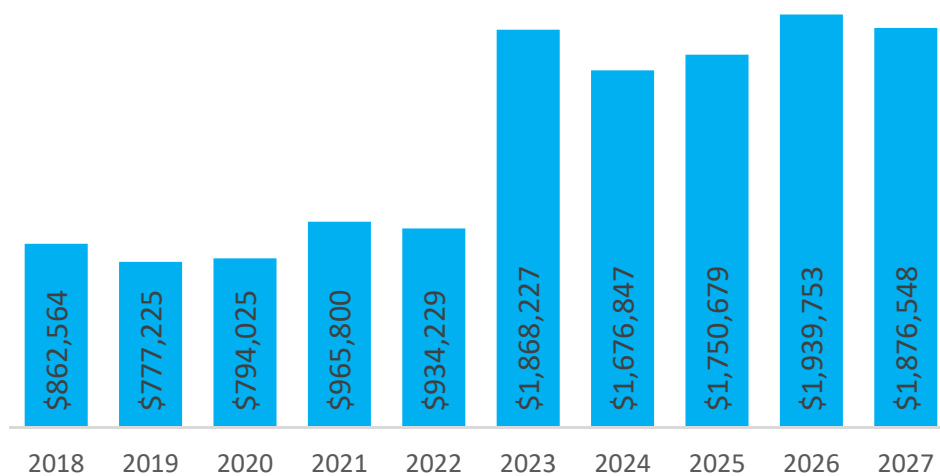


Figure 23- Supplies and Materials

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 0.15% of the total expenditures and decreased at a historical average annual amount of **\$7,325**. This category of expenditure is projected to grow at an annual average amount of \$82,088 through fiscal year 2027. The projected average annual change is more than the five-year historical annual average.

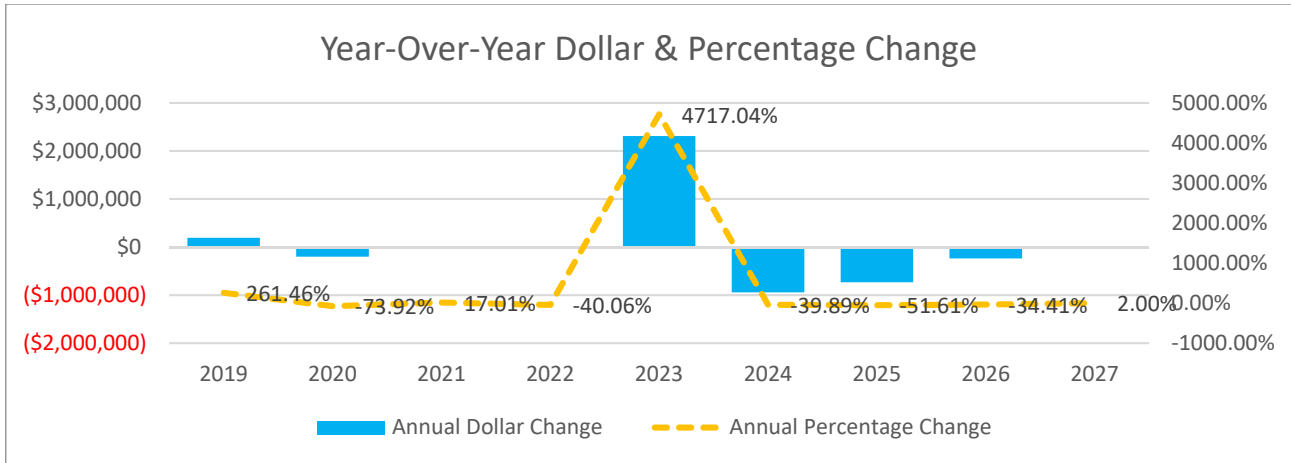


Figure 24 – Capital Outlay

Grant Funds were used to purchase Chromebooks for fiscal years 2021 and 2022 which explains the decline in the graph below for these years. The assumption for 2023 through 2027 includes the purchase of Chromebooks for all students (1:1) from this line item.

Also in fiscal year 2023, the district approved property acquisitions on Washington street. This acquisition will allow Chardon Schools to pursue a multi-year relocation project that consolidates the District’s transportation and maintenance operations from the high school campus, and Business Affairs offices from the Hambden campus to one shared location on Washington Street.

