



Five Year Forecast May 2020



Deb Armbruster - Treasurer/CFO



MAY 2020 - THE FINANCIAL PLAN

- The basis for this five-year forecast is a traditional school setting with the added restrictions/recommendations from the state on social distancing, PPE requirements, and sanitization requirements.
- The plan can change and with that the five-year forecast will change too



As We Wait Forecast

Chardon started 2020 in a strong financial position!



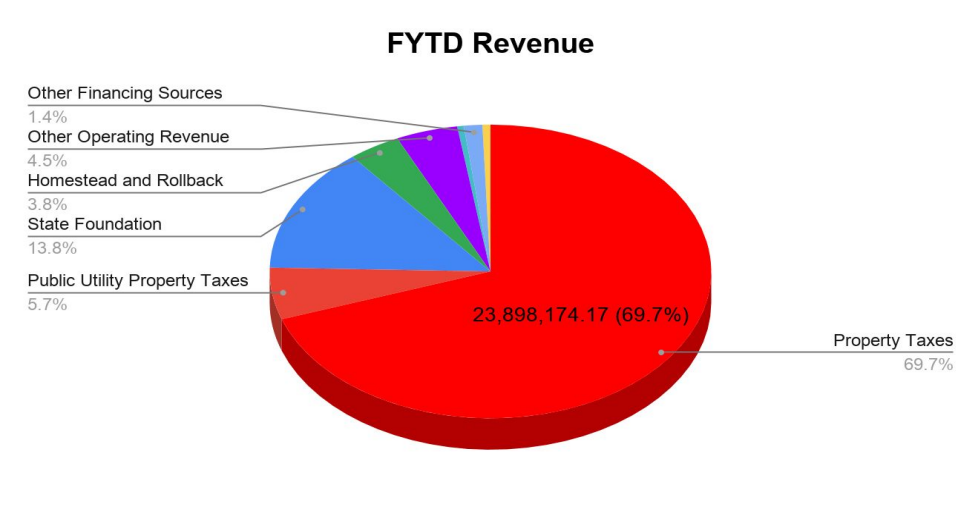
Uncontrollable Conditions

- Chardon was not the cause of the current conditions
- Must allow for state regulations/recommendations - regardless of the additional costs
- Economic factors are driving down revenue, including state cuts
- Unemployment rate at an all time high

Controllable

- Safety of staff and students, number one concern
- Can only forecast on what we know, when we know it
- Continue to analyze all our processes and procedures to reduce where applicable
- The five-year forecast can and will be adjusted as new information is available

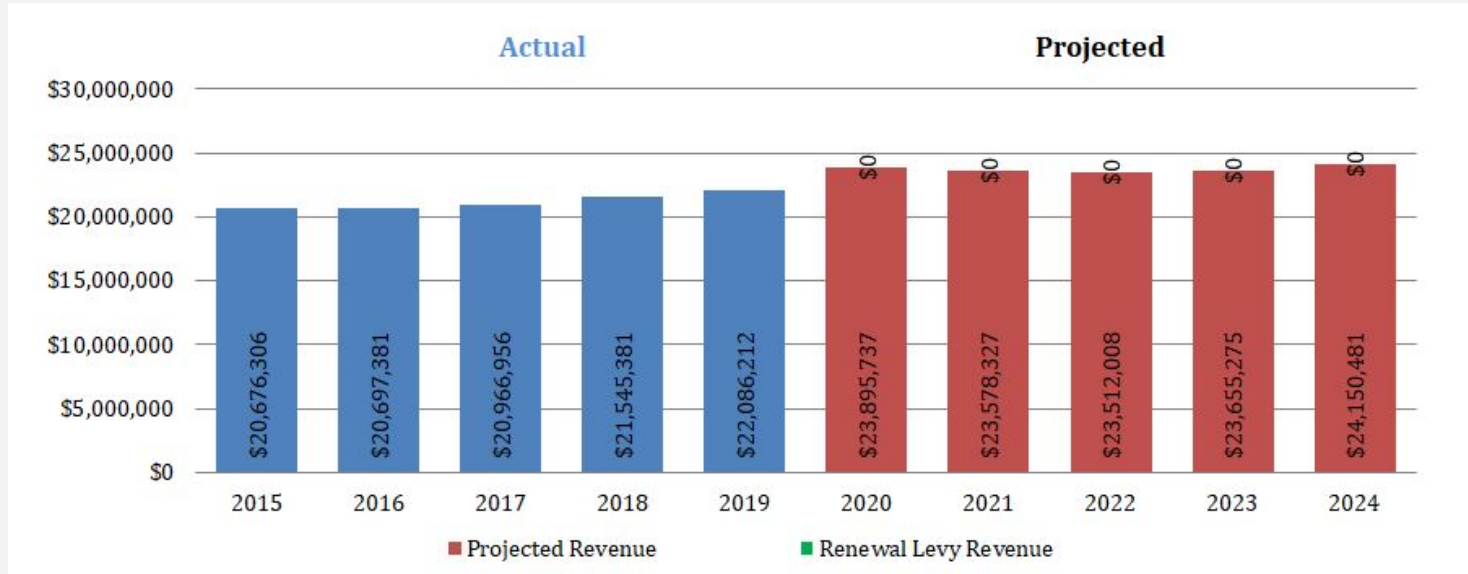
REVENUE



THREE MAIN SOURCES OF REVENUE

- Property & Public Utility Taxes
- State Foundation Revenue
- Other Operating Revenue

