



Five-Year Forecast November 2023

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
 - 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 2023 Forecast vs FY 2023 Year End
The starting point

May 2023 Estimate vs Actual FY 2023

	<u>May 2023 Estimate</u>	<u>FY 2023 Year-End Actual</u>
Beginning Balance	24,715,450	24,715,450
+ Revenue	38,189,284	38,185,779
- Expenditures	(39,455,299)	(39,087,343)
Annual Surplus/ <u>Deficit</u>	(1,266,015)	(901,564)
Ending Cash Balance	<u>23,449,435</u>	<u>23,813,886</u>
Ending Cash Balance w/purchase open orders	<u>22,949,435</u>	<u>23,441,220</u>

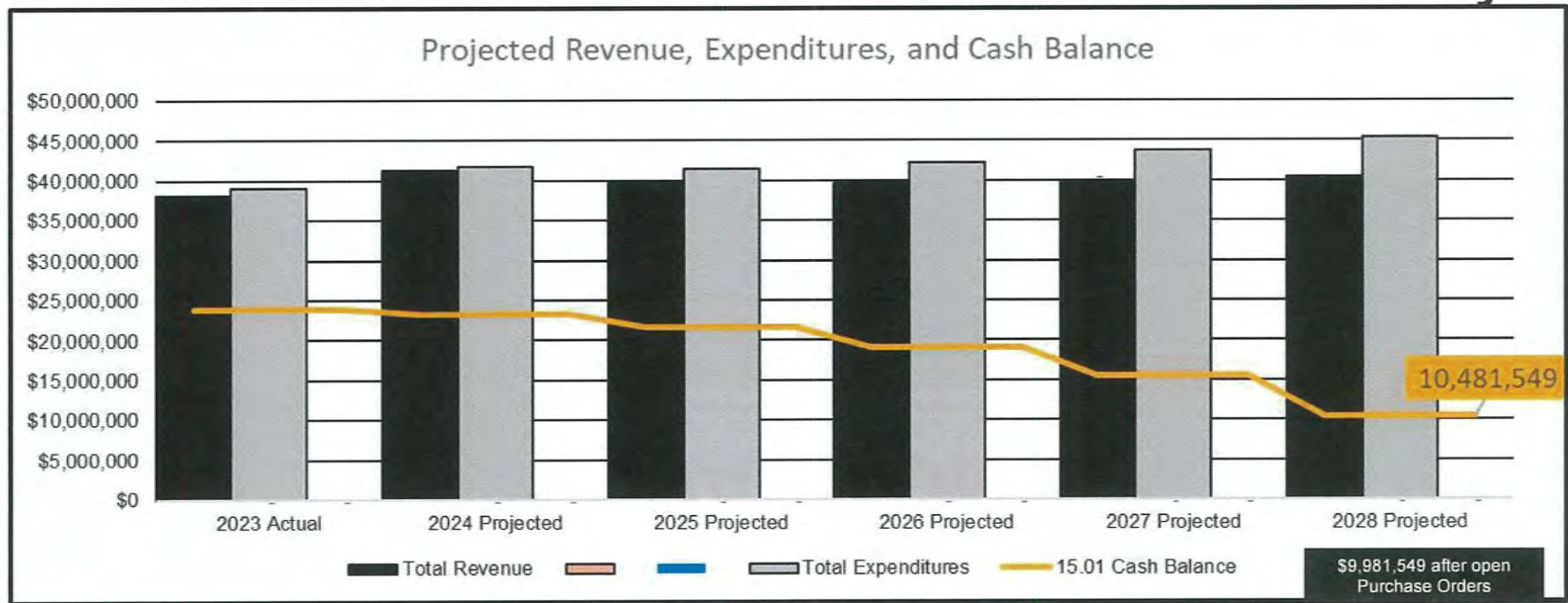


\$491,785 better than anticipated
Why - close revenue projections and remaining under budget.



**November 2023 Forecast
for Fiscal Year 2024**

November 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 (Actual)</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Estimated (1.070) Revenue May	36,710,396	39,439,083	37,899,939	38,088,397	38,574,475
Estimated (1.070) Revenue November	36,713,400	40,010,978	38,613,231	38,534,793	38,816,992
Difference	-3,004 <i>(less restricted funding, slightly less interest)</i>	+571,895 <i>(increased inside-mill, increased state funding)</i>	+713,292 <i>(increased inside-mill, increased state funding, increased interest)</i>	+446,936 <i>(increased inside-mill, increased state funding, reduced interest)</i>	+242,517 <i>(increased inside-mill, increased state funding, reduced interest)</i>

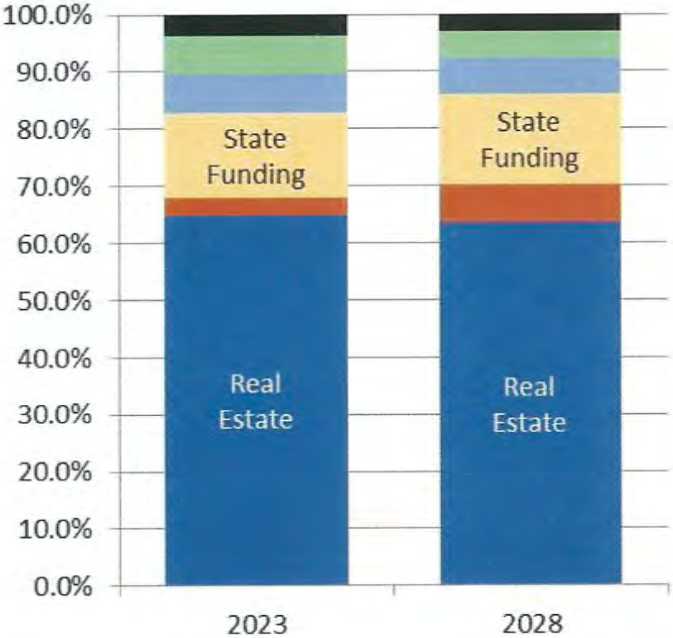
Slight increases in inside-mill, state funding, and interest income

- Collection rate is set to 98% as certified by the County
- 1 mill of inside-mill moved to Permanent Improvement fund in FY 2024
- Interest/investment continues to increase, currently at 5.71%
- FY 2023 is a triennial update year for property taxes - adjusted for HB920
- FSFP - projected a small but steady increase in state funding



2024 Total Revenue Estimate - Percent to total

Sources of Revenue Over Time



- Other Sources
- All Othr Op Rev
- State Share of Local Property Taxes
- State Funding
- Income Tax
- Public Utility
- Real Estate

Summary of Revenue

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. <u>65.0%</u> 2. <u>2.9%</u> 3. <u>0.0%</u> 4. <u>14.8%</u> 5. <u>6.7%</u> 6. <u>6.6%</u> 7. <u>3.9%</u> | <p><u>Real Estate</u></p> <p><u>Public Utility</u></p> <p><u>Income Tax</u></p> <p><u>State Funding</u></p> <p><u>Prop Tax Alloc</u></p> <p><u>All Other Operating Rev</u></p> <p><u>Other Sources</u></p> |
|---|---|

74.6% from taxes (Real Estate, Public Utility, Prop Tax Alloc)



Revenue

Property Tax (65%), State Funding (14.8%)

Public Utility (2.9%)

(All revenues are detailed in the assumptions in BoardDocs)

Property Tax Revenue (65.0% of Total)

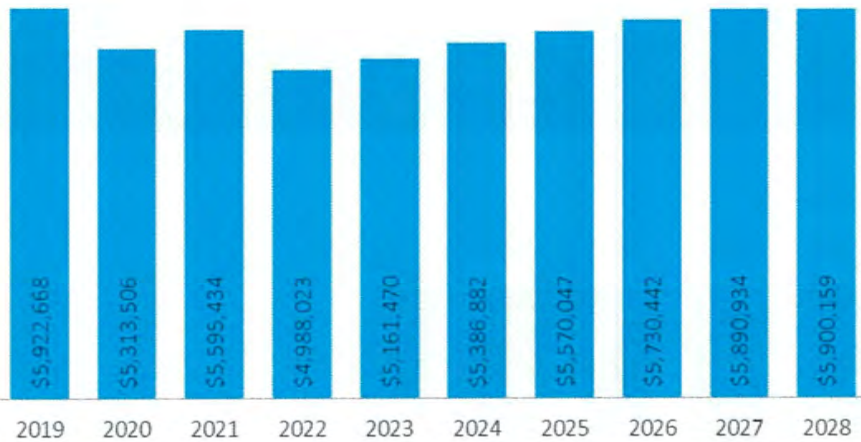


- Collection rate = 100.27 (estimated at 98% by Geauga County Treasurer)
- Assumption for 18.8% valuation increases (Residential, Commercial, PUPP)
- Slight increase projected for the next five years to account for inside-mill / new construction
- 2025 decrease to account for 1 mill move to the Permanent Improvement Fund
- Exempt Property 17.26% of total (2.74 Geauga County Offices, 1.95% Geauga Parks)

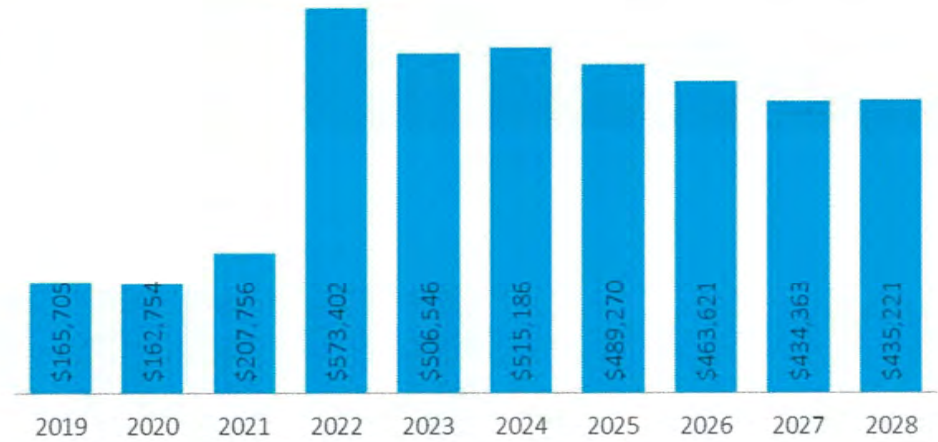
State Funding

(14.8% of total)

1.035 - Unrestricted Grants-in-Aid



1.040 & 1.045 - Restricted Grants-in-Aid



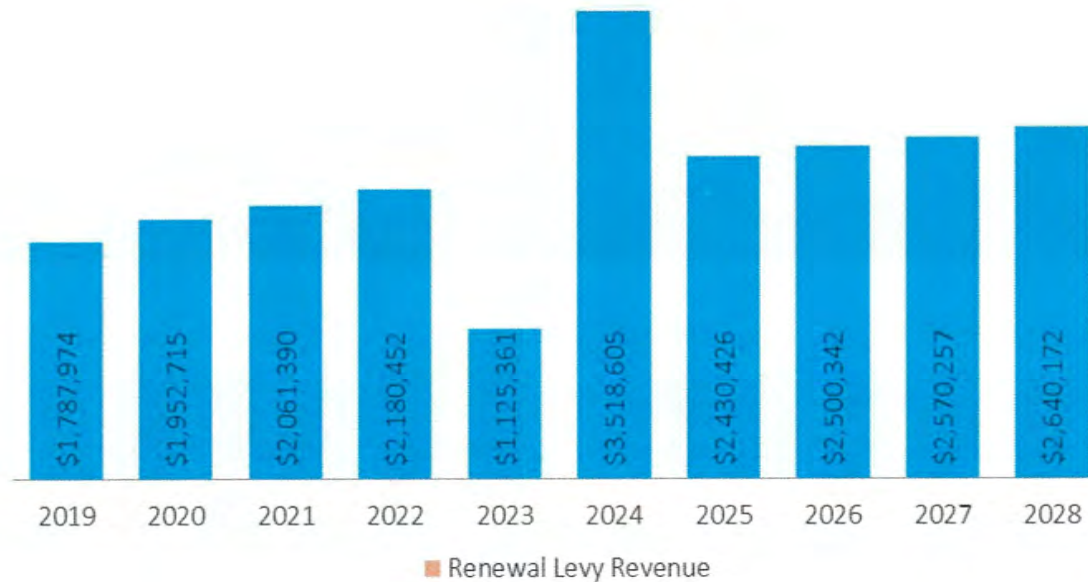
1.035 Unrestricted

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

1.040 & 1.045

- Catastrophic Cost Reimbursement has nearly doubled in 2022, but declining in 2024-2028
- Student Wellness funds were moved to General Fund in 2022, but are declining in 2024 - 2028

Public Utility (2.9% of Total)



- Shortfall in 2023 of \$1.1M due to delinquent payments by utility companies then collected in 2024
- Slight increase projected for the next five years for increased values (2.9%).
- Orwell Trumbull Pipeline sold assets separately from the liabilities, revenue lost on \$2,624,880 of property valuations for many years resulting in delinquent taxes for Chardon area entities at **\$5,717,007**.



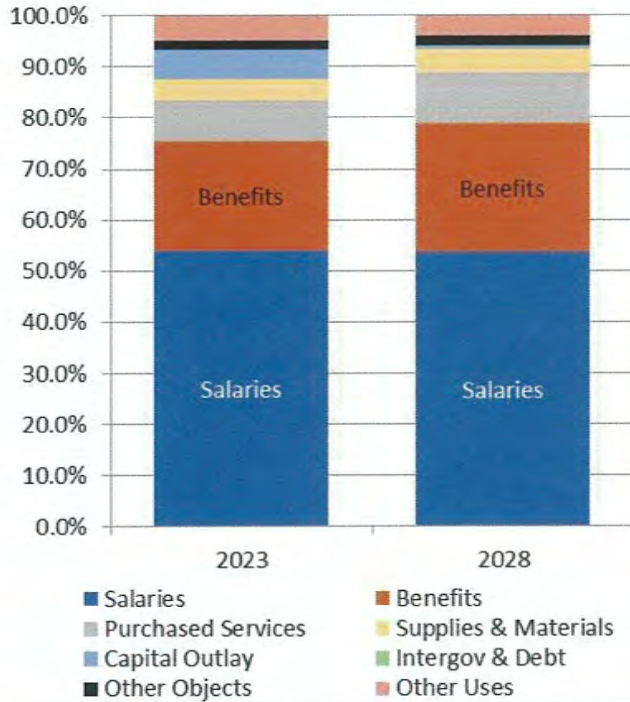
Expenditures

Expenditures - May 2023 Estimates vs. November 23 Estimates

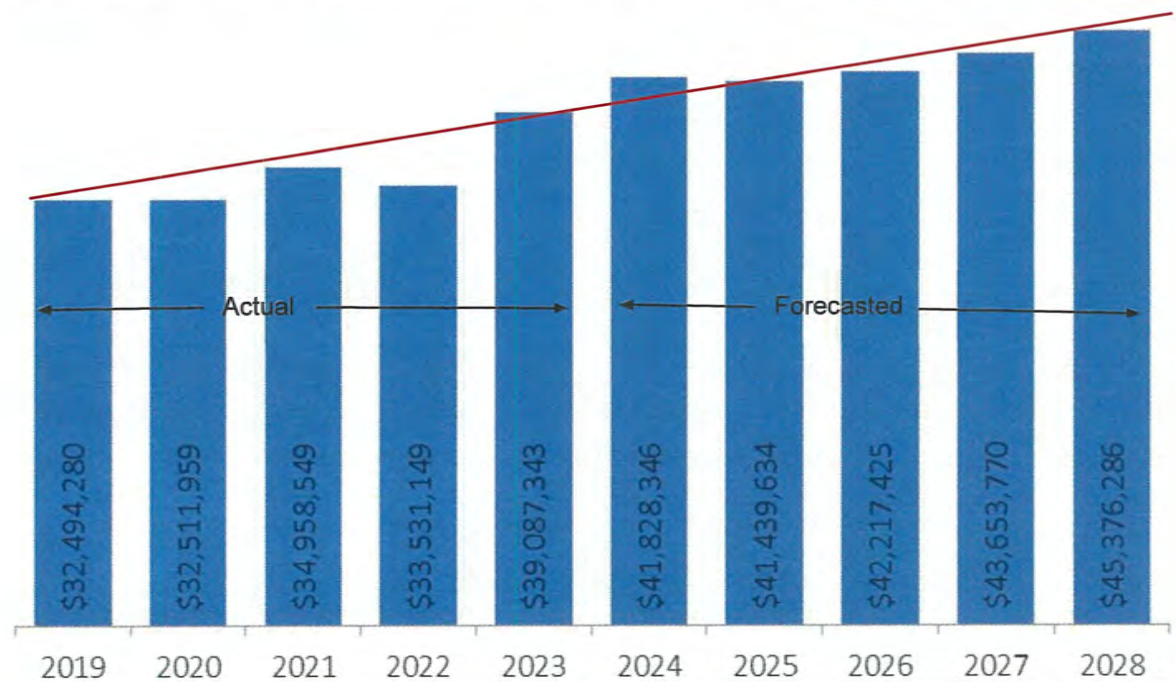
	<u>2023 Actual</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Estimated Expenditure (4.50) May	39,455,299	41,170,050	40,266,731	41,606,666	42,675,932
Estimated Expenditure (4.50) Nov	39,087,343	41,828,346	41,439,634	42,217,425	43,653,770
Difference	-367,957	658,296	1,172,903	610,759	977,838

