

CLEARVIEW LOCAL SCHOOL DISTRICT

Lorain County

Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Years Ended June 30, 2015, 2016, 2017, and 2018 Actual  
Forecasted Fiscal Years Ending June 30, 2018 Through 2022

	Actual					Average Change	Forecasted				
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019		Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022		
<b>Revenues</b>											
1.01 General Property Tax (Real Estate)	\$2,493,225	\$2,603,573	\$2,734,542	\$2,734,542	\$2,734,542	4.70%	\$2,734,542	\$2,734,542	\$2,734,542	\$2,734,542	
1.02 Tangible Personal Property Tax	0	0	0	0	0	0.00%	0	0	0	0	
1.03 Income Tax	0	0	0	0	0	0.00%	0	0	0	0	
1.035 Unrestricted Grants-In-Aid	8,225,333	9,108,965	9,859,354	9,410,889	10,029,445	9.60%	10,029,445	10,029,445	10,029,445	10,029,445	
1.04 Restricted Grants-In-Aid	257,057	1,088,823	1,039,889	1,107,077	1,073,035	159.50%	1,073,035	1,073,035	1,073,035	1,073,035	
1.045 Restricted Federal Grants-In-Aid SFSF	0	0	0	0	0	0.00%	0	0	0	0	
1.05 Property Tax Allocation	416,375	400,111	411,584	380,351	380,351	-0.50%	380,351	380,351	380,351	380,351	
1.06 All Other Revenues	3,793,838	3,860,860	4,147,210	4,115,222	4,115,222	4.60%	4,115,222	4,115,222	4,115,222	4,115,222	
1.07 Total Revenues	15,185,828	17,062,332	18,192,579	17,748,081	18,332,595	9.50%	18,332,595	18,332,595	18,332,595	18,332,595	
<b>Other Financing Sources</b>											
2.04 Operating Transfers-In	190,217	124,111	42,540	0	0	50.20%	0	0	0	0	
2.05 Advances-In	13,296	20,450	22,440	25,000	25,000	31.70%	25,000	25,000	25,000	25,000	
2.06 All Other Financing Sources	15585	1,196	0	1,200	1,200	-92.30%	1,200	1,200	1,200	1,200	
2.07 Total Other Financing Sources	219,098	145,757	64,980	26,200	26,200	-44.40%	26,200	26,200	26,200	26,200	
2.08 Total Revenues and Other Financing Sources	15,404,926	17,208,089	18,257,559	17,774,281	18,358,795	8.90%	18,358,795	18,358,795	18,358,795	18,358,795	
<b>Expenditures</b>											
3.01 Personal Services	7,916,369	7,809,650	8,166,015	8,288,241	8,578,285	1.60%	8,578,285	8,723,285	8,868,285	9,013,285	
3.02 Employees' Retirement/Insurance Benefits	3,113,131	3,100,960	2,988,262	3,055,289	3,637,533	-2.00%	3,637,533	3,873,972	4,125,781	4,377,590	
3.03 Purchased Services	2,782,825	2,742,914	2,787,818	2,903,946	3,152,398	0.10%	3,152,398	3,246,970	3,341,542	3,541,673	
3.04 Supplies and Materials	284,579	260,648	289,405	276,324	279,916	1.30%	279,916	280,280	280,644	281,009	
3.05 Capital Outlay	78,357	53,793	265,200	650,883	300,000	180.80%	300,000	300,000	300,000	300,000	
3.06 Intergovernmental	0	0	0	0	0	0.00%	0	0	0	0	
<b>Debt Service:</b>											
4.01 Principal-All (Historical Only)	0	0	0	0	0	0.00%	0	0	0	0	
4.02 Principal-Notes	125,000	62,500	0	0	0	-50.00%	0	0	0	0	
4.03 Principal-State Loans	0	0	0	0	0	0.00%	0	0	0	0	
4.04 Principal-State Advancements	0	0	0	0	0	0.00%	0	0	0	0	
4.05 Principal-HB 264 Loans	0	0	0	0	0	0.00%	0	0	0	0	
4.06 Interest and Fiscal Charges	4,258	502	0	0	0	-88.20%	0	0	0	0	
4.30 Other Objects	165,844	173,469	174,247	174,375	176,119	2.50%	176,119	177,880	179,680	181,680	
4.50 Total Expenditures	14,470,363	14,204,436	14,670,947	15,349,058	16,124,251	0.70%	16,124,251	16,602,387	17,095,932	17,695,237	

