

North Ridgeville City Schools
5 Year Forecast
as of October 2018

Submitted by:
Michael Verlingo
Treasurer

**North Ridgeville City Schools
Lorain (STATE view)**

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2016, 2017 and 2018 Actual;
Forecasted Fiscal Years Ending June 30, 2019 Through 2023

| | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Average Change | Fiscal Year 2019 | Fiscal Year 2020 | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 |
|--|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | | | | | |
| 1.010 General Property Tax (Real Estate) | 23,562,515 | 24,009,177 | 24,791,224 | 5.2% | 25,682,168 | 25,934,278 | 24,094,131 | 22,256,715 | 20,357,660 |
| 1.020 Tangible Personal Property Tax | - | - | - | 0.0% | - | - | - | - | - |
| 1.030 Income Tax | - | - | - | 0.0% | - | - | - | - | - |
| 1.035 Unrestricted State Grants-in-Aid | 11,151,622 | 11,987,120 | 12,366,954 | 10.9% | 12,615,069 | 12,767,831 | 12,767,831 | 12,767,831 | 12,767,831 |
| 1.040 Restricted State Grants-in-Aid | 308,544 | 290,960 | 256,887 | -16.7% | 259,170 | 259,170 | 259,170 | 259,170 | 259,170 |
| 1.045 Restricted Federal Grants-in-Aid - SFSP | - | - | - | 0.0% | - | - | - | - | - |
| 1.050 Property Tax Allocation | 3,686,036 | 3,716,238 | 3,732,729 | 1.3% | 3,732,729 | 3,732,729 | 3,732,729 | 3,732,729 | 3,732,729 |
| 1.060 All Other Revenues | 1,428,265 | 1,226,000 | 1,613,124 | 12.9% | 1,846,125 | 1,919,605 | 1,885,605 | 1,935,905 | 2,020,805 |
| 1.070 <i>Total Revenues</i> | 40,136,982 | 41,229,495 | 42,760,918 | 6.5% | 44,135,261 | 44,613,613 | 42,739,466 | 40,952,350 | 39,138,195 |
| Other Financing Sources | | | | | | | | | |
| 2.040 Operating Transfers-In | 1,482,589 | 1,731,138 | 1,706,990 | 15.1% | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 |
| 2.050 Advances-In | 3,936 | 82,522 | 141,195 | 3487.3% | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| 2.060 All Other Financing Sources | - | - | 807,493 | 0.0% | 77,000 | 77,000 | 77,000 | 77,000 | 77,500 |
| 2.070 <i>Total Other Financing Sources</i> | 1,486,525 | 1,813,660 | 2,655,678 | 78.7% | 1,767,000 | 1,767,000 | 1,767,000 | 1,767,000 | 1,767,500 |
| 2.080 <i>Total Revenues and Other Financing Sources</i> | 41,623,507 | 43,043,155 | 45,416,596 | 9.1% | 45,902,261 | 46,380,613 | 44,506,466 | 42,719,350 | 40,905,695 |
| Expenditures | | | | | | | | | |
| 3.010 Personnel Services | 19,691,087 | 20,818,163 | 22,440,601 | 14.0% | 24,140,717 | 25,396,503 | 26,704,006 | 28,065,330 | 29,482,655 |
| 3.020 Employees' Retirement/Insurance Benefits | 6,918,671 | 6,769,763 | 7,419,190 | 7.2% | 8,414,561 | 8,996,244 | 9,536,347 | 10,102,947 | 10,673,990 |
| 3.030 Purchased Services | 5,836,227 | 6,223,489 | 6,770,908 | 16.0% | 6,991,713 | 7,249,013 | 7,519,778 | 7,803,247 | 8,096,035 |
| 3.040 Supplies and Materials | 1,059,504 | 1,105,601 | 1,316,178 | 24.2% | 1,523,595 | 1,575,778 | 1,646,604 | 1,722,057 | 1,800,101 |
| 3.050 Capital Outlay | 992,963 | 1,076,642 | 338,699 | -65.9% | 520,000 | 800,000 | 500,000 | 500,000 | 800,000 |
