# Cloverleaf Local School District
# Five-Year Financial Forecast

Jason Myers – President
Michael Maloney – Vice President
Jane Rych – Board Member
Jim Curran – Board Member
Bill Schmock – Board Member

James Hudson – Treasurer
Daryl Kubilus - Superintendent

**Five-Year Forecast Introduction**

The Ohio Revised Code 5705.391 requires all city, local, exempted, and joint vocational schools to file a five-year forecast twice a year, once in October and once in May. Forecasts are filed with the Ohio Department of Education (ODE) and are used to evaluate the financial strength of a district. The information can also be used by ODE and the Auditor of State Office (AOS) in helping to determine fiscal caution, watch, or emergency of an entity. Internally, the forecasts are used to help communicate the financial situation to the board, community, staff, and parents. Overall, the forecast is a critical tool for any district for both short and long term planning when developing budgets and determining the need for additional revenue and or budget reductions. The following information provides a background and an overview of the assumption in the most current five-year forecast.

## Revenue Assumptions

**General Property Tax (1.010)**

The District collects property taxes from Medina County residents, which is based on voted outside and distributed inside millage. The millage is then applied to 35 percent of the value of a property to determine the total property tax bill, minus respective rollbacks (see property tax allocation for additional information). Cloverleaf experienced a slight decrease of taxable values from FY 2008-09 to FY 2009-10 and a 5.8 percent decrease from FY 2009-10 to FY 2010-11. The valuation decrease has affected the overall collections by an average of a 1 percent decrease per year. However, there was a slight increase in valuation in FY 2011-12, which resulted in an increase in collections of $14,308. Although, collections were still down $51,218 from FY 2009-10 levels.

The current reappraisal of Medina County resulted in a net decrease in valuation of 5.0 percent. The valuation decrease did have a direct affect on the inside mills collected by the District. Based on those revised rates, the District was collected approximately $11.1 million. However, collections for FY 2013-14 were slightly higher than projected, resulting in collections of $11.2 for an overall decrease of 1.3 percent from FY 2012-13.

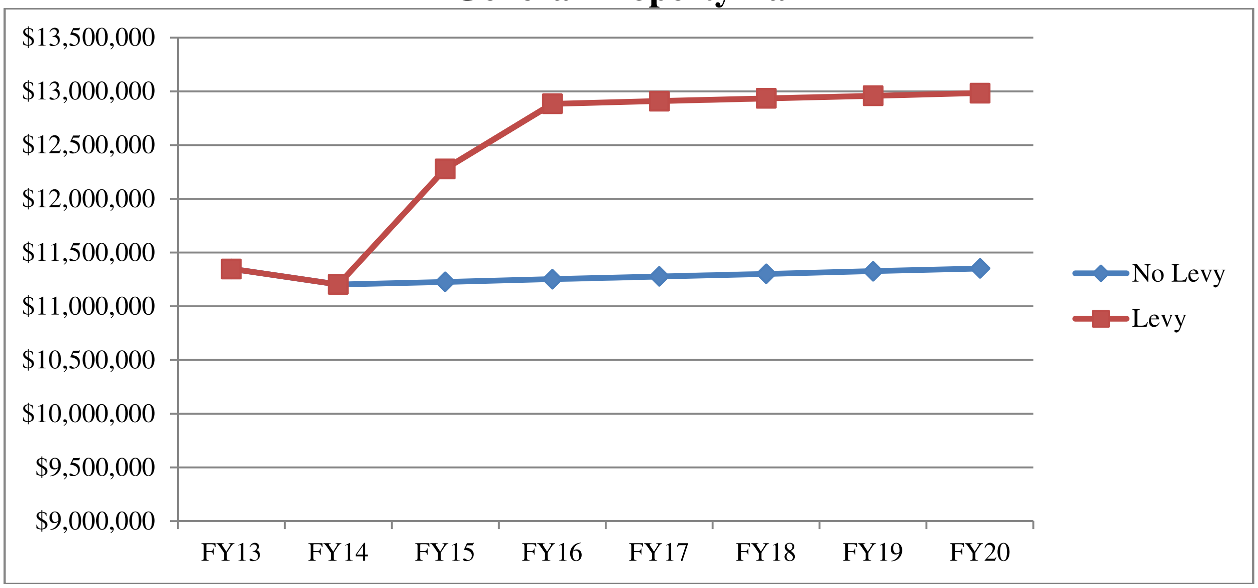
As part of the fiscal recovery plan, the District placed a 3.5 mill, 10-year operating levy and a 0.75% earned income tax on the May 2014 ballot; and passed. Since property taxes are collected on a calendar year basis and schools operate on a fiscal year, only half of the proceeds will be realized in FY 2014-15. A full year's collection will be realized in FY 2015-16 and will continue through the forecasted period. The additional revenue for the income tax will be shown on line 1.030.

The District did see a slight increase in collection in FY 2014-15; however the majority of the increase is a direct result of the additional emergency levy. Overall, the District collected $12.3 million in FY 2014-15. The second revenue stream from the emergency levy will be realized in FY 2016-17.

Future collections are projected to increase at a conservative average rate of 0.5 percent per year based on revaluation, updates and information from the County Auditor's Office. Valuations, delinquencies, and millage rates will need to be monitored, which could alter future projections.

The following chart illustrates the importance of have passing the emergency levy. If not passed, the District would have seen a net revenue difference in General Property Tax of $8.9 million during the forecasted period.

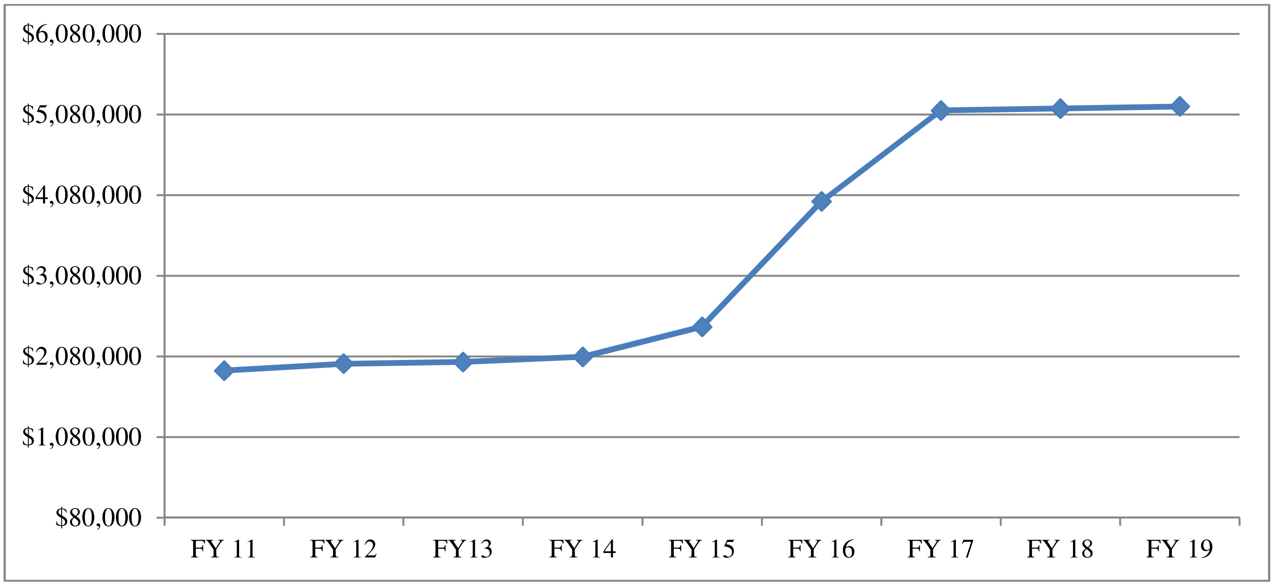
**General Property Tax**




**Income Tax (1.030)**

The District passed an earned income tax in November 2006, which is distributed by the Ohio Department of Taxation in July, October, January, and April. The District has experienced an average increase in collection of 4.9 percent from FY 2009-10 to FY 2011-12. However, overall collections only increased by 1.0 percent in FY 2012-13 and 3.0 percent for FY 2013-14. Future projections were held at a 0.5 percent increase due to the unpredictability of the quarterly collections. As with General Property Tax, the District placed a 3.5 mill, 10-year operating levy and a 0.75% earned income tax on the May 2014 ballot; and passed. The additional revenue from the income tax will take 18 months for the District to see full collections. Collections will grow from $2.1 million in FY 2013-14 to a projected $5.1 million in FY 2018-19.

## Income Tax




**Unrestricted Grant-In-Aids (1.035):**

The state's most recent budget, House Bill 64, increases funding formula from $5,800 in FY 2015 to $5,900 in FY 2016 and $6,000 in FY 2017. However, Cloverleaf only receives about $3,600 per student after the District "index" factors. Based on the calculations, the Distract would stand to lose approximately $1.8 million in state funding. However, the budget bill calls for a guarantee that the allocation will not decrease below FY 2015 funding levels. Therefore, it is assumed that Cloverleaf will receive $9.3[1] million in state funding through the forecasted period.

House Bill 64[2] is a two year budget and is subject to change after FY 2016-17. Subsequence budget bills could modify funding levels which could alter Cloverleaf's funding positively or negatively. District administration will need to monitor future budget bills and modify the projects if warranted.

**Restricted Grants In Aids / Education Jobs (1.040):**

Restricted grants in aids consist of Career Technical funding for the District's Vocational-Agricultural and Family Consumer Sciences programs. Funding is based on participation in each program, of which 75 percent of the funds are restricted in use. Historically, the District has received $29,715 in Career Technical funding. However, the currently funding formula being proposed by the state is suggesting funding of just over $25,000.

[1] The projected $9.3 million also includes additional aid items of $330,000 for preschool and special education funding.
[2] A summary of K-12 funding can be found at the following link: http://www.lsc.ohio.gov/fiscal/budgetinbrief131/budgetinbrief-hb64-en.pdf.

Furthermore, the projects also include reimbursements from Catastrophic Cost. In FY 2014-15 the District received $181,000 from FY 2014 reimbursements and is projected to receive $75,000[3] in FY 2015-16 and throughout the remaining forecasted period.

**Property Tax Allocation (1.050):**

Property tax allocation consists of homestead exemption, tangible personal property tax reimbursement, and the 10% and 2.5% millage rollbacks. Homeowners receive a tax reduction of 10 percent (due to house bill 920) and an additional 2.5 percent reduction if the owner resides in the home (due to house bill 204) on their tax bills. This amount is received as a direct payment to the schools and is distributed throughout the fiscal year.

The District also receives reimbursements from the loss of tangible personal property tax at a reduced rate each year. This loss was due to the implementation of HB 66 which eliminated the majority of tangible personal property taxes. The District received $468,990 in FY 2011-12 and will not be receiving a payment through the forecasted period. The District will see a total revenue loss of over $2.3 million from FY 2012-13 to FY 2016-17 due to the elimination of the reimbursement. Moreover, the District has lost over $2.2 million from FY 2009-10 to FY 2011-12 and is projected to have lost $750,000 per year due to the implementation of HB 66.

**Other Operating Revenue (1.060) / All Other Financing Sources (2.060):**

Other revenue consists of interest earnings, pay to participate fees, class fees, donations, SF-14 revenue, other miscellaneous local receipts, and open enrollment. Approximately 33 percent of other revenues are comprised of open enrollment payments, which is revenue received on foundation payments from other schools whose students enroll in Cloverleaf. Collections rates will be monitored and projections will be modified based on current information.

