



Five-Year Forecast

May 2023

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
 - 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.





**November 2022 Forecast compared to
May 2023 - The starting point**

November 2022 Estimate vs May 2023 Estimate

	<u>Nov 2022 Estimate</u>	<u>May 2023 Estimate</u>
Beginning Balance	24,715,450	24,715,450
+ Revenue	38,307,958	38,189,284
- Expenditures	(36,456,767)	(39,455,299)
Annual Surplus/ <u>Deficit</u>	1,851,191	(1,266,015)
Ending Cash Balance	<u>26,566,641</u>	<u>23,449,433</u>



Revenue came in slightly less than anticipated

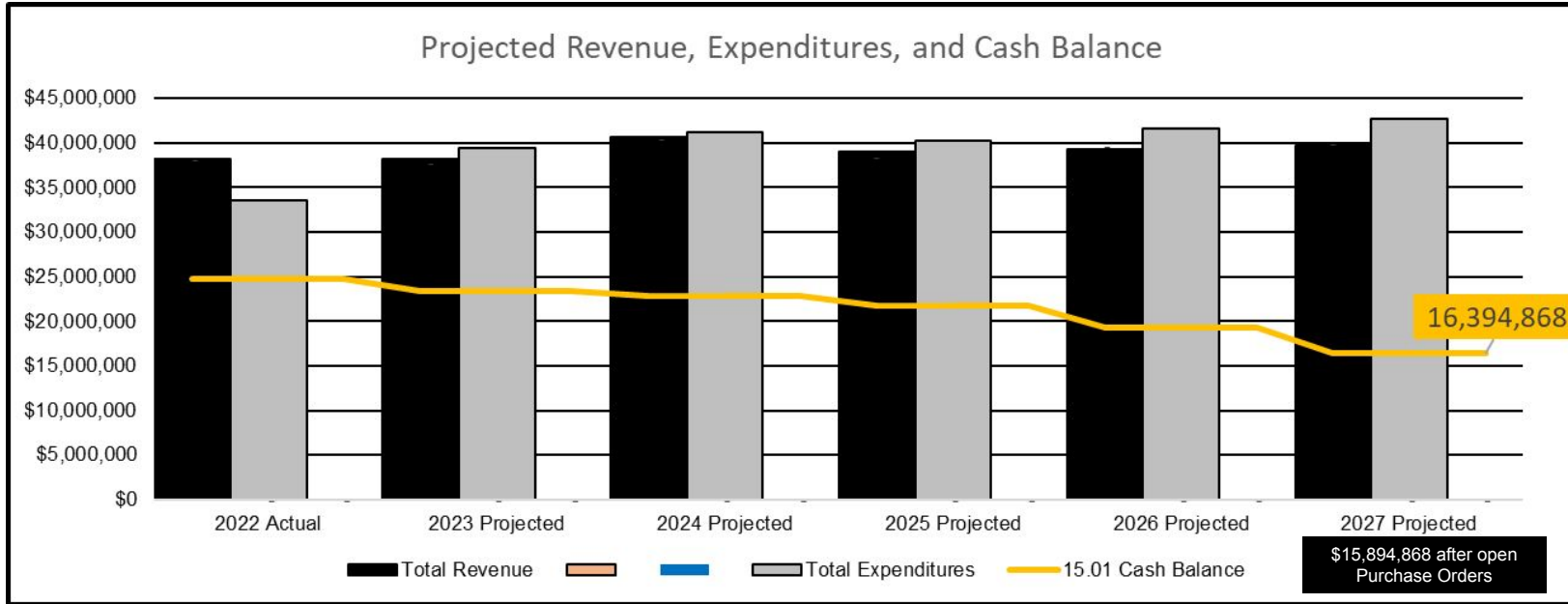
Expenditures exceeded November forecast - property acquisition





**May 2023 Forecast
for Fiscal Year 2023**

May 2023 Five-Year Forecast Summary



The Plan - To align the Five-Year Forecast with the 2023-2028 district Success Plan. Concentration aligns with district goals for safety and security, facilities and operations, communications, resources and fiscal responsibilities, and engaged student learning.

