



Five-Year Forecast November 2024

Deb Armbruster, Treasurer / CFO

We Commit to High Achievement for All Students

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
 - Assistant Superintendent of 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, and 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 2024 Forecast vs FY 2024 Year End
The starting point

May 2024 Estimate vs Actual FY 2024

	<u>May 2024 Estimate</u>	<u>FY 2024 Year-End Actual</u>	
Beginning Balance	23,813,885	23,813,885	
+ Revenue	42,099,626	42,037,622	↓
- Expenditures	(42,507,148)	(42,154,508)	↓
Annual Surplus/ <u>Deficit</u>	(407,519)	(116,886)	↑
Ending Cash Balance	<u>23,406,366</u>	<u>23,696,999</u>	
Ending Cash Balance w/ open purchase orders	<u>22,906,366</u>	<u>23,412,872</u>	↑

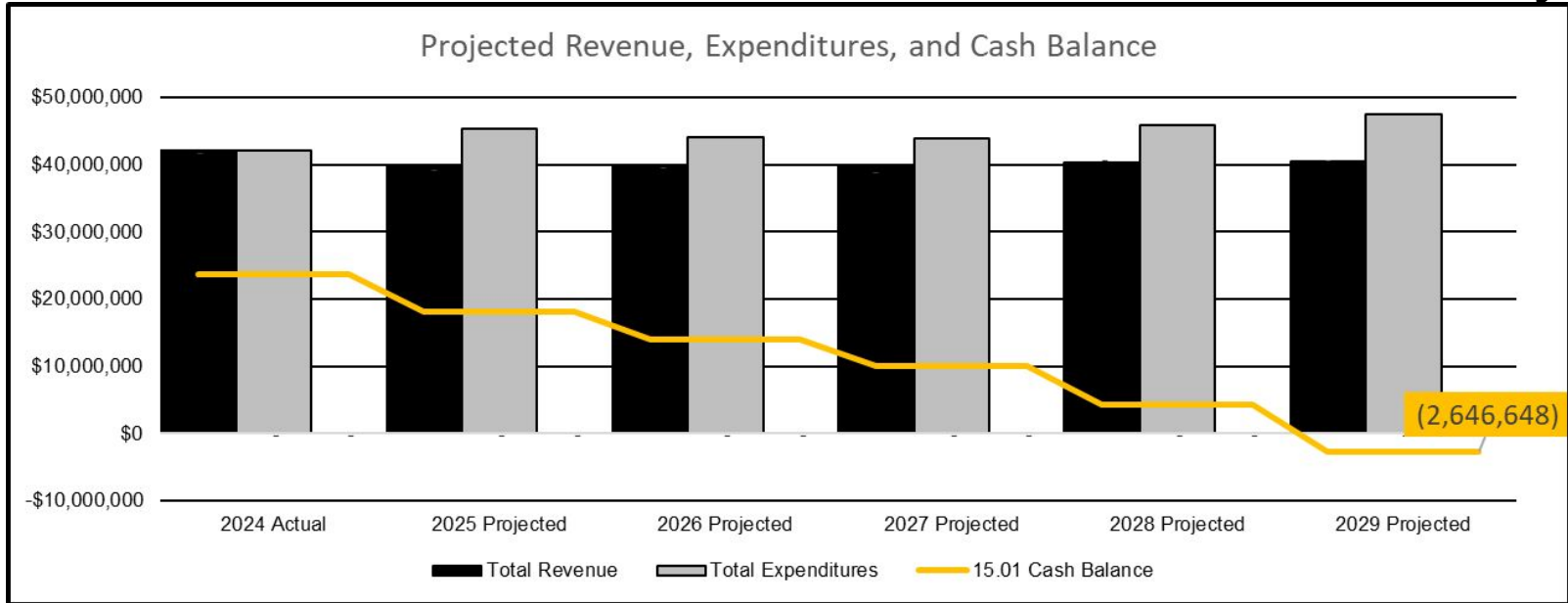
\$506,506 better than anticipated
 Why - close revenue projections and remaining under budget.