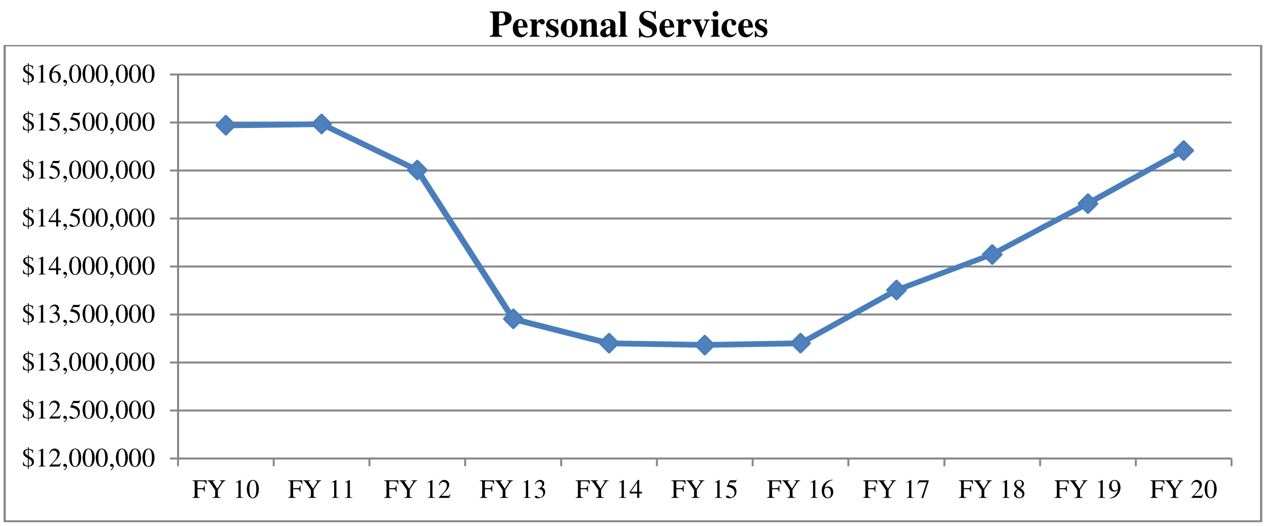
## Expenditure Assumptions

**Personnel Services (3.010):**

The majority of personnel services consist of salaries and wages for certified staff (teachers), classified staff (non-teaching), administrators, supplemental pays, and termination pay. FY 2015-16 projections was calculated based on the current contracted amount of existing employees which represents approximately 90 percent of the total line item projection. The remaining items, to include supplemental pay, sick leave, vacation leave, and termination pay were calculated based on historically trends plus a 1-3 percent increase. There is an overall decrease in personnel services of 2.5 percent in FY 2013-14 from FY 2012-13. This decreased is explained by implementing personal reductions that were identified as part of the District fiscal recovery plan and not replacing positions due to a slight decrease in enrollment. The District is projecting a slight increase in salaries for FY 2015-16 of 0.14 percent. Severance payments, COLA increases and step increases were offset by the significate amount of retirements. The District was able to replace these employees with staff with less experience costing the District significantly less

[3] The payment from the Ohio Department of Educations has been sporadic over the past few years. Cloverleaf received double payments in FY 2015-16.

during the forecasted period. It is projected that the District will be spending less in Personal Service during the forecasted period compared to FY 2009-10 because of the reductions the District has made over the past several years.




**Employees' Retirement/Insurance Benefits (3.020):**

Approximately 38 percent of the employees' retirement/insurance benefits (ERIB) projections consist of payments to the state pension systems. Currently, the District is obligated to contribute to the State Teachers Retirement Systems and the School Employee Retirement System. Pension payments were calculated based on current and temporary employees' contract salary amounts which are deducted from the District's monthly foundation payments.

Health insurance contributions make up 56 percent of the ERIB projection. In FY 2012-13, the District has received three insurance holidays and two holidays in FY 2013-14, FY 2014-15 and FY 2015-16 from the Stark County COG. However, because of the unpredictability of the insurance industry, one holiday was assumed during the forecasted period per year. Furthermore, the District received 5.0 percent increase per year in family and single premiums contributions for FY 2014-15, a 2.6 percent increase for FY 2015-16 and a projected 10.0 percent from FY 2016-17 through FY 2019-20 based on recommendations from the COG. Reducing two insurance holiday's and increase contributions by 10 percent would explain the majority of the increase in ERIB of $2.0 million. Due to the unpredictability of healthcare cost, the District will need to monitor future premiums and adjust projections accordingly.

ERIB also consist of, Workers' Compensation payments and unemployment. These expenses represent approximately 3.3 percent of the total line item. While unemployment rates are declining slightly, Workers' Compensations payments will increase approximately $20,000 per year due to the district losing the group rating because of the claims history. The District has been proactive in instituting preventative programs to increase the safety of the staff, to minimize future claims, and get below a threshold that allows us to get involved in the group rating again.

**Purchased Services (3.030):**

Purchased services consist of items such as property services, utilities, open-enrollment payments, legal services, and payments to community schools. Of the total line items, electricity, open-enrollments, and bus services represent the largest portion of the projected expenditure. These items were increased based on known factors or historical trends. The remaining items were flat lined or increased at a rate of 1-3 percent.

**Supplies and Materials (3.040):**

With the exception of fuel costs, the majority of items in supplies and materials are discretionary in nature. However, textbooks, instructional supplies, maintenance supplies, and custodial supplies are necessary to help facilitate and meet the operational needs and educational goals of the District. Supplies and materials are expected to increase in FY 2015-16 mainly due to an increase in projected fuel costs and anticipated instructional supplies. Due to the volatility of fuel prices, a cumulative 5 percent increase was included throughout the forecasted period. Fuel prices and consumption will be monitored and the outcomes will be reflected in future forecasts. Lastly, the college credit plus program has also impacted textbooks costs by more than $20,000 a year.

**Capital Outlay (3.050):**

Capital outlay expenditures are related to the acquisition of, or additions to, fixed assets. Included are expenditures for land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, initial and additional equipment, furnishings, and vehicles. The District has been able to convert additional capital outlay expenditures to the permanent improvement fund. However, the use of those funds will be limited in the future due to having to use additional funds from the PI fund to pay outstanding interest and debt. Projections were increased to $550,000 each year during the forecasted period in order to meet the capital needs of the District.

**Other Objects (4.30):**

Other objects consist of membership dues, treasurers fees and dues, bank fees, elections expenses, and payments to the Medina County Educational Services Center (MCESC). Of the total line item, 90 percent of the expenses are related to tax collections fees and services rendered from the MCESC. Projections were increased by an average 3.0 percent per year which takes into consideration historical trends and known factors.

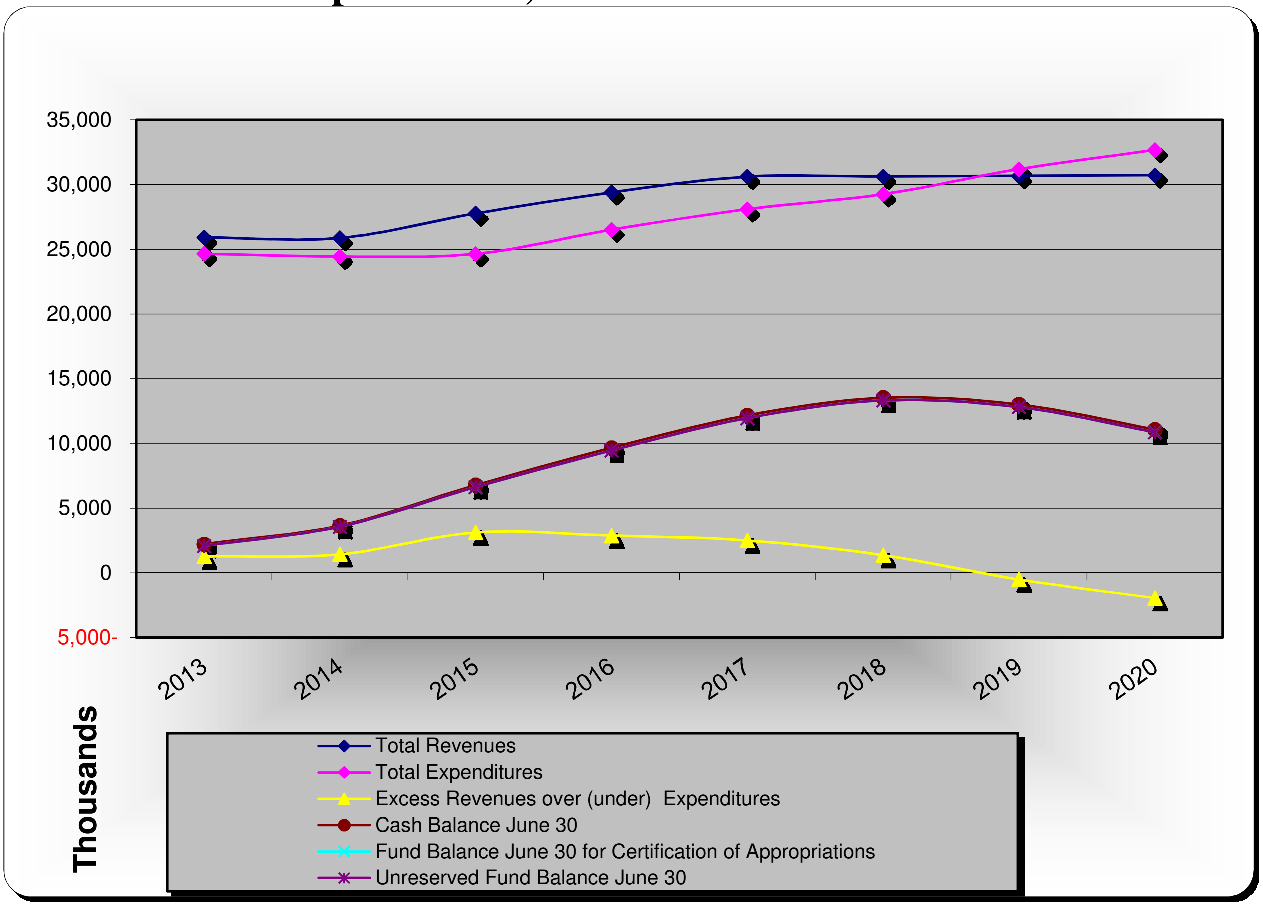
**Conclusion**

Five-Year forecasts are based upon the best assumptions and know factors at the present time. Projections can be volatile due to the unpredictability of factors outside of the Districts control. Based on current projections the District should be able to maintain a positive fund balance beyond the forecasted period due to the passage of the Income and Property Tax. However, it is extremely important that the District monitor state funding and any possible change with the

guarantee. The District is currently receiving $1.9 million per year that would dramatically impact the District's finances if these funds were eliminated.

The following chart illustrates the District's revenues, expenditures, and ending cash over the forecasted period.

## Total Expenditures, Revenues and Fund Balances



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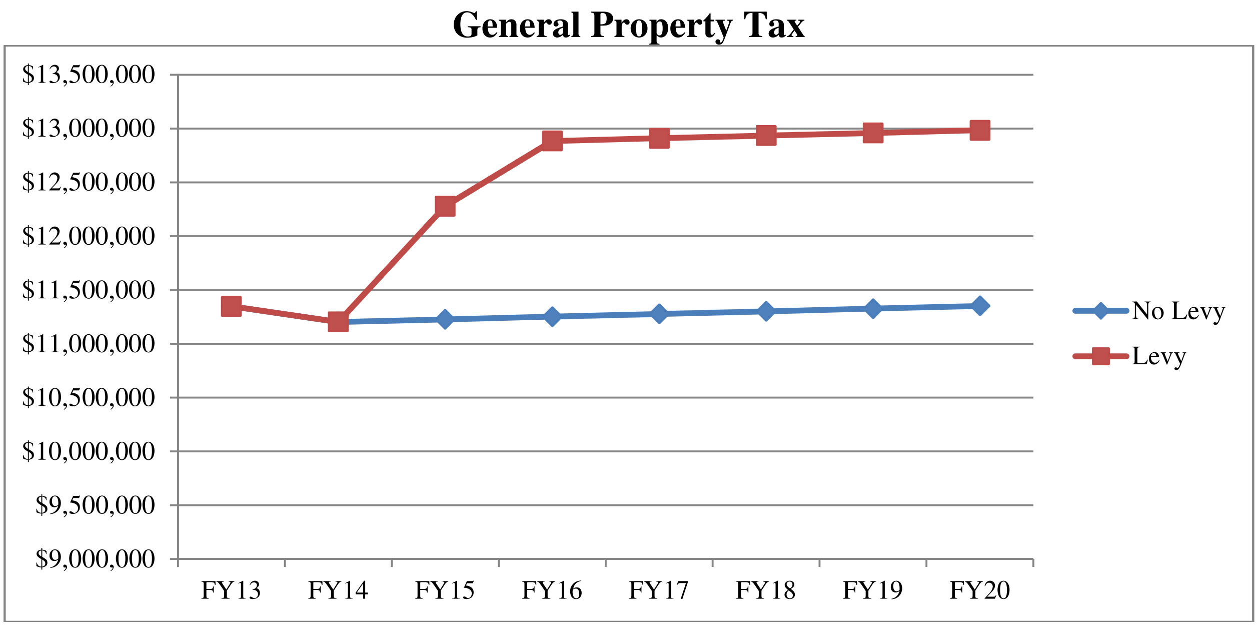