Other Financing Uses											
5.01	Operating Transfers-Out	190,217	125,111	43,040	-49.90%	45,000	45,000	45,000	45,000	45,000	45,000
5.02	Advances-Out	20,450	22,440	15,834	-9.80%	25,000	25,000	25,000	25,000	25,000	25,000
5.03	All Other Financing Uses	0	0	1,900	0.00%	0	0	0	0	0	0
5.04	Total Other Financing Uses	210,667	147,551	60,774	-44.40%	70,000	70,000	70,000	70,000	70,000	70,000
5.05	Total Expenditures and Other Financing Uses	14,681,030	14,351,987	14,731,721	0.20%	15,419,058	16,672,387	17,165,932	17,765,237	17,765,237	17,765,237
6.01	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	723,896	2,856,102	3,525,838	158.90%	2,355,223	2,164,544	1,686,408	1,192,863	593,558	593,558
7.01	Beginning Balance	147,334	871,230	3,727,332	233.80%	7,253,170	9,608,393	11,772,937	13,459,345	14,652,208	14,652,208
7.02	Cash Balance June 30	871,230	3,727,332	7,253,170	-211.20%	9,608,393	11,772,937	13,459,345	14,652,208	15,245,766	15,245,766
8.01	Estimated Encumbrances June 30	63,146	96,145	196,335	78.20%	95,000	95,000	95,000	95,000	95,000	95,000
Reservation of Fund Balance											
9.01	Textbooks and Instructional Materials	0	0	0	0.00%	0	0	0	0	0	0
9.02	Capital Improvements	0	0	0	0.00%	0	0	0	0	0	0
9.03	Budget Reserve	0	0	0	0.00%	0	0	0	0	0	0
9.04	DPIA	0	0	0	0.00%	0	0	0	0	0	0
9.05	Debt Service	0	0	0	0.00%	0	0	0	0	0	0
9.06	Property Tax Advances	0	0	0	0.00%	0	0	0	0	0	0
9.07	Bus Purchases	0	0	0	0.00%	0	0	0	0	0	0
9.08	Subtotal	0	0	0	0.00%	0	0	0	0	0	0
10.01	Fund Balance June 30 for Certification of Appropriations	808,084	3,631,187	7,056,835	999.99%	9,513,393	11,677,937	13,364,345	14,557,208	15,150,766	15,150,766
Revenue from Replacement/Renewal Levies											
11.01	Income Tax - Renewal	0	0	0	0.00%	0	0	0	0	0	0
11.02	Property Tax - Renewal or Replacement	0	0	0	0.00%	0	0	0	0	0	0
11.3	Cumulative Balance of Replacement/Renewal Levies	0	0	0	0.00%	0	0	0	0	0	0
Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations											
12.01	Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	808,084	3,631,187	7,056,835	999.99%	9,513,393	11,677,937	13,364,345	14,557,208	15,150,766	15,150,766
Revenue from New Levies											
13.01	Income Tax - New	0	0	0	0.00%	0	0	0	0	0	0
13.02	Property Tax - New	0	0	0	0.00%	0	0	0	0	0	0
13.03	Cumulative Balance of New Levies	0	0	0	0.00%	0	0	0	0	0	0

14.01 Revenue from Future State Advancements 0 0 0 0 0.00% 0 0 0 0 0

15.01 Unreserved Fund Balance June 30 808,084 3,631,187 7,056,835 999.99% 9,513,393 11,677,937 13,364,345 14,557,208 15,150,766



## **FIVE YEAR FORECAST ASSUMPTIONS**

### **REVENUE ASSUMPTIONS**

#### **Property Taxes**

Property taxes are levied and collected on a calendar year basis in contrast to a District's fiscal year which runs from July 1st to June 30<sup>th</sup> of each year. Compounding the complexity of forecasting tax collection revenues both the effective millage rate and the total assessed valuation change from year to year. School Districts receive property tax revenues from two different calendar years resulting in different assessed values. The assessed values can change as a result of new construction, reappraisal, tax appeals received by the county and levies newly approved by voters.

Property tax revenue estimates are based upon historic growth patterns, including collections, scheduled updates are reappraisals, and are substantiated by information provided for the upcoming fiscal year from the Lorain County Auditor. Clearview Local School District property valuation has increased slightly from \$77,985,530 in 2016 to 78,317,060 in 2017. Clearview's property tax valuation in 2011 was \$88,861,550. New Construction increased by \$56,380. As a result, the collection on the inside millage is expected to have a small increase for calendar year 2016.

Property taxes collected increased from \$2,603,573 in fiscal year 2016 to \$2,734,542 in 2017.

The District passed renewals on three emergency tax levies expiring since November 2015. All three emergency levies were for 10 years. The next renewal levy does not expire until December 31, 2022.

Lorain County reappraised all real property in 2015 within the County to be effective and certified by the State of Ohio as of December 2015. This process is required to be performed every six years with reappraisal performed on a triennial basis per Ohio Revised Code Section 5715.33. The next reappraisal will be performed in 2018 and become effective in 2019.