**November 2024 Forecast
for Fiscal Year 2025**

November 2024 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 Compare to May 2024

May (2.080) Revenue Estimates vs. November (2.080) Estimates

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Estimates (2.080) Revenue May	39,642,344	39,765,771	39,895,712	40,111,323	
Estimated (2.080) Revenue November	39,831,669	39,841,428	39,986,379	40,245,703	40,537,205
Difference	+189,325 (increase in new construction state funding, and public utility)	+75,657 (increased state funding and increased public utility)	+90,667 (increased state funding and increased public utility)	+134,380 (increased state funding and increased public utility)	

- New Construction obtained from Geauga County for FY 2025
- 1.0 inside mill moved to Permanent Improvement Fund in FY 2025-29
- Interest/investment is decreasing, currently at 5.11%
- FSFP - projected a small but steady increase in state funding

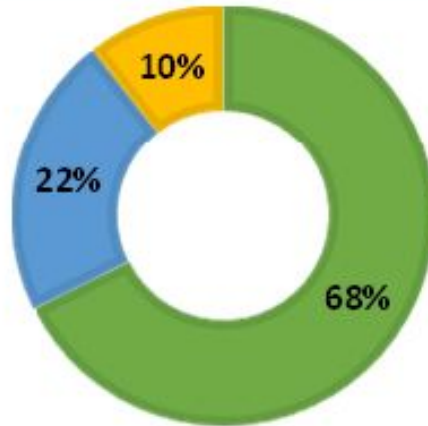


2025 Total Revenue Estimate - Percent to total

Revenue Overview

Chardon Local School District

Revenue Sources



Local Taxes

Real Estate Tax	61.49%
Public Utility Tax	6.16%
Income Tax	0.00%

State Sources

State Funding	14.87%
Restricted Aid	1.23%
State Share of Local Tax	6.21%

All Other Revenue

Other Revenue	7.41%
Other Sources	3.14%



Revenue

Property Tax & State Funding

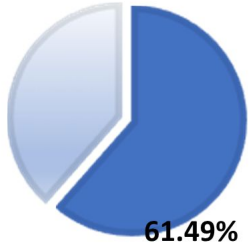
(All revenues are detailed in the assumptions in BoardDocs)

Real Estate Property Tax Revenue

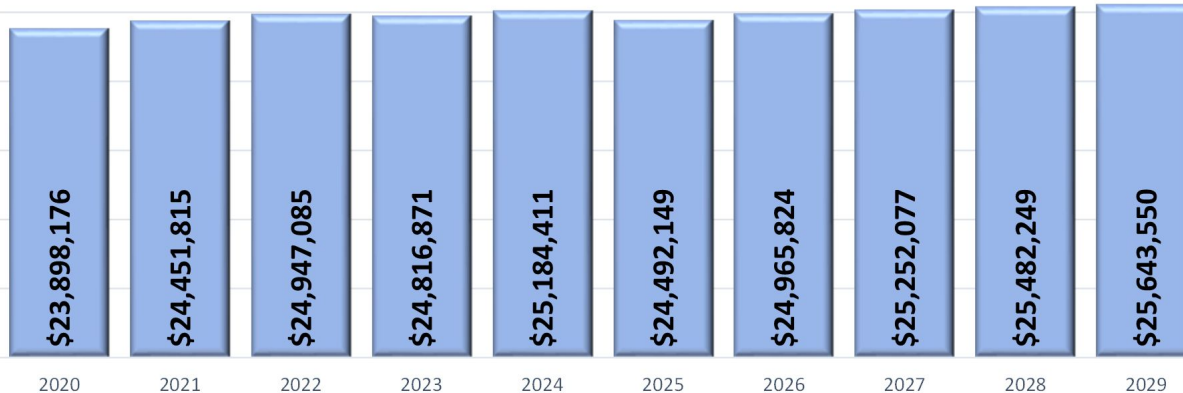


1.010 - General Property Tax (Real Estate)

Revenue collected from taxes levied by a school district by the assessed valuation of real property using effective tax rates for class I (residential/agricultural) and class II (business).



Real estate property tax revenue accounts for 61.49% of total district general fund revenue.



- FY24 Collection rate = 101.65 (estimated at 98% by Geauga County Treasurer)
- Assumption for 1.08% valuation increases FY25 (Residential, Commercial, PUPP)
- Slight increase projected for the next five years to account for inside-mill / new construction (4.99% increase in FY26 update year)
- 2025-2029 includes decrease to account for 1 mill move to the Permanent Improvement Fund
- Exempt Property 17.26% of total (2.74% Geauga County Offices, 1.95% Geauga Parks) & CRA's

1.035 - Unrestricted Grants-in-Aid

Funds received through the State Foundation Program with no restriction.