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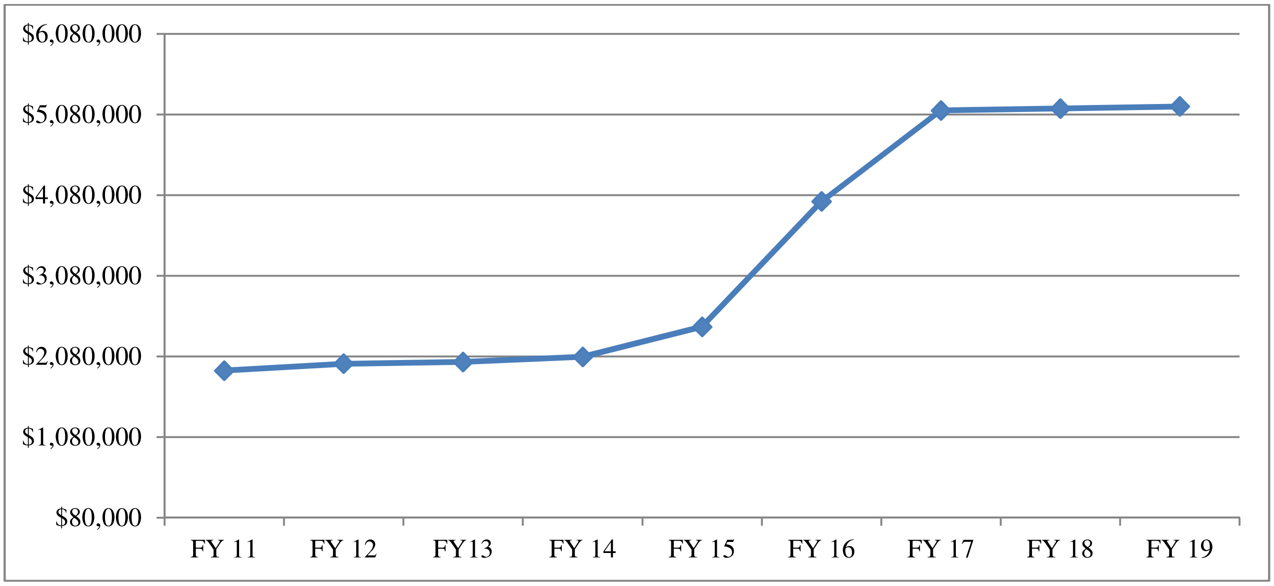


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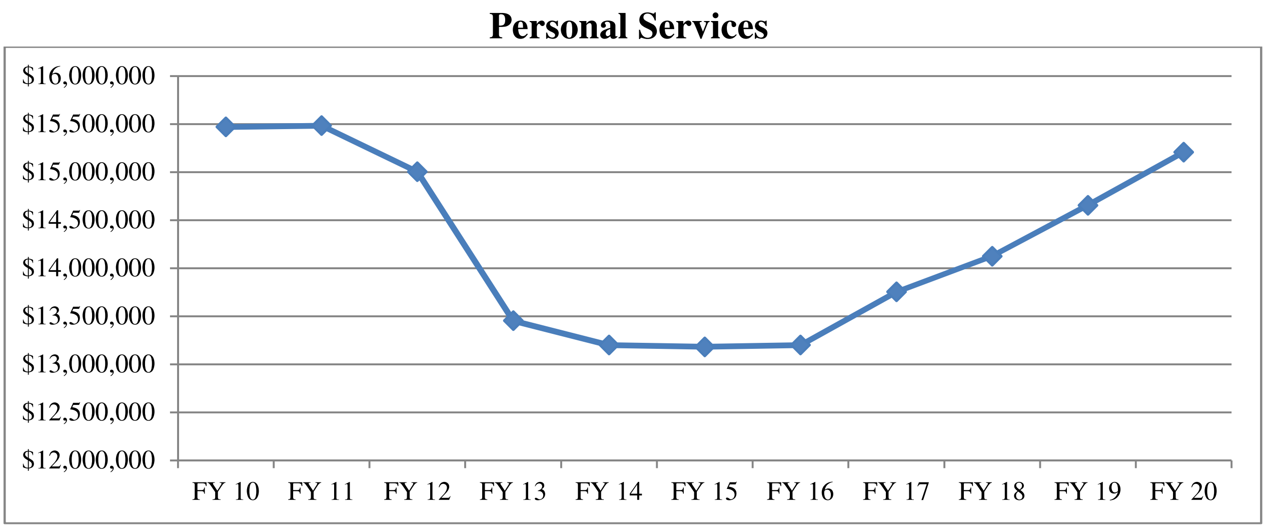


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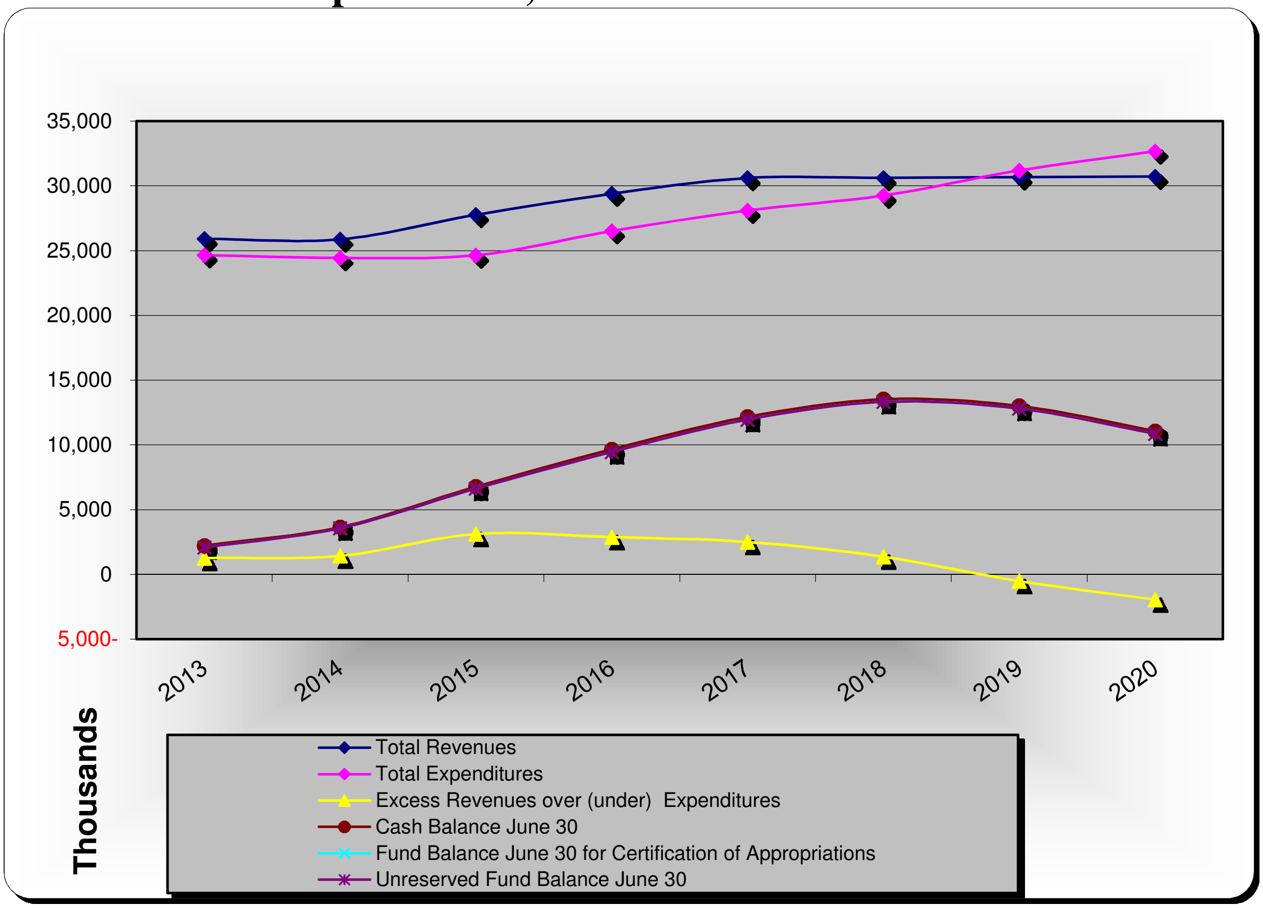

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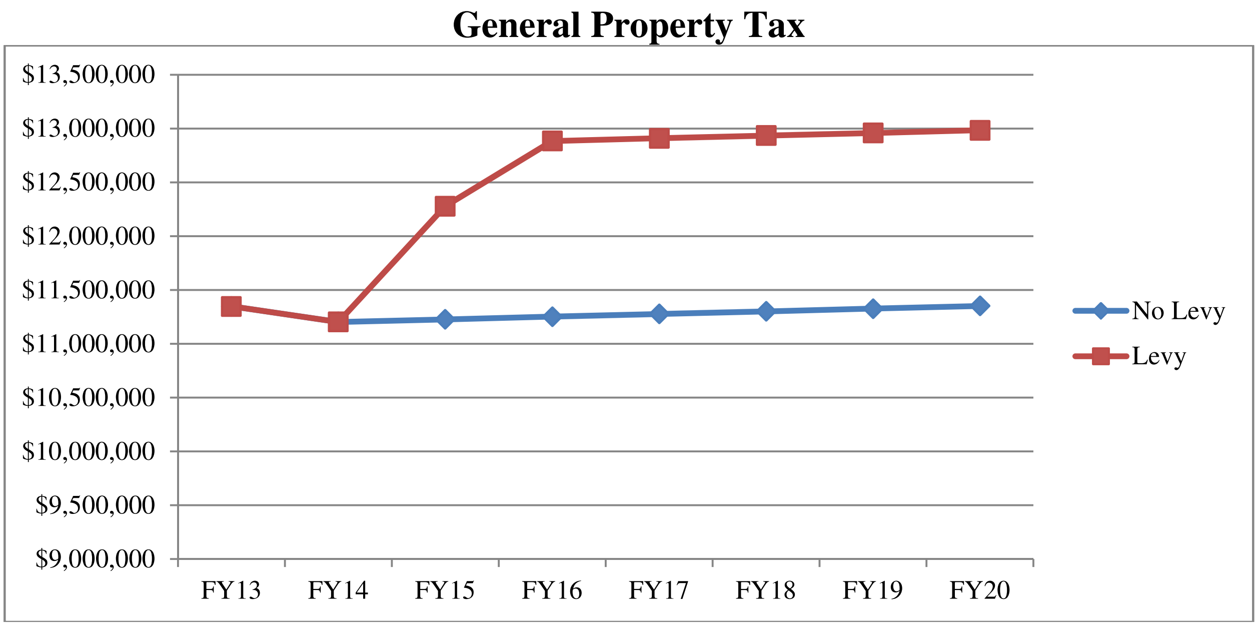


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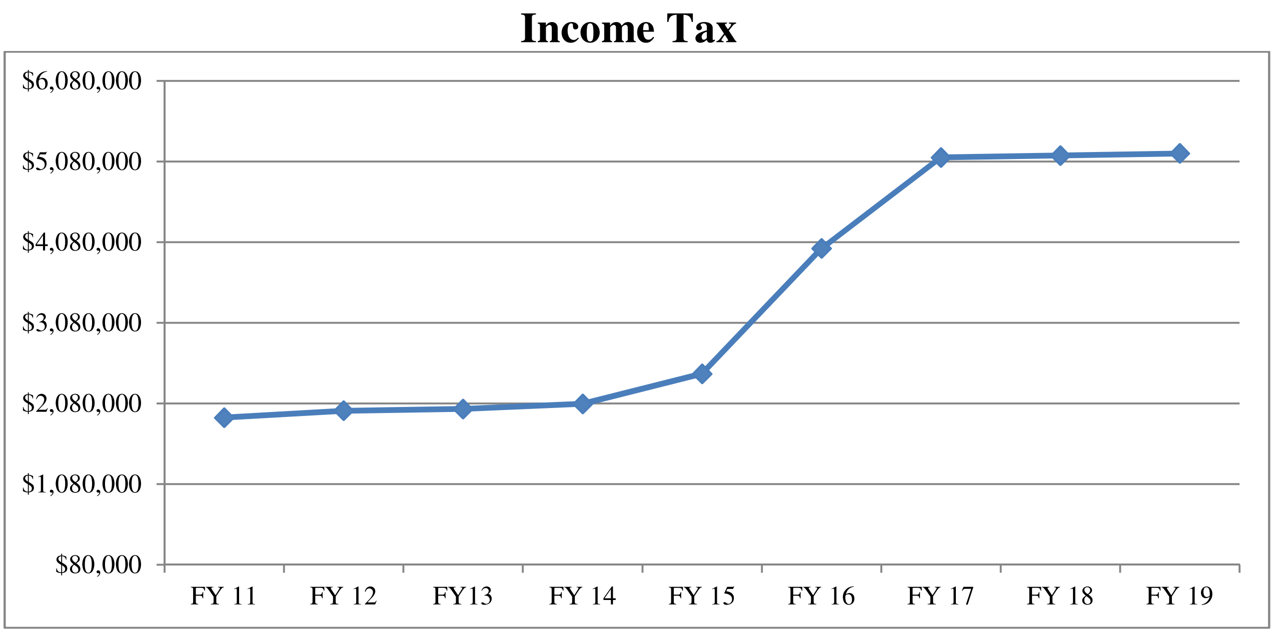