1.01 GENERAL PROPERTY TAX



First full collection year from 2018 3.9 mill Operating Levy

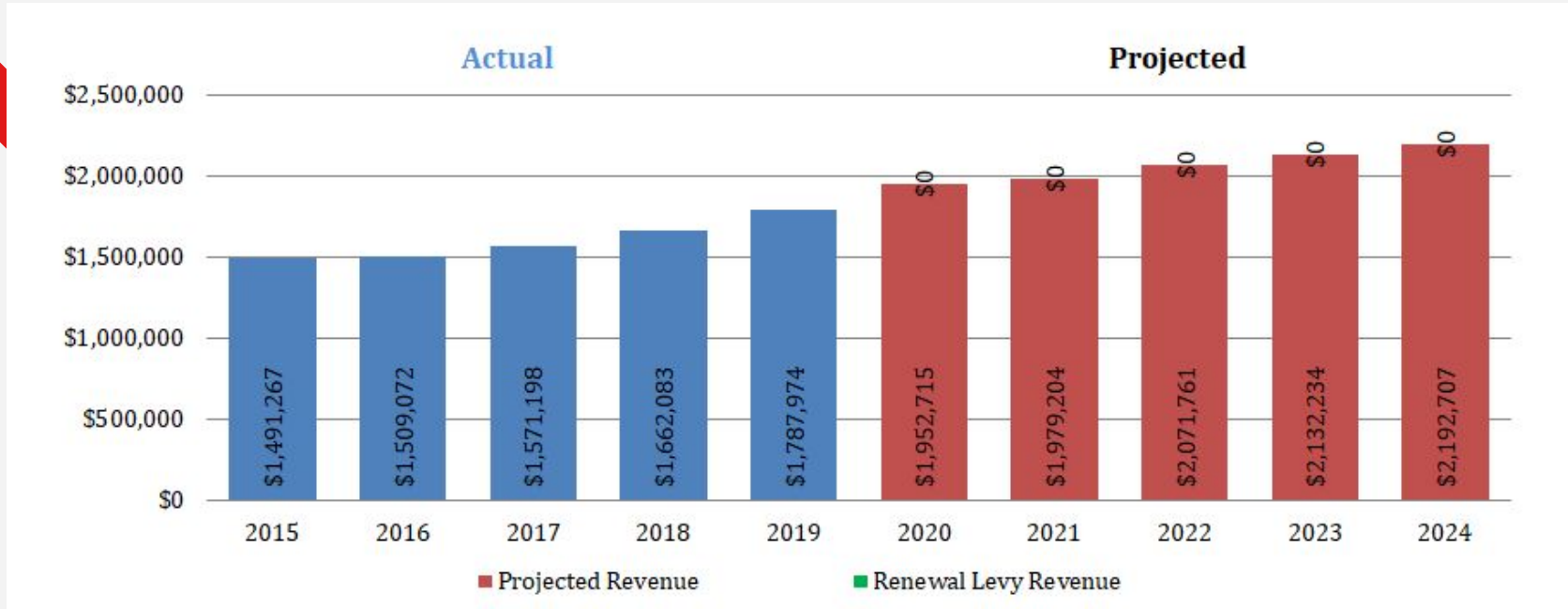
Collection rates were reduced to the lowest point in 2022, and then returned to current percentages by 2024

Collections will go into delinquent status for future collections

Chardon valuations increased 1.2% during this update to valuation year (1.4% average in Geauga county)

Assumptions assume the economy will return to where it was, pre-COVID-19 by 2024

1.02 PUBLIC UTILITY



Collection rate is set at 85.4%, this revenue is not affected by COVID-19

Model does not include Orwell Trumbull Pipeline resolution

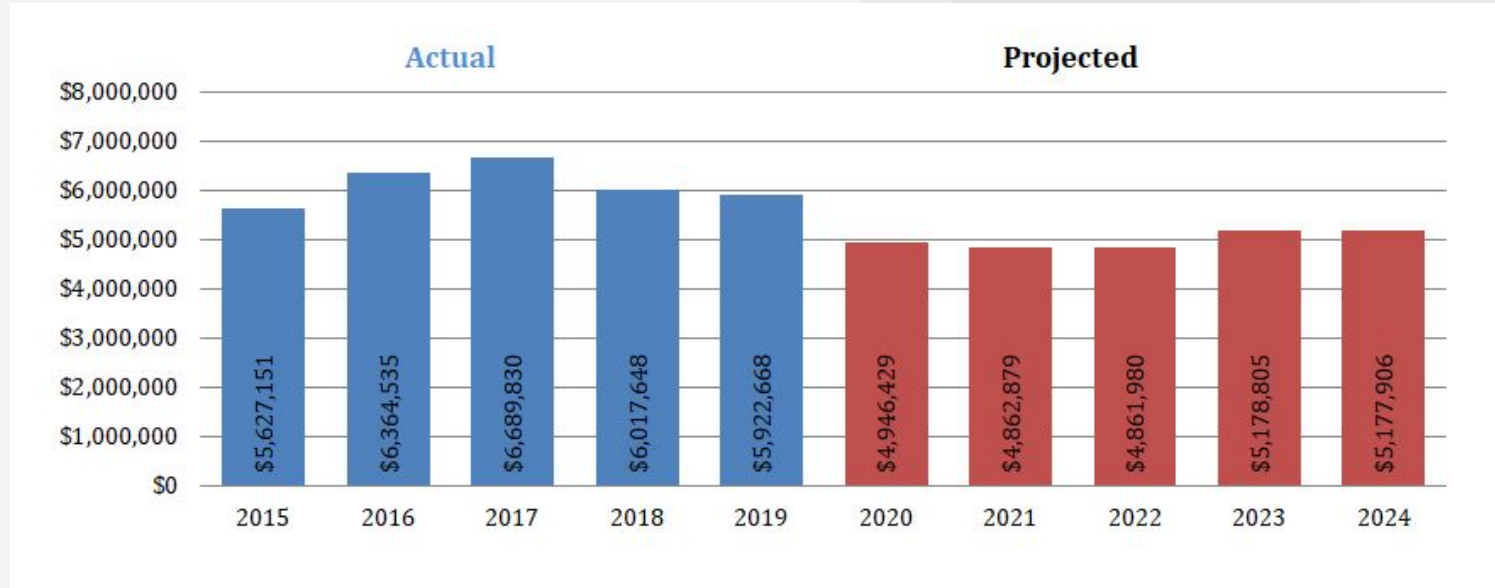
This model does not allow for reduced valuations, Rover and Nexus Pipelines are not in our district