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 November	36,860,629	37,165,086	37,576,369	38,015,185	38,516,512
Estimated (1.070) Revenue May	36,710,396	39,439,083	37,899,939	38,088,397	38,574,475
Differences →	-150,233 (decreased, reduced collections PUPP)	+2,273,997 (PUPP collections from 2023, increased interest)	-323,570 (\$ to PI, decreased interest)	-73,211 (\$ to PI, decreased interest)	-57,962.79 (\$ to PI, decreased interest)

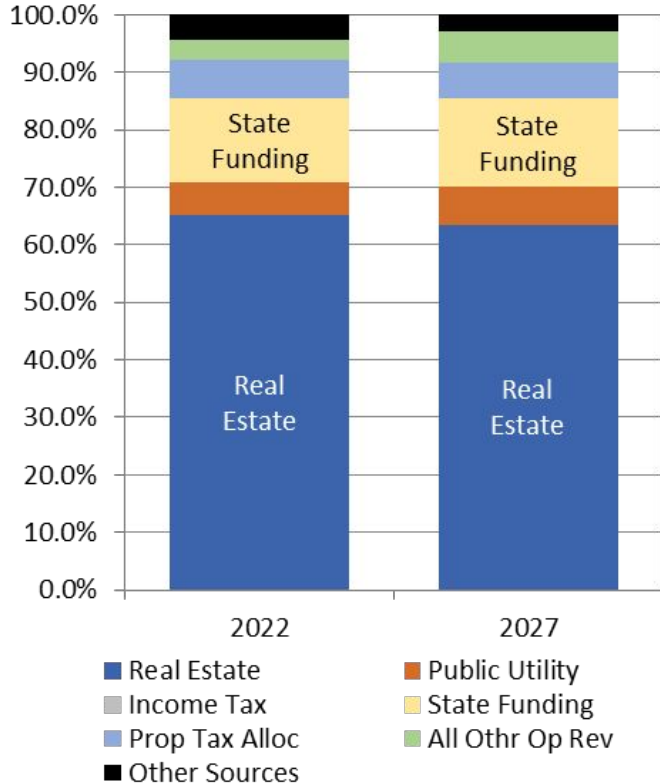
Collections - Late Public Utility payments moved revenue to 2024

- Collection rate is set to 98% as certified by the County
- Interest/investment has come back, currently at 5%, assumption - reduce remaining years
- FY 2023 is a triennial update year for property taxes (9.7%) - adjusted for HB 920
- FSFP - projected a small but steady increase in state funding
- FY 2024 - FY 2025 - moved one (1) millage of inside mill to PI Fund



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)

(Pupp Detail as an extra)

(All revenues are detailed in the assumptions in BoardDocs)

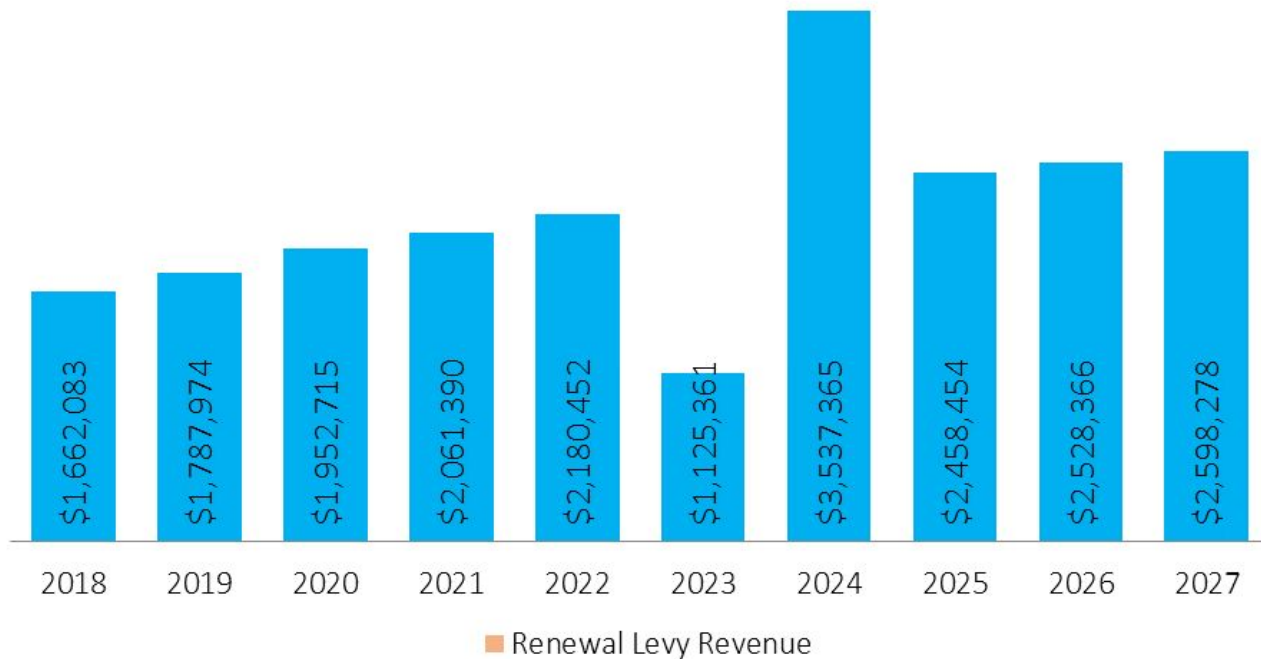
Property Tax Revenue (65.3% of Total)