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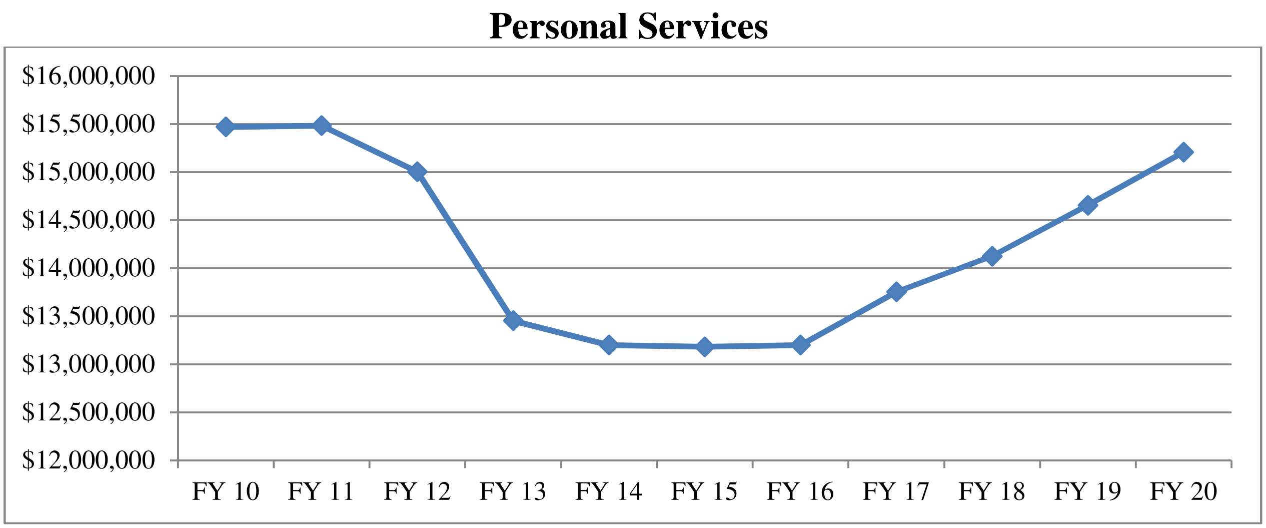


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Health insurance contributions make up 56 percent of the ERIB projection. In FY 2012-13, the District has received three insurance holidays and two holidays in FY 2013-14, FY 2014-15 and FY 2015-16 from the Stark County COG. However, because of the unpredictability of the insurance industry, one holiday was assumed during the forecasted period per year. Furthermore, the District received 5.0 percent increase per year in family and single premiums contributions for FY 2014-15, a 2.6 percent increase for FY 2015-16 and a projected 10.0 percent from FY 2016-17 through FY 2019-20 based on recommendations from the COG. Reducing two insurance holiday's and increase contributions by 10 percent would explain the majority of the increase in ERIB of $2.0 million. Due to the unpredictability of healthcare cost, the District will need to monitor future premiums and adjust projections accordingly.

ERIB also consist of, Workers' Compensation payments and unemployment. These expenses represent approximately 3.3 percent of the total line item. While unemployment rates are declining slightly, Workers' Compensations payments will increase approximately $20,000 per year due to the district losing the group rating because of the claims history. The District has been proactive in instituting preventative programs to increase the safety of the staff, to minimize future claims, and get below a threshold that allows us to get involved in the group rating again.

**Purchased Services (3.030):**

Purchased services consist of items such as property services, utilities, open-enrollment payments, legal services, and payments to community schools. Of the total line items, electricity, open-enrollments, and bus services represent the largest portion of the projected expenditure. These items were increased based on known factors or historical trends. The remaining items were flat lined or increased at a rate of 1-3 percent.

**Supplies and Materials (3.040):**

With the exception of fuel costs, the majority of items in supplies and materials are discretionary in nature. However, textbooks, instructional supplies, maintenance supplies, and custodial supplies are necessary to help facilitate and meet the operational needs and educational goals of the District. Supplies and materials are expected to increase in FY 2015-16 mainly due to an increase in projected fuel costs and anticipated instructional supplies. Due to the volatility of fuel prices, a cumulative 5 percent increase was included throughout the forecasted period. Fuel prices and consumption will be monitored and the outcomes will be reflected in future forecasts. Lastly, the college credit plus program has also impacted textbooks costs by more than $20,000 a year.

**Capital Outlay (3.050):**

Capital outlay expenditures are related to the acquisition of, or additions to, fixed assets. Included are expenditures for land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, initial and additional equipment, furnishings, and vehicles. The District has been able to convert additional capital outlay expenditures to the permanent improvement fund. However, the use of those funds will be limited in the future due to having to use additional funds from the PI fund to pay outstanding interest and debt. Projections were increased to $550,000 each year during the forecasted period in order to meet the capital needs of the District.

**Other Objects (4.30):**

Other objects consist of membership dues, treasurers fees and dues, bank fees, elections expenses, and payments to the Medina County Educational Services Center (MCESC). Of the total line item, 90 percent of the expenses are related to tax collections fees and services rendered from the MCESC. Projections were increased by an average 3.0 percent per year which takes into consideration historical trends and known factors.

**Conclusion**

Five-Year forecasts are based upon the best assumptions and know factors at the present time. Projections can be volatile due to the unpredictability of factors outside of the Districts control. Based on current projections the District should be able to maintain a positive fund balance beyond the forecasted period due to the passage of the Income and Property Tax. However, it is extremely important that the District monitor state funding and any possible change with the

guarantee. The District is currently receiving $1.9 million per year that would dramatically impact the District's finances if these funds were eliminated.

The following chart illustrates the District's revenues, expenditures, and ending cash over the forecasted period.

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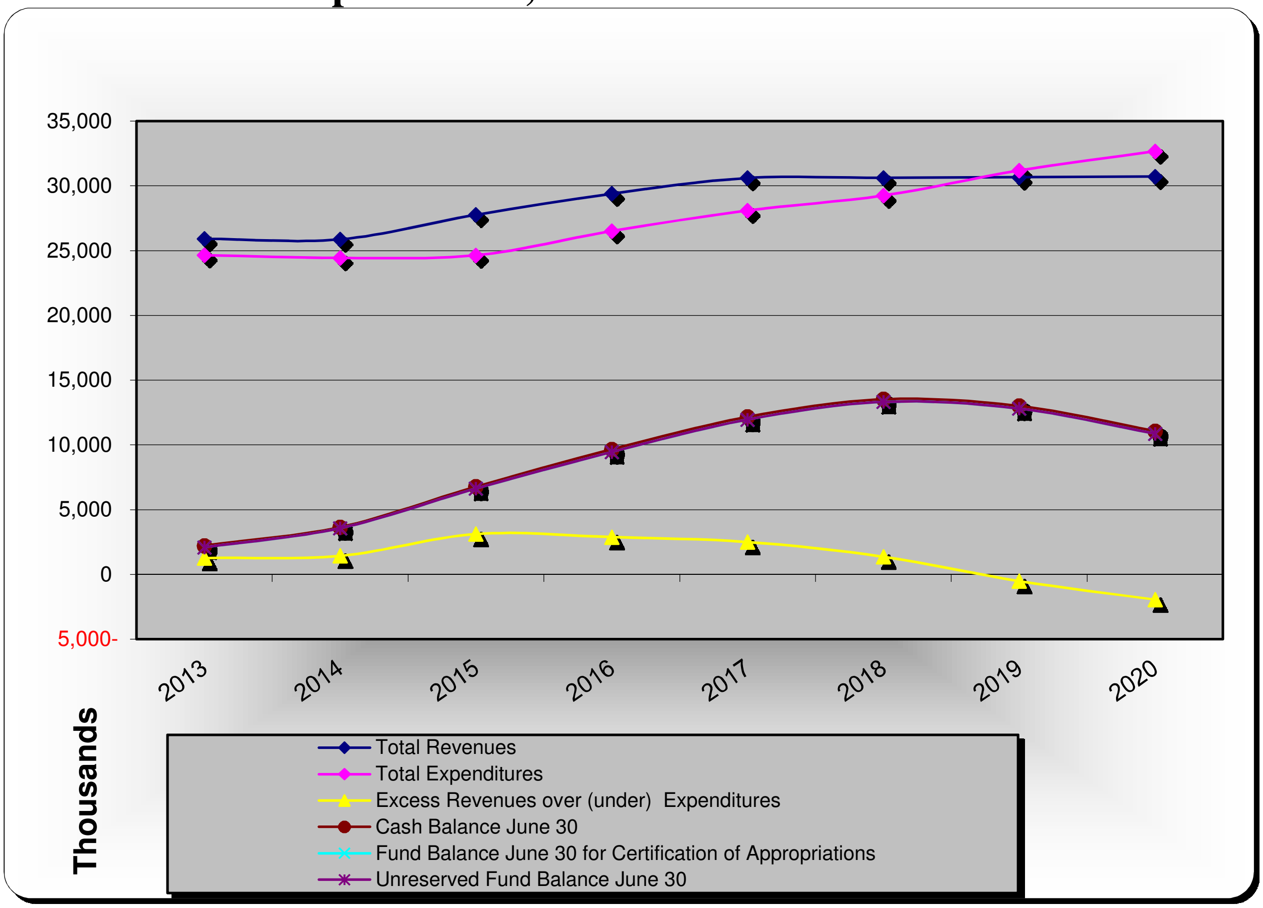


# Cloverleaf Local School District
# Five-Year Financial Forecast

**Five-Year Forecast Introduction**

The Ohio Revised Code 5705.391 requires all city, local, exempted, and joint vocational schools to file a five-year forecast twice a year, once in October and once in May. Forecasts are filed with the Ohio Department of Education (ODE) and are used to evaluate the financial strength of a district. The information can also be used by ODE and the Auditor of State Office (AOS) in helping to determine fiscal caution, watch, or emergency of an entity. Internally, the forecasts are used to help communicate the financial situation to the board, community, staff, and parents. Overall, the forecast is a critical tool for any district for both short and long term planning when developing budgets and determining the need for additional revenue and or budget reductions. The following information provides a background and an overview of the assumption in the most current five-year forecast.

## Revenue Assumptions

**General Property Tax (1.010)**

The District collects property taxes from Medina County residents, which is based on voted outside and distributed inside millage. The millage is then applied to 35 percent of the value of a property to determine the total property tax bill, minus respective rollbacks (see property tax allocation for additional information). Cloverleaf experienced a slight decrease of taxable values from FY 2008-09 to FY 2009-10 and a 5.8 percent decrease from FY 2009-10 to FY 2010-11. The valuation decrease has affected the overall collections by an average of a 1 percent decrease per year. However, there was a slight increase in valuation in FY 2011-12, which resulted in an increase in collections of $14,308. Although, collections were still down $51,218 from FY 2009-10 levels.