State Foundation Revenue



1.35 UNRESTRICTED GRANTS-IN-AID



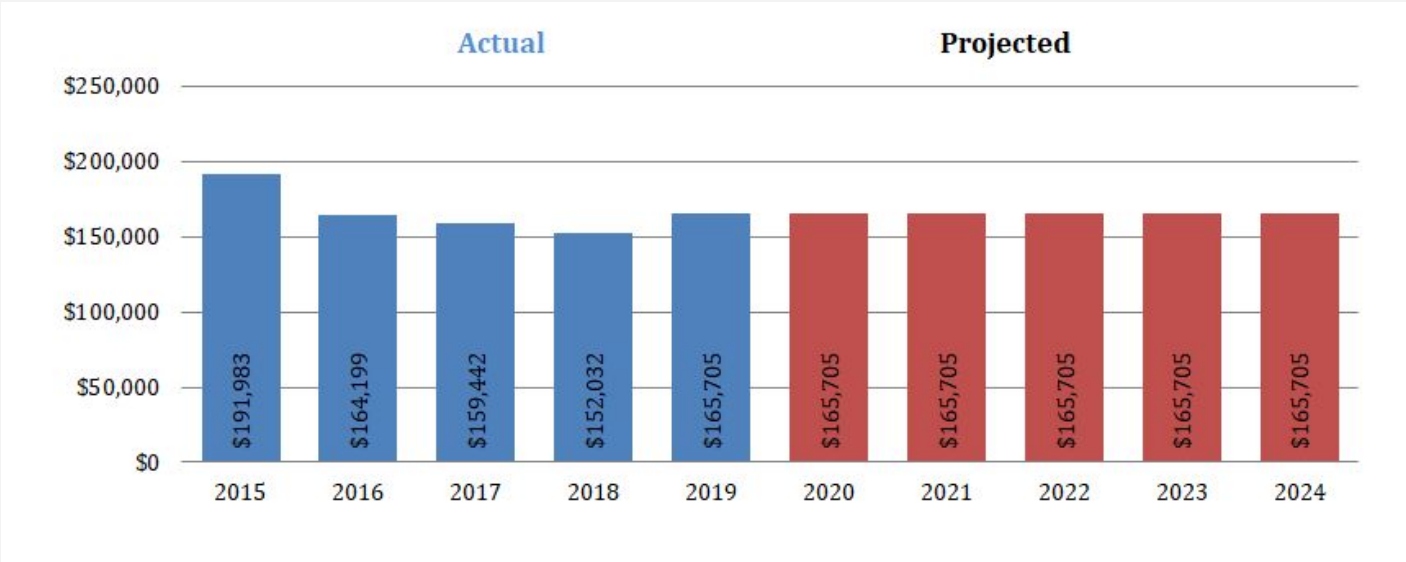
In May, \$719,964 State Cut for 2020, assumed in 2021, 2022 - Reduced to \$359,982 for 2023 & 2024

Special Education Transportation dropped over 40K annually

Casino tax reduced from \$52/student to \$25/student - Total \$27/Student

Funds are based on ADM - declining ADM is built into this model

1.4 & 1.045 RESTRICTED GRANTS-IN-AID

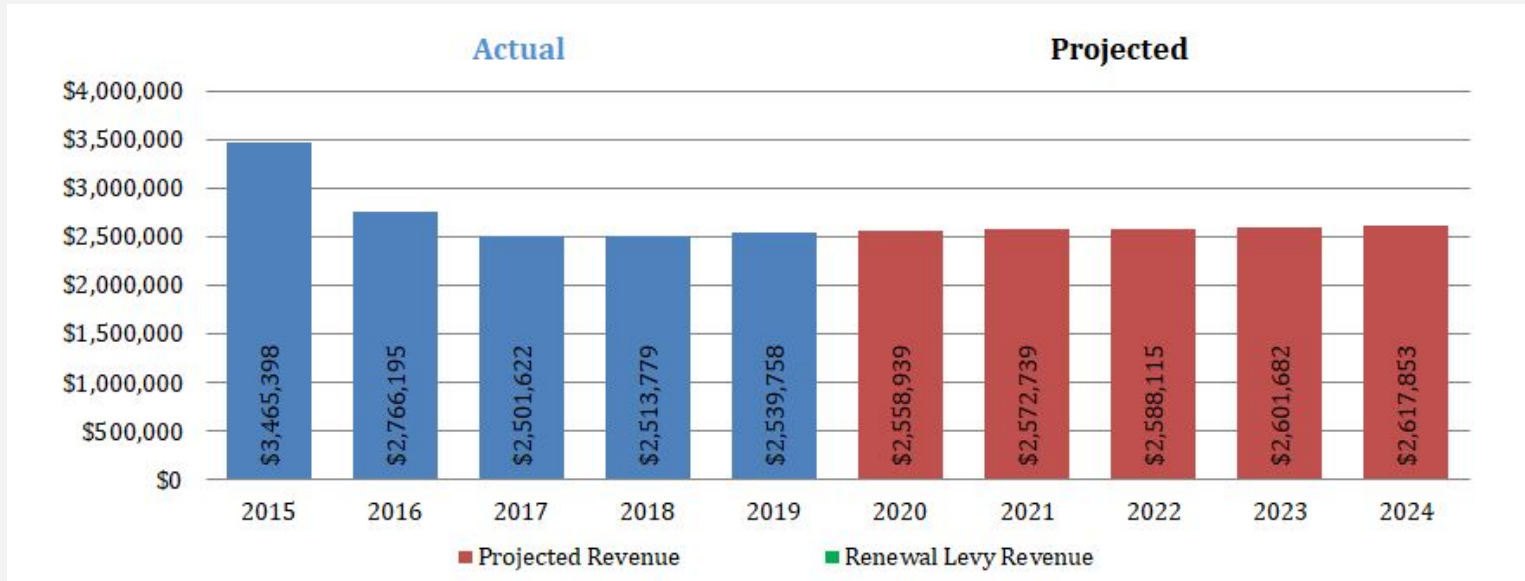


**Includes Catastrophic Special Education Reimbursement
Economically disadvantaged funding & Career Tech Funding
Assumed to remain the same for the next five years**