- 2023 - 2028 Supplies increased \$150 annually to pay for student supply fees
- 2024 - 2028 Increased estimates for inflation (3% to 4%)
- 2024 - 2028 Changes in Insurance percentages (6.5, 7, 9, 9, 9)
- 2023 Textbook Purchases - reducing in 2024, increasing 2025-2028 for inflation (3%)
- 2025 Technology and Network upgrades were moved from the PI fund to the General Fund
- 2026 - 2028 increased 1.0% placeholder for salary increases to 2% for all three years

Expenditure Categories Over Time



10 Year - Year-over-Year Expenditures



- 2021 COVID-19 - increased salaries to accommodate in class instruction during COVID-19
- 2023 - Increased with negotiated agreements for both unions
- 2023 - Purchased \$1.675M Property on Washington Street for Business/Transportation Compound
- 2024 & 2025 - EPC Buyout, replace staff with less expensive replacements, cost \$1.4M 2024, \$548K 2025
- 2023 - 2025 - Upgrade Promethean Boards in all buildings (\$900K over three years)
- 2024 - Transferred \$400M to PI for first half of Permanent improvement 1 mill move (starts in 2nd half of 2024)



Expenditures

Salaries and Benefits

(Two Largest Expenditures)

(All expenditures are detailed in the assumptions in BoardDocs)



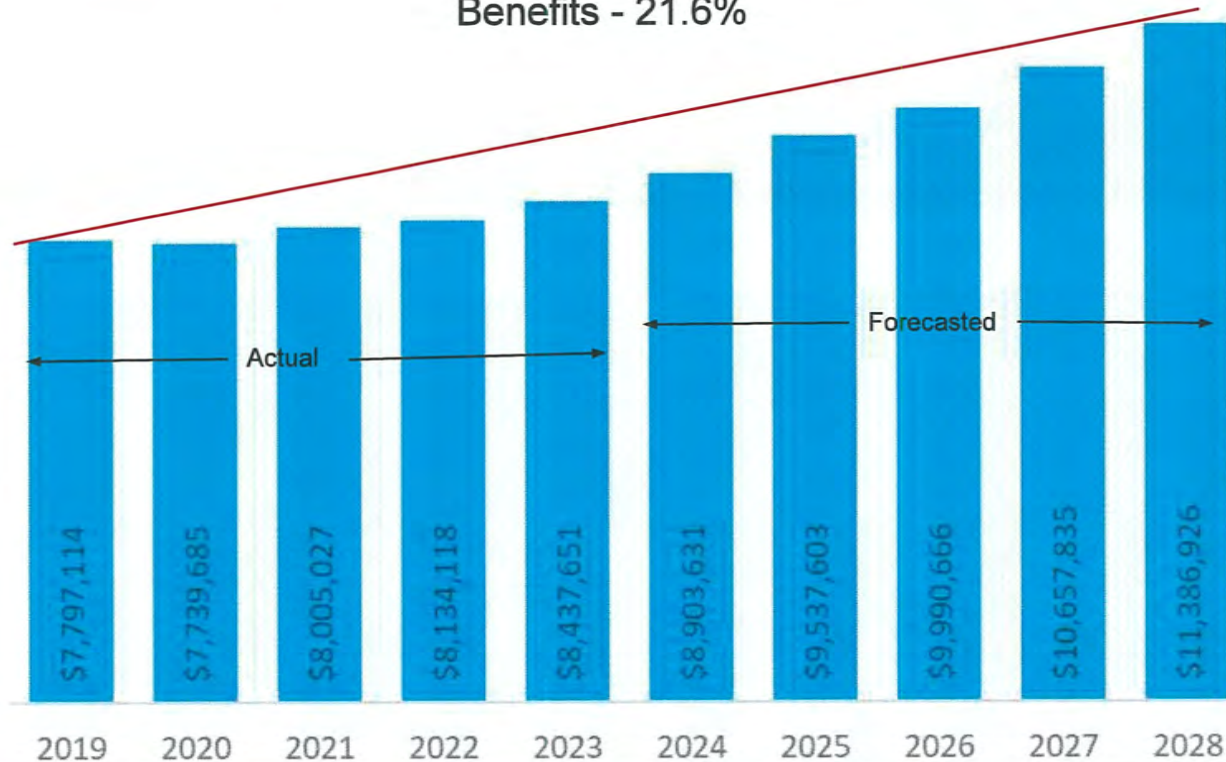
Salaries Year-over-Year



- Salary Assumptions - very similar pattern to Total Expenditures - 53.9% 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 (first year)
- 2023-2025 - Classified staff - 2023 schedule change with 2.25% base increase, 2.25% for 2024 and 2025
- 2026-2028 - 2.0% base plus step increase for both Certified and Classified staff
- 2024-2025 - EPC Retirement Buyout included

Salaries & Benefits Year-over-Year

Benefits - 21.6%



- Benefit Assumptions - Steady increase - 21.6% of total.
- 0% increase in 2022, 6.5% in 2023, 7% in 2024 and 9% for 2025 through 2028
- 24.2% increase in Claims from 2023-2024, assumption to remain stable in 2024, then increase
- Retirement increases follow salary increases for SERS and STRS retirement systems

The Latest Accomplishments

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

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 - 2028 includes 2.0% 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.

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

Five-Year Effect on Cash Balance

Financial Forecast	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	23,813,885	23,331,429	21,670,755	19,153,854	15,482,806
+ Revenue	41,345,890	39,778,961	39,700,523	39,982,722	40,375,029
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(41,828,346)	(41,439,634)	(42,217,425)	(43,653,770)	(45,376,286)
= Revenue Surplus or Deficit	(482,456)	(1,660,673)	(2,516,901)	(3,671,048)	(5,001,257)
Line 7.020 Ending Balance with renewal/new levies	23,331,429	21,670,755	19,153,854	15,482,806	10,481,549
Analysis Without Renewal Levies Included:					
Revenue Surplus or Deficit w/o Levies	(482,456)	(1,660,673)	(2,516,901)	(3,671,048)	(5,001,257)
Ending Balance w/o Levies	23,331,429	21,670,755	19,153,854	15,482,806	10,481,549

Assumption - deficit spending for the next five years - positive cash balance in 2028 - \$10,481,549

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

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



\$9,981,549 when including open purchase orders (\$500K).

Important to Remember

Property valuation increases **occur typically every three years.**

Property taxes are the primary source of revenue (not sales tax or income tax) for the District, and the District is NOT on the 20 mill floor. HB920 adjusts tax millage rates down to compensate for any increases in property valuations. The primary revenue growth in property tax is from inside-millage and new construction.

Annual revenue increases are not keeping pace with inflation. Buses have increased 19.34%, property/automobile insurance has increased 16.6%, health insurance increased 24.2% and even with new roofs and windows electric increased 4.4% in the last year.

The District took steps to give back to the community. In 23-24, the Chardon Board of Education eliminated most student fees resulting in annual savings of \$560,000 to parents.

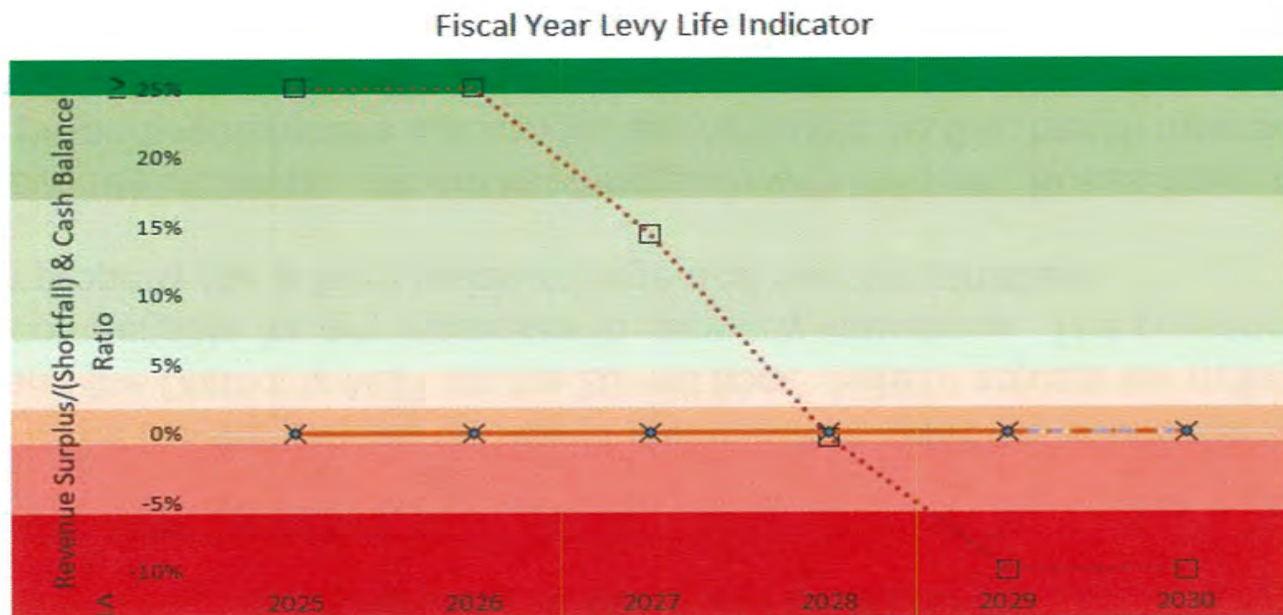
The District responded to the recommendations of the Geauga County Budget Commission to address the cash balance. One time purchases were made to increase safety and security and 1 mill of inside-mill was moved to the Permanent Improvement fund to continue this venture.



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.
- A reduction in anticipated revenue will cause the District to be on the ballot sooner.
- The graph below shows the District's levy timeline. Cash Balance projection of **(3,600,646)** by 2030



Reminder:

- A five year forecast is an ESTIMATE.
- The projected Cash Balance in 2028 is \$10,481,549 without open purchase orders included and \$9,981,549 when included.
- There are numerous variables that are out of our control that could significantly impact the General Fund such as HB187, State Funding changes, HB601 Retirement changes, ect.
- The five year forecast is updated every six months to allow for any changes that may occur.





QUESTIONS





CHARDON LOCAL SCHOOLS

November 2023 ASSUMPTIONS

Financial Summary – The Chardon Local Schools November 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, community connections, 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 serve 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.

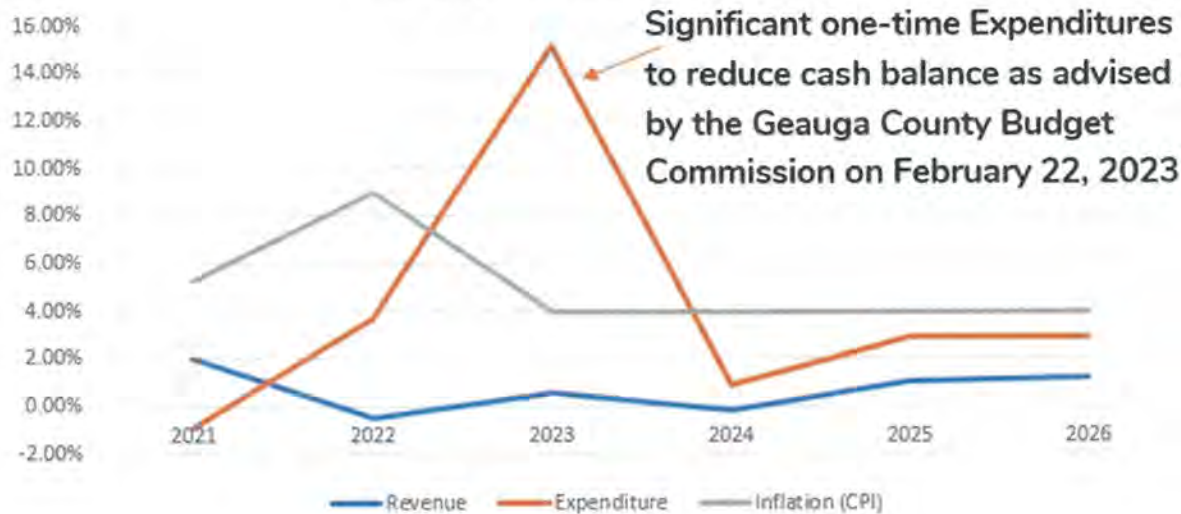
It is important to note that the five-year forecast is an **ESTIMATE** which is based on historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring 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.**

The primary source of revenue for Chardon Local Schools is property tax revenue and collections continue at a three-year average of a 100.27% collection rate. The assumption for tax revenue is based on an increase in residential property values of 21.9%, loss of commercial values at 1.03%,

and increase in public utility values at 2.96%. This calculates to an 18.8% total increase in valuations due to the weight of commercial property valuations. This amount is offset by HB920 for voted millage and the assumption is an 18.8% increase in 3.5 mill of inside-mill for the General Fund.

Using Geauga County's 23% model published, the estimated District property valuations would increase from \$771,196,810 to \$951,202,000. This represents an estimated increase to the District of \$810,023 annually. \$630,018 (3.5 inside-mill) to the General Fund, and \$180,005 (1 inside-mill) to the Permanent Fund. This is a 1.5% estimated increase to the General Fund, and a combined estimated increase of 1.9% total revenue of both funds. A 1.9% revenue increase is well under the current CPI inflationary rate of 3.6% and is not considered a windfall increase in revenue to the District. This forecast is estimating 18.8% (instead of 23%) to account for reductions and adjustments in commercial valuations and public utility. With the 18.8% model, this equates to a 1.20% revenue increase for the General Fund.

Chardon Local Schools Inflation(CPI) vs Revenue Growth vs Expenditures Growth



The second largest source of revenue is State Funding. This forecast includes the Fair School Funding Plan (FSFP) adopted by Ohio starting in fiscal year 2022 and updated in fiscal year 2024. The plan was continued to include a phase-in of the formula results from 33.3% to 50.0%. In fiscal year 2024 the per pupil base cost calculations were updated from fiscal year 2018 cost data to fiscal year 2022 data. The District expects a combined impact of \$234,052 in fiscal year 2024 (Restricted and Unrestricted Stat Aid) from this update. As information changes the estimates will be updated. The District is considered a guaranteed District in fiscal year 2024.

Expenditures are detailed in the line items below and the concentration aligns with the 2028 District success plan more specifically on safety, security, facilities, and operations.

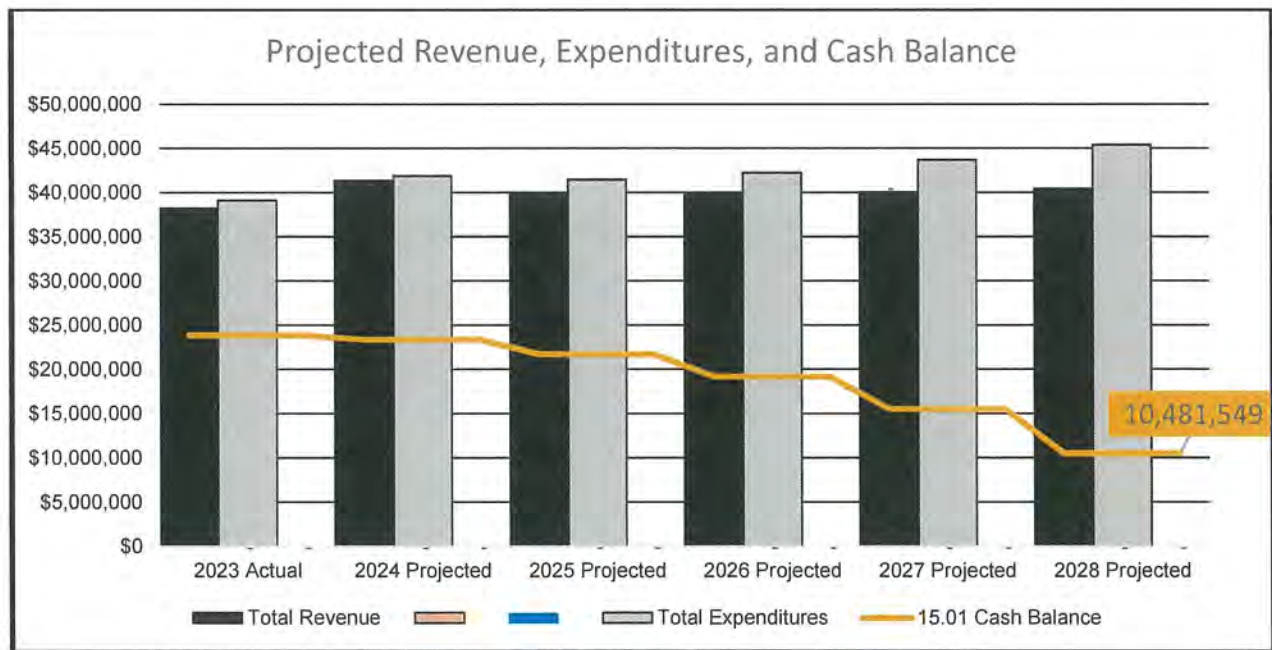
The May 2023 five-year forecast projected an ending cash balance for fiscal year 2023 at \$23,449,443 (before open encumbrances). The actual cash balance for fiscal year 2023 was \$23,813,885. The Geauga County Budget Commission certified a 98.0% collection rate for calendar year 2022. The actual collection rate was 100.27% which resulted in a slight increase in revenues for Chardon Local Schools. Interest rates continue to increase in fiscal year 2024 and are currently at five percent (5.6%). Interest received in fiscal year 2022 was \$72,677 which increased to \$1,293,804 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 2024 a revenue shortfall is expected. This means the expenditures are expected to be greater than revenue by \$482,456 by the end of 2024. By the last year of the forecast, fiscal year 2028, the District is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$5,001,257. The District would need to cut its fiscal year 2028 projected expenses by 11.02% in order to balance its budget without additional revenue.

