

North Ridgeville City Schools  
5 Year Forecast  
as of May 2019

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
<b>Revenues</b>									
1.010 General Property Tax (Real Estate)	23,562,515	24,009,177	24,317,725	3.2%	24,804,882	25,522,867	23,565,711	21,840,785	20,266,960
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%	12,725,960	12,772,829	12,772,829	12,772,829	12,772,829
1.040 Restricted State Grants-in-Aid	308,544	290,960	256,887	-16.7%	286,868	286,868	286,868	286,868	286,868
1.045 Restricted Federal Grants-in-Aid - SFSF	-	-	-	0.0%	-	-	-	-	-
1.050 Property Tax Allocation	3,686,036	3,716,238	3,732,729	1.3%	3,771,598	3,771,598	3,771,598	3,771,598	3,771,598
1.060 All Other Revenues	1,428,265	1,226,000	1,613,124	12.9%	1,912,444	1,976,704	1,902,704	1,903,004	1,987,904
1.070 <i>Total Revenues</i>	40,136,982	41,229,495	42,287,419	5.4%	43,501,752	44,330,866	42,299,710	40,575,084	39,086,159
<b>Other Financing Sources</b>									
2.040 Operating Transfers-In	1,482,589	1,731,138	1,706,990	15.1%	1,800,102	1,800,102	1,800,102	1,800,102	1,800,102
2.050 Advances-In	3,936	82,522	141,195	3487.3%	158,678	158,678	158,678	158,678	158,678
2.060 All Other Financing Sources	-	-	807,493	0.0%	323,191	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%	2,281,971	2,035,780	2,035,780	2,035,780	2,036,280
2.080 <i>Total Revenues and Other Financing Sources</i>	41,623,507	43,043,155	44,943,097	8.0%	45,783,723	46,366,646	44,335,490	42,610,864	41,122,439
<b>Expenditures</b>									
3.010 Personnel Services	19,691,087	20,818,163	22,440,601	14.0%	24,343,578	25,996,948	27,323,847	28,705,208	30,143,231
3.020 Employees' Retirement/Insurance Benefits	6,918,671	6,769,763	7,419,190	7.2%	7,986,986	8,524,303	8,933,505	9,360,919	9,807,362
3.030 Purchased Services	5,836,227	6,223,489	6,770,908	16.0%	7,325,452	7,410,470	7,706,889	8,015,164	8,335,771
3.040 Supplies and Materials	1,059,504	1,105,601	1,316,178	24.2%	1,581,490	1,628,935	1,677,803	1,728,137	1,779,981
3.050 Capital Outlay	992,963	1,076,642	338,699	-65.9%	329,996	800,000	500,000	500,000	800,000
4.300 Other Objects	623,394	610,551	701,695	12.6%	761,153	776,376	791,904	807,742	823,896
4.500 <i>Total Expenditures</i>	35,121,846	36,604,209	38,987,270	11.0%	42,328,655	45,137,032	46,933,948	49,117,170	51,690,241
<b>Other Financing Uses</b>									
5.010 Operating Transfers-Out	1,504,180	1,779,755	1,990,203	32.3%	1,750,000	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%	2,835,000	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%	45,163,655	48,072,032	49,868,948	52,052,170	54,625,241
6.010 <i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	2,324,959	4,472,996	2,833,946	21.9%	620,068	(1,705,387)	(5,533,457)	(9,441,306)	(13,502,803)
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	14,881,441	17,206,400	21,679,397	45.7%	24,513,343	25,133,410	23,428,023	17,894,566	8,453,260
7.020 <i>Cash Balance June 30</i>	17,206,400	21,679,397	24,513,343	42.5%	25,133,410	23,428,023	17,894,566	8,453,260	(5,049,542)
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
<b>Reservation of Fund Balance</b>									
9.010 Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.030 <i>Budget Reserve (5% of prior year Revenues)</i>	1,730,671	2,006,849	2,061,475		2,114,371	2,175,088	2,216,543	2,493,447	2,602,608
9.080 <i>Subtotal</i>	1,730,671	2,006,849	2,061,475	19.1%	2,114,371	2,175,088	2,216,543	2,493,447	2,602,608
10.010 <i>Fund Balance June 30 for Certification of Appropriations</i>	14,775,729	18,972,548	21,751,867	47.2%	22,319,039	20,552,935	14,978,023	5,259,812	(8,352,153)
<b>Revenue from Replacement/Renewal Levies</b>									
11.020 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	21,751,867	47.2%	22,319,039	20,552,935	17,283,023	9,869,912	(1,583,538)
15.010 <i>Unreserved Fund Balance June 30</i>	14,775,729	18,972,548	21,751,867	47.2%	22,319,039	20,552,935	17,283,023	9,869,912	1,583,538
<b>Levy Summary</b>									
Emergency Levy - Last Year of collection 2020							(1,355,000)	(2,710,100)	(2,710,100)
Emergency Levy - Last Year of collection 2021							(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)
<b>Cumulative Tax Loss</b>								(6,915,100)	(13,683,715)