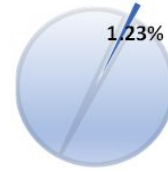
State Funding

1.040 & 1.045 - Restricted Grants-in-Aid

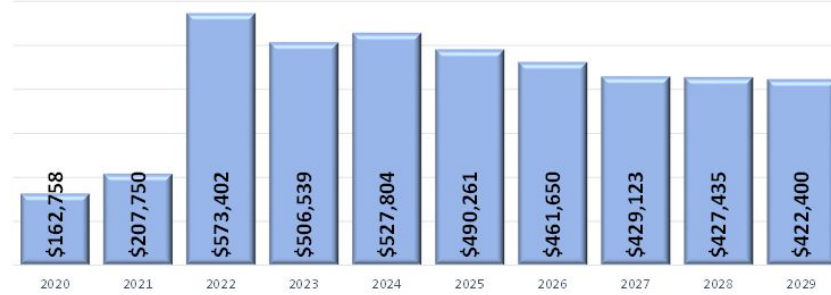
Funds received through the State Foundation Program or other allocations that are restricted for specific purposes.



Unrestricted State Aid revenue accounts for 14.37% of total district general fund revenue.



Restricted State Aid revenue accounts for 1.23% of total district general fund revenue.



1.035 Unrestricted

- Revenue decrease in 2022 with the implementation of the FSFP (reduced revenue & expenditures)
- Guarantee District with slight increase for the next five years primarily for transportation, **but**
- **Unknown:** State revenue calculations after 2025 - FSFP is only approved for fiscal years through 2025

1.040 & 1.045

- Threshold Cost Reimbursement has nearly doubled in 2022, but declining in 2025-2029
- Student Wellness funds were moved to General Fund in 2022, but are declining in 2025 - 2029



Expenditures Compare to May 2024

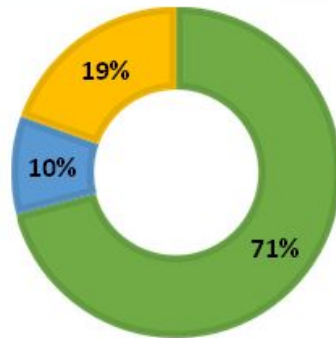
Expenditures - May 2024 Estimates vs. November 24 Estimates

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Estimated Expenditure (5.50) May	45,999,087	42,636,649	43,853,892	45,701,331	
Estimated Expenditure (5.50) Nov	45,401,899	44,016,223	43,945,811	45,942,901	47,479,208
Difference	(597,188)	1,379,574	91,919	241,570	

- 2025 - Savings from a 5% increase instead of 9% for Health Insurance
- 2026 - Added \$1.4M for the final phase of the Transportation/Business Affairs Compound
- 2027-2028 - Increases included for personal services and related employee benefits
- 2025-2027 - Includes expenses to cover “Reduced Fees” for supplies and athletic and activity fees
- 2025-2027 - Includes 3% inflation for supplies, purchase services, and capital outlay expenditures

Expenditure Overview

Expenditure Categories



Personnel Costs	
Salaries	50.13%
Benefits	20.82%
Purchased Services	
	9.56%
All Other Expenditures	
Supplies, Capital, Debt, Other Obj	15.49%
Other Uses	4.01%

Annual Expenditures Actual + Projected





Expenditures

Salaries and Benefits

(Two Largest Expenditures)

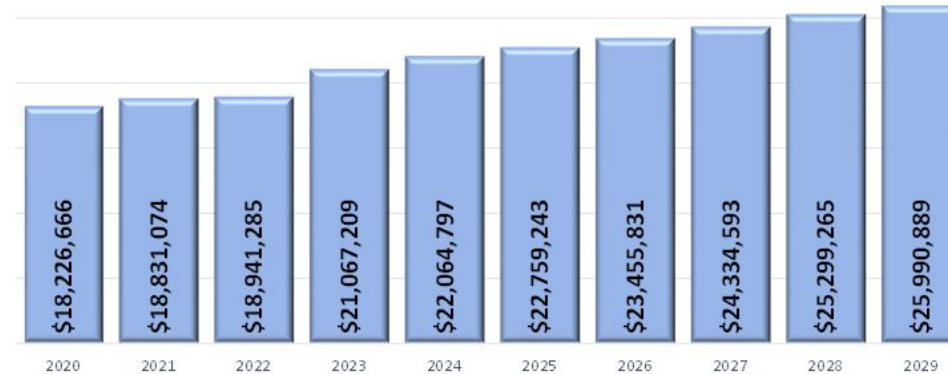
(All expenditures are detailed in the assumptions in BoardDocs)

3.010 - Personnel Services

Employee salaries and wages, including extended time, severance pay, supplemental contracts, etc.