The District's cash balance is assumed to be positive at year-end in fiscal year 2024 and is projected to worsen by fiscal year 2028, 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.

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 November 2023



Financial Forecast	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled	23,813,885	23,331,429	21,670,755	19,153,854	15,482,806
+ Revenue	41,345,890	39,778,961	39,700,523	39,982,722	40,375,029
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(41,828,346)	(41,433,634)	(42,217,425)	(43,653,770)	(45,376,286)
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Analysis Without Renewal Levies Included:

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Ending Balance w/o Levies	23,331,429	21,670,755	19,153,854	15,482,806	10,481,549

REVENUES

Total revenue increased 1.93% or \$696,231 annually during the past four-year period and is projected to increase 1.20% or \$437,580 annually through fiscal year 2028. Real estate has the greatest projected average annual variance compared to the historical average at \$506,292.

From the growth chart below the 4.53% 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 .10% decrease in revenue, this is due to late payments by multiple primary utility companies which put over \$1.1M into delinquent status. The 8.28% growth in fiscal year 2024, shows the collection of the late utility payments, increased interest, and the increase in inside-mill from property taxes for the second half of fiscal year 2024. The drop in fiscal year 2025 reflects a one (1) mill shift in inside-mill taxes approved by the Chardon Board of Education on March 20, 2023 from the General Fund to the Permanent Improvement Fund. The one mill of inside-mill equates to about \$951,000 decrease to the General Fund. The Permanent Improvement Fund is not included within this forecast, but is dedicated to the facilities and operations of the District. The revenue assumptions for the forecast include increases in inside-mill, state funding, and interest.

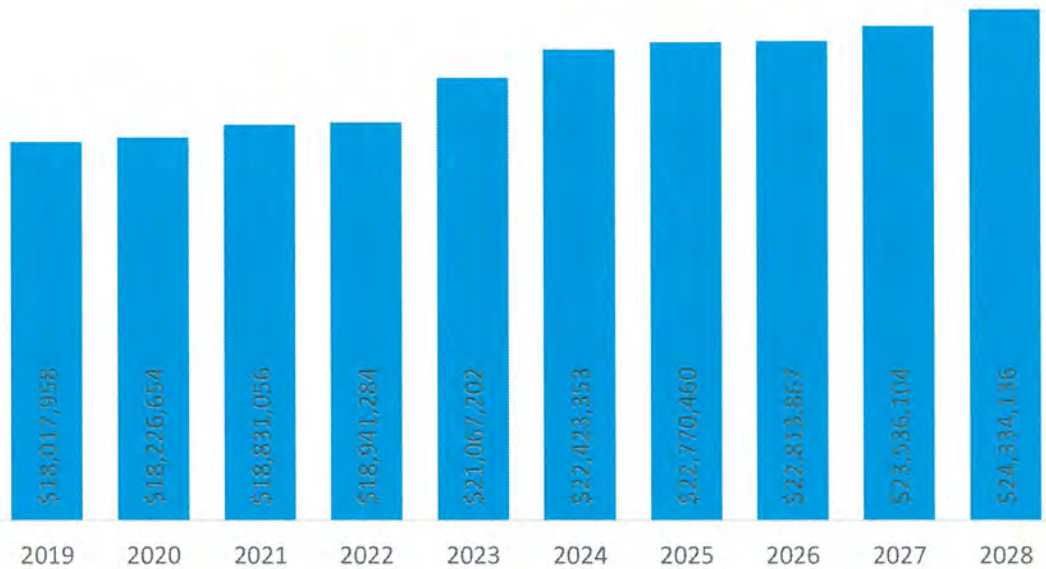
In fiscal year 2024 the District contracted with Educators Preferred Corporation (EPC) to implement an employee severance plan (ESP) for fiscal year 2023. The cost of this program was roughly \$1.4M over two years with a savings of \$548,145 over the next eight years. With this program certified and administrative staff with 34 or more years could retire with an additional benefit, allowing the District to hire less expensive replacements. The costs and the savings from this contract are built into this forecast for the next five years.

Chardon Local Schools
ESP - Employee Severance Plan™
19 Opting - 19 Replaced - Full Replacement
13 Exiting in 2023 and 6 Exiting in 2024

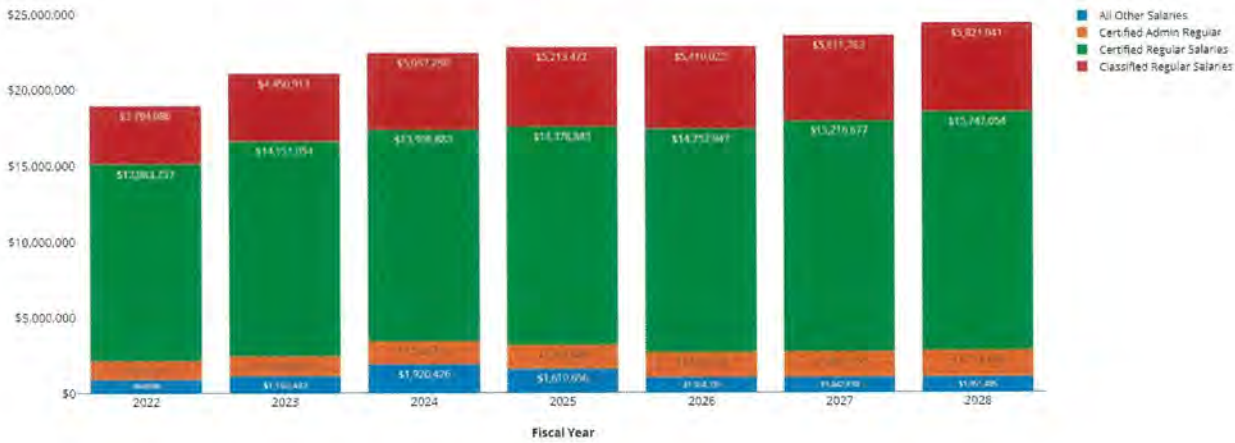
Estimated Number Opting for the ESP™: 19 Estimated Number Replaced: 19	2023 Exit Salary + STRS + Medicare= \$96,477 2023 Replacement Salary + STRS + Medicare= <u>(\$72,082)</u> Gross Budget Reduction = \$24,395	2023 Average Monthly Benefit: \$1,366 2023 Annual Benefit: \$16,394 2023 Total Benefit: \$81,971
	2024 Exit Salary + STRS + Medicare= \$98,190 2024 Replacement Salary + STRS + Medicare= <u>(\$73,704)</u> Gross Budget Reduction = \$24,485	2024 Average Monthly Benefit: \$1,276 2024 Annual Benefit: \$15,307 2024 Total Benefit: \$76,535

ESTIMATED BUDGET SAVINGS from ESP™ EXIT/REPLACEMENTS								
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Net Number of Staff	13	14	11	10	8	6	4	2
Estimated Exit Salaries	\$1,254,198	\$1,378,318	\$1,206,338	\$1,025,425	\$836,793	\$640,205	\$435,419	\$222,186
Estimated Replacement Salaries	(\$937,069)	(\$1,049,158)	(\$946,815)	(\$830,835)	(\$700,067)	(\$553,279)	(\$389,148)	(\$206,259)
EPC Consulting Fee 19 Employees	(\$5,850)	\$2,700						
Plan Cost for 19 Employees with 60 Month Benefit	(\$1,011,669)	(\$435,959)						
*Future Reduced Contractual Severance Pay	\$140,935	\$86,464	\$61,466	\$62,775	\$64,031	\$65,311	\$66,617	\$65,074
Annual Totals	(\$569,465)	(\$17,636)	\$320,988	\$257,366	\$200,756	\$152,237	\$112,888	\$81,001
Cumulative Totals	(\$569,465)	(\$577,090)	(\$256,102)	\$1,263	\$202,019	\$354,256	\$467,144	\$548,145

*The average 2023 Contractual Severance Pay is \$26,187 and is increasing annually by 2.25%.



Salaries by Group



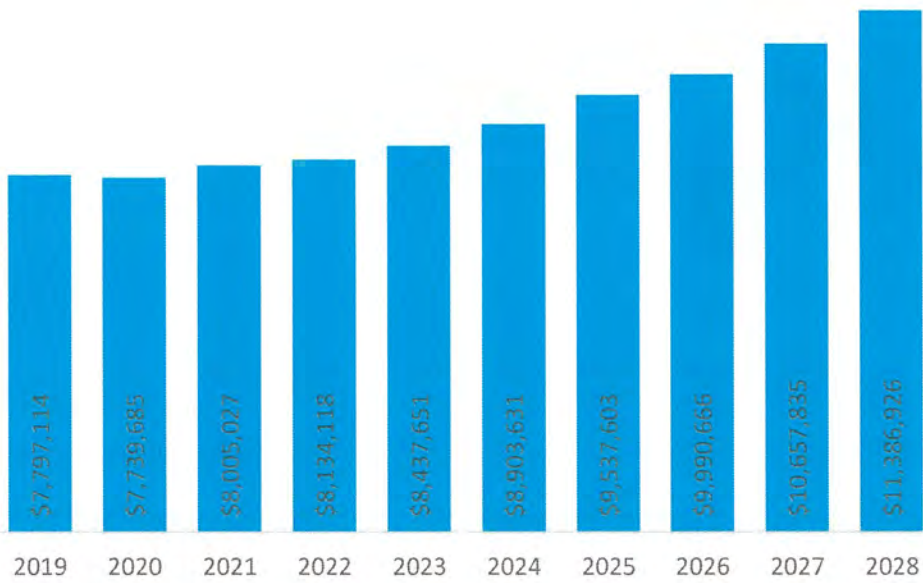
3.010 - Personnel Services Expenditures

3.020 – Employee Benefits – Employee Benefits represent 21.59% of the total expenditures and increased at a historical average annual rate of 2.01%. This category of expenditure is projected to grow at an annual average rate of 6.18% through fiscal year 2028. The projected average annual rate is 4.17% more than the five-year historical annual average. The projection for fiscal year 2024 is \$8,903,631 and is expected to increase alongside salary increases through fiscal year 2028.

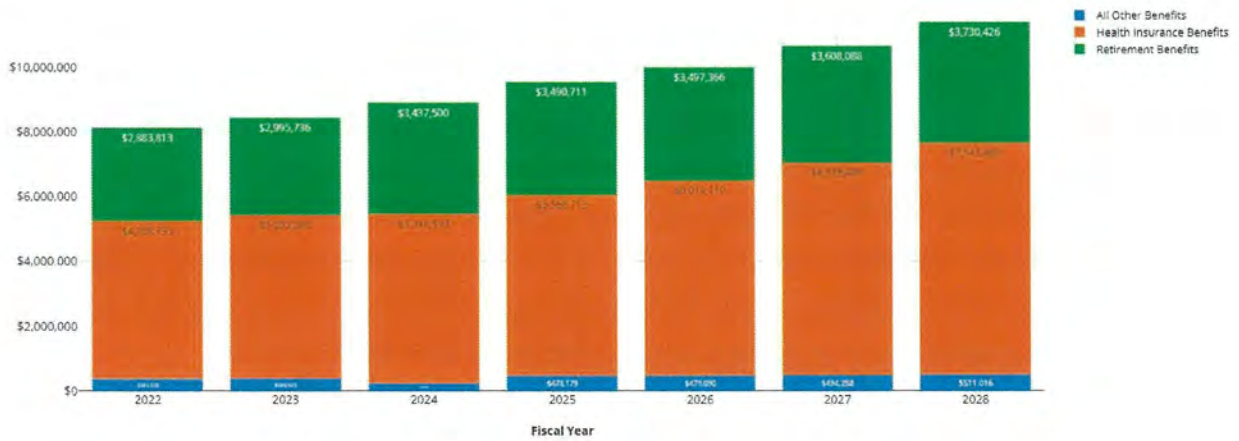
The self-insurance fund cash balance is currently at \$2,384,116 which is above the new reserve total for 2024 of \$1,866,769. The contributions to this fund are from the District and from the employees to sustain the funds needed to pay claims and program expenditures. Although this fund is not included 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 6.5% increase for fiscal year 2024, a 7.0% increase for fiscal year 2025 and a 9.0% increase for fiscal years 2026 through 2028. This is a conservative estimate based on rising insurance costs.

HB601 is in review in the state legislature, this bill increases the employer contribution to STRS retirement in increments of 0.5% over the next eight years for certified staff. If this bill were to pass that would increase this line item roughly \$825,000 per year for fiscal years 2024 through 2028. The current employer contribution is 14.0%. This recommended change would increase this contribution to 14.5% for fiscal year 2024, 15.0% for 2025, 15.5% for 2026, 16.0% for 2027, and 16.5% for 2028. The assumption for this forecast is for the employer contribution rate to remain at 14.0% for the next five years.



Benefits by Type



3.020 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 7.85% of the total expenditures and decreased at a historical average annual rate of **5.03%**. This category of expenditure is projected to grow at an annual average rate of 8.90% through FY 2028.

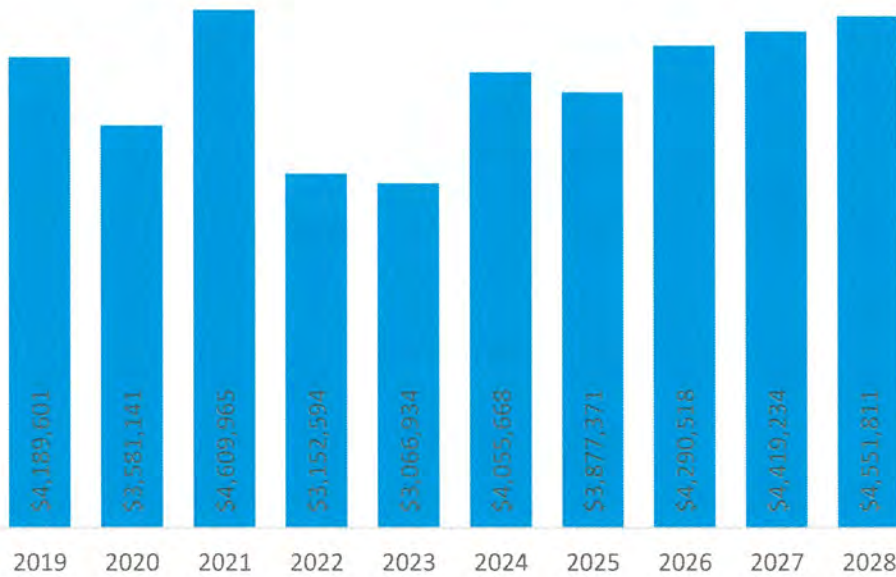


3.030 Year-Over-Year Dollar & Percentage Change Purchase Services

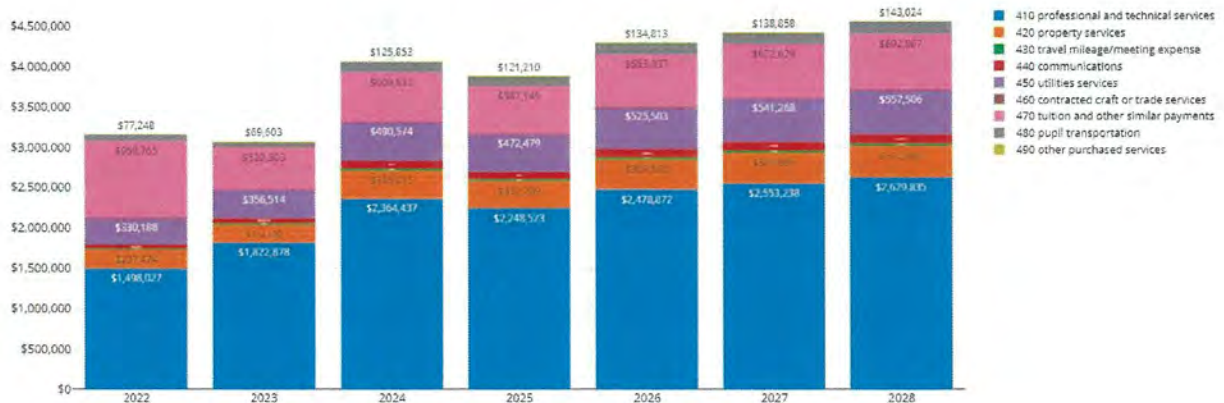
The FSFP funds only District-educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM schools, and scholarships starting in fiscal year 2022. Shown in the graph above this change resulted in lower District cost in fiscal year 2022 but also less per pupil state revenue since per pupil funding was paid directly by the state to the attending school.

The projection for fiscal year 2024 is \$4,055,668. This amount includes Student Success and Wellness expenditures that were moved to the General Fund as part of the FSFP formula, a 20.0% increase in property/vehicle insurance costs, 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. Additional budgets were added in fiscal year 2024 to pay security officers from the City of Chardon to enhance safety and security within the District. Utility costs were increased 20.0%-30.0% in fiscal year 2024 to account for increased pricing, and \$130,000 was budgeted for architect and engineering costs associated with the Business Affairs/Transportation Compound to be located at the new Washington Street property purchased in fiscal year 2023. The assumption is to reduce the architect line item for fiscal year 2025.

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 4.0% increase to allow for inflation in this line item from 2025 through 2028.



Total Purchased Services by 2-Digit Object Code



3.030 - 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 4.09% of the total expenditures and have increased at a historical average annual rate of 22.88%. This category of expenditure is projected to grow at an annual average rate of 6.41% through fiscal year 2028 to allow for inflation. The projected average annual rate of change is 16.46% more than the five-year historical annual average.