| 4.300 Other Objects | 623,394 | 610,551 | 701,695 | 12.6% | 715,729 | 730,043 | 744,644 | 759,537 | 774,728 |
| 4.500 <i>Total Expenditures</i> | 35,121,846 | 36,604,209 | 38,987,270 | 11.0% | 42,306,315 | 44,747,582 | 46,651,379 | 48,953,118 | 51,627,509 |
| Other Financing Uses | | | | | | | | | |
| 5.010 Operating Transfers-Out | 1,504,180 | 1,779,755 | 1,990,203 | 32.3% | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 |
| 5.020 Advances-Out | 2,672,522 | 186,195 | 1,131,678 | -57.7% | 1,085,000 | 1,285,000 | 1,285,000 | 1,285,000 | 1,285,000 |
| 5.040 <i>Total Other Financing Uses</i> | 4,176,702 | 1,965,950 | 3,121,881 | -25.3% | 2,735,000 | 2,935,000 | 2,935,000 | 2,935,000 | 2,935,000 |
| 5.050 <i>Total Expenditures and Other Financing Uses</i> | 39,298,548 | 38,570,159 | 42,109,151 | 7.2% | 45,041,315 | 47,682,582 | 49,586,379 | 51,888,118 | 54,562,509 |
| 6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i> | 2,324,959 | 4,472,996 | 3,307,445 | 42.3% | 860,947 | (1,301,970) | (5,079,913) | (9,168,768) | (13,656,814) |
| 7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies | 14,881,441 | 17,206,400 | 21,679,397 | 45.7% | 24,986,842 | 25,847,788 | 24,545,818 | 19,465,905 | 10,297,138 |
| 7.020 <i>Cash Balance June 30</i> | 17,206,400 | 21,679,397 | 24,986,842 | 45.2% | 25,847,788 | 24,545,818 | 19,465,905 | 10,297,138 | (3,359,676) |
| 8.010 <i>Estimated Encumbrances June 30</i> | 700,000 | 700,000 | 700,000 | 0.0% | 700,000 | 700,000 | 700,000 | 700,001 | 700,002 |
| Reservation of Fund Balance | | | | | | | | | |
| 9.010 Textbooks and Instructional Materials | - | - | - | 0.0% | - | - | - | - | - |
| 9.030 Budget Reserve (5% of prior year Revenues) | 1,730,671 | 2,006,849 | 2,061,475 | | 2,138,046 | 2,206,763 | 2,230,681 | 2,479,319 | 2,594,406 |
| 9.080 <i>Subtotal</i> | 1,730,671 | 2,006,849 | 2,061,475 | 19.1% | 2,138,046 | 2,206,763 | 2,230,681 | 2,479,319 | 2,594,406 |
| 10.010 <i>Fund Balance June 30 for Certification of Appropriations</i> | 14,775,729 | 18,972,548 | 22,225,366 | 50.4% | 23,009,742 | 21,639,055 | 16,535,225 | 7,117,818 | (6,654,084) |
| 11.020 Revenue from Replacement/Renewal Levies Property Tax - Renewal or Replacement | - | - | - | - | - | - | 2,305,000 | 4,610,100 | 6,768,615 |
| 12.010 <i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</i> | 14,775,729 | 18,972,548 | 22,225,366 | 50.4% | 23,009,742 | 21,639,055 | 18,840,225 | 11,727,918 | 114,531 |
| 15.010 <i>Unreserved Fund Balance June 30</i> | 14,775,729 | 18,972,548 | 22,225,366 | 50.4% | 23,009,742 | 21,639,055 | 18,840,225 | 11,727,918 | 114,531 |
| Levy Summary | | | | | | | | | |
| Emergency Levy - Last Year of collection 2020 | | | | | | | (1,355,000) | (2,710,100) | (2,710,100) |
| Emergency Levy - Last Year of collection 2020 | | | | | | | (950,000) | (1,900,000) | (1,900,000) |
| Emergency Levy - Last Year of collection 2022 | | | | | | | | | (2,158,515) |
| Emergency Levy - Last Year of collection 2023 | | | | | | | | | |
| Fiscal Year Revenue loss | | | | | | | (2,305,000) | (4,610,100) | (6,768,615) |
| Cumulative Tax Loss | | | | | | | | (6,915,100) | (13,683,715) |