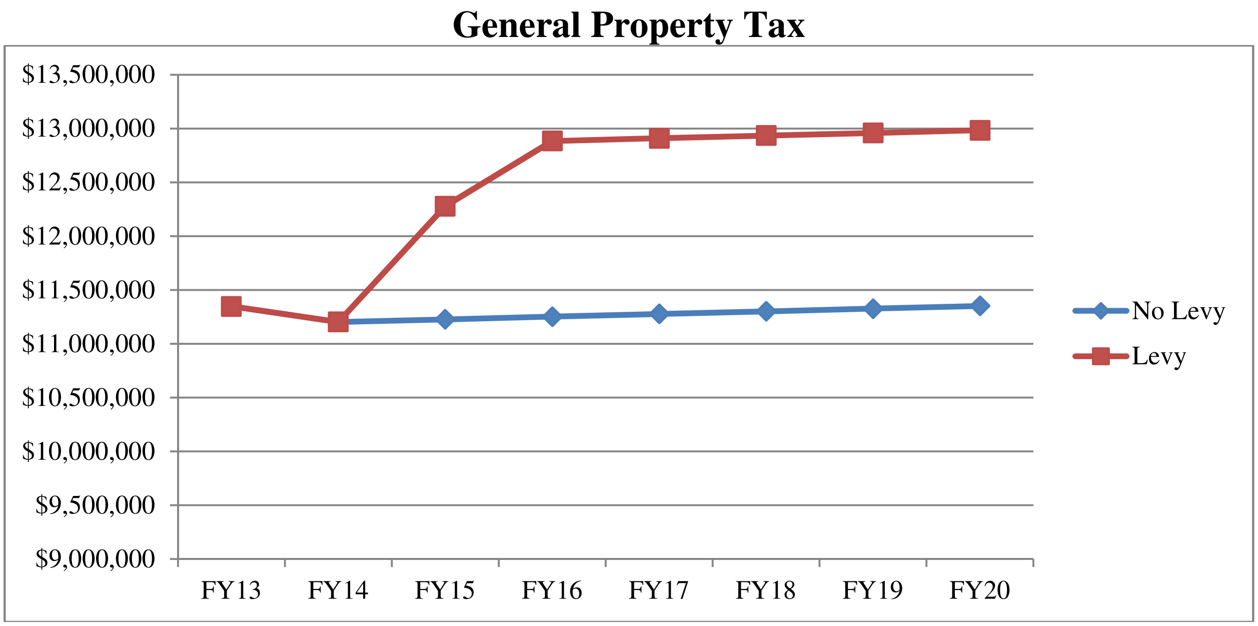
The current reappraisal of Medina County resulted in a net decrease in valuation of 5.0 percent. The valuation decrease did have a direct affect on the inside mills collected by the District. Based on those revised rates, the District was collected approximately $11.1 million. However, collections for FY 2013-14 were slightly higher than projected, resulting in collections of $11.2 for an overall decrease of 1.3 percent from FY 2012-13.

As part of the fiscal recovery plan, the District placed a 3.5 mill, 10-year operating levy and a 0.75% earned income tax on the May 2014 ballot; and passed. Since property taxes are collected on a calendar year basis and schools operate on a fiscal year, only half of the proceeds will be realized in FY 2014-15. A full year's collection will be realized in FY 2015-16 and will continue through the forecasted period. The additional revenue for the income tax will be shown on line 1.030.

The District did see a slight increase in collection in FY 2014-15; however the majority of the increase is a direct result of the additional emergency levy. Overall, the District collected $12.3 million in FY 2014-15. The second revenue stream from the emergency levy will be realized in FY 2016-17.

Future collections are projected to increase at a conservative average rate of 0.5 percent per year based on revaluation, updates and information from the County Auditor's Office. Valuations, delinquencies, and millage rates will need to be monitored, which could alter future projections.

The following chart illustrates the importance of have passing the emergency levy. If not passed, the District would have seen a net revenue difference in General Property Tax of $8.9 million during the forecasted period.

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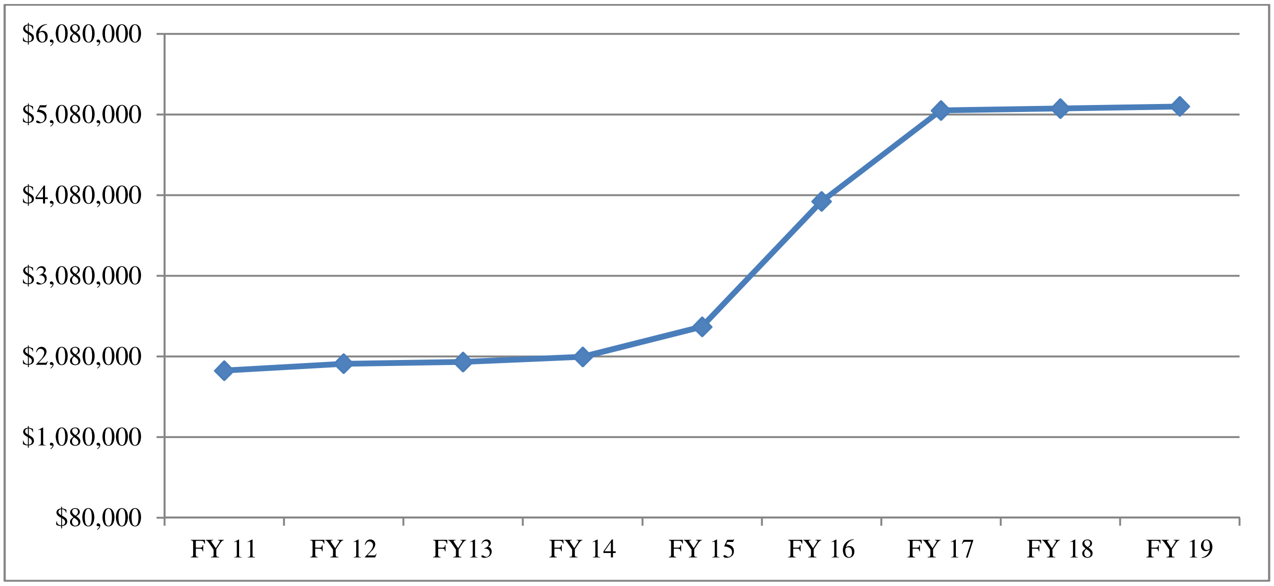


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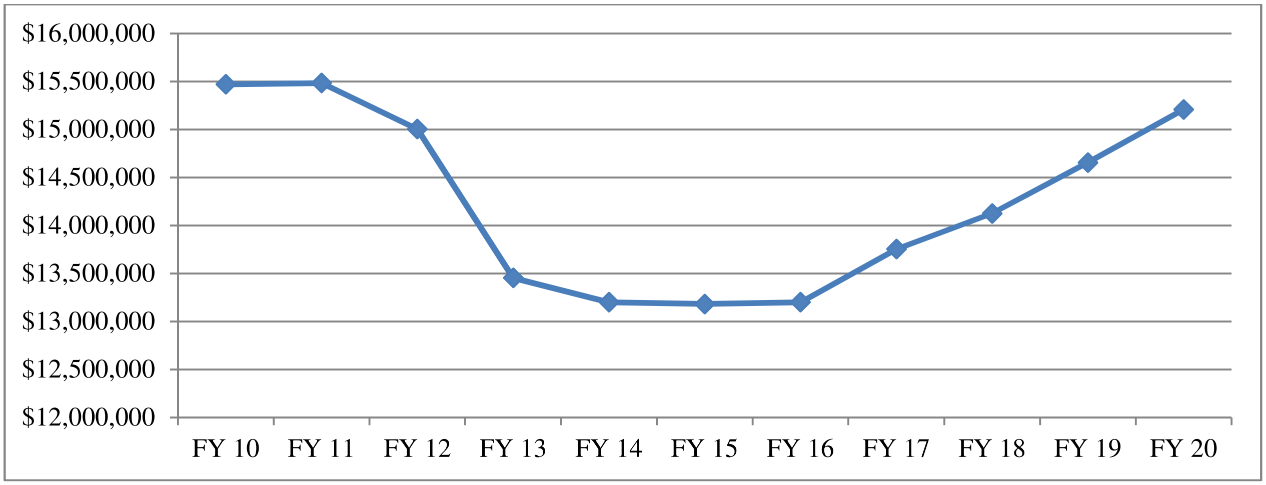


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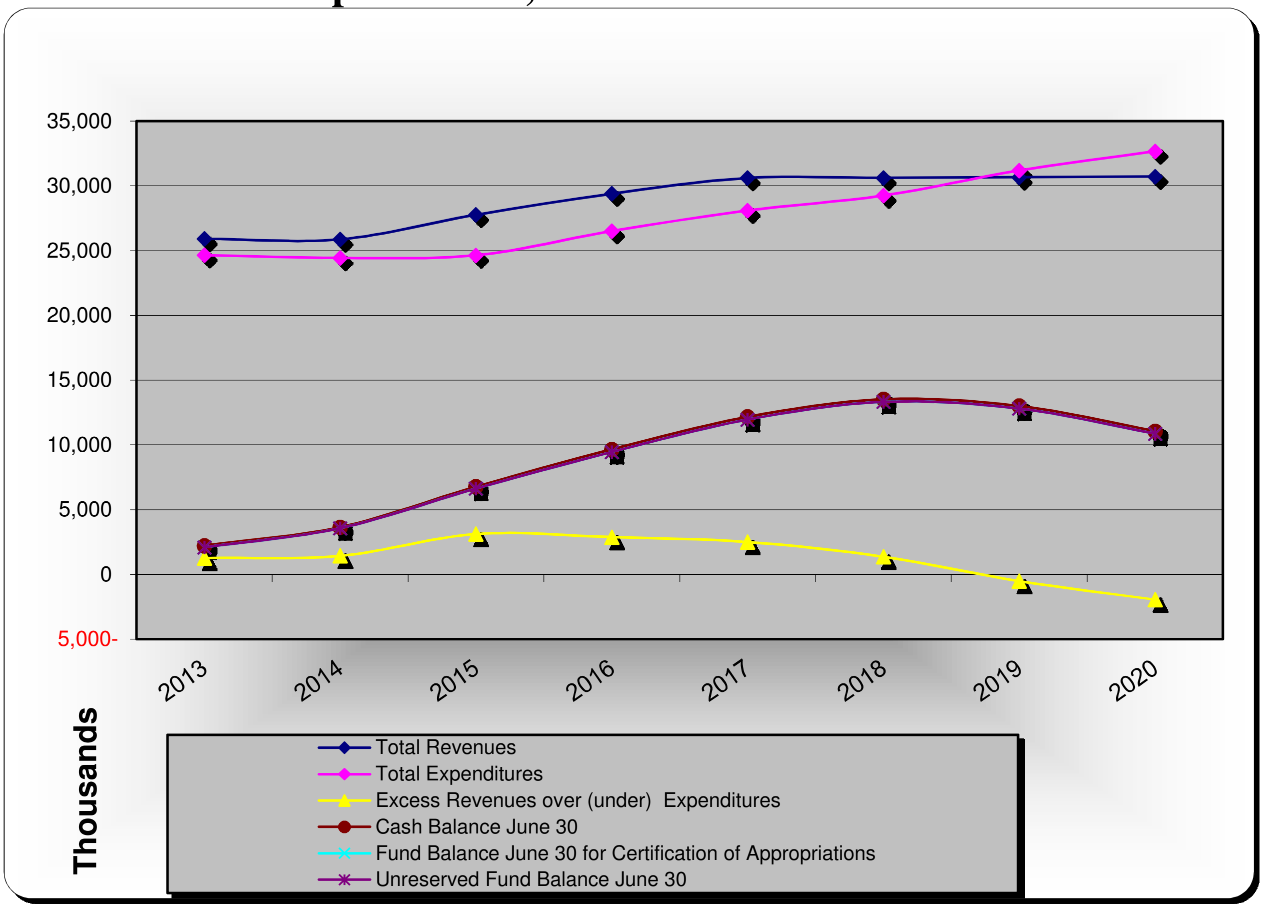

# Cloverleaf Local School District
# Five-Year Financial Forecast

Jason Myers – President
Michael Maloney – Vice President
Jane Rych – Board Member
Jim Curran – Board Member
Bill Schmock – Board Member

James Hudson – Treasurer
Daryl Kubilus - Superintendent

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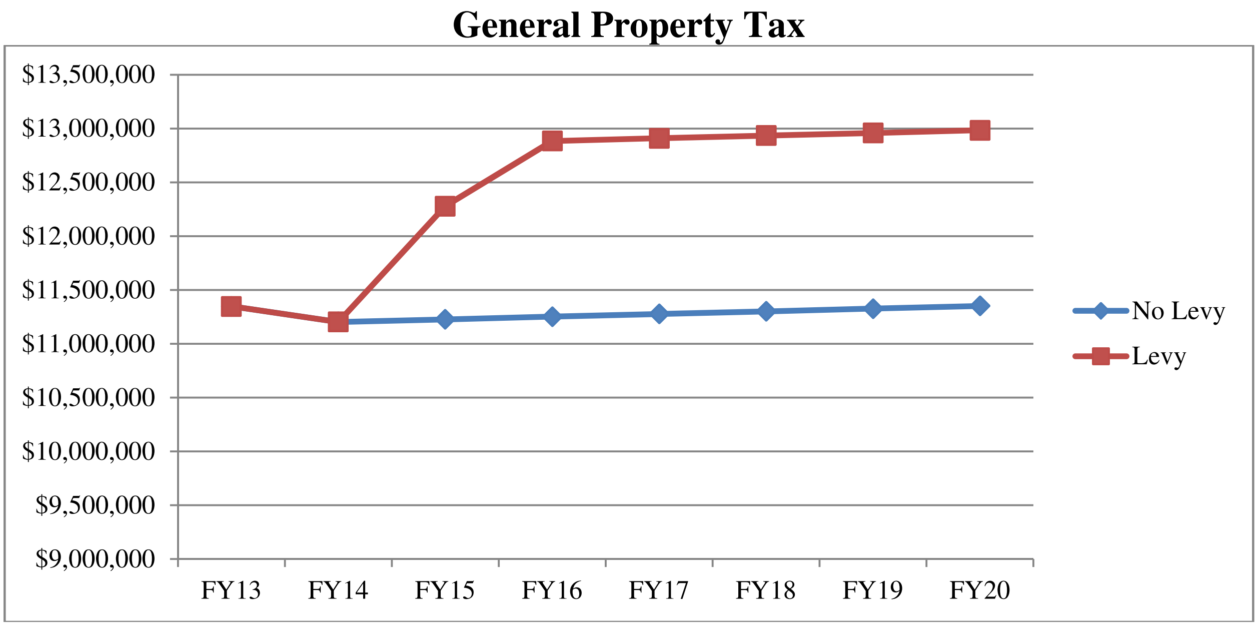