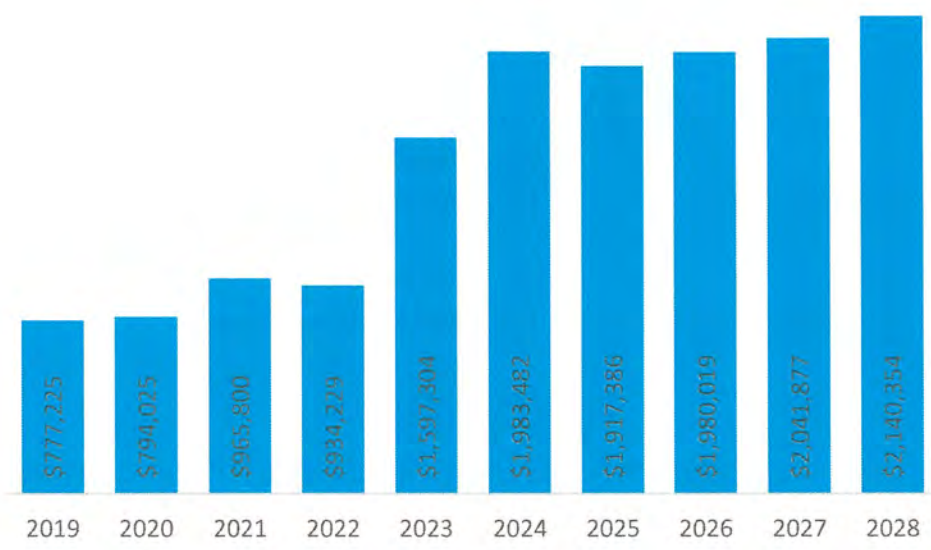


3.040 – Supplies and Materials

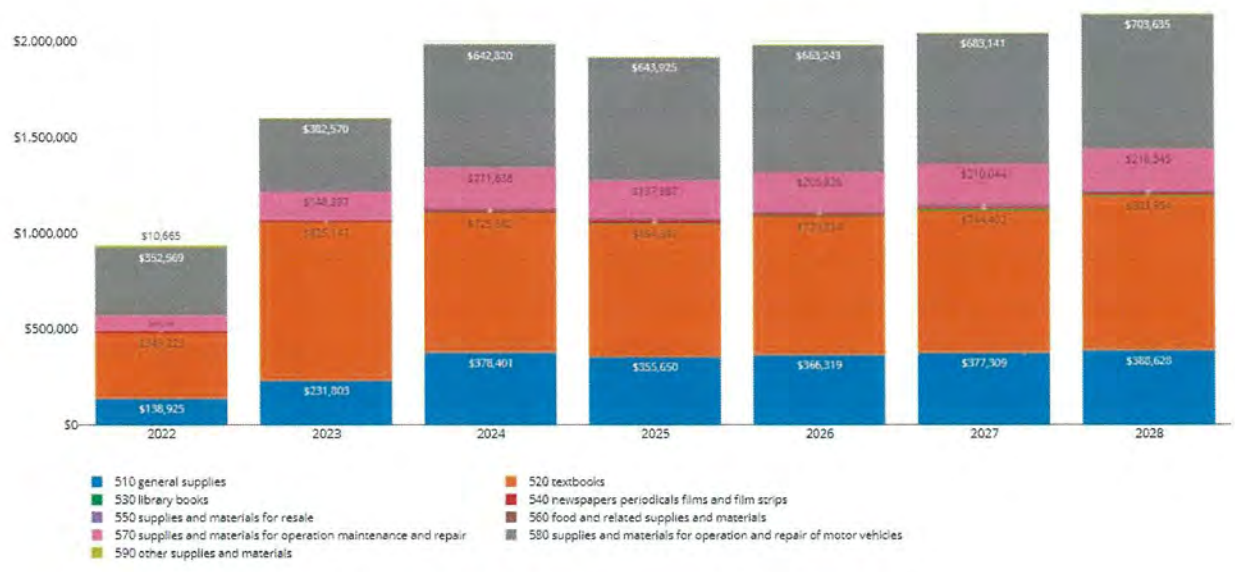
The fiscal year 2024 projection for this line item is \$1,983,482. Assumption increases expenditures from 2022 to 2023 to include increased costs of textbooks, auto parts for all vehicles, gas, and the moving of supplies for buildings from the Permanent Improvement Fund to the General Fund.

In 2023 classroom fees for supplies have been added to this line item, and all student fees District wide have been reduced. Fee reductions continue in fiscal year 2024 with continued relief of school fees, including no-cost for activities and athletics beginning in fiscal year 2024 through fiscal year 2028.

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. The textbook plan moving forward will be more robust than this history shows to include electronic subscriptions and increased reviews for up-to-date materials to enhance the education of students.

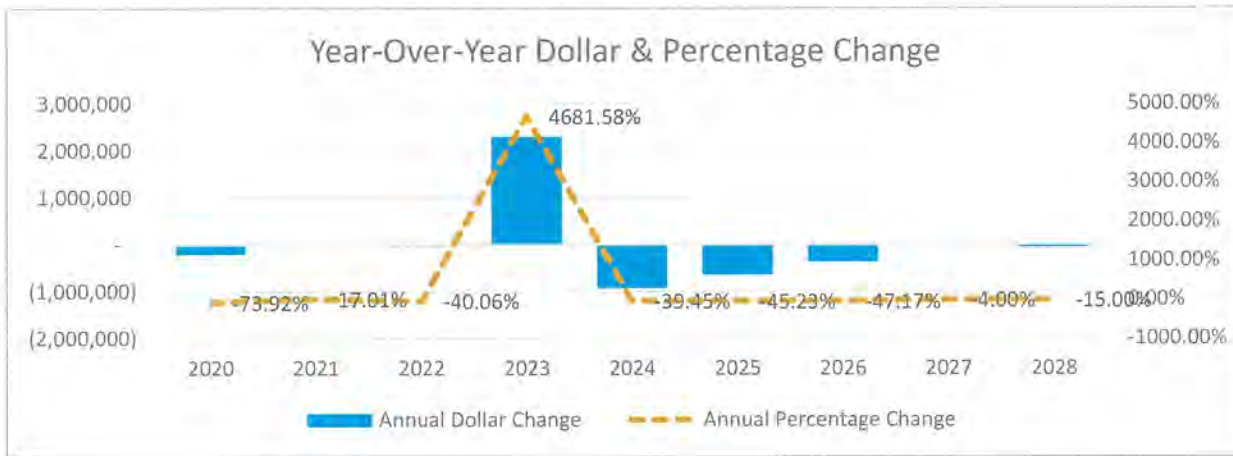


Total Materials and Supplies by 2-Digit Object Code



3.040- 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 6.0% of the total expenditures and increased at a historical average annual amount of \$518,916. This category of expenditure is projected to decrease at an annual average amount of \$401,701 through fiscal year 2028. The projected average annual change is less than the five-year historical annual average.



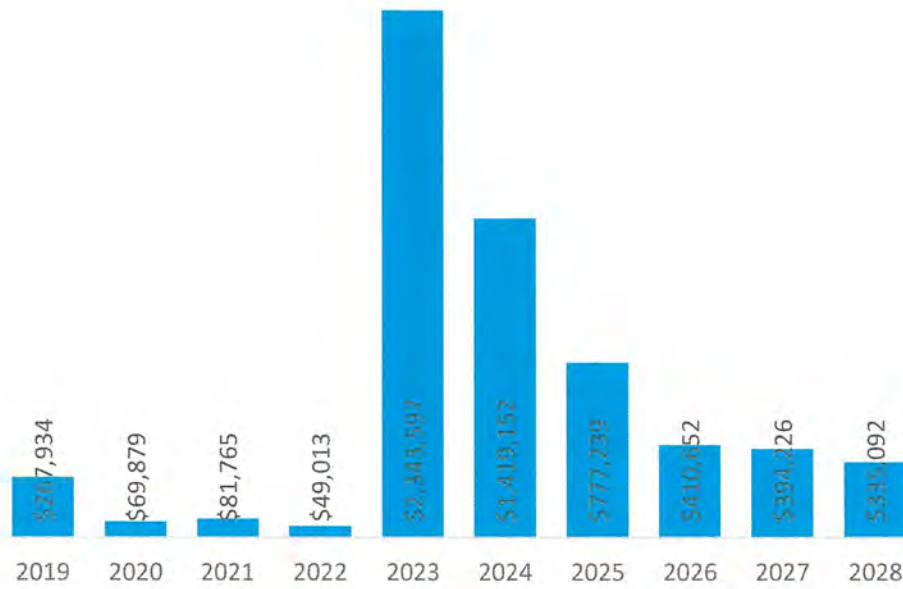
3.050 – Capital Outlay

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 2024 through 2028 includes the purchase of Chromebooks for all students (1:1) from this line item.

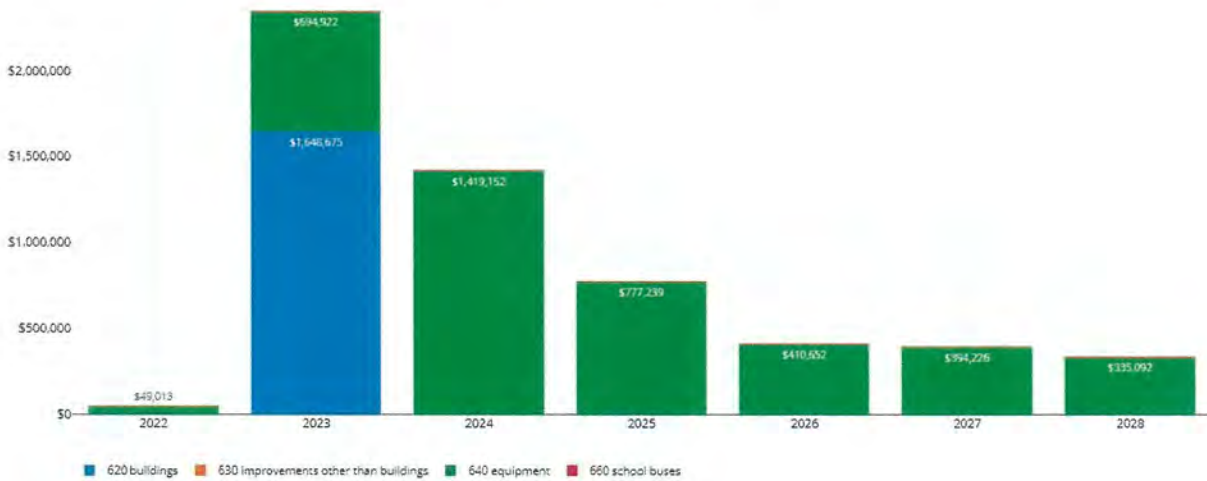
Also in fiscal year 2023, the District approved property acquisitions on Washington Street. This acquisition will allow Chardon Schools to pursue a multi-year relocation project that consolidates the District’s transportation and maintenance operations from the high school campus, and Business Affairs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

Interactive Flat Panels (IFP) are incorporated into fiscal years 2024 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 2024 is \$1,419,152. This amount also includes upgrades to the High School Science rooms, and additional costs associated with the reconstruction of the Park Tunnel. The assumption for this forecast is to remove the additional capital improvement projects from the General Fund and forecast them within the Permanent Improvement fund to use the one mill of inside-mill explained under Property Taxes above. A 4.0% inflationary increase is included from fiscal years 2025 through 2028.

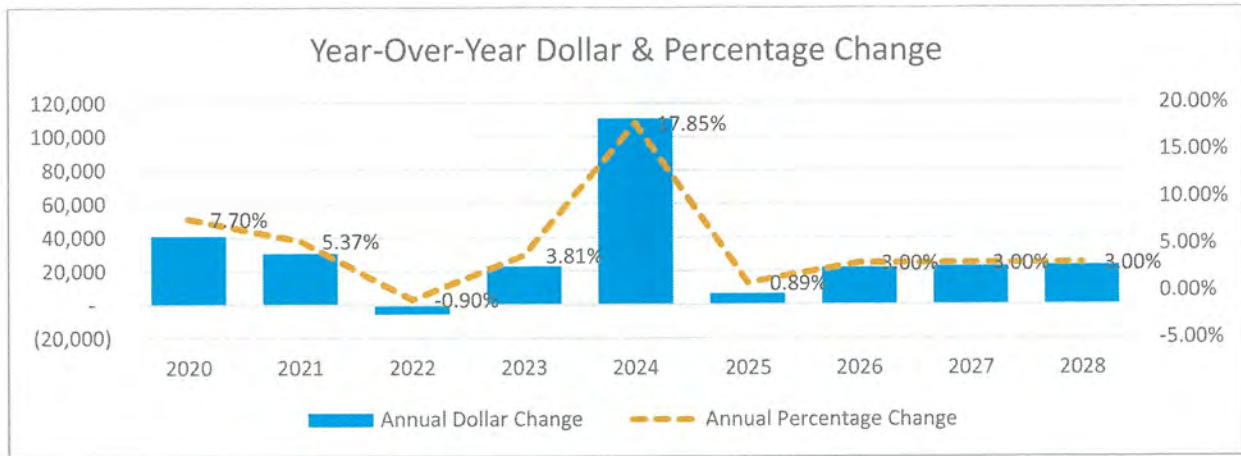


Total Capital Outlay by 2-Digit Object



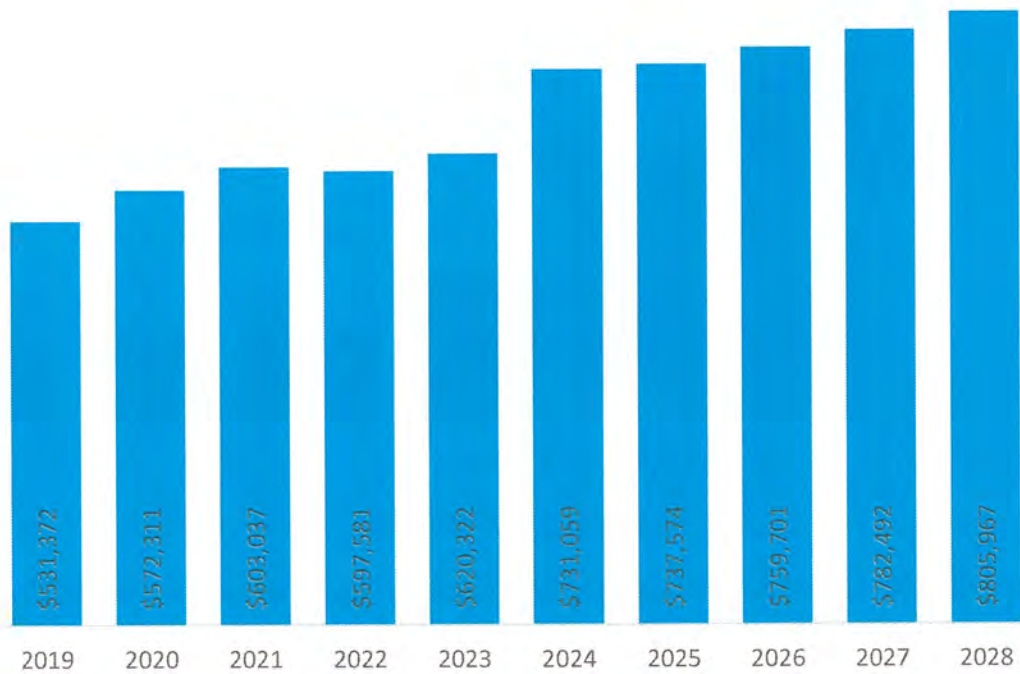
3.050 - Capital Outlay

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 1.59% of the total expenditures and increased at a historical average annual rate of 3.99%. This category of expenditure is projected to grow at an annual average rate of 5.55% through FY 2028. This includes a 3.0% cost-of-living increase in this line item from 2025 through 2028.