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

	2014	2015	2016	2017	2018	2019	2019 vs 2018	
							Inc (Dec)	Percent
Agricultural & Residential	604,352	619,346	669,349	684,702	702,383	790,505	88,122	12.9%
Commercial & Industrial	83,630	82,220	86,167	89,461	96,088	98,566	2,478	2.8%
Public Utility	12,786	13,829	14,465	16,105	17,560	19,270	1,710	10.6%
<b>Total Taxable Valuation</b>	<b>700,768</b>	<b>715,395</b>	<b>769,981</b>	<b>790,268</b>	<b>816,031</b>	<b>908,341</b>	<b>92,310</b>	<b>11.7%</b>
% increase		2.1%	7.6%	2.6%	3.3%	11.3%		
New Construction Res/Ag	12,628	12,639	13,805	13,339	15,762	17,252	2,423	18.2%
New Construction Other	3,475	171	4,499	2,726	5,907	603	3,181	116.7%
Total New Construction	16,103	12,810	18,304	16,065	21,669	17,854	5,604	34.9%
<b>Valuation excluding New Construction</b>	<b>684,665</b>	<b>702,585</b>	<b>751,677</b>	<b>774,203</b>	<b>794,362</b>	<b>890,487</b>	<b>20,159</b>	<b>2.6%</b>
% increase excluding New Construction		0.3%	5.1%	0.5%	0.5%	9.1%		

**North Ridgeville City Schools  
Valuation Summary & Forecast  
for 5 Year Forecast - May 2019**

	Actual YEAR 2015	Actual YEAR 2016	Actual YEAR 2017	Actual YEAR 2018	Actual YEAR 2019	Projected YEAR 2020	Projected YEAR 2021	Projected YEAR 2021	Projected YEAR 2022	Projected YEAR 2023	Projected YEAR 2024
Agricultural & Residential	619,345,930	669,348,620	684,702,410	702,382,520	790,504,800	806,409,848	822,473,946	863,372,904	880,005,633	896,806,700	940,678,968
Commercial & Industrial	82,220,380	86,167,020	89,460,730	96,088,250	98,566,230	101,551,892	104,567,411	108,658,759	111,745,347	114,862,801	119,160,057
Utility Real Estate	84,610	117,440	105,060	100,370	96,320	92,467	88,769	85,218	81,809	78,537	75,395
Utility Personal Property	10,946,710	14,348,220	15,999,020	17,460,040	19,173,380	19,748,581	20,341,039	20,951,270	21,579,808	22,227,202	22,894,018
<b>Total Valuation</b>	<b>712,597,630</b>	<b>769,981,300</b>	<b>790,267,220</b>	<b>816,031,180</b>	<b>908,340,730</b>	<b>927,802,789</b>	<b>947,471,165</b>	<b>993,068,152</b>	<b>1,013,413,598</b>	<b>1,033,975,239</b>	<b>1,082,808,438</b>
<b>Percent Increase</b>	<b>1.9%</b>	<b>8.1%</b>	<b>2.6%</b>	<b>3.3%</b>	<b>11.3%</b>	<b>2.1%</b>	<b>2.1%</b>	<b>4.8%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>4.7%</b>
	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	YEAR 2015	YEAR 2016	YEAR 2017	YEAR 2018	YEAR 2019	YEAR 2020	YEAR 2020	YEAR 2020	YEAR 2021	YEAR 2022	YEAR 2023
	86.9%	86.9%	86.6%	86.1%	87.0%	86.9%	86.8%	86.9%	86.8%	86.7%	86.9%
	11.5%	11.2%	11.3%	11.8%	10.9%	10.9%	11.0%	10.9%	11.0%	11.1%	11.0%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	1.5%	1.9%	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
<b>Total Valuation</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Agricultural & Residential  
Commercial & Industrial  
Utility Real Estate  
Utility Personal Property  
Total Valuation