- Slight decrease in 2023 due to collections
- Slight increase in 2024 for inside millage increase
- 2025 - 2027 one (1) mill is moved to Permanent Improvement Fund



Public Utility (5.7% of Total)



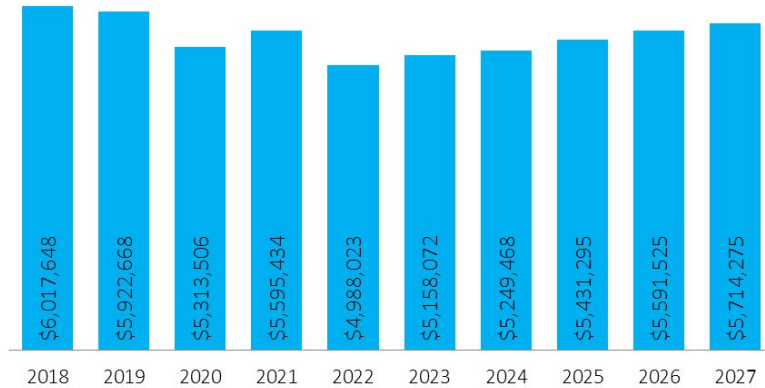
- \$1.1M late payments by public utility for FY 2023
- \$1.1M collection of late payments moved to FY 2024
- 2025 - 2027 slight increase due to increased valuations over time



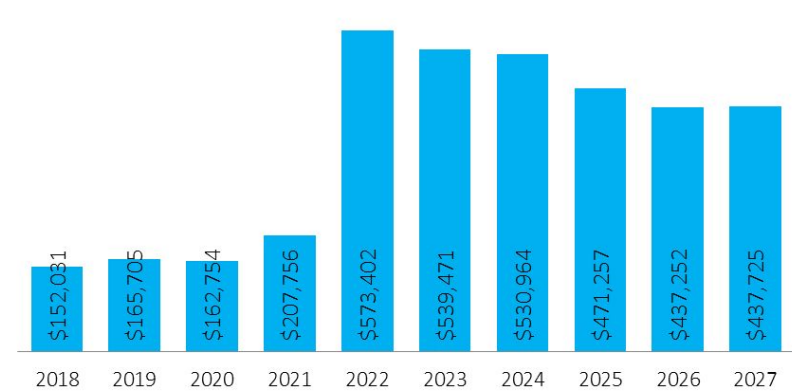
State Funding

(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
- **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