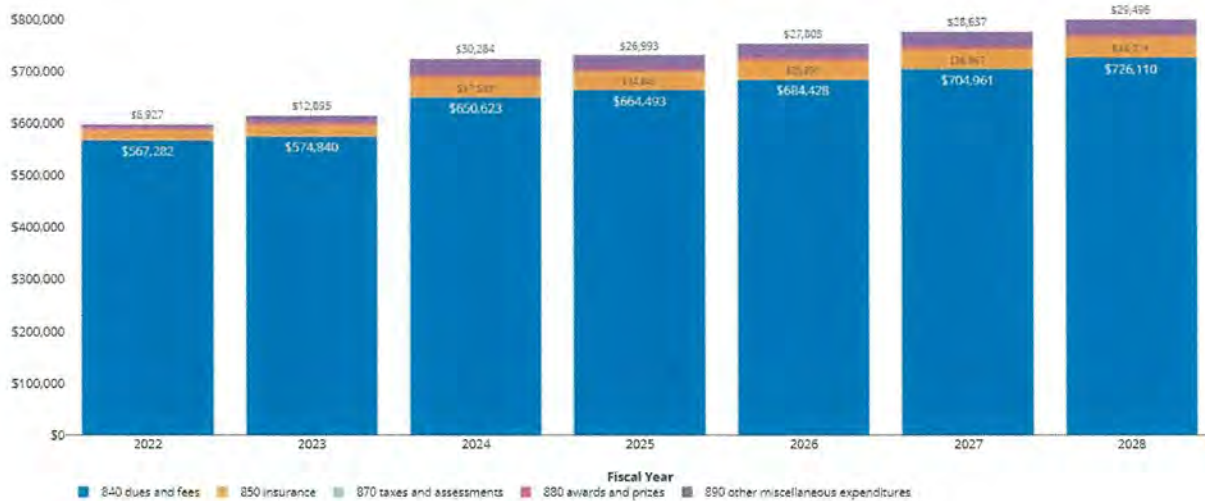


4.300 – Year-Over-Year Dollar & Percentage Change Other Objects

The assumption includes increased charges in fiscal year 2024 for banking and property tax collection. This amount is reduced in fiscal years 2025 through 2028 due to less credit card transactions within Infinite Campus from the fee reductions explain in 3.040 Supplies



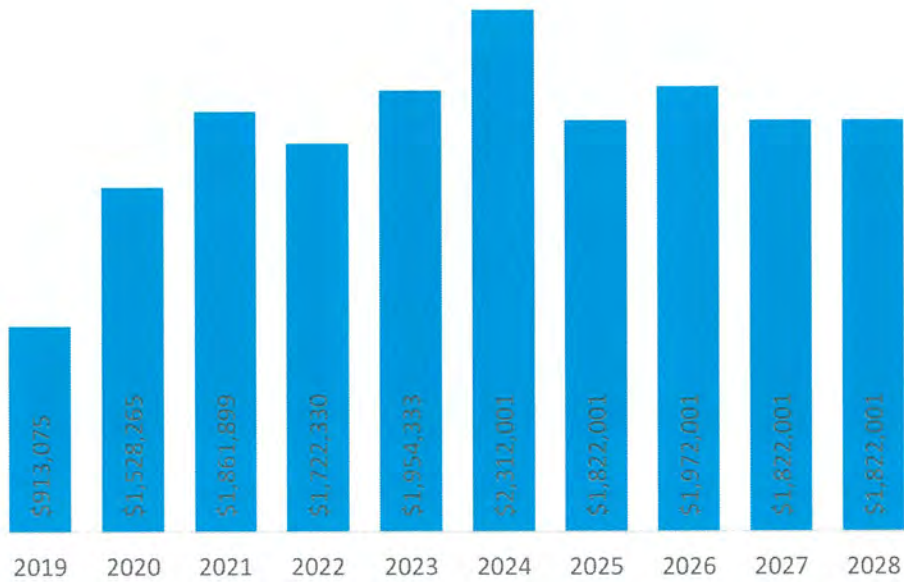
Other Objects by 2-Digit Object Code



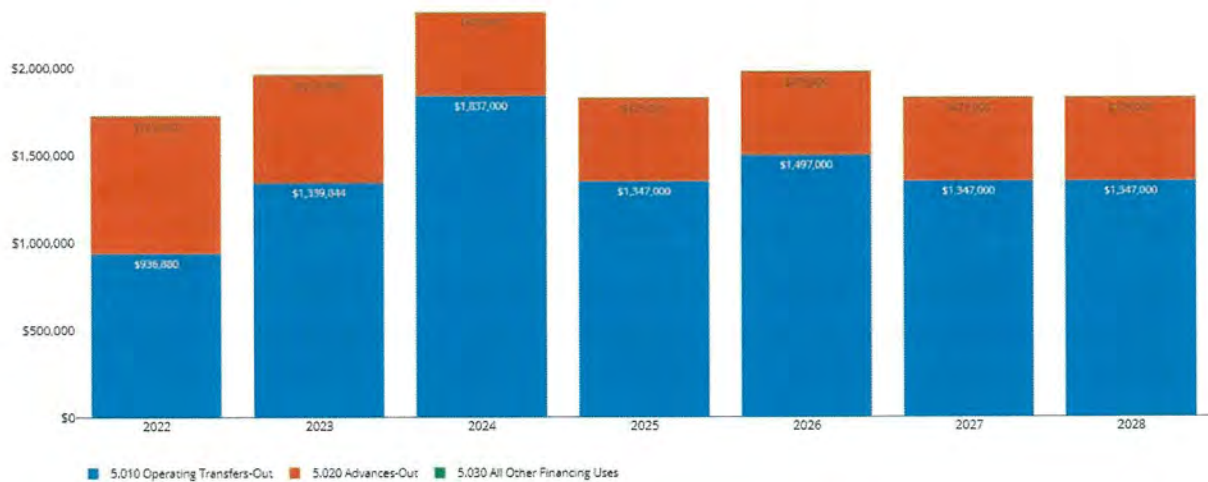
4.300 - Other Objects

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 2024 are total \$2,312,001. This amount is scheduled for the athletic fund, the 009 fees fund, the Permanent Improvement fund, and an inter-fund transfer to preschool. 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 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 2028 with an increase in 2026 for an additional transfer to the retirement fund of \$250,000.



Other Financing Uses, Forecast Line 5.04, by Type



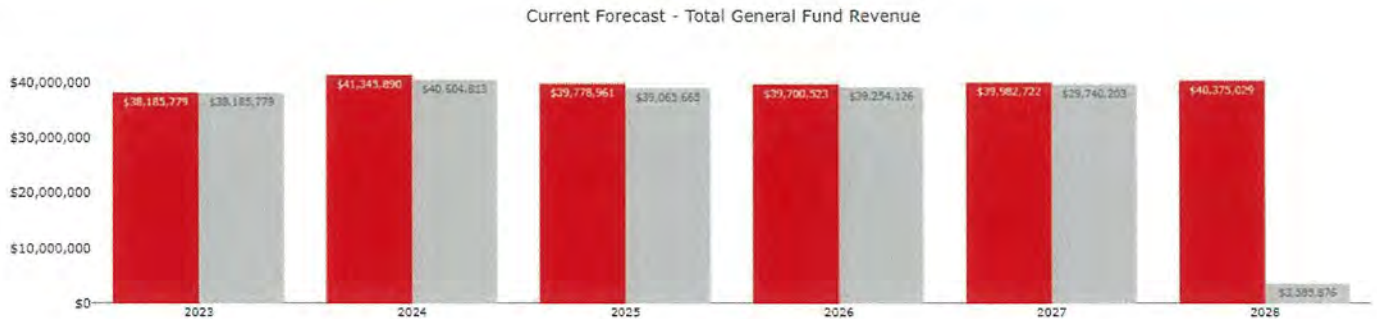
5.040 - Total Other Financing Uses

November 2023 Compared to May 2023 Forecast – The May actual ending cash balance ended at \$23,813,886 which was just over the May projected cash balance of \$23,449,443. The Five-Year forecast filed in May 2023 fell within \$364,453 of the actual outcome of fiscal year 2023. This is due to careful planning, attention to detail, and remaining within budget. The Five-Year forecast is an estimate, but can be a great tool for the District to use for long range planning and discussions of financial issues facing the school District.

November 2023 revenue compared to May 2023 revenue shows an increase for all forecasted years. This has been explained as an increase in inside-mill of 3.5 mill for the General Fund, a small increase

in state funding, and an increase in interest on investments. Important note, fiscal year 2028 was not included in the May 2023 forecast.

Revenue Comparison Dashboard

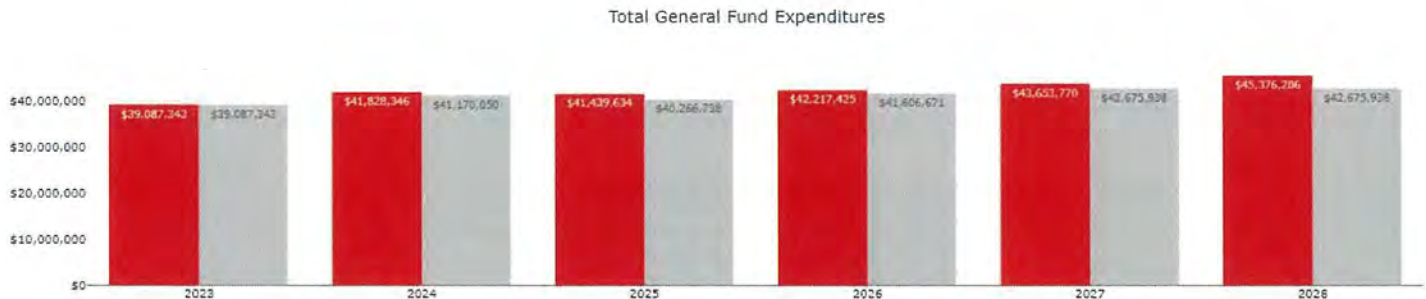


Current Forecast Change in Annual Revenue Compared to Base Forecast

Red – 2024 Gray - 2023

November 2023 expenditures compared to May 2023 expenditures also shows an increase in all forecasted years. This has been explained as increases in all expenditure areas, primarily Personnel with a forecasted increase of 2.0% over 1.0% for fiscal years 2026 through 2028.

Expenditure Comparison Dashboard



Red – 2024 Gray - 2023

November 2022 Compared to November 2023 Forecast – The Five-Year Forecast is an estimate, and much has changed since the November 2022 forecast was filed with the state and with the Geauga County Budget Commission. The chart below details the differences for the forecasted years 2023 through 2027 from the November 22, 2022 forecast and this November 2023 Forecast. In the November 2023 Forecast fiscal year 2023 is actual amounts.

CHARDON LOCAL SCHOOLS - NOVEMBER 2022 TAX BUDGET SUBMISSION VS. NOVEMBER 2023 FIVE-YEAR FORECAST

EXPLANATION OF VARIANCES

FC Line#	Description	What Caused the Difference	New Amount for November 2023 Forecast (Total of all years FY23 through FY27)	Five-Year Amount Reported November 2022 for Tax Budget (Total of all years FY23 through FY27)	Shortfall/Overage
1.010	General Property Tax (Real Estate)	This amount is increased to allow for inside-mill valuation increases on 3.5 mill, but reduced roughly \$800K to 900K per year to move 1 mill of inside-mill to Permanent Improvement Fund	125,266,801.00	126,435,389.00	(1,168,588.00)
1.020	Tangible Personal Property Tax	This item shows a slight decrease over time	12,144,991.00	12,418,314.00	(273,323.00)
1.030	Income Tax		0.00	0.00	0.00
1.035	Unrestricted State Grants-in-Aid	FSFP - increase is now known for FY2024/Fy2025 budget cycle, estimated for 2026-2028	27,739,775.00	26,287,257.00	1,452,518.00
1.040	Restricted State Grants-in-Aid	Loss shown for Unrestricted based on loss of Student Wellness Funds and loss of Catastrophic cost funds over time	2,408,986.00	2,609,738.00	(200,752.00)
1.045	Restricted Federal Grants-in-Aid - SFSF		0.00	0.00	0.00
1.050	State Share of Local Property Taxes	This line shows a slight increase over time	12,667,212.00	12,597,811.00	69,401.00
1.060	All Other Revenues	This line shows unexpected increase in Interest Revenue	12,461,629.00	9,490,348.78	2,971,280.22
1.070	Total Additional Revenues				2,850,536.22

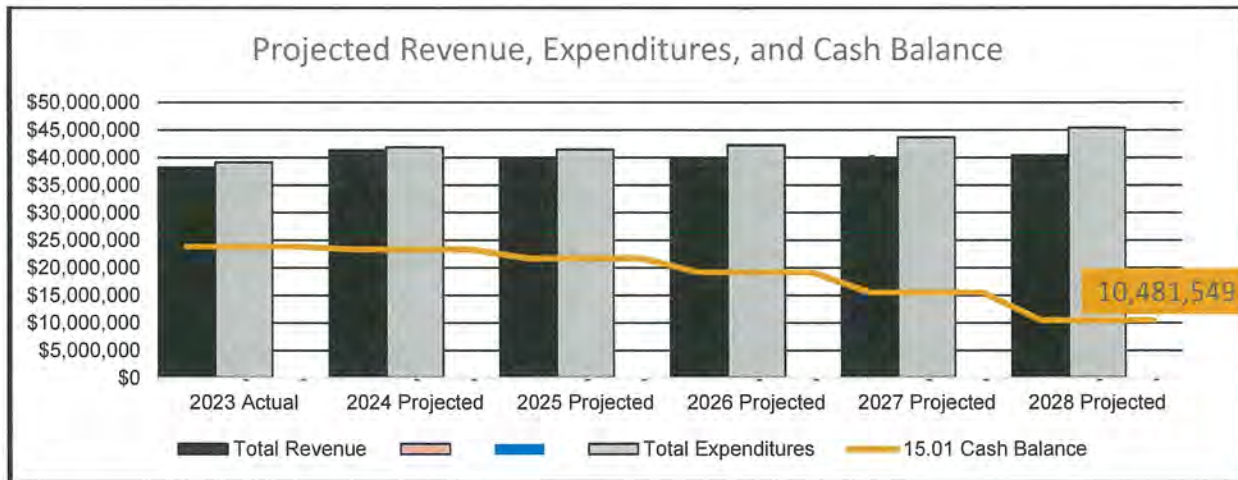
2.040	Operating Transfers-In	This amount shows a higher increase over time	3,406,616.00	3,309,393.25	97,222.75
2.050	Advances-In	This amount shows a higher increase over time	2,824,939.00	2,685,452.45	139,486.55
2.060	All Other Financing Sources		72,926.00	0.00	72,926.00
2.070	Total Other Financing Sources		6,304,481.00	5,994,845.70	309,635.30
2.080	Total Increase in ALL Revenue		198,993,875.00	195,834,203.48	3,159,671.52

3.010	Personal Services	FY 2023 included two negotiated increases for two unions, this is included along with EPC buyout amounts in FY24 and FY25 - savings will show past this forecast cycle. Also included is an adjustment to FY26, FY27, FY28 from 1.0% to 2.0% for possible salary increases	112,610,986.00	106,211,754.18	6,399,231.82
3.020	Employees' Retirement/Insurance Benefits	Benefits increased along side salary increases for all personnel	47,527,386.00	46,701,553.13	825,832.87
3.030	Purchased Services	Purchase Services reflects increases for police (safety and security) Transportation Compound designs, and inflationary increases from 2.0% to 3.0% - 4.0%	19,709,725.00	17,235,981.62	2,473,743.38
3.040	Supplies and Materials	Supplies & Materials shows the increase of eliminating all supply fees for students on an average of \$150K annually, textbook and instructional material increases, along with increases from 2.0% to 3.0% - 4.0% inflation.	9,520,068.00	7,465,470.64	2,054,597.36
3.050	Capital Outlay	Capital Outlay includes the purchase of Washington Street property for Safety and Security, the purchase of copiers for the entire district, the upgrade of the HS science classrooms, the upgrade to Promethean Boards for the entire district, and additional costs for the repair of the Park Tunnel, along with 1:1 Chromebook purchase for the entire district and network upgrades	5,344,866.00	2,046,263.93	3,298,602.07
4.300	Other Objects	This amount shows a higher increase over time	3,631,148.00	3,498,125.64	133,022.36
4.500	Total Increased Expenditures		198,344,179.00	183,159,149.14	15,185,029.86

5.010	Operating Transfers-Out	Transfers were increased up to \$660K per year to give back to the community by eliminating fees on activities/athletics for all students.	7,367,844.00	5,434,402.05	1,933,441.95
5.020	Advances-Out	This amount shows a higher increase over time	2,514,489.00	2,375,001.60	139,487.40
5.030	All Other Financing Uses		0.00	0.00	0.00
5.040	Total Increased Other Financing Uses Expenses		9,882,333.00	7,809,403.65	2,072,929.35
5.050	Total Expenditures and Other Financing Uses		208,226,512.00	190,968,552.79	17,257,959.21

Cash Balance from November 2022 Tax Budget Forecast for FY2027	FY 2027 Cash Balance as submitted to Budget Commission		FY 2027 (22 4Cast)	29,581,099.02
New Adjusted Cash Balance for November 2023 Forecast with associated adjustments	Adjusted FY2027 Balance after the above changes - Matches FY2027 on the November 2023 Five-Year Forecast		FY 2027 (23 4Cast)	15,482,811.33
				Matches November 2023 for FY2027

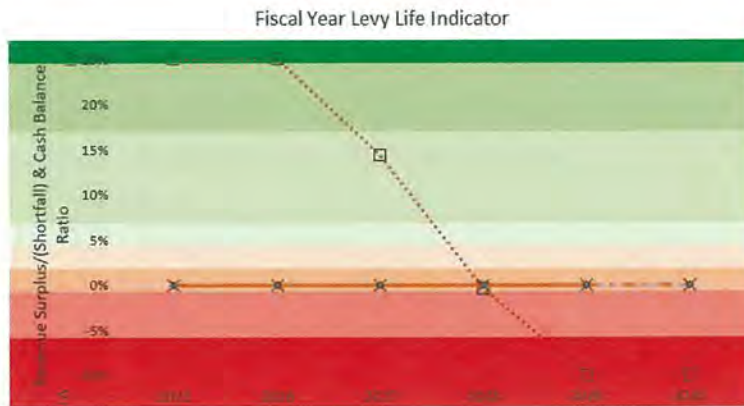
Ending Cash Balance – The May 2023 estimated the ending cash balance for 2027 at \$16,759,295 which has been adjusted in the November 2023 forecast to \$15,482,806. As explained in the assumptions above, this is primarily due to inflation and increased costs in each expenditure area. For the end of fiscal year 2028, the projected ending cash balance for this model is **\$10,481,549** with a reduction to **\$9,981,549** 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 continue to occur in 2024 in the amount of **\$482,456**. This occurs when expenses are larger than revenue for the given year. Deficit spending continues to occur through 2028, but it is important to understand the cash balance is still positive in 2028. Expenditures have increased in Salaries, Benefits, Purchase Services, Supplies, Capital Outlay, and Other Expenses. Inflation and supply chain demands are built into this model for all five years.

Chardon Local School Districts primary form of revenue is property tax, and unlike other government offices the school District does not collect sales tax or income tax. Sales tax and income tax have been increasing with the current economy due to inflation and increased wages. Possible catastrophic changes to this forecast can occur with the passage of HB187/SB153, HB601, or with a reduction in state funding during this forecast cycle.