OTHER OPERATING REVENUE PROJECTIONS



1.05 Property Tax Allocation

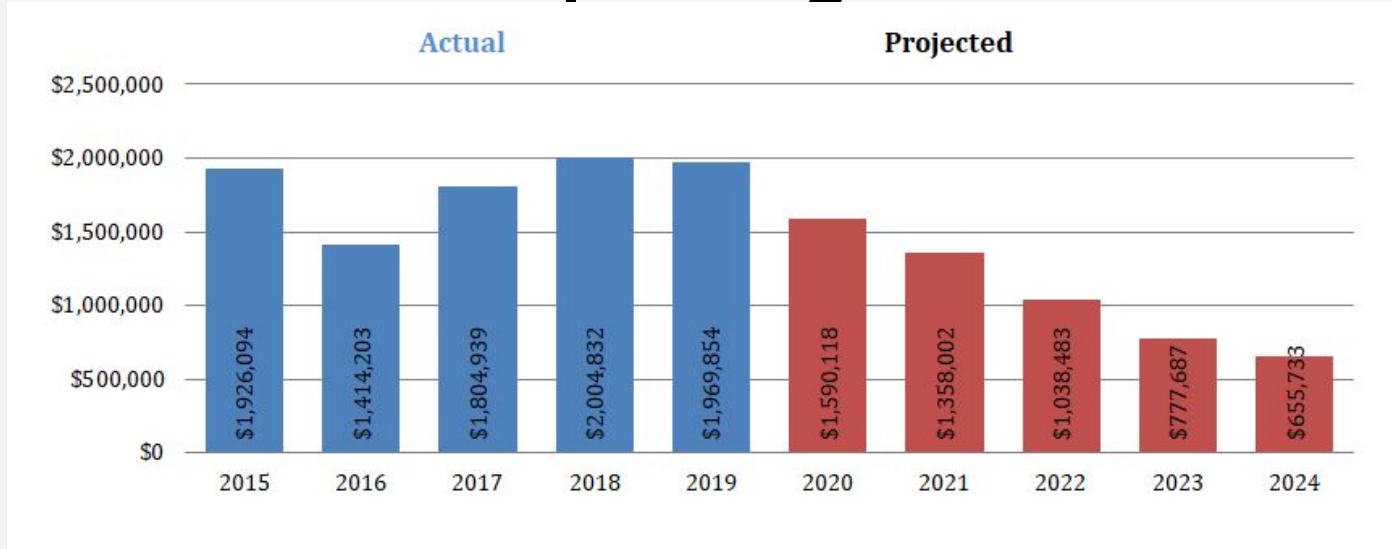


Includes Homestead and Rollback tax from the state

Assumption to remain relatively the same with a slight increase for increased valuations

This revenue is not affected by COVID-19

1.06 All Other Operating Revenues

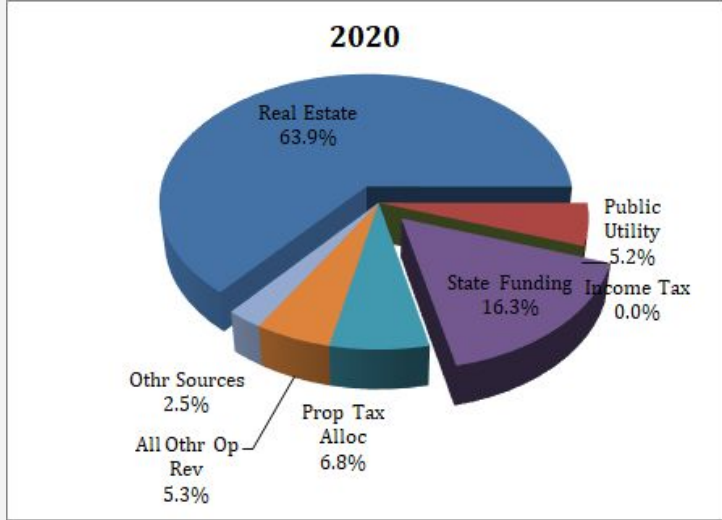


Assumption includes a dramatic decline in interest revenue

Includes loss of revenue for facility rentals and custodial rental services for the next two years

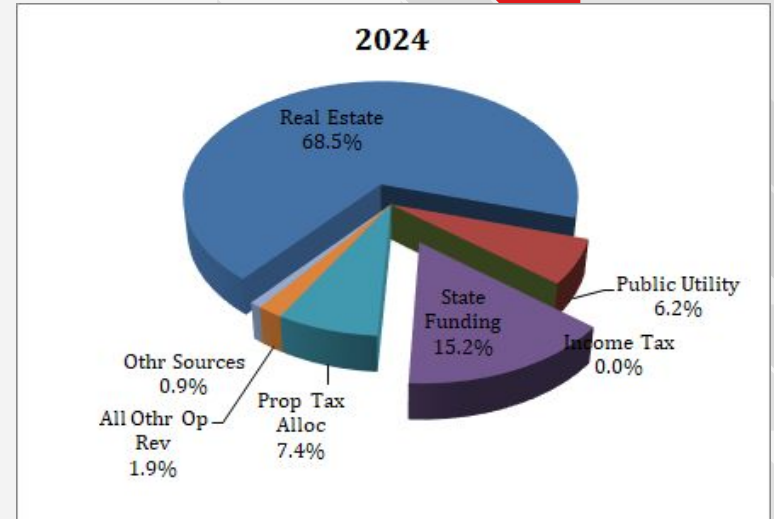
Projection assumes the economy will pick back up in 2024 (gradual for interest)