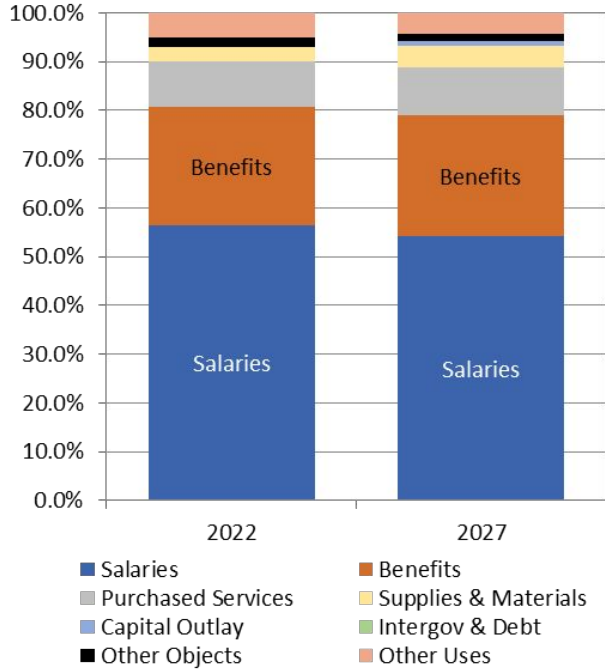
Expenditures

Expenditures - Nov 2022 Estimates vs. May 2023 Estimates

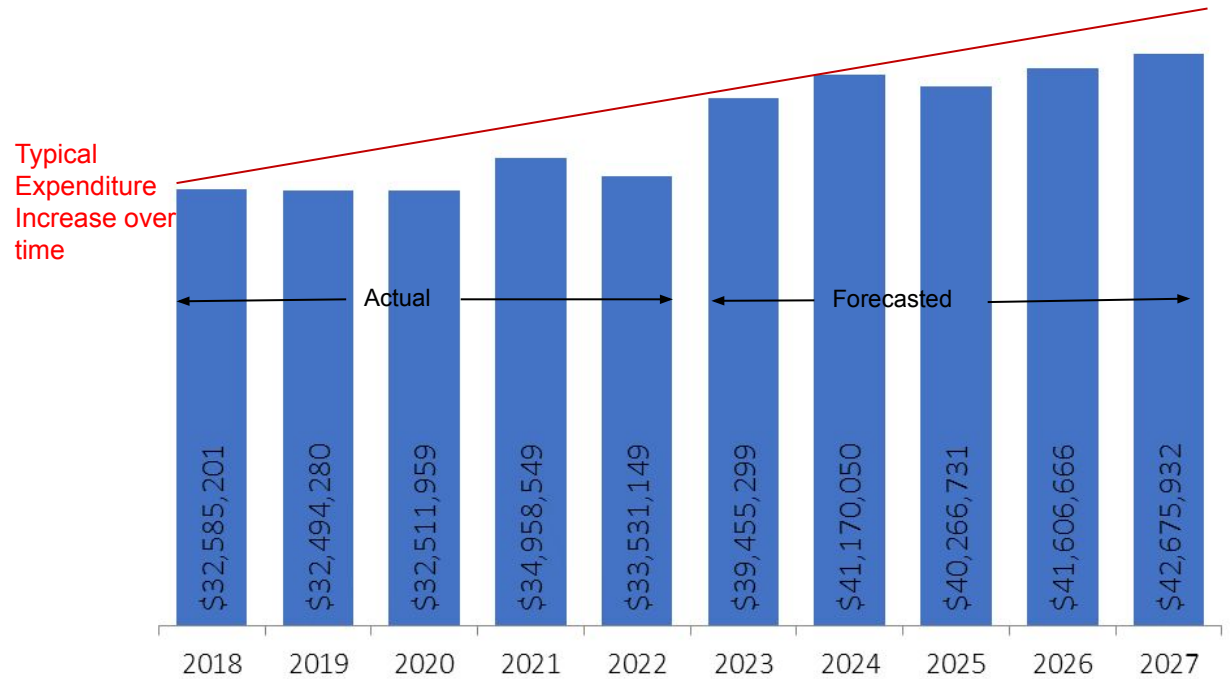
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Estimated Expenditure (4.50) Nov	36,456,767	36,550,987	38,225,509	39,279,564	40,455,726
Estimated Expenditure (4.50) May	39,455,299	41,170,050	40,266,731	41,606,666	42,675,932
Difference	-2,998,532	-4,619,063	-2,041,222	-2,327,101	-2,220,205

