

Clearview Local School District – IRN 048132
FIVE YEAR FORECAST ASSUMPTIONS – May 13, 2024

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 30th 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 and reappraisals, and are substantiated by information provided for the upcoming fiscal year from the Lorain County Auditor. Clearview LSD property valuation has increased however, tax valuation appeals reduced the overall increase, as a result, the collection on the inside millage can change accordingly. Inside millage is the unvoted property tax authorized by the Ohio Constitution and established by the General Assembly which may not exceed ten mills in any taxing district.

Lorain County reappraises all real property. 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 triennial update (reappraisal) occurred in 2021, the assessment followed in 2022, with the next reappraisal in 2024 and the assessment following in 2025.

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 LSD 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 State Share of Local Property Taxes line (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 2014, state leaders redefined the homestead exemption for property tax relief available to more than a half million senior citizens age 65 and older as well as permanently, 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 the parcel that the dwelling sits on — from property taxation. Although most senior citizens and disabled Ohioans are excluded due to the annual income maximum of \$34,200. The redesigned exemption offers eligible homeowners the opportunity to shield up to \$25,000 of the market value of their homestead from property taxation. This reduction in property value has the effect of reducing property tax revenue.

Unrestricted Grant-in-Aid

Revenues from unrestricted grant-in-aid is projected to remain flat based on the current State formula, anticipated growth and based on historical patterns.

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. Most recently, a new funding model has been introduced that will hopefully provide a more equitable distribution of funds.

The State funding for schools is based on several factors of which are subject to deliberations and approval of the Ohio General Assembly. Due to the economic conditions within the State and possible short fall in tax revenues, the level at which the State will fund schools is always uncertain and therefore estimated conservatively. As the largest source of General Fund revenue, this has been the primary indicator for spending.

Casino revenue also appears to be fairly flat-lined. Casino revenue is approximately \$50/student. The opening of additional casinos along with years of operations is the reason for the increase from the original \$20/student. Casino revenue (001-3190) in 2022 was \$92,959.01, \$94,044.25 in 2023, \$92,879.65 for fiscal year 2024 and \$90,000.00 going forward. We are assuming a stable revenue stream in the casino revenue due to the opening of several other casinos throughout Ohio coupled with improved economic conditions following COVID. The Ohio Lottery Commission receives a share of the racino revenue, which is not commingled with the casino revenue.

Restricted Grant-in-Aid

Revenue from restricted grant-in-aid are based upon historical trends and inflationary rates or other indicators that may be introduced in any new legislation but generally equal around 10% of unrestricted grant-in-aid. Career Tech revenue has continued to average about the same from year

to year with only slight fluctuations. FY24 going forward is estimated conservatively as with unrestricted grant-in-aid. Increases and decreases in this funding source have had a negligible effect upon the overall budget primarily due to alternate sources of revenue having been realized, essentially “cushioning” the impact. For Example, CARES grants totaling over \$3,000,000 exceed the unrestricted grant-in-aid reduction and the balance of those sources of revenue carried forward throughout fiscal year 2023 continuing through 2024.

Restricted Federal Grant-in-Aid – SFSF

The State Fiscal Stabilization Fund program, line 1.045 also known as the State Fiscal Stabilization Fund, has long since been eliminated and will not provide any further revenue to the District. No revenue is forecasted over the next five years under this category. This program was a one-time appropriation of \$53.6 billion under the American Recovery and Reinvestment Act of 2009 [ARRA]. Of the amount appropriated, the U. S. Department of Education awarded governors approximately \$48.6 billion by formula under the SFSF program in exchange for a commitment to advance essential education reforms to benefit students from early learning through post-secondary education, including: college- and career- ready standards and high-quality, valid and reliable assessments for all students; development and use of pre-K through post-secondary and career data systems; increasing teacher effectiveness and ensuring an equitable distribution of qualified teachers; and turning around the lowest-performing schools. Although the line remains within the body of the forecast model, the associated funding has been inactive for several years.

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 replaced the revenue lost due to the phasing out of the tax.