Future levy projections for this forecast model indicate an operating levy may be needed by the end of fiscal year 2028 to continue with the current levels of quality education for our students.



Levy Scenarios

Levy Scenario 1 - November 2023 Final Five-Year Forecast

With the levy scenario proposed the district's levy life indicator is presented to the right. Post levy results trending in the caution/warning areas could indicate a next levy would likely need to be considered sooner than desired. The district's post-levy average life indicator ratio is .% Which is less than favorable (trending yellow/red). With the levy scenario, the district's cash balance is projected to be -\$3,600,646 in FY 2030. Which is less than 10% of expenditures.

In conjunction with increased expenditures, Chardon receives minimal revenue increases due to House Bill 920. Projections of 1.20% revenue increases are included for the small portion of inside-mill on property tax increases, a slight increase in state funding, and the increase in interest on investments. The Board of Education at Chardon Local Schools continues to analyze all funds to determine the effects of the economy and/or any direct impacts on the financial picture. The Board of Education also carefully analyzes each expenditure category to assure funds are expended in an effective and efficient manner.

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

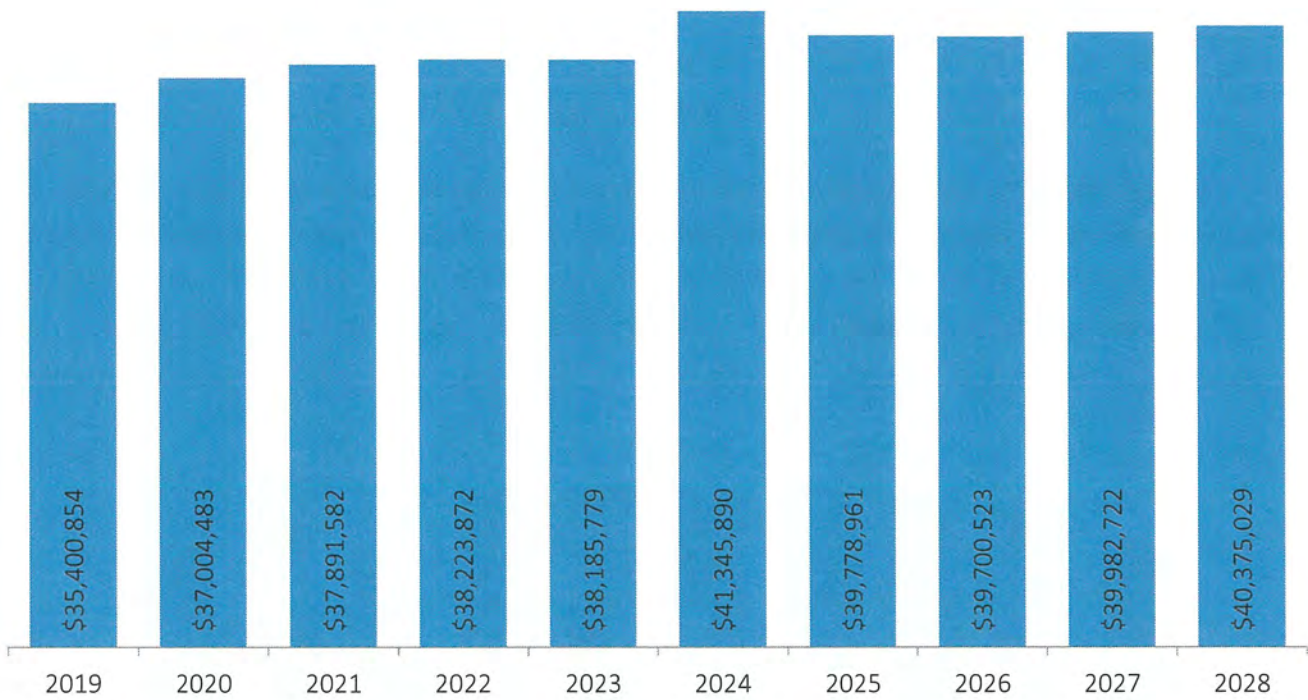
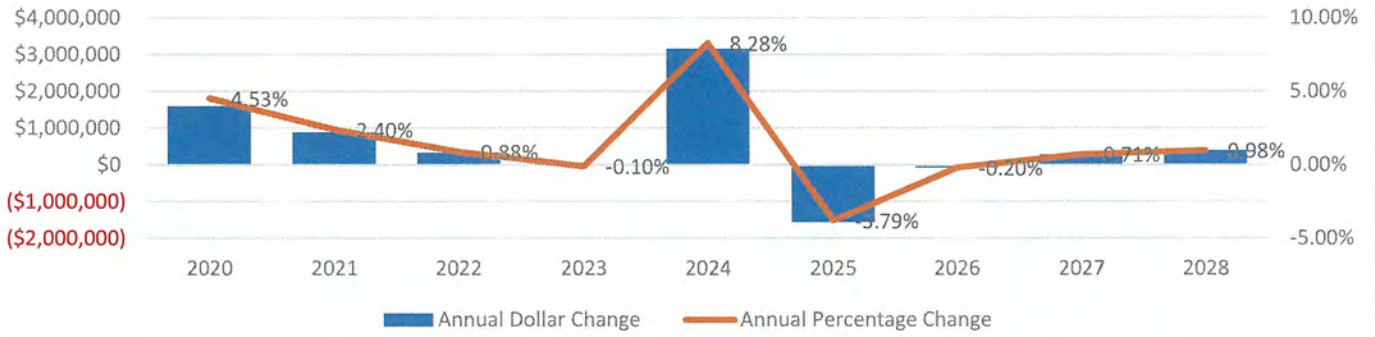
Chardon Local School District

Geauga

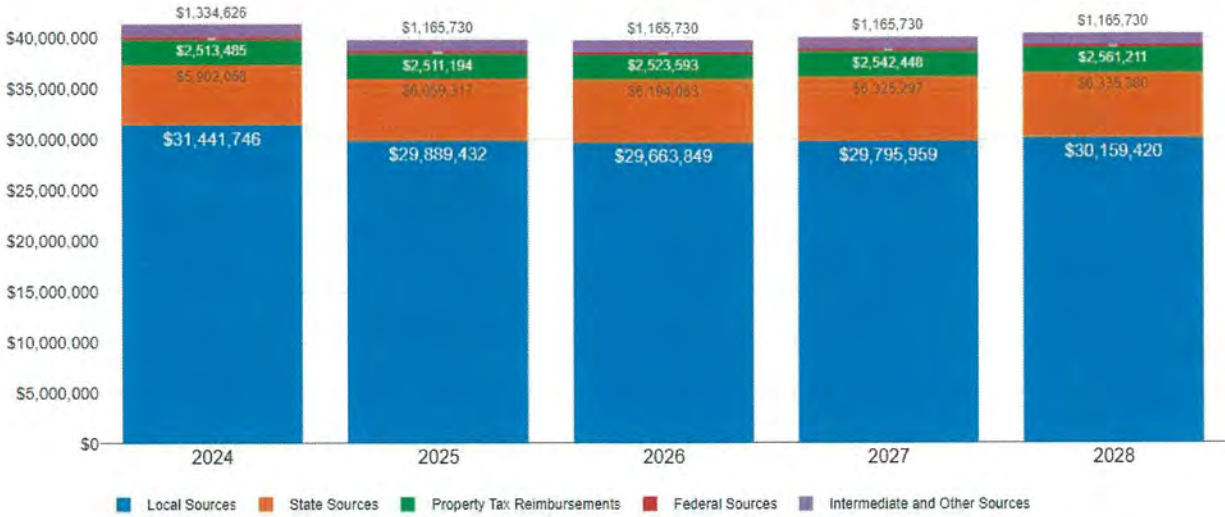
Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2021, 2022 and 2023 Actual;
Forecasted Fiscal Years Ending June 30, 2024 Through 2028

	Actual				Forecasted				
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Revenues									
1.010 General Property Tax (Real Estate)	24,451,815	24,947,084	24,816,872	0.8%	24,947,721	24,890,823	25,153,285	25,458,100	25,698,741
1.020 Tangible Personal Property Tax	2,061,390	2,180,452	1,125,361	-21.3%	3,518,605	2,430,426	2,500,342	2,570,257	2,640,172
1.030 Income Tax									
1.035 Unrestricted State Grants-in-Aid	5,595,434	4,988,023	5,161,470	-3.7%	5,386,882	5,570,047	5,730,442	5,890,934	5,900,159
1.040 Restricted State Grants-in-Aid	207,756	573,402	506,546	82.2%	515,186	489,270	463,621	434,363	435,221
1.045 Restricted Federal Grants-in-Aid - SFSF									
1.050 State Share of Local Property Taxes	2,552,702	2,546,936	2,576,492	0.5%	2,513,485	2,511,194	2,523,593	2,542,448	2,561,211
1.060 All Other Revenues	1,908,216	1,283,454	2,526,659	32.1%	3,129,099	2,721,471	2,163,510	1,920,890	1,973,795
1.070 Total Revenues	36,777,313	36,519,351	36,713,400	-0.1%	40,010,978	38,613,231	38,534,793	38,816,992	39,209,299
Other Financing Sources									
2.010 Proceeds from Sale of Notes									
2.020 State Emergency Loans and Advancements (Approved)									
2.040 Operating Transfers-In	605,399	611,880	643,696	3.1%	690,730	690,730	690,730	690,730	690,730
2.050 Advances-In	490,574	987,000	785,450	40.4%	614,489	475,000	475,000	475,000	475,000
2.060 All Other Financing Sources	18,297	105,642	43,233	209.2%	29,693				
2.070 Total Other Financing Sources	1,114,270	1,704,522	1,472,379	19.7%	1,334,912	1,165,730	1,165,730	1,165,730	1,165,730
2.080 Total Revenues and Other Financing Sources	37,891,583	38,223,873	38,185,779	0.4%	41,345,890	39,778,961	39,700,523	39,982,722	40,375,029
Expenditures									
3.010 Personal Services	18,831,056	18,941,284	21,067,202	5.9%	22,423,353	22,770,460	22,813,867	23,536,104	24,334,136
3.020 Employees' Retirement/Insurance Benefits	8,005,027	8,134,118	8,437,651	2.7%	8,903,631	9,537,603	9,990,666	10,657,835	11,386,926
3.030 Purchased Services	4,609,965	3,152,594	3,066,934	-17.2%	4,055,668	3,877,371	4,290,518	4,419,234	4,551,811
3.040 Supplies and Materials	965,800	934,229	1,597,304	33.9%	1,983,482	1,917,386	1,980,019	2,041,877	2,140,354
3.050 Capital Outlay	81,765	49,013	2,343,597	999.0%	1,419,152	777,239	410,652	394,226	335,092
3.060 Intergovernmental									
Debt Service:									
4.010 Principal-All (Historical Only)									
4.020 Principal-Notes									
4.030 Principal-State Loans									
4.040 Principal-State Advancements									
4.050 Principal-HB 264 Loans									
4.055 Principal-Other									
4.060 Interest and Fiscal Charges									
4.300 Other Objects	603,037	597,581	620,322	1.5%	731,059	737,574	759,701	782,492	805,967
4.500 Total Expenditures	33,096,650	31,808,819	37,133,010	6.4%	39,516,345	39,617,633	40,245,424	41,831,769	43,554,286
Other Financing Uses									
5.010 Operating Transfers-Out	874,899	936,880	1,339,844	25.0%	1,837,000	1,347,000	1,497,000	1,347,000	1,347,000
5.020 Advances-Out	987,000	785,450	614,489	-21.1%	475,000	475,000	475,000	475,000	475,000
5.030 All Other Financing Uses									
5.040 Total Other Financing Uses	1,861,899	1,722,330	1,954,333	3.0%	2,312,001	1,822,001	1,972,001	1,822,001	1,822,001
5.050 Total Expenditures and Other Financing Uses	34,958,549	33,531,149	39,087,343	6.2%	41,828,346	41,439,634	42,217,425	43,653,770	45,376,286
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	2,933,032	4,692,724	901,564	-29.6%	482,456	1,660,674	2,516,901	3,671,048	5,001,257
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	17,089,692	20,022,725	24,715,448	20.3%	23,813,885	23,331,429	21,670,755	19,153,854	15,482,806
7.020 Cash Balance June 30	20,022,725	24,715,448	23,813,885	9.9%	23,331,429	21,670,755	19,153,854	15,482,806	10,481,549
8.010 Estimated Encumbrances June 30			500,000	0.0%	500,000	500,000	500,000	500,000	500,000
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials									
9.020 Capital Improvements									
9.030 Budget Reserve									
9.040 DPIA									
9.045 Fiscal Stabilization									
9.050 Debt Service									
9.060 Property Tax Advances									
9.070 Bus Purchases									
9.080 Subtotal									
10.010 Fund Balance June 30 for Certification of Appropriations	20,022,725	24,715,448	23,313,885		22,831,429	21,170,755	18,653,854	14,982,806	9,981,549
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal									
11.020 Property Tax - Renewal or Replacement									
11.300 Cumulative Balance of Replacement/Renewal Levies									
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	20,022,725	24,715,448	23,313,885		22,831,429	21,170,755	18,653,854	14,982,806	9,981,549
Revenue from New Levies									
13.010 Income Tax - New									
13.020 Property Tax - New									
13.030 Cumulative Balance of New Levies									
14.010 Revenue from Future State Advancements									
15.010 Unreserved Fund Balance June 30	20,022,725	24,715,448	23,313,885		22,831,429	21,170,755	18,653,854	14,982,806	9,981,549

Year-Over-Year Dollar & Percentage Change

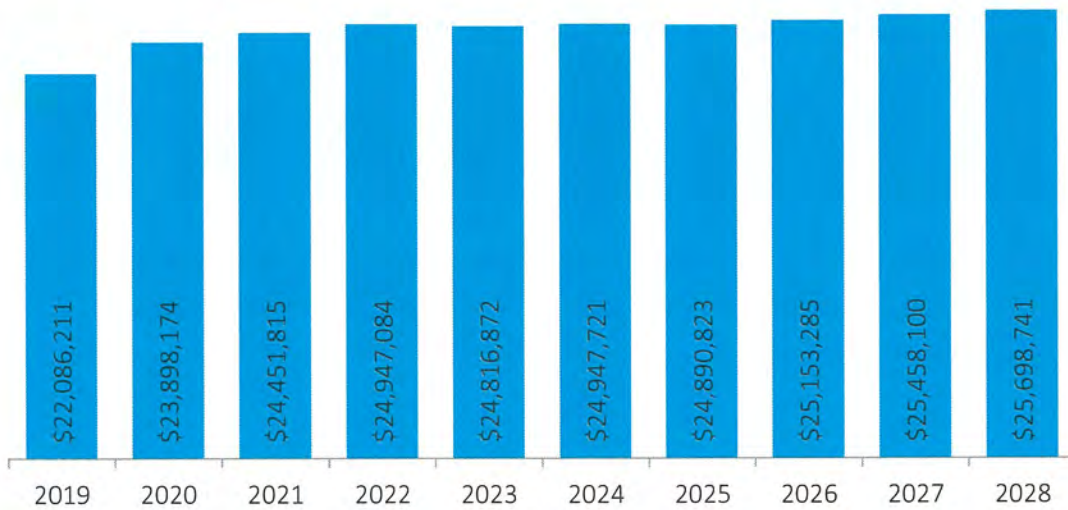


Forecasted General Fund Revenues by Source



Total Revenue

1.010 – General Property Tax – Real estate property tax revenue accounts for roughly 65.0% of the District’s total revenue. Class I or residential/agricultural taxes make up approximately 82.81% of the real estate property tax revenue. The estimated Class I tax rate is 29.12 mills in tax year 2023. Projected tax revenue in the General Fund for fiscal year 2024 is estimated at \$24,947,721.



Property Tax Revenue

The projections in this forecast reflect an average gross collection rate of 99.4% annually through tax year 2027. The revenue changed at an average annual historical rate of 3.01% and is projected to

change at an average annual rate of 0.70% through fiscal year 2028. 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 2024 through fiscal year 2028.

Future considerations include the Thistle Creek Development on North Hambden which has completed 17 of the 33 projected homes at approximately \$380,000/unit with a three to five year build out projection. Maple Trace subdivision which is located behind Shiffler Equipment on State Route 44 will begin construction in spring of 2024. The projection is for ninety-six (96) homes to be completed within the next three to five years. The estimated costs per home is \$350,000-\$400,000 per unit. Lastly, the City of Chardon has reported the Willo Tree development which is located on an extension of Meadowlands Drive south of US-6. This development is projected to start in 2025 with 120 homes ranging from \$300,000-\$400,000 per unit. The remaining Thistle Creek homes, the Maple Trace Subdivision, and the Willo Tree development are not yet included in this forecast due to uncertainty of construction completion dates.

Year-Over-Year Dollar & Percentage Change



Year-Over-Year Dollar & Percent Change Tax Revenue

Calendar year 2023 is a reappraisal year in Geauga County and property values are estimated to increase in this forecast by 21.9% causing the growth rate to slightly increase from 2023 to 2024.