Interactive Flat Panels (IFP) are incorporated into fiscal years 20224 and 2025. The IFP’s will replace the projector smartboards district wide. Additional network and technology expenditures have also been moved from the Permanent Improvement Fund for fiscal year 2025 to the General Fund in this category. The district purchased copiers at the end of fiscal year 2023 within this category. Previously the district leased copy equipment expended from the Permanent Improvement Fund. The last district lease ended two years ago extending the life of the equipment to seven years. The projected amount for capital outlay for fiscal year 2023 is \$2,360,977.

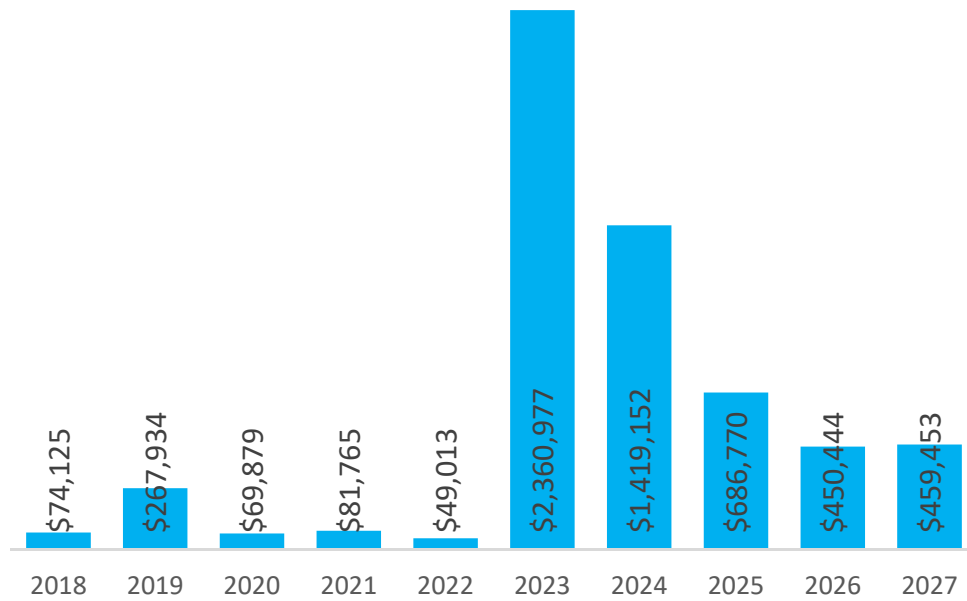
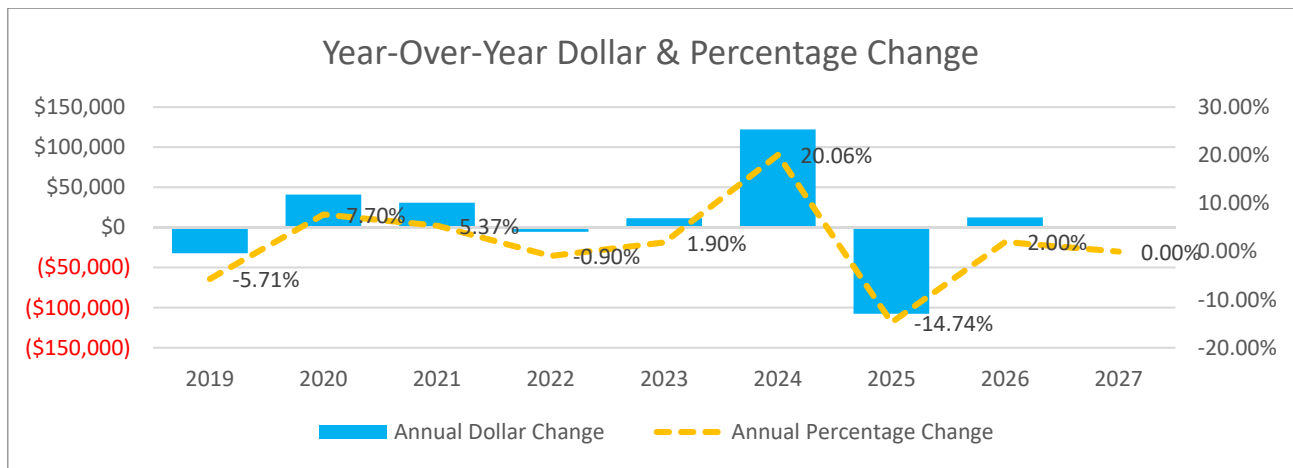


Figure 25 - Capital Outlay

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 1.78% of the total expenditures and increased at a historical average annual rate of 2.07%. This category of expenditure is projected to grow at an annual average rate of 1.18% through FY 2027. This includes a 2.0% cost-of-living increase in this line item from 2024 through 2027.