**North Ridgeville City Schools
Property Valuation Changes
2019 vs prior \$(000)**

| | 2014 | 2015 | 2016 | 2017 | 2018 | Projected 2019 | 2019 vs 2018 Inc (Dec) | Percent |
|---|----------------|----------------|----------------|----------------|----------------|-------------------|---------------------------|--------------|
| Agricultural & Residential | 604,352 | 619,346 | 669,349 | 684,702 | 702,383 | 782,621 | 80,238 | 11.7% |
| Commercial & Industrial | 83,630 | 82,220 | 85,167 | 89,461 | 96,088 | 105,775 | 9,687 | 10.8% |
| Public Utility | 12,786 | 13,829 | 14,465 | 16,105 | 17,560 | 17,910 | 350 | 2.2% |
| Total Taxable Valuation | 700,768 | 715,395 | 769,981 | 790,268 | 816,031 | 906,306 | 90,275 | 11.4% |
| % increase | | 2.1% | 7.6% | 2.6% | 3.3% | 11.1% | | |
| New Construction Res/Ag | 12,628 | 12,639 | 13,805 | 13,339 | 15,762 | 10,000 | 2,423 | 18.2% |
| New Construction Other | 3,475 | 171 | 4,499 | 2,726 | 5,907 | 2,000 | 3,181 | 116.7% |
| Total New Construction | 16,103 | 12,810 | 18,304 | 16,065 | 21,669 | 12,000 | 5,604 | 34.9% |
| Valuation excluding New Construction | 684,665 | 702,585 | 751,677 | 774,203 | 794,362 | 894,306 | 20,159 | 2.6% |
| % increase excluding New Construction | | 0.3% | 5.1% | 0.5% | 0.5% | 9.6% | | |

North Ridgeville City Schools
5 Year Forecast Revenue Projection
as of October 2018