1.2 Valuations - Residential (Property Taxes) ⑦

Apply Changes on State SF2. TAX Years	2023	2024	2025	2026	2027
RESIDENTIAL \$ - Reappraisal/Triennial	132,000,000	0	0	35,000,000	0
RESIDENTIAL \$ - New Construction	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
RESIDENTIAL % - Reappraisal/Triennial	21.90%	0.00%	0.00%	4.69%	0.00%
RESIDENTIAL % - New and Other	0.66%	0.54%	0.54%	0.54%	0.51%
Total Residential Valuation	738,858,740	742,858,740	746,858,740	785,858,740	789,858,740

Five Years of Residential Property Valuation Assumptions

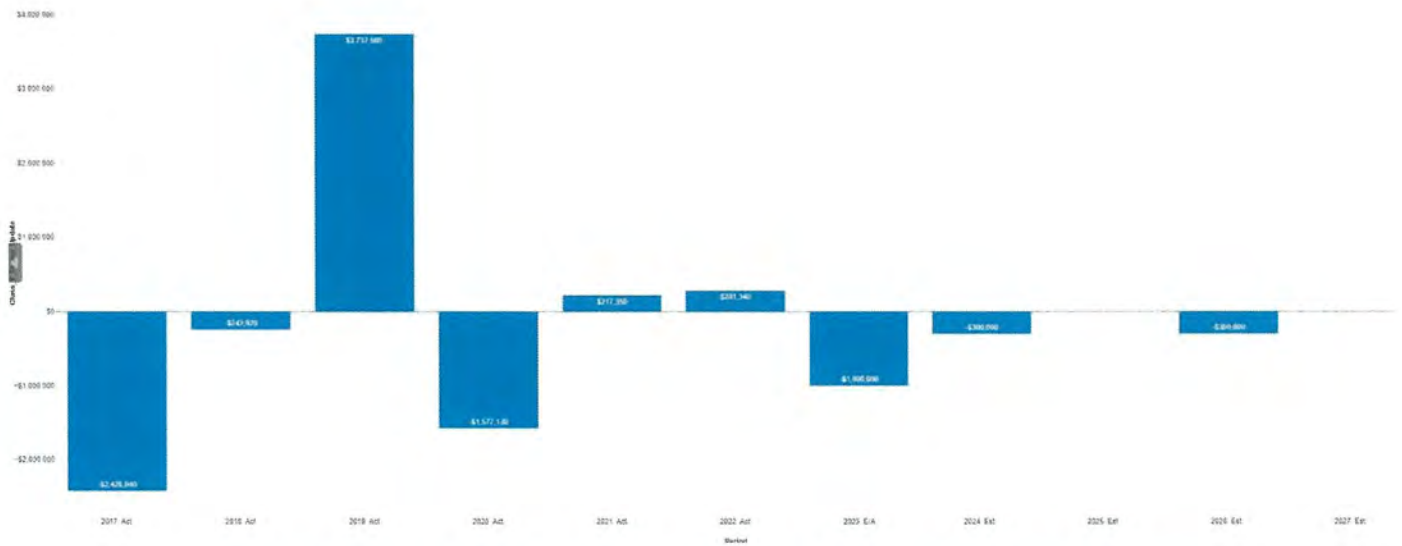
In addition, 2026 is a triennial update year for appraisals and the assumption is to increase values again by 4.69%. Economists predict that property values will continue to increase due to increased costs of supplies, materials, and labor.

Currently the State of Ohio is discussing HB187/SB153 which suggests a reduction to the 23% valuation increase down to a three-year average or roughly 7.76% for our District area. The assumption is based on 21.9% valuation increases and if HB187 passes, then adjustments will be made to this forecast by lowering the revenue growth in this line item.

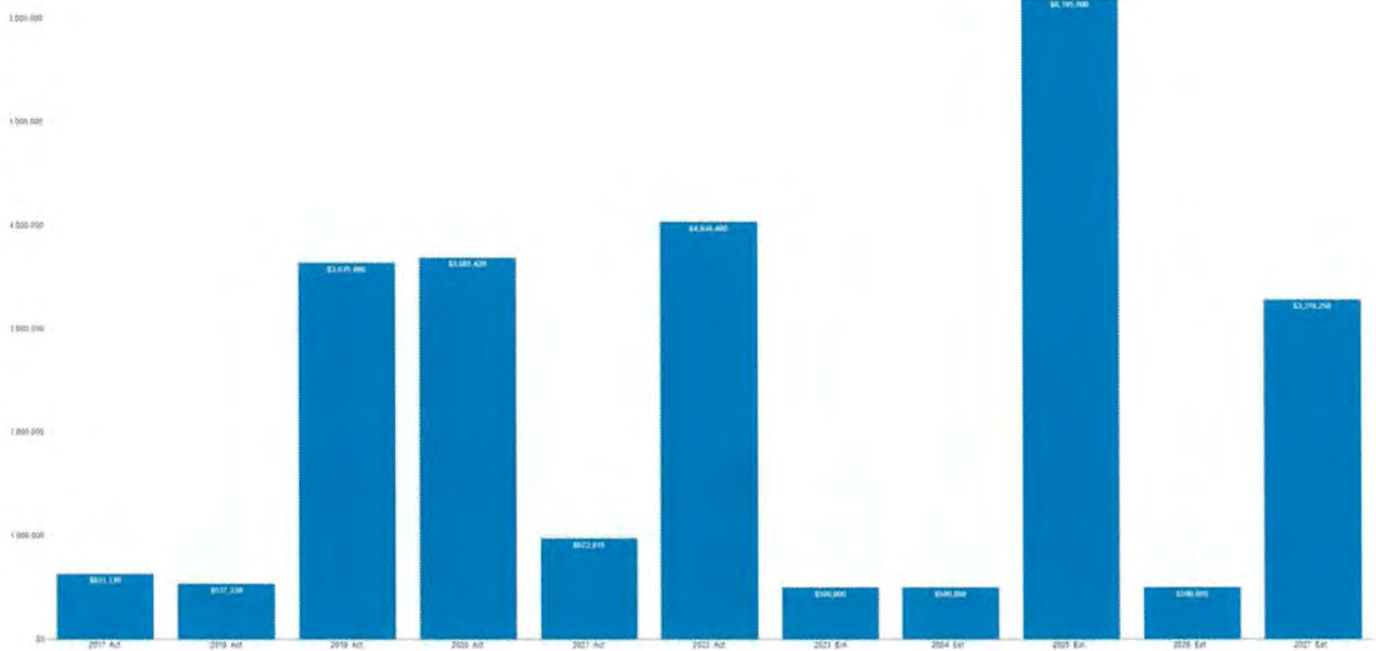
In addition, the Geauga County Budget Commission strongly encourages local political subdivision beneficiaries to consider the effect of property tax increases and that the District investigates reducing other voted levies to counter the effect of the increase. This forecast is a thorough investigation of the effect of the 23.0% increase for the District area.

The commercial model below includes valuation changes of \$6.1M for the Redwood Apartment Complex which is scheduled to be complete by spring of 2024. The total value of this project is \$17,700,000 and market value reduces this total by 35%. Portions of this property were approved by the City of Chardon as abated for two years. Also included is Maple View located at 775 South Street. This property is ending a twelve-year abatement with the city of Chardon and is recorded as new construction taxable values for calendar year 2027 at \$3,278,250.

The commercial model also shows a 1.03% reduction for the 2023 reappraisal, this includes an assumption that existing commercial values will continue to decline, while new construction will continue to increase, yet be abated. In 2025 the increase is \$6,195,000 to account for the new apartment complex mentioned above and \$3,278,250 to account for the ending tax abatement in 2027.



Year-Over-Year Dollar Changes in Existing Commercial Property Values



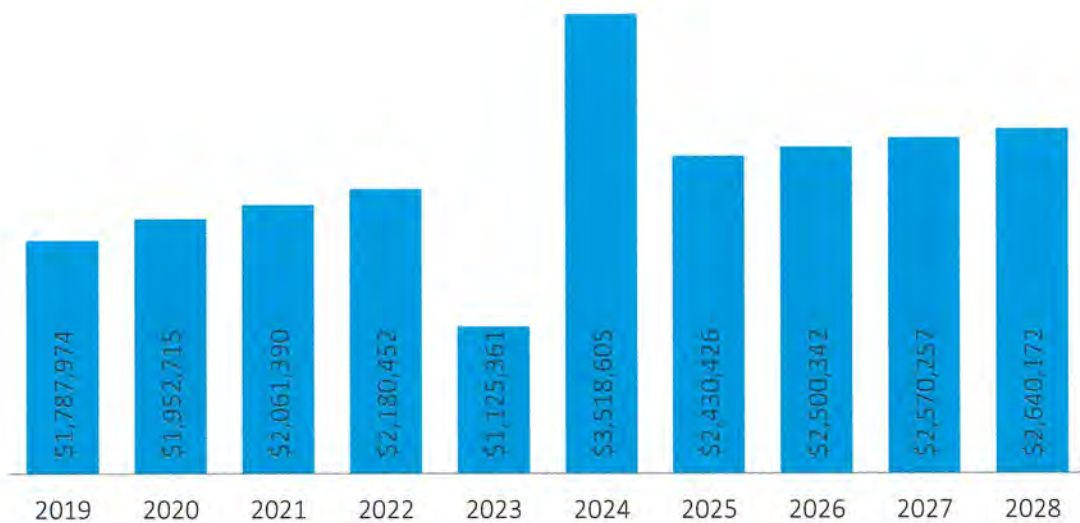
Year-Over-Year Dollar Changes in New Construction Commercial Property Values

Future commercial property considerations include five new tax abated properties presented to the City of Chardon in 2023. The new Chase Bank building at the corner of Center Street and Fifth Ave, the OOW (Ohio Ordnance Works) on Industrial Parkway, pOp-Shelf located at Meadowlands and Fifth Avenue, and the Beving & Dall building on Fifth Ave will all have a twelve (12) year tax abatement (pay no taxes for 12 years). The addition added to the WeCall building on Center Street

was awarded an eight (8) year tax abatement. Once the abatements are exhausted the values enter into new construction in the Class II category and taxes are paid after that time. None of these buildings will affect this forecast cycle and are not included in these assumptions.

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 2.95% of the total District revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 77.68 mills. Total projected Public Utility Personal Property tax projected for 2024 is \$3,518,605. This amount includes roughly \$1.1M of delinquent taxes paid from fiscal year 2023 delinquent status.



1.020 – Public Utility Personal Property Revenue

The forecast is modeling an average gross collection rate of \$100% from fiscal year 2024 through fiscal year 2028. The revenue changed historically at an average annual dollar amount of **\$165,653** and is projected to change at an average annual dollar amount of \$302,962 through fiscal year 2028.

Year-Over-Year Dollar & Percentage Change



1.020 – Year-Over-Year Dollar and Percent Change Public Utility Personal Property

The 100% model has not always been the case for Chardon Local Schools due to the Orwell Trumbull Pipeline. The Orwell Trumbull Pipeline filed for bankruptcy and the assets were 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. This reduction changed the Public Utility collection rate from 86.0% to its current state of 100% reducing any chance of revenue from the \$2,624,880 in property valuations. In addition to the lost revenue, delinquent tax amounts are held at by the County Treasurer with amounts totaling \$5,717,007 (includes interest and fees) for the Chardon taxing entities just from Orwell Trumbull Pipeline. This revenue shortfall was not expected and ultimately promoted reconfiguration and the request for future tax levies.

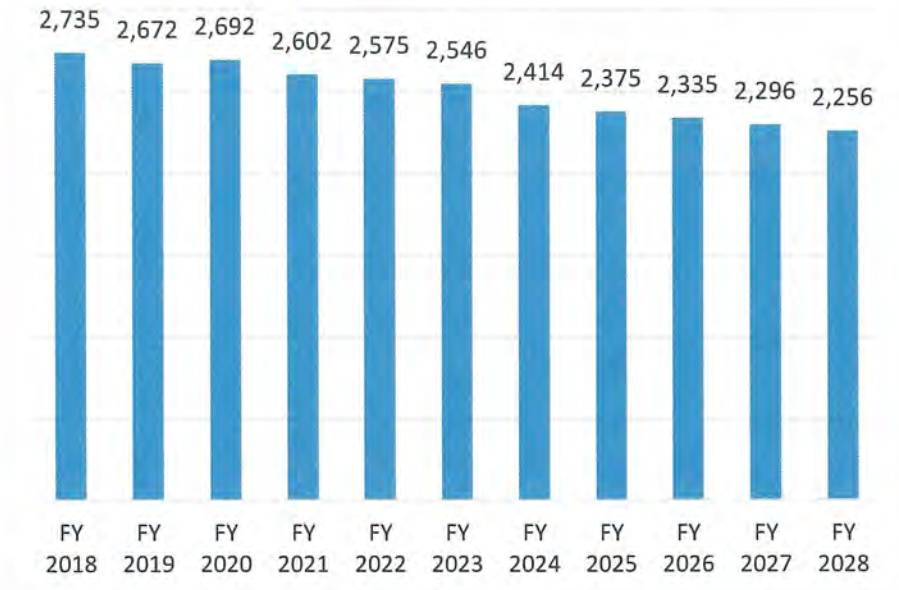
In addition, several public utility companies did not pay their taxes in fiscal year 2023 in time causing nearly \$1.1M into additional delinquent status. Fiscal year 2024 includes the payment of the \$1.1M in delinquent status from the utilities, but does not include revenue from the District share of the \$5,717,007 delinquent pipeline taxes until further instruction from the Geauga County Treasurer. This model does not take into consideration the possibility of increased valuations which may have resulted in the sale of the pipeline assets. Most of the assets were purchased by Northeast Ohio Gas which appears to be operating the pipeline.

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 \$20,778,341 in fiscal year 2024. The state's share of the calculated base cost total is \$1,948,095 or \$807 per pupil.

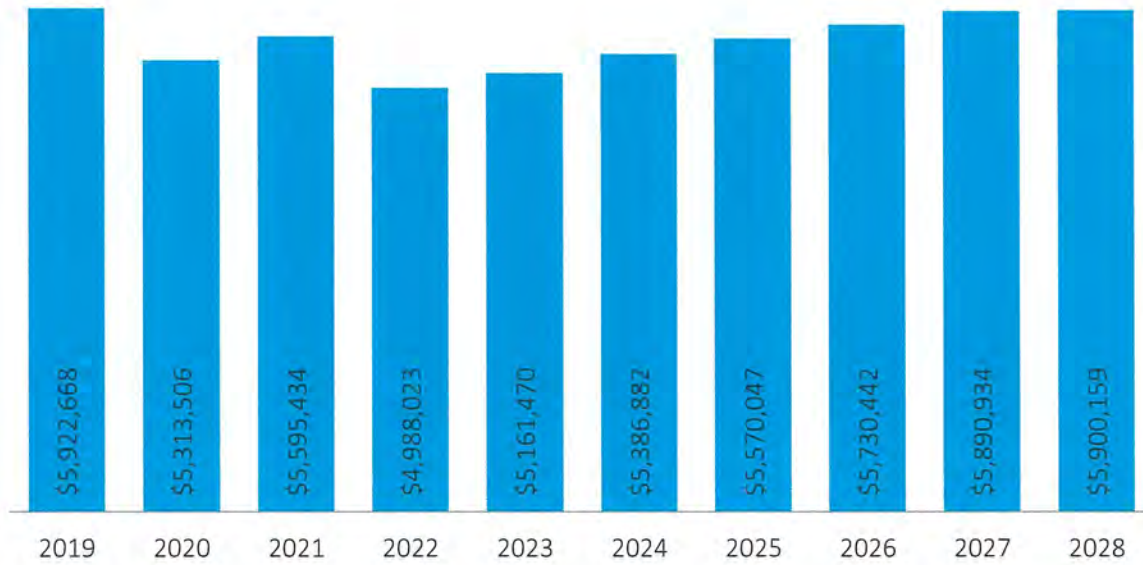
The FSFP also started funding students where they attended school. Therefore, District educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school Districts.

District Educated Enrollment



1.035 – Chardon ADM - Number of Students

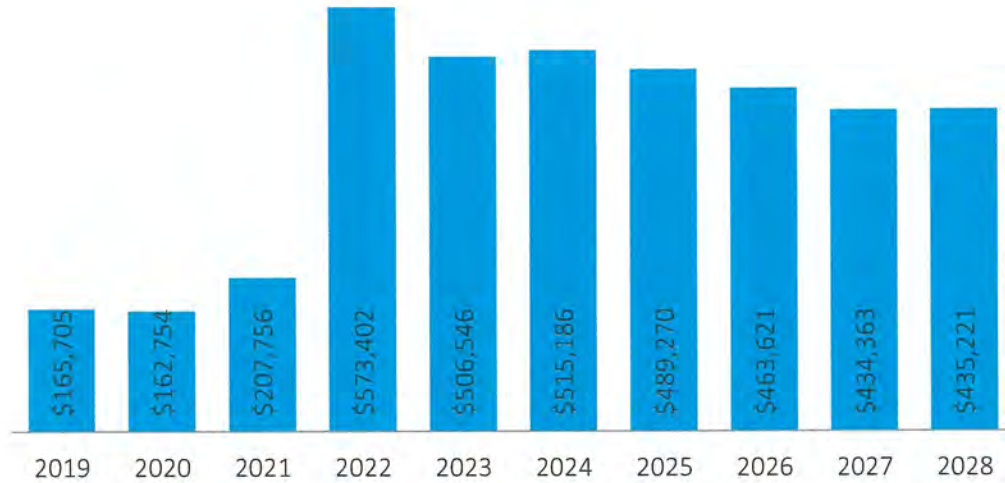
Unrestricted Revenue total for fiscal year 2024 is projected at \$5,386,882. This total includes Casino Tax. With the changes in the funding formula, state revenue is projected to increase over the next two years even though we are experiencing a decline in student ADM. The forecast includes a CFO adjusted 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 2024 which guarantees the District the same amount of funding as fiscal year 2020. If the state were to eliminate the guarantee the District would lose roughly \$2M per year creating an unexpected revenue shortfall. The assumption for this forecast is to remain on the guarantee for the next five years with slight increases in the phase-in process. The FSFP is approved through fiscal year 2025, the assumption is calculated based on the FSFP for a five-year period using 2022 base cost and moving to a 50.0% phase-in for fiscal year 2024 and a phase-in of 66.6% for the remainder of the forecast.