- 2023 - 2025 Negotiated Agreements for both classified and certified staff
- 2023 - Property Acquisition - Washington St - Transportation, Maintenance, Business Affairs
- 2023 - Additional Textbook Purchases \$500K estimate - reducing in 2024 - 2027
- 2023 - 2025 IFP (interactive flat panel) district wide purchase \$900K estimate
- 2024 - Increased Capital Outlay Budget for Property Acquisition
- 2024 - 2027 Changes in Insurance percentages (0, 8, 8.5, 8.5, 8.5) to (0,8.5,9,9,9)
- 2024 - 2027 - Increased transfers for School Fees, Activity, and Athletic Fees
- 2024 - 2027 - 10 - 15% increased inflation in Purchase Services and Supplies
- 2024 - EPC severance incentive program for Certified / Administrative Staff
- 2025 - Technology and Network upgrades were moved from the PI fund to the General Fund

Expenditure Categories Over Time



10 Year - Year-over-Year Expenditures



- 2018-2022 - savings due to reconfiguration.
- 2021 COVID-19 - increased salaries to accommodate in-person instruction during COVID-19
- 2023 - 2027 - Negotiated agreements, textbooks, inflation, property acquisition, fee reductions, etc.



Expenditures

Salaries and Benefits

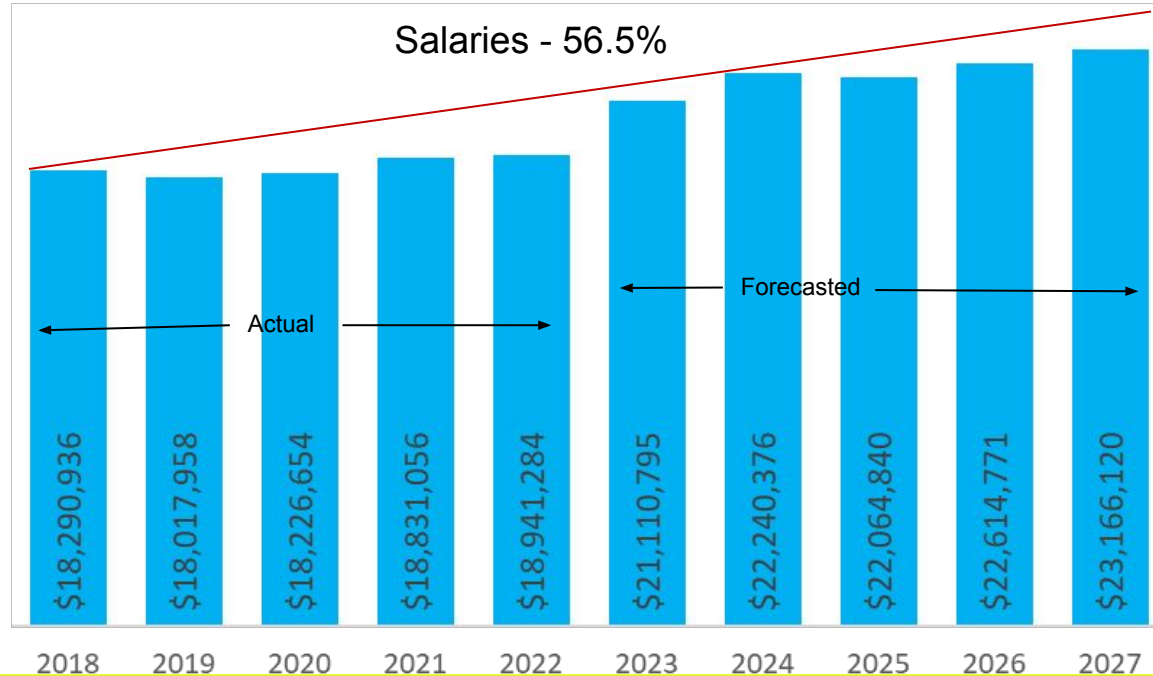
(Two Largest Expenditures)

(Capital Outlay extra)

(All expenditures are detailed in the assumptions in BoardDocs)