| Source | FY2016 Actual | FY2017 Actual | FY2018 Actual | FY2019 Projection | FY2020 Projection | FY2021 Projection | FY2022 Projection | FY2023 Projection | Line# |
|--------------------------------------|------------------|------------------|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------|
| Real Estate Tax - Inside Mills | 3,970,747 | 4,152,633 | 4,257,651 | 4,859,733 | 4,931,689 | 5,065,647 | 5,200,612 | 5,274,945 | 1.010 |
| Real Estate Tax - Outside Mills | 10,076,849 | 10,348,303 | 10,934,295 | 11,273,071 | 11,441,431 | 11,751,094 | 12,063,105 | 12,237,014 | 1.010 |
| Real Estate Tax Emergency Levies | 9,514,919 | 9,508,241 | 9,599,278 | 9,549,365 | 9,561,159 | 9,582,389 | 9,603,098 | 9,614,316 | 1.010 |
| Total Real Estate Tax | 23,562,515 | 24,009,177 | 24,791,224 | 25,682,168 | 25,934,278 | 26,399,131 | 26,866,815 | 27,126,275 | |
| Homestead | 861,989 | 839,860 | 820,928 | 820,928 | 820,928 | 820,928 | 820,928 | 820,928 | 1.050 |
| Property Tax Rollback | 2,824,047 | 2,876,378 | 2,911,801 | 2,911,801 | 2,911,801 | 2,911,801 | 2,911,801 | 2,911,801 | 1.050 |
| Tax Abatements / Revenue Sharing | 110,661 | 74,950 | 60,916 | 122,000 | 141,000 | 141,000 | 141,000 | 141,000 | 1.060 |
| Casino Tax, MSP & Fuel Rebates | 373,303 | 337,567 | 341,396 | 341,396 | 341,396 | 341,396 | 341,396 | 341,396 | 1.035 |
| Total Taxes | 27,732,515 | 28,137,932 | 28,926,265 | 29,878,293 | 30,149,403 | 30,614,256 | 31,081,940 | 31,341,400 | |
| State Foundation | 10,263,200 | 11,040,720 | 11,397,548 | 11,647,238 | 11,800,000 | 11,800,000 | 11,800,000 | 11,800,000 | 1.035 |
| Econ Disadv & Career Tech | 70,343 | 56,970 | 46,917 | 49,200 | 49,200 | 49,200 | 49,200 | 49,200 | 1.040 |
| Catastrophic Aid | 238,201 | 233,990 | 209,970 | 209,970 | 209,970 | 209,970 | 209,970 | 209,970 | 1.040 |
| Preschool Special Ed Funding | 320,531 | 378,791 | 388,040 | 386,465 | 386,465 | 386,465 | 386,465 | 386,465 | 1.035 |
| Special Ed Transportation | 194,588 | 230,042 | 239,970 | 239,970 | 239,970 | 239,970 | 239,970 | 239,970 | 1.035 |
| Total State Funding | 11,086,863 | 11,940,513 | 12,282,445 | 12,532,843 | 12,685,605 | 12,685,605 | 12,685,605 | 12,685,605 | |
| Basic Aid Open Enrollment | 43,896 | 48,600 | 127,232 | 261,720 | 311,200 | 362,200 | 502,500 | 677,400 | 1.060 |
| Tuition Kindergarten | 416,350 | 132,435 | 342,626 | 315,845 | 315,845 | 325,845 | 335,845 | 345,845 | 1.060 |
| Tuition Peer Program Early Childhood | 90,300 | 85,588 | 89,038 | 87,633 | 87,633 | 87,633 | 87,633 | 87,633 | 1.060 |
| Tuition from Other Districts | 117,920 | 90,689 | 193,645 | 194,836 | 194,836 | 194,836 | 194,836 | 194,836 | 1.060 |
| Tuition from Other Dist - Spec Ed | 46,814 | 15,727 | 23,786 | 24,337 | 24,337 | 24,337 | 24,337 | 24,337 | 1.060 |
| Tuition Related | 715,280 | 373,039 | 776,327 | 884,371 | 933,851 | 994,851 | 1,145,151 | 1,330,051 | |
| Interest | 137,280 | 285,598 | 407,498 | 500,000 | 500,000 | 400,000 | 300,000 | 200,000 | 1.060 |
| Fees | 291,705 | 293,943 | 318,321 | 290,000 | 295,000 | 300,000 | 300,000 | 300,000 | 1.060 |
| Rental (Bldgs & TowerCo) | 19,020 | 18,727 | 15,878 | 15,800 | 15,800 | 15,800 | 15,800 | 15,800 | 1.060 |
| Svcs. Provided other Entities | 20,824 | 22,020 | 6,327 | 6,327 | 6,327 | 6,327 | 6,327 | 6,327 | 1.060 |
| Donations | - | 15,750 | - | - | - | - | - | - | 1.060 |
| Commissions | - | - | - | - | - | - | - | - | 1.060 |
| Other Misc Receipts | 15,680 | 8,168 | 19,944 | 19,700 | 19,700 | 19,700 | 19,700 | 19,700 | 1.060 |
| Insurance Proceeds / Reimbursements | 1,280 | 5,848 | 5,927 | 5,927 | 5,927 | 5,927 | 5,927 | 5,927 | 1.060 |
| Reimbursements (E-Rate) | 20,183 | 50,079 | 2,065 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 1.060 |
| Total Other | 368,692 | 408,687 | 368,383 | 339,754 | 344,754 | 349,754 | 349,754 | 349,754 | |
| Total Receipts | 40,040,630 | 41,145,769 | 42,760,918 | 44,135,261 | 44,613,613 | 45,044,466 | 45,562,450 | 45,906,810 | 2.080 |
| Transfers | 1,452,288 | 1,731,138 | 1,706,990 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 2.040 |
| Advances | 34,237 | 82,522 | 141,195 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 2.050 |
| Refund of Prior Year Exp | 93,877 | 83,726 | 276,127 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 2.060 |
| Sale or Loss of Asset | 2,475 | - | 1,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,500 | 2.060 |
| All Other Financing Sources | - | - | 530,366 | - | - | - | - | - | 2.060 |
| Total Other Financing Sources | 1,582,877 | 1,897,386 | 2,653,678 | 1,767,000 | 1,767,000 | 1,767,000 | 1,767,000 | 1,767,500 | |
| Total Receipts per Ledger | 41,623,507 | 43,043,155 | 45,416,596 | 46,902,261 | 46,380,613 | 46,811,466 | 47,329,450 | 47,556,810 | |
| Percentage Increase | | 2.8% | 3.9% | 3.2% | 1.1% | 1.0% | 1.1% | 0.8% | |