Revenue Shift - 4.6% more reliant on Real Estate Tax



Real Estate -	63.9%
State Funding -	16.3%
Property Tax Allocation	6.8%
Other Operating -	5.3%
Other Sources -	2.5%

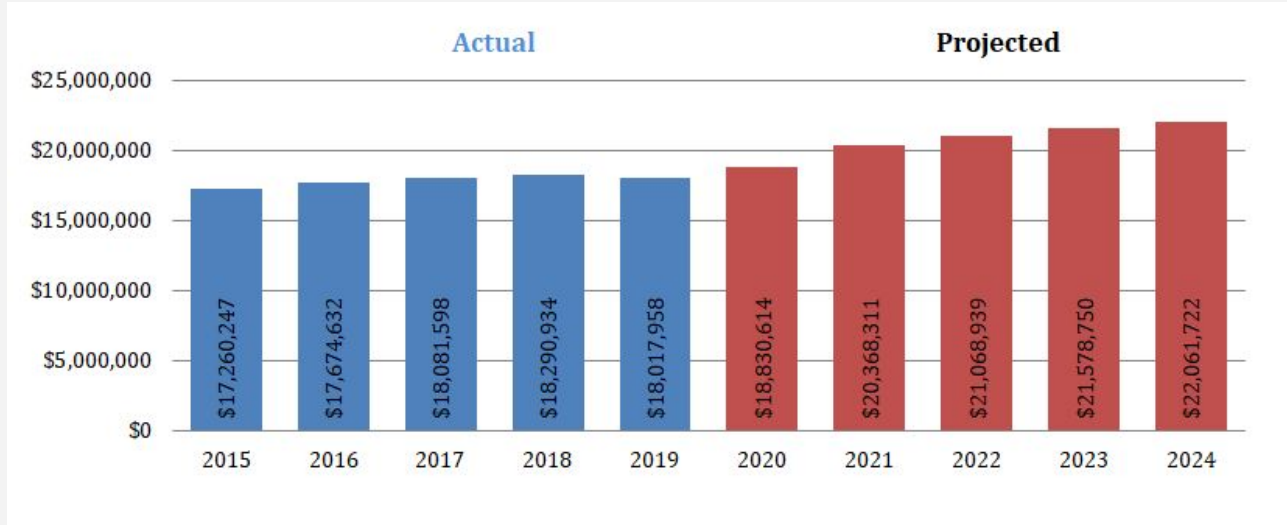
Real Estate -	68.5%
State Funding -	15.2%
Property Tax Allocation	7.4%
Other Operating -	1.9%
Other Sources -	.9%



EXPENDITURES



3.010 - Personnel Services



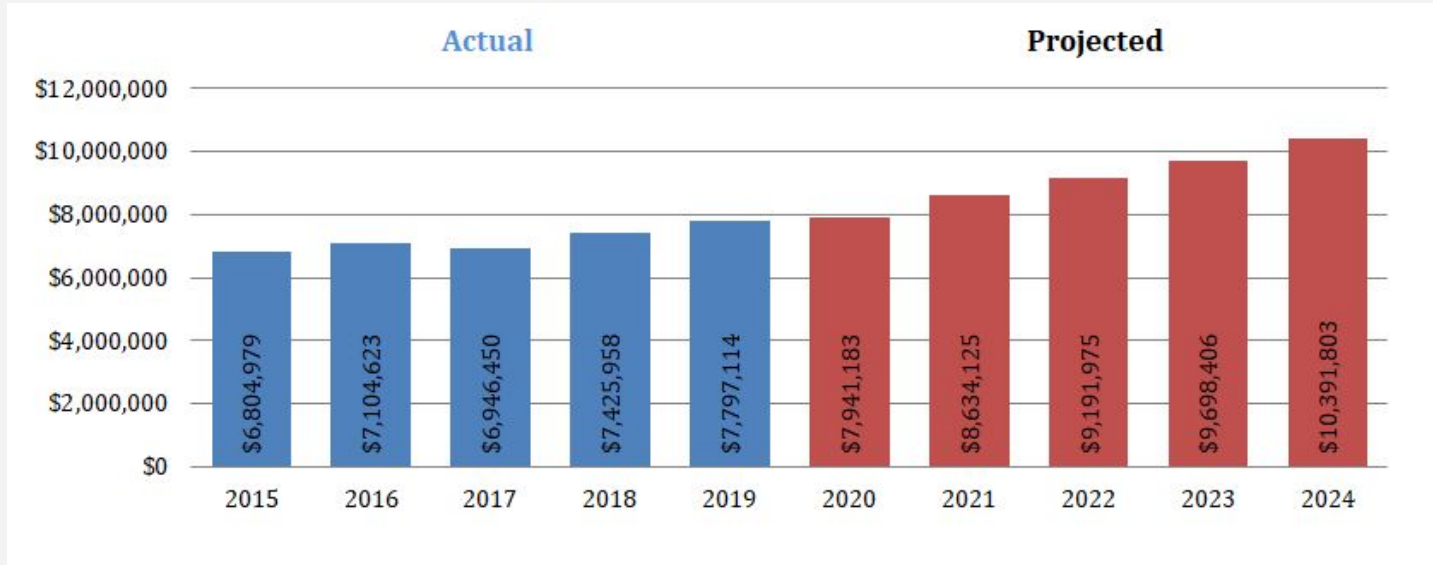
Assumption includes a 5% increase in staff due to COVID-19 regulations

Assumptions included current negotiated agreements ending 2022

Assumption includes all programs will remain the same as fiscal year 2020

Any changes in programs or regulations will cause a major change in this line item