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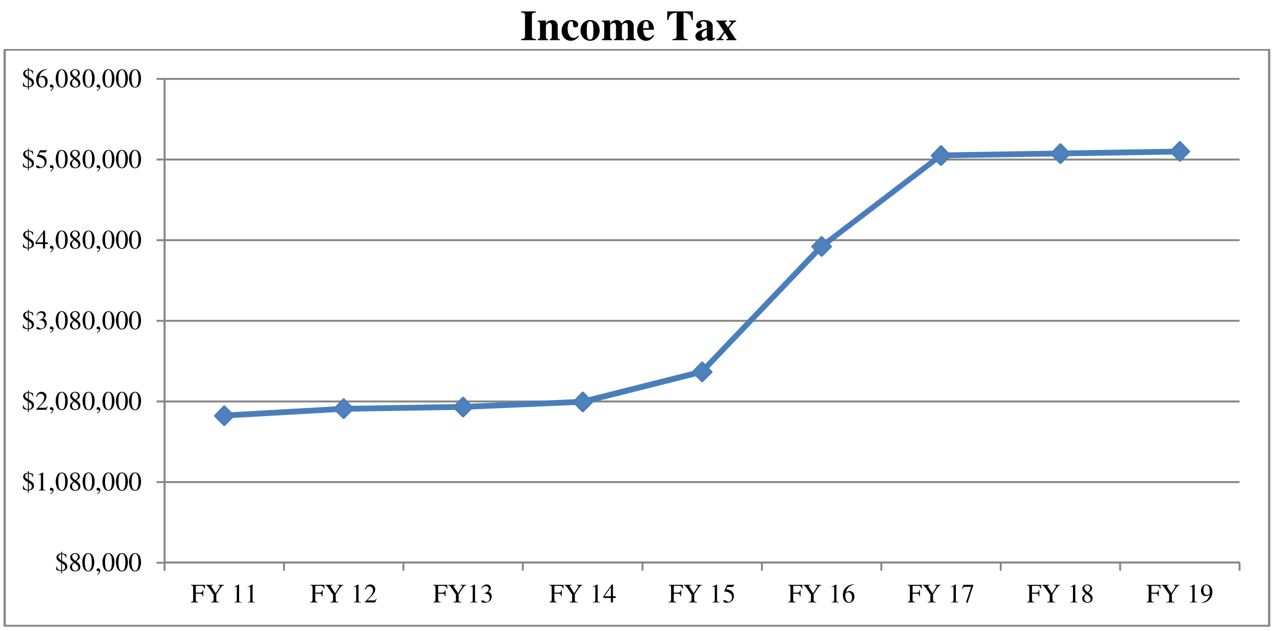


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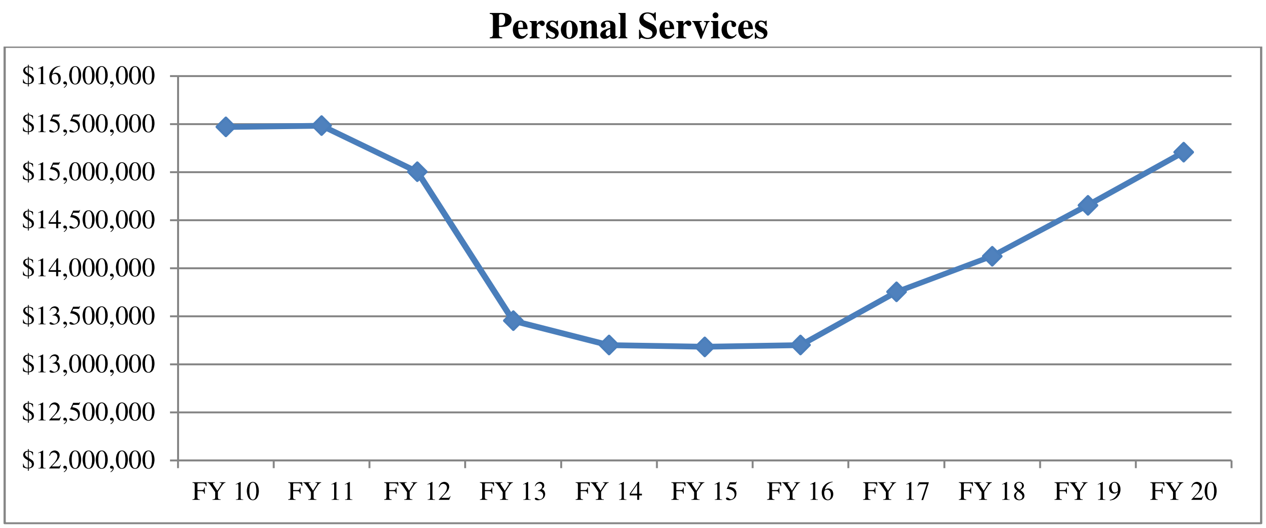


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Health insurance contributions make up 56 percent of the ERIB projection. In FY 2012-13, the District has received three insurance holidays and two holidays in FY 2013-14, FY 2014-15 and FY 2015-16 from the Stark County COG. However, because of the unpredictability of the insurance industry, one holiday was assumed during the forecasted period per year. Furthermore, the District received 5.0 percent increase per year in family and single premiums contributions for FY 2014-15, a 2.6 percent increase for FY 2015-16 and a projected 10.0 percent from FY 2016-17 through FY 2019-20 based on recommendations from the COG. Reducing two insurance holiday's and increase contributions by 10 percent would explain the majority of the increase in ERIB of $2.0 million. Due to the unpredictability of healthcare cost, the District will need to monitor future premiums and adjust projections accordingly.

ERIB also consist of, Workers' Compensation payments and unemployment. These expenses represent approximately 3.3 percent of the total line item. While unemployment rates are declining slightly, Workers' Compensations payments will increase approximately $20,000 per year due to the district losing the group rating because of the claims history. The District has been proactive in instituting preventative programs to increase the safety of the staff, to minimize future claims, and get below a threshold that allows us to get involved in the group rating again.

**Purchased Services (3.030):**

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**Supplies and Materials (3.040):**

With the exception of fuel costs, the majority of items in supplies and materials are discretionary in nature. However, textbooks, instructional supplies, maintenance supplies, and custodial supplies are necessary to help facilitate and meet the operational needs and educational goals of the District. Supplies and materials are expected to increase in FY 2015-16 mainly due to an increase in projected fuel costs and anticipated instructional supplies. Due to the volatility of fuel prices, a cumulative 5 percent increase was included throughout the forecasted period. Fuel prices and consumption will be monitored and the outcomes will be reflected in future forecasts. Lastly, the college credit plus program has also impacted textbooks costs by more than $20,000 a year.

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**Other Objects (4.30):**

Other objects consist of membership dues, treasurers fees and dues, bank fees, elections expenses, and payments to the Medina County Educational Services Center (MCESC). Of the total line item, 90 percent of the expenses are related to tax collections fees and services rendered from the MCESC. Projections were increased by an average 3.0 percent per year which takes into consideration historical trends and known factors.

**Conclusion**

Five-Year forecasts are based upon the best assumptions and know factors at the present time. Projections can be volatile due to the unpredictability of factors outside of the Districts control. Based on current projections the District should be able to maintain a positive fund balance beyond the forecasted period due to the passage of the Income and Property Tax. However, it is extremely important that the District monitor state funding and any possible change with the

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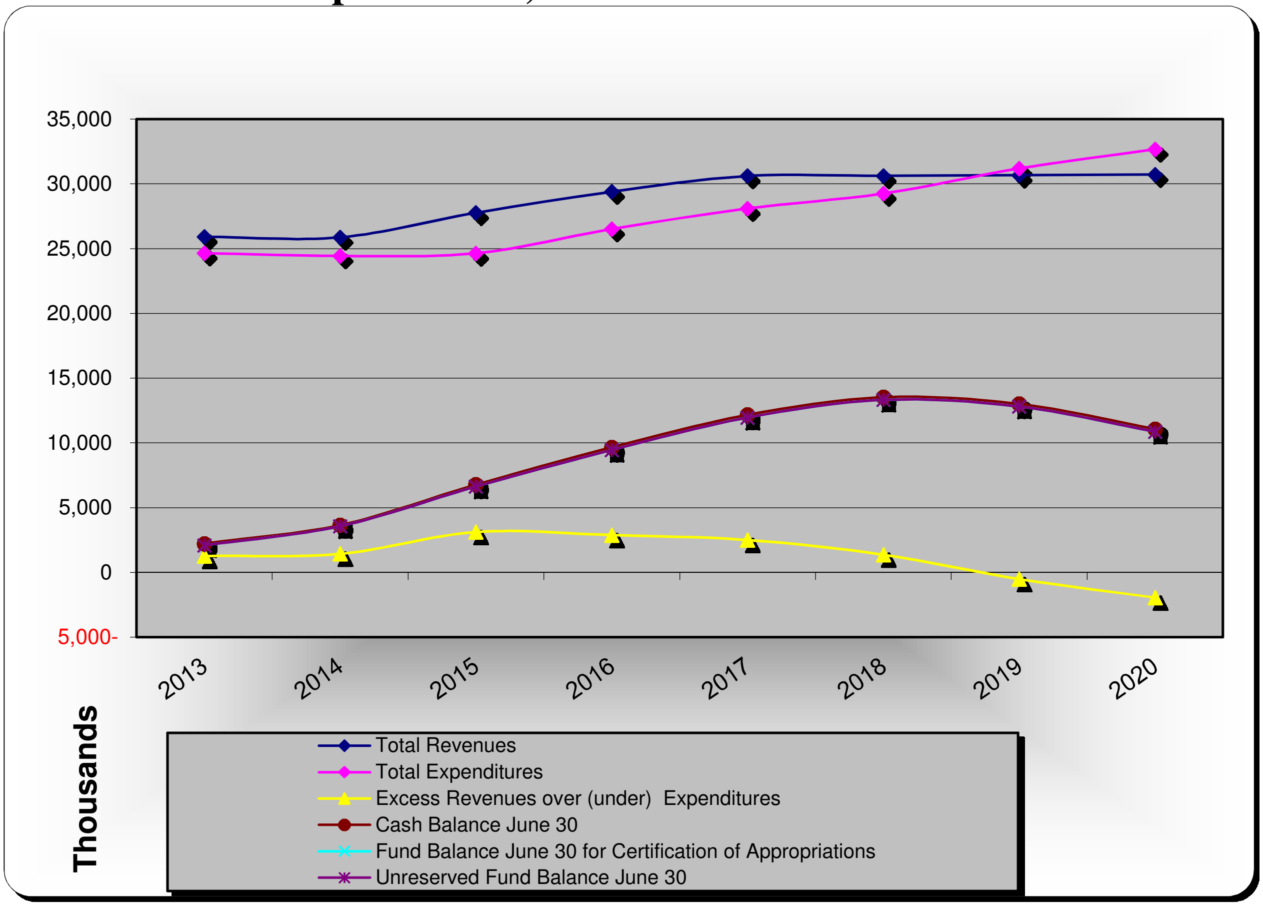

# Cloverleaf Local School District
# Five-Year Financial Forecast

Jason Myers – President
Michael Maloney – Vice President
Jane Rych – Board Member
Jim Curran – Board Member
Bill Schmock – Board Member

James Hudson – Treasurer
Daryl Kubilus - Superintendent

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## Revenue Assumptions

**General Property Tax (1.010)**

The District collects property taxes from Medina County residents, which is based on voted outside and distributed inside millage. The millage is then applied to 35 percent of the value of a property to determine the total property tax bill, minus respective rollbacks (see property tax allocation for additional information). Cloverleaf experienced a slight decrease of taxable values from FY 2008-09 to FY 2009-10 and a 5.8 percent decrease from FY 2009-10 to FY 2010-11. The valuation decrease has affected the overall collections by an average of a 1 percent decrease per year. However, there was a slight increase in valuation in FY 2011-12, which resulted in an increase in collections of $14,308. Although, collections were still down $51,218 from FY 2009-10 levels.