Percent Increase

Agricultural & Residential  
Commercial & Industrial  
Utility Real Estate  
Utility Personal Property  
Total Valuation



**North Ridgeville City Schools**  
**Expenditure Estimates**  
**FY19 through FY23 for May 2019 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	16,503,514	17,391,634	18,320,768	19,292,708	20,309,315	per contract 3.0%
Certified Admin	100	-	1,289,896	1,337,141	1,691,766	2,132,690	2,196,671	2,262,571	2,330,448	per contract 3.0%
Classified	100	4,764,961	4,940,833	5,752,329	6,148,298	6,472,623	6,806,408	7,149,928	7,503,468	per contract 4.0%
Fringe Benefits	200	6,918,671	6,769,763	7,419,190	7,986,986	8,524,303	8,933,505	9,360,919	9,807,362	per contract 3.0%
Purchased Services	400	5,836,227	6,223,489	6,770,908	7,325,452	7,410,470	7,706,889	8,015,164	8,335,771	per replacement 2.0%
Supplies & Materials	500	1,059,504	1,105,601	1,316,178	1,581,490	1,628,935	1,677,803	1,728,137	1,779,981	
Capital Outlay	600	992,963	1,076,642	338,699	329,996	800,000	500,000	500,000	800,000	
Other Expenditures	800	623,394	610,551	701,695	761,153	776,376	791,904	807,742	823,896	
Other non-Oper Transfers	900	1,504,180	1,779,755	1,990,203	1,750,000	1,650,000	1,650,000	1,650,000	1,650,000	
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	
<b>Total Expenditures</b>		<b>39,298,548</b>	<b>38,570,159</b>	<b>42,109,152</b>	<b>45,163,655</b>	<b>48,072,032</b>	<b>49,868,948</b>	<b>52,052,170</b>	<b>54,625,241</b>	
<b>Average annual % Increase</b>		<b>13.54%</b>	<b>-1.85%</b>	<b>9.18%</b>	<b>7.25%</b>	<b>6.44%</b>	<b>3.74%</b>	<b>4.38%</b>	<b>4.94%</b>	
<b>Benefits:</b>										
Retirement Certified		2,212,091	2,209,487	2,499,519	2,824,441	3,150,257	3,303,216	3,462,929	3,629,682	14.5% plus p/u
Retirement Classified		816,596	738,605	838,241	1,012,207	1,100,346	1,157,089	1,215,488	1,275,590	17.0% of payroll
Health, Dental, Life, Vision		3,349,918	3,316,012	3,396,006	3,500,190	3,605,196	3,785,455	3,974,728	4,173,465	3% in 20; then 5.0%
Health Care Subsidy		100,000	100,000	100,000	100,000	-	-	-	-	per contract
Medicare		284,328	304,112	328,795	356,943	376,956	396,196	416,226	437,077	1.45% of payroll
Workers Comp		142,211	90,031	242,562	158,549	158,549	158,549	158,549	158,549	
Unemployment		3,651	2,201	1,927	7,727	8,000	8,000	8,000	8,000	
Other - Uniforms		9,877	9,315	12,140	26,929	25,000	25,000	25,000	25,000	
		6,918,672	6,769,763	7,419,190	7,986,986	8,424,303	8,833,505	9,260,919	9,707,362	
<b>Benefits % Increase</b>		<b>35.1%</b>	<b>-2.2%</b>	<b>9.6%</b>	<b>7.7%</b>	<b>5.5%</b>	<b>4.9%</b>	<b>4.8%</b>	<b>4.8%</b>	
<b>Benefit % of Payroll</b>		<b>14.8%</b>	<b>32.5%</b>	<b>33.1%</b>	<b>32.8%</b>	<b>32.4%</b>	<b>32.3%</b>	<b>32.3%</b>	<b>32.2%</b>	
Incremental Certified Staff					6	3	3	3	3	
Incremental Classified Staff					5	5	5	5	5	
Incremental STEM Staff					4	2	2	2	2	
Incremental Benefits for additional staff (HC & Total)					150,000	100,000	100,000	100,000	100,000	
		6,918,672	6,769,763	7,419,190	8,136,986	8,524,303	8,933,505	9,360,919	9,807,362	