House Bill 920 effectively freezes revenue for the vast majority of real property tax millage that is collected by the School District to the amount that was calculated at the time the millage was approved by the voters. Clearview Local School District will not see an increase in millage due to the adjustments in property tax value for earlier approved levies. Property taxes will increase for the unvoted, inside millage which does increase with property tax valuations. Property taxes can conversely decrease with a decrease in valuation for the inside millage.

10% Homestead and 2.5% rollback are not included in the property taxes line. Both are included in the Property Tax Allocation (1.050). The homestead reduction applies to residential owned property. The rollback reduction applies to owner-occupied residential properties only. The State of Ohio reimburses the District for the lost revenue.

In 2007, state leaders expanded the homestead exemption to make property tax relief available to more than a half million additional senior citizens and permanently and totally disabled Ohioans.

The homestead exemption dates back to 1971 and has long offered those who qualify the chance to shield part of their "homestead" — a dwelling and up to one acre — from property taxation. But for years, most senior citizens and disabled Ohioans were excluded because of income.

The redesigned exemption offers all eligible homeowners, regardless of income, the opportunity to shield up to \$25,000 of the market value of their homestead from property taxation.

The reduction in property value reduces property tax revenue.

#### Unrestricted Grant-in-Aid

Revenues from unrestricted grant-in-aid increased based on the current State formula and anticipated growth based on historical patterns. The Ohio Department of Education periodically adjusts the unrestricted grant-in-aid funding based on the number of students living in Clearview Local School District and attending Clearview Local School District.

Litigation has been pending in Ohio courts since 1991 questioning the constitutionality of Ohio's system of funding and compliance with constitutional requirements that have the State provide a "thorough and efficient system of common schools". On December 11, 2002, the Ohio Supreme Court, in a 4-3 decision on a motion to reconsider its own decision rendered in September 2001, concluded (as it had in 1997 and 2000) that the State did not comply with that requirement, even after again noting and crediting significant State steps in recent years. The Court directed the General Assembly "to enact a school-funding scheme that is thorough and efficient, as explained in its prior 1997 and 2000 decisions and the accompanying consequences.

In its prior decisions, the Court had stated as general base threshold requirements that every school district have:

- Enough funds to operate
- An ample number of teachers
- Sound and safe buildings
- Equipment sufficient for all students to be afforded an educational opportunity.

With particular respect to the funding sources, the Supreme Court had concluded in 1997 and 2000 decisions, and one concurring Justice stated again in the recent decision, that property taxes no longer may be the primary means of school funding in Ohio.

The State funding for schools is based on several factors of which are subject to deliberations and approval of the Ohio General Assembly. School funding beyond fiscal year 2001 will be set as part of the State's biannual budget for fiscal years 2016 and 2017. Unrestricted Grants -in-Aid has increased 13.6% over the previous three-year period.

Estimates for casino revenue in 2014 were approximately \$50/student. Casino revenue decreased to \$83,115 for fiscal year 2016. We received \$82,922 in fiscal year 2017. The first payment in fiscal year 2018 was \$43,602. We do not receive the casino revenue due from the Rockcino at Northfield Park, Thistledown, River Downs and the racino in Warren County.

#### Restricted Grant-in-Aid

Revenue from restricted grant-in-aid increased from \$257,057 in fiscal year 2015 to \$1,070,150 in fiscal year 2018. The increase was based on the number of students living in poverty who reside within the district and attend the district's schools. The EMIS calculation for poverty in fiscal year 2015 was 46%. The current calculation has the poverty rate at 94%. Since there was such a significant change in funding from fiscal year 2015, this line item will be closely examined.

Also, the Career Based Intervention (CBI) program receives restricted grant-in-aid funding. Their funding for fiscal year 2018 is \$36,927.

### Tangible Property Tax Changes in H.B. 66

House Bill 66 phased out the tax on the tangible personal property of general businesses, telephone and telecommunication companies, and railroads. The tax on general business and railroad property was eliminated in 2009, and the tax on telephones and telecommunication property was eliminated in 2011, reducing the assessment rate on the property each year phases out the tax. At the same time, the bill replaces the revenue lost due to the phasing out of the tax. The Governor's proposed budget has an accelerated phase-out period over the next fiscal year.

### Advances and Transfers

Revenues and advances are based on historical patterns. The advances are used for closing out the fiscal year-year grants, and then return the following July to the proper account.

### All Other Sources

Revenues from all other sources are based on historical patterns. This year and in the foreseeable future, interest rates will stay stannic since 9/11.

Open enrollment makes up the majority of this category. The latest foundation report projects \$4,115,222 in open enrollment. This number fluctuates. Open enrollment will remain at \$4,115,222 through 2022 for the forecast. The Districts supplements the loss of students who live in the district and attend Clearview Schools with open enrollment students. However, the district receives more funds per student for children living in and attending Clearview Schools.