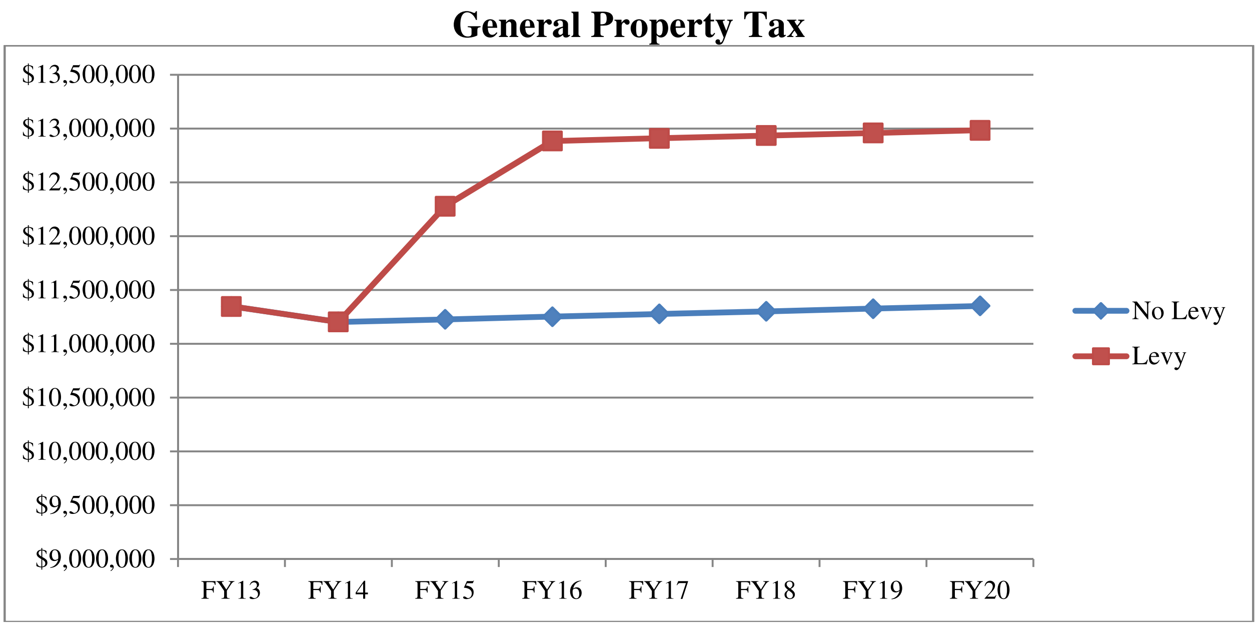
The current reappraisal of Medina County resulted in a net decrease in valuation of 5.0 percent. The valuation decrease did have a direct affect on the inside mills collected by the District. Based on those revised rates, the District was collected approximately $11.1 million. However, collections for FY 2013-14 were slightly higher than projected, resulting in collections of $11.2 for an overall decrease of 1.3 percent from FY 2012-13.

As part of the fiscal recovery plan, the District placed a 3.5 mill, 10-year operating levy and a 0.75% earned income tax on the May 2014 ballot; and passed. Since property taxes are collected on a calendar year basis and schools operate on a fiscal year, only half of the proceeds will be realized in FY 2014-15. A full year's collection will be realized in FY 2015-16 and will continue through the forecasted period. The additional revenue for the income tax will be shown on line 1.030.

The District did see a slight increase in collection in FY 2014-15; however the majority of the increase is a direct result of the additional emergency levy. Overall, the District collected $12.3 million in FY 2014-15. The second revenue stream from the emergency levy will be realized in FY 2016-17.

Future collections are projected to increase at a conservative average rate of 0.5 percent per year based on revaluation, updates and information from the County Auditor's Office. Valuations, delinquencies, and millage rates will need to be monitored, which could alter future projections.

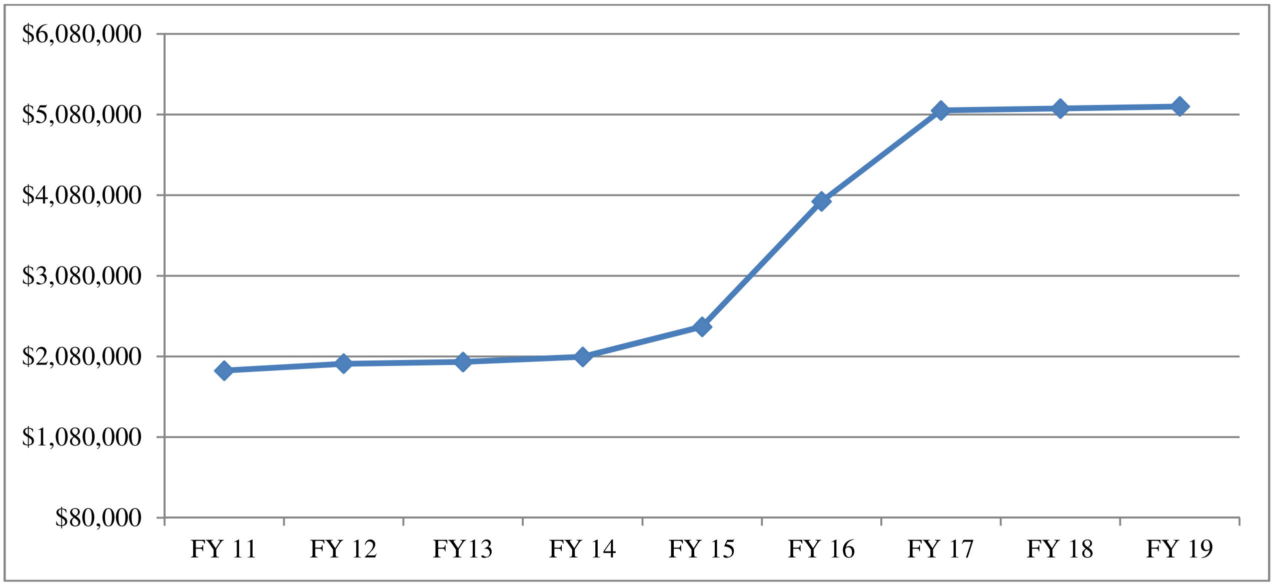
The following chart illustrates the importance of have passing the emergency levy. If not passed, the District would have seen a net revenue difference in General Property Tax of $8.9 million during the forecasted period.




**Income Tax (1.030)**

The District passed an earned income tax in November 2006, which is distributed by the Ohio Department of Taxation in July, October, January, and April. The District has experienced an average increase in collection of 4.9 percent from FY 2009-10 to FY 2011-12. However, overall collections only increased by 1.0 percent in FY 2012-13 and 3.0 percent for FY 2013-14. Future projections were held at a 0.5 percent increase due to the unpredictability of the quarterly collections. As with General Property Tax, the District placed a 3.5 mill, 10-year operating levy and a 0.75% earned income tax on the May 2014 ballot; and passed. The additional revenue from the income tax will take 18 months for the District to see full collections. Collections will grow from $2.1 million in FY 2013-14 to a projected $5.1 million in FY 2018-19.

## Income Tax

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The state's most recent budget, House Bill 64, increases funding formula from $5,800 in FY 2015 to $5,900 in FY 2016 and $6,000 in FY 2017. However, Cloverleaf only receives about $3,600 per student after the District "index" factors. Based on the calculations, the Distract would stand to lose approximately $1.8 million in state funding. However, the budget bill calls for a guarantee that the allocation will not decrease below FY 2015 funding levels. Therefore, it is assumed that Cloverleaf will receive $9.3[1] million in state funding through the forecasted period.

House Bill 64[2] is a two year budget and is subject to change after FY 2016-17. Subsequence budget bills could modify funding levels which could alter Cloverleaf's funding positively or negatively. District administration will need to monitor future budget bills and modify the projects if warranted.

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Furthermore, the projects also include reimbursements from Catastrophic Cost. In FY 2014-15 the District received $181,000 from FY 2014 reimbursements and is projected to receive $75,000[3] in FY 2015-16 and throughout the remaining forecasted period.

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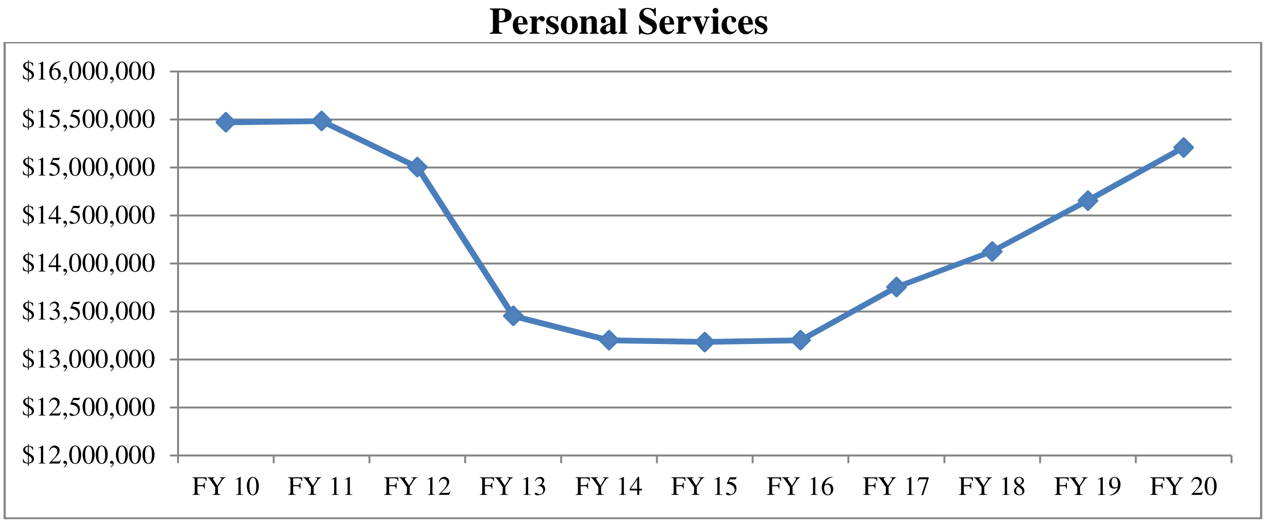


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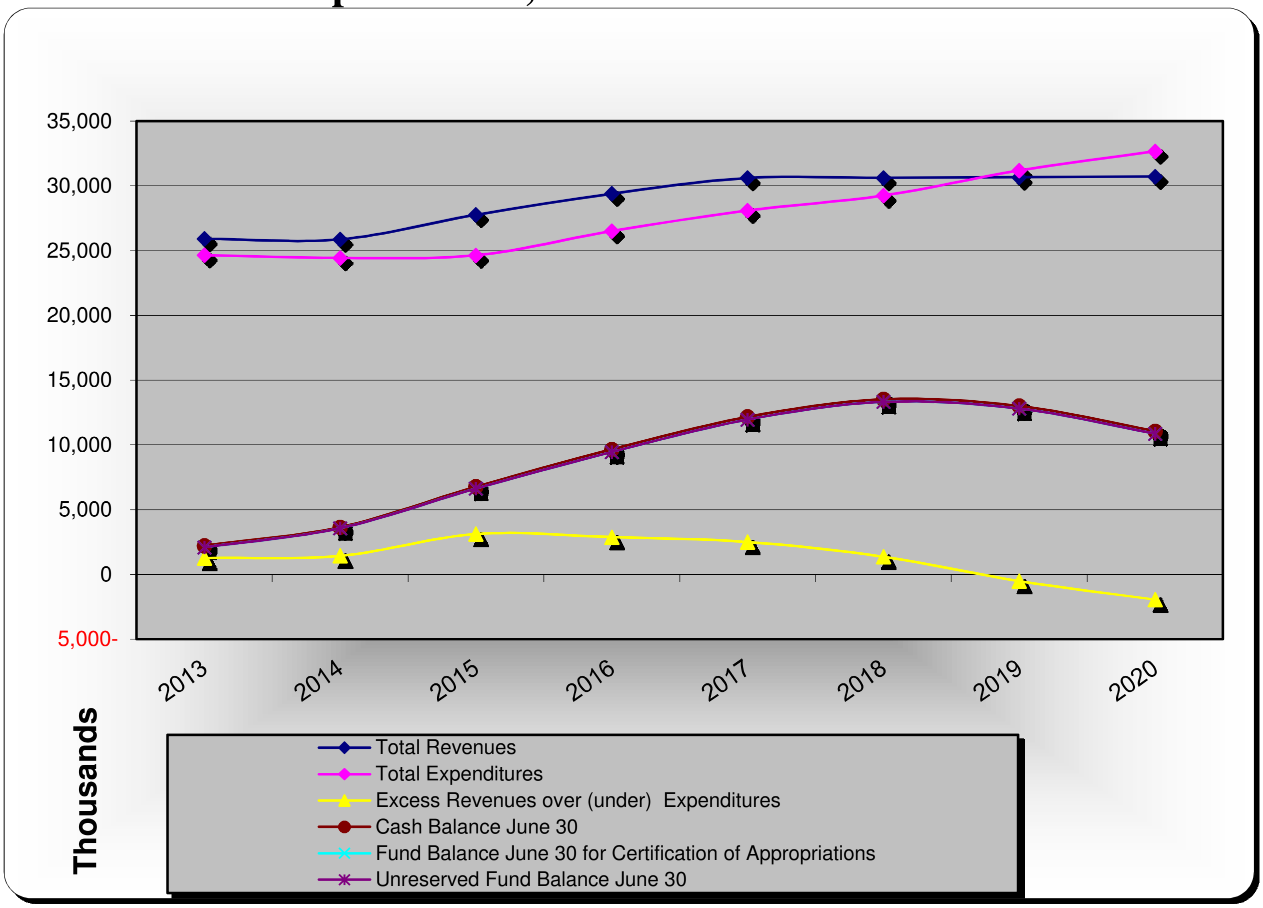