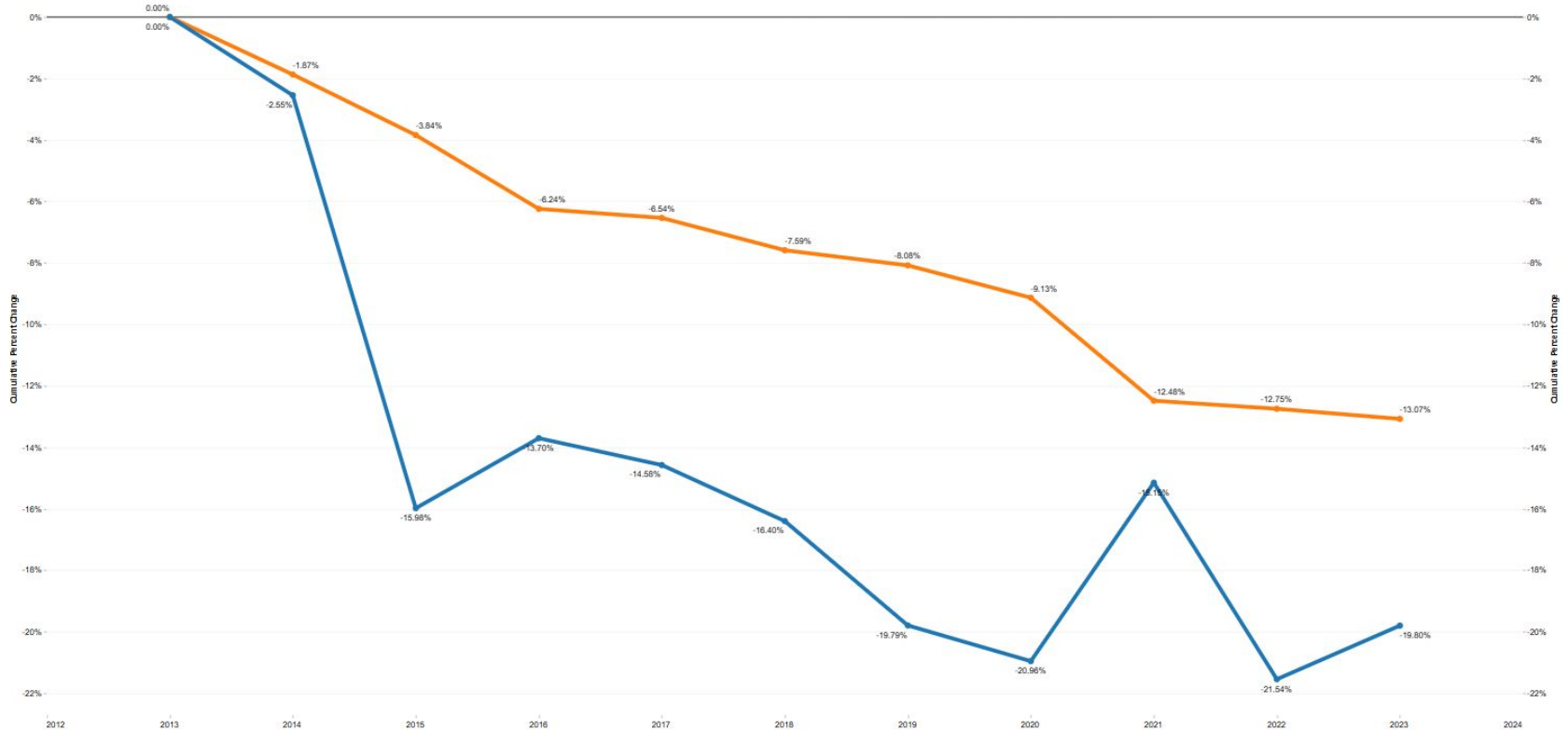


Salaries account for 50.13% of the district's total general fund spending.