# NORTH RIDGEVILLE CITY SCHOOL DISTRICT

## Notes to 5 Year Forecast

May 2019

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 May 21, 2019, 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 change, 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 \$24,804,882 which is comprised of the following:

General Fund revenue (inside millage)	\$ 5,259,334
General Fund revenue (outside millage)	\$ 12,661,763
Emergency Levy revenue	<u>\$ 10,655,383</u>
Subtotal	\$ 28,576,480
Less: Rollback & Homestead reduction	<u>(\$ 3,771,598)</u>
Total	<u>\$24,804,882</u>

General Property Tax is forecasted to have an approximate increase of approximately 2.1% per year from fiscal year 2019 through 2023. The District continues to experience new housing growth in the community. Total valuations increased by 2.6%, 3.3% and 11.3% 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. They can be renewed individually or grouped into a Substitute levy that would allow for some revenue growth to be captured as new construction occurs.

Valuation increases for new construction of \$10.0 million in calendar year 2019, then \$10 million per year for the balance of the forecast period have been assumed. In addition, inflationary adjustments of 1% have been applied to the District total Agricultural & Residential valuation, plus 1% for Commercial and Industrial for 2019 and 2020. In Reappraisal and Update years increases of 4% Residential and 2% Commercial have been assumed.

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 has reached the 20 mil floor for property tax collections in FY2020 and beyond. This will have a positive impact on tax collections over the forecast period.

### Unrestricted Grants-in-Aid:

The Unrestricted Grants-in-Aid is anticipated to be \$12,725,960 which is comprised of the following:

State Aid	\$ 11,753,131
Casino Revenue Allocation	\$ 221,749
Medicaid & Fuel rebates	\$ 129,480
Preschool Special Ed Funding	\$ 404,842
Special Ed Transportation	<u>\$ 216,758</u>
Total State Aid	<u>\$12,725,960</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 \$230,000 plus \$49,200 for Disadvantaged Student funding.

**Property Tax Allocation**

Property Tax Allocation is anticipated to be \$3,771,598, which is comprised of the following:

10% and 2.5% Rollback	\$2,991,101
Homestead Exemption	<u>\$ 780,497</u>
Total Rollback & Homestead	<u>\$3,771,598</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 which eliminated approximately \$875k in revenues in previous fiscal periods.

**All Other Revenue**

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

Tuition	\$ 565,255
Dues and Fees	\$ 334,385
Open Enrollment	\$ 261,720
Miscellaneous Local	\$ 33,560
Tax Abatements & Revenue sharing	\$ 88,603
Investment Income	<u>\$ 628,921</u>
Total All Other Revenue	<u>\$1,912,444</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 \$160,000.

## **EXPENDITURES**

### **Personnel Services**

Personnel Services for fiscal year 2019 is projected to be \$24.3M. This is an 8.5% 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 actuals and future projections.

Personnel Services are projected to increase 6.8% in Fiscal Year 2020; then average approximately 5.1% 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 \$8.0M, or 32.8% 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 4.8% per year through FY2023 which is lower than previous projected increases. Increases are primarily the result of higher Health care related expenses and incremental headcount. In April, 2019 NRCS joined the Suburban Health Care Consortium. This alliance will reduce potential liability for the district and control cost due to the larger pool of covered employees over which to spread risk.

### **Purchased Services**

Purchased Services for fiscal year 2019 is anticipated to be \$7.3M, which is an 8.2% increase over the prior year primarily due to increased tuition costs and technical and professional services. Costs are expected to increase by approximately 4.0% 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 \$1.6M. The \$265k increase over FY 2018 is primarily the result of general supply costs, partially offset by lower textbook purchases. Anticipated increases are 3% per year for inflationary increases.

### **Capital Outlay**

General Fund Capital Outlay is expected to be \$0.3M 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.

The replacement of computer devices is estimated to average \$650k per year during the forecast period. Other costs for capital equipment, building renovations, and vehicles are budgeted in the Capital Improvements fund.

### **Other Objects**

Other Objects for fiscal year 2018 is anticipated to be \$761k. 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 \$10.6M. 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.