The assumption includes increased charges in fiscal year 2024 for banking and property tax collection. This amount is reduced in fiscal years 2025 through 2027 due to less credit card transactions within Infinite Campus from the fee reductions.

Figure 26 – Other Objects

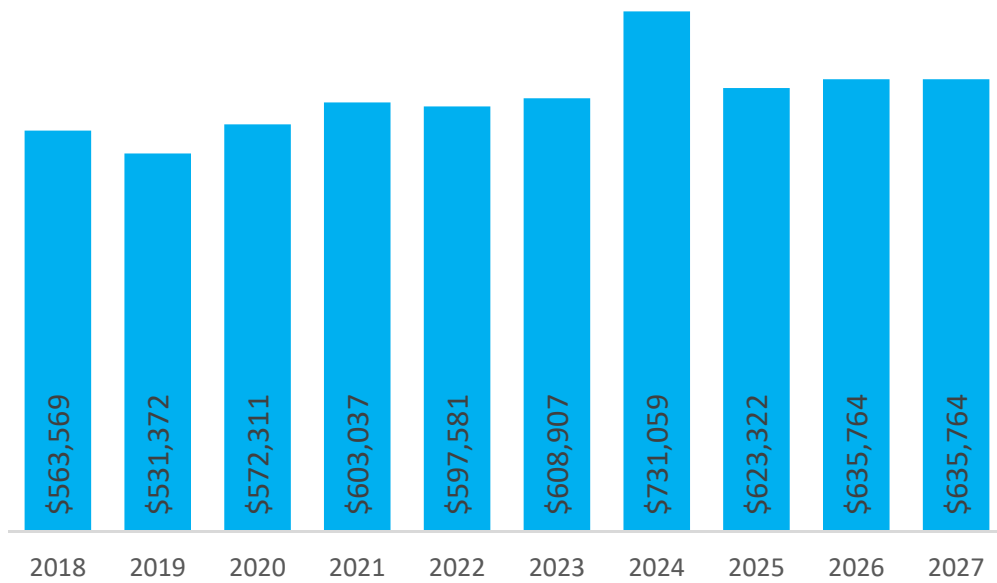


Figure 27 - Other Objects

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 2023 are total \$1,822,691. This amount is scheduled for the athletic fund, the retirement fund, and an inter-fund transfer to preschool. Estimation of retirements are difficult to predict, but are allotted for in this model. 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.

The advance amounts were increased in 2023 to for athletics to allow for the reduction of athletic fees where a High School sport was \$150 each. Drama and Band remained at \$100 each, and a Middle School sport was reduced to \$100 each. This reduction is continued in 2024 where Drama, Band, Middle School sports and High School sports are budgeted at no cost to the student and will be included in this transfer. Also included for 2024 is a transfer to the Permanent Improvement Fund of \$400,000. This is to cover the first half the move of taxes from inside mill because that will not occur until half way through the fiscal year. Transfers resume in 2025 for preschool and athletics through 2027 with an increase in 2026 for an additional transfer to the retirement fund of \$250,000.