North Ridgeville City Schools
Expenditure Estimates
FY19 through FY23 for October 2018 Forecast

| Category | Obj | Actual FY2016 | Actual FY2017 | Actual FY2018 | Projected FY2019 | Projected FY2020 | Projected FY2021 | Projected FY2022 | Projected FY2023 | Assumed % Increase per Year |
|----------------------------------|-----|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------------|
| Certified Staff | 100 | 14,926,126 | 14,587,434 | 15,351,131 | 16,383,845 | 17,266,980 | 18,190,920 | 19,157,449 | 20,168,420 | per contract |
| Certified Admin | 100 | - | 1,289,896 | 1,337,141 | 1,691,766 | 1,742,519 | 1,794,795 | 1,848,638 | 1,904,098 | 3.0% |
| Classified | 100 | 4,764,961 | 4,940,833 | 5,752,329 | 6,065,105 | 6,387,004 | 6,718,291.79 | 7,059,241.96 | 7,410,136.52 | per contract |
| Fringe Benefits | 200 | 6,918,671 | 6,769,763 | 7,419,190 | 8,164,222 | 8,702,457 | 9,198,771 | 9,723,182 | 10,277,385 | per contract |
| Purchased Services | 400 | 5,836,227 | 6,223,489 | 6,770,908 | 7,041,744 | 7,323,414 | 7,616,351 | 7,921,005 | 8,237,845 | 4.0% |
| Supplies & Materials | 500 | 1,059,504 | 1,105,601 | 1,316,178 | 1,362,244 | 1,409,923 | 1,459,270 | 1,510,345 | 1,563,207 | 3.5% |
| Capital Outlay | 600 | 992,963 | 1,076,642 | 338,699 | 520,000 | 800,000 | 500,000 | 500,000 | 800,000 | 3.0% |
| Other Expenditures | 800 | 623,394 | 610,551 | 701,695 | 715,729 | 730,043 | 744,644 | 759,537 | 774,728 | 2.0% |
| Other non-Oper Transfers | 900 | 1,504,180 | 1,779,755 | 1,990,203 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 1,650,000 | 0.0% |
| Other non-Oper Advances | 900 | 2,672,522 | 186,195 | 1,131,678 | 1,085,000 | 1,285,000 | 1,285,000 | 1,285,000 | 1,285,000 | |
| Total Expenditures | | 39,298,548 | 38,570,159 | 42,109,152 | 44,679,656 | 47,297,340 | 49,158,042 | 51,414,398 | 54,070,819 | |
| Average annual % Increase | | 13.54% | -1.85% | 9.18% | 6.73% | 5.39% | 5.35% | 5.31% | 5.28% | |
| | | | | | 6.10% | 5.86% | 3.93% | 4.59% | 5.17% | |
| Benefits: | | | | | | | | | | |
| Retirement Certified | | 2,212,091 | 2,209,487 | 2,499,519 | 2,739,387 | 3,000,330 | 3,149,200 | 3,304,692 | 3,467,089 | 15.7% of payroll |
| Retirement Classified | | 816,596 | 738,605 | 838,241 | 1,031,068 | 1,085,791 | 1,142,110 | 1,200,071 | 1,259,723 | 17.0% of payroll |
| Health, Dental, Life, Vision | | 3,349,918 | 3,316,012 | 3,396,006 | 3,633,726 | 3,888,087 | 4,160,253 | 4,451,471 | 4,763,074 | 7.0% per Yr |
| Health Care Subsidy | | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | per agreement |
| Medicare | | 284,328 | 304,112 | 328,795 | 350,040 | 368,249 | 387,208 | 406,947 | 427,498 | 1.45% of payroll |
| Workers Comp | | 142,211 | 90,031 | 242,562 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | |
| Unemployment | | 3,651 | 2,201 | 1,927 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | |
| Other - Uniforms | | 9,877 | 9,315 | 12,140 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | |
| | | 6,918,672 | 6,769,763 | 7,419,190 | 8,014,222 | 8,602,457 | 9,098,771 | 9,623,182 | 10,177,385 | |
| Benefits % Increase | | | -2.2% | 9.6% | 8.0% | 7.3% | 5.8% | 5.8% | 5.8% | |
| Benefit % of Payroll | | 35.1% | 32.5% | 33.1% | 33.2% | 33.9% | 34.1% | 34.3% | 34.5% | |