Advances and Transfers

Advances and transfers are created based upon need and historical patterns. Most often, advances are created in connection with grants and closing out the fiscal year to eliminate negative fund balances. The advances are then returned the following July, or soon after, to the originating advancing fund. In prior years, there has been considerable transfer of funds within the special cost center 9021 of the General Fund associated with the construction project. This accounts for the unusually high value within this line.

All Other Sources

Revenues from all other sources are based on historical patterns, known sources and moderate estimating for unknown. This year we are seeing a positive turn in interest rates. The number of students living in the District and attending Clearview Local Schools has been decreasing but to buffer this adverse effect, the District has been accepting more open enrollment students. The open enrollment revenue is now reported as a portion of the State’s basic aid.

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 result in increases to other fringe benefits in accordance with their respective applicable percentages, such as 14% SERS and STRS and 1.45% Medicare. The current classified agreement is in effect until June 30, 2026. An increase of 3.0% on the base for all years of the contract with additional steps added up to a maximum of 10 and 1.5% additional for those employees who have reached step 10. The current certificated agreement is in effect until July 31, 2026 with an increase of 3.0% on the base.

Lake Erie Regional Council [LERC], the District's insurance consortium, met on March 11, 2024 and agreed upon a 6.25% renewal increase for medical/Rx, 5% with Delta Dental and 0% for Self-Funded Eye-Med vision insurance premiums for 2025; a 9.5% increase for every succeeding year has been built into the ongoing estimates. Union membership agreed to accept the LERC Medical Mutual plans eliminating the "with and without wellness" options. Most eligible employees are on the premium plan with a handful selecting Standard or an ACA plan. Both unions have agreed to the LERC spousal coverage language, providing savings to the District. A Memorandum of Understanding was agreed upon between the parties relative to allowing up to \$175.00 monthly payment to employees against the cost of their spousal insurance premium when spousal coverage is waived.

Severance Pay

In accordance with Article 24.03 of the Clearview Education Association, certificated bargaining unit members shall receive their severance pay in three equal installments beginning in February of the calendar year following the date of retirement and the following two Februarys thereafter. Bargaining unit members may elect to have their triennial severance payments deposited into a 457 Ohio Deferred Compensation plan or a 403B plan. These annual payments have typically been between \$75,000 and \$120,000 cumulatively.

Purchased Services

Expenditures for purchased services are based on historical patterns and other indicators included in new legislation. These assumptions include cost to other districts for special education instruction, tuition, utility costs, repairs, professional services, technical services, general liability insurance, legal services and professional leave reimbursements, etc. The District has contracted with the Educational Service Center of Lorain County for the purpose of hiring substitute certificated staff. With this service, the District will not bear the expense of substitute certified staff pension and Medicare costs thereby shifting the said expense to the contracted services provider. The District will pay an administrative fee for these services based on the number of substitutes used. The District has a 1-year contract with Vinson, LLC, formerly Epiphany Group, for the purpose of technology maintenance and repair. The annual contract is approximately

\$115,000. Expenditures in this category, which includes the items previously listed, totaled \$3,784,530.77 with \$157,022.39 remaining encumbered in FY23. **As of April 26, 2023, expenditures have totaled \$779,440.04 with \$47,960.29 remaining encumbered.** It is estimated that spending relative to professional services in anticipation of possible future school improvement projects over the next five years, coupled with general increases for services resulting from interest rate hikes, are likely to reflect significant increases.

Supplies and Materials

Expenditures for supplies and materials are based upon historical patterns and other indicators included in new legislation that allow textbook adoptions, instructional supplies, office supplies, software, vehicle supplies, enrollment, and other program supplies. In fiscal year 2023, the District expended \$1,334,683.30 in the supplies and materials category with \$42,681.33 remaining encumbered. **As of April 26, 2024 \$769,609.75 has been expended with \$534.17 remaining encumbered.** The District estimates that it will spend an equal amount or slightly more in fiscal year 2024 resulting from inflationary economic factors.

Capital Outlay

Capital Outlay items are those school improvement projects that are significant in size and scope as opposed to maintenance and repair projects. Capital outlay projects are generally planned far in advance of commencement of work performed and likely require architectural services. Some, or all, of the equipment and/or improvements listed below are items of consideration within the 5-year scope of this forecast, some of which occur on an annual or biennial basis. Others are considered based upon useful life and condition of the asset.