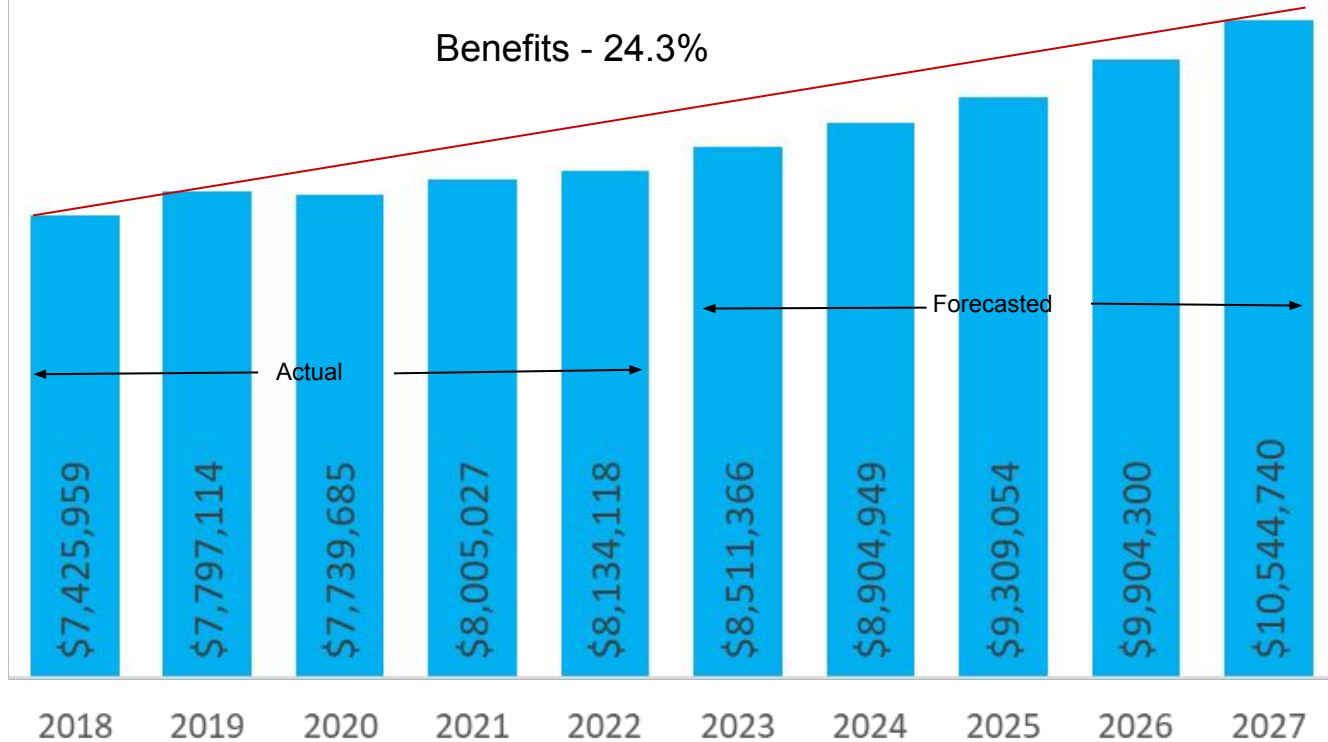
Salaries Year-over-Year



- Salary Assumptions - very similar pattern to Total Expenditures - 56.5% of total.
- 2023 - Negotiated agreements for Certified / Classified & New Staff - dispatchers, bus aids, engineering
- 2024 - Increase in staff, Business Supervisor, Intervention Specialists, Educational Aids, & Security
- 2024 - EPC Severance Incentive for Certified / Administrative staff \$900K estimate
- 2024-2025 - 2.25% base plus step increase for certified staff & Classified Staff
- 2026-2027 - 1.0% base plus step increase for both certified and classified staff.