NORTH RIDGEVILLE CITY SCHOOL DISTRICT

Notes to 5 Year Forecast

October 2018

To Whom It May Concern:

The financial forecast presents, to the best of the Treasurer's knowledge and belief, the North Ridgeville City Schools expected financial position, results of operation and cash flows for the forecasted periods. Accordingly, the forecast reflects its judgments as of October 29, 2018, the date of the forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that the Treasurer believes are significant to the forecast. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected and those differences may be material.

Sincerely,

Michael Verlingo, CPA
Treasurer

REVENUES

General Property Tax (Real Estate)

General Property Tax collection for fiscal year 2019 is anticipated to be \$25,682,168 which is comprised of the following:

| | |
|--|-----------------------|
| General Fund revenue (inside millage) | \$ 5,566,062 |
| General Fund revenue (outside millage) | \$ 12,911,535 |
| Emergency Levy revenue | <u>\$ 10,937,300</u> |
| Subtotal | \$ 29,414,897 |
| Less: Rollback & Homestead reduction | <u>(\$ 3,732,729)</u> |
| Total | <u>\$25,682,168</u> |

General Property Tax is forecasted to have an approximate increase of approximately 1.5% per year from fiscal year 2019 through 2023. The District continues to experience new housing growth in the community. Total valuations increased by 7.6%, 2.6% and 3.3% in calendar years 2016, 2017 and 2018 respectively. It should be noted that General Property Taxes include 4 Emergency Levies that total \$10.6M in receipts. These levies account for approximately 37% of real estate tax revenues and begin to expire in calendar year 2019. The Emergency levies will require renewal beginning in Calendar year 2020.

Valuation increases for new construction of \$12.0 million in calendar year 2019, then \$7 million per year for the balance of the forecast period have been assumed. In addition, inflationary adjustments of 10% have been applied to the District total Agricultural & Residential valuation, plus 8% for Commercial and Industrial for FY 2019. Subsequent years include minimal inflationary adjustments in non-reappraisal or update years.

Tangible Personal Property Tax collection for fiscal year 2019 is anticipated to be \$0 due to House Bill 66 phasing out Tangible Personal Property Tax and rolling the Public Utility Personal Property Tax into General Property Tax.

The district will reach the 20 mil floor in funding for FY2020 and beyond based upon the inflationary increases compiled by the County Auditor in the FY 2019 reappraisal period.