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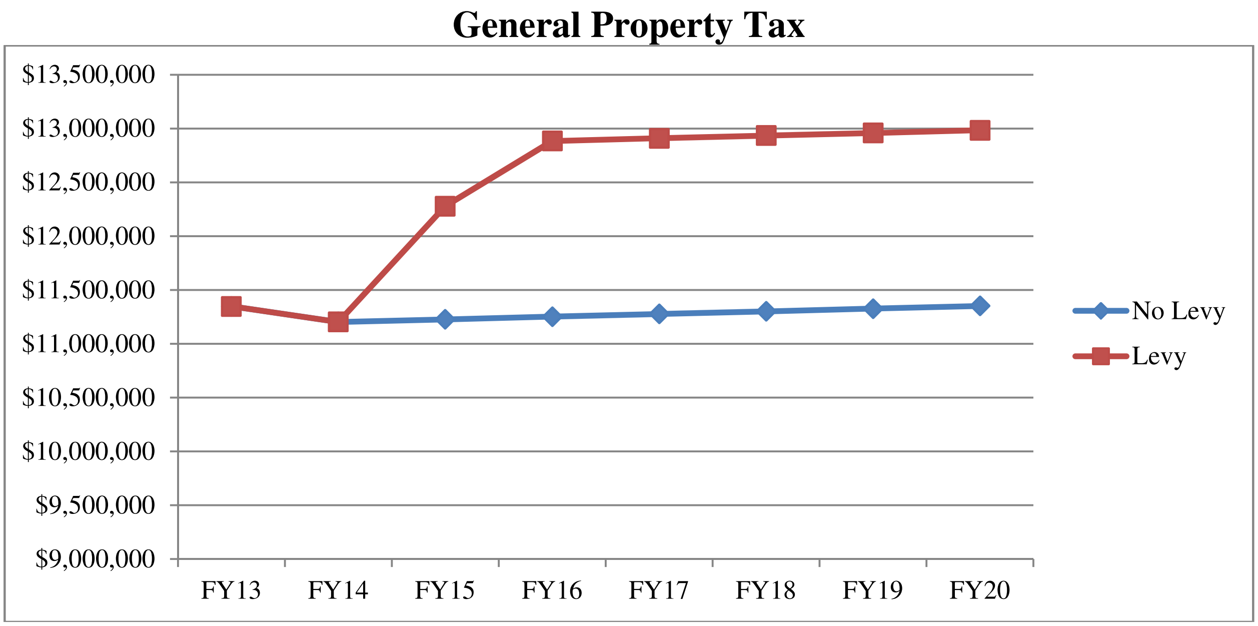


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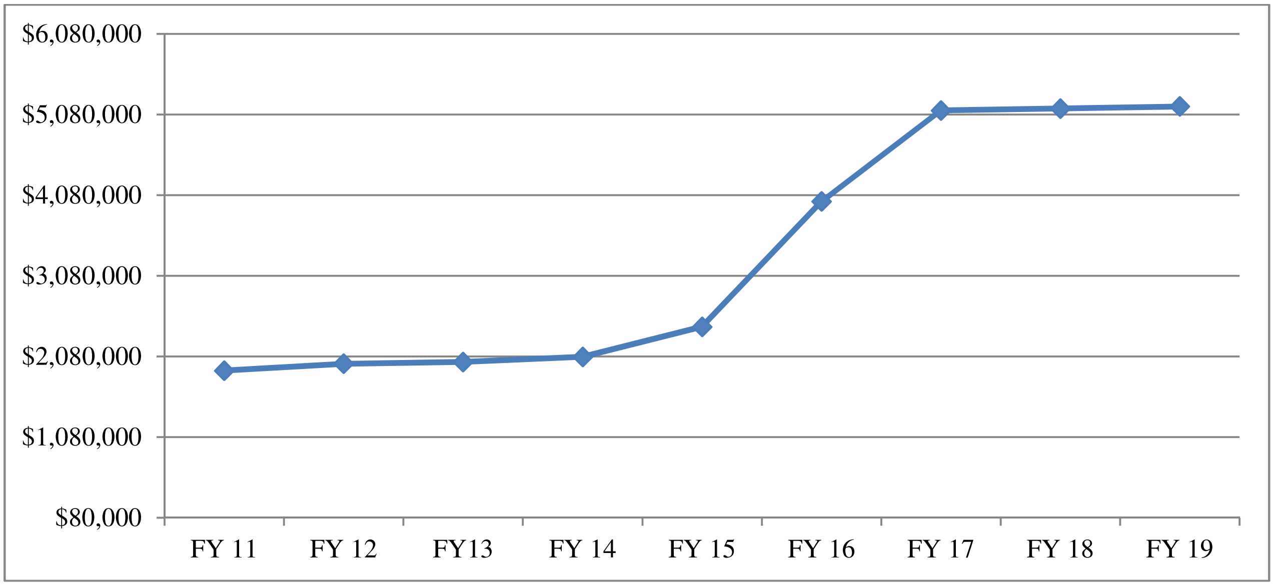


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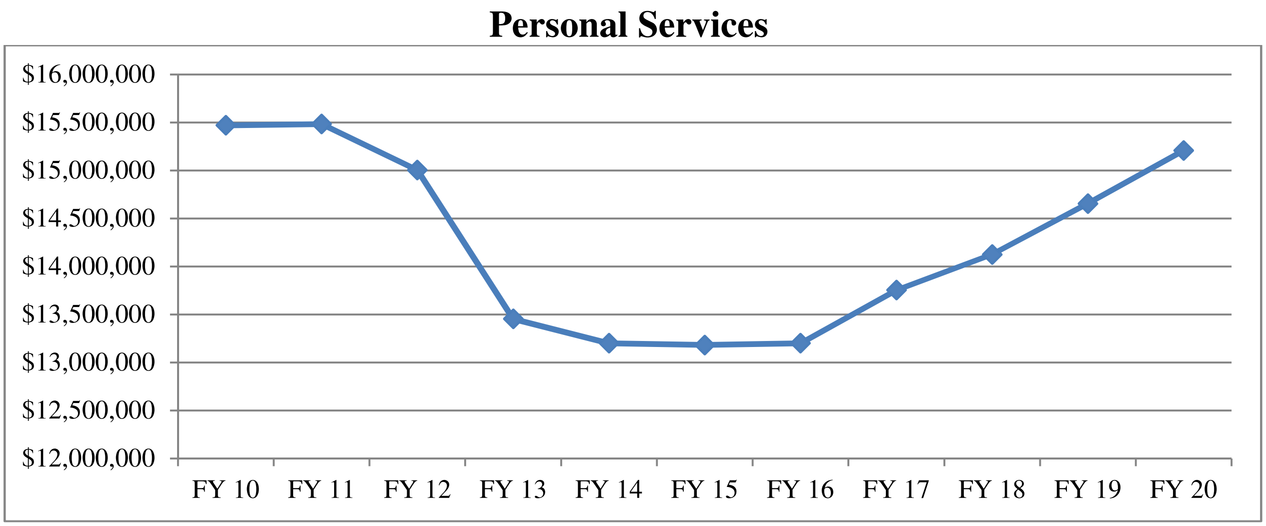


**Employees' Retirement/Insurance Benefits (3.020):**

Approximately 38 percent of the employees' retirement/insurance benefits (ERIB) projections consist of payments to the state pension systems. Currently, the District is obligated to contribute to the State Teachers Retirement Systems and the School Employee Retirement System. Pension payments were calculated based on current and temporary employees' contract salary amounts which are deducted from the District's monthly foundation payments.

Health insurance contributions make up 56 percent of the ERIB projection. In FY 2012-13, the District has received three insurance holidays and two holidays in FY 2013-14, FY 2014-15 and FY 2015-16 from the Stark County COG. However, because of the unpredictability of the insurance industry, one holiday was assumed during the forecasted period per year. Furthermore, the District received 5.0 percent increase per year in family and single premiums contributions for FY 2014-15, a 2.6 percent increase for FY 2015-16 and a projected 10.0 percent from FY 2016-17 through FY 2019-20 based on recommendations from the COG. Reducing two insurance holiday's and increase contributions by 10 percent would explain the majority of the increase in ERIB of $2.0 million. Due to the unpredictability of healthcare cost, the District will need to monitor future premiums and adjust projections accordingly.

ERIB also consist of, Workers' Compensation payments and unemployment. These expenses represent approximately 3.3 percent of the total line item. While unemployment rates are declining slightly, Workers' Compensations payments will increase approximately $20,000 per year due to the district losing the group rating because of the claims history. The District has been proactive in instituting preventative programs to increase the safety of the staff, to minimize future claims, and get below a threshold that allows us to get involved in the group rating again.

**Purchased Services (3.030):**

Purchased services consist of items such as property services, utilities, open-enrollment payments, legal services, and payments to community schools. Of the total line items, electricity, open-enrollments, and bus services represent the largest portion of the projected expenditure. These items were increased based on known factors or historical trends. The remaining items were flat lined or increased at a rate of 1-3 percent.

**Supplies and Materials (3.040):**

With the exception of fuel costs, the majority of items in supplies and materials are discretionary in nature. However, textbooks, instructional supplies, maintenance supplies, and custodial supplies are necessary to help facilitate and meet the operational needs and educational goals of the District. Supplies and materials are expected to increase in FY 2015-16 mainly due to an increase in projected fuel costs and anticipated instructional supplies. Due to the volatility of fuel prices, a cumulative 5 percent increase was included throughout the forecasted period. Fuel prices and consumption will be monitored and the outcomes will be reflected in future forecasts. Lastly, the college credit plus program has also impacted textbooks costs by more than $20,000 a year.

**Capital Outlay (3.050):**

Capital outlay expenditures are related to the acquisition of, or additions to, fixed assets. Included are expenditures for land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, initial and additional equipment, furnishings, and vehicles. The District has been able to convert additional capital outlay expenditures to the permanent improvement fund. However, the use of those funds will be limited in the future due to having to use additional funds from the PI fund to pay outstanding interest and debt. Projections were increased to $550,000 each year during the forecasted period in order to meet the capital needs of the District.

**Other Objects (4.30):**

Other objects consist of membership dues, treasurers fees and dues, bank fees, elections expenses, and payments to the Medina County Educational Services Center (MCESC). Of the total line item, 90 percent of the expenses are related to tax collections fees and services rendered from the MCESC. Projections were increased by an average 3.0 percent per year which takes into consideration historical trends and known factors.

**Conclusion**

Five-Year forecasts are based upon the best assumptions and know factors at the present time. Projections can be volatile due to the unpredictability of factors outside of the Districts control. Based on current projections the District should be able to maintain a positive fund balance beyond the forecasted period due to the passage of the Income and Property Tax. However, it is extremely important that the District monitor state funding and any possible change with the

guarantee. The District is currently receiving $1.9 million per year that would dramatically impact the District's finances if these funds were eliminated.

The following chart illustrates the District's revenues, expenditures, and ending cash over the forecasted period.

## Total Expenditures, Revenues and Fund Balances