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 has been investing in technology to be able to compete with neighboring districts and most recently to satisfy the virtual learning requirements resulting from COVID-19. Most technology purchases are through CDW, Inc., recommended by Vinson, LLC and are funded through federal grants. However, the District's annual IT service is paid from the general fund. Historically, the District's annual general fund technology purchases have been between \$80,000 and \$100,000 in previous fiscal years. In 2024, we will likely increase spending due to a rate hike for support services as well as efforts to continue to maintain considerable technology investment funded again through federal grant awards and/or the general fund. Additionally, the District anticipates expenditures for imminent needs related to school facilities, grounds and ancillary buildings as well as needs and considerations that may require future planning.

The construction of the Wellness & Fitness Complex, approximately 9000 square feet, commenced on August 10, 2021, along with the construction of 2 detention basins designed to address the District's on-going storm-water management concerns. Included in the project is the construction of a 5820 square foot cold storage building on parcel 03-00-108-101-047 off Broadway Avenue. The District, through sheriff's sale on July 20, 2012, purchased this property previously owned by Jamie Jr. and Helen Sanchez. This project was 90% completed around August 19, 2022 with work-in-process punch list items addressed as expected, through the Spring and Summer of 2023. The

eleven-month punch list was completed early September 2023 with several items needing to be addressed.

The District adopted a bid proposal from SCG Fields, Inc. on January 10, 2022. This project included a synthetic turf multi-purpose football/soccer field with an eight-lane track. The high jump and pole vault are located in the “D zones”, between the end zone and the track. The remodel/replacement of the existing press box will likely be addressed as a future project. Also included within the Wellness & Fitness Complex plan was a new raised scoreboard and relocation of the band bleachers to the home side of the field.

This project also included synthetic turf for the baseball and softball infields with natural turf outfields. Two separate restroom facilities are available in each of the team dugouts; one for athletes and separate restroom facilities for spectators. Other amenities include a storage area in each home dugout, batting cages and a series of walkways allowing students, staff and spectators to traverse easily from one end of the complex to the other. Field lighting may likely be presented as an alternate bid at a later time, although the infrastructure is in place at this time ready to accept light pole installation. A practice field is located between the baseball and softball fields. Shotput and discus also compete in this area.

Other Objects

Expenditures for other objects are based upon historical patterns and other indicators included in new legislation. Items such as Lorain County Auditor’s fees, treasurer fees, banking fees, Lorain County ESC deductions, election fees and audit fees are some examples.

General Fund Debt

The District does not presently have any General Fund debt.

Advances and Transfers Out

Expenditures for advances and transfers are based upon historical patterns and other indicators included in new legislation. The transfers hereby depicted are those to the Capital Projects Fund, Teacher of the Year Fund and the Athletic Fund. Respectively, these transfers allow for available funds in the planning process for substantial school improvements of a larger magnitude in future years, provide funds for the annual Teacher of the Year program and fund the Athletic Department where gate receipts are insufficient to operate a quality program.

For purposes of the ODE submission, the five-year forecast percentage columns do not accept a percentage field range beyond 999.99%; the actual percentage on line 5.010 is often an actual depiction of the variance which considers the larger than usual transfer out to the Capital Projects Fund #070. These annual transfers are expected to continue for the life of the forecast although the amount may likely vary.

As explained in the revenue section, the transfers out are often reported higher than the transfers in due to a considerable amount of these funds remaining within special cost center 9021 of the General Fund associated with the construction project.

Summary

The information provided above, in conjunction with the information within 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 representing a combination of actual data and estimated values based upon calculated speculation. Assumptions positively or negatively affect the five-year forecast.

Current or passed 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
- 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, the Office of Budget and Management and District records.

CLEARVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY
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

Line Number		Fiscal Year 2021 Actual	Fiscal Year 2022 Actual	Fiscal Year 2023 Actual	Average Annual Percent of Change	Fiscal Year 2024 Forecasted	Fiscal Year 2025 Forecasted	Fiscal Year 2026 Forecasted	Fiscal Year 2027 Forecasted	Fiscal Year 2028 Forecasted
Revenues										
1.010	General Property Tax (Real Estate)	2,897,511	3,056,159	2,756,651	-2.16%	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
1.020	Tangible Personal Property Tax	0	0	0	0.00%	-	0	0	0	0
1.030	Income Tax	0	0	0	0.00%	-	0	0	0	0
1.035	Unrestricted State Grants-in-Aid (All 3100's except 3130)	10,158,601	11,123,507	12,889,187	12.69%	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
1.040	Restricted State Grants-in-Aid (All 3200's)	1,079,822	1,684,309	1,989,228	37.04%	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
1.045	Restricted Federal Grants-in-Aid - SFSF (4220)	0	0	0	0.00%	-	0	0	0	0
1.050	State Share of Local Property Taxes (3130)	383,365	379,983	364,125	-2.53%	400,000	400,000	400,000	400,000	400,000
1.060	All Other Revenues except 1931,1933,1940,1950,5100, 5200	4,069,874	2,247,684	820,841	-54.13%	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
1.070	Total Revenues	18,589,173	18,491,642	18,820,032	0.63%	19,100,000	19,100,000	19,100,000	19,100,000	19,100,000
Other Financing Sources										
2.010	Proceeds from Sale of Notes (1940)	0	0	0	0.00%	0	0	0	0	0
2.020	State Emergency Loans and Advancements (Approved 1950)	0	0	0	0.00%	0	0	0	0	0
2.040	Operating Transfers-In (5100)	236,776	4,727,929	3,124,388	931.44%	0	0	0	0	0
2.050	Advances-In (5200)	0	82,598	0		8,000	8,000	8,000	8,000	8,000
2.060	All Other Financing Sources (including 1931 and 1933)	278,342	58,758	29,706	0.00%	125,000	125,000	125,000	125,000	125,000
2.070	Total Other Financing Sources	515,118	4,869,285	3,154,095	405.03%	133,000	133,000	133,000	133,000	133,000
2.080	Total Revenues and Other Financing Sources	19,104,291	23,360,927	21,974,127	8.17%	19,233,000	19,233,000	19,233,000	19,233,000	19,233,000
Expenditures										
3.010	Personal Services	9,703,708	10,025,576	10,527,636	4.16%	10,948,741	11,386,691	11,386,692	11,500,559	11,615,564
3.020	Employees' Retirement/Insurance Benefits	3,281,647	3,780,020	3,827,057	8.22%	4,171,492	4,546,926	4,956,150	5,402,203	5,888,401
3.030	Purchased Services	2,781,668	2,123,111	2,458,559	-3.94%	2,400,000	2,450,000	2,500,000	2,550,000	2,600,000
3.040	Supplies and Materials	199,313	222,901	264,573	15.26%	230,000	241,500	253,575	266,254	279,566
3.050	Capital Outlay	1,332,066	4,245,838	4,616,957	113.74%	460,000	300,000	300,000	300,000	300,000
3.060	Intergovernmental (7600 and 7700 functions)	0	0	756	0.00%	0	0	0	0	0
Debt Service:										
4.010	Principal-All (History Only)	0	0	0	0.00%	0	0	0	0	0
4.020	Principal-Notes	0	0	0	0.00%	0	0	0	0	0
4.030	Principal-State Loans	0	0	0	0.00%	0	0	0	0	0
4.040	Principal-State Advancements	0	0	0	0.00%	0	0	0	0	0
4.050	Principal-HB 264 Loans	0	0	0	0.00%	0	0	0	0	0
4.055	Principal-Other	0	0	0	0.00%	0	0	0	0	0
4.060	Interest and Fiscal Charges	0	0	0	0.00%	0	0	0	0	0
4.300	Other Objects	342,404	380,698	486,468	19.48%	300,000	300,000	300,000	300,000	300,000
4.500	Total Expenditures	17,640,806	20,778,144	22,182,005	12.27%	18,510,233	19,225,117	19,696,417	20,319,016	20,983,532
Other Financing Uses										
5.010	Operating Transfers-Out	2,244,067	6,945,687	4,156,444	13.77%	1,030,500	1,030,500	1,030,500	1,030,500	1,030,500
5.020	Advances-Out	69,609	0	8,000	0.00%	8,000	8,000	8,000	8,000	8,000
5.030	All Other Financing Uses	(6,770)	34	64	0.00%	0	0	0	0	0
5.040	Total Other Financing Uses	2,306,906	6,945,721	4,164,508	80.52%	1,038,500	1,038,500	1,038,500	1,038,500	1,038,500
5.050	Total Expenditures and Other Financing Uses	19,947,712	27,723,865	26,346,514	17.01%	19,548,733	20,263,617	20,734,917	21,357,516	22,022,032
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(843,421)	-4,362,938	-4,372,387	208.75%	-315,733.26	-1,030,617	-1,501,917	-2,124,516	-2,789,032