Unrestricted Grants-in-Aid:

The Unrestricted Grants-in-Aid is anticipated to be \$12,615,069 which is comprised of the following:

| | |
|------------------------------|---------------------|
| State Aid | \$ 11,647,238 |
| Casino Revenue Allocation | \$ 221,749 |
| Medicaid & Fuel rebates | \$ 119,647 |
| Preschool Special Ed Funding | \$ 386,465 |
| Special Ed Transportation | \$ 239,970 |
| Total State Aid | <u>\$12,615,069</u> |

The Unrestricted Grants-in-Aid increased from the prior year by approx. 2.0%. Changes to the state funding formula are driven by many factors, including economic, educational, and political influences, therefore funding has been held constant through fiscal year 2023. The biennium budget by the state limits the opportunity for North Ridgeville City Schools to receive incremental funding in future years based on the formula.

Restricted Grants-in-Aid

The Restricted Grants-in-Aid include funding for Career Tech Centers, Economically Disadvantaged students and reimbursement for Catastrophic Aid costs related to special education students. The estimated FY 2019 Catastrophic-aid reimbursement is approximately \$210,000 plus \$49,200 for Disadvantaged Student funding.

Property Tax Allocation

Property Tax Allocation is anticipated to be \$3,732,729, which is comprised of the following:

| | |
|----------------------------|--------------------|
| 10% and 2.5% Rollback | \$2,911,801 |
| Homestead Exemption | <u>\$ 820,928</u> |
| Total Rollback & Homestead | <u>\$3,732,729</u> |

The 10% and 2.5% Rollback and Homestead Exemptions have been forecasted to remain constant through 2023. The Personal Property Tax State Reimbursement was eliminated through House Bill 153. The elimination was \$599,172 in fiscal year 2012 and \$276,354 in fiscal year 2013 for a combined total of \$875,526.

All Other Revenue

The All Other Revenue line of the forecast is comprised of the following:

| | |
|----------------------------------|--------------------|
| Tuition | \$ 622,651 |
| Dues and Fees | \$ 290,000 |
| Open Enrollment | \$ 261,720 |
| Miscellaneous Local | \$ 49,754 |
| Tax Abatements & Revenue sharing | \$ 122,000 |
| Investment Income | <u>\$ 500,000</u> |
| Total All Other Revenue | <u>\$1,846,125</u> |

It is anticipated that the revenue sharing agreements with the City will yield incremental revenues in FY 2019 through FY 2023 as the amount of payroll subject to income tax

covered by these agreements increases. Any fluctuation in these categories will have a minimal impact to the Five Year Forecast.

OTHER FINANCING SOURCES

Operating Transfers-In

Operating Transfers-In represents the Textbooks and Instructional Materials Fund being accounted for within the General Fund under special cost center 9000. Senate Bill 345 is being used in applying the required set-aside in the Textbooks and Instructional Materials Fund. The District plans to meet and / or exceed the requirement, each fiscal year. The transfer line has been budgeted at \$1,450,000, which is the internal transfer to the Textbook and Instructional Materials Fund in each fiscal year of the forecast.

In addition, \$250,000 is being budgeted for District wide repairs and maintenance services that do not meet the definition of Capital Spending from the Permanent Improvement fund.

Advances-In

These are normally related to the return of funds advanced to cover temporary deficits in other funds at fiscal year-end. FY 2019 advances in will approximate \$117,000.

EXPENDITURES

Personnel Services

Personnel Services for fiscal year 2019 is projected to be \$24.1M. This is a 7.6% increase over FY 2018 actual expenditures. The increase in personnel costs are due to additional staff, employee turnover, contractual increases and movement by certificated and classified staff on the salary schedule. In addition, the district settled a contract with its Certified (Teacher) Union in 2017 which provides for inflationary increases of 2% per year through 2020. Negotiations with the Classified union were settled in early 2018. Increases related to this agreement are included in the current year projection and future expenditures.