- 2024-2025 - EPC Retirement Buyout included
- No plans to decrease or increase staff at this time
- 2025 - 2.25% base plus step increase for Certified and Classified staff
- 2026-2028 - 2.6% base plus step increase for both Certified and Classified staff
- 2029 1% for all staff

FTE Change versus Enrollment Change
Cumulative Change from Base Year
District: Chardon Local
Position(s): 230 - Teacher
Source: ODE School Enrollment and EMIS Staff Data Records



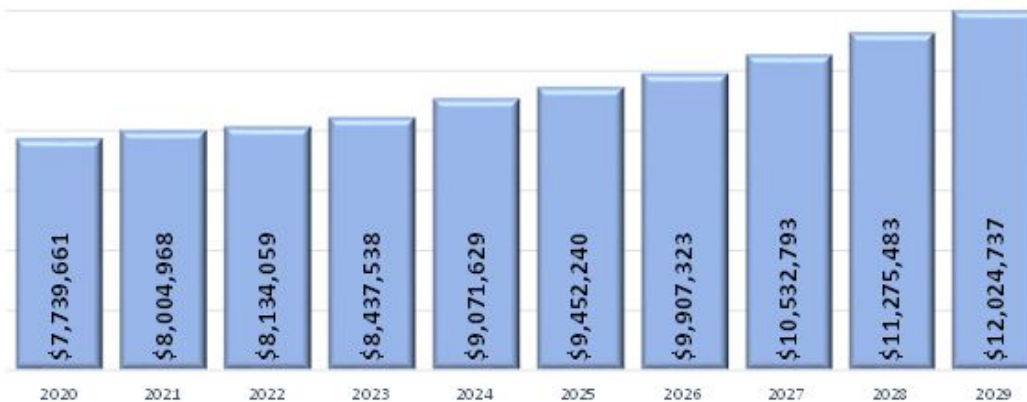
- 2025-2029 - Student ADM (student count) is declining
- 2025-2029 - As student counts decline FTE staff counts are adjusted
- 2021 - Staff increased for COVID19 for in class instruction.

3.020 - Employees' Benefits

Retirement for all employees, Workers Compensation, early retirement incentives, Medicare, unemployment, pickup on pickup, and all health-related insurances.



Benefits account for 20.82% of the district's total general fund spending.



- Benefit Assumptions - Steady increase - 20.82% of total down from 21.6%
- 5% increase in 2025, 7.0% in 2026, 9% in 2027 through 2029
- Other districts in Ohio experiencing double digit health insurance increases (23%)
- Retirement increases follow salary increases for SERS and STRS retirement systems

Assumptions

Interest on Investment accounts (5.11% currently) are aiding in the increase of revenue along with the change in state funding and an increase in inside-mill.

Negotiated agreements - 2025 at 2.25% and 2.60% for 2026 through 2028. There is a 1% holding in 2029.

Technology capital expenditures continue to be included in the General Fund, adding The Transportation/Business Affairs Compound from 2024 through 2026. New phones in 2025 and network upgrades in 2028.

Robust textbook replacement plan has been added for high achievement for all students.

Activity and Athletic fees have been eliminated, along with reduced supply fees saving District families \$560,000 annually through 2029.

Summer school, elementary world language, and CCP/AP programs are included through 2029.

Taxpayer Savings (Community Participants)

The District took steps to give back to the community. Fees were reduced in 2023 for both athletic/activity fees and supplies. 2024 eliminated athletic/activity fees and further reduced supply fees. This model is projected to continue through 2029.