3.02 - Employees' Benefits

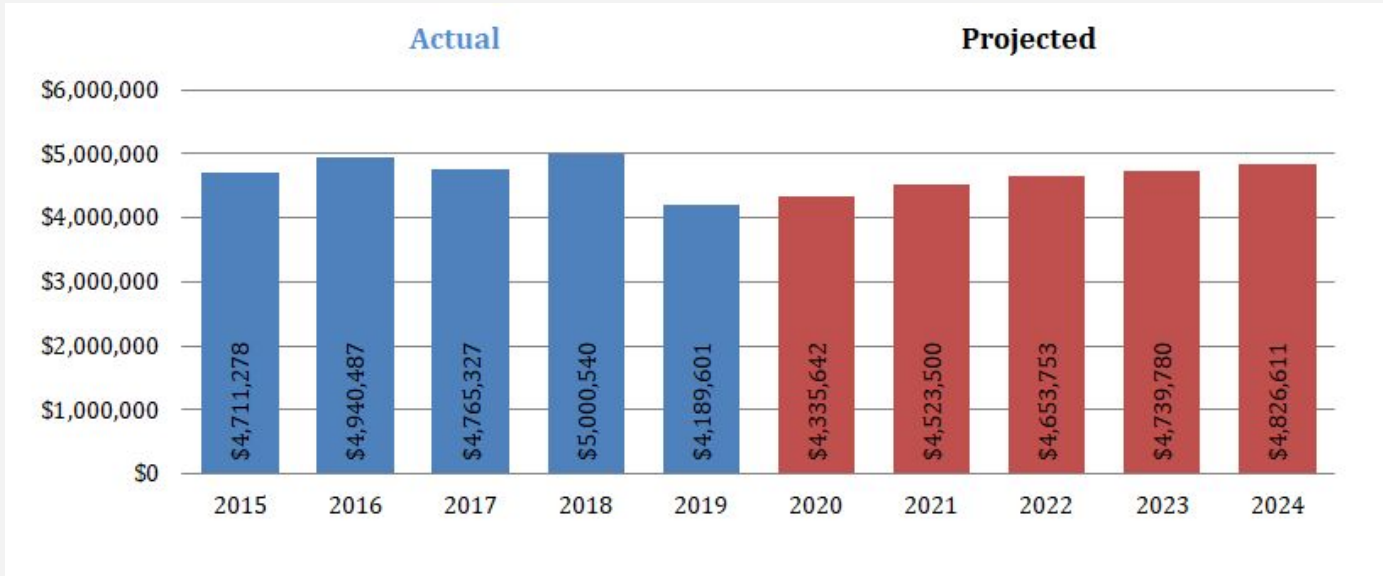


Line item includes health, dental, and life insurance, Medicare, and Workers' Compensation

Assumption includes a 5% increase in all staff benefits due to COVID-19 regulations

Projections for insurance increases: 9% in 2021, 10% for the remaining three years

3.03 - Purchased Services

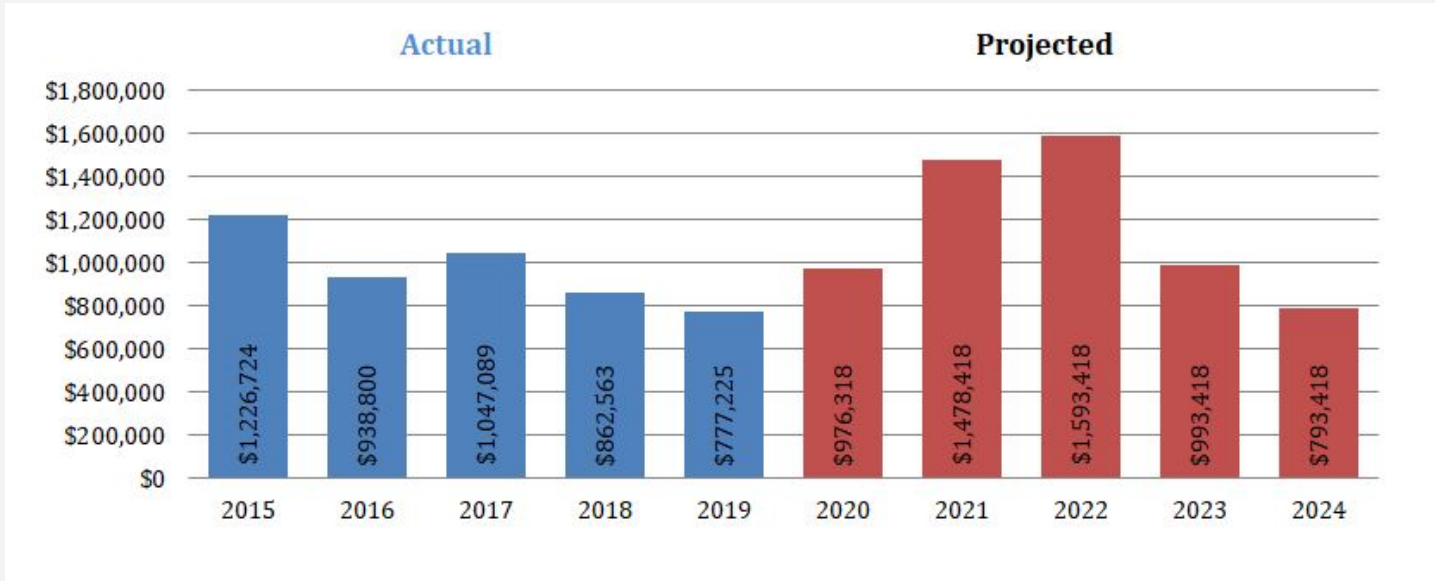


Line item includes additional services, for example; service contracts, property insurance, etc...