Personnel Services are projected to increase 5.2% in Fiscal Year 2020; then average approximately 5.0% through fiscal year 2023. These increases reflect contractual step raises and wage adjustments for classified staff, as well as incremental headcount due to increased enrollment and the expansion of the Lear High Tech Academy. The Hi-Tech academy will expand from 4 grades and 4 classrooms in FY 2018 to 9 classrooms in FY 2019; 11 in FY 2020; 13 in FY 2021; 15 in FY 2022 and 17 in FY 2023.

Employee's Retirement / Insurance Benefits

Employee Benefits for fiscal year 2019 is anticipated to be \$8.4M, or 34.9% of Personnel Services. In the past, Employee Benefits have fluctuated between 28.5% and 38.7% of Personnel Service cost. Employee Benefits have been forecasted to increase by an average of 6.1% per year through FY2023. Increases are primarily the result of higher Health care related expenses and incremental headcount.

Purchased Services

Purchased Services for fiscal year 2019 is anticipated to be \$7.0M, which is a 3.3% increase over the prior year primarily due to increased tuition costs and technical and professional services. Costs are expected to increase by approximately 3.6% in each year of the forecast period.

Due to the opening of the North Ridgeville High Tech Academy, it is assumed that tuition costs paid to outside districts will decrease and open enrollment revenues will increase. The impact to the NRCS results will approximate \$1.0M over the forecast period. This amount has been revised from the former forecast to account for change in planned mix of students attending the academy. A higher number of resident students are expected to enroll, thereby lowering the amount received as tuition from outside district students.

Supplies and Materials

Supplies and Materials for fiscal year 2019 are anticipated to be \$1.5M. The \$207k increase over FY 2018 is primarily the result of Textbook purchases. Anticipated increases are 3% per year for inflationary increases.

Capital Outlay

General Fund Capital Outlay is expected to be \$0.5M in Fiscal year 2019. This includes Computer equipment for use in curriculum programs and improvement to the district network infrastructure. The amount of capital outlay is dependent upon the replacement cycle for student related technology and the anticipated increases in enrollment.

Incrementally, the NR High Tech Academy will require specialized equipment and building renovations in support of its curriculum. Capital expenditures will total approximately \$0.9M for FY 2019 through FY 2023. These amounts are budgeted in the Capital Improvements fund.

Other Objects

Other Objects for fiscal year 2018 is anticipated to be \$715k. These costs are expected to increase at 2% per year through fiscal year 2023. They consist primarily of Property Tax collection fees, Audit, Insurance, Recruitment and Placement services and lease/purchase financing payments.

OTHER FINANCING SOURCES

Operating Transfers-Out

Operating Transfers-Out for the forecast period is anticipated to be \$1.65M. The majority of this transfer is for the Textbook and Instructional Materials Fund or to other governmental funds at fiscal year end.

Advances-Out

Fiscal year 2019 advances of \$1.0M to the Permanent improvement fund will be used for capital purchases, renovations and equipment throughout the district. Additional discretionary advances from the General Fund for permanent improvements are budgeted at \$4.8M from FY 2019 to FY 2023. This expenditure will also be needed when temporary cash flow deficits in Federal Programs or other non-general fund balances occur at fiscal year-end.

ESTIMATED ENCUMBRANCES

Estimated Encumbrances for fiscal year 2019 is anticipated to be \$700,000 and is anticipated to remain constant through fiscal year 2023.

RESERVATION OF FUND BALANCES

Budget Reserve

In order to maintain stability in the General Operating Fund of the district, the Board voted to establish an operating cash reserve equal to 90 days cash on hand in FY 2016. The reserve of \$2.1M on line 9.030 is equal to 5% of prior year operating revenues as required by state statute.

The budget reserve approved by the Board is based on 90 days forecasted expenditures, which for FY 2019 is equal to \$10.2M. Once the General fund cash balance is forecasted to fall below the calculated reserve requirement, the Treasurer will notify the Board that action to mitigate the issue is required.