ESTIMATED SAVINGS

2023 - \$ 200,000

2024 - \$ 560,000

2025 - \$ 560,000

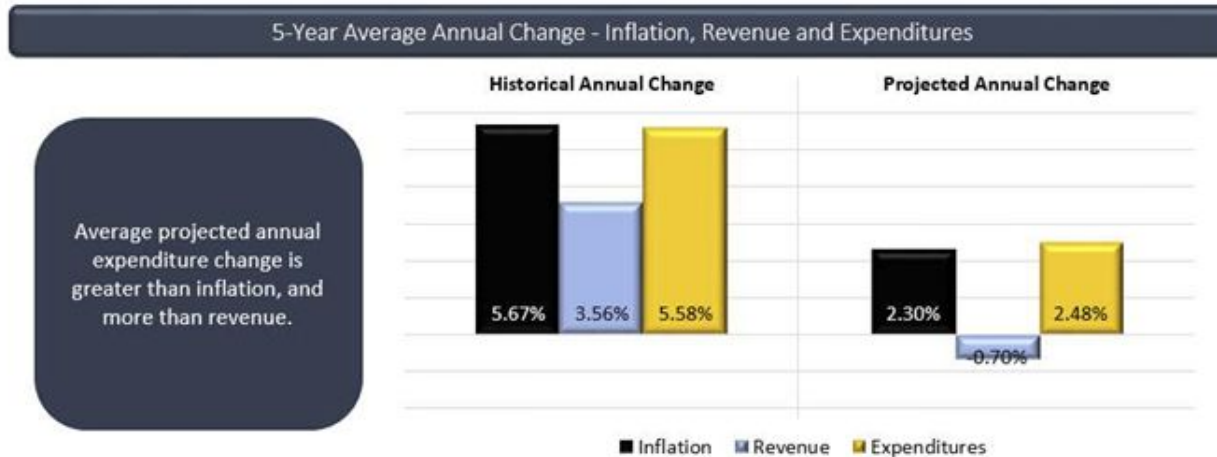
Total \$1,320,000 (over three years)



To allow more opportunity for High Achievement for ALL students

INFLATION VS REVENUE

Annual revenue increases are not keeping pace with inflation. Revenue is projected to decrease by (.70%) while expenditures are projected to increase by 2.48%.

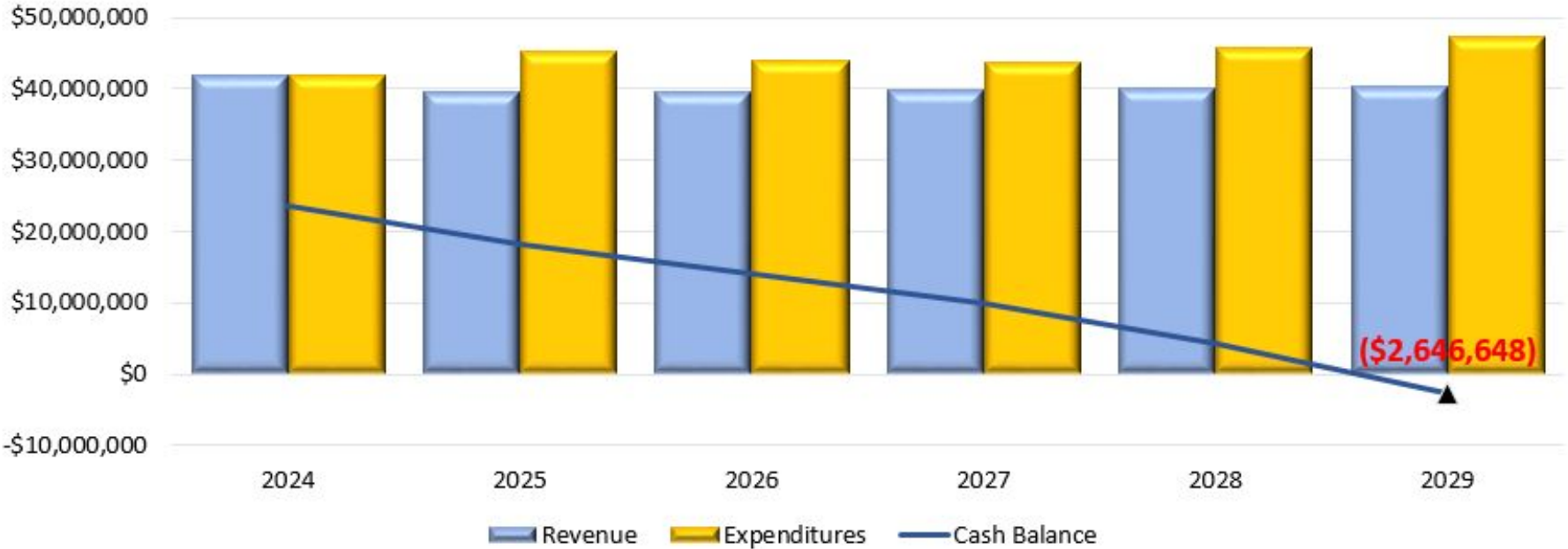


CPI (Inflation) Source: Federal Reserve Bank of St. Louis (September 23, 2024)
<https://alfred.stlouisfed.org>