Assumption includes a 4.3% increase in 2021 for additional COVID-19 related services

Projections for cost of living adjustments from 2022 through 2024

3.04 - Supplies & Materials



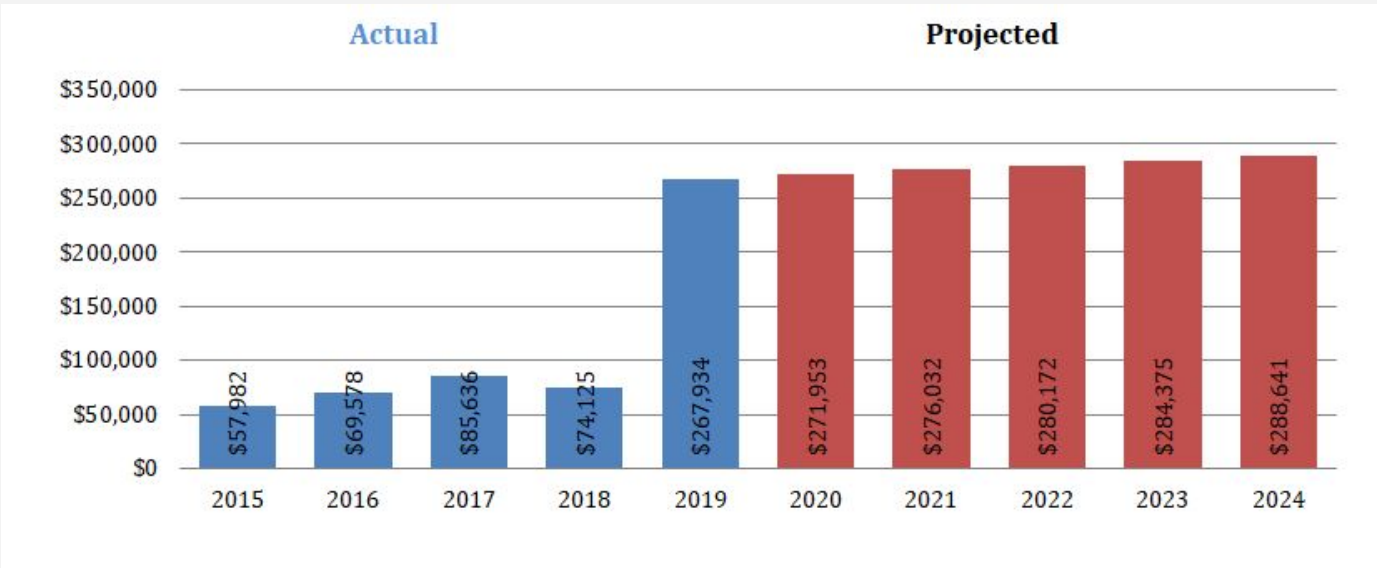
Primary item in this category is student textbooks - includes five-year textbook plan

The textbook plan is the cause of the fluctuation in this line item

PPE & Sanitization supply estimates of \$500,000 have been added to 2021 and 2022 for compliance