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Line Number	Fiscal Year 2021 Actual	Fiscal Year 2022 Actual	Fiscal Year 2023 Actual	Average Annual Percent of Change	Fiscal Year 2024 Forecasted	Fiscal Year 2025 Forecasted	Fiscal Year 2026 Forecasted	Fiscal Year 2027 Forecasted	Fiscal Year 2028 Forecasted
7.010	<i>Cash Balance July 1 - Excluding Proposed Renewal/ Replacement and New Levies</i>								
	14,465,643	13,622,222	9,259,284	-18.93%	4,886,897	4,571,164	3,540,547	2,038,630	(85,885)
7.020	<i>Cash Balance June 30</i>								
	13,622,222	9,259,284	4,886,897	-39.62%	4,571,164	3,540,547	2,038,630	(85,885)	(2,874,918)
8.010	<i>Estimated Encumbrances June 30</i>								
	1,357,632	741,844	805,509	-18.39%	750,000	750,000	750,000	750,000	750,000
	Reservation of Fund Balance								
9.010	0	0	0	0.00%	0	0	0	0	0
9.020	0	0	0	0.00%	0	0	0	0	0
9.030	0	0	0	0.00%	0	0	0	0	0
9.040	0	0	0	0.00%	0	0	0	0	0
9.045	0	0	0	0.00%	0	0	0	0	0
9.050	0	0	0	0.00%	0	0	0	0	0
9.060	0	0	0	0.00%	0	0	0	0	0
9.070	0	0	0	0.00%	0	0	0	0	0
9.080	0	0	0	0.00%	0	0	0	0	0
	<i>Subtotal</i>								
	0	0	0	0.00%	0	0	0	0	0
10.010	<i>Fund Balance June 30 for Certification of Appropriations</i>								
	12,264,590	8,517,440	4,081,388	-41.32%	3,821,164	2,790,547	1,288,630	(835,885)	(3,624,918)
	<i>Revenue from Replacement/Renewal Levies</i>								
11.010	0	0	0	0.00%	0	0	0	0	0
	<i>Income Tax - Renewal</i>								
11.020	0	0	0	0.00%	0	0	0	0	0
	<i>Property Tax - Renewal or Replacement</i>								
11.300	<i>Cumulative Balance of Replacement/Renewal Levies</i>								
	0	0	0	0.00%	0	0	0	0	0
12.010	<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i>								
	12,264,590	8,517,440	4,081,388	-41.32%	3,821,164	2,790,547	1,288,630	(835,885)	(3,624,918)
	<i>Revenue from New Levies</i>								
13.010	0	0	0	0.00%	0	0	0	0	0
	<i>Income Tax - New</i>								
13.020	0	0	0	0.00%	0	0	0	0	0
	<i>Property Tax - New</i>								
13.030	<i>Cumulative Balance of New Levies</i>								
	0	0	0	0.00%	0	0	0	0	0
14.010	<i>Revenue from Future State Advancements</i>								
	0	0	0	0.00%	0	0	0	0	0
15.010	<i>Unreserved Fund Balance June 30</i>								
	12,264,590	8,517,440	4,081,388	-41.32%	3,821,164	2,790,547	1,288,630	(835,885)	(3,624,918)

See accompanying summary of significant forecast assumptions and accounting policies
Includes: General fund, emergency levy fund, SDFS, PBA fund, and any portion of debt service
service fund related to general fund debt.