## EXPENDITURE ASSUMPTIONS

### Personal Services and Employees' Benefits

Expenditures for personal services and employees' benefits are based on negotiated agreements and historical patterns and include medical premiums, pension payments, Medicare, workers compensation and unemployment insurance. Increases in salaries and wages cause the other benefits to increase at similar percentages. Increases in SERS and STRS employer rates could have a substantial burden to the District.

The current classified union agreement is in effect until June 30, 2019. The classified union agreed to 2% raise for fiscal year 2017 and a 1.75% raise for fiscal years 2018 and 2019.

The current certified union agreement is in effect until July 31, 2019. The certified union agreed to 2% raise for fiscal year 2017 and a 1.75% raise for fiscal years 2018 and 2019.

For Fiscal Year 2018, our insurance consortium increased our medical insurance and prescription costs by 2%. The previous three years had the premiums increasing approximately 6.5%. Therefore, we will keep a 6.5% increase for fiscal years 2019 through 2021. The 2% increase for fiscal year 2018 may be an anomaly. Both unions agreed to move to LERC standard plans effective January 1, 2015. Also, both unions have agreed to the LERC spousal language. This provides substantial savings to the District.

The District contracts hiring of substitute certified staff. This will result in a decrease in personal services and benefits. In addition, District will not have to pay the substitute certified staff pension and Medicare costs. These costs will be shifted to contracted services.

### **Severance Pay**

Certified staffs' sick time is paid over a three-year period after retirement. The cost in fiscal year 2017 was approximately \$90,510. The cost for fiscal years 2018 and 2019 are \$36,248 and \$20,000. Those figures will increase in 2017, 2018 and 2019 if any certified staff retires after the 2016, 2017 and 2018 school years.

### **Purchased Services**

Expenditures for purchased services are based on historical patterns and other indicators included in new legislation. Indicators included in these assumptions include cost to other districts for special education instruction, tuition, utility costs, repairs, professional services, technical services and professional leave reimbursements.

The community school transfer line item has decreased to \$710,300 in April 2017 from \$786,606 in September 2016. This is due to less students attending community school either at a community school or online. Community schools promote a tuition-free alternative to public schools. The increases in popularity results in lost revenue for public school districts.

The negative open enrollment increased from \$303,123 in April 2017 from \$320,017 in September 2017. Negative open enrollment includes students who live in the Clearview Local School District, but attend other public school districts such as Lorain City School District, Sheffield-Sheffield Lake City School District, Elyria City School District or Amherst Exempted Village School District.

### **Supplies and Materials**

Expenditures for supplies and materials include textbooks adoptions, instructional supplies, office supplies, software, vehicle supplies, enrollment, and other programs. Starting in fiscal year 2014, the student fees collected and the associated expenditures posted in the Uniform School Supplies Fund were moved to the General Fund in a separate special costs center. The fees collected do not cover the cost of the items purchased with student fees resulting in a loss every year. Other unrestricted revenue in the General Fund subsidizes the special cost center. This increased the supplies and material line item in the General Fund.

### **Capital Outlay**

Expenditure for capital outlays are based on historical patterns and other indicators included in new legislation including technology initiatives, bus replacement and copier replacements. The District may need to invest in technology to be able to compete with neighboring districts. The District purchased a new phone system, school bus, furniture for the high school media center and equipment for the maintenance department. The district intends on replacing portion of the roofing at Durling Middle School and Vincent Elementary School in fiscal year 2018. The partial replacement costs will be costs \$219,835.

### **Other Objects**

Expenditures for other objects are based upon historical patterns and other indicators included in new legislation. Indicators such as Lorain County Auditor's fees, treasurer fees, banking fees, Lorain County ESC deductions, election fees and audit fees are included. The Lorain County ESC transfers increased from \$80,092 in fiscal year 2016 to \$81,622 in fiscal year 2017. Clearview began receiving occupational therapy services through the Lorain County ESC in 2015.

### **Advances and Transfers Out**

Expenditures for advances and transfers are based upon historical patterns and other indicators included in new legislation.



## **SUMMARY**

**The information provided above, combined with the information provided on the forecast are used as a tool to assist the District in determining short and long-term needs. The forecast and the assumptions directly affect each other. Assumptions positively or negatively affect the five-year forecast.**

**Current, passed or pending legislation will have both positive and negative impacts to the ongoing financial health of the District. Some items that are reflected in the five-year forecast include:**

- **Reduced state funding for public schools**
- **Accelerated Tangible Personal Property phase out reimbursements**
- **Expansion of school voucher programs**
- **Increased medical contributions**
- **Increased contributions for employer and employee retirement**

**Sources for forecast include documentation from the Lorain County Auditor's office and the Ohio Department of Education.**