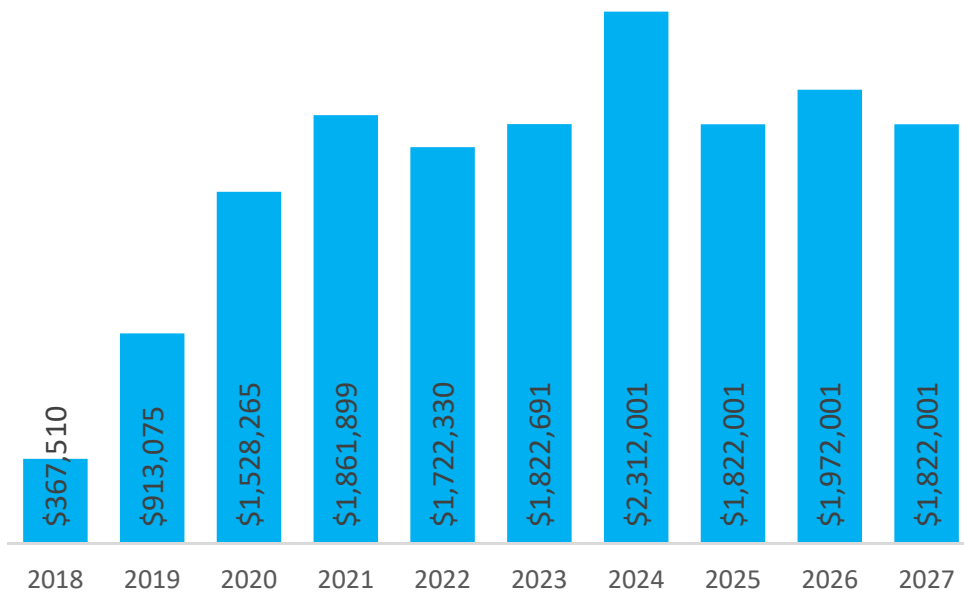
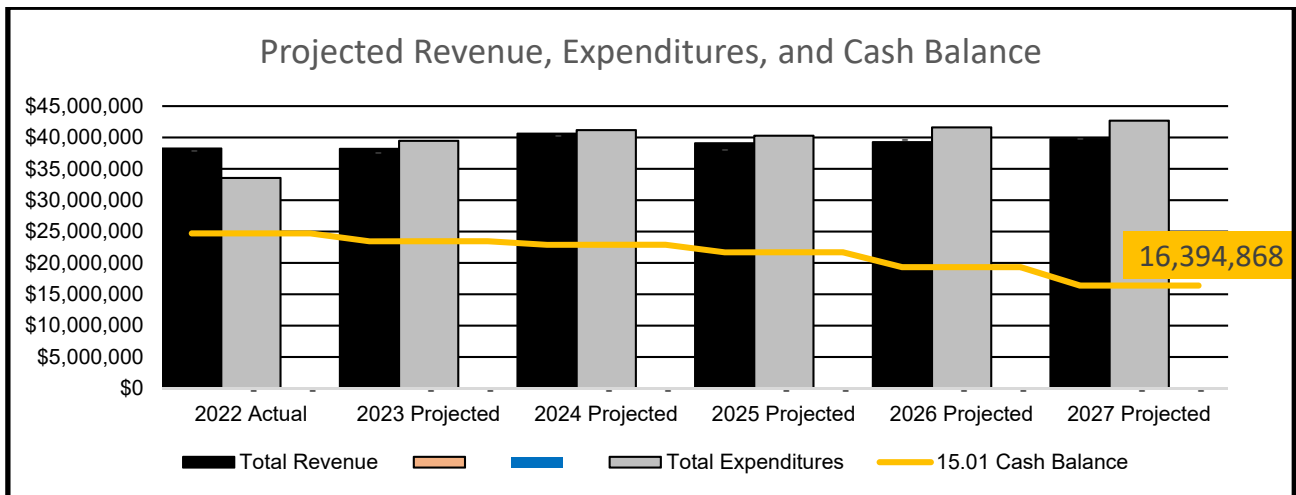


Figure 28 - Total Other Financing Uses

Ending Cash Balance – the projected ending cash balance for this model is **\$16,394,868** with a reduction to **\$15,894,868** with open purchase orders (encumbrances). The assumptions mirror expenditures to the district Success Plan to achieve district goals in each category. Personnel Services has the largest increase with the approval of three-year term agreements with both classified and certified unions. Benefits are the second largest expenditure followed by purchase services.



This model shows that deficit spending will begin to occur in 2023 in the amount of **\$1,266,015**. This occurs when expenses are larger than revenue for the given year. Deficit spending continues to occur through 2027, but it is important to understand the cash balance is still positive in 2027. Expenditures have increased in salaries, benefits, purchase services, supplies, and capital outlay. Inflation and supply chain demands are

built into this model for all five years. 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.