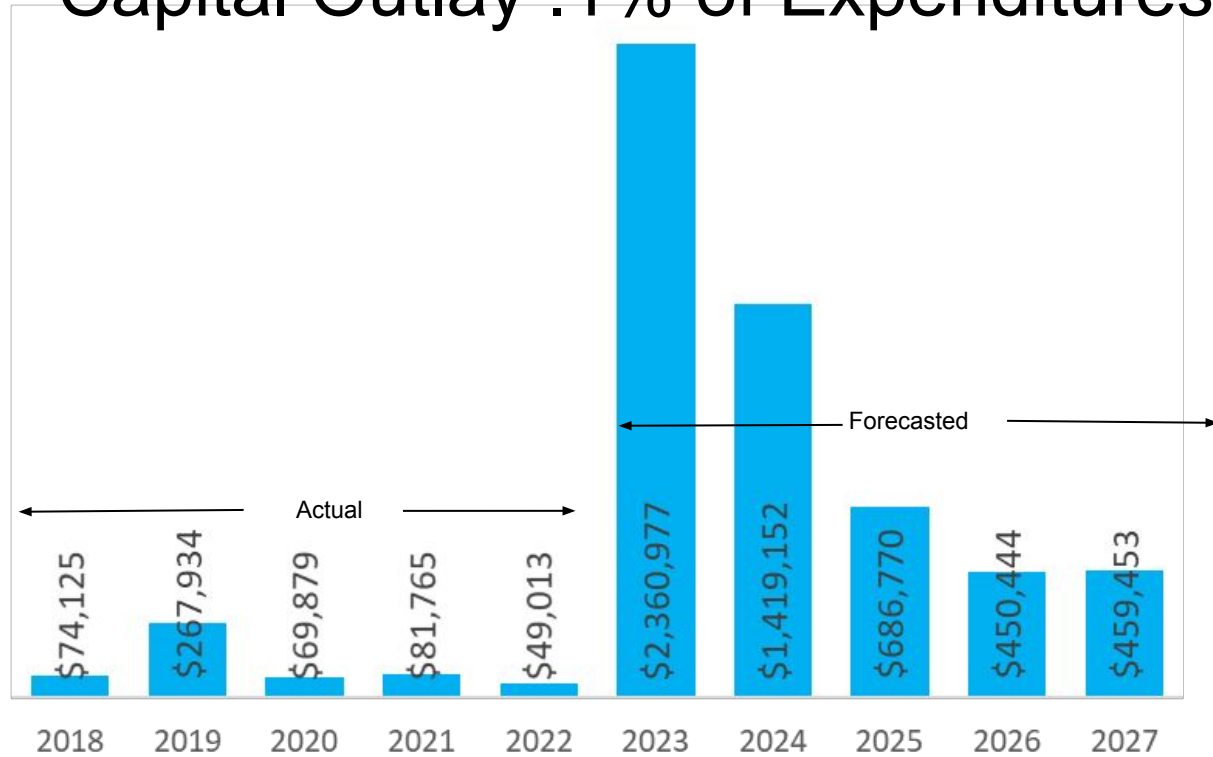
Salaries & Benefits Year-over-Year

Benefits - 24.3%



- Benefit Assumptions - Steady increase - 24.3% of total.
- 0% increase in 2022, 8.5% in 2023, and 9.0% for 2024 through 2027
- Health Insurance increases are trending across the state, Chardon's Self-funded program remains stable

Capital Outlay .1% of Expenditures



- 2023 Property Acquisition - Washington Street
- 2023 Purchased District Copiers
- 2023 Chromebook Purchase for the High School, also in 2024
- 2023 - 2025 Interactive Flat Panels (IFP)

The Latest Accomplishments

Property Acquisition for Washington Street - Transportation, Maintenance, Technology, and Business Affairs compound

Reduced Fees - Reduced student fees in 2023, with an additional reduction in 2024. Supply Fees, Activity Fees, and Athletic Fees have all been reduced to zero.

Negotiated agreements are included for both Certified and Classified staff through 2025 - with a Severance Incentive Program in 2024

Technology capital expenditures continue to be included in the General Fund, including chromebooks, new IFP's in 2024 and 2025 and adding Network expenditures for 2025.

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 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

Assumption - Deficit spending from 2023 through 2027, while maintaining a positive cash balance in FY 2027

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

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

\$15,894,868 when including open purchase orders (\$500K).



Reminder:

- A five year forecast is an ESTIMATE.
- The projected Cash Balance in 2027 is \$16,394,868 without open purchase orders included and \$15,894,868 when included.
- There are numerous variables that are out of our control that could significantly impact the General Fund such interest, inflation, and supply chain shortages.
- The five year forecast is updated every six months to allow for any changes that may occur.



QUESTIONS