1.035 – Unrestricted Grants-in-Aid Revenue

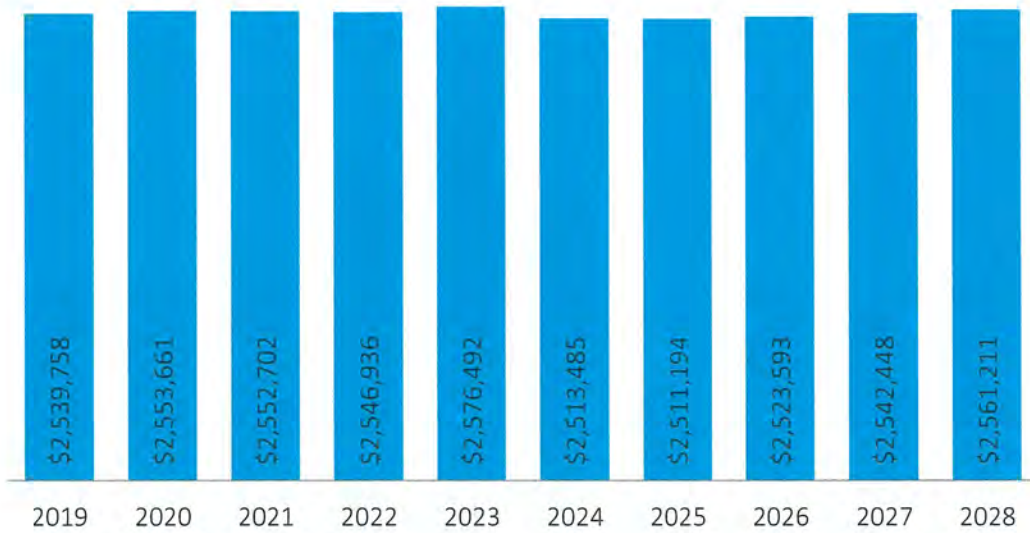
1.040 & 1.045 – Restricted Grants-in-Aid – Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically, the District’s restricted state aid changed annually on an average by \$114,597 and is projected to change annually on average by **\$14,265**. Restricted funds represent 1.33% 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 \$138,126, but is expected to decline for the remainder of the forecast. The total projected amount for fiscal year 2024 is \$515,186 which has increased from fiscal year 2023 and is projected to continually decrease through fiscal year 2028.

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



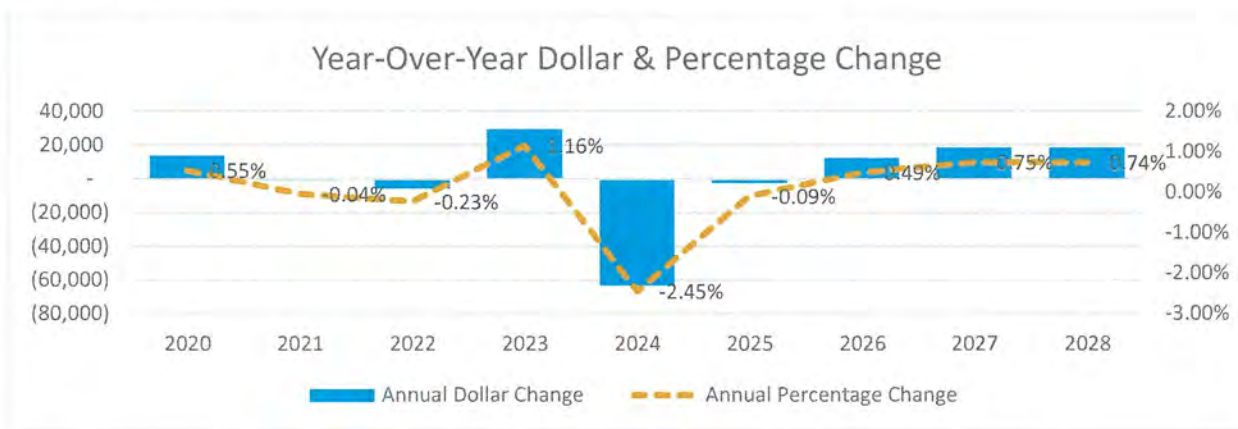
1.040 & 1.045 – Restricted Grants-in-Aid Revenue

1.050 – State Share of Local Property Taxes – 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 10.0% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In fiscal year 2024, approximately 9.0% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 1.9% 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 2024 is \$2,513,485.



1.050 – State Share of Local Property Taxes Revenue

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

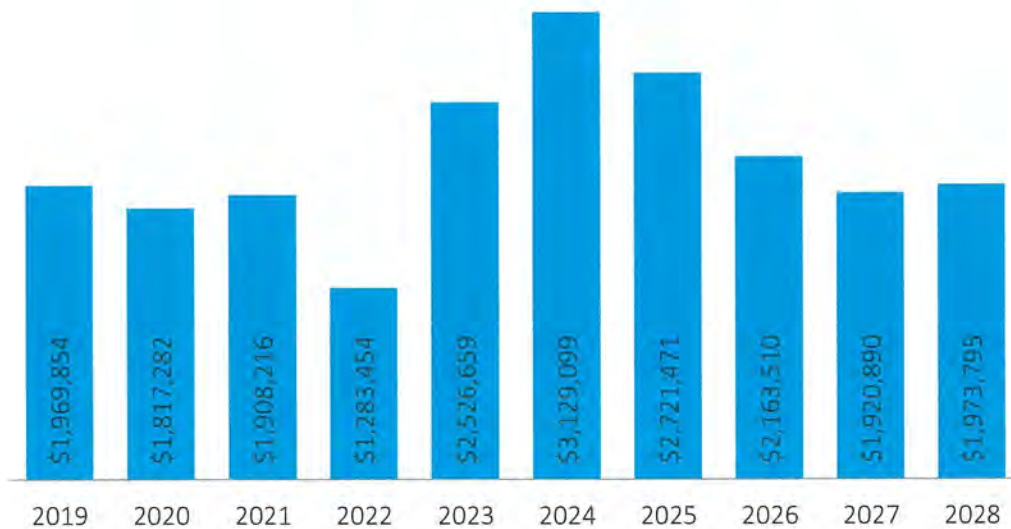


1.050 – Year-Over-Year Dollar & Percentage Change

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 2024 the projection is to end at \$3,129,099.

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. As mentioned in the Executive Summary, interest rates are currently at 5.6% respectively. The District holds Treasury accounts with Caldwell Sutter Bank in the amount of

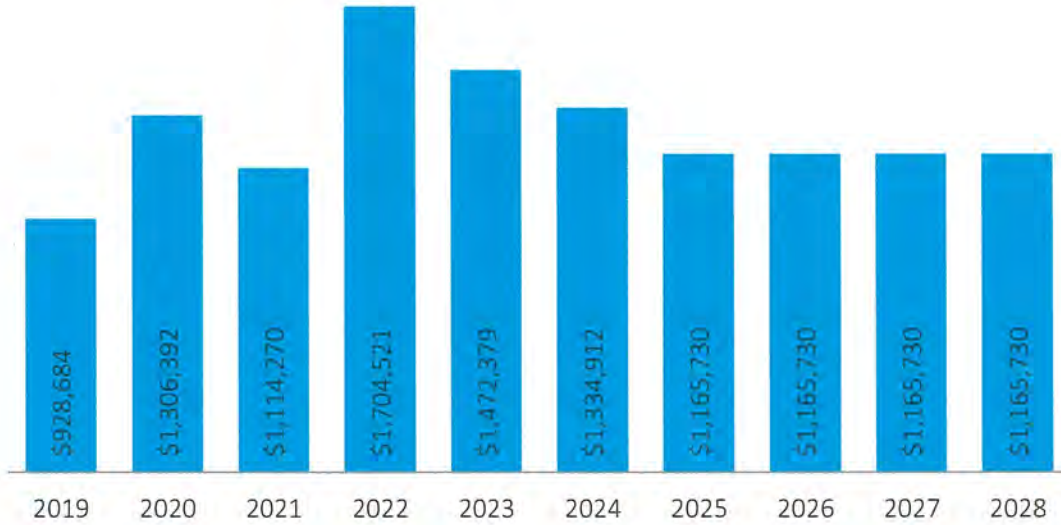
\$10.5M and the remaining investment dollars are held within Star Bank. Both investments are yielding the 5.6% interest rate at this time.



1.060 - All Other Operating Revenues

2.070 – Total Other Financing sources – Other sources include 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 2023, the District received \$785,450 as advances-in from grant funds and the projection is \$614,489 in returned advances for fiscal year 2024. The District also receives other financing sources such as refund of prior year expenditures in this category. The amount projected is \$1,334,912 in fiscal year 2024 and an average of \$1,165,730 annually through fiscal year 2028.

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 each year. 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 years 2020 through 2023 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.



2.070 – Total Other Financing sources Revenue

EXPENDITURES

Total expenditures increased 5.02% or \$1,648,266 annually during the past five years and is projected to increase 3.22% or \$1,257,789 annually through fiscal year 2028. Capital Outlay had the largest projected average annual variance compared to the historical average at \$920,617. This is due to the purchase of the Washington Street property (Business Affairs/Transportation Compound), and the upgrade of Promethean Board technology to the classrooms. Capital outlay expenditures also included the rebuild of the Park tunnel which was originally built in 1938 and housed the main utility lines between the auditorium/gym and the elementary school.

Salaries have the second largest projected average annual variance compared to the historical average at \$762,311. Chardon Education Association (certified/licensed), negotiated an agreement for three years beginning in fiscal year 2023. 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 years 2026 and 2028 have a 2.0% placeholder for salary increases.



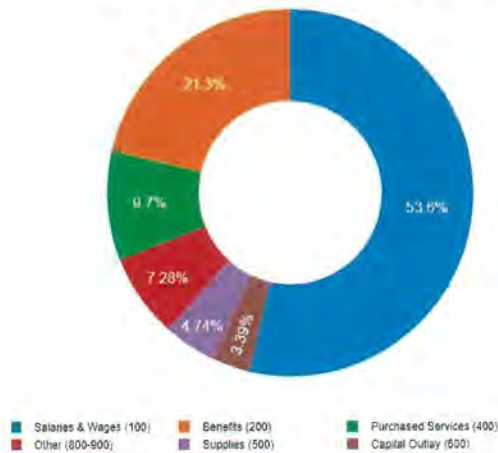
Year-Over-Year Dollar & Percent Change All Expenditures

The year-over-year chart above shows the savings in 2022 because Purchased Services and Supplies were spent out of grant accounts (ESSER) causing less burden on the General Fund. A 16.57% increase is realized in fiscal year 2023 due to the increase in salaries and benefits together with Capital Outlay purchase. Fiscal year 2024 includes a \$1.1M retirement buyout for certified and administrative staff together with Capital Outlay purchases, and the assumption returns the estimated increase in expenditures of 2.0% from fiscal year 2025 through fiscal year 2028.

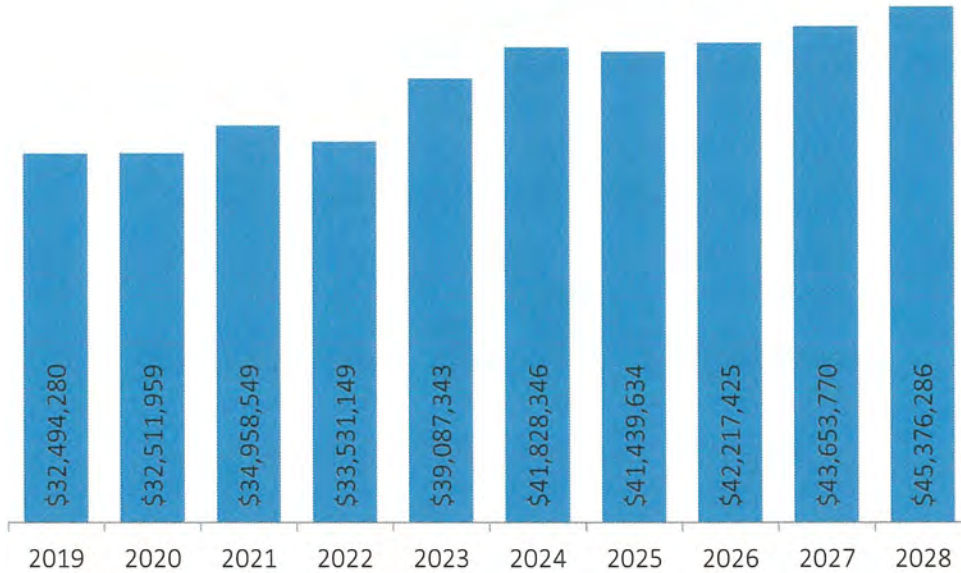
In fiscal year 2023 Salaries and Benefits made up 74.9% of total expenditures, this is expected to return to nearly 80.0% by fiscal year 2024. In 2024 Purchase Services includes budgets for the design of the Business Affairs/Transportation Compound which will only be a one-time charge.

Supplies also reflect a considerable increase due to the reduction of classroom supply fees and athletic/activity participation fees. This reduction reflects a considerable savings to the community while increasing this budget line by 22.8%.

General Fund Current Year Expenses by Object



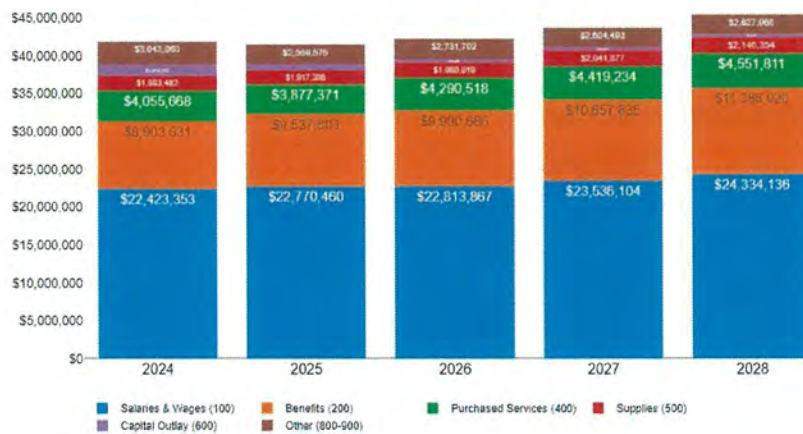
Expenditures are projected at \$41,828,346 in fiscal year 2024. They are projected to slightly drop in fiscal year 2025 and increase by a rate of roughly 3.0% for the remaining years of the forecast.



Expenditure Total Forecast Year-Over-Year All Expenditures

From the chart below, all areas are expected to increase except for Other Expenses and Purchase Services. The Other Expenses category includes the one-time retirement buyout which will only escalate fiscal years 2024 and 2025 then reduces the remaining years.

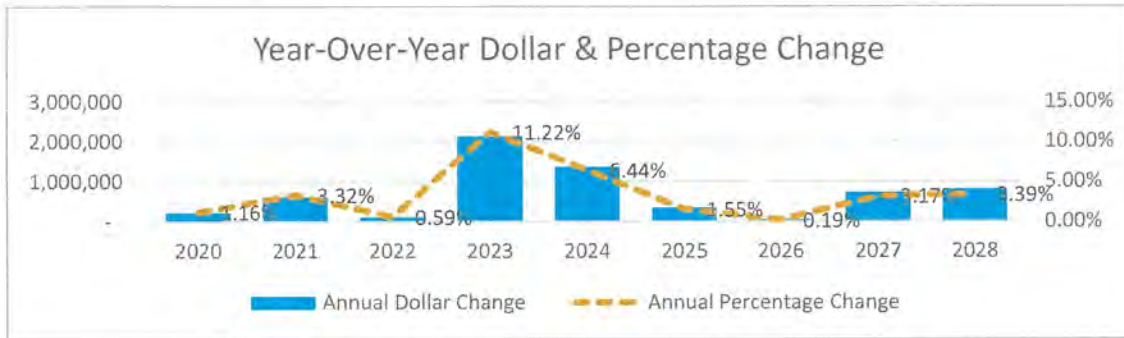
Forecasted General Fund Expenses by Object



Expenditure Categories and Forecast Year-Over-Year All Expenditures

Increases continue in 2024 for additional interactive flat panels, upgrades to the High School Science rooms, and a one-time transfer of \$400,000 to the Permanent Improvement Fund.

3.010 – Personnel Services – This line item represents employee salaries and wages, including extended time and non-athletic supplemental contracts. Salaries represent 53.9% of the total expenditures and have increased at a historical average annual rate of 4.07% or \$762,311. This category of expenditure is projected to grow at an annual average rate of 2.95% or \$653,387 through fiscal year 2028. The projected average annual rate of change is 1.12% less than the five-year historical annual average.



Year-Over-Year Dollar & Percent Change Personnel Services

The projected salary amount for fiscal year 2024 is \$22,423,353. As mentioned above, the assumption includes the negotiated agreement for the certified and classified unions until 2025, then assumes 2.0% base increase plus steps for fiscal years 2026 through 2028. Any changes that occur in this line item will have a large effect on the forecast. 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.

Each year staffing is analyzed to make certain the District is running at the most efficient levels of staffing while maintaining a quality education for the students. As student ADM has declined so has the FTE (staff counts) within the District. Only in fiscal year 2021 was staff increased to maintain in-class instruction for the students during COVID-19 when many Districts were remote.