Historical Annual Change – Projected Annual Change

Forecast Summary

Projected Revenue, Expenditures, and Cash Balance



Assumption - deficit spending for the next five years

Negative Cash Balance for 2029 (\$2,646,648)

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

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

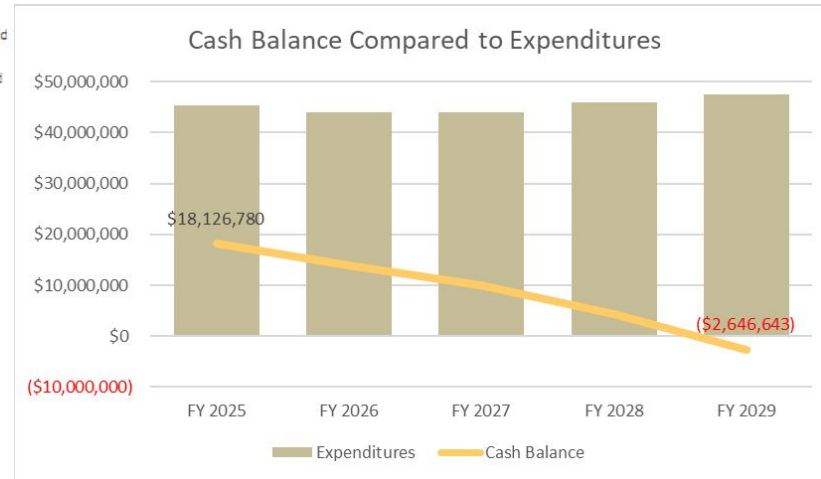
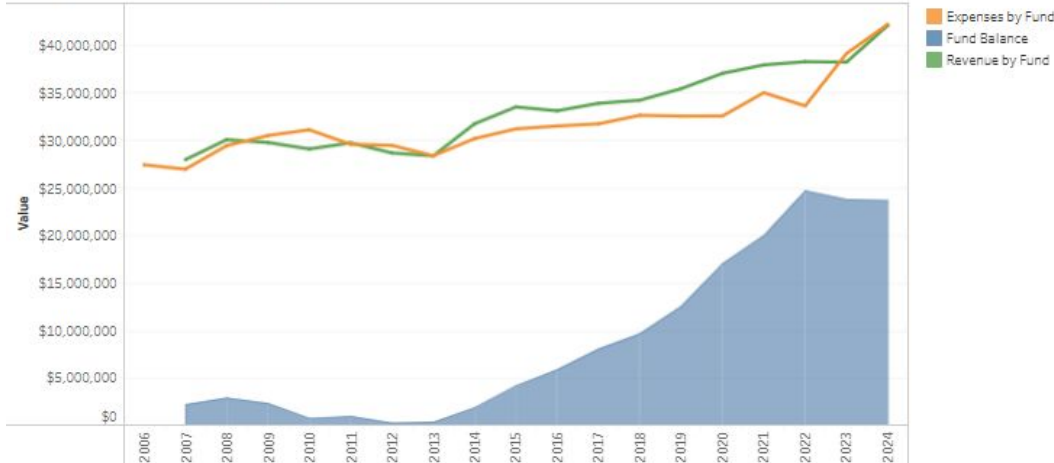


Chardon - Levy Life Indicator

The District takes seriously its responsibility to stretch resources.

- Our cash reserve has grown through careful spending and obtaining additional grant funding to operate, pushing the need for a new levy further into the future (currently 9 years, a historic high).
- A reduction in anticipated revenue will cause the District to be on the ballot sooner.
- With no new revenue the Cash Balance projection is (\$2,646,643) by 2029, declining in future years.

The graph below shows the change in General Fund from the ODE Annual Financial Reports.



Reminder:

- A five year forecast is an **ESTIMATE**.
- The projected Cash Balance in 2025 is \$18,126,780 without open purchase orders.
- The District responded to the recommendations of the Geauga County Budget Commission to address the cash balance. One time purchases were made to increase safety and security and 1 mill of inside-mill was moved to the Permanent Improvement fund to continue this venture.
- There are numerous variables that are out of our control that could significantly impact the General Fund such as reduced Federal Grants, State Funding changes, property tax laws, and retirement law changes.
- The five year forecast is updated every six months to allow for any changes may occur.





QUESTIONS