Assumes a traditional school year with new state restrictions/recommendations

3.05 - Capital Outlay

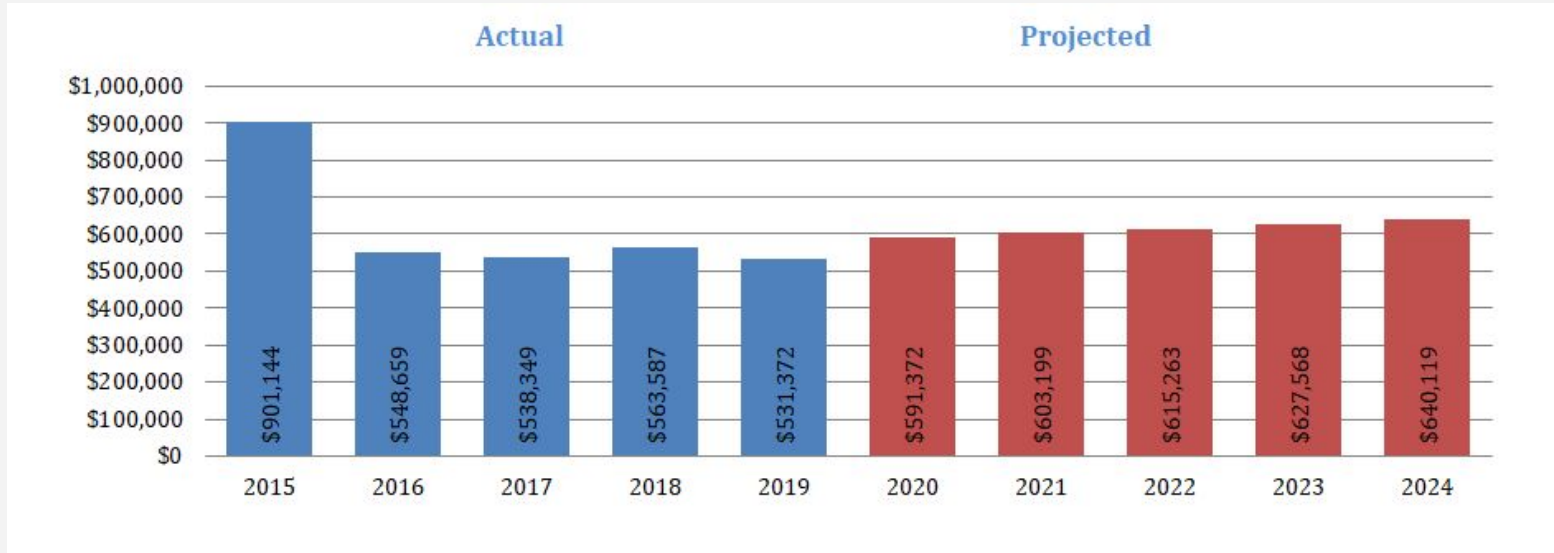


Fiscal year 2020 is projected to end equal to fiscal year 2019

Slightly increased projections for equipment due to COVID-19 2021 through 2024

Assumption includes 1.5% increase each year for cost of living adjustments

4.30 - Other Objects

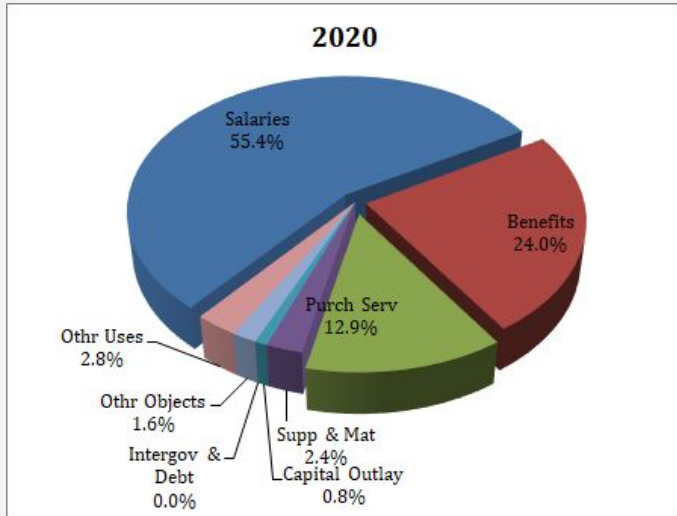


Includes dues, fees, and subscriptions - Primary Fee - Auditor of State

Increased 11% in 2020 with increased fees

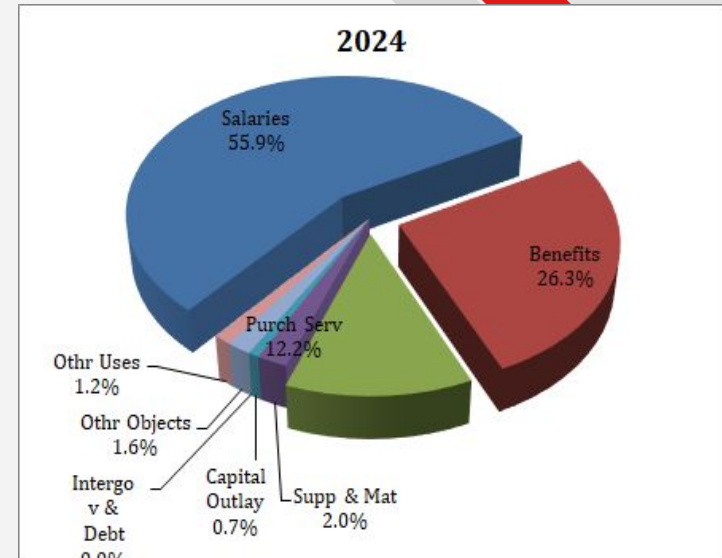
Assumption includes a 2% cost of living adjustment from 2021 through 2024

Expenditures - little to no change in percentages



Personal Services	55.9%
Benefits -	26.3%
Purchase Services	12.2%
Supplies & Materials -	2.0%
Other Uses -	1.2%

Personal Services	55.4%
Benefits -	24.0%
Purchase Services	12.9%
Other Uses -	2.8%
Supplies & Materials -	2.4%



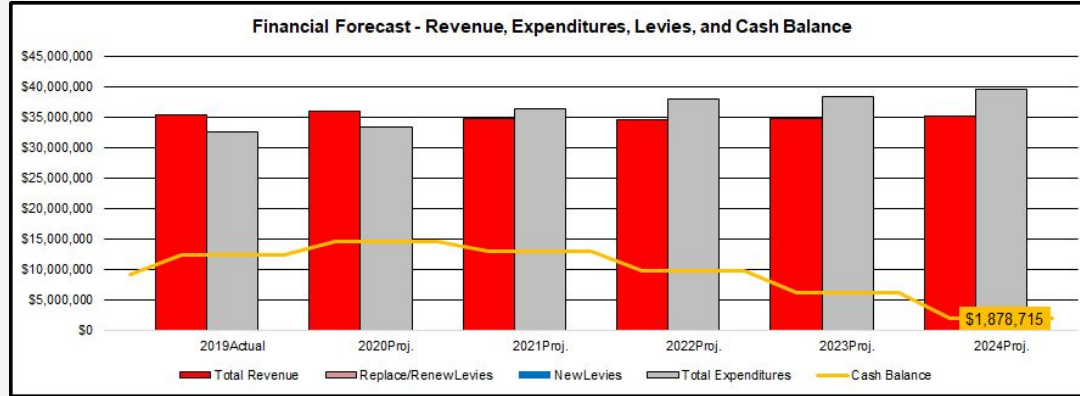
Five-Year Forecast

As we wait

- Tax collection reductions, Casino (\$27 less/student), Interest reduction, Special Education Transportation reductions, with passthrough adjustments (transfers), and Expenditure increases for COVID-19



**\$12.4M Less
than November
2019 Forecast**



Includes Encumbrances

Chardon Local School District

Financial Forecast	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Beginning Balance	12,597,161	15,063,750	13,522,022	10,181,554	6,595,645
+ Revenue	35,888,671	34,816,856	34,538,052	34,811,388	35,260,385
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(33,422,082)	(36,358,585)	(37,878,520)	(38,397,297)	(39,477,314)
= Revenue Surplus or Deficit	2,466,589	(1,541,729)	(3,340,468)	(3,585,909)	(4,216,929)
Ending Balance with renewal levies	15,063,750	13,522,022	10,181,554	6,595,645	2,378,715

Note: Not Reduced for Encumbrances

Without Encumbrances

Final Remarks

- November Forecast did not show spending more than collected until **2023**
- Waiting-Forecast show significantly spending more than collected next year in **2021**.
- Other possible revenue reductions/adjustments can occur
 - Possible increased/decreased state revenue cuts
 - Tax collections could be less/more
- Fluctuating Expenditures are included but can continue to fluctuate
- This is an ESTIMATE based on what we know.
- Circumstances in Ohio school finance are constantly changing especially now
- **The five-year forecast only represents the General fund of the District**
Chardon Local School District will provide an updated five-year forecast if conditions should vary significantly from this model and assumptions

Questions?