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

Chardon Local School District

Five Year Forecast

Fiscal Year:	Actual	FORECASTED				
	2022	2023	2024	2025	2026	2027
Revenue:						
1.010 - General Property Tax (Real Estate)	24,947,084	24,715,470	25,009,251	24,703,479	24,936,816	25,211,308
1.020 - Public Utility Personal Property	2,180,452	1,125,361	3,537,365	2,458,454	2,528,366	2,598,278
1.030 - Income Tax	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	4,988,023	5,158,072	5,249,468	5,431,295	5,591,525	5,714,275
1.040 - Restricted Grants-in-Aid	573,402	539,471	530,964	471,257	437,252	437,725
1.050 - Property Tax Allocation	2,546,936	2,583,644	2,472,797	2,445,246	2,441,264	2,442,742
1.060 - All Other Operating Revenues	1,283,454	2,618,378	2,639,238	2,390,208	2,153,174	2,170,147
1.070 - Total Revenue	36,519,351	36,710,396	39,439,083	37,899,939	38,088,397	38,574,475
Other Financing Sources:						
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-
2.040 - Operating Transfers-In	611,880	690,730	690,730	690,730	690,730	690,730
2.050 - Advances-In	987,000	785,450	475,000	475,000	475,000	475,000
2.060 - All Other Financing Sources	105,642	2,708	-	-	-	-
2.070 - Total Other Financing Sources	1,704,522	1,478,888	1,165,730	1,165,730	1,165,730	1,165,730
2.080 - Total Rev & Other Sources	38,223,872	38,189,284	40,604,813	39,065,669	39,254,127	39,740,205
Expenditures:						
3.010 - Personnel Services	18,941,284	21,110,795	22,240,376	22,064,840	22,614,771	23,166,120
3.020 - Employee Benefits	8,134,118	8,511,366	8,904,949	9,309,054	9,904,300	10,544,740
3.030 - Purchased Services	3,152,594	3,172,338	3,885,667	4,010,066	4,089,634	4,171,307
3.040 - Supplies and Materials	934,229	1,868,227	1,676,847	1,750,679	1,939,753	1,876,548
3.050 - Capital Outlay	49,013	2,360,977	1,419,152	686,770	450,444	459,453
Intergovernmental & Debt Service	-	-	-	-	-	-
4.300 - Other Objects	597,581	608,907	731,059	623,322	635,764	635,764
4.500 - Total Expenditures	31,808,819	37,632,609	38,858,050	38,444,730	39,634,665	40,853,931
Other Financing Uses						
5.010 - Operating Transfers-Out	936,880	1,347,690	1,837,000	1,347,000	1,497,000	1,347,000
5.020 - Advances-Out	785,450	475,000	475,000	475,000	475,000	475,000
5.030 - All Other Financing Uses	-	-	-	-	-	-
5.040 - Total Other Financing Uses	1,722,330	1,822,690	2,312,000	1,822,000	1,972,000	1,822,000
5.050 - Total Exp and Other Financing Uses	33,531,149	39,455,299	41,170,050	40,266,731	41,606,665	42,675,932
6.010 - Excess of Rev Over/(Under) Exp	4,692,724	(1,266,015)	(565,238)	(1,201,062)	(2,352,539)	(2,935,727)
7.010 - Cash Balance July 1 (No Levies)	20,022,725	24,715,448	23,449,433	22,884,196	21,683,134	19,330,595
7.020 - Cash Balance June 30 (No Levies)	24,715,448	23,449,433	22,884,196	21,683,134	19,330,595	16,394,868
		Reservations				
8.010 - Estimated Encumbrances June 30	500,000	500,000	500,000	500,000	500,000	500,000
9.080 - Reservations Subtotal	-	-	-	-	-	-
10.010 - Fund Bal June 30 for Cert of App	24,215,448	22,949,433	22,384,196	21,183,134	18,830,595	15,894,868
Rev from Replacement/Renewal Levies						
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-
12.010 - Fund Bal June 30 for Cert of Obligations	24,215,448	22,949,433	22,384,196	21,183,134	18,830,595	15,894,868
Revenue from New Levies						
13.010 & 13.020 - New Levies	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-
15.010 - Unreserved Fund Balance June 30	24,215,448	22,949,433	22,384,196	21,183,134	18,830,595	15,894,868